

File No. 201013

Committee Item No. 13

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

# COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget & Finance Committee

Date September 16, 2020

Board of Supervisors Meeting

Date \_\_\_\_\_

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Completed by: Linda Wong

Date September 9, 2020

Completed by: Linda Wong

Date \_\_\_\_\_

1 [Issuance and Sale of Revenue Obligations - California Enterprise Development Authority -  
2 San Francisco Day School - Not to Exceed \$20,000,000]

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 \$20,000,000 to finance the**  
6 **acquisition, construction, renovation, rehabilitation, improvement and/or equipping of**  
7 **educational and related facilities to be owned and operated by San Francisco Day**  
8 **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  
12 terms of a Joint Powers Agreement, dated as of June 1, 2006, (“Agreement”), among certain  
13 public 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 Day School (“Borrower”), a California nonprofit public  
17 benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue  
18 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 \$20,000,000 (“Obligations”) to finance the construction, renovation, rehabilitation,  
21 improvement and/or equipping of (a) the Borrower’s educational facilities located at 350  
22 Masonic Avenue, in San Francisco, California 94118, including the addition of 16,500 square  
23 feet of instructional space located at 2130 Golden Gate Avenue, in San Francisco, California  
24 94118, and (b) faculty housing located at 2120-2122 Golden Gate Avenue, in San Francisco,  
25 California 94118 (collectively, “Project”), all of which is and will be owned and operated by,

1 and used in an integrated operation of, the Borrower (or a wholly-owned limited liability  
2 company of the Borrower); and

3 WHEREAS, The Project is located within the boundaries of the City and County of San  
4 Francisco (“City”), which is a member of the Authority; and

5 WHEREAS, Pursuant to Section 147(f) of the Code, and the Treasury Regulations  
6 promulgated thereunder, the issuance of the Obligations by the Authority may qualify for tax  
7 exemption under Section 103 of the Code only if the Obligations are approved by an  
8 “applicable elected representative” of both the governmental unit issuing the Obligations or on  
9 behalf of which the Obligations are to be issued, and a governmental unit having jurisdiction  
10 over the geographic area in which the Project is located, after a public hearing held following  
11 reasonable public notice; and

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

14 WHEREAS, The Authority has requested the Board of Supervisors of the City and  
15 County of San Francisco (“Board”) approve the issuance and sale of the Obligations in order  
16 to satisfy the requirements of Section 147(f) of the Code, and the Treasury Regulations  
17 promulgated thereunder, the Board being an applicable elected representative having  
18 jurisdiction over the geographic area in which the Project is located within the meaning of  
19 Section 147(f) of the Code, and the Treasury Regulations promulgated thereunder; and

20 WHEREAS, On July 2, 2020, the City caused a notice to appear on its website, stating  
21 that a telephonic public hearing with respect to the issuance of the Obligations would be held  
22 by the Office of Public Finance on July 9, 2020; and

23 WHEREAS, The Office of Public Finance of the City has held the public hearing  
24 described above on July 9, 2020, and an opportunity was provided for persons to comment on  
25 the issuance and sale of the Obligations and the plan of financing of the Project; and

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

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

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

10          FURTHER RESOLVED, That the Board, as an applicable elected representative of the  
11 governmental unit on behalf of which the Obligations will be issued and having jurisdiction  
12 over the geographic area in which the Project is or will be located, hereby approves the  
13 issuance of the Obligations by the Authority; it is the purpose and intent of the Board that this  
14 Resolution constitute both “issuer” approval and “host” approval of the issuance of the  
15 Obligations by the City for purposes of Section 147(f) of the Code, and the Treasury  
16 Regulations promulgated thereunder; and, be it

17          FURTHER RESOLVED, That the approval by the Board of the issuance and sale of the  
18 Obligations is neither an approval of the underlying credit issues of the Project nor an  
19 approval of the financial structure of the Obligations, and that the adoption of this Resolution  
20 shall not obligate (i) the City to provide financing to the Borrower for the acquisition,  
21 construction, renovation, rehabilitation, improvement and/or equipping of the Project, or to  
22 issue the Obligations for purposes of such financing or (ii) the City, or any department of the  
23 City, to approve any application or request for, or take any other action in connection with any  
24 environmental, General Plan, zoning or any other permit or other action necessary for the

25   ///

1 construction, renovation, rehabilitation, improvement and/or equipping of the Project; and, be  
2 it

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

5

6 APPROVED AS TO FORM:  
7 Dennis J. Herrera,  
8 City Attorney

8

9 By: /s/ Mark D. Blake  
10 Mark D. Blake  
11 Deputy City Attorney

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

Ben Rosenfield  
Controller  
Todd Rydstrom  
Deputy Controller

**AFFIDAVIT OF PUBLICATION ON CITY WEBSITE**

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[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>

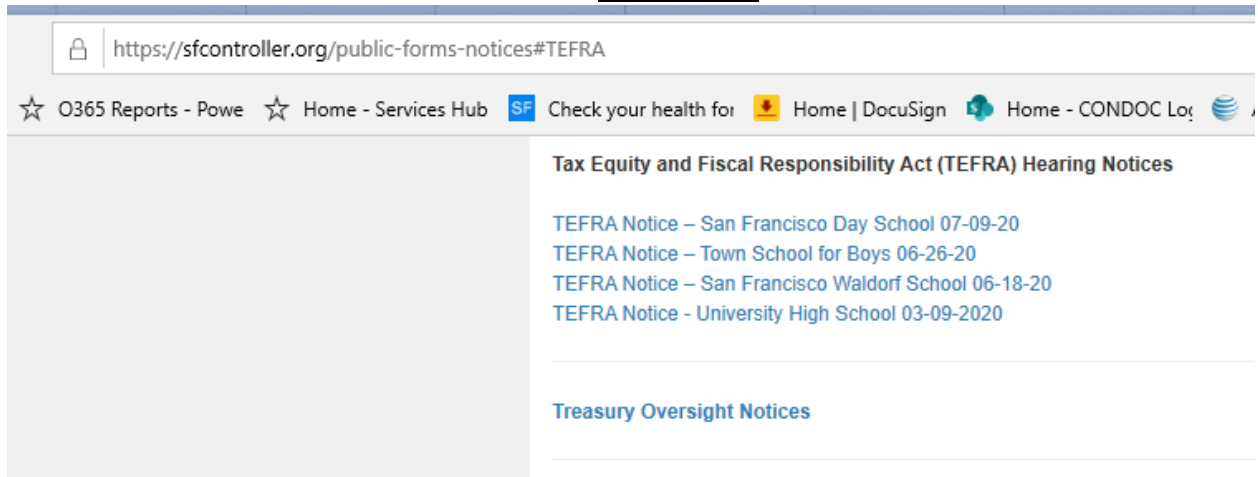
The Notice was posted on [7/2/2020], and was maintained continuously on the website until [7/9/2020]. A copy of a screen shot of the notice is attached as Exhibit A.

Executed on [7/10/2020] in San Francisco, California.

[signed]

[Larry Wolfson]

## 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 OF CERTAIN  
FACILITIES FROM THE ISSUANCE OF TAX-EXEMPT  
OBLIGATIONS**

NOTICE IS HEREBY GIVEN that at 1:30 p.m. on Thursday, July 9, 2020, a telephonic public hearing (“Public Hearing”) will be held by the City and County of San Francisco’s Office of Public Finance 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 Twenty Million Dollars (\$20,000,000), 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.

The Public Hearing will be accessible by telephonic access only. The Office of Public Finance will open the hearing promptly at 1:30 p.m. and close the hearing at 1:40 p.m., unless additional time is needed to ensure that all public comments are received. The toll-free number and access code for the Public Hearing are as follows:

**Toll Free Number: 1-877-402-9753**

**Access Code: 8883457**

Proceeds of the Obligations will be loaned by a financial institution to the Authority, which will simultaneously loan such proceeds to San Francisco Day 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: (i) to finance the construction, renovation, rehabilitation, improvement and/or equipping of (a) its educational facilities located at 350 Masonic Avenue, in San Francisco, California 94118, including the addition of 16,500 square feet of instructional space located at 2130 Golden Gate Avenue, in San Francisco, California 94118, and (b) faculty housing located at 2120-2122 Golden Gate Avenue, in San Francisco, California 94118 (collectively, the “Project”), and (ii) to 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 nature or location of the Project, or the plan of financing for the Project, may dial into the Public Hearing, using the toll-free number and access code set forth above, or 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](mailto:PublicFinance@sfgov.org).

Date: July 1, 2020

CITY AND COUNTY OF SAN FRANCISCO



# 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 20, 2020

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 (the "Bonds") by the California Enterprise Development Authority (the "Authority") on behalf of San Francisco Day 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, July 21, 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 Thursday, July 9, 2020, notice of which was published on the City's public notices page on July 2, 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 Bonds will be issued in an aggregate principal amount not to exceed \$20 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

San Francisco Day School was opened in 1981 by a committed group of parents who felt that San Francisco needed and would benefit from a co-educational school that understood, recognized, and embraced the unique potential and character of every student. Since its inception, San Francisco Day School has grounded students in the foundational skills of literacy, complex communications, number sense, and the ability to compute and calculate. The school equally embraces artistic interpretation and expression - musically, visually, and theatrically. Movement, exercise, and athletics are essential elements of the overall educational experience at San Francisco Day School, as well as service learning, travel opportunities to diverse cultures, and experiences in the outdoors and nature. The school has an enrollment of approximately 400 students enrolled in Kindergarten through 8<sup>th</sup> grade.

### The Project

The Borrower intends to use the proceeds of the Obligations for the following purposes: (i) to finance the construction, renovation, rehabilitation, improvement and/or equipping of (a) its educational facilities located at 350 Masonic Avenue, in San Francisco, California 94118, including the addition of 16,500 square feet of instructional space located at 2130 Golden Gate Avenue, in San Francisco, California 94118, and (b) faculty

housing located at 2120-2122 Golden Gate Avenue, in San Francisco, California 94118 (collectively, 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 Bonds in an amount not to exceed \$20 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 [vishal.trivedi@sfgov.org](mailto:vishal.trivedi@sfgov.org) or by telephone at (415) 554-4862 if you any questions or require additional information. Thank you.

Sincerely,

Vishal Trivedi

Financial Analyst  
Controller’s Office of Public Finance

# 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

**From:** [Smeallie, Kyle \(BOS\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Preston, Dean \(BOS\)](#); [Trivedi, Vishal \(CON\)](#)  
**Subject:** Legislation for Introduction Today - SF Day School TEFRA Resolution  
**Date:** Tuesday, September 1, 2020 3:04:37 PM  
**Attachments:** [SF Day School TEFRA Resolution 01464221.docx](#)  
[SF Day School TEFRA Resolution 01464221.pdf](#)  
[Supervisor Letter - SF Day School 072020.pdf](#)  
[TEFRA Notice SF Day School 07-09-2020.pdf](#)  
[TEFRA Affidavit of Publication on City Website - SF Day School signed 07102020.pdf](#)  
[Introduction Form - Day School TEFRA Resolution.pdf](#)

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Good afternoon,

Attached please find a resolution to be introduced today by Supervisor Preston. I have attached the Introduction Form, and copied Supervisor Preston here, to indicate his approval.

Please let me know if anything further is needed from our office at this time.

Thank you!

—

**Kyle Smeallie**

**Legislative Aide**, District 5 Supervisor Dean Preston

**Office:** 415.554.6783

**Cell:** 571.334.2814

**Pronouns:** He / His / Him