

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (CEFA)

Resolution No. 2007-05

**The Waiver of Bond Issuance Fees for
The Smart Green Equipment Financing Program**

December 6, 2007

BACKGROUND: At the July 26, 2007 meeting, CEFA staff proposed implementing a second equipment financing program that would provide 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 the Smart Green Equipment Financing Program, CEFA will address an important policy issue while providing an economical mechanism for colleges and universities to purchase equipment.

PURPOSE OF FEE WAIVER: As a further incentive for prospective borrowers in this proposed Smart Green Financing Equipment Program, CEFA recommends the waiver of all fees associated with this new program in anticipation that CEFA borrowers will consider purchasing equipment with an associated environmental benefit.

The proposed Smart Green Financing Equipment Program will follow the reduced fee schedule outlined below under the column headed “Smart Green Equipment Financing.” The fees for CEFA’s Simplified Equipment Financing Program is provided for comparison:

	Simplified Equipment Financing	Smart Green Equipment Financing
Application Fee	\$0	\$0
Initial Fee	.075% of par amount	\$0
Administrative Fee	\$500 annually for first five years, \$250 thereafter *	\$0

* The administrative fee is waived for participants with other outstanding CEFA debt.

RECOMMENDATION: Staff recommends the Authority approve the waiver of bond issuance fees for prospective borrowers of the Smart Green Equipment Financing Program.