



## Legislation Text

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### **TITLE**

**PUBLIC HEARING TO CONSIDER APPROVAL, SOLELY FOR PURPOSES OF MEETING THE REQUIREMENTS OF THE INTERNAL REVENUE CODE, OF UP TO \$19,000,000 IN EDUCATIONAL FACILITIES REVENUE BONDS TO BE ISSUED BY THE PUBLIC FINANCE AUTHORITY FOR THE BENEFIT OF REVOLUTION ACADEMY**

### **SPONSOR**

Jeffrey Poley (Attorney, Parker Poe Attorneys & Counselors At Law)

### **BACKGROUND**

The Public Finance Authority (PFA) is a governmental unit of the State of Wisconsin created for the purpose of issuing tax-exempt and taxable conduit bonds for public and private entities nationwide. PFA is sponsored by the National Association of Counties, the National League of Cities, the Wisconsin Counties Association and the League of Wisconsin Municipalities. Any debt issued is not debt of the County or PFA, but rather is payable solely from debt service payments received from the entity involved (in this case, Revolution Academy (“Revolution Academy”)). Many North Carolina charter schools have been financed by PFA. In addition, Guilford County has approved other PFA financings, including ones for Cone Health and Friends Homes. Over 110 projects (educational facilities, CCRCs, hospitals and others) in North Carolina have been financed by PFA. Each had to go through the same local public approval process.

PFA has been requested to issue the Bonds in the principal amount of up to \$19,000,000 for (1) financing the acquisition, construction, equipping and furnishing a new building and campus for a K-12 school to be known as Revolution Academy (the “*Project*”); (2) financing certain funds and accounts; and (3) paying certain costs of issuance.

Federal tax law requires that tax exempt bonds issued to finance or, in certain circumstances, refinance, facilities owned by nonprofit organizations be approved by the elected legislative body (or highest elected representative) of the governmental unit that has jurisdiction over the area in which the facility is to be located. Prior to this approval, Internal Revenue Code Section 147(f) requires that a public hearing be held, at which hearing the public is given the opportunity to comment on the Project.

Because the proceeds of the Bonds will be used to finance and refinance projects located in

County, the Board is one of the appropriate governing bodies to approve the use of tax-exempt bonds to finance and refinance the Projects for the purposes of Section 147(f) of the Internal Revenue Code.

Because interest rates for these types of financing are at historic lows, time is of the essence. Closing is currently expected in January of this year. Revolution Academy will promise to repay the principal, premium, if any, and interest on the Bonds. Neither PFA nor the County will have any liability whatsoever for the payment of principal or interest on the Bonds. Revolution Academy or its affiliates will be solely responsible for repayment of the Bonds.

The Bonds shall not be deemed to constitute a debt of the County or a pledge of the faith and credit of the County, but shall be payable solely from the revenues and other funds provided therefor.

The County will have no responsibility whatsoever for the Bonds. The Bonds will not affect the County's debt ratios or legal debt limit. Because no taxes or other revenues of the County are pledged to pay these bonds, the staff of the County has made no financial analysis of the Bonds, Revolution Academy or the Project.

The notice of public hearing was published in *Greensboro News & Record* as required by law. The form of the resolution to be adopted by the Board is also listed below.

## **RESOLUTION**

### **RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF GUILFORD, NORTH CAROLINA, APPROVING THE ISSUANCE BY THE PUBLIC FINANCE AUTHORITY (WISCONSIN) OF \$19,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS EDUCATIONAL FACILITIES REVENUE BONDS FOR THE PURPOSE OF FINANCING A PROJECT FOR REVOLUTION ACADEMY IN THE COUNTY OF GUILFORD NORTH CAROLINA**

*WHEREAS*, this Board of County Commissioners (the “*Board*”) of the County of Guilford, North Carolina (the “*County*”) today has held a public hearing with respect the proposed educational facilities revenue bonds (the “*Bonds*”) to be issued by the Public Finance Authority in an amount not to exceed \$19,000,000 to finance the Project (consisting of certain educational facilities as further described in the notice of public hearing attached hereto as Exhibit A), fund certain funds and accounts and pay certain costs of issuance;

*WHEREAS*, Revolution Academy (the “*Borrower*”) has requested that the Board approve the Authority's issuance of the Bonds and the financing and refinancing of the Projects since such projects are located within the County in order to satisfy the requirements of Section 147

(f) of the Code;

*WHEREAS*, pursuant to Section 66.0304(11)(a) of the Wisconsin Statutes, prior to their issuance, bonds issued by the Public Finance Authority must be approved by the governing body or highest ranking executive or administrator of the political jurisdiction within whose boundaries the Project is to be located.

*WHEREAS*, the Board, following notice duly given in the form attached hereto (the “*TEFRA Notice*”), held a public hearing today regarding the Authority’s issuance of the Bonds and the financing of the Project and now desires to approve the Authority’s issuance of the Bonds and the financing of the Project in accordance with the Code;

*WHEREAS*, the Bonds will not constitute a debt of the County, will not require a tax levy or a pledge of the faith and credit of the County and will not affect the County’s debt ratios or legal debt limit. The County has made no financial analysis of the Bonds, the Borrower or the Project. County taxpayers will have no responsibility for payment of the Bonds;

***BE IT RESOLVED*** by the Board as follows:

**Section 1.** Pursuant to and solely in satisfaction of the requirements of Section 147(f) of the Code and in accordance with to Section 66.0304(11)(a) of the Wisconsin Statutes, the Council hereby approves (a) the Authority’s issuance of the Bonds in an aggregate principal amount not to exceed \$19,000,000 and (b) the financing of the Project, such Project being located or to be located in the County.

**Section 2.** THE COUNTY HAS NO RESPONSIBILITY FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR FOR ANY COSTS INCURRED BY THE BORROWER WITH RESPECT TO THE BONDS OR THE PROJECT. THE COUNTY PLEDGES NEITHER ITS TAXING POWER NOR REVENUES FOR THE REPAYMENT OF THE BONDS.

**Section 3.** This resolution is effective immediately on its passage.

## **BUDGET IMPACT**

**NO ADDITIONAL COUNTY FUNDS REQUIRED**

## **REQUESTED ACTION**

That the Board of County Commissioners (“Board”) hold a public hearing on the proposed issuance of not to exceed \$19,000,000 of the Bonds to be issued by the Public Finance Authority and the Project financed; and at the conclusion of a public hearing, the Board adopt the attached resolution which finds:

- That the \$19,000,000 in educational facilities revenue bonds do not constitute a debt of the County; nor require a tax levy or a pledge of the faith and credit of the County; nor will affect the County's debt ratios or legal debt limit; and,
- That the County has made no financial analysis of the Bonds, Revolution Academy or the Project financed; and,
- Approves solely for purpose of meeting the requirements of the Internal Revenue Code of 1986, as amended, the issuance of not to exceed \$19,000,000 in educational facilities revenue bonds to be issued by the Public Finance Authority for the benefit of the Revolution Academy.