



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

November 24, 2021

Supervisor Aaron Peskin
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 Peskin:

Thank you for agreeing to introduce the Board of Supervisors resolution approving, for the purposes of the Internal Revenue Code, the proposed issuance of qualified 501(c)(3) bonds ("Obligations") by the California Statewide Communities Development Authority ("Issuer") on behalf of Chinese Hospital Association ("Association") to finance and/or refinance certain capital improvements to health care facilities owned and operated by the Association as summarized below. I respectfully request introduction of the resolution at the meeting of the Board of Supervisors on Tuesday, November 30, 2021.

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 Tuesday, November 23, 2021, notice of which was published on the City's public notices page on November 16, 2021. No public comments were heard or received through the public hearing process, but any comments received timely by the Office of Public Finance will be forwarded to the relevant Board Committee for consideration when this item is heard. The action by the Board will acknowledge that the hearing was duly held and that the financing is proceeding. I have performed a limited due diligence review of information pertaining to the proposed financing that I have summarized below.

The Borrower

The Tung Wah Dispensary was established in 1899 to provide health care services to the underserved Chinese community who faced discrimination and limited access to public services. The dispensary was staffed by both Western trained physicians and Chinese herbalists. In 1923, following the destruction of the 1906 earthquake and fire, fifteen community organizations rallied to form the Chinese Hospital Association, a new non-profit public benefit corporation. Members of the Board of Trustees raised funds to construct a new facility with expanded services. In 1925, Chinese Hospital opened its doors at 835 Jackson Street, becoming the first and only institution of its kind in the country.

Chinese Hospital is a community-owned, not-for-profit organization which exists primarily to deliver quality health care in a cost-effective way, responsive to the community's ethnic and cultural uniqueness, providing access to health care and acceptability to all socioeconomic levels. Chinese Hospital is governed by a voluntary Board of Trustees, broadly representative of the community, and strives to assume a leadership role in all health matters.

Chinese Hospital's mission emphasizes these important points:

- Community ownership and responsiveness
- Community leadership
- Cultural uniqueness
- Concern for a broad spectrum of health needs, including but not limited to hospital care.

The Project

The proposed issuance is by the California Statewide Communities Development Authority (“Issuer”) of qualified 501(c)(3) bonds, as defined in Section 145 of the Code, in an amount not to exceed \$45,000,000 (“Obligations”), in one or more series. The Obligations will be purchased by a financial institution, and the Issuer will use such proceeds to provide financing for the Chinese Hospital Association, pursuant to an Assessment Contract (“Assessment Contract”), and will be repaid entirely from payments by the Association. The Association intends to use the proceeds of the Obligations, together with other funds of the Association: (i) to refinance the acquisition, construction and installation of seismic strengthening improvements and other authorized improvements in certain health care facilities located at 835-845 Jackson Street, San Francisco, California 94133 (“Project”), and (ii) to pay various transaction costs and related costs.

The Project will be owned and operated by, and used in an integrated operation of, the Association (or a wholly-owned limited liability company of the Association).

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Obligations in an amount not to exceed \$45 million. Bond Counsel on the transaction is Jones Hall.

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 have any questions or require additional information. Thank you.

Sincerely,

Vishal Trivedi
Bond Analyst, Office of Public Finance