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COUNTY ADMINISTRATOR

March 1, 2016

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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 March 1, 2016 regarding issuance of up to \$9,500,000 of tax-exempt conduit obligations to finance capital improvements to certain educational facilities of Mark Day School ("Mark Day School" or the "School") located at 39 Trellis Drive, San Rafael, CA 94903.

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 Mark Day School, a California nonprofit school.

**Background:** Mark Day School is a private, non-profit, non-religious school accredited by the California Association of Independent Schools and the National Association of Independent Schools. The School offers a challenging program in a nurturing and supportive environment for grade K-3 students in its Lower School and grade 4-8 students in its Upper School. The School's current enrollment is 380 students. The School was established in 1980. Mark Day School was formerly known as Saint Mark's School until the School changed its name to Mark Day School in 2014.

Your Board held a public hearing and adopted a resolution approving financing of up to \$8.0 million on August 25, 2015. Mark Day School has since requested a new public hearing because project costs are more than it had projected in 2015. Mark Day School now requests that CalPFA issue conduit tax-exempt obligations in an amount not to exceed \$9,500,000 to finance and refinance capital improvements to certain educational facilities of Mark Day School located at 39 Trellis Drive, San Rafael, CA 94903.

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 March 1, 2016 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.

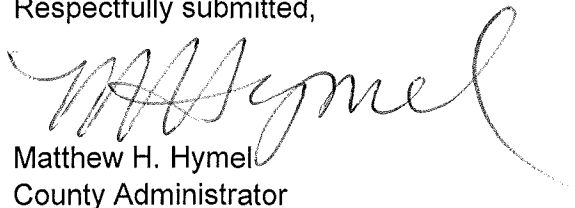
As announced in the published notice, this hearing is an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the obligations and the nature of the facilities to be financed.

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