

File No. 220898

Committee Item No. 8

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date September 14, 2022

Board of Supervisors Meeting

Date _____

Cmte Board

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- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
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- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- TEFRA Hearing Notice 7/18/2022
- TEFRA Proof of Publication 7/25/2021
- _____
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Completed by: Brent Jalipa

Date September 8, 2022

Completed by: Brent Jalipa

Date _____

1 [Issuance and Sale of Revenue Obligations - California Enterprise Development Authority -
2 San Francisco University High School - Not to Exceed \$49,000,000]

3 **Resolution approving for purposes of Internal Revenue Code, Section 147(f), the**
4 **Issuance and Sale of Revenue Obligations by the California Enterprise Development**
5 **Authority, in an aggregate principal amount not to exceed \$49,000,000 to finance the**
6 **cost of demolition, construction, installation, equipping and/or furnishing of**
7 **educational and related facilities to be owned and operated by San Francisco**
8 **University High School, a California nonprofit public benefit corporation, located at**
9 **3150 California Street.**

10
11 WHEREAS, The California Enterprise Development Authority (“Authority”) is authorized
12 pursuant to the provisions of California Government Code, Section 6500 et seq. and the terms
13 of a Joint Powers Agreement, dated as of June 1, 2006 (“Agreement”), among certain public
14 agencies throughout the State of California, to issue revenue bonds and other forms of
15 indebtedness to assist nonprofit corporations to obtain tax-exempt financing for appropriate
16 projects and purposes; and

17 WHEREAS, San Francisco University High School (“Borrower”), a California nonprofit
18 public benefit corporation and an organization described in Section 501(c)(3) of the Internal
19 Revenue Code of 1986 (“Code”), has requested that the Authority issue revenue obligations
20 qualifying as “qualified 501(c)(3) bonds” in an aggregate principal amount not to exceed
21 \$49,000,000 (“Obligations”) (i) to finance the cost of demolition, construction, installation,
22 equipping and/or furnishing of the Borrower’s educational and related facilities located at 3150
23 California Street, San Francisco, California 94115, including a new approximately 48,000
24 square-foot three-story building, which is expected to include, among other things,
25 classrooms, a student center, faculty and staff offices, food service, and a gymnasium (which

1 may also be used as a school gathering space) (“Project”), all of which is and will be owned
2 and operated by, and used in an integrated operation of, the Borrower (or a wholly-owned
3 limited liability company of the Borrower), and (ii) to pay various transaction costs and related
4 costs; and

5 WHEREAS, The Project is located within the boundaries of the City and County of San
6 Francisco (“City”), which is a member of the Authority; and

7 WHEREAS, Pursuant to Section 147(f) of the Code and the Treasury Regulations
8 promulgated thereunder, the issuance of the Obligations by the Authority may qualify for tax
9 exemption under Section 103 of the Code only if the Obligations are approved by an
10 “applicable elected representative” of both the governmental unit issuing the Obligations, or
11 on behalf of which the Obligations are to be issued, and a governmental unit having
12 jurisdiction over the geographic area in which the Project is located, after a public hearing held
13 following reasonable public notice; and

14 WHEREAS, The issuance and delivery of the Obligations shall be subject to the
15 approval of and execution by the Authority; and

16 WHEREAS, The Authority has requested that the Board of Supervisors of the City and
17 County of San Francisco (“Board”) approve the issuance and sale of the Obligations in order
18 to satisfy the requirements of Section 147(f) of the Code and the Treasury Regulations
19 promulgated thereunder, the Board being an applicable elected representative of the
20 governmental unit on behalf of which the Obligations are to be issued and having jurisdiction
21 over the geographic area in which the Project is located within the meaning of Section 147(f)
22 of the Code and the Treasury Regulations promulgated thereunder; and

23 WHEREAS, On July 18, 2022, the City caused a notice to appear on its website,
24 stating that a telephonic public hearing with respect to the issuance of the Obligations would
25 be held by the Office of Public Finance on July 25, 2022; and

1 WHEREAS, The Office of Public Finance of the City has held the public hearing
2 described above on July 25, 2022, and an opportunity was provided for persons to comment
3 on the issuance and sale of the Obligations and the plan of financing of the Project; and

4 WHEREAS, The Obligations will be limited obligations of the Authority, payable solely
5 from and secured solely by amounts received from or on behalf of the Borrower, and shall not
6 constitute an indebtedness or obligation, or a pledge of the faith and credit of, or the taxing
7 power, if any, of the City or the Authority, except to the limited extent described herein; and

8 WHEREAS, It is intended that this Resolution shall constitute approval of the issuance
9 of the Obligations for purposes of Section 147(f) of the Code and the Treasury Regulations
10 promulgated thereunder; now, therefore, be it

11 RESOLVED, That this Board finds that all of the recitals set forth above are true and
12 correct; and, be it

13 FURTHER RESOLVED, That the Board, as an applicable elected representative of the
14 governmental unit on behalf of which the Obligations will be issued and having jurisdiction
15 over the geographic area in which the Project is or will be located, hereby approves the
16 issuance of the Obligations by the Authority; it is the purpose and intent of the Board that this
17 Resolution constitute both “issuer” approval and “host” approval of the issuance of the
18 Obligations by the City for purposes of Section 147(f) of the Code and the Treasury
19 Regulations promulgated thereunder; and, be it

20 FURTHER RESOLVED, That the approval by the Board of the issuance and sale of the
21 Obligations is neither an approval of the underlying credit issues of the Project nor an
22 approval of the financial structure of the Obligations, and that the adoption of this Resolution
23 shall not obligate (i) the City to provide financing to the Borrower for the demolition,
24 construction, installation, equipping and/or furnishing of the Project or to issue the Obligations
25 for purposes of such financing, or (ii) the City, or any department of the City, to approve any

1 application or request for, or take any other action in connection with any environmental,
2 General Plan, zoning or any other permit or other action necessary for the demolition,
3 construction, installation, equipping and/or furnishing of the Project; and, be it

4 FURTHER RESOLVED, That this Resolution shall take effect from and after its
5 adoption and approval.

6

7 APPROVED AS TO FORM:
8 DAVID CHIU, City Attorney

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9 By: /s/MARK D. BLAKE
10 MARK D. BLAKE
Deputy City Attorney

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CITY AND COUNTY OF SAN FRANCISCO

**NOTICE OF PUBLIC HEARING PURSUANT TO
SECTION 147(f) OF THE INTERNAL REVENUE CODE OF
1986, AS AMENDED, FOR THE FINANCING OF CERTAIN
FACILITIES FROM THE ISSUANCE OF TAX-EXEMPT
OBLIGATIONS**

NOTICE IS HEREBY GIVEN that at 4:30 p.m. on Monday, July 25, 2022, a telephonic public hearing (“Public Hearing”) will be held by the City and County of San Francisco’s Controller’s Office of Public Finance for the proposed issuance of tax-exempt obligations qualifying as “qualified 501(c)(3) bonds,” in one or more series (“Obligations”), by the California Enterprise Development Authority (“Authority”), in an aggregate principal amount not to exceed \$49,000,000, the interest on which is intended to be federally tax-exempt and exempt from State of California personal income taxes. The Public Hearing is intended to comply with the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (“Code”), and the Treasury Regulations promulgated thereunder.

The Public Hearing will be accessible by telephonic access only. The Office of Public Finance will open the hearing promptly at 4:30 p.m. and close the hearing at 4:40 p.m. unless additional time is needed to ensure that all public comments are received. The toll-free number and access code for the Public Hearing are as follows:

Toll-Free Number: 1-877-402-9753

Access Code: 8883457#

Proceeds of the Obligations will be loaned by a financial institution to the Authority, which will simultaneously loan such proceeds to San Francisco University High School, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code (“Borrower”), pursuant to one or more loan agreements or similar financing arrangements (collectively, “Loan Agreement”). The Borrower intends to use the proceeds of the Obligations, together with other funds of the Borrower, (i) to finance the cost of demolition, construction, installation, equipping and/or furnishing of the Borrower’s educational and related facilities located at 3150 California Street, San Francisco, California 94115, including a new approximately 48,000 square-foot three-story building, which is expected to include, among other things, classrooms, a student center, faculty and staff offices, food service, and a gymnasium (which may also be used as a school gathering space) (the “Project”), and (ii) to pay various transaction costs and related costs.

The Project is and will be owned and operated by, and used in an integrated operation of, the Borrower (or a wholly-owned limited liability company of the Borrower).

The Obligations will be issued in one or more series, and will be paid entirely from payments by the Borrower under the Loan Agreement. Neither the full faith and credit nor the taxing power, if any, of the City and County of San Francisco (“City”), the Authority and its members, the State of California (“State”) or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Obligations, nor shall the City, the Authority and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on the Obligations.

Members of the public wishing to comment on the proposed issuance of the Obligations, the nature or location of the Project, or the plan of the proposed financing for the Project may dial into the Public Hearing using the toll-free number and access code set forth above, or may submit written comments, which must be received prior to the Public Hearing, to the City's Office of Public Finance as follows: PublicFinance@sfgov.org.

Date: July 18, 2022

CITY AND COUNTY OF SAN FRANCISCO



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

AFFIDAVIT OF PUBLICATION ON CITY WEBSITE

Allen Poon, the undersigned, hereby certifies that the attached Notice of TEFRA Hearing (Notice) was published on the Public Forms & Notices page maintained by the Controller's Office at the following Web address:

<https://sfcontroller.org/public-forms-notices#TEFRA>

The TEFRA section of the Controller's Public Forms & Notices page is listed on the City's primary public website for Public Notices at the following web address:

<https://sfgov.org/public-notices>

The Notice was posted on 07/18/2022, and was maintained continuously on the website until 07/25/2022. A copy of a screen shot of the notice is attached as Exhibit A.

Executed on 07/25/2022 in San Francisco, California.

Allen Poon

Allen Poon

Exhibit A – Screen Shots of Posted TEFRA Notice

Public Forms, Hearings, and Not... x +

← → https://sfcontroller.org/node/72#TEFRA

Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing Notices

- [TEFRA Notice – SF University High School 07-25-22](#)
- TEFRA Notice – Urban School 07-08-22
- TEFRA Notice – California College of the Arts 06-09-22
- TEFRA Notice – Progress Foundation 05-18-22
- TEFRA Notice – The Brandeis School 04-08-22
- TEFRA Notice – City & County of San Francisco IRFD No. 1 (Treasure Island) 4-7-22
- TEFRA Notice – National Center for International Schools 11-23-21
- TEFRA Notice – Chinese Hospital Association 11-23-21
- TEFRA Notice – Chinese American International School 08-31-21
- TEFRA Notice – Presidio Hill School 08-19-21
- TEFRA Notice – Hebrew Home for the Aged Disabled 08-16-21
- TEFRA Notice – Front Porch Communities and Services 05-21-21
- TEFRA Notice – Alta Vista School 03-26-21
- TEFRA Notice – Pacific Primary School 09-21-20
- TEFRA Notice – San Francisco Friends School 08-12-20 [RESCHEDULED]
- TEFRA Notice – San Francisco Day School 07-09-20
- TEFRA Notice – Town School for Boys 06-26-20
- TEFRA Notice – San Francisco Waldorf School 06-18-20
- TEFRA Notice – University High School 03-09-2020

Office of the Controller | City Hall Room 316, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102 | (415) 554-7500 | controller@sfgov.org | - Service 24x7



City and County of San Francisco

3 | AFFIDAVIT OF PUBLICATION ON CITY WEBSITE

SF University High School - TEFRA: x +
https://sfcontroller.org/sites/default/files/Documents/Public%20Finance/SF%20University%20High%20School%20-%20TEFRA%20Notice%2007252022%20vF.pdf

SF University High School - TEFRA Notice 07252022 1 / 2 75%

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NOTICE OF PUBLIC HEARING PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, FOR THE FINANCING OF CERTAIN FACILITIES FROM THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS

NOTICE IS HEREBY GIVEN that at 4:30 p.m. on Monday, July 25, 2022, a telephonic public hearing ("Public Hearing") will be held by the City and County of San Francisco's Controller's Office of Public Finance for the proposed issuance of tax-exempt obligations qualifying as "qualified 501(c)(3) bonds," in one or more series ("Obligations"), by the California Enterprise Development Authority ("Authority"), in an aggregate principal amount not to exceed \$49,000,000, the interest on which is intended to be federally tax-exempt and exempt from State of California personal income taxes. The Public Hearing is intended to comply with the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Code"), and the Treasury Regulations promulgated thereunder.

The Public Hearing will be accessible by telephonic access only. The Office of Public Finance will open the hearing promptly at 4:30 p.m. and close the hearing at 4:40 p.m. unless additional time is needed to ensure that all public comments are received. The toll-free number and access code for the Public Hearing are as follows:

Toll-Free Number: 1-877-402-9753
Access Code: 8883457#

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The Project is and will be owned and operated by, and used in an integrated operation of, the Borrower (or a wholly-owned limited liability company of the Borrower).

The Obligations will be issued in one or more series, and will be paid entirely from payments by the Borrower under the Loan Agreement. Neither the full faith and credit nor the taxing power, if any, of the City and County of San Francisco ("City"), the Authority and its members, the State of California ("State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Obligations, nor shall the City, the Authority and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on the Obligations.

Members of the public wishing to comment on the proposed issuance of the Obligations, the nature or location of the Project, or the plan of the proposed financing for the Project may dial into the Public Hearing using the toll-free number and access code set forth above, or may submit written comments, which must be received prior to the Public Hearing, to the City's Office of Public Finance as follows: PublicFinance@sfgov.org

Date: July 18, 2022

CITY AND COUNTY OF SAN FRANCISCO



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

July 25, 2022

Supervisor Catherine Stefani
City Hall, Room 244
City and County of San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Supervisor Stefani:

Thank you for agreeing to introduce the Board of Supervisors resolution approving, for the purposes of the Internal Revenue Code, the issuance of tax-exempt obligations (the "Obligations") by the California Enterprise Development Authority (the "Authority") on behalf of San Francisco University High School, a California nonprofit public benefit corporation (the "Borrower"), to finance and/or refinance certain capital facilities owned and operated by the Borrower as summarized below. I respectfully request introduction of the resolution at the meeting of the Board of Supervisors on Tuesday, July 26, 2022.

Pursuant to the Tax Equity and Fiscal Responsibility Act (TEFRA), to facilitate the tax exemption of interest on the Bonds the City is required to conduct a public hearing and to approve the financing by the Authority. The Office of Public Finance held such hearing on Monday, July 25, 2022, notice of which was published on the City's public notices page on July 18, 2022. No public comments were heard or received through the public hearing process. The action by the Board will acknowledge that the hearing was duly held and that the financing is proceeding. The Obligations will be issued in an aggregate principal amount not to exceed \$49 million. I have performed a limited due diligence review of information pertaining to the project and proposed financing that I have summarized below.

The Borrower

Opened in 1975, San Francisco University High School was established by a youthful board of trustees and community activists in response to a deeply felt need for an innovative, co-educational, independent secondary school in the Bay Area who shared a vision of a school that could be a model of equity and excellence. San Francisco University High School welcomes students of demonstrated motivation and ability to engage in an education that fosters responsibility and the spirited pursuit of knowledge, and works to build and sustain a community of diverse backgrounds, perspectives, and talents. The school has an enrollment of 421 students and a faculty of 75 as of the 2021-2022 school year.

The Project

The proceeds from the sale of the Bonds will be loaned to the Borrower for the following purposes: (i) to finance the cost of demolition, construction, installation, equipping and/or furnishing of the Borrower's educational and related facilities located at 3150 California Street, San Francisco, California 94115, including a new approximately 48,000 square-foot three-story building, which is expected to include, among other things, classrooms, a student center, faculty and staff offices, food service, and a gymnasium (which may also be used as a school gathering space) (the "Project"), and (ii) to pay various transaction costs and related costs.

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Obligations in an amount not to exceed \$49 million. Bond Counsel on the transaction is Norton Rose Fulbright US LLP.

Public Approval Process

The City and County of San Francisco is a participating member of the Authority, a joint powers authority. The Authority is authorized to issue bonds, notes, certificates of participation, or other forms of indebtedness, including refunding previously issued debt. As noted above, federal tax law requires that the governing body of the jurisdiction in which the project is located approve the financing and the project after providing the opportunity for a duly-noticed public hearing before the Bonds may be issued on a tax-exempt basis. Your assistance with this matter is greatly appreciated. Please contact me at (415) 554-4862, if you any questions or require additional information. Thank you.

Sincerely,

Vishal Trivedi

Bond Analyst, Office of Public Finance

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Stefani;

Subject:

TEFRA Resolution---Approving Issuance by the California Enterprise Development Authority of Revenue Obligations and TEFRA Hearing for San Francisco University High School---Not to Exceed \$49,000,000

The text is listed:

Resolution Approving for Purposes of Internal Revenue Code Section 147(f) the Issuance and Sale of Revenue Obligations by the California Enterprise Development Authority, in an aggregate principal amount not to exceed \$49,000,000, to finance the cost of demolition, construction, installation, equipping and/or furnishing of educational and related facilities to be owned and operated by San Francisco University High School, a California nonprofit public benefit corporation (or a wholly-owned limited liability company of San Francisco University High School)

Signature of Sponsoring Supervisor: /s/Stefani