



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY COUNSEL

File #: 19-376

Board Meeting Date: 5/14/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: John C. Beiers, County Counsel
Subject: Public Hearing and Resolution Approving California Municipal Finance Authority Tax-Exempt Loan for the benefit of The Benedictine Fathers of the Priory, Inc., dba Woodside Priory School

RECOMMENDATION:

Conduct a public hearing under the Tax Equity and Fiscal Responsibility Act regarding the issuance of a tax-exempt loan by the California Municipal Finance Authority in an amount not to exceed \$13,000,000 for paying, or reimbursing money advanced to pay, certain costs of acquiring, constructing, renovating, improving, equipping and installing certain educational facilities, including related support and administrative facilities and site improvements, located on or adjacent to the borrower's main campus at 302 Portola Road, including at 119, 121, 123, 125, 127 and 129 Gambetta Lane, Portola Valley, California, 94028, including certain new faculty housing facilities and expansion of and improvements to campus dining facilities and all related fixtures, furnishings and equipment (collectively, the "Campus Facilities") located or to be located within the County of San Mateo, California:

- A) Open public hearing
- B) Close public hearing
- C) Adopt a resolution approving the issuance of a tax-exempt loan to the California Municipal Finance Authority for the benefit of The Benedictine Fathers of the Priory, Inc., dba Woodside Priory School, in an aggregate principal amount not to exceed \$13,000,000 in one or more series for the purpose of financing and refinancing the acquisition, construction, improvement, and equipping of certain educational, support and administrative facilities owned and managed within the County by The Benedictine Fathers of the Priory, Inc., dba Woodside Priory School.

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 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:

Benedictine Fathers of the Priory, Inc., dba Woodside Priory School, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Borrower”), has requested that the California Municipal Finance Authority (the “CMFA”) obtain a tax-exempt loan in an aggregate principal amount not to exceed \$13,000,000 (the “Loan”) in one or more series and make one or more loans to the Borrower (the “Loan”) pursuant to a plan of financing for: (1) paying, or reimbursing money advanced to pay, certain costs of acquiring, constructing, renovating, improving, equipping and installing certain educational facilities, including related support and administrative facilities and site improvements, located on or adjacent to the Borrower’s main campus at 302 Portola Road, including at 119, 121, 123, 125, 127 and 129 Gambetta Lane, Portola Valley, California, 94028, including certain new faculty housing facilities and expansion of and improvements to campus dining facilities and all related fixtures, furnishings and equipment (collectively, the “Campus Facilities”) located or to be located within the County of San Mateo, California (the “County”); and (2) paying the costs of issuance and certain interest with respect to the Loan (collectively with the Campus Facilities, the “Project”).

In order for all or a portion of the Loan to qualify as tax-exempt obligations, the County, as the a 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 May 7, 2019, notifying all interested persons that a public hearing would be held on May 14, 2019 by the County for the purpose of approving the financing.

The Loan 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 Loan is not a loan of the County or the State of California, but is 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 Loan will be required.

Approving and authorizing the issuance of the Loan 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 \$7,166 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