

MINUTES

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (CEFA)

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

Thursday, December 4, 2008

1:30 PM

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
Ruth Holton-Hodson for John Chiang, State Controller, Vice Chair
Tom Sheehy for Michael C. Genest, Director, Department of Finance

Absent: Sylvia Scott-Hayes
Michael Jackson

Staff Present: Jose A. Gomez, Executive Director
Ronald Washington, Deputy Executive Director

The Chair declared a quorum present.

Approval of Minutes

The minutes from the California Educational Facilities Authority's (CEFA) October 30, 2008 meeting were approved. Tom Sheehy moved for approval of the minutes, Ruth Holton-Hodson seconded the motion. The motion was adopted with a 3-0 vote.

Executive Director's Report

Jose Gomez reported that as of October 1, 2008, CEFA had issued bonds totaling approximately \$8.5 billion and currently had approximately \$3.8 billion in bonds outstanding. The CEFA fund balance as of October 31, 2008 was \$4,557,783.50, reflecting expenditures of \$218,666.97 and income of SMIF Interest of \$35,444.89.

Mr. Gomez reported that the Student Loan Program had issued approximately \$265.4 million in bonds, with \$29,610,000 in bonds currently outstanding. As of October 31, 2008, the fund balance for the Student Loan Fund was \$7,485,544.62, reflecting expenditures of \$14,250.00 and SMIF Interest of \$51,909.52.

Mr. Gomez updated the Board on the non-profit student loan provider ALL Student Loan. At the July 2008 board meeting, Resolution 2008-04 was adopted authorizing the purchase of subordinate bonds as credit enhancement for senior bonds which were to be used to finance the origination of student loans under the Federal Family Education Loan Program (FFELP). Mr. Gomez reported that because of the general credit market instability, ALL Student Loan found it difficult to obtain the necessary credit enhancement necessary to make use of their Private Activity Bond allocation in 2008, but stated that ALL Student Loan was optimistic that recent actions by the U.S. Department of Education and Treasury Secretary Paulson would allow ALL Student Loan to obtain credit enhancement in January 2009. Mr. Gomez stated that ALL Student Loan was scheduled to go before CDLAC in January for a \$225 million allocation and hoped to come back to the Authority immediately following approval by CDLAC.

Mr. Gomez updated the Board on the 2008 bond financings and stated that CEFA had issued \$771,480,000 dollars in bonds so far in 2008, which included twelve financings for eight California colleges and universities. Including the issue before the Board today, six Resolutions remain pending, totaling an additional \$680,605,000 in bonds. Three of those pending resolutions, Loyola Marymount University, Santa Clara University, and the University of San Francisco, were set to price and close during December, adding approximately \$243.5 million in bonds to the 2008 total, bringing the bonds issued for CEFA in 2008 to \$1,014,965,000. Mr. Gomez thanked the Board and staff for their hard work and support during the past year and the good work for the colleges and universities and the people of California.

Mr. Sheehy asked for clarification on ALL Student Loan.

Mr. Gomez stated that ALL Student Loan is a non-profit student loan provider who came before the Board in July and the Authority was going to enter into a partnership with them giving the Authority the ability to issue student loans. Because ALL Student Loan could not retain a Letter of Credit that is required by CDLAC, they had to withdraw their allocation and will have to go back to CDLAC for allocation in January 2009. The Authority has already approved a resolution for ALL Student Loan, but they will have to come back to the Authority for final approval once they get the Letter of Credit.

Item #4

**Claremont McKenna College
Resolution No. 261**

Summer Nishio stated that Claremont McKenna College (CMC) was requesting \$85,000,000 in bond proceeds to various capital improvement projects, including the construction of an academic and administrative building and the renovation of several existing facilities. Representing the Borrower: Ms. Robin Aspinall, Vice President for Business and Admin, and Treasurer; Mr. John Knox, Esq., Bond Counsel, Orrick, Herrington & Sutcliffe LLP; and, Mr. Saul Rosenbaum, Managing Director, Prager, Sealy & Co.

Ms. Nishio stated for the record that the resolution had been revised in order to give CMC the flexibility to sell the bonds at a variable rate of interest, if needed. Additionally, a paragraph had been removed from the Exhibit A in the Resolution.

John Knox stated that the changes to the resolution are related to the decision of the borrower to request the Authority's approval to issue these bonds in a variable rate mode if the Borrower determines that is the best way for them to access the market. Mr. Knox stated that the Borrower's current intentions are to do fixed rate bonds, but given the uncertainty of the market, the fixed rate market might not be available at rates that are attractive, and would like to be able to have the flexibility of using a variable rate financing. Mr. Knox stated that the changes to Exhibit A reflect projects that were removed.

Staff recommended approval in an amount not to exceed \$85,000,000 for Claremont McKenna College, subject to a bond rating of at least an "A" category by a nationally recognized rating agency and meeting the standard bond issuance guidelines for "A" category rated debt.

Tom Sheehy moved for adoption of the Resolution and Ruth Holton-Hodson seconded the motion. The motion was adopted with a 3-0 vote.

No public comment, the meeting was adjourned at 1:45 p.m.