



DATE: September 15, 2020

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT: California Crosspoint HS TEFRA Hearing: Public TEFRA Hearing as Required by the Internal Revenue Code of 1986, and Adoption of a Resolution Approving the Issuance by the California Public Finance Authority in an Amount Not to Exceed \$29 Million of Education Facility Revenue Bonds to Finance the Acquisition, Construction, Installation, Improvement, Furnishing and Equipping of California Crosspoint High School

RECOMMENDATION

That Council:

1. Conducts a public hearing to consider the issuance of Tax-Exempt Education Facility Revenue Bonds by the California Public Finance Authority (“CalPFA”) to assist in the financing of the California Crosspoint High School; and
2. Adopts the attached resolution approving the issuance by CalPFA of Revenue Bonds for the California Crosspoint High School (Attachment II).

SUMMARY

The Council has been asked to conduct a public hearing under the Tax and Equity Fiscal Responsibility Act (“TEFRA”) in connection with the proposed issuance of revenue bonds by CalPFA in an amount not to exceed \$29,000,000. The bonds will be used for the acquisition, construction, installation, improvement, furnishing, and equipping of educational facilities located at 25500 Industrial Boulevard in Hayward, generally known as California Crosspoint High School (the “School” or “CCHS”). California Crosspoint High School, d/b/a California Crosspoint Academy (the “Borrower”) is a California nonprofit public benefit corporation that has requested CalPFA issue up to \$29,000,000 in revenue bonds to finance various school improvements.

BACKGROUND

The CMFA was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural, and community development, through the financing of economic development and charitable activities throughout California. To date, 48 municipalities, including the City of Hayward, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations, and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financings.

CCHS is an award-winning, internationally renowned college-preparatory school serving the East Bay since 1979. There are currently 360 students in preschool and grades 3rd - 12th on a 5.5 acre campus in Hayward. The School has experienced an 80% growth in enrollment the past four years and also serves over seventy-five international students, most coming from five partner schools in China. The School is known for leadership and advocacy in the areas of educational excellence and accessibility. They received the U.S. Department of Education's highest award, the National Blue Ribbon Award of Excellence, in 2003 and 2016. CCHS ranks among the top schools in the nation by the Washington Post's List of America's Most Challenging High Schools, is listed in Newsweek's List of Top STEM Schools, and has a Niche rating of A+. In order to accommodate growing enrollment at the School, the Borrower is seeking to finance various campus improvements through CalPFA.

DISCUSSION

The Borrower has requested that CalPFA adopt a plan of financing providing for the issuance of one or more series of education facility revenue bonds issued from time to time, in an aggregate principal amount not to exceed \$29 million for the acquisition, construction, installation, improvement, furnishing, and equipping of certain educational facilities located at 25500 Industrial Boulevard, Hayward, California, generally known as California Crosspoint High School.

Project

The Borrower has requested a private placement bond financing from CalPFA in order to acquire, construct, rehabilitate, and equip CCHS located at 25500 Industrial Boulevard in the City including but not limited to:

- (a) An existing two-story educational building, containing classrooms, a learning resource center, and administrative facilities.
- (b) A new multi-story building containing classrooms and other instructional and administrative spaces, as well as student residence facilities.

(c) A new building containing a multi-purpose assembly hall, commercial kitchen, gymnasium, fitness center, and other recreational and exercise facilities.

(d) Related and appurtenant facilities, landscaping, and site improvements, all to be located on a 5.5 acre site at or adjacent to 25500 Industrial Boulevard, Hayward, California 94545 (the “Facilities”).

The City’s Role in the Project

For all or a portion of the bonds to qualify as tax-exempt bonds, the City must conduct a TEFRA Hearing that provides members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. The Notice for this TEFRA hearing was published on September 4, 2020. Following the close of the TEFRA Hearing, an elected representative of the governmental unit hosting the project must provide its approval of the issuance of the bonds to finance the project.

ECONOMIC IMPACT

The project would contribute to the City by investing in existing education and contribute to the character and revitalization of the neighborhood. Additionally, 100% of CCHS students continue onto college or the military.

FISCAL IMPACT

The bonds to be issued by the CalPFA for the project will be the sole responsibility of the borrower, and the City will have no financial, legal, moral obligation, liability, or responsibility for the project or the repayment of the bonds. All financing documents with respect to the issuance of the bonds will contain clear disclaimers that the bonds are not obligations of the City or the State of California but are to be paid for solely from funds provided by the borrower.

STRATEGIC ROADMAP

This agenda item is a routine operational item and does not relate to one of the Council’s six Strategic Priorities.

PUBLIC CONTACT

Public noticing requirements related to TEFRA public hearings were strictly adhered to and followed. Notice of this public hearing was published in the Daily Review on September 4, 2020 and on the City’s website.

NEXT STEPS

Staff recommends that the City Council conducts the TEFRA Hearing and adopts the resolution in favor of the issuance of the bonds by the CalPFA.

Prepared by and Recommended by: Dustin Claussen, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read "K. McAdoo", written in a cursive style.

Kelly McAdoo, City Manager