



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: March 15, 2022

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TO: Board of Supervisors

SUBJECT

NOTICED PUBLIC HEARING: ISSUANCE OF REVENUE OBLIGATIONS BY THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY FOR THE BENEFIT OF SAN DIEGO ROCK CHURCH AND THE ROCK ACADEMY AND/OR SUCCESSOR ENTITY IN AN AGGREGATE MAXIMUM AMOUNT NOT TO EXCEED \$35,000,000 (DISTRICT: 3)

OVERVIEW

The County has received a request from the California Enterprise Development Authority (“CEDA” or “Authority”) to conduct a public hearing as required by the Internal Revenue Code and to approve the Authority’s issuance of one or more series of revenue obligations in an aggregate principal amount not to exceed \$35,000,000 (the “Obligations”), for the benefit of San Diego Rock Church, a California nonprofit religious corporation, and Riley Group Management, LLC, a Delaware limited liability company (together, the “Borrower”). The Borrower has applied for the financial assistance of the Authority. The proceeds of the Obligations will be used to finance, refinance and/or reimburse the cost of acquisition, construction, improvement, furnishing and equipping of educational and community facilities located at (a) 2277 Rosecrans Street and 2320 Truxtun Road, San Diego, California 92106 in the approximate amount of \$31,000,000, and (b) 3776 Riley Street, San Diego, California 92110 in the approximate amount of \$4,000,000 (collectively, the “Project”) and pay certain expenses incurred in connection with the issuance of the Obligations.

The Authority is authorized to assist in financing for nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue Obligations, including the Borrower. In order to initiate such a financing, the Borrower is asking the County of San Diego, a member jurisdiction in which the project resides to: (1) conduct a public hearing to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code; and (2) approve the Authority’s issuance of the Obligations. Although the Authority will be the issuer of the Obligations for the Borrower, the financing cannot proceed without the approval of an applicable legislative body.

Today’s recommendations will provide the Authority with the required authorization to pursue its determination to issue the Obligations on behalf of the Borrower for the Project.

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RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Pursuant to Section 147(f) of the Internal Revenue Code, hold a public hearing regarding the financing of the Project.
2. Adopt a Resolution entitled:
RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO APPROVING THE ISSUANCE BY THE CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY OF ITS REVENUE OBLIGATIONS FOR THE BENEFIT OF SAN DIEGO ROCK CHURCH IN AN AGGREGATE MAXIMUM STATED PRINCIPAL AMOUNT OF \$35,000,000 FOR THE PURPOSE OF FINANCING, REFINANCING AND/OR REIMBURSING THE COST OF ACQUISITION, CONSTRUCTION, IMPROVEMENT, FURNISHING AND EQUIPPING OF FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR SUCH REVENUE OBLIGATIONS AND OTHER MATTERS RELATING THERETO.

EQUITY IMPACT STATEMENT

California Enterprise Development Authority was established to assist in financing of nonprofit public benefit organizations or for-profit corporations with a public benefit project wishing to issue or reissue obligations. The Obligations will be used to finance, refinance and/or reimburse the cost of acquisition, construction, improvement, furnishing and equipping of educational and community facilities located in San Diego County and pay certain expenses incurred in connection with the issuance of the Obligations. The Obligations will assist the Borrower to continue to offer high quality education and services to the residents of San Diego.

FISCAL IMPACT

If approved, the proposal will result in approximately \$1,030 of unanticipated revenue to be used to reimburse the County for costs associated with this non-County financing.

The Borrower will be responsible for the payment of all present and future costs in connection with issuance of the financing. The County will incur no obligation of indebtedness as a result of these actions.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The Debt Advisory Committee, composed of the Deputy Chief Administrative Officer/Chief Financial Officer, Auditor and Controller, and the Treasurer-Tax Collector, concurs with this recommendation.

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AGGREGATE MAXIMUM AMOUNT NOT TO EXCEED \$35,000,000
(DISTRICT: 3)

BACKGROUND

California Enterprise Development Authority (“CEDA”)

The California Enterprise Development Authority provides tax-exempt loans and leases for qualified projects located throughout the State of California. The Authority’s mission is to support economic development, job creation, and social programs throughout the State of California. By assisting nonprofit corporations with various tax-exempt financing programs, the Authority is able to support programs that improve the health and welfare of California residents. The Authority finances a broad range of facilities including nonprofit projects such as education, health care and cultural facilities, affordable multi-family and senior housing, manufacturing facilities and equipment, solid waste, water, wastewater treatment facilities and infrastructure projects and government sponsored financing.

San Diego Rock Church (the “Borrower”)

In 2000, Pastor Miles started the Rock Church in San Diego. It is now one of the largest and fastest growing churches in America with 18,000 people attending one of four Sunday services across five campuses in addition to online streaming, microsites, radio and TV. In 2002 Rock Academy was founded with the intent to offer a re-imagined educational approach that inspires a passion for learning with a Christian worldview interwoven into all subject matters, Rock Academy currently serves students in grades Preschool-12 and has a student body of 389 students. In 2007, Rock Church’s Point Loma campus was acquired, becoming the permanent home for Rock Academy, ministry and administrative offices, and the main worship center with 3,500 seats.

Project

The proceeds of the Obligations loaned to Borrower will be applied to finance, refinance and/or reimburse the cost of acquisition, construction, improvement, furnishing and equipping of educational facilities located at (a) 2277 Rosecrans Street and 2320 Truxtun Road, San Diego, California 92106 in the approximate amount of \$31,000,000, and (b) 3776 Riley Street, San Diego, California 92110 in the approximate amount of \$4,000,000. A portion of such proceeds of the Obligations may be used to pay the costs of issuance and other related costs in connection with the financing.

County Involvement

Section 147(f) of the Internal Revenue Code requires that an applicable elected body, with respect to the Project, hold a public hearing and approve the issuance and delivery of the Revenue Obligations. The Board of Supervisors of the County of San Diego, as an applicable elected body, is requested to: (1) hold a public hearing at which all those interested in speaking with respect to the financing of the Project can be heard and (2) approve the issuance of the Revenue Obligations. The Borrower shall be responsible for the payment of all present and future costs in connection with the issuance of the Revenue Obligations.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Community Strategic Initiative in the County of San Diego's 2022-2027 Strategic Plan by supporting and allowing the issuance of Obligations by CEDA for the Borrower to finance the cost to renovate its facilities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Helen N. Robbins-Meyer".

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

1. County Resolution
2. Notice of Public Hearing
3. CEDA Project Application for Bond