



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY EXECUTIVE

**File #:** 23-773

Board Meeting Date: 9/26/2023

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Michael P. Callagy, County Executive  
**Subject:** Reimburse Expenditures from Proceeds of Indebtedness

**RECOMMENDATION:**

Adopt a resolution declaring the official intent of the County of San Mateo to reimburse certain expenditures in relation to South San Francisco Health Campus Construction from proceeds of indebtedness.

**BACKGROUND:**

On April 11, 2017, the County approved a financing plan for the following capital projects: San Mateo Medical Center Improvements project, County Office Building #3, Government Center Parking Structure, Lathrop House Relocation, Cordilleras Mental Health Facility ("Cordilleras Project"), South San Francisco Health Campus ("SSF Health Campus Project"), Maple Street Homeless Shelter, and County Radio Shop.

This Board has subsequently approved issuance by the Joint Powers Financing Authority of lease revenue bonds to finance certain of these capital projects. Among others, in 2018, this Board approved the issuance of 2018 Lease Revenue Bonds, Series A, in an amount not to exceed \$250,000,000 to finance the design, architecture, and construction of the Medical Center Improvements and the County Office Building #3. In 2021, this Board approved the issuance of lease revenue bonds to finance the Cordilleras Project (\$155,000,000) and to refund certain prior debt to more efficiently structure the County's debt and leverage favorable interest rates.

The County will avoid significant expenditures in market-rate lease payments by building facilities that it will eventually own after paying off the bonds. The new facilities will also be designed for more efficiency, with systems that will reduce operating and maintenance costs.

**DISCUSSION:**

The County intends to issue future debt in accordance with its multi-step capital financing plan. The next phase is expected to include a bond issuance to finance the South San Francisco Health Campus Project. The SSF Health Campus will be built on a site located at 1050 Mission Road in

South San Francisco that is currently occupied by the North County Municipal Courts, Probation Departments, and vacated North Court Jail. The new building is to be approximately 45,000 GSF and will be designed to achieve LEED Certified and Zero Net Energy. The SSF Health Campus will provide needed services to the community, including functions affiliated with Aging and Adult Services, San Mateo Medical Center, Behavioral Health and Recovery Services and Healthcare Coverage Unit and Women, Infants & Children.

To retain the option of including project costs that may be incurred by the County prior to the issuance of debt, Section 1.150-2 of the Treasury Regulations requires the County to declare its reasonable official intent to reimburse these expenditures with proceeds of a subsequent borrowing. Approval of this resolution does not bind the County to make any expenditure, incur any indebtedness, or proceed with these projects.

The County Attorney's Office has approved the proposed amendment as to form.

**EQUITY IMPACT:**

The County is dedicated to ensuring access to health services and care for all San Mateo County residents, especially our most vulnerable low-income families. Approval of the resolution will facilitate the issuance of debt that will be used to build the SSF Health Campus which will provide health services to assist individuals and families in need including vulnerable residents who often face significant barriers to accessing quality care and services. Staff does not expect any negative impacts from the Board's action.

**FISCAL IMPACT:**

Approval of this resolution results in no immediate fiscal impact; however, it provides the County with the option of including the costs associated with these projects in future indebtedness, thereby replenishing cash reserves.