



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY ATTORNEY

File #: 22-413

Board Meeting Date: 6/14/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: John D. Nibbelin, County Attorney
Subject: Public Hearing and Resolution Approving California Municipal Finance Authority Tax-Exempt Loan for the benefit of Pacific Oaks Apartments

RECOMMENDATION:

Adopt a resolution approving the issuance of the California Municipal Finance Authority qualified 501(c)(3) bonds for a qualified residential rental project in an aggregate principal amount not to exceed \$30,000,000 for the purpose of financing or refinancing the acquisition, rehabilitation, improvement and equipping of Pacific Oaks Senior Apartments.

BACKGROUND:

The California Municipal Finance Authority (the "CMFA" or "Authority") 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 320 municipalities, including the County of San Mateo, 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 Borrower (750 Oddstad LP) has requested that the CMFA adopt a plan of financing providing for the issuance of qualified 501(c)(3) bonds as defined in Section 145 of the Internal Revenue Code of 1986 (the "Code") in one or more series issued from time to time, including bonds issued to refund such qualified 501(c)(3) bonds in one or more series from time to time, and at no time to exceed \$30,000,000 in aggregate principal amount (the "Bonds"), to finance or refinance the acquisition, rehabilitation, improvement and equipping of a multifamily rental housing project located at 750 Oddstad Boulevard, Pacifica, California (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 1, 2022, notifying all interested persons that a public hearing would be held on June 8, 2022 by the County for the purpose of approving the financing. The public hearing was held by the County on June 8, 2022.

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 an obligation 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.

FISCAL IMPACT:

The County will receive 25% of the issuance fee from the CMFA, which is estimated to be approximately \$12,000 if the full amount of the Bonds 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.