

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

Green Equipment Loan Program

Information Item

July 26, 2007

In 2002 Authority staff began the Simplified Equipment Financing Program (the “Program”). The Program was intended to provide CEFA borrowers with a simplified and standardized process to obtain tax-exempt financing specifically for the purchase of equipment. As an incentive to attract prospective borrowers to the Program, the Authority approved a reduced fee structure at the April 25, 2002 meeting. The revised fee structure waived the initial fee and annual administrative fee (for existing borrowers) and halved the initial fee.

Since the reduced fee structure went into effect, only four equipment financings have been approved by the Authority and two of the four were approved in 2007. Authority staff intends to build on this recent activity and has been exploring a variety of ideas to enhance the Program and better serve CEFA’s borrowers.

Staff would like to implement a second equipment financing program that provides an incentive to purchase equipment with an associated environmental benefit such as renewable resource use, increased energy efficiency, air quality improvement, water quality improvement, improved resources management, or any other environmentally related purpose. By establishing a Green Equipment Financing Program, CEFA will address an important policy issue while providing an economical mechanism for colleges and universities to purchase equipment. In addition to this new program a renewed marketing plan would be implemented to deliver information related to both programs to all potential borrowers.

Staff will provide routine updates on the progress of the new program and, at a future meeting, will propose a further fee reduction for borrowers using the Green Equipment Financing Program.