

Agenda Items: 5&6



LAKE LURE

Classical Academy

A Challenge Foundation Academy

July 23, 2013

VIA ELECTRONIC MAIL

Town Council
Town of Lake Lure, North Carolina
2948 Memorial Highway
Lake Lure, North Carolina 28746

Re: Request for public hearing at Town Council's August 13, 2013 meeting to approve tax-exempt bond financing for Lake Lure Classical Academy

Ladies and Gentlemen:

We are writing to request, on behalf of Classical Academies CFA Inc., a North Carolina nonprofit corporation doing business as Lake Lure Classical Academy-A Challenge Foundation Academy, (the "Borrower"), the Town Council for the Town of Lake Lure (the "Council") to host a public hearing at their August 13, 2013 meeting and approve, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Borrower's financing and refinancing of certain projects with the proposed issuance of tax-exempt bonds (the "Bonds").

As you know, Section 147(f) of the Code requires all private activity bonds, such as the Bonds, to be approved by (1) the governmental unit issuing the bonds or on behalf of which such bonds are being issued (in this case, Public Finance Authority, a unit of government and a body corporate and politic of the State of Wisconsin) and (2) each governmental unit having jurisdiction over the area in which the facilities being financed or refinanced with the bonds are located (in this case, the Town of Lake Lure). Accordingly, the Borrower is requesting the Council to hold a public hearing and approve the proposed bond issue in order to comply with the hearing and approval requirements of Section 147(f) of the Code. Such approval by the Council does not in any way make the Town of Lake Lure responsible or liable for the Bonds, which is a fact that will be set forth clearly in the resolution of the Council approving such financing. Hosting the

public hearing and approving the issuance of the Bonds would merely be a ministerial act to help the Borrower comply with the provisions of the Code in order to use the proceeds of tax-exempt bonds. A preliminary draft of the Council's approval resolution is attached hereto.

Robinson, Bradshaw & Hinson, P.A., as our counsel, will cause the required notice of public hearing to be published in "a newspaper of general circulation available to residents of" the Town of Lake Lure at least 14 days before the public hearing. A copy of the notice of public hearing is attached hereto.

As described in the notice, the principal amount of the Bonds will not exceed \$9,000,000 and will be used to (1) finance and refinance the costs of the Project (as described in the notice) (2) finance the cost of interest for approximately twelve months, (3) finance the cost of a debt service reserve fund and (4) pay certain expenses incurred in connection with the issuance of the Bonds.

I hope this letter provides you the information you need in order to hold the public hearing at the Council's August 13, 2013 meeting, but please call us if you have any questions. We are happy to answer any questions about the Borrower or the Bonds. A representative of the Borrower will be present at your August 13, 2013 meeting should you have any questions at that time.

Thank you for your consideration of this matter.

Very truly yours,

Jim Proctor
Chairman

Chris Braund
Treasurer

NOTICE OF PUBLIC HEARING REGARDING TAX-EXEMPT BONDS TO BE ISSUED ON
BEHALF OF LAKE LURE CLASSICAL ACADEMY

NOTICE IS HEREBY GIVEN that on Tuesday, August 13, 2013, at 7:00 p.m. or as soon thereafter as may be heard, a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986 will be held by the Town Council for the Town of Lake Lure in the Lake Lure Municipal Center located at 2948 Memorial Highway, Lake Lure, North Carolina 28746, with respect to the proposed issuance by the Public Finance Authority, a commission organized under and pursuant to the provisions of Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes (the "Authority"), of its Education Revenue Bonds (Lake Lure Classical Academy), Series 2013A, in the maximum aggregate principal amount of \$9,000,000 (the "Bonds").

The Bonds are expected to be issued pursuant to Section 66.0304 of the Wisconsin Statutes, as amended, by the Authority and the proceeds of the Bonds will be loaned to Classical Academies CFA Inc., a North Carolina nonprofit corporation doing business as Lake Lure Classical Academy-A Challenge Foundation Academy, (the "Borrower") and used to, among other things, (1) finance and refinance the costs of acquiring, constructing, equipping, improving and operating, as applicable, land and buildings used or to be used by the Borrower as school facilities to be located at the intersection of NC Highway 9 and Island Creek Road in Lake Lure, North Carolina (the "Project") (2) finance the cost of interest for approximately twelve months, (3) finance the cost of a debt service reserve fund and (4) pay certain expenses incurred in connection with the issuance of the Bonds by the Authority.

The Project will be initially owned and operated by the Borrower.

The Bonds will be limited obligations of the Authority payable solely from the loan repayments to be made by the Borrower to the Authority, and certain funds established by the indenture for the Bonds. The principal of, premium, if any, and interest on the Bonds will not constitute an indebtedness or liability of the Town of Lake Lure, the State of North Carolina, or any political subdivision of the State of North Carolina, or a charge against their general credit or any taxing powers.

At the time and place set for the public hearing, interested persons will be given the opportunity to express their views, both orally and in writing, on the proposed issue of Bonds, and the location and nature of the proposed project to be financed. Written comments may also be submitted to Chris Callahan, Esq., Chris Callahan Law Office 252 Charlotte Road, Rutherfordton, North Carolina 28139 for receipt prior to the time and date of such hearing.

The Town Council does not discriminate upon the basis of any individual's disability status. This non-discrimination policy involves every aspect of the Town Council's functions, including one's access to and participation in public hearings. Anyone requiring reasonable accommodation for this meeting and/or if this information is needed in an alternative format because of a disability as provided for in the Americans with Disabilities Act should contact the Town Clerk by phone at (828) 625-9983 or by e-mail at townclerk@townoflakelurre.com. We request at least 72 hours' notice prior to the meeting to make the appropriate arrangements.

This notice is dated July 18, 2013.

THE TOWN OF LAKE LURE, NORTH CAROLINA

RESOLUTION NO. 13-07-09

**RESOLUTION APPROVING THE ISSUANCE OF
NOT TO EXCEED \$9,000,000 OF THE PUBLIC
FINANCE AUTHORITY EDUCATION REVENUE
BONDS (LAKE LURE CLASSICAL ACADEMY),
SERIES 2013A**

WHEREAS, at 7:00 P.M., the Mayor announced that the Town Council (the “Council”) would proceed to hold a public hearing and would hear anyone who wished to be heard on the proposed issuance by the Public Finance Authority (the “Authority”), a unit of government and a body corporate and politic of the State of Wisconsin, of not exceeding \$9,000,000 of its Education Revenue Bonds (Lake Lure Classical Academy), Series 2013A (the “Bonds”);

WHEREAS, the Authority will loan the proceeds of the Bonds to Classical Academies CFA Inc., a North Carolina nonprofit corporation doing business as Lake Lure Classical Academy-A Challenge Foundation Academy, (the “Borrower”) and the Borrower will use the proceeds of the loan from the Authority to (1) finance and refinance the costs of acquiring, constructing, equipping, improving and operating, as applicable, land and buildings used or to be used by the Borrower as school facilities to be located at the intersection of NC Highway 9 and Island Creek Road in Lake Lure, North Carolina (the “Project”) (2) finance the cost of interest for approximately twelve months, (3) finance the cost of a debt service reserve fund and (4) pay certain expenses incurred in connection with the issuance of the Bonds by the Authority;

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

WHEREAS, the Borrower has requested that the Council approve the financing and refinancing of the Project and the issuance of the Bonds in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority, dated as of September 28, 2010 (the “Joint Exercise Agreement”) and Section 66.0304(11)(a) of the Wisconsin Statutes;

WHEREAS, on July 18, 2013, a notice of public hearing was published in *The Daily Courier*, setting forth a general, functional description of the type and use of the facilities to be financed and refinanced, the maximum principal amount of the Bonds, the initial owner, operator or manager of the facilities and the location of the facilities, among other things;

WHEREAS, the names, address and testimony of the persons who were present and who offered comments on the proposed issuance of the Bonds or who responded in writing to the notice of public hearing are as follows: None

WHEREAS, the Mayor inquired elsewhere in and around the meeting room to determine whether there were any other persons who wished to speak at the public hearing and the Mayor determined that no other persons who wished to speak at the public hearing were found; and

WHEREAS, the purpose of the above-described public hearing and this resolution is to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), in order to qualify the interest on the Bonds for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Code;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL FOR THE TOWN OF LAKE LURE, NORTH CAROLINA:

Section 1. For the sole purpose of qualifying the interest on the Bonds for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the applicable provisions of the Code, the Council hereby approves the issuance of the Bonds by the Authority for the purpose of providing funds to finance and refinance the Project, provided that in no event shall the Town of Lake Lure, the State of North Carolina or any political subdivision thereof be liable for such Bonds nor shall the Bonds constitute a debt of the Town of Lake Lure, the State of North Carolina or any political subdivision thereof. It is the purpose and intent of the Council that this resolution constitute approval of the issuance of the Bonds by the applicable elected representative of the Project Jurisdiction, which is the governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Code and Section 66.0304(11(a) of the Wisconsin Statutes and Section 4 of the Joint Exercise Agreement.

Section 2. This resolution shall take effect immediately upon its passage.

ADOPTED, this the 13th day of August 2013.

Attest:

Andrea H. Calvert,
Town Clerk

Mayor Bob M. Keith