



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

February 25, 2020

Supervisor Gordon Mar
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 Mar:

Thank you for agreeing to introduce the Board of Supervisors resolution approving, for the purposes of the Internal Revenue Code, the issuance of a tax-exempt loan or loans (the "Authority Loan") by the California Municipal Finance Authority (the "Authority") on behalf of Lycée Français de San Francisco, 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, February 25, 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 Tuesday, March 3, 2020, notice of which was published in the *San Francisco Chronicle* on February 24, 2020. The final action by the Board will acknowledge that the hearing was duly held and that the financing is proceeding. The Bonds will be issued in an aggregate principal amount not to exceed \$23 million. I have performed a limited due diligence review of information pertaining to the project and proposed financing that I have summarized below.

The Project

The proceeds from the issuance of the Authority Loan will be loaned to the Borrower for the following purposes: (i) refinance all or a portion of certain outstanding debt obligations of the Borrower (collectively, the "Prior Obligations") that, among other things, originally financed and refinanced the acquisition, construction, improvement, equipping and furnishing of educational facilities located at 755 Ashbury Street ("Ashbury Campus"), within the City, and at 1201 Ortega Street ("Ortega Campus"), within the City, each owned and managed by the Borrower, in connection with the provision of educational and other services in the City; (ii) finance additional construction, improvement, equipping, furnishing and maintenance of such facilities, including but not limited to seismic and other infrastructure upgrades at both the Ashbury Campus and the Ortega Campus and the expansion of the Ashbury Campus and the Ortega Campus to add classrooms, office space, and student athletic and extracurricular space, including reimbursement of certain previously incurred expenses in accordance with applicable provisions of the Code; (iii) pay some or all of the Borrower's costs to terminate one or more interest rate swap agreements entered into in connection with one or more of the Prior Obligations; (iv) pay capitalized interest on the Borrower Loan; and (v) pay certain expenses incurred in connection with the issuance of the Borrower Loan (items (i) through (v), collectively, the "San Francisco Project").

The Borrower

Le Lycée Français de San Francisco was founded in 1967 upon principles of internationalism and inclusivity. Their program is accredited by the French Ministry of Education, with a goal of helping their preschool through 12th grade students build confidence and adaptability in an ever-changing environment by emphasizing intellectual curiosity, critical thinking and integrity. Their vision is to empower future generations to make meaningful contributions to our world through a multilingual and multicultural education. The Lycée Français has a total enrollment of 950 students across 3 campuses, of which nearly 800 are on the Ashbury and Ortega campuses in San Francisco.


Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Authority Loan in an amount not to exceed \$23 million. Bond Counsel on the transaction is Squire Patton Boggs 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 Loan 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 

Financial Analyst, Office of Public Finance