

File No. 221029

Committee Item No. 7

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date October 19, 2022

Board of Supervisors Meeting Date _____

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input 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)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>TEFRA Affidavit of Publication – 9/21/2022</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>TEFRA Hearing Notice – 9/14/2022</u>
<input type="checkbox"/>	<input type="checkbox"/>	_____
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Completed by: Brent Jalipa Date October 13, 2022

Completed by: Brent Jalipa Date _____

1 [Approving California Enterprise Development Authority Revenue Obligations and TEFRA
2 Hearing for Presidio Knolls School, Inc. - Not to Exceed \$33,000,000]

3 **Resolution approving for purposes of Internal Revenue Code of 1986, as amended,**
4 **Section 147(f) of the Issuance and Sale of Revenue Obligations by the California**
5 **Enterprise Development Authority in an aggregate principal amount not to exceed**
6 **\$33,000,000 to finance, refinance and/or reimburse the cost of acquisition,**
7 **construction, installation, rehabilitation, equipping and furnishing of various capital**
8 **facilities to be owned and operated by Presidio Knolls School, Inc., a California**
9 **nonprofit public benefit corporation.**

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

17 WHEREAS, Presidio Knolls School, Inc. ("Borrower"), a California nonprofit public
18 benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue
19 Code of 1986, as amended ("Code"), has requested that the Authority issue revenue
20 obligations in an aggregate principal amount not to exceed \$33,000,000 ("Obligations") to: (a)
21 (i) refinance outstanding indebtedness incurred by the Borrower, the proceeds of which were
22 used to finance and refinance the cost of the acquisition, demolition, construction, renovation,
23 equipping and/or furnishing of pre-K through 8th grade educational and related and ancillary
24 facilities located at 1415 Howard Street, San Francisco, California 94103, and 220, 230, 240,
25 250 and 260 10th Street, San Francisco, California 94103 (collectively, the "Property"),

1 including, but not limited to, (A) the demolition of a one-story garage, a pre-K building, and an
2 elementary school building; the renovation of an existing building and conversion thereof from
3 use as a group home to educational facilities; (B) the construction of two, three-story buildings
4 collectively measuring approximately 60,000 square feet for use as educational facilities and
5 one one-story building measuring approximately 1,000 square feet for use as a music
6 building; (C) the construction of one or more outdoor play areas and approximately 50 bicycle
7 parking spaces, and (D) the acquisition, renovation, and construction of approximately 80,000
8 square feet of additions and/or improvements to the Property consisting of 25 main
9 classrooms, four flex classrooms, a library, art, music, science and maker classrooms, a
10 multipurpose gymnasium and auditorium, a teaching kitchen and flexible dining area, multi-
11 purpose rooms, and indoor and outdoor play areas; and (ii) finance and refinance the cost of
12 exterior and interior improvements to buildings on the Property to enhance the auditorium and
13 gymnasium, create additional classrooms and make additional improvements to the Property
14 (collectively, the "Facilities") and (b) pay certain costs of issuance of the Obligations; and

15 WHEREAS, The Facilities are located within the boundaries of the City and County of
16 San Francisco ("City"), which is an associate member of the Authority; and

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

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

1 WHEREAS, The Authority has requested the Board of Supervisors of the City and
2 County of San Francisco ("Board") to approve the issuance and sale of the Obligations in
3 order to 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 Facilities are located within the meaning of
6 Section 147(f) of the Code, and the Treasury Regulations promulgated thereunder; and

7 WHEREAS, On September 12, 2022, 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 September 21, 2022; and

10 WHEREAS, The Office of Public Finance of the City has held the public hearing
11 described above on September 21, 2022, and an opportunity was provided for persons to
12 comment on the issuance and sale of the Obligations and the plan of refinancing of the
13 Facilities; 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, the City or the
17 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
25 over the geographic area in which the Facilities are or will be located, hereby approves the

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

5 FURTHER RESOLVED, That the Obligations shall not constitute a debt or obligation in
6 any respect of the City, and the payment of the principal, prepayment premium, if any, and
7 interest on the Bonds shall be solely the responsibility of the Borrower; and, be it

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

18 FURTHER RESOLVED, That the Controller and the Director of the Office of Public
19 Finance and any other proper officers of the City are hereby authorized and directed to
20 execute such other agreements, documents and certificates, and to perform such other acts
21 as may be necessary or advisable to effect the purposes of this Resolution, and, be it

22 ///

23 ///

24 ///

25 ///

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

3
4 APPROVED AS TO FORM:
5 David Chiu, City Attorney

6 By: /s/MARK D. BLAKE
7 Mark D. Blake
8 Deputy City Attorney

9 n:\financ\as2022\1300182\01630027.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

September 26, 2022

Supervisor Matt Dorsey
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 Dorsey:

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 "Bonds") by the California Enterprise Development Authority (the "Authority") on behalf of Presidio Knolls School, Inc., a California nonprofit public benefit corporation (the "Borrower"), to finance and 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 27, 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 Wednesday, September 21, 2022, notice of which was published on the City's Public Notices website on September 12, 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 \$33 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

Presidio Knolls School was opened as a preschool in 2008 near the Presidio and is known for its progressive educational model and rigorous Reggio Emilia-inspired Mandarin immersion preschool program. The school's mission is to nurture the young heart and mind in a joyful learning environment, where the convergence of progressive education and Mandarin immersion ignites curiosity, connectedness, and engagement in the world. Presidio Knolls School was relocated to SoMa in 2011 and received accreditation by the California Association of Independent Schools (CAIS) and the Western Association of Schools and Colleges (WASC) in 2019. As of the 2021-22 school year, they have an enrollment of approximately 395 students from preschool through middle school.

The Project

The proceeds from the sale of the Bonds will be loaned to the Borrower for the following purposes: (a) (i) refinance outstanding indebtedness incurred by the Borrower, the proceeds of which were used to finance and refinance the cost of the acquisition, demolition, construction, renovation, equipping and/or furnishing of pre-K through 8th grade educational and related and ancillary facilities located at 1415 Howard Street, San Francisco, California 94103 and 220, 230, 240, 250 and 260 10th Street, San Francisco, California 94103 (collectively, the "Property"), owned and operated by the Borrower, including, but not limited to, (A) the demolition of a one-story garage, a pre-K building, and an elementary school building; the renovation of an existing building and conversion thereof from use as a group home to educational facilities; (B) the construction of two, three-story buildings collectively measuring approximately 60,000 square feet for use as educational facilities and one one-story building measuring approximately 1,000 square feet for use as a music building; (C) the construction of one or more outdoor play areas and approximately 50 bicycle parking spaces, and (D) the acquisition, renovation, and construction of approximately 80,000 square feet of additions and/or improvements to the Property consisting of 25 main classrooms, four flex classrooms, a library, art, music, science and maker classrooms, a multipurpose gymnasium and auditorium, a teaching kitchen and flexible dining area, multi-purpose rooms, and indoor and outdoor play areas; and (ii) finance and refinance the cost of exterior and interior improvements to buildings on the Property to enhance the auditorium and gymnasium, create additional classrooms and make additional improvements to the Property (collectively, the "Facilities") and (b) pay certain costs of issuance of the Obligations.

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Bonds in an amount not to exceed \$33 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) 554-7693, if you any questions or require additional information. Thank you.

Sincerely,

Keith Sevigny
Senior Administrative 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

Claire F. Stone, the undersigned, hereby certifies that the attached Notice of TEFRA Hearing (Notice) was published on the Tax Equity and Fiscal Responsibility Act (TEFRA) hearing notices page maintained by the Controller's Office at the following Web address:

<https://sf.gov/resource/2022/tax-equity-and-fiscal-responsibility-act-tefra-hearing-notices>

The TEFRA section of the Controller's Tax Equity and Fiscal Responsibility Act (TEFRA) hearing notices page is listed on the City's primary public website for Public Notices at the following web address:

<https://sf.gov/resource/2022/tax-equity-and-fiscal-responsibility-act-tefra-hearing-notices>

The Notice was posted on 09/12/2022, and was maintained continuously on the website until 09/21/2022. A copy of a screen shot of the notice is attached as Exhibit A.

Executed on 09/21/2022 in San Francisco, California.

Claire F. Stone /s/

Claire F. Stone

Exhibit A – Screen Shots of Posted TEFRA Notice



3 | AFFIDAVIT OF PUBLICATION ON CITY WEBSITE

Microsoft Word - TEFRA Notice x

https://sf.gov/sites/default/files/2022-09/TEFRA%20Notice%20-%20Presidio%20Knolls%20School%20Inc%2009212022.pdf

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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, REGARDING THE ISSUANCE OF NOT MORE THAN \$33,000,000 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, September 21, 2022, 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, from time to time, 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 \$33,000,000, the interest on which is intended to be federally tax-exempt and exempt from State of California personal income taxes. The Public Hearing 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 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 Presidio Knolls School, Inc., 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 to (a) (i) refinance outstanding indebtedness incurred by the Borrower, the proceeds of which were used to finance and refinance the cost of the acquisition, demolition, construction, renovation, equipping and/or furnishing of pre-K through 8th grade educational and related and ancillary facilities located at 1415 Howard Street, San Francisco, California 94103 and 220, 230, 240, 250 and 260 10th Street, San Francisco, California 94103 (collectively, the "Property"), owned and operated by the Borrower, including, but not limited to, (A) the demolition of a one-story garage, a pre-K building, and an elementary school building; the renovation of an existing building and conversion thereof from use as a group home to educational facilities; (B) the construction of two three-story buildings collectively comprising

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 \$33,000,000 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, September 21, 2022, 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, from time to time, 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 \$33,000,000, the interest on which is intended to be federally tax-exempt and exempt from State of California personal income taxes. The Public Hearing will be held via teleconference, accessible by dialing the following toll-free telephone number, and then entering the access code:

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are and will be owned by the Borrower in connection with its mission to provide students a joyful bilingual learning experience that fosters each student's mental flexibility, increases their global competencies, and helps them find new ways of seeing the world.

The Obligations will be issued from time to time in one or more series and will be paid entirely from payments by the Borrower under the Loan Agreement. Neither the faith and credit nor the taxing power, if any, of the 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.

Members of the public wishing to comment on the proposed issuance of the Obligations, the nature or location of the Facilities, or the plan of the proposed financing or refinancing for the Facilities, 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: September 14, 2022

CITY AND COUNTY OF SAN FRANCISCO

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