

1 [Issuance of Bonds - California Municipal Finance Authority - Presidio Knolls School, Inc. - Not
2 to Exceed \$40,000,000]

3 **Resolution approving in accordance with Section 147(f) of the Internal Revenue Code**
4 **of 1986, as amended, and in accordance with the Joint Exercise of Powers Agreement,**
5 **dated as of January 1, 2004, among the California Municipal Finance Authority**
6 **("Authority") and certain local agencies, including the City and County of San**
7 **Francisco ("City"), as amended from time to time, the issuance of revenue bonds or a**
8 **tax-exempt loan by the Authority in an aggregate principal amount not to exceed**
9 **\$40,000,000 ("Loans") and the loan of the proceeds thereof to Presidio Knolls School,**
10 **Inc., a California nonprofit public benefit corporation ("Borrower") to refinance certain**
11 **loans issued for the benefit of the Borrower, finance or refinance the acquisition,**
12 **construction, equipping and furnishing of facilities located and to be located at 1415**
13 **Howard Street and 220, 230, 240, 250, and 260-10th Street, within the City, and pay**
14 **certain expenses incurred in connection with the issuance of the Loans.**

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16 WHEREAS, The California Municipal Finance Authority ("Authority") is authorized
17 pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and
18 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government
19 Code of the State of California, and the Joint Exercise of Powers Agreement, dated as of
20 January 1, 2004, among the Authority and certain local agencies, including the City and
21 County of San Francisco ("City"), as amended from time to time (as so amended, the
22 "Agreement"), to issue revenue bonds and other forms of indebtedness to assist nonprofit
23 corporations to obtain financing, including tax-exempt financing, for certain projects and
24 purposes; and
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1 WHEREAS, The City is a member of the Authority; and

2 WHEREAS, The Presidio Knolls School, Inc., a California nonprofit public benefit
3 corporation (“Borrower”) and an organization described in Code, Section 501(c)(3), has
4 requested that the Authority issue revenue bonds or a tax-exempt loan in an aggregate
5 principal amount not to exceed \$40,000,000 (“Loans”) and loan the proceeds thereof to the
6 Borrower to (a) refinance certain loans issued for the benefit of the Borrower (“Prior Loans”),
7 the proceeds of which were used to (i) finance or refinance the costs of the acquisition,
8 demolition, construction, renovation, equipping and/or furnishing of preK-8 educational and
9 related and ancillary facilities located at 1415 Howard Street and 220, 230, 240, 250, and
10 260-10th Street, within the City (“Campus”), owned and operated by the Borrower, including
11 but not limited to the demolition of a one-story garage, a preK building, and an elementary
12 school building; the renovation of an existing building and conversion thereof from use as a
13 group home to educational facilities; the construction of two three-story buildings collectively
14 measuring approximately 60,000 square feet for use as educational facilities and one one-
15 story building measuring approximately 1,000 square feet for use as a music building; and the
16 construction of one or more outdoor play areas and approximately 50 bicycle parking spaces,
17 all located or to be located on the Campus (“Prior Project”), (ii) refinance certain indebtedness
18 of the Borrower incurred in connection with the acquisition of the Prior Project, and (iii) pay
19 certain costs of issuance of the Prior Loans, (b) finance or refinance the acquisition,
20 construction, equipping and furnishing of facilities located and to be located at the Campus,
21 within the City, including but not limited to the acquisition, renovation, and construction of
22 approximately 80,000 square feet of campus additions and/or improvements consisting of 25
23 main classrooms, four flex classrooms, a library, art, music, science, and maker classrooms, a
24 multipurpose gymnasium and auditorium, a teaching kitchen and flexible dining area, multi-

1 purpose rooms, and indoor and outdoor play areas, owned and operated by the Borrower in
2 connection with the provision of educational and other services in the City, including the
3 instruction of students in grades preK-8 ("2018 Project" and, together with the Prior Project,
4 the "Project"), and (c) pay certain expenses incurred in connection with the issuance of the
5 Loans; and

6 WHEREAS, The Project, located at 1415 Howard Street and 220, 230, 240, 250, and
7 260-10th Street, within the City and County of San Francisco, is located within the territorial
8 limits of the City; and

9 WHEREAS, The issuance of the Loans shall be subject to the approval of and
10 execution by the Authority of all financing documents relating thereto to which the Authority is
11 a party; and

12 WHEREAS, Interest on the Loans may qualify for tax exemption under Code, Section
13 103 only if the Loans are approved by an "applicable elected representative" of the City in
14 accordance with Code, Section 147(f); and

15 WHEREAS, The Loans issued for the Project are to be approved by the "governing
16 body" of the City in accordance with Section 4 of the Agreement; and

17 WHEREAS, The Board of Supervisors of the City ("Board") is the elected legislative
18 body of the City and is therefore an "applicable elected representative" required to approve
19 the Loans within the meaning of Code, Section 147(f) and is the "governing body" of the City
20 required to approve the Loans in accordance with Section 4 of the Agreement; and

21 WHEREAS, The Authority has requested the Board to approve the issuance of the
22 Loans by the Authority for the purposes of financing the Project in order to satisfy the public
23 approval requirements of Code, Section 147(f) as applicable to the Loans and the
24 requirements of Section 4 of the Agreement; and

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1 WHEREAS, The Authority is also requesting that the Board approve the issuance of
2 any refunding bonds hereafter issued by the Authority for the purpose of refinancing the
3 Loans, but only in such cases where federal tax laws would not require additional
4 consideration or approval by the Board; and

5 WHEREAS, On March 16, 2018, the City caused a notice to appear in the *San*
6 *Francisco Chronicle*, which is a newspaper of general circulation in the City, stating that a
7 public hearing with respect to the issuance of the Loans would be held by the Controller's
8 Office of Public Finance on March 30, 2018; and

9 WHEREAS, The Controller's Office of Public Finance held the public hearing described
10 above on March 30, 2018, and an opportunity was provided for persons to comment on the
11 issuance of the Loans and the plan of financing of the Project, and the Controller's Office of
12 Public Finance has forwarded any comments received by such date to this Board; and

13 WHEREAS, The Loans will be limited obligations of the Authority, payable solely from
14 and secured solely by amounts received from or on behalf of the Borrower, and will not
15 constitute an indebtedness or obligation, or a pledge of the faith and credit of, the City or the
16 Authority, and no resources of the City or the Authority will be available to pay debt service on
17 the Loans; and

18 WHEREAS, It is intended that this Resolution shall constitute the approval of the
19 issuance of the Loans required by Code, Section 147(f) and the approval of the Loans and the
20 Project required by Section 4 of the Agreement; and

21 WHEREAS, The Director of the Controller's Office of Public Finance ("Director")
22 recommends approval of the issuance of the Loans pursuant to Chapter 43, Article 9, Section
23 5 of the Administrative Code; now, therefore, be it
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1 RESOLVED, That this Board hereby finds and declares the above recitals are true and
2 correct; and, be it

3 FURTHER RESOLVED, That this Board hereby approves the issuance of the Loans by
4 the Authority for the purpose of financing the Project; and, be it

5 FURTHER RESOLVED, That it is the purpose and intent of this Board that this
6 Resolution constitute approval of the issuance of the Loans by the Authority and of the
7 financing of the Project, as the applicable elected representative of the governmental unit
8 having jurisdiction over the area in which the Project is located, for purposes of and in
9 accordance with Code, Section 147(f) as applicable to the Loans and Section 4 of the
10 Agreement; and, be it

11 FURTHER RESOLVED, That the approval by the City of the issuance of the Loans by
12 the Authority is neither an approval of the underlying credit of the Borrower or of the proposed
13 Project nor an approval of the financial structure of the Loans; and neither the City, nor any
14 department thereof, shall have any responsibility or liability whatsoever with respect to the
15 Loans or the Project; and, be it

16 FURTHER RESOLVED, That the Loans shall not constitute a debt or obligation in any
17 respect of the City, and the faith and credit of the City is not pledged to the repayment of the
18 Loans, and the payment of the principal, prepayment premium, if any, and interest on the
19 Loans shall be solely the responsibility of the Borrower; and, be it

20 FURTHER RESOLVED, That the adoption of this Resolution shall not obligate the City
21 or any department of the City to (i) provide financing to the Borrower for the repayment of the
22 Loan or to issue the Loans for purposes of such financing; (ii) make any contribution or
23 advance any funds to the Authority; or (iii) approve any application or request for, or take any
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1 other action in connection with, any environmental, General Plan, zoning or any other permit
2 or other regulatory action sought in connection with the Project; and, be it

3 FURTHER RESOLVED, That the Controller and the Director and any other proper
4 officers of the City are hereby authorized and directed to execute such other agreements,
5 documents and certificates, and to perform such other acts as may be necessary or advisable
6 to effect the purposes of this Resolution; and, be it

7 FURTHER RESOLVED, That this Resolution shall take effect immediately upon its
8 adoption.

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10 APPROVED AS TO FORM:
11 DENNIS J. HERRERA
12 CITY ATTORNEY

13 By: _____
14 Mark D. Blake
15 Deputy City Attorney
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