

# Exhibit 21

## Action Item

### Consideration of the dissolution of EdFund

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EdFund was created in 1997 as an auxiliary organization of the California Student Aid Commission (Commission) to provide student loan guarantee services under the Federal Family Education Loan (FFEL) Program. At one time, it was the second largest provider of such services in the United States, processing \$9.3 billion in loans annually and managing a portfolio of \$29 billion in student loans.

On July 20, 2010, the U.S. Department of Education informed the Commission that it was terminating the Commission's participation in the FFEL Program and transferring the FFEL Program assets to the Educational Credit Management Corporation (ECMC) effective November 1, 2010. Without the Commission's participation in the FFEL Program, EdFund ceased to have a source of income for its operations. All EdFund employees were transitioned to ECMC in December 2010 and since that time, EdFund has not had any employees.

Given the complexities of the program transition, between November 1, 2010 and June 30, 2013 there were a series of Operating Agreements between the Commission, ECMC and EdFund to transfer loan program operations, dispose of assets and resolve legal claims against EdFund and the Commission. With the exception of a single matter of borrower litigation against EdFund, all of those activities have been completed.

As part of its strategic planning session in July 2013, the Commission considered whether it would seek to re-purpose EdFund. Ultimately, the Commission has decided that it will not seek to re-establish EdFund as a viable entity. Consequently, at this juncture it makes sense to legally dissolve EdFund.

A California nonprofit corporation that decides to wind up operations and dissolve must take certain steps to effectuate the dissolution. As the entity that is ultimately responsible for EdFund, the Commission should formally act to instruct the EdFund Board of Directors to commence the dissolution process and to take the necessary steps to effectuate the dissolution.

The dissolution will be handled by EdFund's legal counsel, Remcho Johansen & Purcell, LLP. A complete discussion of the steps of the dissolution process may be found at Exhibit 1.1.

**Recommended Action:** It is recommended that the Commission vote to instruct the EdFund Board of Directors to commence the dissolution process and to take all necessary steps to effectuate the Dissolution of EdFund.

**Responsible Person(s):** Keri Tippins  
General Counsel

## Exhibit 21.1

The following steps must be completed in order to dissolve EdFund:

1. If the board does not unanimously approve dissolution, complete and sign EdFund's Certificate of Election to Wind Up and Dissolve and Certificate of Dissolution.
2. File EdFund's final state tax return with the California Franchise Tax Board.
3. Notify all creditors of EdFund's pending dissolution.
4. Compile documents required by the Attorney General for a dissolution waiver:
  - A signed cover letter describing the documents enclosed and declaring EdFund has no assets remaining for distribution;
  - An endorsed-filed copy of the EdFund's Articles of Incorporation;
  - The original, signed copy of the Certificate of Election to Wind Up and Dissolve (if applicable);
  - The original, signed copy of the Certificate of Dissolution; and
  - Copies of the federal tax returns (IRS Form 990s) filed for EdFund over the last three (3) accounting periods.
5. Mail all dissolution waiver documents to: California Attorney General's Office, Registry of Charitable Trusts, P.O. Box 903447, Sacramento, CA 94203-4470.
6. Once the dissolution waiver is received, compile a final dissolution packet for the Secretary of State with the original and two copies of:
  - The Attorney General's dissolution waiver;
  - The original, signed copy of the Certificate of Election to Wind Up and Dissolve (if applicable);
  - The original, signed copy of the Certificate of Dissolution; and
  - A \$12.00 check made out to the address below (\$2.00 for copies of the Certificate of Election to Wind Up and Dissolve and the Certificate of Dissolution, and \$10.00 to certify each).
7. Mail the final dissolution packet to: California Secretary of State, Document Support Filing Unit, 1500 11th Street, 3rd Floor, Sacramento, CA 95814-5701.
8. Once the endorsed-filed copies of the Certificate of Election to Wind Up and Dissolve and the Certificate of Dissolution are received, compile a second final dissolution packet for the Attorney General:
  - An endorsed-filed copy of the Certificate of Election to Wind Up and Dissolve (if applicable);
  - An endorsed-filed copy of the Certificate of Dissolution; and
  - A final financial report showing EdFund has no assets.
9. Mail the second final dissolution packet to: California Attorney General's Office, Registry of Charitable Trusts, P.O. Box 903447, Sacramento, CA 94203-4470.