



Midpeninsula Regional  
Open Space District

R-17-112  
Meeting 17-23  
September 27, 2017

## AGENDA ITEM 5

### AGENDA ITEM

Adopt resolution to reimburse expenditures related to the acquisition of 5050 El Camino from debt proceeds.

### GENERAL MANAGER'S RECOMMENDATION

A handwritten signature in black ink, appearing to be "G.M.", is written over the end of the "GENERAL MANAGER'S RECOMMENDATION" header.

Adopt a resolution which declares the District's intent to reimburse prior expenditures related to the acquisition of 5050 El Camino from the proceeds of subsequent borrowing.

### SUMMARY

The acquisition and remodel of the 5050 El Camino office building, combined with the acquisition and remodel of a new South Area Office, will deplete the District's Infrastructure reserves. To ensure adequate funding availability during this time, and prior to the sale of the 330 Distel property, the District intends to borrow \$15 million. It is highly likely that this financing transaction will close after the escrow to acquire 5050 El Camino will close. To ensure the District can use the financing to reimburse itself for the acquisition, the General Manager recommends that the Board adopt this reimbursement resolution.

### DISCUSSION

The acquisition and remodel of the 5050 El Camino office building, combined with the acquisition and remodel of a new South Area Office, will deplete the District's Committed Fund Balance for Infrastructure with a total cash expenditure of approximately \$35 million for both properties.

It is anticipated that the sale of the 330 Distel building will generate a cash inflow, but to ensure adequate funding availability to fund both the acquisition and remodel of the properties, the District intends to finance up to \$15 million for the acquisition through a borrowing. The financing transaction will very likely close after the escrow to acquire 5050 El Camino will close.

To ensure the District can use the financing to reimburse itself for the acquisition, the General Manager recommends that the Board adopt this reimbursement resolution.

### FISCAL IMPACT

The balance in the District's Committed Fund Balance for Infrastructure is \$30 million as of June 30, 2017. The two acquisitions will draw the reserve down to a negative \$4,955,100. The reimbursement resolution and subsequent financing will increase the balance to \$10 million. The

remodel amounts in the table are very preliminary estimates. This calculation and these estimates do not include possible additions to the Fund Balance nor rental income during the planning and design phases for the 5050 El Camino building.

<b>Reserve 7/1/2017</b>	<b>\$ 30,000,000</b>
<b>Acquisition Cost</b>	
240 Cristich	\$ 3,150,000
5050 El Camino	\$ 31,805,100
	<b>\$ 34,955,100</b>
<b>Reserve After Acquisitions</b>	<b>\$ (4,955,100)</b>
Financing	\$ 15,000,000
<b>Reimbursed Reserve</b>	<b>\$ 10,044,900</b>
<b>Remodel Cost</b>	
240 Cristich	\$ 2,000,000
5050 El Camino	\$ 6,000,000
	<b>\$ 8,000,000</b>
Reserve after Remodel	\$ 2,044,900
Sale of 330 Distel Circle	\$ 7,500,000
<b>Ending Reserve Balance</b>	<b>\$ 9,544,900</b>

## BOARD COMMITTEE REVIEW

No Board Committee review

## PUBLIC NOTICE

Public notice of this agenda item was provided as required by the Brown Act.

## CEQA COMPLIANCE

Adoption of the proposed Resolution does not trigger the California Environmental Quality Act.

## NEXT STEPS

Upon adoption by the Board, execute the resolution.

Responsible Department Head:

Stefan Jaskulak, Chief Financial Officer/ Director of Administrative Services

Prepared by:

Stefan Jaskulak, Chief Financial Officer/ Director of Administrative Services

**RESOLUTION NO. 17-\_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT DECLARING ITS OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS**

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**WHEREAS**, the Board of Directors (the “Board”) of the Midpeninsula Regional Open Space District (the “District”) intends to acquire a new office building for the District (the “Project”);

**WHEREAS**, the District (and for purposes of this resolution and the Treasury Regulations referenced herein, the “Issuer”) expects to pay certain expenditures (the “Reimbursement Expenditures”) in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

**WHEREAS**, the Issuer reasonably expects that debt obligations in an amount not expected to exceed \$15 million will be issued in order to finance a portion of the Project, and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures;

**WHEREAS**, Section 1.150-2 of the regulations promulgated by the United States Department of the Treasury (the “Treasury Regulations”) requires the Issuer to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing, if such proceeds are to be deemed spent upon the reimbursement allocation, for purposes of federal tax law;

**NOW, THEREFORE, BE IT RESOLVED** by the Midpeninsula Regional Open Space District, as follows:

SECTION 1. RECITALS. This Board hereby finds and determines that the above recitals are true.

SECTION 2. COMPLIANCE WITH THE REQUIREMENTS OF SECTION 1.150-2 OF THE TREASURY REGULATIONS. For purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations, this Board hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures. This declaration does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the Project.

SECTION 3. EFFECTIVE DATE. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED by the Board of Directors of the Midpeninsula Regional Open Space District on \_\_\_\_\_, 2017, at a regular meeting thereof, by the following vote:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

ATTEST:

APPROVED:

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Secretary  
Board of Directors

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President  
Board of Directors

APPROVED AS TO FORM:

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General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above roll call vote at a meeting thereof duly held and called on the above day.

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District Clerk

**CLERK'S CERTIFICATE**

I, Jennifer Woodworth, District Clerk for the Midpeninsula Regional Open Space District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said District duly and regularly held at the regular meeting place thereof on the \_\_\_ day of \_\_\_\_\_, 2017, of which meeting all of the members of said Board had due notice and at which a majority thereof were present; and at said meeting said resolution was adopted by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

An agenda of said meeting was posted at least 72 hours before said meeting at 330 Distel Circle, Los Altos, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand and the seal of the Midpeninsula Regional Open Space District this 22<sup>nd</sup> day of September, 2017.

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District Clerk