



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3220
CUPERTINO.GOV

MANAGEMENT REPORT

November 17, 2025

To: Cupertino Public Facilities Corporation

From: Kristina Alfaro, Director of Administrative Services

Re: Annual Update

Background

The Cupertino Public Facilities Corporation (CPFC) was incorporated in 1986 as a vehicle to provide financing for public improvements. The CPFC's bylaws and other key documents are available through the [City's online records archives](#).

New Corporation Activity

The Corporation has had no new financial activity during calendar year 2025. No new issuances or refinancing actions were initiated. The Corporation continues to exist solely to support the 2020 Certificates of Participation (COPs) for the City's Civic Center improvements. Staff continues to perform administrative functions, including preparation of IRS filings, board reports, and coordination with bond counsel.

IRS Tax-Exempt Status and Reporting

In 2023, the City identified that the Corporation had not filed IRS Form 990 for several years, which resulted in the revocation of its federal tax-exempt status. In 2024, the City engaged bond and tax counsel, Stradling Yocca Carlson & Rauth LLP, to assist with the reinstatement process. As a result:

- The Corporation's tax-exempt status was successfully reinstated in early 2024.
- The 2023–24 IRS Form 990 was filed in November 2024.
- The 2024–25 IRS Form 990 filed by the due date of November 17, 2025.

Total costs paid to Stradling for reinstatement efforts were \$10,518.50. While the Corporation's tax-exempt status has been restored, the IRS did not grant a filing exemption. The City has contacted Stradling to explore whether the CPFC may qualify for a future exemption from filing requirements, consistent with other cities that have successfully pursued similar treatment for inactive conduit financing entities.

2020 CERTIFICATES OF PARTICIPATION – FINANCING SUMMARY

In July 2020, the City issued Certificates of Participation (COPs) via the Corporation to refinance outstanding debt and achieve cost savings. Key details are as follows:

	2012 COP	2020 COP
Principal	27,010,000.00	22,040,000.00
Reserve	1,631,096.72	-
Coupon Rate	3.00%	4.00%
True Interest Cost	2.80%	0.72%

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 10/22/2020 @ 0.6378542%
7/1/2021	3,169,137.50	2,676,306.67	492,830.83	490,239.46
7/1/2022	3,168,487.50	2,676,000.00	492,487.50	485,721.50
7/1/2023	3,170,737.50	2,675,800.00	494,937.50	485,050.43
7/1/2024	3,170,737.50	2,677,600.00	493,137.50	480,217.19
7/1/2025	3,173,487.50	2,676,200.00	497,287.50	481,203.75
7/1/2026	3,168,837.50	2,676,600.00	492,237.50	473,286.24
7/1/2027	3,171,937.50	2,673,600.00	498,337.50	476,138.17
7/1/2028	3,172,487.50	2,677,200.00	495,287.50	470,220.18
7/1/2029	3,170,487.50	2,677,000.00	493,487.50	465,544.62
7/1/2030	3,165,937.50	2,678,000.00	487,937.50	457,385.21
	31,702,275.00	26,764,306.67	4,937,968.33	4,765,006.75
Savings Summary				
	PV of savings from cash flow		4,765,006.75	
	Prior funds on hand (Reserve)		(1,631,187.40)	
	Net PV Savings		3,133,819.35	

Despite a higher nominal coupon rate, the refinancing achieved a substantially lower true interest cost of 0.848% due to the lender-paid premium and application of the prior debt reserve. This refinancing decision was both strategic and financially advantageous, resulting in significant savings to the City and long-term flexibility

Board Appointments

Article III, Section 2 of the Corporation's bylaws designates that the City's Director of Finance (Director of Administrative Services) shall serve as the Treasurer of the Corporation. No appointments are required at this time.

Next Steps

Staff will continue to work with the City's legal and tax-exempt bond counsel, Stradling Yocca Carlson & Rauth LLP, to explore options related to filing exemptions and the Corporation's ongoing compliance requirements. Any material updates or developments will be presented to the Board at a future meeting or through a written update, as appropriate.

Sustainability Impact

No sustainability impact.

Fiscal Impact

Any additional expenditures needed to come into compliance will be assumed within existing budget appropriations.

California Environmental Quality Act

Not applicable.

Prepared by: Jonathan Orozco, Finance Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: Tina Kapoor, Interim City Manager