

STAFF SUMMARY RECOMMENDATION

CALIFORNIA COLLEGE OF THE ARTS

Resolution No. 2015-03

April 27, 2015

PRIOR AMOUNTS APPROVED:	CEFA Series 2001	\$14,500,000
	CEFA Series 2012	\$11,465,000
PRIOR APPROVAL DATES:	June 28, 2001 and April 26, 2012	
LOCATION:	Oakland, CA, Alameda County	

PURPOSE OF AMENDMENTS: California College of the Arts (the “College”) seeks Authority approval of the First Supplemental Loan Agreements in connection with the CEFA Series 2001 bonds and the CEFA Series 2012 bonds to add projects to the authorized project lists.

BACKGROUND: In 2001 and 2012, the Authority issued \$14,500,000 and \$11,465,000, respectively, of revenue bonds for the benefit of the College (together, the “Bonds”). Proceeds of the Bonds were used to, among other things, refinance the costs of acquisition and renovation of educational facilities located at 1515 Webster Street, Oakland, California (the “Webster Building”). The College has determined that the Webster Building is no longer needed and has agreed to sell the Webster Building to WFGP LLC and 1027 A Street LLC. In order to preserve the tax-exempt status of the interest on the Bonds, the College will need to take remedial action with respect to the sale of the Webster Building by utilizing the proceeds from the sale of the Webster Building to finance alternative qualifying projects.

To effect such remedial action, the College has requested that the Authority amend the Series 2001 Loan Agreement and the Series 2012 Loan Agreement to provide for the application of the proceeds of the sale to the alternative qualifying projects.

At this time, the College requests the Authority’s approval to amend the authorized project lists to include additional projects, as identified in Attachment 1.

Environmental Benefits:

The College intends to apply some or all of the amounts received from the sale to finance the acquisition, construction, renovation, planning, improvement and/or equipping of the San Francisco and Oakland Campuses. Among other things, the College is proposing electrical and lighting improvements that will generate energy savings through the implementation of new technologies. These technologies also provide secondary benefits of lower operating costs from longer functional life and lower energy consumptions.

RECOMMENDATION: Staff recommends that the Authority approve the First Supplemental Loan Agreements in connection with the Bonds, subject to all prior provisions and conditions remaining unchanged and in full effect.

ATTACHMENT 1

Projects

The College now intends to sell 1515 Webster and apply some or all of the amounts received from such sale to finance the acquisition, construction, renovation, planning, improvement and/or equipping of some or all of the College's educational facilities located at the Broadway Properties, at the College's campus at 1111 8th Street, 450 Irwin St., 480 Irwin St. and 1100 Seventh St., San Francisco, California, at the College's administrative building at 80 Carolina Street, San Francisco, California, at the College's Graduate Center at 184 Hooper Street, San Francisco, California, at the College's Graduate Writing building at 195 De Haro Street, San Francisco, California, at the College's Wattis Institute for Contemporary Arts at 350-360 Kansas Street, San Francisco, California, at the College's Gallery located at 5241 College Avenue, Oakland, California, at the College's housing facilities at 5270 College Avenue, Oakland, California, at the College's offices at 5217-5223 Broadway Terrace, Oakland, California, at the College's Center for Art and Public Life at 5275 Broadway, Oakland, California, at the College's classrooms and offices at 5301 Broadway, Oakland, California, at the College's studios at 5288 College Avenue, Oakland, California, or at the College's counseling offices at 5299 College Avenue, Oakland, California (collectively, the "New Project"). The amounts received from the sale of 1515 Webster and used to finance costs of the New Project will not exceed \$3,000,000.

RESOLUTION NO. 2015-03

**RESOLUTION OF THE CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
APPROVING CERTAIN FIRST SUPPLEMENTAL LOAN AGREEMENTS IN
CONNECTION WITH BONDS ISSUED IN 2001 AND 2012 FOR THE BENEFIT OF
CALIFORNIA COLLEGE OF THE ARTS**

WHEREAS, the California Educational Facilities Authority (the “Authority”), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Educational Facilities Authority Act (the “Act”) to issue revenue bonds to finance the construction, expansion, remodeling, renovation, furnishing, equipping, and acquisition of educational facilities by participating private colleges (as defined in the Act) located in the State of California (including by reimbursing expenditures made or refinancing indebtedness incurred for such purpose);

WHEREAS, the Authority has issued (i) \$14,490,000 aggregate principal amount of California Educational Facilities Authority Revenue Bonds (California College of Arts and Crafts), Series 2001 (the “2001 Bonds”) and (ii) \$11,465,000 aggregate principal amount of California Educational Facilities Authority Revenue Bonds (California College of the Arts), Series 2012 (the “2012 Bonds” and together with the 2001 Bonds, the “Bonds”) for the benefit of California College of the Arts (the “Borrower”);

WHEREAS, proceeds of the Bonds were used to, among other things, refinance costs of acquisition and renovation of educational facilities located at 1515 Webster Street, Oakland, California (the “Webster Building”);

WHEREAS, the Borrower has determined that the Webster Building is no longer needed to further the purposes of the Borrower and has agreed to sell the Webster Building to outside parties;

WHEREAS, Treasury Regulations § 1.141-12(e) allows the Borrower to take remedial actions to preserve the tax-exempt status of the Bonds by using the amounts received from the sale of the Webster Building (the “Sale”) to finance alternative qualifying projects within two years from the date of the Sale;

WHEREAS, to effectuate such remedial action, the Borrower has requested the Authority amend the (i) Loan Agreement, dated as of August 1, 2001 (the “2001 Loan Agreement”), between the Authority and the Borrower and (ii) Loan Agreement, dated as of October 1, 2012 (the “2012 Loan Agreement”), between the Authority and the Borrower, to provide for the application of the proceeds of the Sale to the alternative qualifying projects;

NOW, THEREFORE, BE IT RESOLVED by the California Educational Facilities Authority as follows:

Section 1. The following documents:

(a) the First Supplemental Loan Agreement (the “2001 First Supplemental Loan Agreement”), between the Authority and Borrower, amending the 2001 Loan Agreement, and

(b) the First Supplemental Loan Agreement (the “2012 First Supplemental Loan Agreement”), between the Authority and the Borrower, amending the 2012 Loan Agreement,

are hereby approved in substantially the respective forms currently on file with the Authority, in each case with such insertions and changes therein consistent with the stated terms of this Resolution as the signatory executing the same, with the advice of the Attorney General of the State of California or such other special counsel to the Authority as the Authority shall designate (the “Authority’s Counsel”), may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. Each officer of the Authority, acting alone, is hereby authorized and directed to perform any ministerial acts, which he or she may deem necessary or advisable in order to consummate the execution and delivery of the 2001 First Supplemental Loan Agreement and the 2012 First Supplemental Loan Agreement and otherwise to effectuate the purposes of this Resolution, the 2001 First Supplemental Loan Agreement and the 2012 First Supplemental Loan Agreement. The Authority hereby authorizes any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation, a tax agreement and any certificates related thereto.

Section 3. The provisions of the Authority’s Resolution No. 2014-03 apply to the documents and actions not specifically approved and/or authorized in this Resolution.

Section 4. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 5. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: _____