



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

September 28, 2020

Supervisor Dean Preston
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 Preston:

Thank you for agreeing to introduce the Board of Supervisors resolution approving, for the purposes of the Internal Revenue Code, the execution of a tax-exempt loan or loans by the California Municipal Finance Authority ("Authority Loan"), the proceeds of which will be loaned by the Authority ("Borrower Loan") to Pacific Primary 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, September 29, 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 held such hearing on Monday, September 21, 2020, notice of which was published on the City's public notices page on September 14, 2020. No public comments were heard or received through the public hearing process, but any received timely by the Office of Public Finance 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 \$3.7 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

Pacific Primary was founded in 1974, by a group of parents and Mary Nordland Bodo, raising funds from parents, foundations, and other parties to acquire and remodel its site at 1500 Grove Street. The school has a strong commitment to the creative arts with dedicated specialists in music, movement and the expressive arts, with a belief that the number one priority is creating a "childhood" for each child that is filled with discovery, play, love of learning and connections with others. The teachers provide an emotional climate that is safe, loving, secure, and mutually respectful, which allows for creativity, meaningful learning, connection and the cultivation of the joy of learning. Diversity, equity, and inclusion have always been at the heart of Pacific Primary School's mission, with the goal of allowing children to feel confident and welcoming about differences and providing them with the ability to welcome change and growth, and create connections. Per the school's website, Pacific Primary has an enrollment of 155 children, with 47 staff members.

The Project

The proceeds of the Authority Loan of the Obligations will be loaned to the Borrower for the following purposes: (i) prepay and refinance in full all of the outstanding principal amount of ABAG Finance Authority for Nonprofit Corporations 2013 Tax-Exempt Loan (Pacific Primary), originally issued in the principal amount of \$4,100,000, the proceeds of which were used to redeem in full all of the then outstanding principal amount of ABAG Finance Authority for Nonprofit Corporations Variable Rate Demand Revenue Bonds (Pacific Primary) Series 2008, originally issued in the principal amount of \$4,550,000, the proceeds of which were used for the construction, acquisition, improvement, capital maintenance, equipment acquisition and other related capital expenditures at the Borrower's facilities located at 1500 and 1501 Grove Street, San Francisco, California and (ii) pay certain expenses incurred in connection with the delivery of the Borrower Loan (collectively, the "Project").

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Loans in an amount not to exceed \$3.7 million. Bond Counsel on the transaction is Hawkins Delafield & Wood 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