



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 28, 2018

Supervisor Jane Kim
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 Kim:

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 Municipal Finance Authority (the "Authority") on behalf of California Institute of Integral Studies, 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, October 2, 2018.

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 Friday, September 28, 2018, notice of which was published in the *San Francisco Chronicle* on September 14, 2018. 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 \$21 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

California Institute of Integral Studies (CIIS) is an accredited university with an enrollment (as of 2016) of nearly 1500 graduate and undergraduate students. CIIS expands the boundaries of traditional degree programs with transdisciplinary, cross-cultural, and applied studies utilizing face-to-face, hybrid, and online pedagogical approaches. CIIS was founded in 1968 by Dr. Haridas Chaudhuri as an educational branch of the Cultural Integration Fellowship, a non-profit, non-denominational religious and educational organization that promotes multicultural understanding and harmony, universal religion and creative self-development. CIIS's original emphasis on Asian religions and cultures has evolved to include comparative and cross-cultural studies in philosophy, religion, psychology, counseling, cultural anthropology, organizational studies, health studies, and the arts, as well as a bachelor's degree completion program.

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 educational facilities located at 1453 Mission Street, within the City and County of San Francisco (the "City"), owned and managed by the Borrower, in connection with the provision of educational and other services in the City, including the instruction of students enrolled

in its undergraduate and graduate degree programs, (ii) finance additional improvements to and equipping and maintenance of such facilities, including but not limited to building waterproofing, seismic upgrades and other campus improvements and maintenance, (iii) finance improvements to and equipping and maintenance of certain other facilities leased, occupied and operated by the Borrower for the provision of counseling services to residents of the City, which facilities are located at 312 Sutter Street, San Francisco, California 94108, (iv) pay capitalized interest on the Bonds and (v) pay certain expenses incurred in connection with the issuance of the Bonds (collectively, the "Project"). The Project is located in the City and County of San Francisco, at 1453 Mission Street, San Francisco, California 94103 and at 312 Sutter Street, San Francisco, California 94108.

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Bonds in an amount not to exceed \$21 million. Bond Counsel on the transaction is Squire Patton Boggs 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