



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

July 22, 2022

Supervisor Dean Preston
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 Preston:

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, in one or more series, (the "Obligations") by the California Enterprise Development Authority (the "Authority") on behalf of The Urban School of San Francisco, a California nonprofit corporation (the "Corporation"), to finance and/or refinance certain capital facilities owned and operated by the Corporation as summarized below. I respectfully request introduction of the resolution at the meeting of the Board of Supervisors on Tuesday, July 26, 2022.

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 Thursday, July 8, 2022, notice of which was published on the City's Public Notices website on July 1, 2022. 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 Bonds will be issued in an aggregate principal amount not to exceed \$10 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

Founded in 1966, The Urban School of San Francisco is an innovative, independent high school, seeking students from diverse backgrounds in order to build a strong, inclusive community and prepare students for lives in a multicultural society. The School seeks to ignite a passion for learning, inspiring its students to become self-motivated, enthusiastic participants in their education – both in high school and beyond. Its values include learning framed as a joyful act of discovery, improved by reflection, evaluation, evolution, and innovation, within and beyond the classroom. The school honors the uniqueness of the individual, and seeks to allow students to grow in an environment characterized by trust, honesty, and mutual respect. According to its website, the Urban School has a total enrollment of 420 students, 89% of whom reside in San Francisco.

The Project

Proceeds of the Obligations will be loaned by a financial institution to the Authority, which will simultaneously loan such proceeds to The Urban School of San Francisco, 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, and/or reimburse the Borrower for,

capital expenditures, including the construction, installation, rehabilitation, equipping and/or furnishing of educational and related facilities, including a new approximately 18,300 square-foot Performing Arts and Community Center, located at 1530 Page Street, San Francisco, California 94117 (the “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 Obligation in an amount not to exceed \$10 million. Bond counsel on the transaction is Norton Rose Fulbright 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 Obligation may be issued on a tax-exempt basis. Your assistance with this matter is greatly appreciated. Please contact me at vishal.trivedi@sfgov.org if you any questions or require additional information. Thank you.

Sincerely,

Vishal Trivedi

Office of Public Finance