

MINUTES

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (CEFA)

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

Thursday, July 30, 2009

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
John Hiber for John Chiang, State Controller, Vice-Chairperson
Tom Sheehy for Michael C. Genest, Director, Department of Finance
Sylvia Scott Hayes

Absent: Michael Jackson

Staff Present: Barbara J. Liebert, 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) June 25, 2009 meeting were approved. John Hiber moved for approval of the minutes; Sylvia Scott-Hayes seconded the motion. The motion was adopted with a 4-0 vote.

Executive Director's Report

Barbara Liebert stated that the fund balance information was limited due to the fiscal year end reporting process and would be presented to the Board at the next meeting. Barbara Liebert reported that as of June 30, 2009, CEFA had issued total bonds of approximately \$9,188,458,538 and currently had \$4,446,098,215 in bonds outstanding and the Student Loan Program had issued approximately \$265,372,500 in bonds, with \$29,105,000 in bonds currently outstanding.

Sylvia Scott-Hayes asked if there is a limit to how much debt a borrower could accrue from CEFA.

Barbara Liebert said that CEFA does not have debt allocation limitations, but the borrower is limited by their ability to service the debt.

Ms. Liebert reported that staff has had two meetings with the working groups that were formed to look at CEFA's bond issuance guidelines and the documents utilized in their tax-exempt bond transactions. Ms. Liebert stated that these working groups are composed of the Attorney General's Office (AG), State Treasurer's Office legal counsel and staff from the Public Finance Division, bond counsel, underwriter counsel, CEFA's financial advisors, and CEFA staff. Ms. Liebert said that these working groups are focused on the Authority's bond issuance guidelines to see if they should be modified. They are also looking to see if the documents and language used in their bond transactions can be standardized. Ms.

Liebert stated that the working groups will also be addressing policy issues and will report their findings to the Board at a future meeting.

Item #4

**Art Center College of Design
Resolution No. 269**

Summer Nishio of staff stated that the Art Center College of Design (Art Center) was requesting \$13,000,000 in bond proceeds to be used to refinance a taxable bank loan that was used to construct classrooms, galleries, studio space, and administrative offices on their South Campus. In addition, Art Center intends to use part of the proceeds to reimburse expenditures related to the completion of several renovation projects on their South Campus. Representing the Borrower: Mr. Rich Haluschak, Chief Financial Officer, Art Center; Mr. Eugene Carron, Esq., Orrick, Herrington & Sutcliffe LLC, Bond Counsel; and Mr. Doug Brown, Vice President, Wells Fargo Securities, Underwriter.

Staff recommended the Authority approve a Resolution in an amount not to exceed \$13,000,000 for the Art Center College of Design subject to a bond rating of at least an “A” category by a nationally recognized rating agency and meeting the Authority’s standard bond covenants for “A” category rated debt.

Mr. Haluschak stated that the Art Center’s South Campus was developed about five years ago in a former industrial part of town. Mr. Haluschak stated that the bond proceeds would be used to finish the renovation of a facility for one of their graduate programs.

Tom Sheehy moved for adoption of the Resolution and Sylvia Scott-Hayes seconded the motion. The motion was adopted with a 4-0 vote.

No public comment, the meeting was adjourned after a roll call vote at 1:43 p.m.