

MINUTES

CALIFORNIA EDUCATIONAL
FACILITIES AUTHORITY (CEFA)
5th Floor Conference Room
915 Capitol Mall, Room 587
Sacramento, California 95814

Alternate Location for CEFA 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 25, 2010

1:30 PM

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

CEFA Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer, Chairperson
John Hiber for John Chiang, State Controller, Vice-Chairperson
Cynthia Bryant for Ana Matosantos, Director, Department of Finance
Michael Jackson via teleconference

Members Absent: Sylvia Scott-Hayes

Staff Present: Ronald Washington, Executive Director
Rosalind Brewer, Deputy Executive Director
Greg Matayoshi, Macias Gini & O'Connell LLP

Chairperson Wynne declared a quorum present.

The minutes from the California Educational Facilities Authority's ("CEFA") December 3, 2009 meeting were approved. John Hiber moved for approval of the minutes; Michael Jackson seconded the motion. The motion was adopted with a 4-0 roll call vote.

CEFA's Executive Director's Report

Mr. Washington reported as of December 31, 2009, total debt issued for CEFA was approximately \$9,574,543,538 and total debt outstanding was \$4,624,586,060, and the CEFA fund balance reflected \$4,755,911. Mr. Washington reported as of January 31, 2010, total debt issued had not changed, total debt outstanding was \$4,615,418,611, and the fund balance reflected \$4,721,886. Mr. Washington reported as of December 31, 2009, the Student Loan Program had issued approximately \$265,372,500 in bonds, had \$21,590,000 bonds currently outstanding, and had a fund balance of \$7,577,516. As of January 31, 2010, the fund balance for the Student Loan Fund was \$7,588,883 and no changes in bond activity.

Mr. Washington reported staff was working with Board Members to obtain pictures and biographies for posting on the CEFA website, as well as posting the CEFA Mission Statement. In addition, Mr.

Washington informed the Board that the Comprehensive Debt List Summary will continue to be included in the Executive Director's Report.

Item #4 **Delegation of Powers, Chapman University**

Mr. Washington reported the Delegation of Powers action taken for Chapman University. Mr. Washington stated that a supplemental Tax Certificate and Indenture was executed, upon Chapman University's decision to change the alternate credit enhancement from Allied Irish Bank to Wells Fargo Bank and the replacement of the Remarketing Agent (Bank of America Securities LLC) with Wachovia Bank, N.A. for its Series 2000 bonds. Mr. Washington reported that after an Opinion of Issuer's Counsel was delivered to the Authority, the documents were signed. The transaction was closed in November 2009.

Item #5 **Delegation of Powers, Occidental College**

Mr. Washington reported the Delegation of Powers action taken for Occidental College. Mr. Washington stated that Occidental College requested an amendment to its Series 2005 and Series 2008 loan agreements to redefine the Liquidity Covenant to include temporarily restricted net assets, addressing changes in the accounting treatment of unrestricted net assets required by the Financial Accounting Standards Board (FASB). Mr. Washington reported that after an Opinion of Issuer's Counsel was delivered to the Authority, the documents were signed and that the transaction was on schedule to be completed by the end of February 2010.

Mr. Greg Matayoshi, Macias Gini & O'Connell LLP, Financial Analyst to the Authority stated that in August 2008, the FASB issued a statement called FAS 117-1 regarding endowments of not-for-profit organizations and how they will be reported. Mr. Matayoshi stated FAS 117-1 had two primary objectives: 1) to provide guidance for the net asset classifications of donor-restricted endowment funds for not-for-profit organizations subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA); and 2) to provide increased disclosures of an organization's endowment funds, whether or not the organization is subject to UPMIFA.

Item #6 **LEED Overview Presentation**

Mr. Washington introduced Mr. Renner Johnston, Senior Associate and Architect at Mogavero Notestine Associates, representing the U.S. Green Building Counsel. Mr. Johnston provided an overview of sustainable building practices and the process of LEED certification.

Item #7 **Carnegie Institution of Washington
Resolution No. 271**

Ms. Nishio of staff stated Carnegie Institution of Washington (Carnegie) was requesting \$38,300,000 in bond proceeds to refund all or a portion of its CEFA Series 1993B and 2006A bonds. Ms. Nishio reported the 1993B bonds were originally issued to finance the Magellan telescope project in Las Campanas, Chile and the renovation and construction of the educational and research facilities of Carnegie's Observatories in Pasadena, California. Representing the Borrower: Mr. Gary Kowalczyk, Director of Administration & Finance, Carnegie Institution of Washington; Mr. Richard Hiscocks, Esq., Orrick, Herrington & Sutcliffe LLP, Bond Counsel; and Mr. Christoph Muelbert, Director, Barclays Capital, Underwriter.

Staff recommended the Authority approve a Resolution in an amount not to exceed \$38,300,000 for Carnegie 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.

John Hiber moved for adoption of the Resolution and Cynthia Bryant seconded the motion. The motion was adopted with a 4-0 roll call vote.

Item #8**Loyola Marymount University
Resolution No. 272**

Ms. Nishio of staff stated Loyola Marymount University (“LMU”) was requesting \$110,000,000 in bond proceeds to refund their outstanding CEFA Series 1997 and 2008 bonds. In addition, LMU is planning to renovate and repurpose their library, as well as complete several improvement projects to existing campus facilities. Representing the Borrower: Mr. Thomas Fleming, Chief Financial Officer, LMU; Mr. Marc Bauer, Esq., Orrick, Herrington & Sutcliffe LLP, Bond Counsel; Mr. Michael Moss, Director, Bank of America Merrill Lynch; and Ms. Janice Mazyck, Managing Director, Public Financial Management, Financial Advisor.

Staff recommended the Authority approve a Resolution in an amount not to exceed \$110,000,000 for LMU 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. Fleming stated LMU is planning to renovate and repurpose their old library to create a Campus Student Center that will centralize various campus services.

Cynthia Bryant/John Hiber moved for adoption of the Resolution and Michael Jackson seconded the motion. The motion was adopted with a 4-0 roll call vote.

Item #9**Academic Assistance Grant Program Final Report**

Marissa Sequeira of staff reported the goal of the Academic Assistance Grant Program (“AAGP”) was to promote access to higher education and to prepare students for college. Ms. Sequeira stated the AAGP was limited to a total of \$2 million with a cap of \$250,000 per applicant. Nine colleges and universities were awarded grants, paid out over a three-year period, beginning July 2006, with the final disbursement in July 2008. Under the AAGP Grant Agreement, grantees were required to submit a final report at the conclusion of the program. Ms. Sequeira reported CEFA staff had received and reviewed all the reports from the participating grantees.

Summer Nishio stated the final reports reflect the grant money was well appreciated and most of the programs will continue.

Mr. Washington pointed out the Authority had an opportunity to use the funds to expose students to opportunities for college. Mr. Washington reported a majority of the students in these programs went on to colleges and universities. In addition, many students were first generation college students from their families.

In addition, Mr. Jackson stated the money went to programs with well targeted approaches with very specific ways of reaching out and working with students and believed the money was well spent.

With no public comment for CEFA, the meeting was adjourned at 2:20 p.m.

Respectfully submitted,
Ronald L. Washington
Executive Director