

File No. 200275

Committee Item No. 7

Board Item No. \_\_\_\_\_

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date March 25, 2020

Board of Supervisors Meeting

Date \_\_\_\_\_

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- MOU
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- Affidavit of Publication on City Website
- \_\_\_\_\_
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Completed by: Linda Wong

Date March 18, 2020

Completed by: Linda Wong

Date \_\_\_\_\_

1 [Issuance and Sale of Revenue Obligations - California Enterprise Development Authority - San  
2 Francisco University High School - Not to Exceed \$19,000,000]

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 \$19,000,000 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 University High 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 University High 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, as amended ("Code"), has requested that the Authority issue revenue  
19 obligations qualifying as "qualified 501(c)(3) bonds" in an aggregate principal amount not to  
20 exceed \$19,000,000 ("Obligations") to: (i) refinance certain indebtedness that previously  
21 financed costs relating to acquisition, construction, renovation, rehabilitation, improvement  
22 and/or equipping of the Borrower's educational and related facilities located at 3220  
23 Sacramento Street, at 3185 Washington Street, at 3150 Washington Street, and at 3065  
24 Jackson Street, in San Francisco, California 94115, and at 3954 Washington Street, in San  
25

1 Francisco, California 94118 (collectively, "Prior Project"); (ii) finance, including through  
2 reimbursement of prior Borrower expenditures, the construction, renovation, rehabilitation,  
3 improvement and/or equipping of the Borrower's educational facilities located at 3150  
4 Washington Street and at 3065 Jackson Street, in San Francisco, California 94115, including,  
5 but not limited to, improvements to classrooms, creation of new offices, creation of additional  
6 seating in the Borrower's student center, and replacement of certain sports court fencing ("New  
7 Money Construction Project"), (iii) finance certain pre-construction costs related to the future  
8 construction, renovation, rehabilitation, improvement and/or equipping of the Borrower's  
9 educational facilities located at 3150 California Street and at 3185 Washington Street, in San  
10 Francisco, California 94115 (together with the Prior Project and the New Money Construction  
11 Project, "Project"), all of which is and will be owned and operated by, and used in an integrated  
12 operation of, the Borrower (or a wholly-owned limited liability company of the Borrower); and  
13 (iv) pay various transaction costs and other related costs; and

14 WHEREAS, The Project is located within the boundaries of the City and County of San  
15 Francisco ("City"), which is a member of the Authority; and

16 WHEREAS, Pursuant to Section 147(f) of the Code, and the Treasury Regulations  
17 promulgated thereunder, the issuance of the Obligations by the Authority may qualify for tax  
18 exemption under Section 103 of the Code only if the Obligations are approved by an "applicable  
19 elected representative" of both the governmental unit issuing the Obligations or on behalf of  
20 which the Obligations are to be issued, and a governmental unit having jurisdiction over the  
21 geographic area in which the Project is located, after a public hearing held following reasonable  
22 public notice; and

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

25 ///

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

7           WHEREAS, On February 28, 2020, the City caused a notice to appear on its website,  
8 stating that a public hearing with respect to the issuance of the Obligations would be held by  
9 the Office of Public Finance on March 9, 2020; and

10           WHEREAS, The Office of Public Finance of the City has held the public hearing  
11 described above on March 9, 2020, and an opportunity was provided for persons to comment  
12 on the issuance and sale of the Obligations and the plan of financing and refinancing of the  
13 Project; and

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

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

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

23           FURTHER RESOLVED, That the Board, as an applicable elected representative of the  
24 governmental unit on behalf of which the Obligations will be issued and having jurisdiction over  
25 the geographic area in which the Project is or will be located, hereby approves the issuance of

1 the Obligations by the Authority. It is the purpose and intent of the Board that this Resolution  
2 constitute both "issuer" approval and "host" approval of the issuance of the Obligations by the  
3 City for purposes of Section 147(f) of the Code, and the Treasury Regulations promulgated  
4 thereunder; and, be it

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

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

16 APPROVED AS TO FORM:

17 Dennis J. Herrera,  
18 City Attorney

19 By:

20   
21 Mark D. Blake  
22 Deputy City Attorney

23 n:\financ\as2020\1300182\01434124.docx



**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

Anna Van Degna  
Director of Public Finance

March 9, 2020

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 San Francisco University High 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, March 10, 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 held such hearing on Monday, March 9, 2020, notice of which was published on the City's public notices page on February 28, 2020. 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 \$19 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 1975, San Francisco University High School was established by a youthful board of trustees and community activists in response to a deeply felt need for an innovative, co-educational, independent secondary school in the Bay Area who shared a vision of a school that could be a model of equity and excellence. San Francisco University High School welcomes students of demonstrated motivation and ability to engage in an education that fosters responsibility and the spirited pursuit of knowledge, and works to build and sustain a community of diverse backgrounds, perspectives, and talents. The school has an enrollment of 410 students and a faculty of 61 as of the 2019-2020 school year.

The Project

The proceeds from the sale of the Bonds will be loaned to the Borrower for the following purposes: (i) refinance certain indebtedness that previously financed costs relating to the acquisition, construction, renovation, rehabilitation, improvement and/or equipping of its educational and related facilities located at 3220 Sacramento Street, at 3185 Washington Street, at 3150 Washington Street, and at 3065 Jackson Street in San Francisco, California 94115, and at 3954 Washington Street in San Francisco, California 94118 (collectively, "Prior Project"); (ii) finance, including through the reimbursement of prior Borrower expenditures, the construction, renovation, rehabilitation, improvement and/or equipping of its educational facilities located at

3150 Washington Street and at 3065 Jackson Street, in San Francisco, California 94115 (“New Money Construction Project”); (iii) finance certain pre-construction costs related to the future construction, renovation, rehabilitation, improvement and/or equipping of its educational facilities located at 3150 California Street and at 3185 Washington Street, in San Francisco, California 94115 (together with the Prior Project and the New Money Construction Project, “Project”), and (iv) 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 \$19 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 at (415) 554-4862, if you any questions or require additional information. Thank you.

Sincerely,

Vishal Trivedi

Bond Analyst, Office of Public Finance



**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

**AFFIDAVIT OF PUBLICATION ON CITY WEBSITE**

I, 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 2/28/2020, and was maintained continuously on the website until 3/9/2020. A copy of a screen shot of the notice is attached as Exhibit A.

Executed on 3/9/2020 in San Francisco, California.

**Larry Wolfson**

Digitally signed by Larry  
Wolfson  
Date: 2020.03.09 09:41:15  
-07'00'

Larry Wolfson

Office of the Controller IT Manager



Exhibit A – Screen Shot of Posted TEFRA Notice

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 AND REFINANCING OF CERTAIN FACILITIES FROM THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS

NOTICE IS HEREBY GIVEN that at 9:30 a.m., on Monday, March 9, 2020, in the City and County of San Francisco's Office of Public Finance, Room 336, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102, a public hearing ("Public Hearing") will be held 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 Nineteen Million Dollars (\$19,000,000), 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.

Proceeds of the Obligations will be loaned by a financial institution to the Authority, which will simultaneously loan such proceeds to San Francisco University High 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, "Loan Agreement"). The Borrower intends to use the proceeds of the Obligations to: (i) refinance certain indebtedness that previously financed costs relating to the acquisition, construction, renovation, rehabilitation, improvement and/or equipping of its educational and related facilities located at 3220 Sacramento Street, at 3185 Washington Street, at 3150 Washington Street, and at 3065 Jackson Street in San Francisco, California 94115, and at 3954 Washington Street in San Francisco, California 94118 (collectively, "Prior Project"); (ii) finance, including through the reimbursement of prior Borrower expenditures, the construction, renovation, rehabilitation, improvement and/or equipping of its educational facilities located at 3150 Washington Street and at 3065 Jackson Street, in San Francisco, California 94115 ("New Money Construction Project"); (iii) finance certain pre-construction costs related to the future construction, renovation, rehabilitation, improvement and/or equipping of its educational facilities located at 3150 California Street and at 3185 Washington Street, in San Francisco, California 94115 (together with the Prior Project and the New Money Construction Project, "Project"); and (iv) pay various transaction costs and related costs.

The Project is and 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 proposed nature or location of the Project, or the plan of finance for the Project may either appear in person at the time and place indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o Office of Public Finance, at the address indicated above.

Date: February 28, 2020

CITY AND COUNTY OF SAN FRANCISCO



# Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
 BOARD OF SUPERVISORS  
 SAN FRANCISCO  
 2020 MAR 10 AM 10:43  
 Time stamp  
 BY \_\_\_\_\_ or meeting date AK

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):

Stefani

Subject:

TEFRA Approval---Approving Issuance by California Enterprise Development Authority Revenue Obligations and TEFRA Hearing for San Francisco University High School---Not to Exceed \$19,000,000

The text is listed:

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 \$19,000,000 to finance or refinance the acquisition, construction, renovation, rehabilitation, improvement and/or equipping of educational and related facilities to be owned and operated by San Francisco University High School, a California nonprofit public benefit corporation

Signature of Sponsoring Supervisor:

## Lew, Lisa (BOS)

---

**From:** Trivedi, Vishal (CON)  
**Sent:** Tuesday, March 10, 2020 2:16 PM  
**To:** BOS Legislation, (BOS); Mullan, Andrew (BOS)  
**Cc:** BLAKE, MARK (CAT)  
**Subject:** RE: Stefani-Resolution- TEFRA Approval---Approving Issuance by California Enterprise Development Authority Revenue Obligations and TEFRA Hearing for San Francisco University High School---Not to Exceed \$19,000,000

**Categories:** 200275

Hi Brent,

The IRS has changed its TEFRA guidelines for the public approval process as of April 1, 2019, and the revised regulations now allow for the City to post the public notice on a City website, and are therefore the notices are no longer required to be published in the newspaper. We have included as a supporting documents for this item an affidavit that confirms the notice was published on a City website in a manner consistent with the new TEFRA noticing requirements. I'm also copying City Attorney Mark Blake if you have specific questions about this change.

Thanks,

**Vishal Trivedi** | Financial Analyst  
Office of Public Finance | City & County of San Francisco  
Phone | 415.554.4862 Email | [vishal.trivedi@sfgov.org](mailto:vishal.trivedi@sfgov.org)

**From:** BOS Legislation, (BOS) <[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)>  
**Sent:** Tuesday, March 10, 2020 2:08 PM  
**To:** Mullan, Andrew (BOS) <[andrew.mullan@sfgov.org](mailto:andrew.mullan@sfgov.org)>; BOS Legislation, (BOS) <[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)>  
**Cc:** Trivedi, Vishal (CON) <[vishal.trivedi@sfgov.org](mailto:vishal.trivedi@sfgov.org)>  
**Subject:** RE: Stefani-Resolution- TEFRA Approval---Approving Issuance by California Enterprise Development Authority Revenue Obligations and TEFRA Hearing for San Francisco University High School---Not to Exceed \$19,000,000

Hi Andrew,

Generally these TEFRA Resolutions have language baked in the legislation saying that a public hearing was published in a newspaper on a certain date and have an accompanying proof of publication or copy of notice from the publisher that the notice was printed. I see language saying the hearing was posted on a website; was there a concurrent newspaper publishing, or justification why there isn't one?

Thanks in advance,

**Brent Jalipa**

Board of Supervisors - Clerk's Office  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102  
(415) 554-7712 | Fax: (415) 554-5163  
[brent.jalipa@sfgov.org](mailto:brent.jalipa@sfgov.org) | [www.sfbos.org](http://www.sfbos.org)

**From:** Mullan, Andrew (BOS) <[andrew.mullan@sfgov.org](mailto:andrew.mullan@sfgov.org)>

**Sent:** Monday, March 9, 2020 8:04 PM

**To:** BOS Legislation, (BOS) <[bos.legislation@sfgov.org](mailto:bos.legislation@sfgov.org)>

**Cc:** Trivedi, Vishal (CON) <[vishal.trivedi@sfgov.org](mailto:vishal.trivedi@sfgov.org)>

**Subject:** Stefani-Resolution- TEFRA Approval---Approving Issuance by California Enterprise Development Authority Revenue Obligations and TEFRA Hearing for San Francisco University High School---Not to Exceed \$19,000,000

Good afternoon Madam Clerk,

Please find attached the pdf and word copies of the resolution that Supervisor Stefani intends to introduce tomorrow.

Best,

**Andy Mullan**

Legislative Aide to District 2 Supervisor Catherine Stefani

City & County of San Francisco

O: 415-554-7752

[Andrew.Mullan@sfgov.org](mailto:Andrew.Mullan@sfgov.org)