

MINUTES

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
MINUTES APRIL 26, 2007 – 1:30 P.M.
915 CAPITOL MALL, ROOM 587
SACRAMENTO, CA 95814**

Alternate Location for Teleconference Participation

University of Southern California
3601 Trousdale Parkway
Office of Vice President for Student Affairs
Student Union 201
Los Angeles, CA 90089-4891

Deputy State Treasurer Patricia Wynne, serving as chair, called the meeting to order at 1:30 p.m.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer, Chair
Michael Carter for John Chiang, State Controller, Vice Chair
Vince Brown for Michael C. Genest, Director, Department of Finance
Michael L. Jackson via teleconference

Members Absent: Sylvia Scott-Hayes

Staff Present: Jose Gomez, Executive Director
Charles Fitzpatrick, Operations Manager

The Chair declared a quorum present.

Approval of Minutes

The minutes from the California Educational Facilities Authority's (CEFA) January 25, 2007 meeting were approved as submitted. Vince Brown moved for approval of the minutes, it was seconded by Michael Jackson, with a 3-0 vote. (State Controller not present for vote.)

Executive Director's Report

The Executive Director's Report for CEFA/SLAF was presented for the months of January, February, and March 2007. Jose Gomez reported that as of March 31, 2007, CEFA had issued just over \$7 billion in bonds, with \$3.5 billion currently outstanding. He stated that the bond total reflected the closing of the \$36 million Claremont Graduate University bond sale, and the closing of the \$37 million College and University Financing Program, which included California College of the Arts, Dominican University, Keck Graduate Institute, and Woodbury University.

Jose Gomez reported the Authority's fund balances as of March 31, 2007. The CEFA fund balance was approximately \$5.6 million. He stated that the student loan balance reflected no activity since the January Board meeting, and as of March 31, 2007, had a balance of approximately \$6.9 million. Mr. Gomez reported that as of March 31, 2007, the Authority's quarterly list of largest borrowers included 13 borrowers with debt over \$50 million, which totaled approximately 80% of all CEFA debt outstanding.

Jose Gomez presented an update on contracts. He stated that the Attorney General normally serves as the Authority's issuer's counsel, but because of workload, is not always available to serve the Authority, and has authorized staff to continue to contract with outside counsel when necessary. He further stated that staff had also processed a Request for Proposal and was in the process of entering into a contract with Macias, Gini & O'Connell, LLP, for financial analyst services. Further, Mr. Gomez reported that staff had processed a Request for Proposal and entered into a contract for Audit Services with Gilbert Associates, Inc. and that both contracts would be for a two-year period with a possible one-year extension.

Jose Gomez stated that each of the borrowers coming before the board make significant efforts to keep environmental benefits in mind as they undertake new projects, and that they present a unique look at the full spectrum of financings that the Authority participates in, ranging from small equipment purchases and project-oriented bond financings to the largest bond issuance the Board has ever approved.

(Michael Carter, State Controller's Office arrived.)

Vince Brown asked if the contract awarded to Gilbert for audit services resulted from a bid, and what was the process for the award.

Charles Fitzpatrick responded that this was a new contract that was awarded to Gilbert Associates, Inc., resulting from a Request for Proposal. He stated that Gilbert Associates, Inc. also held the previous contract, which was bid and issued as a two-year contract with an amended one-year extension.

Item #4

Stanford University Resolution No. 245

Thera Hearne stated that Stanford University was requesting \$700,000,000 in bond financing and that the proceeds would include new money to be used to fund construction projects for the University. She stated that the remaining funds would be used to refund existing CEFA debt and that the refunding portion of the financing for 2007 was expected to have a net present value savings of approximately \$24.4 million. (Staff handed out an updated Project List.) Representing the University: Ms. Odile Disch-Bhadkamkar, Director of Finance, Stanford University; and, Mr. Richard Hiscocks, Esq., Orrick, Herrington & Sutcliffe, LLP, Bond Counsel.

Staff recommended the Authority approve Resolution No. 245 in an amount not to exceed \$700,000,000 to issue tax exempt revenue bonds for Stanford University, subject to the bonds having at least an "A" category rating (or equivalent short-term rating) by a nationally recognized rating agency and the standard bond issuance guidelines.

Michael Carter asked the University to comment on the University's CEQA compliance.

Odile Disch-Bhadkamkar stated that the University has a dual process whereby projects require specific Notice of Determination or where the University has a wide category of projects that fall under the General Use Permit that was granted by the County of Santa Clara, allowing the University to build up to two-million square feet of space. Ms. Disch-Bhadkamkar stated that most of the projects before the Board fell under the General Use Permit and therefore met the CEQA environmental requirements. Ms. Disch-Bhadkamkar further stated that Julia Bilaver from the Attorney General's Office had reviewed the General Use Permit and that the University had submitted the Notice of Determination for the projects that required additional due diligence and provided a statement explaining how the entire project list met the CEQA requirements.

Richard Hiscocks stated that this was the first time Stanford had been before the Authority since the new CEQA statute had taken effect. Mr. Hiscocks expressed his appreciation to the Attorney General's Office for their assistance in working with the Authority to ensure that the proper documentary records were

submitted and evaluated with the CEQA compliance officers at the University to demonstrate that the statutory requirements had been satisfied.

Patricia Wynne also stated her appreciation to the Attorney General's Office, Staff Counsel, and the applicants for their help in learning and understanding the CEQA requirements.

Jose Gomez asked Stanford University to describe some of the environmental benefits that were being implemented.

Odile Disch-Bhadkamkar stated that in anticipation of the specific interest in heightened environmental sustainability, she had prepared an outline for the Board, reflecting Stanford University's ongoing efforts to meet and incorporate green standards. (Staff handed out the University's Outline.)

Patricia Wynne thanked Ms. Disch-Bhadkamkar for addressing this issue.

Odile Disch-Bhadkamkar also mentioned that the cash balance for the 2004 audit was restated in 2005 reflecting a change in accounting policy and that there was no impact in net assets. The updated Staff Report incorporating this change was posted on the CEFA website after member packets had been mailed.

Michael Carter asked if Stanford University knew the cost associated with their green efforts?

Odile Disch-Bhadkamkar stated that the University was still assessing the costs, and that the Energy and Environment Building would be the landmark building in terms of determining the costs. She stated that the University has an initiative for retrofitting some of the larger campus buildings that use maximum energy and that the repayment period was approximately four to five years.

Vince Brown moved for adoption of the Resolution and Michael Carter seconded the motion. The motion was adopted with a 4-0 vote.

Item #5

**Claremont McKenna College
Resolution No. 246**

Kristine Scully stated that Claremont McKenna College was requesting \$50,000,000 in bond proceeds to be used to construct, renovate and equip various facilities throughout the campus as well as refund their portion of the 1995A CEFA Pool and advance refund a portion of their Series 1999 bonds. Representing the College: Ms. Robin Aspinall, Vice President for Business and Administration and Treasurer, Claremont McKenna College; Mr. John Knox, Esq., Orrick, Herrington & Sutcliffe LLP; and Mr. Saul Rosenbaum, Prager, Sealy & Co., LLC, Underwriter.

Staff recommended the Authority approve Resolution No. 246 in an amount not to exceed \$50,000,000 for Claremont McKenna College, subject to the bonds having at least an "A" rating by a nationally recognized rating agency and meeting the standard bond issuance guidelines for "A" rated debt.

Vince Brown asked if the College would elaborate on their efforts towards LEED Certification.

Robin Aspinall stated that the College was in the process of developing a policy statement about sustainability and pursuing LEED Certification on future projects. She stated that the College was seeking LEED Silver certification on the new Dormitory building that is to be constructed through this financing.

Vince Brown asked Claremont McKenna to provide the LEED Certification to the Authority upon receipt.

Robin Aspinall agreed to provide the final certification.

Michael Jackson moved for adoption of the Resolution and Michael Carter seconded the motion. The motion was adopted with a 4-0 vote.

Item #6

**Saint Mary's College of California
Resolution No. E-6**

Yassar Dahbour stated that Saint Mary's College of California was requesting \$2,700,000 to acquire, upgrade and install a variety of energy and water conservation equipment, which would result in an approximate annual savings of \$153,000. Representing the College: Ms. Jeanne DeMatteo, Director of Finance/Controller, and Mr. Peter Michell, Vice President for Finance, both from Saint Mary's College.

Staff recommended the Authority approve Resolution No. E-6 in an amount not to exceed \$2,700,000 for an equipment financing with a term of 10 years.

Peter Michell stated that this financing request was Phase II of the College's energy conservation plan with the first Phase beginning several years ago through an equipment financing from CEFA. He stated that due to the success of the original financing, the College decided to continue with their efforts to update the campus with various energy conservation equipment. Mr. Michell stated that the College was also initiating a whole educational effort, which was not part of this financing. He stated that this would include sub-metering of all buildings, including residence halls and that the college had developed a program allowing students to review building energy usage and that competitions would be conducted between the residence halls. He further stated that there is a curriculum that allows the students to learn how to audit energy usage and present suggestions to the college on how to decrease consumption. He also stated that a third educational piece is offered to the staff to help them operate more efficiently.

Vince Brown asked why the Authority was not in a first priority position on the financing.

Yassar Dahbour stated that on this financing, the Authority is acting as the lessee/sub-lessor whereas the actual owner of the equipment would be Municipal Finance Corporation who would have the first lien position.

Vince Brown moved for adoption of the Resolution and Michael Carter seconded the motion. The motion was adopted with a 4-0 vote.

There being no public comment, the meeting was adjourned at 1:52 p.m.

Respectfully submitted by,

Jose Gomez
Executive Director