



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
County Counsel



**Date:** June 9, 2016  
**Board Meeting Date:** June 28, 2016  
**Special Notice / Hearing:** 14 Day Notice  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** John C. Beiers, County Counsel

**Subject:** Public Hearing and Resolution Approving California Municipal Finance Authority Revenue Bonds for the benefit of Crystal Springs Uplands School

**RECOMMENDATION:**

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 \$32,000,000.00 for the purpose of enabling Crystal Springs Uplands School to finance and refinance the acquisition, construction, improvements and equipping of various educational facilities located in the County of San Mateo:

- A) Open public hearing
- B) Close public hearing
- C) Adopt a resolution approving the issuance of the California Municipal Finance Authority 2016 Tax Exempt Loan (Crystal Springs Uplands School) in an aggregate principal amount not to exceed \$32,000,000.00 for the purpose of financing and refinancing the acquisition, construction, improvement and equipping of various educational facilities.

**BACKGROUND:**

The California Municipal Finance Authority (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, over 225 municipalities, including the County of San Mateo (the "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 the CMFA do not constitute debts, liabilities or obligations of the members executing such agreement.

## **DISCUSSION:**

Crystal Springs Uplands School (the “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 the CMFA serve as the municipal issuer of the a tax exempt loan in an aggregate principal amount not to exceed \$32,000,000.00 (the “Bonds”). The CMFA will issue the Bonds, and the proceeds will be used to make a loan to the Borrower for the purpose of financing and refinancing all or a portion of the acquisition, construction, improvement and equipping of certain educational facilities, including related administrative facilities, site improvements, and parking, located in the County, including but not limited to (i) the purchase of approximately 6.24 acres of real property located at 6-8 and 10 Davis Drive, in the City of Belmont, California, to serve as the School’s middle school campus (the “Middle School Campus”); (ii) construction of an academic building and a multi-purpose building on the Middle School Campus and development of educational facilities and related facilities thereon; and (iii) renovation and improvements on the School’s upper school campus, the address of which is 400 Uplands Drive, in the City of Hillsborough, California (collectively, the “Project”).

In order for all or a portion of the Bonds to qualify as tax-exempt obligations, the County, as the CMFA member within whose jurisdiction the project is sited, must conduct a public hearing (the “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. A Notice of Public Hearing was published in San Mateo County on or before June 14, 2016, notifying all interested persons that a public hearing would be held on June 28, 2016, by the County for the purpose of approving the financing.

The Bonds 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 Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not Bonds of the County or the State of California, but are to be paid for 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 by the City. Outside of holding the TEFRA hearing, adopting the required resolution, no other participation or activity of the County or the Board of Supervisors with respect to the issuance of the Bonds will be required.

Approving and authorizing the issuance of the Bonds will contribute to the Shared Vision 2025 outcome of collaborative community by supporting fiscal accountability.

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**FISCAL IMPACT:**

The County will receive 25% of the issuance fee from the CMFA, which is estimated to be approximately \$10,333.00 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 bonds that are issued.