



**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
2023 ANNUAL REPORT**



CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

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MEMBERS

FIONA MA, CPA, CHAIR
California State Treasurer

MALIA M. COHEN
State Controller

JOE STEPHENSHAW
Director of Finance

DEBRA MARTIN

KELLY RATLIFF

INTERIM EXECUTIVE DIRECTOR
CAROLYN ABOUBECHARA

March 29, 2024

Dear Members:

On behalf of the California Educational Facilities Authority (CEFA) and staff, I am pleased to present you the 2023 CEFA annual report pursuant to California Education Code Section 94155. Established in 1973, CEFA continues to serve as a conduit issuer of tax-exempt bonds on behalf of California private non-profit colleges and universities. As of December 31, 2023, CEFA has issued \$14,881,108,538 in tax-exempt bonds since its inception, which has enabled our college and university partners to realize their capital and construction financing objectives.

This annual report highlights CEFA's activity for the 2023 calendar year. In total, CEFA processed three delegation requests and received three bond financing applications. The College Access Tax Credit Fund closed the 2023 taxable year with contributions totaling \$1,489,700, which resulted in the certification of \$793,600 in tax credits.

The success of CEFA is made possible by the hard work and dedication of its members and staff. For 51 years, CEFA has continued to serve as a valuable resource by assisting higher educational institutions in expanding educational opportunities for all California students and their families.

If you desire further information or have questions concerning CEFA, please feel free to call me at (916) 653-2872. Additional information concerning CEFA can be found on our website: <http://www.treasurer.ca.gov/cefa>.

Sincerely,

A handwritten signature in blue ink that reads "Carolyn Aboubechara".

Carolyn Aboubechara
Interim Executive Director

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California Educational Facilities Authority

The California Educational Facilities Authority (CEFA) was established in 1973 and operates pursuant to the California Educational Facilities Authority Act (CEFA Act), as set forth in Sections 94100-94213 of the California Education Code.

CEFA was created for the purpose of issuing revenue bonds to assist private nonprofit institutions of higher learning in the expansion and construction of educational facilities. Because it is authorized to issue tax-exempt bonds, CEFA may be able to provide financing terms that are more favorable to private institutions than might otherwise be available through commercial lenders or other taxable debt instruments.

The CEFA Act explicitly states that bonds issued by CEFA shall not be a debt, liability, or claim on the full faith and credit or the taxing power of the State of California, or any of its political subdivisions. The full faith and credit of the participating institution is normally pledged to the payment of the bonds.

Mission Statement

The mission of CEFA is to provide students with better access and broader opportunities in higher education by providing qualified non-profit private higher education institutions with the assistance needed to reduce their capital costs of financing academic-related facilities through a tax-exempt revenue bond program.

Board Members

| | |
|-----------------|---|
| Fiona Ma, CPA | <i>Chair, California State Treasurer</i> |
| Malia M. Cohen | <i>Vice Chairperson, California State Controller</i> |
| Joe Stephenshaw | <i>Director, California Department of Finance</i> |
| Debra Martin | <i>Vice President for Administration & Finance and CFO, Mount Saint Mary's University</i> |
| Kelly Ratliff | <i>Vice Chancellor of Finance, Operations and Administration, University of California, Davis</i> |

Programs

Bond Financing – The Bond Financing Program provides borrowers access to low interest rate capital markets through the issuance of tax-exempt bonds. Tax-exempt bonds may be marketed to multiple bondholders in an effort to obtain a better interest rate via either a public offering or a private placement. Given the cost of issuing bonds, this option is most often pursued by borrowers with capital project financing needs in excess of \$5 million. Colleges or universities with more modest financing needs may be grouped or “pooled” by CEFA into a single bond financing, allowing bond issuance costs to be shared by the pool participants.

College Access Tax Credit Fund – Senate Bill 798 (De León), Senate Bill 81 (Committee on Budget and Fiscal Review), Assembly Bill 490 (Quirk-Silva), and Assembly Bill 2880 (Bonta) enacted in 2014, 2015, 2017, and 2022, respectively, authorized CEFA to allocate and certify tax credits for taxable years 2014 through 2027, based on a percentage of the taxpayer's contribution to the College Access Tax Credit Fund. Currently, that percentage is 50 percent, and the maximum aggregate amount of credit that could be allocated and certified by CEFA is \$500 million. CEFA also is required to provide the Franchise Tax Board and the California Department of Insurance with a copy of the certifications by March 1.

California Student Housing Revolving Loan Fund Program – On September 27, 2022 the California Student Housing Revolving Loan Fund Act of 2022 was chaptered into law with the passing of AB 190, the Higher Education Trailer Bill (Chapter 572, Statutes of 2022), authorizing CEFA and the California School Finance Authority (CSFA) to develop the California Student Housing Revolving Loan Program (CaSH RLF) to provide zero interest loans to qualifying colleges and universities to construct affordable student, faculty, and staff housing. The Program is currently paused due to budgetary constraints and the reversion of funding.

2023 Legislative Changes

Assembly Bill 1400 (Bryan) – Assembly Bill 1400 (AB 1400) was enacted September 2023. AB 1400 changed the target population that benefits from the contributions to the College Access Tax Credit Fund to California Community College students who transfer to a partnered Historically Black College and University and intend to return to the State of California following their studies.

Senate Bill 117 (Higher Education Trailer Bill) – Senate Bill 117 (SB 117) was enacted July 10, 2023 and became effective immediately, amending the funding levels for the CaSH RLF Fund and allocating \$200,000,000 for the 2023-2024 fiscal year to be deposited in the Program Fund, with 75% for CEFA for the University of California and California State University applicants and 25% for CSFA for the California Community College applicants.

Summary of 2023 Calendar Year

Bond Financings

In 2023, CEFA authorized three tax-exempt bond financings for three California colleges and universities, which resulted in the issuance of \$393,335,000 in bonds. The following provides a summary of all CEFA bond issues that closed in 2023.

\$241,545,000

Stanford University, Series V-3

The proceeds were used to provide tax-exempt financing for the construction, renovation, equipping, and furnishing of certain educational facilities owned and operated by Stanford. Proceeds were also used to retire outstanding commercial paper (series of short-term notes maturing from 1 to 270 days).

\$110,000,000

Saint Mary’s College of California, Series 2023A

The proceeds were used to provide tax-exempt financing for working capital, including the funding for a swap termination agreement, various campus upgrades, and to refund all the remaining outstanding balance of the CEFA Series 2007 bonds.

\$41,790,000

University of the Pacific, Series 2023

The proceeds were used to provide tax-exempt financing for the construction, renovation, equipping and furnishing of educational facilities located on the Sacramento and Stockton campuses.

College Access Tax Credit Fund Activity

For Calendar Year 2023, CEFA received \$1,489,700 for the College Access Tax Credit Fund across 68 contributions. The table below reflects a summary of contribution and tax credit data for TY 2023.

| | |
|--|-------------|
| Total Number of Contributions | 68 |
| Total Amount of Contributions | \$1,489,700 |
| Tax Credits Allocated and Certified | \$793,600 |
| Largest Contribution | \$374,000 |
| Smallest Contribution | \$200 |
| Average Contribution | \$21,907 |
| Median Contribution | \$7,500 |

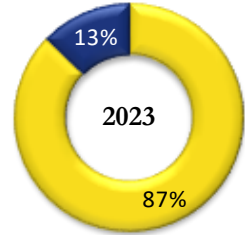
Student Housing Revolving Loan Fund Program Activity

In 2023, once CaSH RLF was funded, CEFA and CSFA developed draft regulations and an application that was shared with key stakeholders for feedback, which was in the process of being incorporated, when the Governor’s 2024-25 Proposed Budget released on January 10, 2024, included the reversion of CaSH RLF funding. Considering this development, CEFA paused further development of CaSH RLF.

Projects Financed

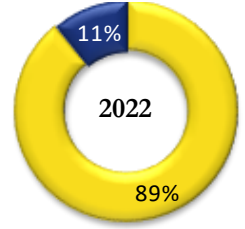
2023

| <i>Institution</i> | <i>Location</i> | <i>Amount</i> |
|--|-----------------|-----------------------|
| University of Stanford, Series V-3 | Stanford | \$ 241,545,000 |
| Saint Mary's College of California, Series 2023A | Los Angeles | 110,000,000 |
| University of the Pacific, Series 2023 | Stockton | 41,790,000 |
| Total | | \$ 393,335,000 |



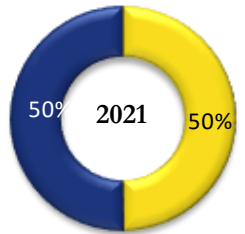
2022

| <i>Institution</i> | <i>Location</i> | <i>Amount</i> |
|--|-----------------|----------------------|
| University of Redlands, Series 2022A | Redlands | \$ 51,345,000 |
| Art Center College of Design, Series 2022A | Pasadena | 35,000,000 |
| University of Redlands, Series 2022B | Redlands | 10,650,000 |
| Total | | \$ 96,995,000 |



2021

| <i>Institution</i> | <i>Location</i> | <i>Amount</i> |
|----------------------------------|-----------------|-----------------------|
| Stanford University, Series V-2 | Stanford | 300,400,000 |
| Chapman University, Series 2021A | Orange | \$ 52,995,000 |
| Total | | \$ 353,395,000 |



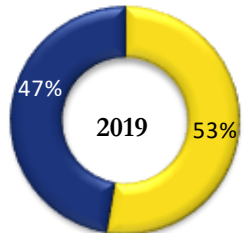
2020

| <i>Institution</i> | <i>Location</i> | <i>Amount</i> |
|--------------------|-----------------|---------------|
| None | | \$ - |



2019

| <i>Institution</i> | <i>Location</i> | <i>Amount</i> |
|--|-----------------|-----------------------|
| Stanford University, Series V-1 | Stanford | \$ 600,000,000 |
| Loyola Marymount University, Series 2019 | Los Angeles | 65,000,000 |
| Total | | \$ 665,000,000 |



■ New Constuction
 ■ Refinancing

Portfolio

As of December 31, 2023, CEFA had 62 outstanding bond issues totaling \$4,364,923,989.



Staff

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Appendix A

Audited Financial Statements

Due to unforeseen circumstances, a complete copy of CEFA's June 30, 2023, Independent Auditor's Report as prepared by Richardson & Company, LLP, Certified Public Accountants of Sacramento, CA has not been completed by the March 31 due date pursuant to Section 94155 of the CEFA Act.

Upon its finalization, a copy of the Independent Auditor's Report will be provided separately.