

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Annual Tax-Exempt Bond Fee Reduction Analysis

Information Item

June 14, 2013

Executive Summary

At its March 29, 2012 meeting, the Authority approved various fee reductions for its tax-exempt bond program. Specifically, the Authority:

1. eliminated the application fee of \$500,
2. reduced the initial fee from .075% (7.5 basis points) of the aggregate amount of the issue to .05% (5 basis points) of the aggregate amount of the issue,
3. reduced the initial fee cap from \$300,000 to \$100,000,
4. reduced the annual administration fee from .02% (2 basis points) of the bonds outstanding to .0175% (1.75 basis points) of the bonds outstanding, and
5. eliminated the resolution renewal fee of \$500.

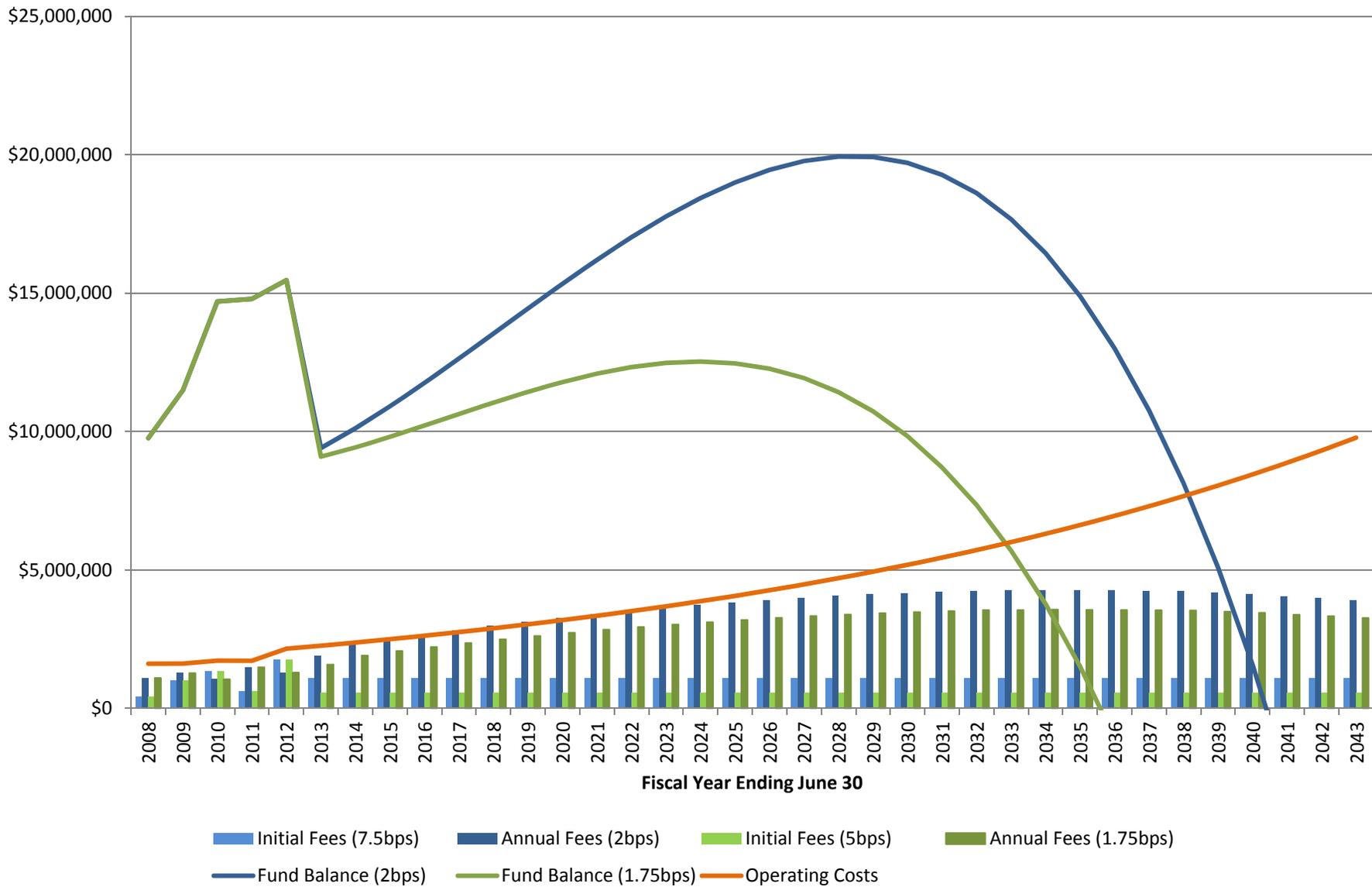
At the time of approval, staff agreed to revisit the fee schedule in one year and annually thereafter to evaluate the impact of these changes.

With these changes in the Authority's fee schedule, the Authority collected approximately \$900,000 less than it would have collected if the Authority had not adopted a reduced tax-exempt fee schedule. Nevertheless, the Authority's overall income levels remained commensurate with prior year income streams because of healthy issuance levels. Consequently, the Authority's fund balance appears not to have been meaningfully impacted since the fee reduction went into place. In fact, in revisiting the 2012 projections concerning the fund balance as prepared by the Authority's financial advisors, Public Financial Management (PFM), present day projections remain very similar.

The two charts attached to this report have been prepared by PFM and provide an historical view of issuances as well as present projections regarding the Authority's fund balance if the reduced fees schedule remains in place, issuance levels remain at an average level and costs continue to grow at an annual rate of 5%. PFM will be present to explain these charts in more detail and to answer any questions that might arise.

Revenues and Expenditures

(Average Issuance Levels since 2004, 5% Operating Cost Growth)



CHFFA Issuance Volume by Fiscal Year

