

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

STAFF REPORT

EXECUTIVE SUMMARY

Applicant:	Campus Facilities Improvement Association ("CFIA" or "Borrower")	Par Amount Requested:	Not to exceed \$575,000,000
Applicant Description:	A California nonprofit public benefit corporation organized in 2008 for public and charitable purposes to aid the development, construction and operation of buildings and facilities used by the University of California.		
Type of Financing:	The Borrower requests issuance of conduit Tax-Exempt Fixed Rate Revenue Bonds ("Bonds")		
Project Description:	The proceeds of the Bonds will be used to finance (i) all or a portion of the costs of designing, permitting, entitling, acquiring, constructing, equipping and developing the UCSF Clinical and Life Sciences Building (the "Facility"), consisting of approximately 300,000 square feet, in close proximity to the University of California, San Francisco's Mission Bay campus, (ii) a deposit to capitalized interest fund with respect to the Bonds, and (iii) certain costs of issuance in connection with the issuance of the Bonds (collectively, the "Project").		
Project Site:	City and County of San Francisco Block 2 of the Dogpatch Power Station, San Francisco, CA 94107		
Plan of Finance:	The Bond proceeds will be loaned to the Borrower to finance the Project.		
Type of Issue:	Public Offering		
Tax Status:	Tax-exempt		
Expected Maturity:	May 15, 2059		
Credit Enhancement:	None		
Credit Rating:	Expected S&P AA; and Moody's Aa3		
IBank Fees¹:	Application \$5,000; Issuance \$170,000; Initial Annual \$35,000 per year		
STO Fee:	Agent for Sale, \$10,500 To be paid directly to STO		
Estimated Sources of Funds:		Estimated Uses of Funds:	
Tax-Exempt Bond Proceeds	\$532,185,000.00	Project Fund	\$452,085,075.38
Net Original Issue Discount	(22,726,325.70)	Capitalized Interest	53,114,724.10
		Costs of Issuance	4,258,874.82
TOTAL SOURCES	\$509,458,674.30	TOTAL USES	\$509,458,674.30
Financing Team:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP IBank Outside Counsel: Stradling, Yocca Carlson & Rauth Joint Senior Managers: Goldman Sachs & Co. LLC (Bookrunner), Jefferies LLC Co-Managers: J.P. Morgan Securities LLC; Raymond James & Associates, Inc; Stifel, Nicolaus and Company, Incorporated Borrower Consultant: Gamble Strategies Financial Advisor: PFM Financial Advisors LLC Trustee: The Bank of New York Mellon Trust Company, N.A. Underwriter Counsel: O'Melveny & Meyers LLP Developer: Associate Capital		

¹ The Issuance Fee and Initial Annual Fee are based on the \$500 M NTE amount and are subject to change based on the final par amount.

Public Benefits:	<p>Once completed, the Facility will serve a growing number of patients currently unable to access UCSF care, participate in and benefit from expanded research and teaching opportunities, and improve its ability to attract faculty and trainees for this cancer treatment and biomedical research center. The Facility will include energy efficiency and sustainability features and is expected to achieve a minimum Leadership in Energy and Environmental Design ("LEED") Gold rating.</p> <p>The Project is expected to add 160 full-time employees and 1,000 construction jobs.</p>	
Date of Board Meeting: April 23, 2025	Resolution Number: 25-09	Prepared by: John Belmont
Staff Recommendation: Staff recommends approval of Resolution No. 25-09 authorizing the issuance of Conduit, Tax-exempt Fixed Rate Revenue Bonds in an aggregate amount not to exceed \$575,000,000, for the benefit of Campus Facilities Improvement Association.		

BACKGROUND AND HISTORY

Campus Facilities Improvement Association

CFIA, a California non-profit public benefit corporation, was established on July 1, 2008 for charitable and public purposes, including assisting in, and facilitating, the financing, construction, development, and operation of buildings used by the University of California (the “University”). CFIA’s Board of Directors members are appointed by The Regents of the University of California (“The Regents”) and the Regents hold the authority to approve CFIA’s budget.

The Regents

The University is a public institution of higher education founded in 1868. In the State of California’s (the “State”) Master Plan for Higher Education, the University was designated as the higher education public institution responsible for training individuals for the professions, awarding doctoral degrees in all fields of human knowledge, and conducting research. Approximately 2,947,000 higher education degrees have been awarded from the University’s inception through June 30, 2023. The University currently operates general campuses located in Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, Santa Barbara, and Santa Cruz; a health science campus located in San Francisco; and laboratories, research stations and institutes, affiliated schools, activity locations, and a Statewide Division of Agriculture and Natural Resources. Additionally, the University operates a cooperative extension program reaching into nearly every area of the State and numerous public service programs. The University also offers an Education Abroad Program at many different host institutions around the world. The University’s administrative offices are in Oakland, California.

The University has a pre-eminent ladder-rank and equivalent faculty of approximately 12,000 members as of October 2024. Seventy researchers affiliated with the University have been awarded 71 Nobel Prizes. The University’s faculty and affiliated researches included MacArthur “Genius” grant winners, Pulitzer Prize winners, Fulbright award recipients, National Medal of Science winners, and Guggenheim fellowship recipients.

The Regents is composed of a 26 member governing board, 18 of whom are appointed by the Governor and approved by a majority vote of the State Senate (currently for a 12-year term), one student Regent, who is appointed by the board to a one-year term, and seven *ex officio* Regents who are members of the board by virtue of their elective or appointed positions. The *ex officio* Regents are the Governor of the State, Lieutenant Governor of the State, Speaker of the Assembly, State Superintendent of Public Instruction, President of the Alumni Associations of the University, Vice President of the Alumni Associations of the University, and the President of the University.

The University of California, San Francisco (“UCSF”)

UCSF was established in 1873 with the affiliation of three colleges on 13 acres property near Golden Gate Park, San Francisco, known as the Parnassus Campus.

In 1998, UCSF began development of the 2.65 million square foot Mission Bay campus, a research-oriented campus on 43 acres in the Mission Bay Redevelopment Area between Interstate Highway 280 and the San Francisco Bay. The UCSF Mission Bay campus officially began its research program when the first group of scientists and researchers joined UCSF in 2003.

Current Litigation

The University students have filed multiple State of California (“State”) and federal class action lawsuits alleging that the University has unlawfully withheld tuition and fee refunds in the wake of COVID-19 related campus actions. The lawsuits included students and anyone else who paid tuition or other fees on their behalf. In response to the Regent’s motion to dismiss, all federal lawsuits were dismissed, and the plaintiffs never appealed that decision. The State actions were consolidated in Los Angeles County Superior Court for pre-trial coordinated proceedings. The plaintiffs filed an amended complaint, and The Regents filed another motion to dismiss the amended complaint. Since then and after various actions from plaintiffs and the Regents, on August 2, 2024, The Regents filed a petition for review with the California Supreme Court and on October 16, 2024, the Court denied the petition and returned the case to Los Angeles County Superior Court for further proceedings. The Regents intends to continue to defend itself against the lawsuits and continues to assess the potential impact of the lawsuits and cannot predict the outcome of the cases. In the event that a judgement is rendered against The Regents, the resulting liability could have a material adverse impact on The Regents’ financial position.

The California Secretary of State reports active status for the Borrower. Current leadership is listed in Appendix A.

PROJECT DESCRIPTION

The Borrower is requesting the issuance of conduit tax-exempt fixed rate Bonds to construct the UCSF Clinical and Life Sciences Building (“Facility”) of approximately 300,000 gross square feet on a 1.15-acre development parcel at Dogpatch Power Station (previously Potrero Power Station), a mixed-use development within a mile of the UCSF Mission Bay campus. The Building will be constructed by a third-party developer and leased back to the University upon completion. The Regents is expected to own in fee the Facility Site, which is expected to be acquired from California Barrel Company LLC (an affiliate of the Developer).

The Facility financed by the Bonds will be owned by Power Station Block 2 Development LLC, a Delaware limited liability company (the “Developer”), and will be leased to The Regents, which will occupy the Facility.

Building Design

The Facility would comprise eight above-ground levels and two below-ground levels. The program consists of a radiation oncology treatment center with proton therapy, adult primary and secondary multi-specialty clinics, and a life sciences incubator. The Proton Therapy treatment and support spaces will be located on the below-ground levels. The ground level will include distinct entrances with appropriate wayfinding to direct visitors to different programs and to access the functions on the upper and lower levels. The multi-specialty clinics will be located on Levels Two through Five and the Life Sciences Incubator will be located on Levels Six through Eight. Building Program Proton Therapy (80,000 SF): Treatment and support space for three full gantries to deliver proton therapy with integrated high-resolution imaging and patient-positioning capability support equipment, along with related clinical research space. Multi-Specialty Clinics (120,000 SF): Examination rooms for 24 specialty providers, an eight-room procedure center, infusion center with blood draw and compounding

pharmacy, a family medicine clinic sized for ten medical doctors, five nurse practitioners, and related staff, along with patient examination rooms and a training center for clinical professionals. Life Sciences Incubator (100,000 SF): Wet laboratory and support space, collaborative office space, and a symposium space on the ground floor of the Building, all of which will be completed as dry shell that would then be built out through a donor-funded project.

The construction of the Facility is expected to start late 2025 and be completed by 2029. It is expected that approximately \$175 million of the Project cost to be covered by donor funds. The Construction Company/Developer is DPR Associate Capital.

The Regents' Current Outstanding Debt

A) Previous IBank Financing (Issued via CFIA):

Bond Issue	Par Amount	Outstanding as of 6/30/2024	Final Maturity	Purpose
Series 2010A	\$19,670,000	\$4,330,000	May 15, 2025	Financing the construction of the UCSF Neurosciences Building 19A, located on the Mission Bay Campus to include a five-story 237,000 square foot research and lab facility, and offices.
Series 2010B, Taxable (BABs)	\$188,000,000	\$188,000,000	May 15, 2049	
Series 2017	\$170,980,000	\$161,190,000	May 15, 2052	Financing the construction of UCSF 2130 THIRD STREET part of UCSF Mission Bay campus.
Total	\$378,650,000	\$353,520,000		

Projects are now completed.

B) Previous IBank Financing (Issued via Sanford Consortium):

Bond Issue	Par Amount	Outstanding as of 6/30/2024	Final Maturity	Purpose
Series 2016A²	\$54,280,000	\$42,830,000	May 15, 2040	Refund the Sanford Consortium Project, Series 2010A Bonds. The 2010A Bonds are defeased (San Diego Campus).

² The Borrower was Sanford Consortium. The Regents had entered into a Debt Service Payment Agreement, dated as of October 1, 2016, pursuant to which The Regents had to make debt service payments to the Trustee in an amount equal to the principal of, premium, if any, and interest on the Series 2016A Bonds.

C) The Regents' Other Outstanding Debt:

Bond Issue	Par Amount	Outstanding as of 2/26/2025
General Revenue Bonds	\$21,440,815	\$20,019,190
Limited Project Revenue Bonds	4,304,325	3,915,905
Medical Center Pooled Revenue Bonds	7,261,145	6,853,525
Total	\$33,006,285	\$30,788,620

The Regents, in addition to revenue bonds, has outstanding commercial paper notes, capital leases, bank loans and indebtedness issued by conduit public entities. The outstanding balances are as of February 26, 2025:

Commercial Paper – Authorized amount was up to \$2 billion with the outstanding amount of \$741,725,000.

Bank Loans and Credit Agreements – Outstanding amount is \$1,000,000,000. From time to time, The Regents may enter into additional loan and revolving credit agreements.

Other Conduit Bonds –The California Statewide Communities Development Authority issued bonds on behalf of the Regents to finance and refinance student housing on the Irvine Campus. The outstanding balance of these bonds as of February 26, 2025 is \$538,280,000. The Regents leased the student housing site to a special purpose limited liability company that owns the project and applies project revenues to repay the revenue bonds.

(See Appendix B--Project Photos).

FINANCING STRUCTURE

IBank Term Sheet
UCSF Clinical and Life Sciences Building
Date: April 23, 2025

Par Amount:	Not to exceed \$575,000,000; in one or more tax-exempt series
Type of Offering:	Public Offering
Joint Senior Managers:	Goldman Sachs & Co.(Bookrunner); Jefferies LLC
Co-Managers:	J.P. Morgan Securities LLC; Raymond James & Associates, Inc; Stifel, Nicolaus and Company, Inc.
Credit Enhancement:	None
Expected Credit Rating:	Moody's Investor Service: Aa3 Standard & Poor's Rating Services: AA
True Interest Cost*:	True interest cost not to exceed 6.00%
Expected Maturity:	May 15, 2059
Space Lease:	The Regents agree to unconditionally make base rental payments under the Space Lease which will be irrevocably assigned to the Trustee for payment on the Bonds.
Expected Closing Date*:	May 28, 2025
Conduit Transaction:	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 True Interest Cost, Expected Maturity and Expected Closing Date are subject to change.

Financing Structure

The Bonds will be secured by an Indenture and sold through a public offering to Goldman Sachs & Co., LLC, as representative of the underwriters, pursuant to a Bond Purchase Agreement. The Bonds are issuable as fully registered Bonds without coupons in the denomination of \$5,000 and any integral multiple of \$5,000 above that amount.

The proceeds of the Bonds will be loaned to the Borrower pursuant to a Loan Agreement. A portion of such proceeds will, in turn, be paid to the Developer pursuant to a Disbursement Agreement by and among CFIA, Developer, Trustee and the University to pay the development costs under the Lease Disposition and Development Agreement (LDDA).

CFIA will lease the Facility site based on a ground lease from The Regents, concurrently with the issuance of the Bonds, pursuant to a Master Ground Lease. CFIA will sub-lease the Facility Site to the Developer, pursuant to a sub Ground Lease. The Developer will in turn lease the Facility Site to The Regents as tenant, pursuant to a Space Lease. The Regents' obligation to make Base Rent payments, in an amount equal to the principal of and interest on the Bonds, under the Space Lease is unconditional, is not contingent upon completion or occupancy of the Facility, and is not subject to abatement in the event of damage or destruction of the Facility. Pursuant to the Base Rent Assignment Agreement, the Developer will unconditionally sell, assign and transfer, irrevocably and absolutely, without recourse for the benefit of the owners of the Bonds, all of its rights to receive the Base Rent payments made by The Regents.

The obligations of the Borrower under the Loan Agreement are limited to payment solely from income derived from the Space Lease, the Ground Lease, and the other funds provided in the Indenture and do not constitute general obligations of the Borrower. The Bonds are being offered on the basis of The Regents' financial strength and its obligation to make payments of Base Rent under the Space Lease. The proceeds of the Base Rent will be applied to repay the Bonds and will constitute the security for payment of the Bonds debt service. The Regents' obligation to make payments is an unsecured, general obligation of The Regents. The Bonds are no direct obligations of The Regents and none of the property, assets or revenues of The Regents will be pledged as security for the payment of the Bonds.

There will be no debt service reserve account for the Bonds. The Borrower will be required to maintain or cause to be maintained certain levels of insurance with respect to the Project; however, the insurance or condemnation proceeds will not be pledged or available under the Indenture for the Bonds payments in the event of a casualty or condemnation.

Limited Obligations of IBank

The Bonds are payable solely from and secured solely by the pledge of the payments under the transaction documents. 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 Project will enable UCSF to better serve a growing number of patients currently unable to access UCSF care, participate in and benefit from expanded research and teaching opportunities, and improve its ability to attract faculty and trainees. The proposed Building will provide a cancer treatment and will serve patients extending beyond Northern California. The Project will include energy efficiency and sustainability features and is designed to achieve a minimum Leadership in Energy and Environmental Design (“LEED”) Gold rating. The Facility will also provide clinical space for multi-specialty outpatient care and life sciences research space.

UCSF expects 320 individuals to be employed on the clinical floors of the facility, of which 160 will be new full time employees. During construction, the project will support approximately 1,000 construction jobs over the construction period.

OTHER PROJECT DATA

PERMITS AND APPROVAL	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Describe: All approvals have been obtained.
TEFRA	
Date of TEFRA Publication:	N/A ³
Publications:	N/A
Date of TEFRA Hearing:	N/A
Oral/Written Comments:	<input type="checkbox"/> NO <input type="checkbox"/> YES, Explain: N/A
ELIGIBILITY REVIEW	
Applicant meets all of the IBank eligibility criteria? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> 1. Project is in the State of California. 2. The Borrower is capable of meeting the obligations incurred under relevant agreements. 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. See Appendix C for Financial Statements. 4. The proposed financing is appropriate for the Project.
INDUCEMENT CERTIFICATE	
Completed?	<input type="checkbox"/> NO <input type="checkbox"/> YES Certificate No.: <input checked="" type="checkbox"/> N/A Date:

RECOMMENDATION

Staff recommends approval of Resolution No. 25-09 authorizing the issuance of Conduit Tax-exempt Fixed Rate Revenue Bonds in an aggregate amount not to exceed \$575,000,000, for the benefit of the Campus Facilities Improvement Association.

³ Based on the CFIA’s structure TEFRA Process is not required for this transaction.

APPENDIX A: GOVERNANCE AND MANAGEMENT**BOARD OF DIRECTORS**

Robert Gamble	President Gamble Strategies San Francisco, CA
Jim Chappell	Secretary Retired (Formerly Executive Director, San Francisco Planning and Urban Research (SPUR)) San Francisco, CA
Anyé Spivey	Treasurer Director of Development Planning California Forever San Francisco, CA
Lynn Sedway	President Emeritus Retired (Formerly President, Sedway Consulting) San Francisco, CA
Eric Vermillion	Director Retired (Formerly Vice Chancellor for Finance, University of California, San Francisco) San Francisco, CA
Joshua Bagley	Director Deputy Chief Business Officer Presidio Trust San Francisco, CA

OFFICERS

Robert Gamble	President
Jim Chappell	Secretary
Anyé Spivey	Treasurer

APPENDIX B: PROJECT PHOTOS

UCSF Life Sciences Building

