

MINUTES

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

Thursday, July 25, 2013

1:30 PM

Deputy Treasurer Mike Paparian, serving as Chairperson, called the CEFA meeting to order at 1:30 p.m.

CEFA Roll Call

Members Present: Mike Paparian for Bill Lockyer, State Treasurer, Chairperson
Natalie Sidarous 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 L. Washington, Executive Director
Rosalind Brewer, Deputy Executive Director

Chairperson Paparian declared a quorum present.

The minutes from the CEFA April 25, 2013 meeting were approved. Ms. Rockwell moved for approval of the minutes; Mr. McGinnis seconded it. Motion adopted 3-0-2 abstain (Stacy Lewis Daher and Natalie Sidarous) with a roll call vote.

CEFA’s Executive Director’s Report

Mr. Washington presented the Executive Director’s report as of April 30, 2013, May 31, 2013, and June 30, 2013 that reflected total and outstanding debt and program balances and noted that the top ten borrowers remained unchanged.

Mr. Washington presented the Delegation of Powers regarding Scripps College (“Scripps”). He stated that Scripps notified the Authority in May 2013 of its intention to redeem all of the outstanding bonds for each series and directed the Trustee to redeem the bonds on June 20 2013. In consultation with the STO Legal Counsel, the CEFA Executive Director directed Union Bank of California, N.A. (the Trustee) to send a redemption notice to all bond holders and other interested parties in accordance with Section 4.2 and 4.4 of the respective Indentures.

Mr. Washington presented the Delegation of Powers regarding Stanford University (“Stanford”). He stated that Stanford notified the Authority in June 2013 of the resignation of Morgan Stanley & Co. LLC as Remarketing Agent and its intention to replace them with Barclays Capital Inc. Stanford requested a waiver of the 30-day notice period set forth in the existing Remarketing Agreement. In consultation with the Attorney General’s Office and STO Legal Counsel, the CEFA Executive Director acknowledged receipt of the foregoing letter of resignation and executed a waiver of the 30-day notice of resignation required under Section 8(c) of the Remarketing Agreement.

Mr. Washington presented a second Delegation of Powers regarding Stanford University (“Stanford”). He stated that Stanford notified the Authority in June 2013 of its intention to execute a Third Supplement to the Tax Agreement in connection with the issuance of an additional tranche of TECP. In consultation

with the Attorney General's Office, the CEFA Executive Director executed the Third Supplement to the Tax Agreement for Stanford University.

Item # 4

Election of the Vice Chairperson

Ms. Brewer stated that the CEFA Statute requires an annual election of a vice chairperson. Ms. Brewer also noted that historically, the State Controller's Office has served as the vice chairperson.

Staff recommended the Authority nominate and elect a vice chairperson.

Ms. Rockwell nominated the State Controller as designee and moved for adoption of the Vice Chairperson and Mr. McGinnis seconded it. Motion adopted 5-0.

Item # 5

**Bond Program Fee Restructure
Resolution No. 2013-2**

Mr. Washington stated that CEFA has two goals for the Bond Program Fee Restructure: 1) cover the increased operational expenses and bond related costs and 2) remain competitive for the benefit of CEFA's private non-profit college and university borrowers. Mr. Washington noted the current fee structure has been in place since 1997. Staff has worked closely with its financial advisor to confirm the Authority's fee increase will maintain a fund balance sufficient to support the Authority's ongoing fiduciary responsibilities. The Authority's fee increase will include the following changes:

- A. The Initial Fee is changed from 0.15% of the par amount to 0.15% of the par amount up to \$25 million, plus 0.05% of the par amount in excess of \$25 million (up to a maximum fee of \$75,000).
- B. The Annual Administrative Fee of \$500 annually for the first five years that the debt is outstanding, and \$250 annually thereafter is changed to the following: Annual Administrative Fee of \$500 for issuances closed on or before July 31, 2013, for issuances closed August 1, 2013 and thereafter, the Annual Administrative Fee will be 0.015% of the outstanding par amount (up to a maximum fee of \$12,000).

Representing Public Financial Management, Inc.: Sara Hollenbeck, Director and Nickolas Jones, Senior Analyst.

Sarah Hollenbeck stated the charts showed that CEFA's proposed fee restructure will allow CEFA to remain competitive with other issuers.

Mr. Washington noted that Staff has notified each of CEFA's outstanding borrowers about the changes to the fee structure and has received positive feedback from a number of borrowers.

Mr. Washington stated that Staff will be providing the Board annual updates of the fee structure for review and approval unless otherwise directed.

Staff recommended that the Authority approve the Bond Program Fee Restructure Resolution No. 2013-02.

Mr. McGinnis moved for adoption of the Resolution and Ms. Lewis Daher seconded it. Motion adopted 5-0.

With no public comment, the CEFA meeting was adjourned at 1:50 p.m.

Respectfully submitted,

Ronald L. Washington
Executive Director