



CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (CEFA) PRIVATE PLACEMENT LENDING PROGRAM

THE OPPORTUNITY: ISSUE DEBT CHEAPER AND FASTER THROUGH PRIVATE PLACEMENTS

CEFA offers borrowers the opportunity to issue municipal bonds either by way of a public offering/sale or through a private placement/direct purchase. In a private placement, CEFA enters into a purchase agreement with a lender to sell the bonds, and then CEFA enters into a loan agreement with the borrower to loan the proceeds from the bond sale. Among the benefits of private placements are lower costs of issuance, quicker and easier execution and fewer parties requiring disclosure and due diligence. Some banks also will lend funds without requiring cash funding of a Debt Service Reserve Fund, which can result in additional cost savings. As a result, private placements are beneficial for smaller transactions or issuers with a unique credit story and work well for bonds with a shorter term (i.e., 10 years or less).

WHO CAN BORROW

In order to meet the requirements for the CEFA Private Placement Lending Program, a borrower must meet the following eligibility criteria:

- Be regionally accredited by the Western Association of Schools and Colleges;
- Be a private, non-profit, post-secondary degree granting educational institution located in California or that has educational facilities in California;
- Offer a broad curriculum in secular subjects;
- Have been operating for a minimum of three years and provide three years of audited financial statements; and
- Have revenue sufficient to cover debt service on the proposed financing.

WHAT CAN BE FINANCED

New construction or renovation projects, land acquisition for future projects, acquisition of facilities, purchase or lease of equipment, refinancing of outstanding debt used for such purposes, working capital for start-up facilities, funding of debt service reserves, costs of bond issuance, etc.

AMOUNT AND TERM OF FINANCING

No upper limit on the amount of refinancing. Terms of up to 40 years, subject to the useful life of what is being financed.

FINANCING FEES

CEFA will charge an initial fee, starting at 0.15% of the par amount of the bond issuance, and falling to 0.05% on amounts above \$10 million (capped at \$75,000). Annual fee of 0.015% of the outstanding amount (annual maximum of \$12,000 in total). Other financing costs include

legal, financial advisor, and trustee fees. Examples of the fees for the first year of a bond issuance with a par amount of \$100 million are below. Over time, the annual fee would decrease because CEFA assesses it based on the outstanding bond amount, not the original par amount.

Applicant Type	Issuance Amount	CEFA Initial Fee	CEFA Annual Fee
Private, Non-profit Higher Education Facility	\$100 million	\$75,000	\$12,000

APPLICATION

Simple loan application.