

Staff Summary No. 5

Date: October 12, 2011
To: Members of the California School Finance Authority
From: Katrina M. Johantgen, Executive Director
Re: Resolution 11-41 – Delegation Certain Powers and Authorizing Certain Actions Related to Bond Financings to the Executive Director

Staff is proposing the California School Finance Authority (Authority) to authorize the Executive Director to act on, or make decisions regarding, amendments to bond documents that normally require the Authority's consent.

Background: AB 1479, chaptered August 4, 2008, authorized the Authority to delegate to the Executive Director or any other official or employee of the Authority any powers and duties that the Authority deems proper. The Board approved the Delegation Resolution at the April 22, 2010 board meeting. Pursuant to Resolution 10-10, the delegation expired on January 31, 2011.

Issue: From time to time parties to CSFA's bond financing transactions may desire to seek consent of the Authority relating to amendments to the Bond Documents, including, but not limited to: removing or replacing participants or agents in the transaction; the delivery of an alternate credit facility or alternate liquidity facility; the sale, encumbrance or transfer of project assets; or a merger or dissolution involving a participating educational entity or co-borrow. Currently, approval by the Authority's Board (the "Board") is necessary for the Authority to give its consent to many of these amendments. In the interest of streamlining the borrowing processes, the Authority desires to authorize the Executive Director to consent to certain amendments without first obtaining approval of the Board.

This resolution proposes to delegate to the Executive Director the power to enter into such amendments and to perform the additional functions listed below:

- 1) Sign and certify resolutions adopted by the Board;
- 2) Execute and deliver all Bond Documents previously or hereafter approved by the Board;
- 3) Execute and deliver certain amendments to Bond Documents;
- 4) Appoint, consent to, approve or remove certain defined parties (e.g. trustees, tender agents, remarketing agents);
- 5) Approve or consent to the delivery of any substitute, alternate or replacement credit enhancement or liquidity facility for bonds of the Authority (or termination of the same);
- 6) Approve or consent to the sale, encumbrance or other transfer of all or a portion of a

- project financed with bonds of the Authority;
- 7) Approve or consent to a merger, dissolution, or the sale of substantially all assets by a participating party or the sale of substantially all of the assets of a participating party;
 - 8) Carry out any ministerial actions contemplated by any Bond Documents;
 - 9) Waive, on behalf of the Authority, any provision of any Bond Document that is expressly for the benefit of the Authority and has not been assigned by the Authority, including, but not limited to, deadlines for delivery of notices, certificates, reports and other items to the Authority; and
 - 10) Respond to any litigation or claim made against the Authority in connection with any bond issue, or any investigation of any bonds by any state or federal regulatory or law enforcement authorities when such response is required by law and is necessary to protect the interests of the Authority, the bondholders, or to effectuate the terms of the applicable resolution adopted by the Board.

Staff notes that this resolution is consistent with delegation resolutions approved by the other finance authorities chaired by the Treasurer.

Recommendation: Staff recommends the Authority approve Resolution No. 11-41 delegating certain powers and authorizing certain actions related bond financings to the Executive Director.