

MINUTES

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
MINUTES JULY 27, 2000 -3:30 P.M.
915 CAPITOL MALL, ROOM 587
SACRAMENTO, CA 95814

The meeting was called to order at 3:30 p.m. by Donna Lucas, Chair.

Present: Donna Lucas for Philip Angelides, Chair
Cindi Aronberg for Kathleen Connell, Controller
Annette Porini for Timothy Gage, Director of Finance
Kenneth Secor
J. Clark Kelso

Staff: Terry Partington, Acting Executive Director
Robert Kittredge, PriceWaterhouseCoopers
Mimi Budd, Senior Staff Counsel

The Chair declared a quorum present.

The minutes from the California Educational Facilities Authority's May 25, 2000 meeting were approved as submitted.

The Expenditure Report for CEFA/SLAF was presented as of June 30, 2000. Terry Partington reported the fund balance of \$6,779,246.78 for CEFA and \$6,697,898.34 for SLAF.

Item #3

**Pepperdine University
Final Resolution No. 180**

Martha Maldonado stated that Pepperdine University was requesting \$40,000,000 in bond financing to complete the development of Pepperdine's Drescher Graduate Campus. Representing Pepperdine University: Mr. Charles Pippin, Vice President for Finance and Administration and Ms. Clariza Mullins, Associate Treasurer; Mr. Chris Cowen, Vice President, Prager, McCarthy & Sealy, Underwriter; and Ms. Harriet Welch, Bond Counsel, Arter & Hadden LLP.

Staff recommended the Authority approve a resolution for an amount not to exceed \$40,000,000 for Pepperdine University, subject to a minimum "A" rating by a nationally recognized rating agency and meeting the standard bond issuance provisions for A rated debt.

Kenneth Secor moved for adoption of the Resolution and Clark Kelso seconded it. Motion adopted 5 aye.

Item #4

**University of Southern California
Final Resolution No. 181**

Ray Artinian stated that the University of Southern California (USC) was requesting \$300,000,000 in bond financing to fund approximately \$200 million for several new projects, including new construction and the renovation of existing facilities. The projects are anticipated to be completed over the next five years. In addition, USC is planning on issuing variable rate bonds of approximately \$100 million to refinance existing, higher fixed interest rate bonds. Representing the University: Mr. Glen Cavagnaro, Associate Treasurer;

Mr. Eric Wild, Vice President, Morgan Stanley Dean Witter, Underwriter; and Mr. John Knox, Bond Counsel, Orrick, Herrington & Sutcliffe LLP.

Staff recommended the Authority approve a resolution for an amount not to exceed \$300,000,000 for the University of Southern California to issue approximately 3 series of bonds over the next five years, subject to the bonds having at least a "A" rating by a nationally recognized rating agency and meeting the standard bond issuance provisions for A rated debt.

Clark Kelso moved for adoption of the Resolution and Cindi Aronberg seconded it. Motion adopted 5 aye.

Item #5

**Chapman University
Final Resolution No. 182**

Barry Scarff stated that Chapman University was requesting \$18,000,000 in bond financing to construct and acquire residential facilities, and to construct a parking structure to accommodate a substantial growth in enrollments. The University will also refund high interest mortgages on acquisitions of nearby residences with the lower initial rate of approximately 3.4%. Representing Chapman University: Mr. Gary Brahm, Executive Vice President/CFO; Mr. Richard Chisholm, Managing Director, Banc of America Securities, LLC, Underwriter; and Mr. Eugene Carron, Bond Counsel, Orrick, Herrington & Sutcliffe LLP.

Staff recommended the Authority approve a resolution for an amount not to exceed \$18,000,000 for Chapman University, subject to a minimum "A" rating by a nationally recognized rating agency with the letter of credit or subject to a minimum "Baa" rating without credit enhancement and meeting the standard bond issuance provisions for "Baa" rated debt.

Mimi Budd, Senior Staff Counsel, clarified a question that had risen prior to the Authority meeting with regard to the eligibility of faculty housing and the housing for the university president in regards to the refunding of the mortgage. She stated that this housing has been found to be eligible for funding under the general provisions of the Act since it is a facility "related to an educational facility and useful for the instruction of students or operation of an institution for higher education." Assisting faculty with housing costs in expensive markets serves as an incentive for faculty to join the university staff and further students' educational opportunities. The Authority has approved the financing of faculty housing in prior transactions. Additionally, there is legislation pending, which will amend the Act to specifically clarify that faculty housing is eligible for funding.

Kenneth Secor moved for adoption of the Resolution and Annette Porini seconded it. Motion adopted 5 aye.

Item #6

**Pacific Graduate School of Psychology, Series 1997
Amendment to first Supplemental Loan Agreement
Special Resolution No. 2000-3**

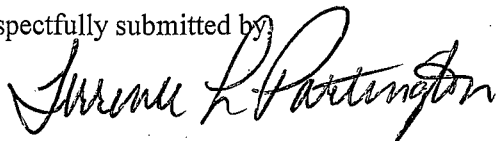
Greg Rogers stated that Pacific Graduate School of Psychology was requesting the Authority approve an amendment to its Series 1997 First Supplemental Loan Agreement for purposes of expanding its Line of Credit with Bank of the West from \$750,000 to \$1,500,000. The amendment would modify the limitations on encumbrances as defined in the 1997 Loan Agreement and permit Bank of the West to record a Subordinate Lien on Pacific Graduate School's facilities. Representing Pacific Graduate School of Psychology: Ms. Maya Atsina, Chief Financial Officer; and Ms. Harriet Welch, Bond Counsel, Arter & Hadden LLP.

Staff recommended the Authority approve the Amendment to the First Supplemental Loan Agreement dated June 1, 1997 modifying Section 17(e), permitting additional encumbrances by the School. Any recording of a Subordinate Lien in favor of Bank of the West would be secondary to the First Lien Deed of Trust in favor of the Authority.

Kenneth Secor moved for adoption of the Resolution and Clark Kelso seconded it. Motion adopted 4 aye, 1
recusal (Lucas) (See attachment).

There being no further business, the meeting was adjourned.

Respectfully submitted by

A handwritten signature in cursive script, reading "Terrence L. Partington". The signature is written in black ink and is positioned above the printed name.

Terrence L. Partington
Acting Executive Director