

APPROVED

MINUTES OF THE SAN MATEO COUNTY BOARD OF EDUCATION

Meeting Date: May 13, 2026

Meeting Location: San Mateo County Office of Education
101 Twin Dolphin Dr.
Redwood City, California 94065

Board Members Present: Susan Alvaro, Edith Arias, Chelsea Bonini, Beverly Gerard, Patricia Love, Mike O'Neill, Hugo Torres

County Attorney Present: Lisa Cho, Deputy County Attorney

Staff Officials Present: Marco A. Chávez, Superintendent

Other Staff Present: Ian Bain, Kevin Bultema

1. OPENING ITEMS

A. Call to Order

Board President Hugo Torres called the meeting to order at 5:06 p.m.

B. Approval of Agenda

After a motion by Board Member Gerard and a second by Board Member Alvaro, the May 13, 2026, special meeting agenda as presented was unanimously (Alvaro, Arias, Bonini, Gerard, Love, O'Neill, and Torres) approved.

2. PUBLIC COMMENT

There were no persons wishing to address the Board.

3. BOARD MEMBERS PART I

A. Discuss/Act on Workforce Housing Loan Documents

BOARD MEMBERS PART I (continued)

Armando Sanchez, Executive Director, Housing Endowment and Regional Trust (HEART), provided information on the Workforce Housing Loan Documents.

Board Member Love asked if the reference to “four SMCOE employees,” meant any four educators, potentially from across the county. Executive Director Sanchez confirmed that the composition of the group is entirely up to the Board.

Board Member O’Neill asked whether the County Office could refinance back up to the original \$50 million if the bond was paid down to \$30 million, in order to buy another housing unit. Executive Director Sanchez confirmed that the only way to do that would be to refinance the whole bond from the beginning.

Board Member O’Neill asked if the rule that once stopped districts from doing certain types of refinancing would apply here. Executive Director Sanchez explained that the only firm rule is that the bonds can’t be fully refinanced for the first ten years. After that ten-year lockout period, the County Office is free to refinance without restrictions.

Board Member O’Neill asked whether the inspections done during escrow uncovered any major problems with the building. Executive Director Sanchez informed that the building is essentially new, built in 2021, and well maintained, and every unit was inspected. Nothing significant came up except for one \$15,000 repair they plan to ask the seller to handle. They also completed a seismic study which showed low risk and have a long-term plan for setting aside money for future maintenance. Overall, the due-diligence review showed the building is in very good condition.

Board Member O’Neill asked whether extra monthly funds during the period between closing escrow and finalizing occupancy rules would sit in an account and require reporting. Executive Director Sanchez explained that there isn’t unused money. If a unit is empty and no subsidy is needed, the money automatically goes toward paying down the bonds. If a unit is occupied, the subsidy is applied immediately. Because any unused funds reduce the bond debt right away, there’s no accumulating balance waiting to be spent; the system constantly shifts money either to subsidies or to lowering the bond payments.

Kevin Bultema, Deputy Superintendent, Business Services Division, added that the plan is to have the Workforce Housing Subcommittee review the building’s finances at least twice a year. Those check-ins would also be a chance to revisit the Preferences and Practice Agreement, which might need adjustments over time. The goal is to receive regular reports from HEART so the Subcommittee can monitor how the building is performing each year. Executive Director Sanchez assured that HEART is willing to share any financial information the Subcommittee wants. They can provide details on performance, fees, subsidies, and tenant counts as often as requested.

Board Member Bonini suggested that the twice-yearly financial updates shouldn’t just go to the Subcommittee because the full Board would likely want to see them. The Subcommittee can handle the detailed work, but the full Board should still receive regular updates.

BOARD MEMBERS PART I (continued)

Board Member Bonini asked whether the extra half-year of interest payments has a specific dollar amount tied to it. Executive Director Sanchez explained that the final years of the bond carry almost \$3 million in annual interest, so an extra year and a half would be roughly \$4.5 million. That figure is based on modeling assumptions and could change if actual performance differs.

Board Member Love asked whether rising interest rates mean the County Office has to pay more each year to bondholders. Executive Director Sanchez confirmed the annual bond payment amount stays the same regardless of what happens with interest rates. Any impact gets pushed to the end of the repayment schedule, so educator units aren't affected.

Board Member O'Neill asked about the discount at which the bonds are being issued. Executive Director Sanchez said that the discount is about half a percent or 25 basis points, which is a quarter point discount.

Board Member O'Neill asked whether the bonds were being issued at 99.5 or 99.7. Executive Director Sanchez clarified that the senior bond has a 5.25% coupon and a 5.5% yield, while the junior bond has a 6% coupon and a 6.25% yield. The junior bond's rates didn't change because investors found them acceptable. Most of the adjustment happened on the larger, senior bond.

Board Member O'Neill asked if Greystar is the property management company. Executive Director Sanchez confirmed they are.

Board Member O'Neill asked whether Greystar is part of HEART or a separate company and about their property-management fee. Executive Director Sanchez clarified that Greystar is independent, not a subsidiary, and their fee is \$56,000 every six months. He noted that they are one of the largest property-management firms in the country and are at the caliber expected by bond investors.

Board Member O'Neill asked whether Greystar charges a flat fee instead of taking a percentage of rent. Executive Director shared that Greystar's fee is based on a percentage of the building's revenue. Board Member O'Neill asked if that would be \$100,000 per year. Executive Director Sanchez said it increases over time.

Board Member O'Neill asked whether the property-management contract spells out a fixed percentage and whether that percentage gets renegotiated each year. Executive Director Sanchez confirmed that the percentage is set in the contract. It does not change annually and is a little over 2% of revenue. That rate stays in place going forward.

Board Member O'Neill asked whether Greystar's management fee would be included in the subsidy. Executive Director Sanchez clarified that the fee is not part of the subsidy. Greystar's management fee is based solely on the actual rents collected, not on the subsidy amount.

Board Member O'Neill asked whether having more affordable units would cause Greystar's management fee to go down. Executive Director Sanchez said yes.

BOARD MEMBERS PART I (continued)

Executive Director Sanchez then addressed emailed questions. The first question asked whether the County Office would get paid back under the “permitted payments” section and whether those payments were tied to the senior loan. He clarified that the County Office does not get paid back through permitted payments. Instead, any available funds are swept into one of three places: the subsidy program, the employee grant program, or the bond payments.

The next question asked under what circumstances the senior lender could amend the agreement. Executive Director Sanchez explained that amendments are only possible in provisional default situations, similar to how a bank can change terms if a borrower defaults on a home loan. In theory the lender could amend terms, but they cannot do so unilaterally. They would still need HEART’s approval and HEART would not approve anything without the County Office’s consent. These provisions are protective measures that apply only if a serious issue occurs.

The next question asked about the 30-day period for the borrower to fix any breaches. Executive Director Sanchez explained that some provisions in the agreement include 30-day cure periods, meaning the borrower gets 30 days’ notice and 30 days to fix a breach. Different issues may have different cure periods, especially if something serious needs faster action. He said he would follow up with additional information.

The next question asked about typos in the documents. Executive Director Sanchez assured his team will fix any typos.

The last questions focused on whether there are tax implications for occupants of the project. Executive Director Sanchez explained that he could not give formal tax advice, but based on experience with similar affordable-housing projects, occupants typically do not face property-tax liability when living in deed-restricted affordable units. The County Office does not own the building and is not the housing provider, which further reduces any tax exposure. He informed that California provides clear tax waivers for affordable housing on school property, so the project should be covered. If any issues arise, HEART will work closely with state legislators and is confident that state or federal partners would help resolve them.

Lisa Cho, Deputy County Attorney, shared that the taxability of the rental subsidy depends on the relationship between the property owner and the employee, and under IRS Section 119D, subsidized housing is only taxable when the educational institution provides the housing. The County Office does not own the property and is not offering units as part of employee compensation, and leases will be between tenants and Greystar, so the subsidy should not be considered taxable income. She advised that tenants should consult their own tax preparers and discussed how although the County Office will become the owner in 35 years, no one can predict future tax laws.

Deputy County Attorney Cho indicated that a follow-up question asked whether the leases could be considered public records under the Public Records Act (PRA), allowing someone to request them and see who receives what subsidy. She clarified that because the leases are held by Greystar, they are not public records, and the County Office would not be obligated to release them. If household income information is used to determine subsidy levels, a non-employee spouse’s financial information is private and protected. After checking with her colleagues at the Jefferson Union

BOARD MEMBERS PART I (continued)

High School District and in the county's Housing Department, both of whom manage similar affordable-housing programs, she reported that no one has been requesting such records and there is no history of PRA issues in comparable projects.

Board Member Bonini asked whether, once everything is finalized, the Board could arrange a visit to the site. Executive Director Sanchez assured there would be not just a visit, but a full celebration.

Board Member Love asked if local school districts later seek compensation for lost tax revenue, as has happened in other housing projects, whether that money would come out of the \$7 million or another source. She also asked whether agreements had been worked out with local school districts. Executive Director Sanchez explained that objections over lost property or hotel tax are sometimes used as political tools to oppose a project rather than because the actual tax loss is financially significant. Such disputes are more about opposition to the type of use than about real fiscal impact.

Superintendent Chávez added that the team has reached out to local school districts and scheduled meetings to discuss the tax-related concerns. After meeting with the superintendents, they plan to reconvene the Subcommittee to share outcomes and next steps. Details on agreements reached with districts will be incorporated into the larger agreement expected to come before the Board in June.

Board Member Bonini asked about potential benefits for the local districts. Superintendent Chávez clarified that there could be benefits. The San Mateo Union High School District is open to discussing how to address their loss of revenue and shared several ideas with the County Office, and the team plans to engage in conversation with them.

Board Member O'Neill clarified that two separate issues are being discussed. One is the set of policies and procedures for allocating employee housing subsidies, and the other is how property-tax impacts are handled, which affects but should not be merged with subsidy rules. Deputy Superintendent Bultema noted that districts within the project's boundaries may have an interest in participating in the affordable-housing program, and one possible way to address that is to consider giving those districts' employees some preference, after County Office employees, but only after meeting with the districts to understand their priorities.

Board President Torres thanked the County Office team for taking the time to thoroughly review the materials before bringing them forward. He noted that the careful review was helpful and appreciated in getting the process to this stage.

After a motion by Board Member Bonini and a second by Board Member Gerard, the Board unanimously (Alvaro, Arias, Bonini, Gerard, Love, O'Neill, and Torres) approved the Workforce Housing Loan Documents subject to any insubstantial changes that Council or County Office staff may need to make.

4. BOARD PRESIDENT'S OPENING COMMENTS

A. Board President's Opening Comments

BOARD PRESIDENT’S OPENING COMMENTS (continued)

Board President Torres made opening comments.

5. GOVERNANCE WORKSHOP

A. Governance Workshop

Deborah Maus guided the Board through the Governance Workshop.

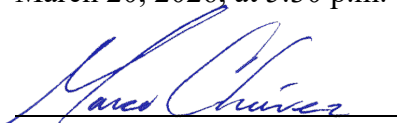
6. BOARD MEMBERS PART 2

A. Board Member Comments

Board members made comments.

7. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:01 p.m. Board President Torres announced the next regular meeting would take place on Wednesday, March 20, 2026, at 5:30 p.m.



Marco A. Chávez, Secretary
jlp