

MINUTES

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (CEFA)

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

Alternate Location for Teleconference Participation

University of Southern California
3601 Trousdale Parkway
Office of Vice President for Student Affairs
Student Union Building 201
Los Angeles, CA 90089-4891
(213) 740-5240

Thursday, February 26, 2009

1:30 PM

Deputy State Treasurer Patricia Wynne, serving as chair, called the meeting to order at 1:35 p.m.

Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer, Chair
Cindy Aronberg for John Chiang, State Controller, Vice Chair via teleconference
Tom Sheehy for Michael C. Genest, Director, Department of Finance
Sylvia Scott-Hayes via teleconference
Michael Jackson via teleconference

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) December 4, 2008 and the January 5, 2009 meetings were approved. Michael Jackson moved for approval of the minutes, Tom Sheehy seconded the motion. The motion was adopted with a 5-0 vote.

Ms. Wynne announced that this would be the last meeting for Mr. Gomez and thanked him for his two-year service to the Authority and congratulated him on his new position with the California State University, Los Angeles.

Executive Director's Report

Mr. Gomez reported that as of January 31, 2009, CEFA had issued bonds totaling approximately \$8.9 billion and currently had approximately \$4.2 billion in bonds outstanding. Mr. Gomez reported that during the month of January, the University of Southern California issued their 2009B bond series for \$217,605,000 and Claremont McKenna College issued their 2009 bond series for \$83,095,000. The CEFA fund balance as of January 31, 2009 was \$4,742,361.04, reflecting expenditures of \$77,029.83, SMIF earnings of \$29,733.07 and fee income of \$151,000.

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 January 31, 2009, the fund balance for the Student Loan Fund was \$7,522,638.87, reflecting expenditures of \$10,676.00 and SMIF Interest of \$47,770.25.

Mr. Gomez thanked the Board and the staff for making his two years with CEFA productive and enjoyable.

Item #4

**Pomona College
Resolution No. 266**

Summer Nishio stated that Pomona College (College) was requesting \$75,000,000 in bond proceeds to refund a portion of their CEFA Series 1999A, and all of their 2005B and 2008B bonds. In addition, the College plans to add a project to the CEFA Series 2008A project list as permitted by the 2008 Loan Agreement. Representing the Borrower: Mr. Andrew O'Boyle, Assistant Vice President and Associate Treasurer, Pomona College; Ms. Stephanie Shepherd, Esq., Bond Counsel, Squire, Sanders & Dempsey LLP; and, Mr. Richard DeProspero, Managing Director, Wedbush Morgan Securities.

Staff recommended approval in an amount not to exceed \$75,000,000 for Pomona 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.

Ms. Wynne asked for clarification on the additional projects and how the additional funding would be used.

Mr. O'Boyle stated that the renovations to the Seaver South Building had already been completed and that the objective of the additional funding was to draw down the proceeds quicker because of concerns regarding the provider of the investment contract.

Ms. Shepherd stated that a reimbursement resolution had been adopted and the completed project was eligible for reimbursement with bond proceeds.

Mr. Jackson asked how the College's endowments were doing and if their rating would be affected.

Mr. O'Boyle stated that the College is rated "AAA" by Standards & Poor and Moody's. He stated that the endowment performance was a major consideration in the College's decision not to issue new bonds and adding the additional projects.

Mr. Sheehy asked what the College was predicting in fee increases in 2009 and what would the total tuition cost be for the average student without financial aid. Mr. Sheehy further asked what the College was doing to control these costs to the students.

Mr. O'Boyle stated that the College was recommending a 4 ½ percent increase and that the average cost to a student including room and board would be approximately \$50,000. Mr. O'Boyle stated that the College has a "Needs Blind" admission policy which means the College accepts students into the college without looking at their financial need.

Mr. Sheehy asked for clarification on the "Needs Blind" policy and the financial support the college would provide students and expressed his concern about the people's ability to access the benefits that the college has to offer.

Mr. O'Boyle stated that the College is committed to keeping the "Need Blinds" policy in place and guarantees that the College would meet 100 percent of the student's documented need. The College also announced last year that they would eliminate all needs based loans and replaced them with grants.

Silvia Scott-Hayes moved for adoption of the Resolution and Cindy Aronberg seconded the motion. The motion was adopted with a 5-0 vote.

Ms. Wynne stated that item #5 had been removed from the Agenda at the request of the borrower.

Item #6

**Resolution of the California Educational
Facilities Authority Appointing Executive
Director on an Interim Basis
Resolution No. 2009-03**

Mr. Washington stated that the departure of the current Executive Director will create a temporary vacancy and that the Authority is empowered by Section 94125 to employ an Executive Director to enable the Authority to properly perform the duties imposed by law. Mr. Washington stated that Barbara Liebert has been selected to serve as the Interim Executive Director until such time that the Authority selects a new Executive Director.

Michael Jackson moved for adoption of the Resolution and Tom Sheehy seconded the motion. The motion was adopted with a 5-0 vote.

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