



ADMINISTRATIVE SERVICES DEPARTMENT

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MANAGEMENT REPORT

February 3, 2026

Subject

Follow-up on November 17, 2025 Management Report, Filing Requirements, and Regular Meeting Schedule

Recommended Action

Receive the update on responses to questions posed by the Corporation Board on November 17, 2025, and adopt Resolution No. 2026-1 establishing a new time for regular annual meetings.

Background

At the November 17, 2025, meeting of the Cupertino Public Facilities Corporation, the Board received a Management Report from staff and requested additional follow-up on several administrative and compliance-related items. The purpose of the February 3, 2026, special meeting is to provide clarifications on those issues and seek formal action on the annual meeting schedule.

Follow-Up Items and Staff Responses:

1. IRS Form 8038-G Filing Requirements

Staff has reviewed IRS guidance and confirmed that Form 8038-G is filed at the time of debt issuance. As outlined in the "When to File" section of the IRS Instructions for Form 8038-G (10/2021), the form is submitted once the City issues tax-exempt bonds, such as the 2020 Certificates of Participation (COPs). No additional annual filings of Form 8038-G are required.

2. Tax-Exempt Status and Bondholder Impact

Following consultation with subject matter experts and legal counsel, staff confirmed that the temporary lapse in the Corporation's tax-exempt status did not affect the 2020 COPs' tax-exempt standing nor the rights or obligations of the bondholders. The integrity of the debt issuance remains intact.

3. Annual Meeting Schedule Update

Per direction from the Board, attached is Resolution No. 2026-1, which updates the time and date for regular meetings of the Corporation to be held annually each November. This replaces Resolution No. 87-2 and reflects the Corporation's current meeting cadence and reporting needs.

4. Statement of Information

To improve internal controls and align with best practices, staff recommends that the Corporation's annual Statement of Information be prepared by City staff and signed by either the Finance Manager or Administrative Services Director going forward.

5. Form 990 Filings

Staff has contacted accounting firms to assist with preparation and submission of IRS Form 990 filings. While there is ongoing discussion regarding the specific financial information to include for the fiscal year in which the 2020 COPs were issued, prior-year returns will be based on annual Financial Transaction Reports submitted to the State Controller's Office, as these reports provide the most accurate and consistent source of Corporation activity.

6. Ongoing Information Gathering

Staff is continuing to compile additional information in response to board inquiries, including clarification of the Corporation's CEO and Clerk roles, board fiduciary responsibilities, and options for future debt issuance. This information may be presented at the upcoming special meeting or included in a future informational report once available.

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, Acting Director of Administrative Services

Reviewed by: Floy Andrews, Interim City Attorney

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

A – Resolution 2026-1

B – Management Report to the Board (11-19-2024)

C - Management Report to the Board (11-17-2025)

D – Informational Memo (12-06-2023)

E - Informational Memo (04-08-2024)

F - Informational Memo (04-25-2024)

G – Tax Exempt Reinstatement Letter