MINUTES

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

Alternate Location for CEFA Teleconference Participation

University of Southern California 3601 Trousdale Parkway Office of the Vice President for Student Affairs Student Union Building 201 Los Angeles, CA 90089-4891

Thursday, August 25, 2011

1:30 PM

Deputy Treasurer Patricia Wynne, serving as Chairperson, called the CEFA meeting to order at 1:33 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 Michael Jackson via teleconference
Member Absent:	Sylvia Scott-Hayes
Staff Present:	Ronald L. Washington, Executive Director Rosalind Brewer, Deputy Executive Director

Chairperson Wynne declared a quorum present and introduced Mr. Alan Gordon, designee for the State Controller. Going forward, Mr. Gordon, Deputy State Controller, Environmental Policy, will serve on the CEFA Board.

The minutes from CEFA's June 30, 2011 meeting were approved. Dr. Jackson moved for approval of the minutes; Ms. Rockwell seconded the motion. The motion was adopted with a 4-0 vote.

CEFA's Executive Director's Report

Mr. Washington reported as of June 30, 2011, the CEFA outstanding debt and fund balance reports for both the Educational Facilities Fund and the Student Loan Authority Fund were available to the Board. Mr. Washington added that these figures are reflective of the entire fiscal year which recently closed. Mr. Washington adds that next month's figures will be significantly different due to adjustments made to the new fiscal year's projected budget.

Dr. Jackson mentioned the significant disparity between the budgeted and year-to-date figures of General Expenses and inquired if the disparity was intended or if it was historically budgeted to those amounts.

Mr. Washington explained the General Expenses category has several line items containing historically budgeted figures which have been carried over from previous years. Staff has reevaluated these figures and has made adjustments such that the budgeted and actual spending will be more in line for the upcoming fiscal year. Mr. Washington stated the Attorney General's Legal Services and other External Contracts budgeted figures have also been reevaluated and adjusted.

Mr. Washington noted that the Comprehensive Debt List Summary was included in the Executive Director's report, with no significant changes.

Mr. Washington presented the Delegation of Powers regarding Stanford University (Stanford). In 2009, Stanford requested the Authority execute a First Supplement to the Tax Agreement, which allowed Stanford to issue a new tranche of tax-exempt commercial paper revenue notes (TECP). In July 2011, Stanford issued another tranche of TECP which required the Authority to execute a Second Supplement to the Tax Agreement; therefore, the Second Supplement to the Tax Agreement was executed by the Authority. The Second Supplement also updated the Tax Agreement to conform to other recent Tax Agreements for Stanford.

Mr. Washington concluded his report by introducing Mr. Dan Wiles of Fieldman, Rolapp & Associates. Fieldman, Rolapp & Associates is serving as the Authority's financial advisor for the Chapman University financing.

Item #4Resolution No. 284, Chapman UniversityRepresenting Chapman University: Mr. Harold W. Hewitt Jr., Executive Vice President and
Chief Operating Officer; Mr. Rick Chisholm, Managing Director, Wells Fargo Securities,
Underwriter; and Mr. Marc Bauer, Associate, Orrick, Herrington & Sutcliffe, LLP, Bond

Counsel.

Kenna Waddell stated Chapman University (Chapman) was requesting bond proceeds in an amount not to exceed \$100 million. Bond proceeds will be used to finance the acquisition, construction, expansion, equipping and improvement of educational facilities located throughout Chapman's main campus. Chapman also plans to use bond proceeds to refund the CEFA Series 2000 bonds, which are intended to replace the floating rate with a fixed rate obligation, allowing Chapman to shift to a more conservative capital structure.

Ms. Waddell recommended the Authority approve a resolution in an amount not to exceed \$100 million for Chapman, subject to a bond rating of at least investment grade by a nationally recognized rating agency and meeting the standard bond issuance guidelines. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Fieldman, Rolapp & Associates, the Authority's financial advisor, concurred with the Authority's staff recommendation.

Mr. Washington noted the resolution was adjusted to reflect Chapman's intention to refund only a portion of the CEFA Series 2000 bonds.

Mr. Hewitt stated that with respect to the refunding, in addition to bond proceeds, Chapman intends to make a capital contribution out of the surplus operations to buy down a portion of the CEFA Series 2000 bonds. Mr. Hewitt explained that using Chapman's equity to pay a portion of the bonds ensures there will be no tax issues with the continued use of the Marion Knott Studios.

Mr. Chisholm mentioned that Chapman historically has issued bonds with a single rating; however, given the recent market volatility, Chapman decided to obtain an additional rating as it would increase investor reception.

Mr. Gordon inquired why all of the renovation projects would not be Gold LEED certified.

Mr. Hewitt stated that it was determined by both Chapman's Real Estate and Finance Committees that the largest project would have achieved no higher than Silver LEED rating; therefore, Chapman preferred to focus their commissioning expense on the project that would receive a higher LEED rating. Mr. Hewitt stated that it was Chapman's intent to renovate the Law Clinic to a Gold LEED standard.

Staff recommended the Authority approve Resolution No. 284.

Chairperson Wynne asked if there were any additional questions from the Board Members or any public comments on this matter. Ms. Rockwell moved for adoption of Resolution No. 284 and Dr. Jackson seconded it. The motion was adopted with a 3-0 roll call vote with one abstention from Mr. Gordon.

Resolution No. 2010-01 Item #5 Resolution Authorizing the Amendment to Extend the Expiration Date of Resolution No. 2010-01 Authorizing the Collection and Enforcement of Delinquent and Defaulted Student Loans Representing ALL Management Corporation: Mr. Joseph Booth, Managing Director; and

Representing ALL Management Corporation: Mr. Joseph Booth, Managing Director; and Ms. Maria Wasserman, Managing Director.

Ms. Brewer shared that in December 2010, the Authority approved Resolution No. 2010-01, which authorized the modification of certain Cal Loan program documents. The amended documents incorporated program changes which were approved on a temporary basis for a nine-month period ending September 2, 2011. At this time, the collection agencies that contract with ALL Student Loan Corp. (ALL) have requested additional time to allow for the time spent adapting their computer systems to the new program changes. The Authority seeks to extend the expiration date of Resolution No. 2010-01 until December 31, 2011. At such time, staff may suggest a permanently adopted resolution, if more time is needed.

Staff recommended the Authority approve the extension of the expiration date of Resolution No. 2011-01 until December 31, 2011.

Chairperson Wynne asked if there were any additional questions from the Board Members or any public comments on this matter. Hearing none, Mr. Gordon moved for approval of Resolution No. 2010-01 and Ms. Rockwell seconded it. The motion was adopted with a 4-0 roll call vote.

With no public comment, Chairperson Wynne adjourned the meeting at 1:53 p.m.

Respectfully submitted,

Ronald L. Washington Executive Director