

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

Thursday, October 8, 2009

1:30 PM

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

CEFA Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer, Chairperson
Ruth Holton-Hodson for John Chiang, State Controller, Vice-Chairperson
Miriam Ingenito for Michael C. Genest, Director, Department of Finance
Michael Jackson via teleconference

Absent: Sylvia Scott Hayes

Staff Present: Ronald Washington, Executive Director

The Chairperson declared a quorum present.

Approval of CEFA Minutes

The minutes from the California Educational Facilities Authority's ("CEFA") August 27, 2009 meeting were approved. Ruth Holton-Hodson moved for approval of the minutes; Miriam Ingenito seconded the motion. The motion was adopted with a 4-0 roll-call vote.

CEFA's Executive Director's Report

Mr. Washington reported that as of August 31, 2009, CEFA had issued bonds totaling approximately \$9,512,468,538 and currently had approximately \$4,640,496,750 in bonds outstanding. Mr. Washington reported that as of August 31, 2009, the CEFA fund balance was \$4,930,349.89, reflecting income of \$242,910.00, expenditures of \$35,368.57.

Mr. Washington updated the Board on the changes made to the Executive Director's Report noting that categories previously broken out as individual line items were consolidated for the purpose of simplifying the report. Mr. Washington also stated that pending resolutions approved by the Board were removed but would continue to be reflected in his executive director's report as the transactions occur. Mr. Washington asked if there were any other suggestions by the Board.

Mr. Washington noted that similar changes were made to the Student Loan Program Fund and reported that the Student Loan Program had issued approximately \$265,372,500 in bonds, with \$22,105,000 in bonds currently outstanding. As of August 31, 2009, the fund balance for the Student Loan Fund was \$7,586,405.91.

Chairperson Wynne commented on the Student Loan Fund Balance and the need for Student Loans for California students but said that the Authority currently is not in a position to administer a student loan program. Ms. Wynne said that Mr. Washington is focusing on exploring ways that the Authority might use the Student Loan funds to help California students and hopes to present something to the Board in the next couple of months.

Mr. Washington added that he was currently exploring options with the California Debt Limit Allocation Committee (“CDLAC”) in hopes of CEFA being able to utilize CDLAC’s carry-forward cap allocation. This allocation would give CEFA an opportunity to use that cap allocation, of which would be available to CEFA for a period of three years, unlike the normal cap allocation that is good for a 12-month period. Mr. Washington stated that CEFA could potentially use the allocation as a sort of set-aside fund allowing staff time to work on a program and would have a three-year period in which to potentially implement that program. Mr. Washington stated he would report back with an update at the next meeting.

Item #4

Pitzer College Resolution No. 270

Ms. Nishio of staff stated that Pitzer College (the “College”) was requesting \$73,500,000 in bond proceeds and intends to use the funds on the construction of two residence halls, the acquisition of land adjacent to the main campus, and infrastructure improvements to various academic and administrative buildings and residence halls. In addition, the College plans to use bond proceeds to refund all or a portion of the CEFA Series 1999A and the CEFA Series 2005B bonds. Representing the Borrower: Mr. Yuet Lee, Vice President for Administration/Treasurer, and Ms. Lori Yoshino, Associate Treasurer, Pitzer College; Ms. Harriet Welch, Esq., Squire, Sanders & Dempsey, LLP, Bond Counsel; and Mr. John Phan, Vice President, Wedbush Morgan Securities, Underwriter.

Staff recommended the Authority approve a Resolution in an amount not to exceed \$73,500,000 for Pitzer College 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. Washington invited Pitzer College to respond to the Board about the new residence halls and what the College was doing to meet LEEDS standards.

Mr. Lee said that Pitzer College put in 309 beds in the first phase of housing construction, and were in preliminary discussions with the architect for their second phase of construction. Mr. Lee said they hope to add 300 additional beds with the second phase. Mr. Lee said that the first phase of construction was LEED Gold certified and they were also going to seek LEED Gold for the second phase.

Mr. Jackson asked the College if seeking LEED Gold certification versus LEED Silver certification was a good use of the funds.

Mr. Lee responded that the College felt sustainability was a high priority item for their campus. Mr. Lee stated that they achieved LEED Gold in their first phase and working with the architect, they feel they are going to be even more cost efficient in their second phase. Mr. Lee said that the new LEED category is now platinum and it is for cost reasons that the College is seeking LEED Gold instead. Mr. Lee said that the final decision on seeking LEED Platinum or LEED Gold will depend upon cost efficiencies.

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

Item #5

**University of Southern California
Amendment to Resolution 256**

Mr. Washington stated that this item was being moved to the October 29th meeting due to a potential conflict of interest with some of the Board members.

Item #6

Rating Agency Presentation by Moody's Investors Service

Mr. Washington introduced Brad Spielman, Vice President and Senior Analyst at Moody's Investors Services ("Moody's"). Mr. Washington said that Mr. Spielman was going to present an overview of the private university sector and how Moody's rate bonds in the higher educational industry. Mr. Washington stated that staff is currently in the process of looking at CEFA guidelines and felt this was an appropriate time to bring in a rating agency to share how colleges and universities are rated. Mr. Washington also stated that CEFA's Financial Advisor, John Bonow with Public Financial Management, was on the phone.

Mr. Spielman then made his presentation on the Not-for-Profit Higher Education Ratings overview. Following the presentation, there was a question and answer period to address concerns or issues generated by the discussion.

With no public comment for CEFA, the meeting was adjourned at 2:00 p.m.