

## MINUTES

### CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (“CEFA”)

5th Floor Conference Room  
915 Capitol Mall, Room 587  
Sacramento, California 95814

Thursday, February 28, 2013

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  
Stacy Lewis Daher  
William G. McGinnis

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

Chairperson Wynne declared a quorum present.

The minutes from the CEFA January 31, 2013 meeting were approved. Mr. Gordon moved for approval of the minutes; Mr. McGinnis seconded it. Motion adopted 5-0.

#### CEFA’s Executive Director’s Report

Mr. Washington presented the Executive Director’s report as of January 31, 2013 that reflected total and outstanding debt and program balances and noted that the top ten borrowers remained unchanged.

Mr. Washington stated that CEFA is contemplating a time change for the monthly Authority meetings. He will talk to each Authority member individually to get their input and find a suitable time that will work for all.

#### **Loyola Marymount University Resolution No. 294**

#### Item # 4

Summer Nishio reported Loyola Marymount University (“LMU”) requested Authority approval to issue bonds in an amount not to exceed \$40,000,000 to finance new capital projects including a new parking garage, fire/life/safety projects, and residential homes. LMU anticipated issuing Series 2013A in taxable bonds for approximately \$17 million and Series 2013B in tax-exempt bonds for approximately \$26 million. The possibility exists that LMU may decide to issue all taxable bonds for this financing. LMU is pursuing a minimum LEED “Silver” level certification on its construction projects.

Representing LMU: Mr. Thomas Fleming, Senior Vice President and Chief Financial Officer; Mr. Oliver Zlomislac, Vice President of Morgan Stanley, Underwriter; and Mr. Marc Bauer, Managing Associate for Orrick, Herrington & Sutcliffe LLP, Bond Counsel.

Ms. Nishio noted a correction to the Statement of Financial Position in the staff report. The corrected page of the staff report was provided to the Authority members.

Staff recommended the Authority approve Resolution No. 294 in an amount not to exceed \$40,000,000 for Loyola Marymount University; 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 Fieldman, Rolapp & Associates, Inc., the Authority's financial advisor, concur with the Authority's staff recommendations.

Mr. Gordon moved for adoption of the Resolution and Ms. Rockwell seconded it. Motion adopted 5-0.

**Item # 5** **CEFA Bond Program Fee Adjustment Analysis**

Mr. Washington gave a brief overview on the history of the CEFA Bond Program fees. Mr. Washington stated that this item was being brought to the Authority as an informational item and that staff was seeking the Authority's input on the proposed fee increase. Mr. Washington introduced Sarah Hollenbeck, Senior Managing Consultant, with Public Financial Management ("PFM").

Ms. Hollenbeck presented an analysis of CEFA's current fee structure for its Bond Program and illustrated the Authority's shortfalls in net income over the past four years. Ms. Hollenbeck reported that PFM analyzed the Authority's fixed operational expenses, variable expenses related to work on current or past bond financings, historical issuance trends, as well as the Authority's fund balances and interest earnings. In addition, PFM also compared the Authority's fees schedule to the fee schedules of five other conduit financing authorities.

PFM concluded that the Authority should consider two changes to its Annual Administrative Fee:

- 1) For new issuances – Change the fee structure from a flat fee to a basis point structure whereby, beginning July 1, 2013, borrowers would be charged 0.015% (1.5 basis points) of the par amount outstanding.
- 2) For outstanding issuances – The Annual Administrative Fee charged would be \$500 annually, per series, for the life of the issuance.

Ms. Hollenbeck reported that these changes in the fee structure would address the Authority's ability to remain competitive and would allow the fund balance to be maintained for an extended period of time, while continuing to provide cost effective service to eligible borrowers.

The Authority discussed the fee schedules of the other conduit financing authorities and suggested CEFA's new fee structure should remain lower than that of its competitors. Mr. Washington stated that staff would incorporate the Authority's suggestion to establish a fee structure that allows the Authority to maintain its position as one of the lowest cost issuer. Mr. Washington shared that he would bring this information item before the Authority once the appropriate fee level is determined.

**Item # 6** **Report by Macias, Gini & O'Connell LLP  
Regarding the Cal Loan Student Loan Program**

Chairperson Wynne stated that this item would be carried over to next month's agenda.

With no public comment, the CEFA meeting was adjourned at 2:12 p.m.

Respectfully submitted,

Ronald L. Washington  
Executive Director