August 25, 2015

Board of Supervisors
County of Marin
San Rafael, CA 94903

Subject: Tax-exempt financing by the California Public Finance Authority ("CalPFA"); Consent to hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing on August 25, 2015 regarding issuance of up to $8,400,000 of tax-exempt conduit obligations to finance and refinance capital improvements to certain educational facilities of Marin Montessori School, Inc. ("Marin Montessori School" or the "School") located at 5200 Paradise Drive, Corte Madera, CA 94925.

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 CalPFA for Marin Montessori School, a California nonprofit school. The resolution also includes authorization for the County of Marin to join the California Public Finance Authority as an additional member.

Background: Marin Montessori School is a private, non-profit, AMI-accredited school serving the diverse needs of children 18 months to 15 years of age. Marin Montessori School was established in 1963 when 11 Marin families joined together to start the school.

Marin Montessori School has requested that CalPFA issue conduit tax-exempt obligations in an amount not to exceed $8,400,000 to finance and refinance capital improvements to certain educational facilities of Marin Montessori School located at 5200 Paradise Drive, Corte Madera, CA 94925.

Section 147(f)(2) of the Internal revenue Code of 1986 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 and refinanced with the proposed CalPFA obligations are located within Marin County, your board has been asked to conduct the public hearing on August 25, 2015 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 the School. 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 CalPFA. Neither would the obligations represent or constitute a general obligation of the County or CalPFA. The School must indemnify CalPFA, including the County. All legal documents will contain clear disclaimers that the obligations are not obligations of the County or the CalPFA but are paid only from funds provided by the School.

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 financed.

The California Public Finance Authority (CalPFA) is a political subdivision of the State of California established under the Joint Exercise of Powers Act for the purpose of issuing tax-exempt conduit bonds for public and private entities throughout California. CalPFA is empowered to promote economic, cultural, and community development opportunities that create temporary and permanent jobs, affordable housing, community infrastructure and improve the overall quality of life in local communities.

Participation by the County 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 CalPFA or in the financing will be required.

**Fiscal Impact:** None. The County's participation 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 of Marin 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