

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)  
CONDUIT 501(c)(3) REVENUE BOND FINANCING PROGRAM**

**STAFF REPORT**

**EXECUTIVE SUMMARY**

<b>Applicant:</b>	The California Academy of Sciences ("Borrower" or "Academy")	<b>Par Amount Requested:</b>	Not to exceed \$285,000,000
<b>Applicant Description:</b>	The Academy is a nonprofit public benefit corporation, a scientific and educational institution located in Golden Gate Park, San Francisco. The Academy operates the Kimball Natural History Museum, Steinhart Aquarium, Morrison Planetarium, and various research and education departments.		
<b>Type of Financing:</b>	Conduit Tax-exempt Fixed Rate Revenue Bonds (the "Bonds").		
<b>Project Description:</b>	The Project will provide funding to, (1) refund all or a portion of the IBank's Revenue Bonds (California Academy of Sciences, San Francisco, California) Series 2018A, Series 2018B, Series 2018C, Series 2018D (collectively, the "2018 Bonds") outstanding in the principal amount of the \$281,450,000, and (2) pay certain costs of issuance in connection with the Bonds (collectively, the "Project").		
<b>Project Site:</b>	<b><u>San Francisco County:</u></b> 55 Music Concourse Drive, San Francisco, CA 94118		
<b>Plan of Finance:</b>	IBank will lend the proceeds of the Bonds to the Borrower to finance the costs of the Project.		
<b>Type of Issue:</b>	Public Offering		
<b>Tax Status:</b>	Tax-exempt		
<b>Term:</b>	Up to 12 years		
<b>Credit Enhancement:</b>	None		
<b>Expected Credit Rating:</b>	Moody's A2		
<b>IBank Fees:</b>	Application Fee \$4,000; Issuance Fee \$125,000; Initial Annual Fee \$3,500 per year		
<b>STO Fee:</b>	Agent For Sale Fee \$10,500		
<b>Estimated Sources of Funds:</b>		<b>Estimated Uses of Funds:</b>	
Tax-exempt Bond Proceeds	\$281,450,000	Refunding of Series 2018 Bonds	\$281,450,000
Borrower Funds	\$1,400,000	COI & Underwriter's Discount	\$1,400,000
Contingency	\$2,150,000	Contingency	\$2,150,000
<b>TOTAL SOURCES</b>	<b>\$285,000,000</b>	<b>TOTAL USES</b>	<b>\$285,000,000</b>
<b><u>Financing Team</u></b>			
<b>Bond Counsel:</b>	Hawkins, Delafield & Wood LLP		
<b>Underwriter:</b>	Wells Fargo Bank, NA		
<b>Underwriter's Counsel:</b>	Orrick, Herrington & Sutcliffe LLP		
<b>Trustee &amp; Dissemination Agent:</b>	Computershare Trust Company, N.A.		

<p><b>Public Benefits:</b></p>	<p>The Academy's primary mission is to provide various research, education, and exhibition programs for the benefit of the public at large as well as the scientific community. Annually, over 3.2 million educational engagements are provided onsite ranging from hands-on workshops, science demonstrations, classes, and public programs. Between 130,000 - 150,000 schoolchildren and their teachers visit the Academy free of charge or at discounted admission rates each year.</p> <p>The 2018 Bonds have an August 1, 2024 mandatory tender date and must be remarketed prior to the scheduled date. The purpose of this transaction is to refinance the bonds into a 5-year, 7-year, or 10-year fixed rate structure, which may not result in cost savings.</p>	
<p><b>Date of Board Meeting:</b> January 24, 2024</p>	<p><b>Resolution Number:</b> 24-03</p>	<p><b>Prepared by:</b> John Belmont</p>
<p><b>Staff Recommendation:</b> Staff recommends approval of Resolution No. 24-03 authorizing the issuance of Conduit, Tax-exempt Fixed Rate Revenue Bonds, in an aggregate amount not to exceed \$285,000,000 for the benefit of The California Academy of Sciences.</p>		

## BACKGROUND AND HISTORY

The Academy, a California non-profit public benefit corporation, was founded on April 4, 1853 by its seven founders. Their purpose was surveying the natural resources of California and the western United States to collect rare and valuable geological pieces. The Academy now operates a scientific and educational museum located in Golden Gate Park, San Francisco, California. That approximately 410,000 square foot facility includes an aquarium, planetarium, rainforest, and natural history museum, along with scientific, research and educational programs in one location.

The 1989 Loma Prieta earthquake caused serious structural damage to the Academy's buildings. To address the damage and to sustain the high number of visitors, the Academy decided to create a modern museum for the 21<sup>st</sup> century. In 2005, construction began on a new design by prominent architect Renzo Piano. The new museum opened in 2008, consolidated an aquarium, planetarium, and natural history museum and replaced 12 deteriorated and earthquake-damaged structures with one modern facility. The combined facility allowed Golden Gate Park to reclaim an acre of open space.

The City of San Francisco owns all of the Academy's buildings and improvements, including the Steinhart Aquarium, the original Natural History Museum, the Simson African Hall, the Alexander F. Morrison Planetarium and Auditorium. However, the Academy manages the buildings and improvements and the majority of employees working within the Academy buildings are the Academy's employees.

### **Financial Information**

The main sources of the Borrower's revenue are fundraising, admission fees, membership dues, government and private grants, and store and cafeteria concessions. The City provides funds for the operation of the Aquarium and maintenance of the buildings.

The California Secretary of State reports active status for the Academy with a registration date of 5/13/1904. The list of current leadership is available in Appendix A.

**PROJECT DESCRIPTION**

The Bonds will refund the currently outstanding \$281,450,000 floating rate notes, the 2018 Bonds, which were remarketed as floating rate notes in 2021. The 2018 Bonds refunded the Series 2008A-F Bonds (the “2008 Bonds”), which were originally used to refund previous bond series and finance a portion of the costs of modifications and updates to the Academy’s museum, research, and educational facilities located at 875 Howard Street and 55 Music Concourse Drive in San Francisco, California. These upgrades included a more modern and environmentally friendly design with the intent to enhance exhibitions, education, conservation, and study of the natural world.

The Academy’s facility sits on approximately five acres of land. The building features a living roof of California flora, a glass covered Piazza, a planetarium, a four-story spherical dome containing a living rainforest, and natural history and aquarium exhibitions as well as research spaces, classrooms, retail stores, and a café.

**The Borrower’s Current Debt (Refunding Candidates):**

Current Debt (Refunding Candidate)							
Bond Series/Loans	Issuer	Issued Par Amount	Issue/Remarketing Date	Current Outstanding Balance	Interest Rate	Maturity Date	Date Project Completed
2018 A, B, C, D	IBank	\$285,450,000	6/3/2021	\$281,450,000	Floating (SIFMA + 0.35%)	8/1/2047	2008

## FINANCING STRUCTURE

**IBank Term Sheet**  
**The California Academy of Sciences**  
**Date: January 24, 2024**

<b>Par Amount:</b>	Not to exceed \$285,000,000 in one or more tax-exempt series.
<b>Type of Offering:</b>	Public Offering in one or more series or combinations
<b>Underwriter:</b>	Wells Fargo Bank, NA
<b>Credit Enhancement and Expected Credit Rating:</b>	No credit enhancement. Expected credit rating of at least "A2" from Moody's Investor Services, and in no event less than "A3". A rating of at least "A3" is required as a condition to closing.
<b>Interest*:</b>	Fixed rate not to exceed 6.00% per annum.
<b>Maturity:</b>	Up to 12 years.
<b>Closing Date*:</b>	March 6, 2024.
<b>Conduit Transaction:</b>	The Bonds are special, limited obligations payable solely from payments made by the Borrower under the transaction documents and IBank shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of IBank for all or any portion of payment to be made pursuant to the Bonds.

\*Please note that Interest Rate and Closing Date are subject to change.

## **Financing Structure**

The Bonds will be secured by an Indenture and sold through a public offering pursuant to a Bond Purchase Agreement. Wells Fargo Bank, NA will be underwriter and will distribute the Bonds pursuant to the Bond Purchase Agreement. The proceeds of the Bonds will be loaned to the Borrower pursuant to a Loan Agreement. The Bonds will be issued in fixed rates.

The Bonds will be issued in minimum denominations of \$5,000 or any integral multiple thereof. The Bonds are expected to be designated as the Series 2024A&B Bonds. The 2024A&B Bonds will be subject to redemption prior to their stated maturity.

The Academy's obligation to make Loan Payments under the Loan Agreement is an unsecured, general obligation of the Academy and the Academy has not pledged any assets to secure its obligations under the Loan Agreement. The only recourse against the Academy that the holders of the 2024 Bonds may seek is against the Academy's general pool of assets as an unsecured creditor without any particular priority to those assets.

## **Limited Obligations of IBank**

The Bonds are payable solely from and secured solely by the pledge of the Borrower's payments under the Loan Agreement and any available amounts held in the funds or accounts established and pledged pursuant to the Indenture. Neither IBank; nor any of the members of its Board of Directors; nor any of its officers or employees; nor any person executing the transaction documents on behalf of IBank shall be personally liable for the Bonds or subject to any personal liability or accountability by reason of the execution thereof. The Bonds are limited obligations of IBank and are not a pledge of the faith and credit of IBank or the State of California or any of its political subdivisions.

## **PUBLIC BENEFITS**

The Academy is an international center for environmental and scientific research providing exhibitions, programs, education, and outreach. The Academy facilities are certified double LEED platinum from the U.S. Green Building Council for its sustainable design and operations.

The Academy's main areas of focus are educational activities, original scientific research, collaboration, and public engagement. There are several initiatives within the Academy that contribute to furthering these goals. The Academy's scientists conduct original research, develop and maintain collections, and are involved in the Academy's educational and outreach activities. Academy scientists are committed to fostering a spirit of scientific discovery and stewardship of the natural world. The Academy's scientific collections include more than 46 million fossils, plant and animal specimens, minerals and anthropological cultural artifacts from around the globe and dating from the birth of the solar system to today. The Academy offers 2 year paid internship for youth underrepresented in the sciences, and along with an annual Teen Science Night they serve over 2,000 youth from around the Bay Area and beyond. The Academy has an Early Childhood Center, the Curiosity Grove, to provide expanded space and learning opportunities for families on California ecosystems, and science skills.

Over 100 million people have visited the Academy since it relocated to Golden Gate Park in 1916. The Academy employs a staff of more than 35 doctorate-level scientists and professional educators, who are supported by more than 300 research and field associates, and 495 Fellows of the Academy.

The 2018 Bonds have an August 1, 2024 mandatory tender date and must be remarketed prior to the scheduled date. The purpose of this transaction is to refinance the bonds into a 5-year, 7-year or 10-year fixed rate structure, which may not result in cost savings.

**OTHER PROJECT DATA**

<b>PERMITS AND APPROVAL</b>	
Required?	<input type="checkbox"/> <b>NO</b> <input checked="" type="checkbox"/> <b>YES, Describe:</b> All approvals have been obtained.
<b>TEFRA</b>	
Date of TEFRA Publication:	N/A
Publications: N/A	
Date of TEFRA Hearing: N/A	
Oral/Written Comments:	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES, Explain:</b>
<b>ELIGIBILITY REVIEW</b>	
Applicant meets all of the IBank eligibility criteria? <input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b>	<ol style="list-style-type: none"> <li>1. Project is in the State of California.</li> <li>2. The Borrower is capable of meeting the obligations incurred under relevant agreements.</li> <li>3. Payments to be made by the Borrower to IBank under the proposed financing agreements are adequate to pay the current expenses of the IBank in connection with the financing and to make all the scheduled payments. The proposed financing is appropriate for the Project.</li> </ol>
<b>INDUCEMENT CERTIFICATE</b>	
Completed?	<input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> Certificate No.: <input checked="" type="checkbox"/> <b>N/A</b> Date:

**RECOMMENDATION**

Staff recommends approval of the Resolution No. 24-03 authorizing the issuance of Conduit Tax-exempt Revenue Bonds in an aggregate amount not to exceed \$285,000,000 for the benefit of The California Academy of Sciences.

## APPENDIX A: GOVERNANCE AND MANAGEMENT

### OFFICERS

Scott D. Sampson, PhD, Executive Director
Leah Van der Mei, Chief Operating Officer
Matthew Lau, Interim Chief Financial Officer
Michael Costanzo, General Counsel and Chief of Staff
Melissa Felder, Chief Experience Officer
Mary Nemerov, Chief Philanthropy Officer
Shannon Bennett, PhD, Chief of Science
Ayat Elnoori, Chief People and Culture Officer
Amber Mace, PhD, Managing Director /Chief of Strategic Partnerships

### BOARD MEMBERS

Dan Janney, Chair	Position: Managing Partner Affiliated Company: Alta Partners San Francisco, CA
Charles Marshall, PhD, President	Position: Chair/Director/Professor Affiliated Company: University of California, Berkeley, CA
Elizabeth Blackburn, PhD, Vice President	Position: Professor Affiliated Company: University of California, San Francisco, CA
John Goldman, Vice Chair	Position: President and Co-Founder Affiliated Company: John & Marcia Goldman Foundation, San Francisco, CA
John Adams	Position: Retired Executive Vice President Affiliated Company: Wells Fargo San Francisco, CA
Nicole Ardoin, PhD	Position: Associate Professor/ Senior Fellow Affiliated Company: Stanford University Palo Alto, CA
Kian Beyzavi, PhD	Position: Life Sciences Consultant Affiliated Company: Life Sciences Consultant San Francisco, CA
Nathan Brostrom	Position: Executive Vice President & CFO Affiliated Company: University of California, Office of the President Oakland, CA
Chrissy Chen	Position: Co-Founder/ Vice Chair and President Affiliated Company: Chen Institute and Shanda Group, Redwood City, CA
Felicia Chiu	Position: Director Affiliated Company: Gordon and Betty Moore Foundation, San Francisco, CA
Amy Cordalis	Position: Attorney; Co-Founder and Principal Affiliated Company: Ridges to Riffles (R2R) Indigenous Conservation Group Yurok Tribe, Klamath, CA
John Dwyer	Position: Senior Partner; Member of the Board of Directors Affiliated Company: Cooley LLP Palo Alto, CA
Marc Ebbin	Position: Principal Affiliated Company: Ebbin Moser + Skaggs LLP San Francisco, CA



Christopher Field, PhD	Position: Professor Affiliated Company: Stanford University Palo Alto, CA
Jack Forestell	Position: Chief Product and Strategy Officer Affiliated Company: Visa Inc. San Francisco, CA
Laura E. Furstenthal, PhD	Position: Senior Partner Affiliated Company: McKinsey & Company, Inc. San Francisco, CA
Corey Garza, PhD	Position: Professor/Associate Dean Affiliated Company: University of Washington, Seattle, WA
Adam Gazzaley, Md, PhD	Position: Professor Affiliated Company: University of California, San Francisco, CA
Gary Hall	Position: Partner and President Affiliated Company: Siebert Williams Shank & Co. Oakland, CA
Kevin Hartz	Position: Co-founder & General Partner/Executive Chairman Affiliated Company: A* Capital and Eventbrite San Francisco, CA
Tessa M. Hill, PhD	Position: Professor Affiliated Company: University of California, Davis, CA
Alan Jones	Position: Managing Partner Affiliated Company: PwC San Francisco, CA
Steve Kawa	Position: Founder & Senior Public Policy Advisor Affiliated Company: Steve Kawa Strategic Advising San Francisco, CA
Jeffrey Koseff, PhD	Position: Director/Professor Affiliated Company: Stanford University Palo Alto, CA
Nicole Lacob	Position: Board President Affiliated Company: Warriors Community Foundation, San Francisco, CA
Zachary Lara	Position: Chief Technology Officer Affiliated Company: Massive Black, Inc. San Francisco, CA
Rebecca Lin	Position: Artist Affiliated Company: Artist San Francisco, CA
Marie O’Gara Lipman	Position: Philanthropist Affiliated Company: N/A (Philanthropist) San Francisco, CA
Hydra Mendoza	Position: VP, Chief of Strategic Relationships Affiliated Company: Salesforce San Francisco, CA
Sandy Miller	Position: Venture Capital Partner Affiliated Company: IVP San Francisco, CA
Michael A. Millman	Position: Global Chairman of Investment Banking and Capital Markets Affiliated Company: J.P. Morgan San Francisco, CA
Derek S. Mitchell, PhD, Secretary	Position: CEO Affiliated Company: Partners in School Innovation San Francisco, CA

Melissa Nelson, PhD	Position: Professor Affiliated Company: Arizona State University Phoenix, AZ
Carla Peterman, PhD	Position: Executive Vice President Affiliated Company: PG&E Corporation Oakland, CA
Kirsten Rhodes	Position: Principal and Partner Affiliated Company: Deloitte LLP San Francisco, CA
Chris Schell, PhD	Position: Assistant Professor Affiliated Company: University of California, Berkeley, CA
Andrew J. Schwab	Position: Founder and Managing Partner Affiliated Company: 5AM Ventures San Francisco, CA
Mike Sweeney	Position: Executive Director Affiliated Company: The Nature Conservancy San Francisco, CA
Dennis Troper	Position: Product Director/ Consumer Trust Affiliated Company: Google Mountain View, CA
John Warren	Position: Partner in the Equities group Affiliated Company: Farallon Capital Management San Francisco, CA
Lisa White, PhD	Position: Assistant Director Affiliated Company: University of California, Berkeley, CA
Bill Younger	Position: Retired Managing Director Affiliated Company: Sutter Hill Ventures Palo Alto, CA