



OFFICE OF THE  
COUNTY ADMINISTRATOR

May 23, 2017

Matthew H. Hymel  
COUNTY ADMINISTRATOR

Daniel Eilerman  
ASSISTANT COUNTY  
ADMINISTRATOR

Angela Nicholson  
ASSISTANT COUNTY  
ADMINISTRATOR

Marin County Civic Center  
3501 Civic Center Drive  
Suite 325  
San Rafael, CA 94903  
415 473 6358 T  
415 473 4104 F  
CRS Dial 711  
[www.marincounty.org/cao](http://www.marincounty.org/cao)

Board of Supervisors  
County of Marin  
San Rafael, CA 94903

**Subject:** Tax-exempt financing by the California Municipal Finance Authority, a public entity of the State of California ("CMFA"); Consent to hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing on May 23, 2017 regarding the issuance of \$15,000,000 of tax-exempt conduit bonds to finance the acquisition, rehabilitation, improvement and equipping of a 27-unit multifamily rental housing facility, located in the County of Marin, California (the "County"), at 191 Piper Court within the Town of Fairfax, California.

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 revenue bonds by the CMFA for the benefit of an entity to be created by EAH, Incorporated (the "Borrower"), a nonprofit corporation duly organized and existing under the laws of the State of California, solely for the purposes of satisfying the requirements of the Code.

**Background:** EAH, Inc. has requested the CMFA issue up to \$15,000,000 of tax-exempt bonds for the purpose of providing funds for the acquisition, rehabilitation, improvement and equipping of a 27-unit multifamily rental housing facility, located in the County of Marin, California (the "County"), at 191 Piper Court within the Town of Fairfax, California., known as Piper Court Apartments (the "Project"), and to be owned and/or operated by the Borrower.

In order for the interest on the bonds to be excluded from the gross income of the owner of the bonds (i.e. tax-exempt), an "applicable elected representative" of the government unit must approve the issuance of the bond after a public hearing ("TEFRA hearing") following reasonable public notice. Because CMFA's Board of Directors is not an elected body, the Internal Revenue Code (the "Code") provides that a governmental unit with elected representatives and jurisdiction over the area in which the project to be financed is located, in this case, the Board of Supervisors of Marin County, is an "applicable elected representative" with respect to the bond issue.

The Code requires that the Board of Supervisors hold a TEFRA public hearing regarding the issuance of the bonds and adopt a resolution approving the issuance of the bonds by CMFA. The County is a member of CMFA. Staff recommends that the Board of Supervisors consent to hold a public hearing and consider adopting a resolution on May 23, 2017 regarding the issuance of the bonds.

**CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

The CMFA was created on January 1, 2004 pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. The County of Marin is a member along with over 260 other municipalities and special districts.

The joint exercise of powers agreement explicitly provides that the CMFA is a public entity, separate and apart from the members executing the agreement, and the debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing the agreement.

The bonds to be issued for this project will be the sole responsibility of the Borrower, and the County will have no contractual, financial, legal or moral obligation or liability for the repayment of these bonds. All bond documents will contain clear disclaimers that the bonds are not obligations of the County or the CMFA but are paid only from funds provided by the Borrower.

In addition, participation by the County in the CMFA 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, adopts the required resolution following the public hearing, no other participation of the County in the actions of the CMFA or in the bond financing will be required.

In light of the foregoing, the lower fees of the CMFA and the fee sharing arrangement proposed by CMFA and in order to support the EAH, Inc., staff recommends that the County hold a public hearing and adopt the resolution in favor of the bond issuance.

**Fiscal Impact:** Reduced Net County Costs of approximately \$2,550. The CMFA shares a portion of its issuance fees with its member communities and donates a portion of issuance fees to the related California Foundation for Stronger Communities for the support of local charities. With respect to the County of Marin, it is expected that 25% of the issuance fee attributable to the Piper Court project (or approximately \$2,550) will be contributed by the CMFA to the general fund of the County, to be used for any lawful purpose. The Borrower will be the beneficiary of our charitable donation through a 25% reduction in issuance fees. The County is in no way obligated on the debt.

**Reviewed By:**             County Counsel  
                                       Treasurer-Tax Collector

Respectfully submitted,



Matthew H. Hymel  
COUNTY ADMINISTRATOR

cc:     Roy Given, Director of Finance  
       Brian Washington, County Counsel