

## 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  
(213) 740-5240**

**Thursday, October 25, 2012**

**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  
Alan Gordon for John Chiang, State Controller, Vice-Chairperson  
Jennifer Rockwell for Ana Matosantos, Director, Department of Finance  
William McGinnis  
Michael Jackson, via teleconference

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

Chairperson Wynne declared a quorum present.

The minutes from the CEFA September 27, 2012 meeting were approved. Jennifer Rockwell moved for approval of the minutes; Alan Gordon seconded the motion. Motion adopted 5-0 with a roll call vote.

**CEFA’s Executive Director’s Report**

Ronald Washington presented the Executive Director’s report for August 31, 2012 and September 30, 2012, which reflected total and outstanding debt and program balances for the months of August and September 2012 and noted that the top eleven borrowers remained unchanged.

Mr. Washington reported that Macias, Gini & O’Connell (“Macias”) has been engaged to reconcile the balances of the Cal Loan Program funds and accounts held by the Trustee. He stated that Macias anticipates providing a report of its findings at the December 6, 2012 board meeting.

Mr. Washington presented the Delegation of Powers regarding Saint Mary’s College of California (“Saint Mary’s”). He stated that Saint Mary’s notified the Authority in August 2012 of its intention to tender the CEFA Series 2007 bonds and directly place them with Bank of America. These actions required amending the bond documents to include a new index mode.

Mr. Washington reported that under direction from the Attorney General's Office, a Third Amended and Restated Indenture, a Third Amended and Restated Loan Agreement, an Amended and Restated Tax Certificate, and a Certificate, Request, and Order of the Authority for Saint Mary's Series 2007 bonds were executed.

Mr. Washington reported CEFA has incorporated a telephone call-in line for all TEFRA hearings so borrowers and interested parties may attend the public hearing in person or by phone.

**Claremont McKenna College  
Resolution No. 292**

**Item # 4**

Brian Aguilar reported Claremont McKenna College ("CMC") was seeking Authority approval to issue bonds in the amount not to exceed \$30,000,000 to finance the acquisition, construction, expansion, replacement, renovation, improvement and equipping of certain new and existing education facilities. Bond proceeds would also be used to refund all or a portion of its CEFA Series 2003 bonds for a net present value savings of approximately \$742,000, or 9.3%, over the life of the bonds. CMC is pursuing LEED 'Silver' level certification or higher on all new buildings and renovation projects.

Representing CMC via teleconference: Ms. Robin Aspinall, Vice President for Business Administration and Treasurer; Mr. James Floyd, Vice President and Chief Investment Officer; Mr. Michael Denny, Assistant Vice President for Investments; and, Ms. Erin Watkins, Assistant Vice President for Finance and Assistant Treasurer. Mr. Ian Prager, Vice President Prager & Co., LLC, Underwriter, and Ms. Jennifer Rodriquez, Esq, Squire Sanders (US) LLP, Bond Counsel were present.

Staff recommended the Authority approve Resolution No. 292 in an amount not to exceed \$30,000,000 for Claremont McKenna College, subject to a bond rating of at least investment grade by a nationally recognized rating agency. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Public Financial Management, the Authority's financial advisor, concurred with the Authority's staff recommendations.

Mr. Washington noted the staff report utilized CMC's FY 2012 financials which though they were audited at the time the packets were delivered, they had not yet been approved by CMC's governing board. Mr. Washington stated on October 24, 2012 CMC notified the Authority of its board approval of the FY 2012 financials. The final version of the financials was presented to board members and Mr. Washington noted the financials would also be updated on the CEFA website.

Mr. Gordon moved for adoption of the Resolution no. 292 and Ms. Rockwell seconded it. Motion adopted 5-0 with a roll call vote.

**Item # 5**

**Approval of the Tentative Meeting Schedule for 2013**

Mr. Washington stated that CEFA's regulations reflect that board meetings of the Authority will be held on the fourth Thursday of each month unless otherwise ordered by the Authority. Mr. Washington mentioned that because it has been the practice of the Authority to meet on the last Thursday of each month but because there are a few months each year that have five weeks including Thursday, the Authority must vote on a tentative meeting schedule in order to accommodate the longer months.

Mr. Gordon moved for adoption of the Tentative Meeting Schedule and Ms. Rockwell seconded it. Motion adopted 5-0 with a roll call vote.

**Approving Adoption of Revised Bond Issuance Guidelines  
for Non-Investment Grade and Unrated Debt**

**Item # 6**

**Resolution No. 2012-03**

Rosalind Brewer stated the Authority approved a new process of staff due diligence for investment grade rated bond transactions in September 2010. The working group has since reconvened to discuss updating the existing guidelines for non-investment grade and unrated debt. Following extensive time and document revisions, the working group agreed upon the following set of minimum requirements for all

non-investment grade and unrated bond transactions: 1) Must be privately placed with and transferred only to a “Qualified Institutional Buyer” as defined by SEC Rule 144a; 2) Minimum denominations of \$250,000; 3) Unconditional promise to pay from Borrower; 4) An Investor Letter required at initial issuance (the Authority reserves the right to discuss and require a Traveling Investor Letter as circumstances may warrant); 5) Bond transfer restrictions must be noted conspicuously on the bond itself and bonds must be physically delivered.

The proffered resolution recites some essential history leading to staff’s recommendation. Staff provided exhibits to the board which identified the guidelines to be undertaken and posted to the Authority’s website.

Representing the working group: Ms. Diane Potter, Esq., Orrick, Herrington & Sutcliffe, LLP.

Ms. Potter discussed the circumstances which would not require a Traveling Investor Letter and background information of the working group’s decision to not require one at initial issuance. Ms. Brewer stated the guidelines for the Equipment Program remain unchanged for the time being, though the working group may revisit these guidelines at a later time.

Mr. Gordon moved for adoption of the Resolution no. 2012-03 and Mr. McGinnis seconded it. Motion adopted 5-0- with a roll call vote.

#### **Approving Amendments to Post–Issuance Tax Compliance Procedures**

#### **Item # 7** **Resolution No. 2012-04**

Mr. Washington stated that the Authority approved Post-Issuance Tax Compliance Procedures (“Procedures”) at its June 30, 2011 meeting and an amended version at the December 1, 2011 meeting. In May 2012 the Internal Revenue Service (“IRS”) released a publication which provided an overview of a conduit issuer’s responsibilities with respect to tax-exempt bonds. CEFA staff, various bond counsels, and the State Treasurer’s Office Legal Counsel reviewed the IRS’ publication and its suggestions. Based on the review and input from the working group, the Authority recommends additional changes to CEFA’s Procedures. The most significant change to the Procedures will result in the Authority designating an “Issuer Compliance Officer” who will perform a number of tasks associated with post-issuance requirements for tax-exempt bonds.

Mr. McGinnis moved for adoption of the Resolution no. 2012-4 and Mr. Gordon seconded it. Motion adopted 5-0 with a roll call vote.

At 1:59 p.m. CEFA entered into a closed session.

#### **Item # 8** **Closed Session**

Appropriate staff and the board consulted with legal counsel regarding the settlement with GE Funding Capital Market Services, Inc. (Government Code Section 11126(e)).

At 2:09 p.m., Chairperson Wynne announced the closed session was concluded and returned to open session. She reported an action was taken during closed session.

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

Respectfully submitted,

Ronald L. Washington  
Executive Director