

File No. 150371

Committee Item No. 3

Board Item No. 11

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date April 29, 2015

Board of Supervisors Meeting

Date May 5, 2015

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date April 24, 2015
 Completed by: Linda Wong Date May 1, 2015

1 [California Enterprise Development Authority Revenue Obligations Issuance - The Urban
2 School of San Francisco - Not to Exceed \$25,000,000]

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 \$25,000,000 to finance or**
6 **refinance the acquisition, construction, installation, rehabilitation, equipping, and/or**
7 **furnishing of K-12 educational facilities to be owned and operated by, or leased and**
8 **operated by, The Urban School of San Francisco, a California non-profit public benefit**
9 **corporation.**

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

17 WHEREAS, The Urban School of San Francisco (the "Borrower"), a California nonprofit
18 public benefit corporation and an organization described in Section 501(c)(3) of the Internal
19 Revenue Code of 1986, as amended (the "Code"), has requested that the Authority issue
20 revenue bonds in an aggregate principal amount not to exceed \$25,000,000 (the
21 "Obligations") to: (i) prepay in full all of a tax-exempt loan made in 2010 by First Republic
22 Bank to the Borrower, in the original principal amount of \$8,036,000, the proceeds of which
23 loan financed and refinanced obligations issued in 2004 by the ABAG Finance Authority for
24 Nonprofit Corporations (the "2004 Bonds") to finance and refinance the acquisition,
25 construction, installation, rehabilitation, equipping and furnishing of educational facilities

1 located at 1563 Page Street, San Francisco, California 94117 (the "Page Street Property"), all
2 owned or leased by the Borrower and operated by the Borrower and used for educational
3 purposes, and to pay the cost of terminating an interest rate hedge agreement entered into in
4 connection with the 2004 Bonds, (ii) finance, and/or reimburse the Borrower for capital
5 expenditures, including the construction, improvement and equipping of the parcel of real
6 estate at 1625-1639 Oak Street, San Francisco, California 94117 (the "Oak Street Property"),
7 including the relocation of an existing residential building, owned by The Archdiocese of San
8 Francisco Parish and School Juridic Persons Real Property Support Corporation (the
9 "Church") and leased by the Church to the Borrower, currently located at 1637 Oak Street,
10 San Francisco, California 94117, approximately 75 feet to the east to 1625 Oak Street, San
11 Francisco, California 94117, and, in its place, the construction, improvement and equipping of
12 a new approximately 63,600-square-foot academic and athletic facility (collectively, the
13 "Project"), (iii) finance additional capital improvements to the Page Street Property and
14 (iv) pay various transaction costs, prepayment costs, if applicable, and other related costs;
15 and

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

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

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

1 WHEREAS, The Authority has requested the Board of Supervisors of the City and
2 County of San Francisco (the "Board") to approve the issuance and sale of the Obligations in
3 order to satisfy the requirements of Internal Revenue Code, Section 147(f), the Board being
4 the applicable elected representative having jurisdiction over the area in which the Project is
5 located within the meaning of Internal Revenue Code, Section 147(f); and

6 WHEREAS, On March 20, 2015, the City caused a notice to appear in the *San*
7 *Francisco Chronicle*, which is a newspaper of general circulation in the City, stating that a
8 public hearing with respect to the issuance of the Obligations would be held by the Office of
9 Public Finance on April 3, 2015; and

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

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

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

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

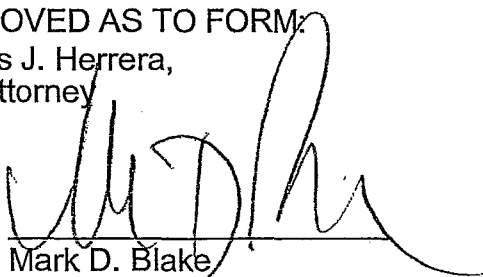
21 FURTHER RESOLVED, That the Board hereby approves the issuance of the
22 Obligations by the Authority. It is the purpose and intent of the Board that this Resolution
23 constitutes approval of the issuance of the Obligations by the applicable elected
24 representatives of the City for purposes of Internal Revenue Code, Section 147(f); and, be it
25

1 FURTHER RESOLVED, That the approval by the Board of the issuance and sale of the
2 Obligations is neither an approval of the underlying credit issues of the Project nor an
3 approval of the financial structure of the Obligations, and that the adoption of this Resolution
4 shall not obligate (i) the City to provide financing to the Borrower for the acquisition,
5 construction, installation, rehabilitation, equipping and/or furnishing of the Project or to issue
6 the Obligations for purposes of such financing or (ii) the City, or any department of the City, to
7 approve any application or request for, or take any other action in connection with any
8 environmental, General Plan, zoning or any other permit or other action necessary for the
9 acquisition, construction, equipping or furnishing of the Project; and, be it

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

12
13 APPROVED AS TO FORM:
14 Dennis J. Herrera,
15 City Attorney

16 By:



17 Mark D. Blake
18 Deputy City Attorney

19 n:\financ\as2015\1300182\01007728.doc



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

April 13, 2015

Supervisor London Breed
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 Breed:

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 The Urban School of San Francisco (the "School"), a California nonprofit public benefit corporation described in section 501(c)(3) of the Internal Revenue Code, to finance or refinance the acquisition, construction, installation, rehabilitation, equipping and/or furnishing of K-12 educational facilities to be owned and operated by, or leased and operated by the School. I respectfully request introduction of the resolution at the meeting of the Board of Supervisors on Tuesday, April 14, 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, April 3, 2015, notice of which was published in the *San Francisco Chronicle* on March 20, 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 \$25,000,000. I have performed a limited due diligence review of information pertaining to the project and proposed financing that I have summarized below.

The School

Founded in 1966, The Urban School of San Francisco is an innovative, independent high school, seeking students from diverse backgrounds in order to build a strong, inclusive community and

prepare students for lives in a multicultural society. The Urban School has a total enrollment of 380 students, 75% of whom reside in San Francisco.

The Project

The School is seeking up to \$25 million in tax-exempt obligations to prepay in full all of a tax-exempt loan made in 2010 by First Republic Bank to the Borrower, in the original principal amount of \$8,036,000, the proceeds of which loan financed and refinanced obligations issued in 2004 by the ABAG Finance Authority for Nonprofit Corporations (the "2004 Bonds") to finance and refinance the acquisition, construction, installation, rehabilitation, equipping and furnishing of educational facilities located at 1563 Page Street, San Francisco, California 94117 (the "Page Street Property"), all owned or leased by the Borrower and operated by the Borrower and used for educational purposes, and to pay the cost of terminating an interest rate hedge agreement entered into in connection with the 2004 Bonds, (ii) finance, and/or reimburse the Borrower for capital expenditures, including the construction, improvement and equipping of the parcel of real estate at 1625-1639 Oak Street, San Francisco, California 94117 (the "Oak Street Property"), including the relocation of an existing residential building, owned by The Archdiocese of San Francisco Parish and School Juridic Persons Real Property Support Corporation (the "Church") and leased by the Church to the Borrower, currently located at 1637 Oak Street, San Francisco, California 94117, approximately 75 feet to the east to 1625 Oak Street, San Francisco, California 94117, and, in its place, the construction, improvement and equipping of a new approximately 63,600-square-foot academic and athletic facility (collectively, the "Project"), (iii) finance additional capital improvements to the Page Street Property and (iv) 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 \$25,000,000. 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

**DECLARATION OF PUBLICATION OF
SAN FRANCISCO CHRONICLE**

Lori Gomez

Declares that:

The annexed advertisement has been regularly published
in the

SAN FRANCISCO CHRONICLE

Which is an was at all times herein mentioned
established as newspaper of general circulation in the
City and County of San Francisco, State of California, as
the term is defined by Section 6000 of the Government
Code

SAN FRANCISCO CHRONICLE

(Name of Newspaper)

901 Mission Street

San Francisco, CA 94103

From 3/20/15

To 3/20/15

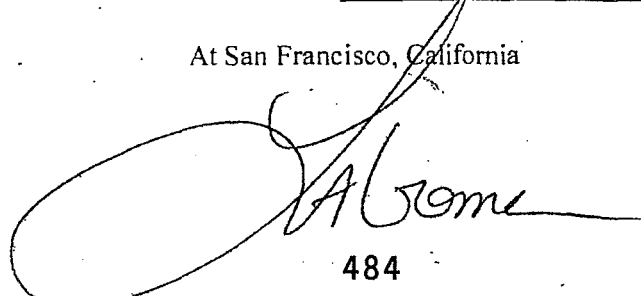
Namely on 3/20/15

(Dates of Publication)

I declare under penalty of perjury that the foregoing is
true and correct.

Executed on 3/20/15

At San Francisco, California



**CITY AND COUNTY OF SAN FRANCISCO
NOTICE OF PUBLIC HEARING
PURSUANT TO SECTION 47 (f) OF
THE INTERNAL REVENUE CODE OF
1986 AS AMENDED FOR THE
FINANCING AND REFINANCING OF
CERTAIN FACILITIES FROM THE
ISSUANCE OF TAX EXEMPT
BONDS**

NOTICE IS HEREBY given that a public hearing will be held in the City and County of San Francisco, California at the Public Hearing Room 3750 Market Street, Second Floor, San Francisco, California on or near the date of the Public Hearing. The Public Hearing will be held without respect to the proposed issuance of tax exempt obligations, the obligation by the California Enterprise Development Authority of the conditions (the Authority) in an aggregate of principal amount not to exceed five million dollars (\$5,000,000), 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 section 47 (f) of the Internal Revenue Code of 1986, as amended. The code of laws of the City and County of San Francisco will be amended by a financial institution to the Authority and will simultaneously amend the process of the loan to the school as San Francisco, California non-profit public benefit corporation and organization described in Section 501 (c) (3) of the code of laws of San Francisco. The successors thereof (collectively the Borrower) pursuant to an agreement of similar terms and conditions, they are an agreement that the Borrower agrees to use the proceeds of the obligation to (a) pay the costs of the tax exempt bonds to the Borrower and (b) pay the interest on the bonds to the Borrower. The proceeds of the obligation are intended to be used for the construction, improvement, and equipment of the parcel of real estate at 1637 Oak Street, San Francisco, California 94103, the Oak Street Property, including the relocation of the existing residential building, owned by The Archdiocese of San Francisco and the School Juridic Person's Real Property Support Corporation (the Church), and leased by the Church to the Borrower, currently located at 1637 Oak Street, San Francisco, California 94103.

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

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. Reactivate File No. []
- 10. 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 Form.

Sponsor(s):

Breed

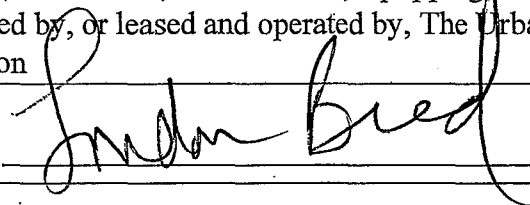
Subject:

Resolution Approving CEDA Revenue Obligations Issuance and TEFRA Hearing for The Urban School of San Francisco---Not to Exceed \$25,000,000

The text is listed below or attached:

Resolution Approving for purposes of Internal Revenue Code Section 147(f) the Issuance and Sale of Revenue Obligations by the California Enterprise Development Authority in an aggregate principal amount not to exceed \$25,000,000 to finance or refinance the acquisition, construction, installation, rehabilitation, equipping and/or furnishing of K-12 educational facilities to be owned and operated by, or leased and operated by, The Urban School of San Francisco, a California nonprofit public benefit corporation

Signature of Sponsoring Supervisor:



For Clerk's Use Only:

