



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 19-058

Board Meeting Date: 1/29/2019

Special Notice / Hearing: Public Hearing

Vote Required: Majority

To: Honorable Board of Supervisors

From: Ken Cole, Department of Housing

Subject: Public Hearing and Resolution Approving California Municipal Finance Authority Revenue Bonds for the benefit of BRIDGE Housing Corporation.

RECOMMENDATION:

Recommendation to:

A) Open public hearing; and

B) Close public hearing; and

C) Adopt a resolution authorizing:

1. The issuance of a note in the amount of \$10,500,000 (the "Note") by the California Municipal Finance Authority ("CMFA"), made to Nairobi Housing Associates, L.P. It is the purpose and intent that this resolution constitute approval of the issuance of the Note in accordance with section 147(f) of the Internal Revenue Code of 1986, as amended, by the Board of Supervisors in accordance with section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 ("Agreement"); and
2. The issuance of the Note shall be subject to the approval of the California Municipal Finance Authority of all financing documents relating thereto to which CMFA is a party, and that the County of San Mateo ("County") shall have no responsibility or liability whatsoever with respect to the Note or the loan to the CMFA that it evidences; and
3. That the President of the Board of Supervisors, the Clerk of the Board of Supervisors and all other proper officers and officials of the County are hereby authorized and directed to execute such other documents and certificates, and to perform such other acts, as may be necessary or convenient to effect the purposes of this resolution and

the issuance of the Note hereby approved.

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 300 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:

BRIDGE Housing Corporation, a California nonprofit public benefit corporation, has requested that the CMFA borrow funds evidenced by a note in an amount not to exceed \$10,500,000 (the “Note”) and use said borrowed funds to make a loan to Nairobi Housing Associates, a California limited partnership (“Nairobi”), to refinance outstanding debt of Nairobi, to finance certain capital improvements, to provide working capital, and/or to fund reserves all with respect to a 129-unit multifamily affordable rental facility owned by Nairobi currently known as Peninsula Park Apartments, located at 1977 Tate Street in the City of East Palo Alto (the “Project”).

In order for all or a portion of the Note to qualify as tax-exempt obligations, the County of San Mateo (“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 December 28, 2018, notifying all interested persons that a public hearing would be held on January 29, 2019 by the County for the purpose of approving the financing.

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

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.

The adoption of this resolution shall not obligate the County or any department thereof to (i) provide any financing for the Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit, or other action necessary for the improvement or operation of the Project; (iii) make any contribution or advance any funds whatsoever to CMFA; or (iv) take any further action with respect to CMFA or its membership therein.

County Counsel has reviewed and approved the resolution as to form.

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 percent of the issuance fee from the CMFA, which is estimated to be approximately \$13,900 if the full amount of the Bond 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.