

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 the Vice President for Student Affairs
Student Union Building 201
Los Angeles, CA 90089-4891

Thursday, August 25, 2011

1:30 PM

Deputy Treasurer Patricia Wynne, serving as Chairperson, called the CEFA meeting to order at 1:33 p.m.

CEFA Roll Call

Members Present: Patricia Wynne for Bill Lockyer, State Treasurer, Chairperson
Alan Gordon for John Chiang, State Controller, Vice-Chairperson
Jennifer Rockwell for Ana Matosantos, Director, Department of Finance
Michael Jackson via teleconference

Member Absent: Sylvia Scott-Hayes

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

Chairperson Wynne declared a quorum present and introduced Mr. Alan Gordon, designee for the State Controller. Going forward, Mr. Gordon, Deputy State Controller, Environmental Policy, will serve on the CEFA Board.

The minutes from CEFA's June 30, 2011 meeting were approved. Dr. Jackson moved for approval of the minutes; Ms. Rockwell seconded the motion. The motion was adopted with a 4-0 vote.

CEFA's Executive Director's Report

Mr. Washington reported as of June 30, 2011, the CEFA outstanding debt and fund balance reports for both the Educational Facilities Fund and the Student Loan Authority Fund were available to the Board. Mr. Washington added that these figures are reflective of the entire fiscal year which recently closed. Mr. Washington adds that next month's figures will be significantly different due to adjustments made to the new fiscal year's projected budget.

Dr. Jackson mentioned the significant disparity between the budgeted and year-to-date figures of General Expenses and inquired if the disparity was intended or if it was historically budgeted to those amounts.

Mr. Washington explained the General Expenses category has several line items containing historically budgeted figures which have been carried over from previous years. Staff has reevaluated these figures and has made adjustments such that the budgeted and actual spending will be more in line for the upcoming fiscal year. Mr. Washington stated the Attorney General's Legal Services and other External Contracts budgeted figures have also been reevaluated and adjusted.

Mr. Washington noted that the Comprehensive Debt List Summary was included in the Executive Director's report, with no significant changes.

Mr. Washington presented the Delegation of Powers regarding Stanford University (Stanford). In 2009, Stanford requested the Authority execute a First Supplement to the Tax Agreement, which allowed Stanford to issue a new tranche of tax-exempt commercial paper revenue notes (TECP). In July 2011, Stanford issued another tranche of TECP which required the Authority to execute a Second Supplement to the Tax Agreement; therefore, the Second Supplement to the Tax Agreement was executed by the Authority. The Second Supplement also updated the Tax Agreement to conform to other recent Tax Agreements for Stanford.

Mr. Washington concluded his report by introducing Mr. Dan Wiles of Fieldman, Rolapp & Associates. Fieldman, Rolapp & Associates is serving as the Authority's financial advisor for the Chapman University financing.

Item #4 **Resolution No. 284, Chapman University**

Representing Chapman University: Mr. Harold W. Hewitt Jr., Executive Vice President and Chief Operating Officer; Mr. Rick Chisholm, Managing Director, Wells Fargo Securities, Underwriter; and Mr. Marc Bauer, Associate, Orrick, Herrington & Sutcliffe, LLP, Bond Counsel.

Kenna Waddell stated Chapman University (Chapman) was requesting bond proceeds in an amount not to exceed \$100 million. Bond proceeds will be used to finance the acquisition, construction, expansion, equipping and improvement of educational facilities located throughout Chapman's main campus. Chapman also plans to use bond proceeds to refund the CEFA Series 2000 bonds, which are intended to replace the floating rate with a fixed rate obligation, allowing Chapman to shift to a more conservative capital structure.

Ms. Waddell recommended the Authority approve a resolution in an amount not to exceed \$100 million for Chapman, subject to a bond rating of at least investment grade by a nationally recognized rating agency and meeting the standard bond issuance guidelines. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Fieldman, Rolapp & Associates, the Authority's financial advisor, concurred with the Authority's staff recommendation.

Chairperson Wynne asked if there were any additional questions from the Board Members or any public comments on this matter. Hearing none, Mr. Gordon moved for approval of Resolution No. 2010-01 and Ms. Rockwell seconded it. The motion was adopted with a 4-0 roll call vote.

With no public comment, Chairperson Wynne adjourned the meeting at 1:53 p.m.

Respectfully submitted,

Ronald L. Washington
Executive Director