



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

June 21, 2022

Supervisor Matt Dorsey
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 Dorsey:

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 "Obligation") by the California Statewide Communities Development Authority (the "Authority") on behalf of California College of the Arts, a California nonprofit corporation (the "Corporation"), to finance and/or refinance certain capital facilities owned and operated by the Corporation as summarized below. I respectfully request introduction of the resolution at the meeting of the Board of Supervisors on Tuesday, June 28, 2022.

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, June 9, 2022, notice of which was published on the City's Public Notices website on May 31, 2022. 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 \$100 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 College of the Arts (CCA) was founded in 1907 by Frederick Meyer to provide an education for artists and designers that would integrate both theory and practice in the arts. Meyer's vision continues to the present day. CCA educates students to shape culture and society through the practice and critical study of art, architecture, design, and writing. Benefitting from its San Francisco Bay Area location, the college prepares students for lifelong creative work by cultivating innovation, community engagement, and social and environmental responsibility. CCA is a nonprofit coeducational institution with two Bay Area campuses and an enrollment of 1,239 undergraduate and 380 graduate students, with 23 undergraduate majors and 11 graduate programs offered within the core disciplines of fine arts, architecture, design, and humanities & sciences. The San Francisco campus is located in the Potrero Hill neighborhood, next to the city's design district.

The Project

The proceeds from the sale of the Bonds will be loaned to the Borrower for the following purposes: (i) finance or refinance the construction, acquisition, improvement, capital maintenance, equipment acquisition and other related capital expenditures at the Corporation's facilities located at 1111 Eighth Street, San Francisco, California; and (ii) pay various costs of issuance and other costs related to the Obligation (collectively, the "Project").

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Obligation in an amount not to exceed \$40 million. Bond counsel on the transaction is Hawkins Delafield & Wood 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 Obligation 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

Office of Public Finance