



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Counsel



Date: August 17, 2016
Board Meeting Date: September 6, 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 the Mental Health Association of San Mateo County

RECOMMENDATION:

Conduct a public hearing under the Tax Equity and Fiscal Responsibility Act regarding the issuance by the California Municipal Finance Authority of revenue bonds in an amount not to exceed \$9,000,000 for the benefit of a limited partnership or limited liability company to be formed by the Mental Health Association of San Mateo or a related entity to finance the construction, improvement, and equipping of a 16-unit affordable rental housing facility located in the County of San Mateo:

- A) Open public hearing
- B) Close public hearing
- C) Adopt a resolution approving the issuance by the California Municipal Finance Authority of revenue bonds in an amount not to exceed \$9,000,000 for the benefit of a limited partnership or limited liability company to be formed by Mental Health Association of San Mateo or a related entity to finance the construction, improvement, and equipping of a 16-unit affordable rental housing facility located in the County of San Mateo.

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:

The Mental Health Association of San Mateo County (together with any applicable subsidiary or affiliate, the “Borrower”), has requested that the CMFA serve as the municipal issuer of revenue bonds in an aggregate principal amount not to exceed \$9,000,000 (the “Bonds”). The CMFA will issue the Bonds, and the proceeds will be used to finance the construction, improvement and equipping of a 16-unit affordable rental housing facility located at 105 Fifth Avenue in Redwood City, California (“Project,” also known as Waverly Place). The facilities are to be owned and operated by a limited partnership or similar entity to be established by Mental Health Association of San Mateo County or an affiliate thereof.

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 about August 22, 2016, notifying all interested persons that a public hearing would be held on September 6, 2016 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 County. 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.

FISCAL IMPACT:

The County will receive 25% of the issuance fee from the CMFA, which is estimated to be approximately \$3,875 if the full amount of the Bonds are issued. These funds can be used at the County’s discretion. There will be no other fiscal impact to the County as a result of the bonds being issued.