

File No. 210949

Committee Item No. 7

Board Item No. 24

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 21, 2021

Board of Supervisors Meeting

Date September 28, 2021

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Notice of Public Hearing</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Affidavit of Publication</u> |
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Completed by: Linda Wong Date September 16, 2021

Completed by: Linda Wong Date September 24, 2021

1 [Issuance and Sale of Revenue Obligations - California Enterprise Development Authority -
2 Chinese American International School - Not to Exceed \$17,000,000]

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 \$17,000,000 to finance the**
6 **acquisition and renovation of educational and related facilities to be owned and**
7 **operated by Chinese American International School, a California nonprofit public**
8 **benefit corporation.**

9
10 WHEREAS, The California Enterprise Development Authority (“Authority”) is authorized
11 pursuant to the provisions of California Government Code, Section 6500 et seq. and the terms
12 of a Joint Powers Agreement, dated as of June 1, 2006 (“Agreement”), among certain public
13 agencies throughout the State of California, to issue revenue bonds and other forms of
14 indebtedness to assist nonprofit corporations to obtain tax-exempt financing for appropriate
15 projects and purposes; and

16 WHEREAS, Chinese American International School (“Borrower”), a California nonprofit
17 public benefit corporation and an organization described in Section 501(c)(3) of the Internal
18 Revenue Code of 1986 (“Code”), has requested that the Authority issue revenue obligations
19 qualifying as “qualified 501(c)(3) bonds” in an aggregate principal amount not to exceed
20 \$17,000,000 (“Obligations”) (i) to finance the costs of the Borrower’s acquisition and renovation
21 of educational and related facilities located at 3250 19th Avenue, San Francisco, California
22 94132 (the “Project”), all of which will be owned and operated by, and used in an integrated
23 operation of, the Borrower (or a wholly-owned limited liability company of the Borrower), and (ii)
24 to pay various transaction costs and related costs; and

1 WHEREAS, The Project is located within the boundaries of the City and County of San
2 Francisco (“City”), which is a member of the Authority; and

3 WHEREAS, Pursuant to Section 147(f) of the Code and the Treasury Regulations
4 promulgated thereunder, the issuance of the Obligations by the Authority may qualify for tax
5 exemption under Section 103 of the Code only if the Obligations are approved by an “applicable
6 elected representative” of both the governmental unit issuing the Obligations, or on behalf of
7 which the Obligations are to be issued, and a governmental unit having jurisdiction over the
8 geographic area in which the Project is located, after a public hearing held following reasonable
9 public notice; and

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

12 WHEREAS, The Authority has requested that the Board of Supervisors of the City and
13 County of San Francisco (“Board”) approve the issuance and sale of the Obligations in order to
14 satisfy the requirements of Section 147(f) of the Code and the Treasury Regulations
15 promulgated thereunder, the Board being an applicable elected representative of the
16 governmental unit on behalf of which the Obligations are to be issued and having jurisdiction
17 over the geographic area in which the Project is located within the meaning of Section 147(f) of
18 the Code, and the Treasury Regulations promulgated thereunder; and

19 WHEREAS, On August 18, 2021, the City caused a notice to appear on its website,
20 stating that a telephonic public hearing with respect to the issuance of the Obligations would be
21 held by the Office of Public Finance on August 31, 2021; and

22 WHEREAS, The Office of Public Finance of the City has held the public hearing
23 described above on August 31, 2021, and an opportunity was provided for persons to comment
24 on the issuance and sale of the Obligations and the plan of financing of the Project; and

25 ///

1 WHEREAS, The Obligations will be limited obligations of the Authority, payable solely
2 from and secured solely by amounts received from or on behalf of the Borrower, and will not
3 constitute an indebtedness or obligation, or a pledge of the faith and credit of, or the taxing
4 power, if any, of the City or the Authority, except to the limited extent described herein; and

5 WHEREAS, It is intended that this Resolution shall constitute approval of the issuance
6 of the Obligations for purposes of Section 147(f) of the Code and the Treasury Regulations
7 promulgated thereunder; now, therefore, be it

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

10 FURTHER RESOLVED, That the Board, as an applicable elected representative of the
11 governmental unit on behalf of which the Obligations will be issued and having jurisdiction over
12 the geographic area in which the Project is or will be located, hereby approves the issuance of
13 the Obligations by the Authority. It is the purpose and intent of the Board that this Resolution
14 constitute both “issuer” approval and “host” approval of the issuance of the Obligations by the
15 City for purposes of Section 147(f) of the Code, and the Treasury Regulations promulgated
16 thereunder; and, be it

17 FURTHER RESOLVED, That the approval by the Board of the issuance and sale of the
18 Obligations is neither an approval of the underlying credit issues of the Project nor an approval
19 of the financial structure of the Obligations, and that the adoption of this Resolution shall not
20 obligate (i) the City to provide financing to the Borrower for the acquisition and/or renovation of
21 the Project or to issue the Obligations for purposes of such financing, or (ii) the City, or any
22 department of the City, to approve any application or request for, or take any other action in
23 connection with any environmental, General Plan, zoning or any other permit or other action
24 necessary for the acquisition and/or renovation of the Project; and, be it

25 ///

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

3 APPROVED AS TO FORM:
4 DENNIS J. HERRERA, City Attorney

5 By: /s/ MARK D. BLAKE
6 MARK D. BLAKE
7 Deputy City Attorney
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CITY AND COUNTY OF SAN FRANCISCO

**NOTICE OF PUBLIC HEARING PURSUANT TO
SECTION 147(f) OF THE INTERNAL REVENUE CODE OF
1986, AS AMENDED, FOR THE FINANCING OF CERTAIN
FACILITIES FROM THE ISSUANCE OF TAX-EXEMPT
OBLIGATIONS**

NOTICE IS HEREBY GIVEN that at 4:00 p.m. on Tuesday, August 31, 2021, a telephonic public hearing (“Public Hearing”) will be held by the City and County of San Francisco’s Office of Public Finance with respect to the proposed issuance of tax-exempt obligations qualifying as “qualified 501(c)(3) bonds,” in one or more series (“Obligations”), by the California Enterprise Development Authority (“Authority”), in an aggregate principal amount not to exceed \$17,000,000, 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 the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (“Code”), and the Treasury Regulations promulgated thereunder.

The Public Hearing will be accessible by telephonic access only. The Office of Public Finance will open the hearing promptly at 4:00 p.m. and close the hearing at 4:10 p.m., unless additional time is needed to ensure that all public comments are received. The toll-free number and access code for the Public Hearing are as follows:

Toll-Free Number: 1-877-402-9753

Access Code: 8883457#

Proceeds of the Obligations will be loaned by a financial institution to the Authority, which will simultaneously loan such proceeds to Chinese American International School, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code (“Borrower”), pursuant to a loan agreement or similar financing arrangement (“Loan Agreement”). The Borrower intends to use the proceeds of the Obligations, together with other funds of the Borrower: (i) to finance the costs of the Borrower’s acquisition and renovation of the educational and related facilities located at 3250 19th Avenue, San Francisco, California 94132 (“Project”), and (ii) to pay various transaction costs and related costs.

The Project will be owned and operated by, and used in an integrated operation of, the Borrower (or a wholly-owned limited liability company of the Borrower).

The Obligations will be issued in one or more series, and will be paid entirely from payments by the Borrower under the Loan Agreement. Neither the full faith and credit nor the taxing power, if any, of the City and County of San Francisco (“City”), the Authority and its members, the State of California (“State”) or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Obligations, nor shall the City, the Authority and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on the Obligations.

Those wishing to comment on the issuance of the Obligations, the nature or location of the Project, or the plan of financing for the Project may dial into the Public Hearing using the toll-free number and access code set forth above, or may submit written comments, which must be received prior to the Public Hearing, to the City's Office of Public Finance as follows: PublicFinance@sfgov.org.

Date: August 24, 2021

CITY AND COUNTY OF SAN FRANCISCO



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

AFFIDAVIT OF PUBLICATION ON CITY WEBSITE

Peter Trinh, the undersigned, hereby certifies that the attached Notice of TEFRA Hearing (Notice) was published on the Public Forms & Notices page maintained by the Controller's Office at the following Web address:

<https://sfcontroller.org/public-forms-notices#TEFRA>

The TEFRA section of the Controller's Public Forms & Notices page is listed on the City's primary public website for Public Notices at the following web address:

<https://sfgov.org/public-notices>

The Notice was posted on 08/18/2021, and was maintained continuously on the website until 08/31/2021. A copy of a screen shot of the notice is attached as Exhibit A.

Executed on 09/07/2021 in San Francisco, California.

[signed] *peter trinh*

Peter Trinh

Exhibit A – Screen Shots of Posted TEFRA Notice

The screenshot shows a web browser window with the address bar displaying <https://sfcontroller.org/public-forms-notices/#TEFRA>. The page title is "Public Forms, Hearings, and Notic". The main content area is titled "Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing Notices" and lists the following notices:

- TEFRA Notice – Chinese American International School 08-31-21
- TEFRA Notice – Presidio Hill School 08-19-21
- TEFRA Notice – Hebrew Home for the Aged Disabled 08-16-21
- TEFRA Notice – Front Porch Communities and Services 05-21-21
- TEFRA Notice – Alta Vista School 03-26-21
- TEFRA Notice – Pacific Primary School 09-21-20
- TEFRA Notice – San Francisco Friends School 08-12-20 [RESCHEDULED]
- TEFRA Notice – San Francisco Day School 07-09-20
- TEFRA Notice – Town School for Boys 06-26-20
- TEFRA Notice – San Francisco Waldorf School 06-18-20
- TEFRA Notice - University High School 03-09-2020

At the bottom of the page, the contact information for the Office of the Controller is provided: "Office of the Controller | City Hall Room 316, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102 | (415) 554-7500 | controller@sfgov.org | 311 - Service 24x7". The City and County of San Francisco seal and name are also visible at the bottom center.

Chinese American International School TEFRA Notice 083120... 1 / 2 | 100%

CITY AND COUNTY OF SAN FRANCISCO

NOTICE OF PUBLIC HEARING PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, FOR THE FINANCING OF CERTAIN FACILITIES FROM THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS

NOTICE IS HEREBY GIVEN that at 4:00 p.m. on Tuesday, August 31, 2021, a telephonic public hearing ("Public Hearing") will be held by the City and County of San Francisco's Office of Public Finance with respect to the proposed issuance of tax-exempt obligations qualifying as "qualified 501(c)(3) bonds," in one or more series ("Obligations"), by the California Enterprise Development Authority ("Authority"), in an aggregate principal amount not to exceed \$17,000,000, 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 the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Code"), and the Treasury Regulations promulgated thereunder.

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The Project will be owned and operated by, and used in an integrated operation of, the Borrower (or a wholly-owned limited liability company of the Borrower).

The Obligations will be issued in one or more series, and will be paid entirely from payments by the Borrower under the Loan Agreement. Neither the full faith and credit nor the taxing power, if any, of the City and County of San Francisco ("City"), the Authority and its members, the State of California ("State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Obligations, nor shall the City, the Authority and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on the Obligations.

4 | AFFIDAVIT OF PUBLICATION ON CITY WEBSITE

Chinese American International School TEFRA Notice 083120... 2 / 2 100%

(i) to finance the costs of the Borrower's acquisition and renovation of the educational and related facilities located at 3250 19th Avenue, San Francisco, California 94132 ("Project"), and (ii) to pay various transaction costs and related costs.

The Project will be owned and operated by, and used in an integrated operation of, the Borrower (or a wholly-owned limited liability company of the Borrower).

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Those wishing to comment on the issuance of the Obligations, the nature or location of the Project, or the plan of financing for the Project may dial into the Public Hearing using the toll-free number and access code set forth above, or may submit written comments, which must be received prior to the Public Hearing, to the City's Office of Public Finance as follows: PublicFinance@sfgov.org.

Date: August 24, 2021

CITY AND COUNTY OF SAN FRANCISCO



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 Myrna Melgar
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 Melgar:

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 Chinese American International 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 31, 2021, notice of which was published on the City's public notices page on August 18, 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 one or more series with an aggregate principal amount not to exceed \$17 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

Opened in the basement of a University of California Extension building in 1981 with 10 enrolled students, Chinese American International School (CAIS) has grown into 3 campuses offering Preschool through 8th grade, with a total enrollment of 482 students, a faculty of 80, and a staff of 27. As a dual language immersion school, CAIS seeks to build upon their community's existing mix of languages, cultures, ideas, and identities to foster an intellectually challenging and socially meaningful education. The school's stated core values include curiosity, inclusion, kindness, perseverance, and courage.

The Project

The proceeds from the sale of the Bonds will be loaned to the Borrower for the following purposes: (i) to finance the costs of the Borrower's acquisition and renovation of the educational and related facilities located at 3250 19th Avenue, San Francisco, California 94132 ("Project"), and (ii) 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 \$17 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

Introduction Form

By a Member of the Board of Supervisors or 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 inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic 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 the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only