

MEMORANDUM

**Date:** February 11, 2015 Staff Summary No. 8  
**To:** Members, California School Finance Authority  
**From:** Katrina M. Johantgen, Executive Director  
**Re:** Resolution 15-06 Approving a Conduit Bond Financing Fee Schedule

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**Background:** Section 17180(k) of the California School Finance Authority (Authority) Act states that, “the Authority is authorized to charge and equitably apportion among participating parties its administrative costs and expenses incurred pursuant to this chapter.” This self-funding structure allows the Authority to provide assistance in obtaining financing for eligible participating parties without taxing the State’s General Fund. This provision is similar to that of other authorities such as California Educational Facilities Authority, California Health Facilities Financing Authority, California Pollution Control Financing Authority, and the I-Bank. Borrowers also may issue bonds through non-governmental issuers such as California Statewide Communities Development Authority, California Municipal Finance Authority, California Communities and California Enterprise Development Authority.

In 2010, the Authority adopted a formal fee schedule for conduit bond issuance for short- and long-term debt financings that was determined to be competitive with those offered by the non-governmental conduit issuers. In 2012, the Authority’s schedule was further refined so that its annual administration fee for bond financings was aligned with non-governmental conduit issuers. Since 2010, the Authority has served as conduit issuer on 36 financings totaling \$373,667,284 for 36 borrowers. See list of historical financings as Exhibit A.

**Recommendation:** Given the number and volume of financings completed by the Authority in recent years, and the desire to remain competitive with other conduit issuers, the Authority is proposing a revision our fee structure, which would take effect immediately after Board approval. Staff is proposing the following:

1. **Application Fee:** An application fee of \$1,500, and payable upon the submission of an application for financing through the Authority. The application fee will offset the cost of staff time reviewing the application and preparing a recommendation for board approval. *This fee is nonrefundable.*
  
2. **Issuance Fee:** Staff is proposing our fee of 0.15% be revised to reduce the cost to borrowers on larger transactions. Staff is suggesting that the 0.15% remain in place for financings up to \$10,000,000. Deals above \$10,000,000 would pay 0.05% on the amount above \$10,000,000, but not pay more than \$75,000 in bond issuance costs. This fee will be paid out of bond proceeds at the time a financing is closed.

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3. Annual Administration Fee: The fee is set at 0.015% of the outstanding par amount of bonds. This fee is charged annually to the borrower and paid to the Authority to offset the cost of monitoring the bond financing, including the filing of required disclosure documents.

<b>Note Financing</b>	
<b>Fee</b>	<b>Amount</b>
Application Fee	\$1,500
Issuance Fee*	0.075% of par amount
Annual Administration Fee	Not Applicable

<b>Bond Financing</b>	
<b>Fee</b>	<b>Amount</b>
Application Fee	\$1,500
<b>Initial Issuance Fee*</b>	
<b>0.15% of par amount of bonds issued up to \$10,000,000</b> <b>0.05% on amounts above \$10,000,000</b> <b>Maximum Fee of \$75,000 per transaction</b>	
Annual Administration Fee	0.015% of outstanding principal, minimum \$500

*\*New Money and Refunding Debt.*

Staff recommends that the Board adopt Resolution No. 15-06 approving the above referenced conduit bond financing fee schedule.

**California School Finance Authority**

**Exhibit A**

	<b>School</b>	<b>Issuance Date</b>	<b>Amount Issued</b>
<b>2010</b>			
1	Birmingham (RAN)	8/3/2010	\$ 3,000,000
2	Aspire 2010A(RAN)	8/24/2010	\$ 6,850,000
3	High Tech High - Chula Vista (QSCB)	8/11/2010	\$ 12,000,000
4	Vaughn (QSCB)	10/14/2010	\$ 8,500,000
5	Granada Hills (QSCB)	10/14/2010	\$ 5,000,000
<b>2011</b>			
6	Oak Grove/Willowside (QSCB)	2/24/2011	\$ 2,015,000
7	New Jerusalem (QSCB)	4/14/2011	\$ 5,100,000
8	High Tech High - North County (QSCB)	4/28/2011	\$ 3,950,000
9	Aspire 2011B (RAN)	5/27/2011	\$ 3,000,000
<b>2012</b>			
10	Working Capital 2012A - Conduit Financing Program	3/1/2012	\$ 4,841,000
11	Aspire 2012A/2012B (RAN)	4/18/2012	\$ 9,170,000
12	Working Capital 2012B - Conduit Financing Program	4/18/2012	\$ 4,708,000
13	Tri-Valley (QSCB and Bonds)	10/4/2012	\$ 42,500,000
14	New Designs (Bonds)	10/24/2012	\$ 19,865,000
15	Working Capital 2012C - Conduit Financing Program	10/25/2012	\$ 800,580
16	Rocketship (RAN)	10/29/2012	\$ 6,037,881
17	Working Capital 2012D - Conduit Financing Program	12/20/2012	\$ 1,856,498
<b>2013</b>			
18	Coastal	2/7/2013	\$ 14,155,000
19	Aspire 2013A/2013B (RAN)	4/5/2013	\$ 3,250,000
20	Working Capital 2013A - Conduit Financing Program	4/25/2013	\$ 3,410,000
21	Value Schools (Bonds)	8/4/2013	\$ 12,870,000
22	High Tech High - North County Elementary (QSCB)	8/20/2013	\$ 11,503,325
23	Classical Academies (Bonds)	9/12/2013	\$ 25,175,000
24	Alliance for College-Ready Public Schools (QSCB)	9/19/2013	\$ 10,750,000
25	Alliance 2023 Union (Bonds)	10/16/2013	\$ 15,775,000
26	ICEF High School (Bonds)	10/24/2013	\$ 10,225,000
27	Camino Nuevo	12/20/2013	\$ 7,245,000
<b>2014</b>			
28	PUC (Bonds)	3/12/2014	\$ 26,030,000
29	Rocketship (RAN)	4/11/2014	\$ 4,575,000
30	Alliance QZAB (Series A and B)	5/22/2014	\$ 8,975,000
31	KIPP Los Angeles Schools	6/25/2014	\$ 28,725,000
32	Magnolia Science Academy - Reseda	6/26/2014	\$ 6,020,000
33	New Designs 2014 (Bonds)	8/12/2014	\$ 7,380,000
34	Alta Public Schools - Academia Moderna	8/20/2014	\$ 7,600,000
35	ICEF ES/MS (Bonds)	10/10/2014	\$ 19,810,000
36	HTH Learning	11/6/2014	\$ 11,000,000
		<b>Totals</b>	\$ 373,667,284
		<b>Average</b>	\$ 10,379,647