

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, December 6, 2012

10:00 AM

Deputy Treasurer Patricia Wynne, serving as Chairperson, called the CEFA meeting to order at 10:05 a.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
(arrived 10:13 a.m.)
William McGinnis

Member Absent: Michael Jackson (Note: public line open via teleconference)

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

Chairperson Wynne declared a quorum present.

The minutes from the CEFA October 25, 2012 meeting were approved. Alan Gordon moved for approval of the minutes; William McGinnis seconded the motion. Motion adopted 3-0 with a roll call vote.

CEFA’s Executive Director’s Report

Mr. Washington presented the Executive Director’s report as of October 31, 2012, which reflected total and outstanding debt and program balances and noted that the top ten borrowers remained unchanged.

In addition, Mr. Washington presented a summary of the delegation issues executed by CEFA in calendar year 2012.

Mr. Washington reported that staff was working on a fee analysis with Public Financial Management, the Authority’s financial advisor, to determine if it would be feasible to raise CEFA’s fees and expects to report the results to the Board at the January 2013 meeting.

Mr. Washington reported that CEFA was recognized at the Department of General Services 2012 Annual State Agency Recognition Awards for outstanding achievements in Small Business and Disabled Veteran Business Enterprise outreach and contracting practices. CEFA received awards in two categories; one for the "Most Improved Disabled Veteran Business Enterprise Participation" and a second award for the "Most Improved Small Business Participation".

Ms. Wynne noted for the record that Jennifer Rockwell for Ana Matosantos, Director, Department of Finance joined the meeting at 10:13 a.m.

Master Delegation Resolution for Bond Financings

Item # 4

Resolution No. 2012-05

Chairperson Wynne announced Agenda Item #4 had been removed from the agenda.

Item # 5

Golden Gate University

Resolution No. 293

Kenna Waddell reported Golden Gate University ("GGU") was seeking Authority approval to issue bonds in an amount not to exceed \$46,000,000 to current refund its CEFA Series 2001 bonds and advance refund its CEFA Series 2005 bonds. Ms. Waddell stated the refunding was expected to provide GGU with a net present value savings of approximately \$7,009,387 or 18.1%, under current market conditions, over the life of the bonds. In addition, bond proceeds will be used to finance capital improvements on the San Francisco campus. The Series 2012 bonds are expected to be directly placed with First Republic Bank.

Representing GGU: Roan Blacker, Senior Managing Consultant, with Public Financial Management Inc. ("PFM"), the Borrower's Financial Advisor; and Sean Tierney, Esq., from the Bond Counsel firm of Hawkins Delafield & Wood LLP.

Staff recommended the Authority approve Resolution No. 293 in an amount not to exceed \$46,000,000 for Golden Gate University as an unrated Direct Bank Placement. Macias Gini & O'Connell LLP, the Authority's financial analyst, and Fieldman, Rolapp & Associates, Inc., the Authority's financial advisor, concurred with the Authority's staff recommendations.

Mr. Blacker stated that the GGU financing took an interesting approach with the refunding of the CEFA Series 2001 and Series 2005 bonds. Working with GGU, PFM distributed a Request for Proposal ("RFP") for financial services to underwriting firms and direct purchase with commercial banks. Mr. Blacker shared that when the RFP went out the financing team was not certain whether the financing would be a direct purchase or a public offering. Ultimately, the direct purchase with First Republic Bank's proposal was determined to be the most advantageous. Mr. Blacker reported that the Authority had been working diligently with the financing team and that GGU was very satisfied and appreciative.

Mr. Tierney thanked the Authority for their work and stated that this direct purchase is a very innovative financing. Mr. Tierney went on say that direct bank placements have become increasingly common, offering competitive rates for the borrowers.

Ms. Wynne noted that the Authority adopted bond issuance guidelines in October 2012 relating to non-investment grade and unrated bond transactions and that this financing was the first time the new guidelines have been used.

Mr. Washington stated that the bond issuance guidelines relating to non-investment grade and unrated bond transactions include a fixed set of minimum restrictions, unlike CEFA's rated debt where there is a list of provisions and the financing team decides which restrictions are appropriate as they relate to each individual private placement financing. Mr. Washington thanked Mr. Tierney and Stepan Haytayan, of the Attorney General's Office, for their work on the financing.

Mr. Gordon moved for adoption of the Resolution No. 293 and Ms. Rockwell seconded it. Motion adopted 4-0 with a roll call vote.

Item # 6

Reinstatement of Resolution 2011-05

Ms. Brewer reported that at the December 1, 2011 Authority meeting, the Authority approved Resolution 2011-05, which authorized a letter amendment to the Second Amended and Restated Administration Agreement between CEFA and ALL Student Loan (“ALL”), the Administrator of the Cal Loan Program, to modify the collection procedures for borrowers with defaulted student loans. Ms. Brewer reported that the modifications included enhanced settlement and rehabilitation procedures, which would provide the collection agencies with greater flexibility and opportunity to take a more active approach with borrower repayments and provide borrowers with increased repayment options and incentives. Resolution 2011-05 expired June 29, 2012.

Mr. Quentin Wilson, President and CEO of ALL Student Loan, gave a brief summary of the history of the Cal Loan Program and the previous and current role of ALL, as Administrator. Mr. Wilson stated the enhanced settlement and rehabilitation procedures are essential to the current collection efforts of the Cal Loan Program’s defaulted student loans.

Staff recommended the Authority approve an amendment to Resolution No. 2011-05 to reinstate collection procedures in the Second Amended and Restated Administration Agreement, as amended, between CEFA and ALL with an expiration date of December 5, 2013.

Mr. Gordon moved for adoption of the amendment to Resolution No. 2011-05 and Mr. McGinnis seconded it. Motion adopted 4-0 with a roll call vote.

Item # 7

Standard Provisions for Certain Bond Documents

Mr. Washington reported that CEFA’s model bond document templates were developed to standardize provisions for its tax-exempt investment grade rated transactions. Mr. Washington reported that the model bond documents will further the Authorities ability to streamline and improve business operations with the public finance community. It will be both Bond Counsel and Issuer’s Counsel’s role to ensure the standardized provisions are incorporated into the final bond documents. The documents accommodate necessary tailoring for the unique facts and terms pertinent to each transaction, but the provisions will inform all users of the Authorities’ expectations regarding substantive content.

Ms. Diane Potter, from Orrick, Herrington & Sutcliffe LLP stated that the model bond document templates were an effort started more than two years ago and was linked with the development of the investment grade guidelines to provide documentation to reflect the guidelines and manage quality control. The documents will give perspective borrowers and underwriters’ counsel a brief summary of the transaction and a template of the documents. They also provide the Authority the opportunity to include the provisions that are most important to the Authority, particularly the indemnifications and the representations made in each issuance of bonds. Bond provisions will now be relatively uniform, saving review time for staff and the Attorney General’s Office. The website introduction of these documents will note that it is Bond Counsel’s responsibility to ensure that the provisions are consistent with the Authority’s standards. Ms. Potter stated the documents will now be consistent with the guidelines and borrowers will know what the Authority expects.

Mr. Haytayan added that the group focused on the particulars that were of importance to CEFA and stated the new documents will require less preparation and will save time and costs, which will benefit everyone in the program.

At 10:41 a.m. CEFA entered into a closed session.

Item # 8

Closed Session

Appropriate staff and the board discussed with legal counsel regarding the initiation of Litigation – Cal Loan Student Loan Program (Government Code Section 11126(e)(2)(C)).

At 11:05 a.m., Chairperson Wynne announced the closed session was concluded and returned to open session. She reported no actions were taken during closed session.

With no public comment, the CEFA meeting was adjourned at 11:07 a.m.

Respectfully submitted,

Ronald L. Washington
Executive Director