

1 [Issuance and Sale of Revenue Obligations - California Enterprise Development Authority -
2 The San Francisco Conservatory of Music - Not to Exceed \$125,000,000]

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 \$125,000,000 to finance or**
6 **refinance the acquisition, construction, installation, rehabilitation, equipping, and/or**
7 **furnishing, of educational and related facilities to be owned and operated by The San**
8 **Francisco Conservatory of Music, a California nonprofit public benefit corporation.**

9
10 WHEREAS, The California Enterprise Development Authority (the "Authority") is
11 authorized pursuant to the provisions of California Government Code, Section 6500 et seq.
12 and the terms of a Joint Powers Agreement, dated as of June 1, 2006 (the "Agreement"),
13 among certain public agencies throughout the State of California, to issue revenue bonds and
14 other forms of indebtedness to assist nonprofit corporations to obtain tax-exempt financing for
15 appropriate projects and purposes; and

16 WHEREAS, The San Francisco Conservatory of Music (the "Borrower"), a California
17 nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the
18 Internal Revenue Code of 1986, as amended (the "Code"), has requested that the Authority
19 issue revenue obligations in an aggregate principal amount not to exceed \$125,000,000 (the
20 "Obligations") to: (i) prepay the \$4,500,000 outstanding principal amount of a taxable loan
21 made to the Borrower in December 2009 by Union Bank, N.A., the proceeds of which
22 refunded certain tax-exempt revenue bonds issued in 2000 by the California Educational
23 Facilities Authority for the benefit of the Borrower for the purpose of financing a portion of the
24 cost of the acquisition of certain real property and construction thereon of certain educational
25 and related facilities located at 50 Oak Street and 70 Oak Street, San Francisco, California

1 94102 (the "Oak Street Property"), all owned by the Borrower, (ii) finance and refinance,
2 and/or reimburse the Borrower for, capital expenditures relating to the acquisition of certain
3 real property and the construction thereon of a new 12-story, approximately 170,000-square-
4 foot, mixed-use building, which will include, among other things, educational, residential,
5 administrative, performance and/or retail facilities, to be located on or about the northeast
6 corner of Van Ness Avenue and Hayes Street, San Francisco, California, 94102 (the "Van
7 Ness Property," and, together with the Oak Street Property, the "Project"), all owned or to be
8 owned by the Borrower, and (iii) pay various transaction costs, prepayment costs, if
9 applicable, and other related costs; and

10 WHEREAS, The Project is located within the City and County of San Francisco (the
11 "City"), which is a member of the Authority; and

12 WHEREAS, Pursuant to Section 147(f) of the Code, the issuance of the Obligations by
13 the Authority may qualify for tax exemption under Section 103 of the Code only if the
14 Obligations are approved by the "applicable elected representative" of both the governmental
15 unit issuing the Obligations or on behalf of which the Obligations are to be issued, and a
16 governmental unit having jurisdiction over the area in which the Project is located after a
17 public hearing held following reasonable public notice; and

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

20 WHEREAS, The Authority has requested the Board of Supervisors of the City and
21 County of San Francisco (the "Board") to approve the issuance and sale of the Obligations in
22 order to satisfy the requirements of Section 147(f) of the Code, the Board being the applicable
23 elected representative having jurisdiction over the area in which the Project is located within
24 the meaning of Section 147(f) of the Code; and

25

1 WHEREAS, On April 5, 2018, the City caused a notice to appear in the *San Francisco*
2 *Chronicle*, which is a newspaper of general circulation in the City, stating that a public hearing
3 with respect to the issuance of the Obligations would be held by the Office of Public Finance
4 on April 20, 2018; and

5 WHEREAS, The Office of Public Finance of the City held the public hearing described
6 above on April 20, 2018, and an opportunity was provided for persons to comment on the
7 issuance and sale of the Obligations and the plan of financing and refinancing of the Project;
8 and

9 WHEREAS, The Obligations will be limited obligations of the Authority, payable solely
10 from and secured solely by amounts received from or on behalf of the Borrower, and will not
11 constitute an indebtedness or obligation, or a pledge of the faith and credit of, the City or the
12 Authority, except to the limited extent described herein; and

13 WHEREAS, It is intended that this Resolution shall constitute approval of the issuance
14 of the Obligations for purposes of Section 147(f) of the Code; now, therefore, be it

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

17 FURTHER RESOLVED, That the Board, as the applicable elected representative of the
18 governmental unit on behalf of which the Obligations will be issued and having jurisdiction
19 over the area in which the Project is or will be located, hereby approves the issuance of the
20 Obligations by the Authority. It is the purpose and intent of the Board that this Resolution
21 constitutes “issuer” approval and “host” approval of the issuance of the Obligations by the City
22 for purposes of Section 147(f) of the Code; and, be it

23 FURTHER RESOLVED, That the approval by the Board of the issuance and sale of the
24 Obligations is neither an approval of the underlying credit issues of the Project nor an
25 approval of the financial structure of the Obligations, and that the adoption of this Resolution

1 shall not obligate (i) the City to provide financing to the Borrower for the acquisition,
2 construction, installation, rehabilitation, equipping and/or furnishing of the Project or to issue
3 the Obligations for purposes of such financing or (ii) the City, or any department of the City, to
4 approve any application or request for, or take any other action in connection with any
5 environmental, General Plan, zoning or any other permit or other action necessary for the
6 acquisition, construction, equipping or furnishing of the Project; and, be it

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

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10 APPROVED AS TO FORM:
11 Dennis J. Herrera,
12 City Attorney

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14 By: _____
15 Mark D. Blake
16 Deputy City Attorney
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