



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY COUNSEL

File #: 21-744

Board Meeting Date: 9/28/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: John C. Beiers, County Counsel

Subject: Resolution Approving California Municipal Finance Authority Tax-Exempt Loan for the benefit of Silicon Valley International School

RECOMMENDATION:

Adopt a resolution approving the execution of a tax-exempt loan or loans by the California Municipal Finance Authority for the benefit of Silicon Valley International School, in an aggregate principal amount not to exceed \$25,000,000 in one or more series for the purpose of financing and refinancing the acquisition, construction, improvement, equipping, and maintenance of certain educational, support and administrative facilities leased, occupied and operated within the County by Silicon Valley International School.

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 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:

Silicon Valley International School (formerly known as International School of the Peninsula), a California nonprofit public benefit corporation (the "Borrower") and an organization described in, and exempt from tax under, Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), has requested that the CMFA obtain a tax-exempt loan or loans in an aggregate principal amount not to exceed \$25,000,000 (the "Authority Loan") in one or more series and make one or more loans to the Borrower pursuant to a plan of financing (the "Borrower Loan") to, among other things: (i) finance and refinance the construction, improvement, renovation, equipping and furnishing of educational facilities leased, occupied and operated by the Borrower and located at 475 Pope Street, Menlo Park, County of San Mateo, California, zip code 94025, including related administrative

facilities, site improvements, and parking, in connection with the provision of educational and other services in the County of San Mateo (the "County"), (iii) pay capitalized interest on the Borrower Loan, and (iv) pay certain expenses incurred in connection with the issuance of the Borrower Loan (items (i) through (iv), collectively, the "Menlo Park Project").

In order for all or a portion of the Borrower Loan 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 Sept 9, 2021, notifying all interested persons that a public hearing would be held on Sept 16, 2021 by the County for the purpose of approving the financing.

The Borrower 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 Borrower Loan for the financing of the Project. All financing documents with respect to the issuance of the Borrower Loan will contain clear disclaimers that the Borrower Loan is not an obligation 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 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 Borrower Loan will be required.

FISCAL IMPACT:

The County will receive 25% of the issuance fee from the CMFA, which is estimated to be approximately \$7,000 if the full amount of the Loan 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 loans that are issued