

1 [Execution of Tax-Exempt Loan - California Municipal Finance Authority - Lycée Français de  
2 San Francisco - Not to Exceed \$23,000,000]

3 **Resolution approving, in accordance with Section 147(f) of the Internal Revenue Code**  
4 **of 1986, as amended (“Code”), the execution of a tax-exempt loan or loans by the**  
5 **California Municipal Finance Authority (“Authority”) in one or more series pursuant to**  
6 **a plan of financing and in an aggregate principal amount not to exceed \$23,000,000**  
7 **(“Authority Loan”), the proceeds of which Authority Loan to be loaned by the Authority**  
8 **(“Borrower Loan”) to Lycée Français de San Francisco, a California nonprofit public**  
9 **benefit corporation and an organization described in, and exempt from tax under,**  
10 **Section 501(c)(3) of the Code (“Borrower”), to, among other things, (i) refinance all or a**  
11 **portion of certain outstanding debt obligations (collectively, “Prior Obligations”) of the**  
12 **Borrower that, among other things, originally financed and refinanced the acquisition,**  
13 **construction, improvement, equipping and furnishing of educational facilities located**  
14 **at 755 Ashbury Street (“Ashbury Campus”), within the City and County of San**  
15 **Francisco (“City”), and at 1201 Ortega Street (“Ortega Campus”), within the City, each**  
16 **owned and managed by the Borrower, in connection with the provision of educational**  
17 **and other services in the City, (ii) finance additional construction, improvement,**  
18 **equipping, furnishing, and maintenance of such facilities, including but not limited to**  
19 **seismic and other infrastructure upgrades at both the Ashbury Campus and the Ortega**  
20 **Campus and the expansion of the Ashbury Campus and the Ortega Campus to add**  
21 **classrooms, office space, and student athletic and extracurricular space, including**  
22 **reimbursement of certain previously incurred expenses with respect thereto in**  
23 **accordance with applicable provisions of the Code, (iii) pay some or all of the**  
24 **Borrower’s costs to terminate one or more interest rate swap agreements entered into**  
25 **in connection with one or more of the Prior Obligations, (iv) pay capitalized interest on**

1 **the Borrower Loan, and (v) pay certain expenses incurred in connection with the**  
2 **issuance of the Borrower Loan (items (i) through (v), collectively, the “San Francisco**  
3 **Project.”**

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5 WHEREAS, The California Municipal Finance Authority (“Authority”) is authorized  
6 pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and  
7 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government  
8 Code of the State of California, and a Joint Exercise of Powers Agreement, dated as of  
9 January 1, 2004, among the Authority and certain local agencies, including the City, as  
10 amended from time to time (as so amended, the “Agreement”), to issue revenue bonds and  
11 other forms of indebtedness to assist nonprofit corporations to obtain financing, including tax-  
12 exempt financing, for certain projects and purposes; and

13 WHEREAS, The City is a member of the Authority; and

14 WHEREAS, Lycée Français de San Francisco, a California nonprofit public benefit  
15 corporation (“Borrower”), and an organization described in, and exempt from tax under,  
16 Internal Revenue Code Section 501(c)(3), as amended (“Code”), has requested that the  
17 Authority obtain a loan or loans, in one or more series pursuant to a plan of financing and in  
18 an aggregate principal amount not to exceed \$23,000,000 (“Authority Loan”) and loan the  
19 proceeds of the Authority Loan to the Borrower (“Borrower Loan”) to, among other things:  
20 (i) refinance all or a portion of certain outstanding debt obligations of the Borrower  
21 (collectively, the “Prior Obligations”) that, among other things, originally financed and  
22 refinanced the acquisition, construction, improvement, equipping and furnishing of educational  
23 facilities located at 755 Ashbury Street (“Ashbury Campus”), within the City, and at 1201  
24 Ortega Street (“Ortega Campus”), within the City, each owned and managed by the Borrower,  
25 in connection with the provision of educational and other services in the City; (ii) finance

1 additional construction, improvement, equipping, furnishing and maintenance of such facilities,  
2 including but not limited to seismic and other infrastructure upgrades at both the Ashbury  
3 Campus and the Ortega Campus and the expansion of the Ashbury Campus and the Ortega  
4 Campus to add classrooms, office space, and student athletic and extracurricular space,  
5 including reimbursement of certain previously incurred expenses in accordance with  
6 applicable provisions of the Code; (iii) pay some or all of the Borrower’s costs to terminate one  
7 or more interest rate swap agreements entered into in connection with one or more of the  
8 Prior Obligations; (iv) pay capitalized interest on the Borrower Loan; and (v) pay certain  
9 expenses incurred in connection with the issuance of the Borrower Loan (items (i) through (v),  
10 collectively, the “San Francisco Project”); and

11 WHEREAS, The San Francisco Project is located within the territorial limits of the City  
12 and concerns the financing and refinancing of facilities of the Borrower at its Ashbury  
13 Campus, located at 755 Ashbury Street, San Francisco, California 94117, and at its Ortega  
14 Campus, located at 1201 Ortega Street, San Francisco California 94122; and

15 WHEREAS, The execution of the Authority Loan shall be subject to the approval of and  
16 execution by the Authority of all financing documents relating thereto to which the Authority is  
17 a party; and

18 WHEREAS, Interest on the Authority Loan relating to the San Francisco Project may  
19 qualify for tax exemption under Section 103 of the Code only if the Authority Loan relating to  
20 the San Francisco Project is approved by an “applicable elected representative” of the City in  
21 accordance with Section 147(f) of the Code; and

22 WHEREAS, The Board of Supervisors of the City (the “Board”) is the elected legislative  
23 body of the City and is therefore an “applicable elected representative” required to approve  
24 the Authority Loan relating to the San Francisco Project within the meaning of Section 147(f)

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1 of the Code and is the “governing body” of the City required to approve the Authority Loan and  
2 the San Francisco Project in accordance with Section 4 of the Agreement; and

3 WHEREAS, The Authority has requested the Board to approve the execution of the  
4 Authority Loan by the Authority for the purposes of financing the San Francisco Project in  
5 order to satisfy the public approval requirements of Section 147(f) of the Code as applicable to  
6 the Authority Loan and the requirements of Section 4 of the Agreement; and

7 WHEREAS, The Authority has advised the Board that a portion of the proceeds of the  
8 Authority Loan will be loaned to the Borrower as a portion of the Borrower Loan and as a part  
9 of the Borrower’s overall plan of financing to finance and refinance certain costs of  
10 construction, improvement, equipping and furnishing of educational facilities leased, occupied  
11 and operated by the Borrower and located at 610 Coloma Street, Sausalito, California 94965,  
12 including related administrative facilities, site improvements and parking; to pay certain swap  
13 termination costs of the Borrower; to fund a certain amount of capitalized interest on the  
14 Borrower Loan and to pay certain financing costs (collectively, the “Sausalito Project,” and,  
15 together with the San Francisco Project, the “Borrower Project”);

16 WHEREAS, The Authority has not requested that the Board take any action, and the  
17 Board shall not take any action, with respect to the Sausalito Project or the portion of the  
18 Authority Loan issued to finance costs of the Sausalito Project; and

19 WHEREAS, The total principal amount of the Authority Loan to be issued for the San  
20 Francisco Project will not exceed \$23,000,000, and the total, aggregate principal amount of  
21 the Authority Loan to be issued for the Borrower Project will not exceed \$23,000,000; and

22 WHEREAS, On February 24, 2020, the City caused a notice to appear in the *San*  
23 *Francisco Chronicle*, which is a newspaper of general circulation in the City, stating that a  
24 public hearing with respect to the execution of the Authority Loan and the San Francisco  
25 Project would be held by the City’s Office of Public Finance on March 3, 2020; and

1           WHEREAS, The Office of Public Finance held the public hearing described above on  
2 March 3, 2020, and an opportunity was provided for persons to comment on the execution of  
3 the Authority Loan in one or more series and the plan of financing for the San Francisco  
4 Project, and the Office of Public Finance has forwarded any comments received by such date  
5 to this Board; and

6           WHEREAS, The Authority Loan will be a limited obligation of the Authority, payable  
7 solely from and secured solely by amounts received from or on behalf of the Borrower, and  
8 will not constitute an indebtedness or obligation, or a pledge of the faith and credit of, or the  
9 taxing power, if any, of, the City or the Authority, and

10           WHEREAS, It is intended that this resolution shall constitute the approval of the  
11 execution of the Authority Loan relating to the San Francisco Project as a tax-exempt  
12 obligation required by Section 147(f) of the Code and the approval of the Authority Loan and  
13 the San Francisco Project required by Section 4 of the Agreement; and

14           WHEREAS, The Director of Public Finance (the "Director") recommends approval of  
15 the execution of the Authority Loan by the Authority relating to the San Francisco Project  
16 pursuant to Chapter 43, Article 9, Section 5 of the Administrative Code; now, therefore, be it

17           RESOLVED, That this Board hereby finds and declares the above recitals are true and  
18 correct; and, be it

19           FURTHER RESOLVED, That this Board hereby approves the execution of the  
20 Authority Loan by the Authority for the purpose of financing the San Francisco Project; and,  
21 be it

22           FURTHER RESOLVED, That it is the purpose and intent of this Board that this  
23 Resolution constitute approval of the execution of the Authority Loan by the Authority in one or  
24 more series and of the plan of financing of the San Francisco Project, as the applicable  
25 elected representative of the governmental unit having jurisdiction over the area in which the

1 San Francisco Project is located, for purposes of and in accordance with (a) Section 147(f) of  
2 the Code as applicable to the execution of the Authority Loan relating to the San Francisco  
3 Project as a tax-exempt obligation and (b) Section 4 of the Agreement; and, be it

4 FURTHER RESOLVED, That the approval by the City of the execution of the Authority  
5 Loan by the Authority relating to the San Francisco Project is neither an approval of the  
6 underlying credit of the Borrower or of the proposed San Francisco Project nor an approval of  
7 the financial structure of the Authority Loan; and neither the City nor any department, official  
8 or officer thereof shall have any responsibility or liability whatsoever with respect to the  
9 Authority Loan, the San Francisco Project or the Borrower Project; and, be it

10 FURTHER RESOLVED, That the Authority Loan shall not constitute a debt or  
11 obligation in any respect of the City, and the faith and credit of the City is not pledged to the  
12 repayment of the Authority Loan, and the payment of the principal, prepayment premium, if  
13 any, and interest on the Authority Loan shall be solely the responsibility of the Borrower; and,  
14 be it

15 FURTHER RESOLVED, That the adoption of this Resolution shall not obligate the City  
16 or any department of the City to (i) provide financing to the Borrower for the repayment of the  
17 Borrower Loan or to make any loan to or for the benefit of the Authority for purposes of such  
18 financing; (ii) make any contribution or advance any funds to the Authority; or (iii) approve any  
19 application or request for, or take any other action in connection with, any environmental,  
20 General Plan, zoning or any other permit or other regulatory action sought in connection with  
21 the San Francisco Project; and, be it

22 FURTHER RESOLVED, That the Controller and the Director and any other proper  
23 officers of the City are hereby authorized and directed to execute such other agreements,  
24 documents and certificates, and to perform such other acts as may be necessary or advisable  
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1 to effect the purposes of this Resolution; and, be it

2 FURTHER RESOLVED, That this Resolution shall take effect immediately upon its  
3 adoption.

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5 APPROVED AS TO FORM:  
6 DENNIS J. HERRERA, City Attorney

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9 By: \_\_\_\_\_  
10 Mark D. Blake  
11 Deputy City Attorney  
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