

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION AUTHORIZING AND DIRECTING THE COUNTY MANAGER, OR THE COUNTY MANAGER'S DESIGNEE, TO EXECUTE THE MEMORANDUM OF UNDERSTANDING WITH THE TOWN OF ATHERTON TO ENTER INTO A DECEMBER 2021 LEASE/LEASEBACK TRANSACTION

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, on November 10, 2020, the Board adopted Resolution No. 20-685 authorizing the County's execution of a Memorandum of Understanding with the San Mateo County Flood and Sea Level Rise Resiliency District, the City of Redwood City, the City of Menlo Park, and the Town of Atherton (the "Bayfront MOU") with respect to construction and operation of the Bayfront Canal and Atherton Channel Flood Protection and Ecosystem Restoration Project (the "Bayfront Project") for up to \$7,455,000. (See Resolution No. 20-865);

WHEREAS, the Bayfront Project will consist of a series of projects that provide flood protection and other benefits to the region and entails various design, construction, operation and maintenance activities and requires monetary payments from each of the parties to finance the Bayfront Project;

WHEREAS, Atherton has requested that the County make funds available to finance the amount of Atherton's required monetary contribution to the Bayfront Project, which totals \$1,350,000;

WHEREAS, pursuant to State law, the County may provide financial assistance to cities located within the county to the extent that the parties enter into lease/leaseback agreements with respect to real property situated within the county;

WHEREAS, a lease/leaseback transaction would enable the County to provide funds to Atherton in the amount of its monetary contribution to the Bayfront Project while securing repayment to the County with interest, though Atherton has indicated that it is not able to encumber and lease property, as required for the lease/leaseback transaction to proceed, until approximately December 1, 2021;

WHEREAS, the County has negotiated a “Memorandum of Understanding Between the County of San Mateo and the Town of Atherton Regarding Lease/Leaseback Transaction (“Lease/Leaseback MOU”) to establish their intention to cooperate to enter into a lease/leaseback transaction by on or about December 1, 2021;

WHEREAS, under the Lease/Leaseback MOU, Atherton agrees to fully cooperate in the provision to the County of requested information, documents and the completion of any actions as the County determines may be necessary or appropriate to permit them to enter into the lease/leaseback transaction, the County agrees to consider any such information, documentation and actions provided and reserves all rights to reasonably determine their sufficiency and the County remains free to elect not to enter into the lease/leaseback transaction for good cause shown, including if Atherton fails to meet the conditions and requirements of closing;

WHEREAS, in connection with the Lease/Leaseback MOU, the County and Atherton concurrently negotiated the proposed lease/leaseback agreement, to be

finalized and entered into by on or about December 1, 2021, if Atherton satisfies the conditions and requirements of closing and other conditions of the MOU and subject to this Board's approval, whereby Atherton would lease to the County and the County would lease back to Atherton certain designated property for which the County would make a one-time up-front lease payment in an amount not to exceed one million three hundred fifty thousand dollars (\$1,350,000), which Atherton would repay through annual rental payments over a lease term of five (5) years, at a fixed interest rate of 2% per annum;

WHEREAS, the Board has been presented with said Lease/Leaseback MOU and has examined and approved same as to both form and content and desires to authorize and direct the County Manager, or the County Manager's designee, to execute the same.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the County Manager, or the County Manager's designee, is hereby authorized and directed to execute the proposed Memorandum of Understanding with Atherton to establish the County and Atherton's intention to cooperate to enter into the anticipated lease/leaseback transaction by on or about December 1, 2021; and

BE IT FURTHER RESOLVED that the County Manager, or the County Manager's designee, is authorized to execute amendments to the Lease/Leaseback MOU which modify the contract term and/or other provisions so long as the modified term or provisions do not increase the County's financial obligations.

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