



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Counsel



Date: June 27, 2014
Board Meeting Date: August 5, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John C. Beiers, County Counsel

Subject: Public Hearing and Resolution Approving California Municipal Finance Authority Loan for the benefit of Benedictine Fathers of the Priory, Inc., dba Woodside Priory School

RECOMMENDATION:

Adopt a Resolution:

- A) Conduct a public hearing under the Tax Equity and Fiscal Responsibility Act regarding the issuance by the California Municipal Finance Authority of a tax exempt loan in an amount not to exceed \$10,000,000 for the purpose of financing and refinancing the acquisition, construction, improvement, and equipping of various educational and administrative facilities located on the Woodside Priory School's main campus at 302 Portola Road, Portola Valley, California, 94028; and
- B) Adopt a resolution approving the issuance by California Municipal Finance Authority of a tax exempt loan to the Benedictine Fathers of the Priory, Inc., dba Woodside Priory School, in an aggregate principal amount not to exceed \$10,000,000 for the purpose of financing and refinancing the acquisition, construction, improvement, and equipping of certain educational and administrative facilities.

BACKGROUND:

The California Municipal Finance Authority ("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, over 175 municipalities, including the County of San Mateo ("County"), have become members of CMFA. The Joint Exercise of Powers Agreement provides that the CMFA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities, and obligations of CMFA do not constitute debts, liabilities, or obligations of the members executing such agreement.

DISCUSSION:

Benedictine Fathers of the Priory, Inc., d/b/a Woodside Priory School (“Borrower”), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, has requested that CMFA serve as the municipal issuer of a loan in an aggregate principal amount not to exceed \$10,000,000 (“Loan”). The proceeds of the Loan will be used to make a loan to the Borrower for the purpose of financing and refinancing the acquisition, construction, improvement, and equipping of certain educational facilities, including related administrative facilities and site improvements located on the Woodside Priory School’s main campus at 302 Portola Road, Portola Valley, California, 94028, including but not limited to construction of a 10,000 square foot student classroom building that will serve as a hub of learning and social activity, to be known as Benedictine Square (“Project”).

In order for all or a portion of the Loan to qualify as a tax-exempt obligation under federal law, the County, as the CMFA member within whose jurisdiction the project is sited, must conduct a public hearing (“TEFRA Hearing”) to provide the members of the community an opportunity to speak in favor of or against the use of tax-exempt obligations for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. As required by law, a Notice of Public Hearing was published in San Mateo County on or before July 1, 2014, notifying all interested persons that a public hearing would be held on July 15, 2014 by the County for the purpose of approving the financing.

The Loan to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the County will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Loan for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Loan is not a Loan of the County or the State of California and is to be paid solely from funds provided by the Borrower.

Participation by the County in the CMFA will not impact the County’s appropriations limits and will not constitute any type of indebtedness of the County. Outside of holding the TEFRA hearing and adopting the required resolution, no other participation or activity of the County or the Board of Supervisors with respect to the issuance of the Loan will be required.

Approving and authorizing the issuance of the Loan will contribute to the Shared Vision 2025 outcome of Collaborative Community by supporting fiscal accountability.

FISCAL IMPACT:

The County will receive 25% of the issuance fee from the CMFA, which is estimated to be approximately \$6,666 if the full amount of the Loan is issued. These funds can be used at the County’s discretion. There will be no other fiscal impact to the County associated with any loans that are issued.