



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

August 11, 2020

Supervisor Rafael Mandelman
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 Mandelman:

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 Friends 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, August 11, 2020.

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 will hold such hearing on Wednesday, August 12, 2020, notice of which was published on the City's public notices page on August 4, 2020. Any public comments heard or received through the public hearing process will be forwarded to the relevant Board Committee for consideration when this item is heard. 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 \$25 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

The mission of San Francisco Friends School is for students to learn in a community grounded in the Quaker values of reflection, integrity, peaceful problem-solving and stewardship. The teachers challenge students with a dynamic curriculum that inspires curiosity, cooperation and hard work, teaching children to listen to all voices and to trust their own. They encourage students to engage with the world through kindness and conviction, working toward the Quaker ideal of a caring and just society. The school has an enrollment, per its website, of 438 students in its Lower and Middle School classes.

The Project

The proceeds from the sale of the Obligations will be loaned to the Borrower for the following purposes: (i) to refinance certain indebtedness that previously financed costs relating to the acquisition, construction, renovation, rehabilitation, improvement and/or equipping of its educational facilities ("Prior Project") located at 250 Valencia Street, San Francisco, California 94103 ("Property"); (ii) to finance and/or reimburse the Borrower for the cost of additional construction, renovation, rehabilitation, improvement and/or equipping of the Property (collectively, "New Project" and, together with the Prior Project, "Project"), and (iii) 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 \$25 million. Bond Counsel on the transaction is Kutak Rock 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