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Board of Supervisors
County of Marin
San Rafael, CA 94903

Subject: Tax-exempt financing by the California Statewide Communities Development Authority ("CSCDA"); Consent to hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing on August 6, 2013 regarding issuance of up to \$3,500,000 of tax-exempt conduit obligations to finance and refinance capital improvements to certain educational facilities of Marin Primary & Middle School ("MP&MS") located at 20 Magnolia Avenue, Larkspur, CA 94939.

Dear Board Members:

Recommendation: It is recommended that, after holding the public hearing, your board adopt the resolution approving the tax-exempt financing and the issuance of the obligations by CSCDA for MP&MS, a California nonprofit school.

Background: MP&MS is a preschool through eighth grade coeducational independent school located in Larkspur, Marin County, California. MP&MS, founded as a preschool in 1975, now includes 355 students from preschool through eighth grade. MP&MS is accredited by CAIS (California Association of Independent Schools) and WASC (Western Association of Schools and Colleges).

MP&MS has requested that CSCDA issue conduit tax-exempt obligations in an amount not to exceed \$3,500,000 to finance capital improvements to educational facilities on property leased by MP&MS from the Corte Madera-Larkspur School District located at 20 Magnolia Avenue, Larkspur, CA 94939 (the "Campus").

Section 147(f)(2) of the Internal revenue Code of 1986, as amended (the "Tax Code") requires that, in order for the interest on such obligations to be excluded from gross income to investors for federal income tax purposes, the applicable elected representatives of the host governmental unit must approve the issuance of debt. This hearing and approval process is referred to as a "TEFRA" hearing, after the Tax Equity and Fiscal Responsibility Act of 1983, the regulations for which were promulgated under the Tax Code changes of 1986.

Since the facilities to be financed with the proposed CSCDA obligations are located within Marin County (the "County") and the County is a member of CSCDA, your board has been asked to conduct the public hearing on August 6, 2013 and to

approve the issuance of the obligations as the host governmental unit. Proper notice has been made concerning this hearing.

The obligations would be repaid solely from amounts received pursuant to the terms and provisions of the financing agreements to be executed by MP&MS. The County would not be a party to the financing agreements. The obligations would not be secured by any form of taxation or any obligation of either the County or CSCDA. Neither would the obligations represent or constitute a general obligation of the County or CSCDA. MP&MS must indemnify CSCDA and its members, including the County. All legal documents will contain clear disclaimers that the obligations are not obligations of the County or the CSCDA but are paid only from funds provided by MP&MS.

As announced in the published notice, this hearing is an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the obligations and the nature of the facilities to be refinanced and financed.

The California Statewide Communities Development Authority (CSCDA) is a joint powers authority sponsored by the California State Association of Counties (CSAC) and the League of California Cities.

CSCDA's mission is to provide local governments and private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.

Participation by the County in CSCDA will not impact the County's appropriations limits and will not constitute any type of indebtedness by the County. Once the County holds the required public hearing and adopts the required resolution following the public hearing, no other participation of the County in the actions of the CSCDA or in the financing will be required.

Fiscal Impact: None. The County's membership in CSCDA bears with it no cost or financial obligation, but serves as a public acknowledgement of the facilities to be financed by the host jurisdiction. The County is in no way obligated on the obligations.

Respectfully submitted,



Matthew H. Hymel
County Administrator

Cc: Steven Woodside, County Counsel
Roy Given, Director of Finance