

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (“CEFA”)

Bond Program Fee Restructure

Amendment to Resolution No. 2013-02

December 5, 2013

Executive Summary

Background: At the July 25, 2013 Authority meeting, the Authority approved Resolution No. 2013-02 to restructure CEFA’s fees with direction for staff to revisit the fee schedule in one year and annually thereafter to evaluate the impact of the changes. While the changes in the fee structure addressed the Authority’s ability to maintain a fund balance sufficient to support the increased operational and bond related costs and support ongoing fiduciary responsibilities, staff continues to look for ways to remain competitive for private, non-profit colleges and universities.

In order to remain competitive with other issuers, staff asked Public Financial Management, Inc. (“PFM”), the Authority’s financial advisor, to further evaluate the Authority’s current fee structure. The enclosed charts display the projections, which support the conclusion and recommendations reached by PFM and supported by staff.

Request: Staff is recommending the following changes to the current fee structure:

Initial Fee

Current: 0.15% of the par amount up to \$25mm, plus 0.05% of the par amount in excess of \$25mm (up to a maximum fee of \$75,000).

Recommended Change: 0.15% of the par amount up to \$10mm, plus 0.05% of the par amount in excess of \$10mm (up to a maximum fee of \$75,000).

Annual Administrative Fee

Current: For issuances closed on or before July 31, 2013: \$500 annual fee per series.
For issuances closed August 1, 2013 and thereafter: 0.015% of the par amount outstanding (up to a maximum fee of \$12,000).

Recommended Change: No Change is being recommended at this time.

Application Fee

Current: \$1,000 non-refundable and submitted with the application.

Recommended Change: \$1,000 application fee will be credited to the closing fee.

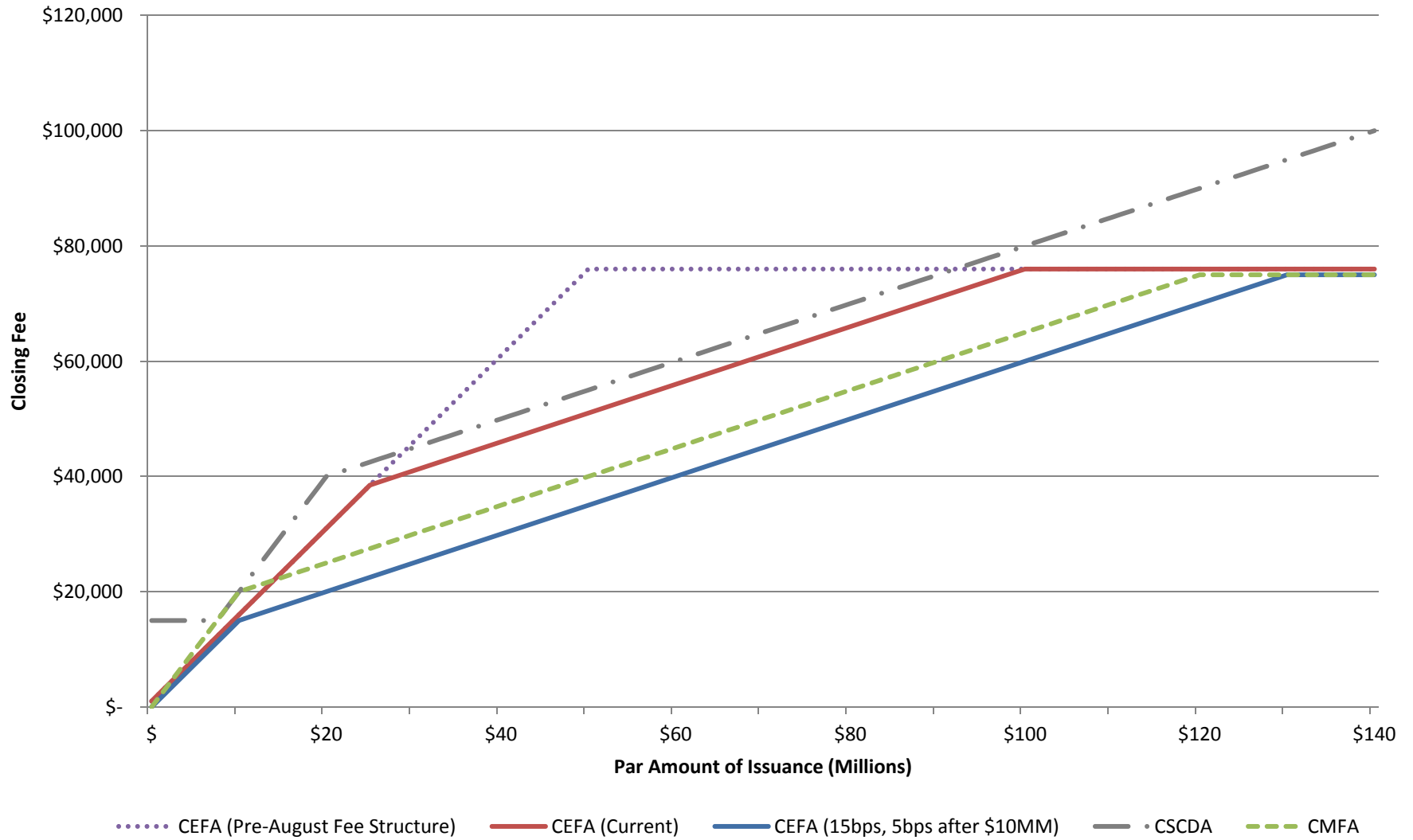
Staff will review the fee schedule in one year, and annually thereafter to evaluate the impact of the restructured fee schedule.

Recommendation:

Staff recommends the Authority approve the Amendment to Resolution No. 2013-02.

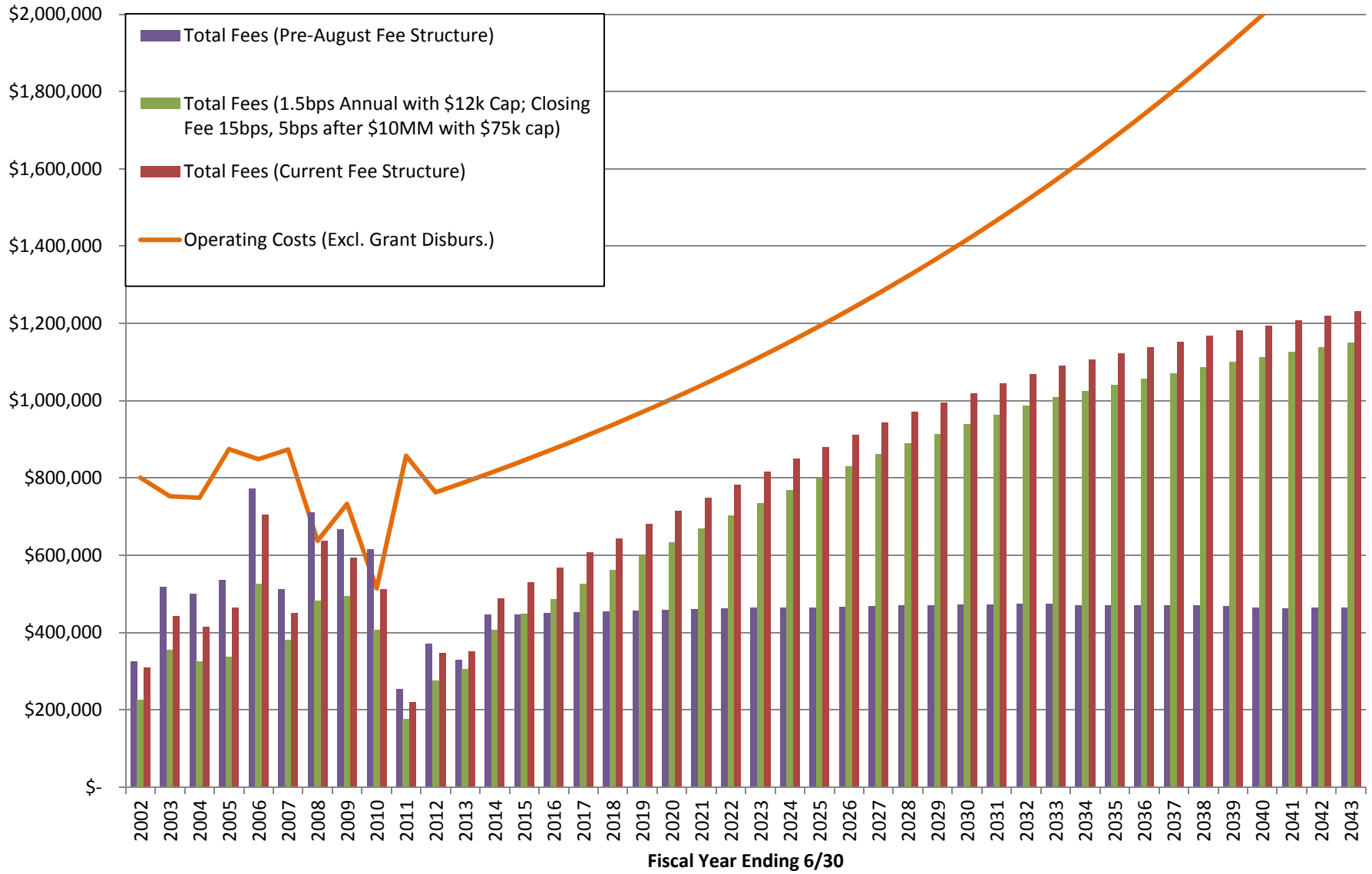
Closing Fees Comparison

(Investment Grade, Non-Credit Enhanced)



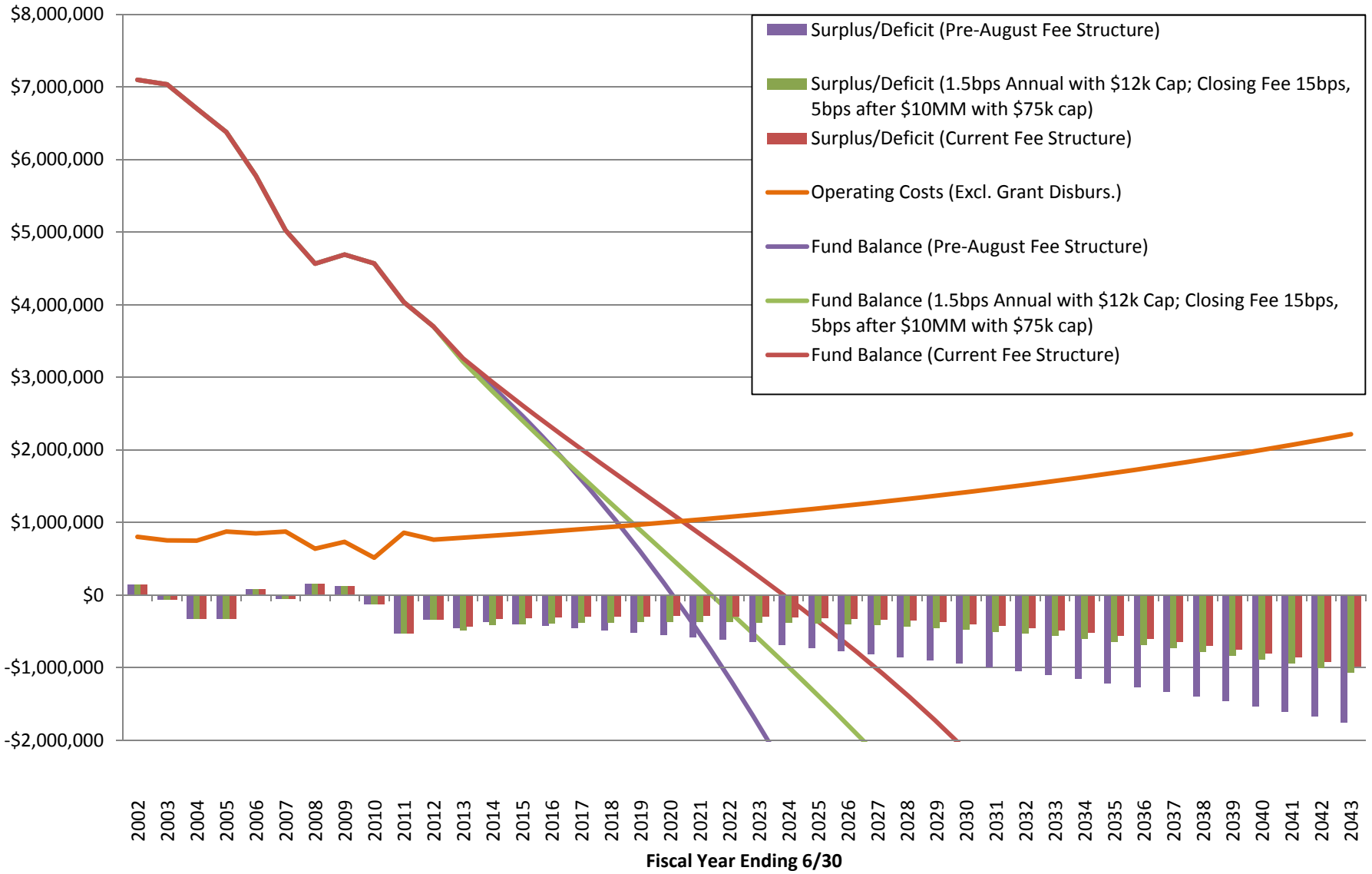
Revenues and Expenditures

(2010-12 Average Issuance Levels, 3.5% Operating Cost Growth)



Fund Balance Projections

(2010-12 Average Issuance Levels, 3.5% Operating Cost Growth)



Amendment to Resolution No. 2013-02

**Amendment to the Resolution of
the California Educational Facilities Authority
Authorizing the Restructuring of Fees for the Bond Program**

December 5, 2013

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 bonds, notes, debentures or other securities, including commercial paper notes, to finance and refinance the acquisition, construction, expansion, rehabilitation, remodeling, renovation and equipping of educational facilities by participating private colleges (as defined in the Act) situated within the State of California; and

WHEREAS, the Authority desires to remain viable and competitive, and accordingly revise portions of its existing Program Fee Schedules as hereinafter set forth;

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

Section 1. The Original Resolution approved by the Authority on July 25, 2013 is amended as follows:

- A. The Initial Fee of 0.15% of the par amount up to \$25 million, plus 0.05% of the par amount in excess of \$25 million (up to a maximum fee of \$75,000) is changed to the following:

0.15% of the par amount up to \$10 million plus 0.05% of the par amount in excess of \$10 million (up to a maximum fee of \$75,000). The Initial Fee is due and payable at closing; and

- B. The Application Fee of \$1,000 non-refundable and submitted with the application is changed to the following:

\$1,000 application fee will be credited to the closing fee.

Section 2. In consultation with the Authority's financial advisor, Authority staff is hereby directed to annually review the Authority's income, expenses and changes to the Authority's fund balance and to present the review, any findings deriving therefrom and any recommendations as may be appropriate to the Authority.

Section 3. The Executive Director is hereby authorized and directed to do any and all things and to execute and deliver any documents, which the Executive Director may deem necessary or advisable in order to effectuate the purposes of this resolution and the directions contemplated herein.

Section 4. All other provisions of the Original Resolution and other features and requirements of the Program Fee Schedule remain unchanged.

Date of Adoption: _____