



**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 16, 2019

Supervisor Vallie Brown  
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 Brown:

Thank you for agreeing to introduce the Board of Supervisors resolution approving, for the purposes of the Internal Revenue Code, the issuance of revenue bonds (the "Bonds") by the California Municipal Finance Authority (the "Authority") on behalf of HealthRIGHT 360, 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, September 17, 2019.

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, September 16, 2019, notice of which was published in the *San Francisco Examiner* on September 6, 2019. 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 \$65 million, of which approximately \$50,600,000 will be allocable to projects in the City and County of San Francisco. I have performed a limited due diligence review of information pertaining to the project and proposed financing that I have summarized below.

The Borrower

HealthRIGHT 360 is a community health care clinic that began in the Haight-Ashbury district of San Francisco in the 1960s to serve adolescents and young adults. Haight Ashbury Free Clinics (HAFC) opened its doors in 1967 as the first free medical clinic in the country. During the first week of operation over 400 patients were seen. HAFC has been an innovator in delivering primary health care services to many of the people who can least afford them. "Health Care is a Right, Not a Privilege" has been the guiding principle as well as its famous tagline. Walden House was founded in 1969 in the same Haight-Ashbury district of San Francisco to help homeless and runaway adolescents with substance use disorder problems. Today, Walden House treats people with mental health and substance use disorder problems at various residential and outpatient centers throughout California, including in-prison treatment programs, and facilities in San Francisco and Los Angeles, providing drug and alcohol treatment and mental health, vocational and housing services for people transitioning back into their communities. Like HAFC, Walden House has always served people who are uninsured, homeless and socio-economically disenfranchised, including those with HIV/AIDS.

Haight Ashbury Free Clinics and Walden House have both grown over the years, becoming national models for community healthcare, substance use disorder treatment and mental health services. The organizations merged on July 1, 2011 to best serve the most vulnerable members of our community. On July 1, 2012, Haight

Ashbury Free Clinics – Walden House adopted a new name: HealthRIGHT 360. HealthRIGHT 360 has subsequently added additional clinics and programs serving San Francisco to its portfolio, including Asian American Recovery Services, Lyon-Martin Health Services, Tenderloin Health Services, and Women’s Community Clinic.

### The Project

The proceeds from the sale of the Bonds will be loaned to the Borrower for the following purposes: (i) refinance all or a portion of certain outstanding debt obligations that originally financed and refinanced the acquisition, construction, improvement, equipping and furnishing of facilities located at 890 Hayes Street, 815 Buena Vista West, 214 Haight Street, 1563 Mission Street, 1735 Mission Street, 154 Coleridge Street within the City and County of San Francisco (“City”), owned and managed by the HealthRIGHT 360, a California nonprofit public benefit corporation (“Borrower”), in connection with the provision of residential treatment services in the City, (ii) finance additional improvements to and equipping and maintenance of such facilities, (iii) pay capitalized interest on the Bonds, (iv) fund a reserve fund for the Bonds, and (v) pay certain expenses incurred in connection with the issuance of the Bonds.

### Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Bonds in an amount not to exceed \$65 million. Bond Counsel on the transaction is Quint & Thimmig 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