

File No. 200921

Committee Item No. 10
Board Item No. 55

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 2, 2020

Board of Supervisors Meeting

Date September 15, 2020

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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
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| <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 |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date August 28, 2020

Completed by: Linda Wong

Date September 3, 2020

1 [Issuance and Sale of Revenue Obligations - California Enterprise Development Authority -
2 San Francisco Friends School - 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, renovation, rehabilitation, improvement and/or**
7 **equipping of educational and related facilities to be owned and operated by San**
8 **Francisco Friends School, a California nonprofit public 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, San Francisco Friends School (“Borrower”), a California nonprofit public
17 benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue
18 Code of 1986, as amended (“Code”), has requested that the Authority issue revenue
19 obligations in an aggregate principal amount not to exceed \$25,000,000 (“Obligations”): (i) to
20 refinance certain indebtedness that previously financed costs relating to the acquisition,
21 construction, renovation, rehabilitation, improvement and/or equipping of its educational
22 facilities (“Prior Project”) located at 250 Valencia Street, San Francisco, California 94103
23 (“Property”); (ii) to finance and/or reimburse the Borrower for the cost of additional

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1 construction, renovation, rehabilitation, improvement and/or equipping of the Property
2 (collectively, “New Project” and, together with the Prior Project, “Project”), and (iii) to pay
3 various transaction costs and related costs; and

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

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

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

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

21 WHEREAS, On August 4, 2020, the City caused a notice to appear on its website
22 stating that a public hearing with respect to the issuance of the Obligations would be held by
23 the Office of Public Finance on August 12, 2020; and

24 WHEREAS, The Office of Public Finance of the City has held the public hearing
25 described above on August 12, 2020, and an opportunity was provided for persons to

1 comment on the issuance and sale of the Obligations, the proposed nature and location of the
2 Project and the plan of financing and refinancing of the Project; and

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

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

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

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

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

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

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8 APPROVED AS TO FORM:
9 Dennis J. Herrera,
City Attorney

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11 By: /s/ Mark D.Blake
12 Mark D. Blake
Deputy City Attorney

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OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

August 11, 2020

Supervisor Rafael Mandelman
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 Mandelman:

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 San Francisco Friends 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, August 11, 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 Wednesday, August 12, 2020, notice of which was published on the City's public notices page on August 4, 2020. Any public comments heard or received through the public hearing process 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 \$25 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

The mission of San Francisco Friends School is for students to learn in a community grounded in the Quaker values of reflection, integrity, peaceful problem-solving and stewardship. The teachers challenge students with a dynamic curriculum that inspires curiosity, cooperation and hard work, teaching children to listen to all voices and to trust their own. They encourage students to engage with the world through kindness and conviction, working toward the Quaker ideal of a caring and just society. The school has an enrollment, per its website, of 438 students in its Lower and Middle School classes.

The Project

The proceeds from the sale of the Obligations will be loaned to the Borrower for the following purposes: (i) to refinance certain indebtedness that previously financed costs relating to the acquisition, construction, renovation, rehabilitation, improvement and/or equipping of its educational facilities ("Prior Project") located at 250 Valencia Street, San Francisco, California 94103 ("Property"); (ii) to finance and/or reimburse the Borrower for the cost of additional construction, renovation, rehabilitation, improvement and/or equipping of the Property (collectively, "New Project" and, together with the Prior Project, "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 \$25 million. Bond Counsel on the transaction is Kutak Rock 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

CITY AND COUNTY OF SAN FRANCISCO

**NOTICE OF PUBLIC HEARING PURSUANT TO SECTION
147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS
AMENDED, REGARDING THE ISSUANCE OF NOT MORE
THAN \$25,000,000 OF TAX-EXEMPT BONDS FOR THE
FINANCING AND REFINANCING OF CERTAIN FACILITIES
FROM THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS**

NOTICE IS HEREBY GIVEN that at 4:00 p.m., on Wednesday, August 12, 2020, a public hearing (“Public Hearing”) will be held by the City and County of San Francisco Controller’s Office of Public Finance with respect to the proposed issuance of tax-exempt obligations, in one or more series (“Obligations”), by the California Enterprise Development Authority (“Authority”) in an aggregate principal amount not to exceed Twenty Five Million Dollars (\$25,000,000), the interest on which is intended to be exempt from federal taxation and exempt from State of California personal income taxes. The Public Hearing will be held via teleconference, accessible by dialing the following toll-free telephone number, and then entering the access code:

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

Access Code: 8883457#

The teleconference will begin promptly at 4:00 p.m. and the line will be held open until at least 4:10 p.m., at which time the Public Hearing will be concluded unless there are additional public comments to be heard. 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.

Proceeds of the Obligations will be loaned by a financial institution to the Authority, which will simultaneously loan such proceeds to San Francisco Friends School, a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code (“Borrower”), pursuant to one or more loan agreements or similar financing arrangements (collectively, the “Loan Agreement”). The Borrower intends to use the proceeds of the Obligations: (1) (a) to refund its obligations under that certain Master Loan Agreement, dated as of December 1, 2012, by and among ABAG Finance Authority For Nonprofit Corporations, First Republic Bank and the Borrower, the proceeds of which were used by the Borrower for the purpose of acquisition, construction, renovation, rehabilitation, improvement and/or equipping of an approximately 82,000 square foot industrial building located at 250 Valencia Street, San Francisco, California 94103 (“Property”) for use as educational facilities, including the acquisition of furniture, fixtures and equipment (“Prior Project”), and (b) to finance and/or reimburse the Borrower for the cost of additional construction, renovation, rehabilitation, improvement and/or equipping of the Property (“New Project” and, together with the Prior Project, “Project”), and (2) payment of financing costs and costs of issuance related to the Obligations. The Project is owned by the Borrower and will be used by the Borrower to carry out its educational mission.

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 proposed nature or location of the Project, or the plan of finance for the Project may call the number indicated above on the date and time of the Public Hearing or submit written comments, which must be received prior to the Public Hearing, to the City, c/o Office of Public Finance, City Hall Room 316, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102.

Date: August 3, 2020

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

[Larry Wolfson], 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-notice#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-notice>

The Notice was posted on [8/4/2020], and was maintained continuously on the website until [8/12/2020]. A copy of a screen shot of the notice is attached as Exhibit A.

Executed on [8/12/2020] in San Francisco, California.

[signed]

[Larry Wolfson]

Exhibit A – Screen Shot of Posted TEFRA Notice

The screenshot shows a web browser window with the address bar displaying "sfcontroller.org/public-forms-notices/#TEFRA". The page content is organized into several sections:

- Administrative Hearings:** A list of 13 "Notice of Administrative Hearing" entries with dates ranging from February 8, 2017, to July 29, 2014.
- TEFRA Hearing Notices:** A section titled "Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing Notices" containing five entries for various schools, including dates like "08-12-20 [RESCHEDULED]" and "07-09-20".
- Other Notices:** Sections for "Treasury Oversight Notices", "Job Opportunities Notice", and "SFGOV Public Notices Page", each with a horizontal line below the heading.
- STAY CONNECTED:** A sidebar on the right with social media icons for LinkedIn, Twitter, and YouTube.
- Footer:** Contact information for the Office of the Controller, including the address "1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102", phone number "(415) 554-7500", email "controller@sfgov.org", and a "Service 24x7" icon.

At the bottom center of the page is the official seal of the City and County of San Francisco.

**CITY AND COUNTY OF SAN FRANCISCO
NOTICE OF PUBLIC HEARING PURSUANT TO SECTION
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4847-4035-8591.1

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Date: August 3, 2020

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