

MINUTES

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

Thursday, May 26, 2011

1:30 PM

Deputy 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
Dave O'Toole for John Chiang, State Controller, Vice-Chairperson
Pedro Reyes for Ana Matosantos, Director, Department of Finance
Sylvia Scott-Hayes

Member Absent: Michael Jackson

Staff Present: Ronald L. Washington, Executive Director
Rosalind Brewer, Deputy Executive Director

Chairperson Wynne declared a quorum present.

The minutes from CEFA's April 28, 2011 meeting were approved. Mr. O'Toole moved for approval of the minutes; Ms. Scott-Hayes seconded the motion. The motion was adopted with a 3-0 roll call vote with one abstention from Mr. Reyes.

CEFA's Executive Director's Report

Mr. Washington reported as of April 30, 2011, the CEFA fund had approximately \$10,085,663,538 in total debt issued and total debt outstanding was \$4,648,632,647 and the CEFA fund balance reflected \$4,275,746. As of April 30, 2011, the Student Loan Program's debt issued and outstanding was \$265,372,500 and \$11,000,000, respectively. The fund balance for the Student Loan Program was \$8,239,388. Mr. Washington stated the Comprehensive Debt List Summary was included in the Executive Director's report.

Mr. Washington stated that he previously reported to the Board there would be adjustments to the fund balances in relation to transfers of money from the Student Loan Fund to the CEFA fund and that historically, student loan related services performed by the Attorney General's office have been charged to the CEFA fund rather than the Student Loan Program fund.

Mr. Washington shared that next month the board will be presented with a Cal Loan Program update and also mentioned that improvements to the collection efforts have been implemented. The additional time needed to get the collection documents executed may now create the need to consider amending the resolution to extend the time.

Mr. Washington concluded his report with an announcement that CEFA and CHFFA have hired Martha Maldonado as their new Operations Manager. He then invited all to join him in congratulating Martha Maldonado.

Item #4 **Delegation of Powers, Fresno Pacific University**

Mr. Washington reported the Delegation of Powers action taken for Fresno Pacific University (Fresno Pacific). Fresno Pacific requested the Authority execute a Notice of Optional Redemption. Pursuant to the Indenture, the redemption date which shall not be less than 45 days after the notice of redemption is delivered to the Trustee by the Authority at the request of the Borrower. The Trustee has agreed to waive the 45 days notice requirement. Mr. Washington mentioned the Notice of Optional Redemption for Fresno Pacific was initially dated April 29, 2011.

Mr. Washington reported that upon receiving direction from Staff Counsel, the Authority executed a Notice of Optional Redemption to Union Bank of California, N.A. for the Fresno Pacific University, CEFA Series 2000 A bonds.

Item #5 **Election of Vice Chairperson**

Ms. Brewer stated that the CEFA Authority Act requires an annual election of a vice-chairperson on or after April 30th of each year. The State Controller currently serves as the vice-chairperson. Staff recommended the Board nominate and elect a vice-chairperson. Mr. Reyes nominated the Controller for vice-chairperson and Ms. Scott-Hayes seconded it. Motion adopted 4-0.

Item #6 **University of the Pacific
Reinstatement Resolution No. 278**

Summer Nishio stated University of the Pacific (UOP) was requesting reinstatement of Resolution No. 278. At the October 28, 2010 board meeting the Authority approved the resolution authorizing the issuance of bond proceeds in an amount not to exceed \$24 million on or before April 28, 2011. Due to fluctuating market conditions, UOP was unable to issue bonds before the resolution expired. Representing University of the Pacific: Ms. Patricia Eichar, Orrick, Herrington & Sutcliffe, LLP, Bond Counsel and Saul Rosenbaum, Prager, Sealy & Co., LLC, underwriter.

Staff recommended the Authority reinstate Resolution No. 278 to authorize the issuance and sale of bonds on or before December 31, 2011 in an amount not to exceed \$24 million for University of the Pacific, subject to all prior provisions and conditions remaining unchanged and in full effect.

Mr. Washington stated the resolution had already expired, prompting the reinstatement request.

Chairperson Wynne asked if there were any additional questions from the Board members or any public comments on this matter. Hearing none, Mr. Reyes moved for reinstatement of Resolution No. 278 and Mr. O'Toole seconded it. The motion was adopted 4-0.

Item #7 **Claremont McKenna College
Amendment Resolution No. 280**

Martha Maldonado stated Claremont McKenna College (CMC) was requesting an extension of time for Resolution No. 280, with an authorization to sell bonds on or before December 31, 2011. The original expiration date is July 31, 2011. Proceeds will be used to refund a portion of the CEFA Series 1999 bonds. CMC is requesting the extension as a precautionary measure. The expected pricing of the refunding bonds has been delayed due to fluctuating markets conditions. Representing Claremont McKenna College: Ms. Patricia Eichar, Orrick, Herrington & Sutcliffe, LLP, Bond Counsel and Saul Rosenbaum, Prager, Sealy & Co., LLC, underwriter.

Staff recommended the Authority amend Resolution No. 280 to extend the expiration date of the authorization to sell bonds on or before December 31, 2011 in an amount not to exceed \$6 million for Claremont McKenna College, subject to all prior provisions and conditions remaining unchanged and in full effect.

Mr. Washington asked Mr. Rosenbaum to share his thoughts on current market conditions and when he might anticipate the pricing to occur.

Mr. Rosenbaum responded the bond market has been volatile the last 16 to 20 trading sessions, but there have been recent improvements in the bond market which may now provide refunding opportunities. The bond market has been impacted by the continued deterioration of the European markets, but the colleges believe there is a window of opportunity that will provide market conditions which allow these refunding transactions to be favorably priced.

Chairperson Wynne inquired whether Mr. Rosenbaum supported that sufficient time has been provided to UOP and CMC. Mr. Rosenbaum agreed sufficient time has been allotted in these particular cases.

Ms. Scott-Hayes asked whether the Authority had a policy in place in the event the market continues to show volatility. Mr. Washington stated the policy is to authorize resolutions for a period of six months, and if the bonds are not priced within that window the resolution either expires or can be brought back before the board, requesting an extension of time for not more than six months. Chairperson Wynne also added that a financial analysis is performed on each transaction to ensure that each transaction is financially sound.

Chairperson Wynne announced next month the Authority meeting is tentatively scheduled for June 30 at either 11:00 a.m. or 11:30 a.m. and that staff will work with the Board to arrange the final details.

With no public comment, Chairperson Wynne adjourned the meeting at 1:47 p.m.

Respectfully submitted,

Ronald L. Washington
Executive Director