

MINUTES

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (“CEFA”)

5th Floor Conference Room
915 Capitol Mall, Room 587
Sacramento, California 95814

Thursday, December 4, 2014

1:30 PM

Deputy Treasurer Michael Paparian, serving as Chairperson, called the CEFA meeting to order at 1:31p.m.

CEFA Roll Call

Members Present: Michael Paparian for Bill Lockyer, State Treasurer, Chairperson
Alan Gordon for John Chiang, State Controller, Vice-Chairperson
Eraina L. Ortega for Michael Cohen, Director, Department of Finance
Stacy Lewis Daher
William McGinnis

Staff Present: Ronald L. Washington, Acting Executive Director
Rosalind Brewer, Deputy Executive Director

Chairperson Paparian declared a quorum present.

Mr. Paparian asked for public comment regarding the October 30, 2014 CEFA meeting minutes, and there were none.

Approval of the minutes from the October 30, 2014 CEFA meeting:

Motion: Ortega
Seconded: Gordon
Ayes: Paparian, Lewis Daher, McGinnis, Ortega, Gordon
Noes: None
Abstentions: None
Recusals: None

Motion adopted.

CEFA’s Executive Director’s Report

Mr. Washington presented the Executive Director’s report as of October 31, 2014 that reflected total and outstanding debt and program balances and noted that the top ten borrowers remained relatively unchanged.

Mr. Washington presented the Delegation of Powers report regarding California Lutheran University (the “University”). He stated the University notified the Authority in October 2014 of its intention to redeem its CEFA Pool Series 1999B bonds. The University requested CEFA execute a Notice and Instruction to the Trustee Regarding Optional Redemption. In consultation with STO Legal Counsel who confirmed that the action fell within the Executive Director’s delegated authority under Resolution No. 2013-01, the Acting Executive Director executed a Notice and Instruction to the Trustee Regarding Optional Redemption on October 28, 2014.

Mr. Washington presented the Delegation of Powers report regarding California Institute of Technology (“CalTech”). He stated CalTech notified the Authority in October 2014 of its intention to terminate its Issuing and Paying Agency Agreement (the “Agreement”) with Wells Fargo Bank relating to its 2009 Commercial Paper Program. Pursuant to Section 9 of the Agreement, dated July 1, 2009, the Agreement may be terminated at any time by the Authority and the Borrower by giving their joint written notice to the Agent and Dealer. In consultation with STO Legal Counsel who confirmed that the action fell within the Executive Director’s delegated authority under Resolution No. 2013-01, the Acting Executive Director executed a joint written termination notice to Wells Fargo Bank on October 30, 2014.

Mr. Washington presented the Delegation of Powers report regarding California College of the Arts (“CCA”). He stated that in November 2014, CCA notified the Authority of its intent to obtain a loan (the “2014 Loan”) to refund its CEFA Series 2001, 2005, and 2007 bonds (the “Prior Bonds”). Mr. Washington reported the Prior Bonds were secured by the gross revenues of CCA on a parity basis with its CEFA Series 2012 bonds (the “2012 Bonds”) and CCA needed to secure the 2014 Loan with its gross revenues on a parity basis with the gross revenues to future indebtedness incurred by CCA and to request consent from the Authority. In consultation with the Attorney General’s Office who confirmed that the action fell within the Executive Director’s delegated authority under Resolution No. 2013-01, the Acting Executive Director executed the Consent of the Authority to the designation of the 2014 Loan as Parity Debt with respect to the CEFA Series 2012 bonds on November 13, 2014.

Mr. Washington presented the Summary of Delegation Actions from January 1, 2014 to December 4, 2014. He stated this summary included the three delegations that were presented today.

Mr. Washington presented the College Access Tax Credit Fund Update.

Charles R. Drew University of Medicine and Science

Item # 4

Resolution No. 298

Carolyn Aboubechara stated Charles R. Drew University of Medicine and Science (“CDU”) intended to use bond proceeds to refund the outstanding CEFA Series 2007 Variable Rate Demand Bonds allowing CDU to terminate its letter of credit with Santander Bank, formally known as Sovereign Bank.

Representing Charles R. Drew University of Medicine and Science: John Geraghty, Acting Chief Financial Officer (via teleconference); Karen Jordon, Borrower’s Counsel, Dentons US LLP; Craig Hoshijima, Financial Advisor, Public Financial Management (via teleconference)

Mr. Paparian asked for public comment, and there were none.

Approval of Resolution No. 298 of the California Educational Facilities Authority Authorizing the Issuance of Refunding Revenue Bonds to Refinance Educational Facilities of Charles R. Drew University of Medicine and Science in an Amount Not to Exceed \$33,000,000:

Motion: Gordon

Seconded: Ortega

Ayes: Paparian, Lewis Daher, McGinnis, Gordon, Ortega

Noes: None

Abstentions: None

Recusals: None

Motion adopted.

Item # 5

Kenna Waddell stated the University of Redlands (“Redlands”) intended to use bond proceeds to refund all or a portion of the CEFA Series 2003A and Series 2003B bonds, and advance refund a portion of its CEFA Series 2005A bonds. Ms. Waddell reported the refunding of these bonds was expected to provide Redlands with a net present value savings of approximately \$2.88 million or 8.2%, under current market conditions. Ms. Waddell stated pending improved market conditions, Redlands may use bond proceeds to advance refund a portion of its CEFA Series 2008A bonds.

Representing the University of Redlands: Cory Nomura, Vice President, Finance & Administration and Chief Financial Officer; Shay Brunson, Associate, Wells Fargo Securities; and Harriet Welch, Partner, Squire Patton Boggs (US) LLP

Mr. Paparian asked for public comment, and there were none.

Approval of Resolution No. 299 of the California Educational Facilities Authority Authorizing the Issuance of Refunding Revenue Bonds to Refinance Projects at the Educational Facilities of University of Redlands in an Amount Not to Exceed \$40,000,000:

Motion: Gordon

Seconded: McGinnis

Ayes: Paparian, Ortega, Lewis Daher, Gordon, McGinnis

Noes: None

Abstentions: None

Recusals: None

Motion adopted.

Item # 6

Tyler Bui stated Pepperdine University (“Pepperdine”) intended to use bond proceeds to refund a portion of its outstanding CEFA Series 2005A and Series 2005B bonds. Mr. Bui stated bond proceeds would also be used to fund capital improvements on the Malibu campus and pay the cost of issuance for the CEFA Series 2014 bonds.

Representing Pepperdine University: Paul Lasiter, Chief Financial Officer, and Brian Thomason, Controller; Amanda Kersen, Senior Underwriter, Morgan Stanley; Lina Thoreson, Bond Counsel, Orrick, Herrington & Sutcliffe LLP

Mr. Paparian asked for public comment, and there were none.

Approval of Resolution No. 300 of the California Educational Facilities Authority Authorizing the Issuance of Revenue Bonds to Finance and/or Refinance Projects at the Educational Facilities of Pepperdine University in an Amount Not to Exceed \$75,000,000:

Motion: Gordon

Seconded: Ortega

Ayes: Paparian, Lewis Daher, McGinnis, Gordon, Ortega

Noes: None

Abstentions: None

Recusals: None

Motion adopted.

Ms. Brewer stated Resolution No. 2013-01 delegated certain powers and authorized certain actions related to bond financings to the Executive Director. She reported the existing delegation resolution expires January 31, 2015. Authority staff requested approval of a new resolution, identifying essentially the same powers and duties for delegation, with a proposed expiration date of January 31, 2017.

Mr. Paparian asked for public comment, and there were none.

Approval of Resolution No. 2014-03 of the California Educational Facilities Authority Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings:

Motion: Gordon

Seconded: Ortega

Ayes: Paparian, Lewis Daher, McGinnis, Gordon, Ortega

Noes: None

Abstentions: None

Recusals: None

Motion adopted.

With no public comment, the CEFA meeting was adjourned at 1:58 p.m.

Respectfully submitted,

Ronald L. Washington
Acting Executive Director