

1 [California Enterprise Development Authority Revenue Obligations Issuance - Live Oak -
2 Learning Center for Children - Not to Exceed \$10,000,000]

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 \$10,000,000 to finance or**
6 **refinance the acquisition, construction, improvement, and/or equipping of K-8**
7 **educational facilities to be owned and operated by, or leased and operated by, Live**
8 **Oak, a Learning Center for Children, a California nonprofit public benefit corporation.**

9
10 WHEREAS, The California Enterprise Development Authority (the "Authority") is
11 authorized pursuant to the provisions of California Government Code, Section 6500 et seq.
12 and the terms of a Joint Powers Agreement, dated as of June 1, 2006 (the "Agreement"),
13 among certain public agencies throughout the State of California, to issue revenue bonds and
14 other forms of indebtedness to assist nonprofit corporations to obtain tax-exempt financing for
15 appropriate projects and purposes; and

16 WHEREAS, Live Oak, a Learning Center for Children, a California nonprofit public
17 benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue
18 Code of 1986, as amended (the "Code"), or an affiliate thereof or successor thereto
19 (collectively, the "Borrower"), has requested that the Authority issue revenue obligations in an
20 aggregate principal amount not to exceed \$10,000,000 (the "Obligations") to: (i) prepay in full
21 the Authority's 2012 Tax-Exempt Loan (Live Oak School), issued in the original principal
22 amount of \$5,750,000, the proceeds of which financed and refinanced the acquisition,
23 construction, improvement and equipping of educational facilities located at 1555 Mariposa
24 Street, San Francisco, California 94107 ("1555 Mariposa"), all owned and operated by the
25 Borrower, and used for educational purposes, (ii) finance, and/or reimburse the Borrower for

1 capital expenditures, including construction, improvement and equipping of facilities at
2 (a) 1555 Mariposa, and (b) the parcel of real estate leased by the Borrower from KRMR, LLC,
3 a California limited liability company, located at 1501 Mariposa Street, San Francisco,
4 California 94107 ("1501 Mariposa"), including the completion of the campus renovation and
5 expansion at 1555 Mariposa and 1501 Mariposa (such improvements financed and/or
6 refinanced with the Obligations are collectively referred to as the "Project") and (iii) pay
7 various transaction costs, prepayment costs, if applicable, and other related costs; and

8 WHEREAS, The Project is located within the City and County of San Francisco (the
9 "City"), a member of the Authority; and

10 WHEREAS, Pursuant to Internal Revenue Code, Section 147(f), the issuance of the
11 Obligations by the Authority may qualify for tax exemption under Internal Revenue Code,
12 Section 103 only if the Obligations are approved by the "applicable elected representative" of
13 both the governmental unit issuing the Obligations and a governmental unit having jurisdiction
14 over the area in which the Project is located after a public hearing held following reasonable
15 public notice; and

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

18 WHEREAS, The Authority has requested the Board of Supervisors of the City and
19 County of San Francisco (the "Board") to approve the issuance and sale of the Obligations in
20 order to satisfy the requirements of Internal Revenue Code, Section 147(f), the Board being
21 the applicable elected representative of the governmental unit issuing the Obligations and
22 having jurisdiction over the area in which the Project is located within the meaning of Internal
23 Revenue Code, Section 147(f); and

24 WHEREAS, On April 21, 2015, the City caused a notice to appear in the *San Francisco*
25 *Chronicle*, which is a newspaper of general circulation in the City, stating that a public hearing

1 with respect to the issuance of the Obligations would be held by the Office of Public Finance
2 on May 6, 2015; and

3 WHEREAS, The Office of Public Finance held the public hearing described above on
4 May 6, 2015, and an opportunity was provided for persons to comment on the issuance and
5 sale of the Obligations and the plan of financing of the Project; and

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

10 WHEREAS, It is intended that this Resolution shall constitute approval of the issuance
11 of the Obligations for purposes of Internal Revenue Code, Section 147(f); now, therefore, be it

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

14 FURTHER RESOLVED, That the Board hereby approves the issuance of the
15 Obligations by the Authority. It is the purpose and intent of the Board that this Resolution
16 constitutes approval of the issuance of the Obligations by the applicable elected
17 representatives of the City for purposes of Internal Revenue Code, Section 147(f); and, be it

18 FURTHER RESOLVED, That the approval by the Board of the issuance and sale of the
19 Obligations is neither an approval of the underlying credit issues of the Project nor an
20 approval of the financial structure of the Obligations, and that the adoption of this Resolution
21 shall not obligate (i) the City to provide financing to the Borrower for the acquisition,
22 construction, improvement and/or equipping of the Project or to issue the Obligations for
23 purposes of such financing or (ii) the City, or any department of the City, to approve any
24 application or request for, or take any other action in connection with any environmental,
25 General Plan, zoning or any other permit or other action necessary for the acquisition,

1 construction, equipping or furnishing of the Project; and, be it

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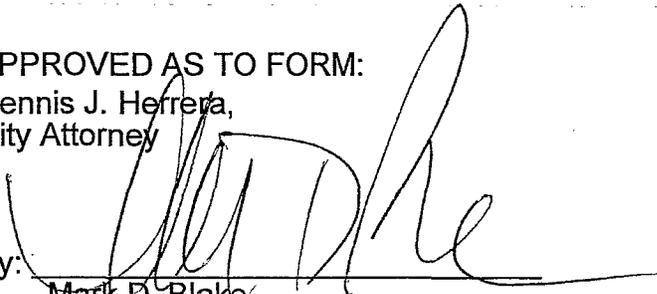
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1 FURTHER RESOLVED, That this Resolution shall take effect from and after its
2 adoption and approval.

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4 APPROVED AS TO FORM:
5 Dennis J. Herrera,
6 City Attorney

7 By: 
8 Mark D. Blake
9 Deputy City Attorney

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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

May 14, 2015

Supervisor Malia Cohen
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 Cohen:

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 Live Oak, a Learning Center for Children ("the Borrower"), a California nonprofit public benefit corporation described in section 501(c)(3) of the Internal Revenue Code, to finance or refinance the acquisition, construction, improvement, and equipping of educational facilities located at 1555 Mariposa Street, San Francisco, California, 94107, to be owned and operated by the Borrower. I respectfully request introduction of the resolution at the meeting of the Board of Supervisors on Tuesday, May 19, 2015.

Pursuant to the Tax Equity and Fiscal Responsibility Act (TEFRA), to facilitate the tax exemption of interest on the Obligations 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, May 6, 2015, notice of which was published in the *San Francisco Chronicle* on April 21, 2015. The action by the Board acknowledges 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 \$10,000,000. I have performed a limited due diligence review of information pertaining to the project and proposed financing that I have summarized below.

The Borrower

Founded in 1971, Live Oak School is an independent K-8 day school in San Francisco, founded in 1971 by a forward-thinking group of parents and teachers who believed that most significant learning occurs through direct interaction with people, places, things and ideas. Originally a K-5

school, Live Oak added a middle school program in 1992. Live Oak School has a total enrollment of 291 students.

The Project

The School is seeking up to \$10 million in tax-exempt obligations to i) prepay full the Authority's 2012 Tax-Exempt Loan (Live Oak School), in the original principal amount of \$5,750,000, the proceeds of which loan financed and refinanced acquisition, construction, improvement and equipping of educational facilities located at 1555 Mariposa Street, San Francisco, California 94107 (the "Property"), all owned and operated by the Borrower and used for educational purposes, (ii) finance, and/or reimburse the Borrower for capital expenditures, including construction, improvement and equipping of facilities at (a) 1555 Mariposa, and (b) the parcel of real estate leased by the Borrower from KRMR, LLC, a California limited liability company, located at 1501 Mariposa Street, San Francisco, California 94107 ("1501 Mariposa"), including the completion of the campus renovation and expansion at 1555 Mariposa and 1501 Mariposa (such improvements financed and/or refinanced with the Obligations are collectively referred to as the "Project") and (iii) pay various transaction costs, prepayment costs, if applicable, and other related costs.

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue tax-exempt obligations in an amount not to exceed \$10,000,000. Bond Counsel on the transaction is Sidley Austin 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 Obligations 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
Controller's Office of Public Finance



NOTES + ERRATA
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Notice Type : Other Notices Posting Date : 4/21/2015
Printer Friendly

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 AND REFINANCING OF CERTAIN FACILITIES FROM THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS NOTICE IS HEREBY GIVEN that at 10:30 a.m. on May 6, 2015, in the City and County of San Francisco's Office of Public Finance, Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102, a public hearing (the "Public Hearing") will be held with respect to the proposed issuance of tax-exempt obligations (the "Obligation") by the California Enterprise Development Authority (the "Authority") in an aggregate principal amount not to exceed ten million dollars (\$10,000,000), 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 (the "Code"). Proceeds of the Obligation will be loaned by a financial institution to the Authority, which will simultaneously loan such proceeds to Live Oak, a Learning Center for Children, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code, or an affiliate thereof or successor thereto (collectively, the "Borrower"), pursuant to a loan agreement or similar financing arrangement (the "Loan Agreement"). The Borrower expects to use the proceeds of the Obligation to: (i) prepay in full the Authority's 2012 Tax-Exempt Loan (Live Oak School), issued in the original principal amount of \$5,750,000 (the "Prior Loan"), the proceeds of which financed and refinanced the acquisition, construction, improvement and equipping of educational facilities located at 1555 Mariposa Street, San Francisco, California 94107 ("1555 Mariposa"), all owned and operated by the Borrower, and used for educational purposes, (ii) finance, and/or reimburse the Borrower, for capital expenditures, including construction, improvement and equipping of facilities, at (a) at 1555 Mariposa, and (b) the parcel of real estate leased by the Borrower from KRRM, LLC, a California limited liability company, located at 1501 Mariposa Street, San Francisco, California 94107 ("1501 Mariposa"), including the completion of the campus renovation and expansion at 1555 Mariposa and 1501 Mariposa (such improvements financed and/or refinanced with the Obligation are collectively referred to as the ("Project") and (iii) pay various transaction costs, prepayment costs, if applicable, and other related costs. The Project is and will be owned by the Borrower and will be used for the Borrower's educational purposes. The Obligation 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 (the "City"), the Authority and its members, the State of California (the "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 Obligation, 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 Obligation. Those wishing to comment on the issuance of the Obligation, the proposed nature or location of the Project, or the plan of finance may either appear in person at the time and place indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o Controller's Office of Public Finance, at the address indicated above. Date: April 21, 2015 CITY AND COUNTY OF SAN FRANCISCO |

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Print Form

RWD IN BOARD
5-19

JE

Time stamp
or meeting date

Introduction Form

By a Member of the Board of Supervisors or the Mayor

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 [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) 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 a Imperative

Sponsor(s):

COHEN

Subject:

RESOLUTION - TEFRA Live Oak Learning Center for children

The text is listed below or attached:

ATTACHED

Signature of Sponsoring Supervisor: Mali Cohen

For Clerk's Use Only:

150533