

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)
CONDUIT 501 (c)(3) REVENUE BOND FINANCING**

STAFF REPORT

EXECUTIVE SUMMARY	
Applicant:	San Francisco AIDS Foundation (“SFAF” or “Borrower”)
Par Amount Requested:	Not to exceed \$13,000,000
Applicant Description:	Founded in 1984, SFAF is a California 501(c)(3) nonprofit public benefit corporation promoting health, wellness, and social justice for communities most impacted by HIV, through sexual health and substance use services, advocacy, and community partnerships.
Type of Financing:	Conduit Tax-Exempt and/or Taxable Fixed Rate Bonds (“Bonds”)
Project Description:	The Borrower is requesting that IBank issue Bonds to: (i) finance the acquisition, construction and equipping of real property intended to serve as SFAF’s headquarters (collectively, the “Building”); and (ii) pay costs of issuance and other costs (collectively, the “Project”).
Potential Project Sites:	<u>San Francisco County</u> 940 Howard Street, San Francisco, CA 94103
Plan of Finance:	IBank will lend the proceeds of the Bonds to the Borrower to finance, refinance, and/or reimburse the Borrower for all or a portion of the costs of the Project.
Type of Issue:	Private Placement
Tax Status:	Tax-Exempt and/or Taxable
Expected Maturity Date:	August 1, 2054
Credit Enhancement:	None
Credit Rating:	None
IBank Fees¹:	Application Fee \$5,000; Issuance Fee \$21, 500; Annual Fee \$1,950
STO Fee:	\$6,500, To be paid directly to STO.

SOURCES AND USES			
Estimated Sources Funds:		Estimated Uses Funds:	
Tax-Exempt and/or Taxable Bonds Proceeds	\$12,500,000	Land & Building Acquisition	\$12,500,000
Borrower’s Contribution	\$300,000	Costs of Issuance	\$300,000
TOTAL SOURCES	\$12,800,000	TOTAL USES	\$12,800,000

¹ IBank Issuance Fee and Annual Fee are subject to change. The current amounts are based on the NTE amount.

FINANCING TEAM	
Bond Counsel:	Hawkins Delafield & Wood LLP
Private Placement Agent:	Bank of America N.A.
Bank Counsel:	Kutak Rock LLP
Trustee:	UMB Bank
Financial Advisor:	Raymond James & Associates, Inc.
Agent-for-Sale:	None
Public Benefits:	The building acquisition will result in approximately \$2 million in annual lease cost savings to the Borrower, from their prior leased space. The Project will also provide SFAF a permanent home with adequate growth space for the future and permit the borrower to continue its mission and program services.
Date of Board Meeting:	7/24/2024
Resolution Number:	24-10
Prepared by:	Dalibor Zivkovic
Date Prepared:	July 1, 2024
Staff Recommendation:	Staff recommends approval of Resolution 24-10 authorizing the issuance of conduit Tax-exempt and/or Taxable Fixed Rate Bonds in an amount not to exceed \$13,000,000 for the benefit of San Francisco AIDS Foundation.

BACKGROUND AND HISTORY

San Francisco AIDS Foundation was founded in 1984 to promote health, wellness, and social justice for communities most impacted by HIV, through sexual health and substance use services, advocacy, and community partnerships. SFAF collaborates with federal, state, and local governments, generating SFAF's government revenue of approximately \$19 million in the fiscal year ending June 30, 2023. The large majority of SFAF's government contracts are multiyear, often with 10-year contract terms. SFAF's largest government funders include San Francisco Department of Public Health, the Centers for Disease Control, the California Department of Health, and the Substance Abuse and Mental Health Services Administration.

SFAF hopes to end the transmission of HIV and to ensure all people living with HIV/AIDS have access to proper care by combining innovative, evidence-based programs for HIV prevention and care with policy initiatives focused on issues ranging from harm reduction to total health and wellness. SFAF offers an array of client programs and services, public policy advocacy, public information dissemination, and education initiatives. SFAF works in association with partners in local, state, and federal government as well as clinical and research scientists, community organizations, and people living with HIV/AIDS.

SFAF currently has 215 employees, consisting of 174 full time, 5 part time, 25 per diem and 11 paid interns.

The Borrower is listed in Good Standing with the California Secretary of State, as of July 1, 2024.

Current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower is requesting that IBank issue Bonds to (i) finance or refinance the acquisition, construction and equipping of real property located at 940 Howard Street, San Francisco, California, consisting of a commercial office building of approximately 28,711 square feet with associated land, together with certain equipment and furnishings functionally related and subordinate thereto, and (ii) to pay costs of issuance and other costs related to the issuance of the Bonds.

Acquisition of Existing Facility:

The new headquarters building is on an 11,011 square feet parcel, located between 5th and 6th street directly adjacent to the new 5M project. The SFAF in conjunction with their real estate advisor, SAVILLS, negotiated a lease with purchase option in early 2024 with the intent to purchase the Building. The SFAF could secure the building purchase price option for \$12.5 million (\$435/sq. ft.), which is lower than the seller's initial asking price. SFAF has spent approximately \$2.0 – \$2.5 million from SFAF equity on interior renovation and rehabilitation of the Building. The Building is fully permitted and occupied by SFAF at this time.

(See Appendix B--Project Photos)

FINANCING STRUCTURE

IBank Term Sheet San Francisco AIDS Foundation Board Meeting Date: 7/24/2024

Par Amount:	Not to exceed \$13,000,000; in one or more tax-exempt and/or taxable series.
Type of Offering:	Private Placement.
Lender:	Bank of America N.A., or a related entity.
Credit Enhancement:	None.
Expected Credit Rating:	Unrated.
Interest Rate:	Multi-Modal. Initial interest rate period expected to be a fixed interest rate not to exceed 5.75% per annum.
Maturity*:	Not to exceed August 1, 2054
Collateral:	The Borrower's loan repayments will be secured by the Trust Estate.
Expected Closing Date*:	August 17, 2024
Conduit Transaction:	The Bonds are special, limited obligations of IBank payable solely from payments made by the Borrower under the Transaction Documents, and IBank shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of IBank for all or any portion of payment to be made pursuant to the Bonds.

*Please note that Interest Rate and Expected Closing Date are subject to change.

Financing Structure

The Bonds will be directly purchased by Bank of America pursuant to a Bond Purchase Agreement and loaned to the Borrower pursuant to a Loan Agreement. The Bonds will be secured and issued pursuant to an Indenture of Trust. The Bonds will be issued pursuant to the Section 145 of the Internal Revenue Code of 1986 (Code). The Bonds will be multi-model, with an initial fixed interest rate period. The repayments are expected to be monthly principal and interest payments based on the terms stated in the Loan Agreement, commencing on August 1, 2024.

The Bonds will have multiple Authorized Denominations (A.D.). During any Short-Term or Medium-Term or Index Interest Rate Period will be \$100,000 and multiples of \$5,000 in excess thereof. During any Fixed Rate Period, A.D. will be \$5,000 and integral multiples thereof. The Bonds converted to the Fixed rate Period with \$5,000 minimum denomination, would have to be rated. During any Direct Purchase Period, regardless of the Rate Period, A.D. will be \$250,000 and multiples of \$0.01 in excess thereof or, if less, the Principal Amount. Transfer of the Bonds, if the Bonds are held under the Book entry System, will be pursuant to the rules and procedures of the Securities Depository. During the Direct Purchase Period, the Bonds may only be transferred in Authorized Denominations to a Sophisticated Investor. Sophisticated Investor means qualified institutional buyers ("QIBs") within the meaning of S.E.C. Rule 144A(a), or accredited institutional investor ("AI") within the meaning of S.E.C. Rule 501(a) promulgated under the Securities Act of 1933 and they may be transferred in whole or in part.

Under the Indenture, the Bonds will be secured by the trust estate, which will consist principally of loan repayments to be made by SFAF. Under the Loan Agreement, the Borrower's obligation to make loan repayments will be an unsecured general obligation of SFAF.

Upon issuance of the Bonds and during the Direct Purchase Period, there will be no Debt Service Reserve Fund ("DSRF"). The Borrower may establish DSRF in connection with a subsequent Rate Period.

Limited Obligations of IBank

The Bonds are payable solely from and secured solely by the pledge of the Borrower's payments under the transaction documents. Neither IBank; nor any of the members of its Board of Directors; nor any of its officers or employees; nor any person executing the transaction documents on behalf of IBank shall be personally liable for the Bonds or subject to any personal liability or accountability by reason of the execution thereof. The Bonds are limited obligations of IBank and are not a pledge of the faith and credit of IBank or the State of California or any of its political subdivisions.

PUBLIC BENEFITS

The San Francisco AIDS Foundation provides services, community, and spaces for people of all ages, races, ethnicities, immigration status, HIV status, and gender identity. SFAF offers services in locations around San Francisco, including Strut, the SFAF Health & Wellness Center in the Castro; the 6th Street Harm Reduction Center in the SoMa/Tenderloin neighborhood; the SFAF's current headquarters at 940 Howard Street; the mobile testing unit; and several satellite and pop-up sites around the city.

The SFAF's principal programs and activities offered for HIV prevention, testing, care, education, and advocacy for the fiscal year ending June 30, 2024, include:

Sexual Health Services

For people and communities affected by HIV can receive HIV testing, STI screening and treatment. The services include pre-exposure prophylaxis (PrEP) which have helped thousands gain access to effective prevention tools and enroll in various public programs.

Substance and Behavioral Health Services

For education, counseling, and mental health services on issues such as opiate overdose prevention training, HIV testing, and hepatitis C testing.

Linkage and Retention Services and Social Support Services

Services for people living with HIV to have access to health care services, housing and public benefits. SFAF Health Navigation program and two Centers of Excellence link people living with HIV to crucial medical and social services. The Housing and Benefits program provides housing assistance and financial benefits counseling to San Franciscans living with HIV. The distinct social support programs engage long-term HIV survivors and those newly diagnosed, as well as transgender individuals, African American men who have sex with men, and the Latino community. Through these programs, participants attend workshops, social events, and support groups where they learn about risk reduction and treatment adherence.

Harm Reduction Services

SFAF operates a Harm Reduction Center which is a place of welcome and a pathway to improved health and healing. Located in the Tenderloin/SoMa neighborhood, the Harm Reduction Center provides health services and supplies that help people who inject drugs manage their health, prevent overdose, and stop HIV and hepatitis C transmission.

Policy and Public Education

Working in coalitions with other HIV and AIDS organizations, the policy team advocates for the HIV community in San Francisco, Sacramento, and Washington, DC. SFAF's public education resources – including Beta blog, the e-mailed newsletter Status, the websites sfaf.org, prepfacts.org and tweaker.org – provide readers with the latest information about HIV testing, treatment, and care.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required? No	If Yes, Describe: N/A
TEFRA	
Date of TEFRA Publication: 7/15/2024	Publications: IBank Website, https://ibank.ca.gov
Date of TEFRA Hearing: 7/23/2024	Oral/Written Comment: No, If yes explain: None
ELIGIBILITY REVIEW	
Applicant meets all the IBank eligibility criteria? Yes or No Yes	<ol style="list-style-type: none"> 1. Project is in the State of California 2. The Borrower is capable of meeting the obligations incurred under relevant agreements. 3. Payments to be made by the Borrower to IBank under the proposed financing agreements are adequate to pay the current expenses of IBank in connection with the financing and to make all the scheduled payments. 4. The proposed financing is appropriate for the Project.
INDUCEMENT CERTIFICATE	
Completed? N/A	Certificate Number: _____ Date: _____

RECOMMENDATION

Staff recommends approval of Resolution 24-10 authorizing the issuance of conduit Tax-exempt and/or Taxable Fixed Rate Bonds in an amount not to exceed \$13,000,000 for the benefit of San Francisco AIDS Foundation.

APPENDIX A: GOVERNANCE AND MANAGEMENT

BOARD MEMBERS	
Manny Nungaray, Board Chair	Chief Development Officer YMCA of the East Bay San Francisco, CA
Frank Duff, MD, Board Secretary	Sr. Vice President, Virology Clinical Development Gilead Sciences San Francisco, CA
Rahul Awasthy, Member	Director San Francisco, CA
Sandeep Bhadra, Member	General Partner Vertex Ventures US San Francisco, CA
Emanuel Campos, Member	Fair & Responsible Banking J.P. Morgan San Francisco, CA
Colin Frankland, Member	Sr. Sales Leader LinkedIn San Francisco, CA
Philip Hodges, Member	Managing Director Blackrock San Francisco, CA
Kenneth Katz, MD, Member	Dermatologist Kaiser Permanente San Francisco, CA
Jonathan Millard, Member	Sr. Vice President & Market Leader Bank of America San Francisco, CA
Megan Minkiewicz, Member	Director of Global Partner Programs Pure Storage Powell Butte, OR
Joshua Morgan, Member	Executive Director & Client Advisor J.P. Morgan Orinda, CA
Murti Nemat Ali, Member	Sr. Director, Product Design Walmart New York, NY
Katrina Reid, Member	Sr. Director TPM Cribl San Francisco, CA
Davis Reyes, Member	Product Growth Lead Adobe San Francisco, CA
Hoa Su, Member	Manager, National Clinician Consultation Center UCSF San Francisco, CA
La Shon Walker, Member	Vice President of Community Relations FivePoint Communities San Francisco, CA

OFFICERS	
Tyler TerMeer, PhD	Chief Executive Officer
Douglas Black	Chief Financial Officer
Peter Parisot	Chief Legal Counsel
Ben Cabangun	Chief of Staff
Brenda Kiner	Chief Program Officer

San Francisco AIDS Foundation has provided IBank with a copy of their Conflict-of-Interest Policy.

940 HOWARD STREET

FLOOR PLAN

Second Floor +/- 12,328 Square Feet

Ground Floor +/- 12,393 Square Feet

Lower Floor +/- 3,790 Square Feet

