



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

Anna Van Degna
Director of Public Finance

October 19, 2018

Supervisor Malia Cohen
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 Cohen:

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 Hooper Street LLC, a California limited liability company whose sole member is National Campus and Community Development, a 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 23, 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 Thursday, October 18, 2018, notice of which was published in the *San Francisco Examiner* on October 4, 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 \$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 approximately 1,500 undergraduate and 450 graduate students, offering 22 undergraduate and 13 graduate majors in the areas of fine arts, architecture, design, and writing. 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 the acquisition, construction, furnishing and equipping of an approximately 280-unit, on-campus student housing facility to be located at 188 Hooper Street, San Francisco, California intended to benefit the California College of the Arts ("CCA") and its students, including a food service facility intended to be used by CCA

students, faculty and staff; (ii) fund a debt service reserve fund and capitalized interest, and (iii) pay various costs of issuance and other related costs (collectively, the "Project").

Financing Information

Assuming all required approvals are obtained, the Authority expects to issue the Obligation in an amount not to exceed \$100 million. Bond Counsel on the transaction is Orrick, Herrington & Sutcliffe 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