



# 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 7, 2021

Supervisor Catherine Stefani  
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 Stefani:

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 Presidio Hill 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 7, 2021.

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, August 19, 2021, notice of which was published on the City's public notices page on August 6, 2021. No public comments were heard or received through the public hearing process. 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 \$9 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

Established in 1918, Presidio Hill School is the oldest progressive school in California. In keeping with that heritage, Presidio Hill continues to offer its students a challenging, project-based curriculum that prepares them for the future by attending to their current developmental needs. Guided by an expert and caring faculty, students learn to be confident and curious, to be creative problem solvers and independent, critical thinkers, with a focus on the whole child and a commitment to the arts as a central focus. The school has an enrollment of 220 students and a staff of 45 in grades TK-8 according to its website.

### The Project

The proceeds from the sale of the Bonds will be loaned to the Borrower for the following purposes: (i) to refinance a 2014 tax-exempt loan which refinanced (A) the costs of the Borrower's construction, renovation, expansion and equipping of the Borrower's educational facilities located at 3839 Washington Street, San Francisco, California 94118, and (B) the costs of the Borrower's acquisition of a certain parcel of real property, and the improvements thereon, located at 233 Maple Street, San Francisco, California 94118, which property was purchased by Arguello Partners, LLC, a limited liability company ("LLC"), of which Borrower is the sole member, (ii) to finance the costs of the Borrower's construction, renovation, expansion and equipping of the Borrower's educational facilities located at 3839 Washington Street, San Francisco, California 94118 (all such

projects and acquisition being collectively referred to herein as the “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 \$9 million. Bond Counsel on the transaction is Norton Rose Fulbright US 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 by email or by phone at (415) 554-4862, if you have any questions or require additional information. Thank you.

Sincerely,

Vishal Trivedi

Bond Analyst, Office of Public Finance