



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

May 30, 2013

Supervisor Mark Farrell
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 Farrell:

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 Statewide Communities Development Authority (the "Authority") on behalf of the Town School for Boys (the "Corporation" or the "School"), a California nonprofit public benefit corporation described in section 501(c)(3) of the Internal Revenue Code, to finance and refinance various projects owned by the Corporation or an affiliate. I respectfully request introduction of the resolution at the meeting of the Board of Supervisors on Tuesday, June 4, 2013.

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 Thursday, May 30, 2013, notice of which was published in the *San Francisco Chronicle* on May 15, 2013. 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 \$19.0 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

Founded in 1939, the Town School for Boys is an independent, all boys' day school for kindergarten through eighth grade with approximately 400 students. The School is currently located at 2750 Jackson Street, San Francisco, California 94115.

The Project

The proceeds of the Obligations will be loaned to the School to finance various capital improvements made with respect to certain educational facilities located at 2750 Jackson Street, San Francisco, California 94115 and 3601 Lyon Street, San Francisco, California 94123, including the construction, improvement and equipping of such facilities, equipment acquisition and related costs, all located at the above locations; the campus expansion at 2750 Jackson Street, San Francisco, California 94115; and to pay costs of issuance related to the Obligations and other related costs (collectively, the "Projects").

Financing Information

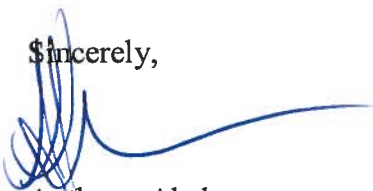
Assuming all required approvals are obtained, the Authority expects to issue tax-exempt obligations in an amount not to exceed \$19.0 million. Bond Counsel on the transaction is Sidley Austin LLP.

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) 554-6902, if you any questions or require additional information. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Anthony Ababon', with a long horizontal flourish extending to the right.

Anthony Ababon
Bond Associate

Cc: Margaux Kelly, Office of Supervisor Mark Farrell
Kenneth Roux, Deputy City Attorney

Attachments

TEFRA SCRIPT
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
ISSUANCE OF TAX-EXEMPT OBLIGATIONS FOR TOWN SCHOOL FOR BOYS
FINANCING AND REFINANCING FACILITIES IN SAN FRANCISCO,
CALIFORNIA

To be read by the Office of Public Finance:

“This is a public hearing to consider the proposed issuance of tax-exempt obligations (the "Obligations") by the California Statewide Communities Development Authority (the "Authority") in an aggregate principal amount not to exceed nineteen million dollars. Proceeds of the Obligations will be loaned to Town School for Boys, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") (or any affiliate thereof or successor thereto) (the "School"), pursuant to a master loan agreement (the "Master Loan Agreement"). The School plans to use the proceeds of the Obligations to finance various capital improvements made with respect to certain educational facilities located at 2750 Jackson Street, San Francisco, California 94115 and 3601 Lyon Street, San Francisco, California 94123, including the construction, improvement and equipping of such facilities, equipment acquisition and related costs, all located at the above locations, and the campus expansion at 2750 Jackson Street, San Francisco, California 94115 (collectively, the "Projects"). The owner and operator of all capital improvements, including equipment and other costs to be financed with proceeds of the Obligations will be the Borrower.

“Today’s hearing is part of a larger process and no decision or approval will be made here today. Your comments will be heard and provided to the Board of Supervisors. The Board of Supervisors will then have the discretion to consider legislation approving the issuance of the Obligations to finance and refinance the Projects.”

“The public hearing is now open. We will now hear from any person who wishes to speak about the proposed financing. Does anyone wish to speak about the financing?”

[WAIT TO SEE IF ANY MEMBER OF THE AUDIENCE WISHES TO SPEAK AND, IF SO, GIVE EACH OF THEM THE OPPORTUNITY TO DO SO, WITHIN THE USUAL TIME LIMITS ALLOWED.]

“Were any written comments on the proposed tax-exempt Obligation or the Projects received by the Clerk or the Board of Supervisors or the Office of Public Finance prior to this hearing?”

[IDENTIFY ANY SUCH WRITTEN COMMENTS OR STATE THAT NONE WERE RECEIVED.]

“The public hearing is now closed”

Date: Thursday, May 30, 2013.


10:05 AM