

File No. 220770

Committee Item No. 6

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date July 20, 2022

Board of Supervisors Meeting Date \_\_\_\_\_

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- \_\_\_\_\_
- \_\_\_\_\_

Completed by: Brent Jalipa Date July 14, 2022

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Issuance of Bonds - California College of the Arts - Not to Exceed \$40,000,000]

2

3 **Resolution approving in accordance with Section 147(f) of the Internal Revenue Code,**  
4 **the issuance of tax-exempt obligations by the California Statewide Communities**  
5 **Development Authority in an aggregate principal amount not to exceed \$40,000,000 to**  
6 **finance and/or refinance various capital facilities to be owned and/or operated by**  
7 **California College of the Arts.**

8

9 WHEREAS, California College of the Arts, a California nonprofit corporation  
10 (“Corporation”), has requested that the California Statewide Communities Development  
11 Authority, a joint exercise of powers agency established pursuant to the laws of the State of  
12 California, or other conduit issuer (“Authority”), issue from time to time tax-exempt obligations  
13 (“Obligation”), in an aggregate principal amount not expected to exceed \$40,000,000 for the  
14 purpose of making one or more loans (collectively, the “Loan”) to the Corporation, pursuant to  
15 a plan of financing for various capital facilities as more fully described below; and

16 WHEREAS, The City and County of San Francisco (“City”) is a member of the Authority  
17 and has entered into that certain Amended and Restated Joint Exercise of Powers Agreement  
18 relating to the Authority, dated as of June 1, 1988 (“Agreement”), among certain local  
19 agencies, including the City; and

20 WHEREAS, The Corporation expects to use the proceeds of the Loan to: (1) finance or  
21 refinance the construction, acquisition, improvement, capital maintenance, equipment  
22 acquisition and other related capital expenditures at the Corporation’s facilities located at  
23 1111 Eighth Street, San Francisco, California; and (2) pay various costs of issuance and other  
24 costs related to the Obligation (collectively, the “Project”); and

25

1           WHEREAS, The issuance of the Obligation shall be subject to the approval of and  
2 execution by the Authority of all financing documents relating thereto to which the Authority is  
3 a party and subject to the issuance of the Obligation by the Authority; and

4           WHEREAS, All or a portion of the Project is and will be located within the City; and

5           WHEREAS, The interest on the Obligation may qualify for tax exemption under Section  
6 103 of the Internal Revenue Code of 1986, as amended (“Code”) only if the Obligation is  
7 approved in accordance with Section 147(f) of the Code; and

8           WHEREAS, The Board of Supervisors of the City (“Board”) is the elected legislative  
9 body of the City and is the applicable elected representative required to approve the issuance  
10 of the Obligation within the meaning of Section 147(f) of the Code; and

11           WHEREAS, The Authority has requested the Board to approve the issuance of the  
12 Obligation in order to satisfy the public approval requirements of Section 147(f) of the Code,  
13 and the requirements of Section 9 of the Agreement; and

14           WHEREAS, For seven consecutive days commencing May 31, 2022, the City caused a  
15 notice to appear on its web site stating that a public hearing with respect to the issuance of  
16 the Obligation would be held by the City’s Office of Public Finance on June 9, 2022; and

17           WHEREAS, The Office of Public Finance held the public hearing described above on  
18 June 9, 2022, and an opportunity was provided for persons to comment on the issuance of the  
19 Obligation and the financing and refinancing of the Project; now, therefore be it

20           RESOLVED, That this Board hereby finds and declares the above recitals are true and  
21 correct; and, be it

22           FURTHER RESOLVED, That this Board hereby approves the issuance of the  
23 Obligation by the Authority; and, be it

24           FURTHER RESOLVED, That it is the purpose and intent of this Board that this  
25 Resolution constitutes (a) approval of the issuance of the Obligation by the applicable elected

1 representative of the governmental unit having jurisdiction over the area in which the Project  
2 is located for the purposes of and in accordance with Section 147(f) of the Code, and (b)  
3 approval of the Obligation for purposes of Section 9 of the Agreement; and, be it

4 FURTHER RESOLVED, That the approval of the issuance of the Obligation by the City  
5 is neither an approval of the underlying credit issues of the proposed Project nor an approval  
6 of the financial structure of the Obligation; and, be it

7 FURTHER RESOLVED, That the Obligation shall not constitute a debt or obligation of  
8 the City and the payment of the principal, prepayment premium, if any, and purchase price of  
9 and interest on the Obligation shall be solely the responsibility of the Corporation; and, be it

10 FURTHER RESOLVED, That adoption of this Resolution shall not obligate (i) the City  
11 to provide financing to the Corporation for the acquisition, rehabilitation and development of  
12 the Project or to issue the Obligation for purposes of such financing; or (ii) the City, or any  
13 department of the City, to approve any application or request for, or take any other action in  
14 connection with, any environmental, General Plan, zoning or any other permit or other  
15 regulatory action sought in connection with the Project; and, be it

16 FURTHER RESOLVED, That this Resolution shall take effect immediately upon its  
17 adoption.

18 APPROVED AS TO FORM:  
19 DAVID CHIU, City Attorney

20 By: /s/MARK D. BLAKE  
21 MARK D. BLAKE  
22 Deputy City Attorney

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24  
25



# 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



**OFFICE OF THE CONTROLLER**  
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

**AFFIDAVIT OF PUBLICATION ON CITY WEBSITE**

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Peter Trinh, the undersigned, hereby certifies that the attached Notice of TEFRA Hearing (Notice) was published on the Public Forms & Notices page maintained by the Controller's Office at the following Web address:

<https://sfcontroller.org/public-forms-notices#TEFRA>

The TEFRA section of the Controller's Public Forms & Notices page is listed on the City's primary public website for Public Notices at the following web address:

<https://sfgov.org/public-notices>

The Notice was posted on 05/31/2022, and was maintained continuously on the website until 06/9/2022. A copy of a screen shot of the notice is attached as Exhibit A.

Executed on \_\_\_\_\_ in San Francisco, California.

*Peter Trinh*

**Peter Trinh**

## Exhibit A – Screen Shots of Posted TEFRA Notice

The screenshot shows a web browser window with the address bar displaying <https://sfcontroller.org/node/72#TEFRA>. The page title is "Tax Equity and Fiscal Responsibility Act (TEFRA) Hearing Notices". The main content area lists the following notices:

- [TEFRA Notice – California College of the Arts 06-09-22](#)
- TEFRA Notice – Progress Foundation 05-18-22
- TEFRA Notice – The Brandeis School 04-08-22
- TEFRA Notice – City & County of San Francisco IRFD No. 1 (Treasure Island) 4-7-22
- TEFRA Notice – National Center for International Schools 11-23-21
- TEFRA Notice – Chinese Hospital Association 11-23-21
- TEFRA Notice – Chinese American International School 08-31-21
- TEFRA Notice – Presidio Hill School 08-19-21
- TEFRA Notice – Hebrew Home for the Aged Disabled 08-16-21
- TEFRA Notice – Front Porch Communities and Services 05-21-21
- TEFRA Notice – Alta Vista School 03-26-21
- TEFRA Notice – Pacific Primary School 09-21-20
- TEFRA Notice – San Francisco Friends School 08-12-20 [RESCHEDULED]
- TEFRA Notice – San Francisco Day School 07-09-20
- TEFRA Notice – Town School for Boys 06-26-20
- TEFRA Notice – San Francisco Waldorf School 06-18-20
- TEFRA Notice - University High School 03-09-2020

At the bottom of the page, there is a footer with the following text: "Office of the Controller | City Hall Room 316, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102 | (415) 554-7500 | [controller@sfgov.org](mailto:controller@sfgov.org) | [311](#) - Service 24x7". Below the footer is the official seal of the City and County of San Francisco.



### 3 | AFFIDAVIT OF PUBLICATION ON CITY WEBSITE

TEFRA notice for CSCDA/Integrat... x +

https://sfcontroller.org/sites/default/files/Public%20Forms%20%26%20Notices/TEFRA%20Notice%20of%20San%20Francisco%29%20--%20California%20College%20of%20the%20Arts%20060922%20vF.pdf

TEFRA notice for CSCDA/Integrated Rolling Co. IDB financing

1 / 2 | 80% + | [ ] [ ]

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**CITY AND COUNTY OF SAN FRANCISCO**

**NOTICE OF PUBLIC HEARING PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, FOR THE FINANCING AND/OR REFINANCING OF CERTAIN FACILITIES FROM THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS**

NOTICE IS HEREBY GIVEN that at 4:00 p.m. on Thursday, June 9, 2022, a public hearing ("Public Hearing") will be held by the City and County of San Francisco Controller's Office of Public Finance with respect to the proposed issuance of tax-exempt obligations ("Obligation") by the California Statewide Communities Development Authority ("Authority") in an aggregate principal amount not to exceed Forty Million Dollars (\$40,000,000), pursuant to a plan of finance for various capital facilities as more fully described below.

The Public Hearing will be held via teleconference, accessible by dialing the following toll-free telephone number, and then entering the access code:

Toll-Free Telephone Number: 1-877-402-9753

Access Code: 8883457#

The teleconference will begin promptly at 4:00 p.m. and the line will be held open until at least 4:10 p.m., at which time the hearing will be concluded unless there are additional public comments to be heard. The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code").

Proceeds of the Obligation will be loaned to California College of the Arts ("Corporation"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code, pursuant to a master loan agreement ("Master Loan Agreement"), by and among First Republic Bank, the Authority and the Corporation. The Corporation expects to use the proceeds of the Obligation to: (1) 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 (2) pay various costs of issuance and other costs related to the Obligation (collectively, the "Project").

The Project is and will be located within the City and is and will be owned and/or operated by the Corporation and used for the exempt purposes thereof.

The Obligation will be paid entirely from payments by the Corporation under the Master Loan Agreement. Neither the full faith and credit nor the taxing power, if any, of the City and County of San Francisco ("City"), the Authority and its members, the State of California ("State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Obligation, nor shall the City, the Authority and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on the Obligation.

Those wishing to comment on the proposed financing of the Project may call the toll-free number to comment at the public hearing as described above, or submit written comments, which must be received prior to the Public Hearing, to the City's Office of Public Finance as follows:

[PublicFinance@sfgov.org](mailto:PublicFinance@sfgov.org)

Date: June 1, 2022

CITY AND COUNTY OF SAN FRANCISCO

**CITY AND COUNTY OF SAN FRANCISCO**

**NOTICE OF PUBLIC HEARING PURSUANT TO SECTION 147(f)  
OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED,  
FOR THE FINANCING AND/OR REFINANCING OF CERTAIN FACILITIES  
FROM THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS**

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The Project is and will be located within the City and is and will be owned and/or operated by the Corporation and used for the exempt purposes thereof.

The Obligation will be paid entirely from payments by the Corporation under the Master Loan Agreement. Neither the full faith and credit nor the taxing power, if any, of the City and County of San Francisco (“City”), the Authority and its members, the State of California (“State”) or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on the Obligation, nor shall the City, the Authority and its members, the State, or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on the Obligation.

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Date: June 1, 2022

CITY AND COUNTY OF SAN FRANCISCO

# Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor  inquiries"
- 5. City Attorney Request.
- 6. Call File No.  from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor: