

MINUTES

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY (CEFA or the AUTHORITY)

**First Floor Conference Room
901 P Street, Room 102
Sacramento, California 95814**

Alternate Location for CEFA Teleconference Participation:

Public Participation

Call-In Number: (877) 810-9415 and Access Code: 6535126

September 28, 2023 – 1:35 P.M.

OPEN SESSION

Deputy Treasurer Khaim Morton, Chair, called the meeting to order at 1:35 P.M.

The Secretary announced to the public joining in by phone the instructions for being heard.

Item #1

Roll Call

Members Present: Khaim Morton for Fiona Ma, CPA, State Treasurer
David Oppenheim for Malia M. Cohen, State Controller, Vice-Chair
Guadalupe Manriquez for Joe Stephenshaw, Director, Department of Finance
Kelly Ratliff

Members Absent: Debra Martin

Staff Present: Carolyn Aboubechara, Interim Executive Director
Bianca Smith, Deputy Executive Director
Tyler Bui, Associate Governmental Program Analyst

Chair Morton declared a quorum present.

Item #2 **Approval of the Minutes from the July 27, 2023 Meeting (Action Item)**

Chair Morton asked if there were any changes, questions, or public comment; there were none.

Authority Action

Motion to approve the minutes from the July 27, 2023 meeting.

MOTION: Member Oppenheim SECONDED: Member Manriquez

AYES:.....Members Oppenheim, Manriquez, Morton

NOES:.....NONE

ABSTAIN:.....Member Ratliff

RECUSE:.....NONE

MOTION APPROVED

Item #3**Executive Director's Report (Information Item)**

Interim Executive Director Aboubechara reported that the Authority's audit for the 2022 fiscal year was recently completed and shared with Authority Members.

Item #4**Saint Mary's College of California
Bond Financing Program
Resolution No. 329 (Action Item)**

Staff Member Tyler Bui presented. Staff Member Bui reported Saint Mary's College of California (Saint Mary's) requested Authority approval to issue \$110,000,000 in tax-exempt bonds. Bond proceeds would be used to finance working capital needs and the acquisition, construction, expansion, rehabilitation, renovation, remodeling, furnishing, and equipping of certain educational facilities located on Saint Mary's campus. Bond proceeds would also be used to refund the CEFA Series 2007 bonds and pay certain costs of issuance.

Attendees: (via teleconference) Sandra Kim, Vice President of Finance and Corey Cook, Provost, Saint Mary's College of California; John Wang, Partner and Sean Yates, Managing Associate, Orrick, Herrington & Sutcliffe LLP, Bond Counsel; and Doug Brown, Managing Director and Stephen Dougherty, Associate, Wells Fargo Securities, Underwriter.

Vice President of Finance Kim described the challenges Saint Mary's had experienced in the last several years, including declining student enrollment numbers from the COVID-19 pandemic. In response to these challenges, Saint Mary's developed the strategic plan "Transformation 2028" to increase enrollment by developing in-demand academic programs and focus on financial sustainability. Provost Cook further described Transformation 2028.

Member Ratliff asked about Saint Mary's projected enrollment increase needed to reach financial sustainability.

Vice President of Finance Kim noted Saint Mary's projects were reaching budget neutrality in four fiscal years. Provost Cook added that the strategic plan's enrollment projections are conservative, and to sustain enrollment, Saint Mary's needed to reposition some of its academic programs, mainly nursing/health sciences for undergraduate and graduate students.

Member Ratliff asked if the CEFA Series 2007 bonds were issued as 50-year bonds.

Vice President Kim explained that the CEFA Series 2007 bonds final maturity were not issued as 50-year bonds, but the maturity may have been extended after issuance. Vice President Kim also noted that the repayment of the CEFA Series 2023 bonds would be interest only for the first seven years for budget planning purposes.

Member Oppenheim asked for clarification of the language in the resolution pertaining to the bond rating.

Interim Executive Director Aboubechara explained that prior to approval, applicants receive an expected credit rating, and Authority approval was contingent upon a final rating at that expected level.

Chair Morton asked if there were any additional questions or public comment; there were none.

Authority Action

Motion to approve Resolution No. 329 in an amount not to exceed \$110,000,000 for Saint Mary's College of California for the bond financing program, subject to the conditions in the resolution.

MOTION: Member Ratliff

SECONDED: Member Oppenheim

AYES:.....Members Ratliff, Oppenheim, Morton

NOES:.....NONE

ABSTAIN:.....Member Manriquez

RECUSE:.....NONE

MOTION APPROVED

Item #5 California Student Housing Revolving Loan Program (Information Item)

Interim Executive Director Carolyn Aboubechara presented. Interim Executive Director Aboubechara reported the California Student Housing Revolving Loan Act of 2022 had passed, which authorized the Authority to work with the California School Finance Authority (CSFA) to establish the California Student Housing Revolving Loan Program (Program) to issue 0% interest rate loans to colleges and universities for affordable housing. Funding for the Program was secured in July 2023 with a \$200,000,000 allocation, with a plan to allocate an additional \$300,000,000 each fiscal year until fiscal year 2028-2029. Interim Executive Director Aboubechara reported that 75% of the allocation would go to the University of California and the California State University systems via the Authority, while the remaining 25% would go to community colleges through CSFA.

Interim Executive Director Aboubechara outlined the statutory key provisions of the Program: work on projects should begin by June 30, 2025, or as shortly thereafter as possible; the rate for student and faculty housing should be below local market rental rates; and the projects funded by the Program must provide a public benefit. Interim Executive Director Aboubechara explained that scoring criteria would be developed, including factors such as when projects can begin, the campuses unmet demand for student and faculty housing, and local funding matches.

Interim Executive Director Aboubechara reported the uniform application must be developed by April 1, 2024, so the Authority was working with CSFA to develop an interagency agreement to effectively share resources and staff and develop regulations that have to be approved by the Office of Administrative Law. The Authority would also be conducting stakeholder meetings with the UCs and CSUs to determine what kind of financial model to use for this Program, such as gap financing, or bridge loans.

Member Oppenheim suggested that a Diversity, Equity, and Inclusion factor should be considered when looking at the application evaluation criteria. Member Oppenheim also noted that since there was a relatively small amount of money, the Authority should ensure that funds were not wasted by projects with unfinished completion plans, namely those with no alternate funding routes.

Member Ratliff commented on the difficulty of language such as “below market” when referring to the rental rates. Member Ratliff also suggested that potential intersegmental projects be identified but wanted clarity regarding the operating model used.

Chair Morton echoed the comments of Members Oppenheim and Ratliff, noting the importance of achieving the spirit of the program and not just the statutory requirements.

Jetaun Stevens, Senior Staff Attorney with Public Advocates, provided public comments on behalf of Public Advocates and their partners at California Competes. Senior Staff Attorney Stevens reported that according to a 2018 Sears survey, Black and Latinx women over the age of 22 with dependent children were the most likely to experience housing insecurity. The State of California’s Higher Education Student Housing Grant Program (HESHGP) had been active for three years, which gave insight into how these programs could reduce student homelessness. Jetaun Stevens reported some key takeaways from the HESHGP, including: scoring metrics should prioritize students most likely to experience homelessness; as 20% of higher education students were parents, apartment-style housing should be considered; intersegmental projects were an efficient method of meeting goals; and projects that aligned services to support low-income residents were the most effective at aiding students in obtaining degrees or certificates. Senior Staff Attorney Stevens reported that the Village at Cerritos College offered wraparound services including educational planning and financial literacy and noted that 40% of students housed in this program obtained their degree or certificate within two years compared to 15% for the rest of the population.

Chair Morton asked if there were any additional questions or public comment; there were none.

Agenda Items #6 and #7

Public Comment and Adjournment

Chair Morton asked for public comment. Hearing none, the meeting adjourned at 2:07 P.M.