

MEMORANDUM

Date: March 26, 2020 Staff Summary No. 5
To: Members, California School Finance Authority
From: Katrina M. Johantgen, Executive Director
Re: Resolution 20-07 - Amending the Conduit Financing Fee Schedule

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.

In 2010, the Authority adopted a formal fee schedule for conduit bond issuance for short- and long-term debt financings. The schedule adopted in 2010 was determined to be competitive with those offered by other governmental and non-governmental conduit issuers. Subsequent revisions were made to the schedule in 2012, 2015 and 2017. The Authority’s current fee structure includes: 1) an application fee; 2) an issuance fee; and 3) annual administration fee. The application fee of \$1,500 is non-refundable and covers the cost of vetting the project, financing team, financing structure and financing application completeness. The issuance fees covers dedicated staff’s time of further review of all financing documents, participate in meetings and financing calls, prepare staff summaries for board consideration, etc. Lastly, the annual administration fee covers staff time monitoring outstanding debt and ensuring post issuance compliance and other reporting requirements. Since 2010, the Authority has issued 88 financings totaling approximately \$1.7 billion. These financings have primarily assisted non-profit borrowers to access the capital markets to finance permanent facilities as well as working capital.

Proposed Fee Amendment: Over the last few years, the Authority has been working with school districts, community college districts, and county offices of education to meet their financing needs. To that end, staff is recommending a bifurcated fee structure – one for governmental entities, and one for non-profit borrowers. This bi-furcated schedule is consistent with other issuers that serve the charter school sector as well as governmental borrowers. The Authority deems these fees to be not only competitive, but lower than other issuers, based on publicly-available fee data.

California School Finance Authority

Once approved by the board, the Authority’s fee schedule would include:

Fee	Amount	
	Governmental or Governmental Sponsored	Non-Profit Borrower
Application Fee	\$1,500	\$1,500
Issuance Fee	0.05% of par-amount up to \$10 Million; 0.025% of par-amount over \$10 Million	0.15% of par-amount up to \$10 Million; 0.05% of par-amount over \$10 Million
Annual Administration Fee	Not Applicable	0.015% of amount of bonds or loan outstanding (\$500 minimum).

Recommendation: Staff recommends board approval of Resolution 20-07 – amending the conduit financing fee schedule. The adoption of Resolution 20-07 will immediately amend the Authority’s fee schedule. The new schedule will be posted on the Authority webpage following the board meeting.