December 12, 2017

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 December 12, 2017 regarding issuance of up to $24,000,000 of tax-exempt conduit obligations to refinance capital improvements to certain educational facilities of The Branson School ("The Branson School" or the "School") located at 39 and 71 Fern Hill Avenue, Ross, CA 94957.

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 The Branson School, a California nonprofit public benefit corporation.

Background: The Branson School is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code. Incorporated in 1926, the School operates a co-educational, independent, college-preparatory day school in Ross, California serving 9th through 12th grades. The School’s current enrollment is approximately 320 students.

The Branson School has requested that CalPFA issue conduit tax-exempt obligations in an amount not to exceed $24,000,000 to refinance capital improvements to certain educational facilities of the School located at 39 and 71 Fern Hill Avenue, Ross, CA 94957, and to pay costs of issuance and other costs related to the refinancing, including a termination payment with respect to an interest rate swap in connection with the original financing.

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 refinanced with the proposed CalPFA obligations are located within Marin County, your board has been asked to conduct the public hearing on
December 12, 2017 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: [Brian E. Washington, County Counsel]
    [Roy Given, Director of Finance]