MINUTES

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY ("CEFA")

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

Thursday, January 26, 2017

1:30 PM

Deputy Treasurer Vincent P. Brown, serving as Chairperson, called the CEFA meeting to order at 1:30p.m.

CEFA Roll Call

Members Present: Vincent P. Brown for John Chiang, State Treasurer, Chairperson

Alan LoFaso for Betty T. Yee, State Controller, Vice-Chairperson Eraina Ortega for Michael Cohen, Director, Department of Finance

Stacy Lewis Daher William G. McGinnis

Staff Present: Ronald L. Washington, Executive Director

Chairperson Brown declared a quorum present.

Approval of the Minutes from May 26, 2016 California Educational Facilities Authority Board Meeting.

Chairperson Brown asked for public comment. There was none.

Authority Action

Motion to approve the minutes from the May 26, 2016 CEFA meeting

MOTION: Member Ortega SECONDED: Member LoFaso

AYES:.....Members McGinnis, Lewis Daher, Ortega, LoFaso, Brown

NOES:.....None ABSTAIN:.....None RECUSE:....None

MOTION APPROVED

CEFA's Executive Director's Report

Mr. Washington presented the Executive Director's reports for the months ending May 31, 2016, June 30, 2016, July 31, 2016, August 31, 2016, September 30, 2016, October 31, 2016, and November 30, 2016, that reflected total and outstanding debt and program balances and noted that there was a slight reordering of the top ten borrowers.

Member Lo Faso requested that, going forward, financial reports be provided to board members for review at least quarterly, should there be an extended period of time between board meetings.

Mr. Washington responded that in the future, financial reports would be provided quarterly to the board members should there be period of at least three months between board meetings.

Mr. Washington presented the Delegation of Powers report regarding California College of the Arts ("CCA"). He reported that in July 2016, CCA informed CEFA of its intent to obtain a loan (the "2016 Loan") to refund prior CEFA Revenue Bonds issued for the benefit of CCA in 2001, 2005, and 2007 (the "Prior Bonds"). Mr. Washington also reported that the bond documents for the 2012 Bonds require CCA to request consent from the Authority to refund the Prior Bonds. In consultation with the Attorney General's Office who confirmed that the action fell within the Executive Director's delegated authority under Resolution No. 2014-03, the CEFA Executive Director executed the Consent of the Authority to the designation of the 2016 Loan as Parity Debt with respect to the CEFA Series 2012 bonds on July 13, 2016.

Mr. Washington presented the Delegation of Powers report regarding University of Southern California ("USC"). He reported that in August 2016, USC informed CEFA of its intent to issue taxable bonds to refund the outstanding balances of its CEFA Series 2007A, 2009A, and 2009B Bonds issued (the "Prior Bonds"). Mr. Washington also reported that the Indentures related to the Prior Bonds require CEFA to acknowledge and direct the discharge of the Indenture upon payment of the bonds in full. USC requested CEFA to acknowledge the discharge with the execution of a Refunding Escrow Deposit Agreement for each of the Prior Bonds. In consultation with in-house legal counsel who confirmed that the action fell within the Executive Director's delegated authority under Resolution No. 2014-03, the Executive Director executed the Refunding Escrow Deposit Agreements for the Prior Bonds on August 18, 2016.

Mr. Washington presented the Delegation of Powers report regarding California Institute of Technology ("Caltech"). He reported that in September 2016, Caltech informed CEFA of its intent to issue taxable bonds to refund the outstanding balances of its CEFA Series 2009 Bonds (the "Prior Bonds"). Mr. Washington also reported that the Indenture related to the Prior Bonds require CEFA to acknowledge and direct the discharge of the Indenture upon payment of the bonds in full. Caltech requested CEFA to acknowledge the discharge with the execution of the Certificate with Respect to Discharge of Indenture for the Prior Bonds. In consultation with in-house legal counsel who confirmed that the action fell within the Executive Director's delegated authority under Resolution No. 2014-03, the Executive Director executed the Certificate with Respect to Discharge of Indenture for the Prior Bonds on September 13, 2016.

Mr. Washington presented the Summary of Delegation Actions from January 1, 2016 to December 31, 2016.

SB 1029 - Annual Debt Transparency Report.

Mr. Washington reported that effective January 1, 2017, Senate Bill 1029 requires all issuers to provide a debt transparency report and certify that it has complied with Government Code Section 8855. CEFA, as a conduit issuer, will work with borrowers to collect information related to debt outstanding. This report will be given to California Debt and Investment Advisory Commission.

Delegation Resolution for Bond Financings Resolution No. 2017-01

Yuanyuan Wei, CHFFA staff analyst, stated that from time to time a participating private college may desire to seek consent of the Authority relating to amendments to certain Bond Documents, and absent a delegation of such powers to staff, Authority approval is necessary in order to give its consent to many of these amendments. In the interest of streamlining the borrowing processes, Resolution No. 2017-01 delegated certain powers and authorized certain actions related to bond financings to the Chair, or any deputy to the Chair, and the Executive Director. Ms. Wei also reported that the existing delegation resolution expired January 31, 2017.

Authority staff requested approval of Resolution No. 2017-01, with a proposed expiration date of January 31, 2017.

Chairperson Brown asked for public comment. There was none.

Authority Action

Motion to adopt Resolution No. 2017-01.

MOTION: Member Ortega SECONDED: Member McGinnis

AYES:.....Members McGinnis, Lewis Daher, Ortega, LoFaso, Brown

NOES:.....None ABSTAIN:....None RECUSE:....None

MOTION ADOPTED

Loma Linda University Resolution No. 311

Item # 5

Kenna Waddell, staff analyst, stated that Loma Linda University ("Loma Linda") was seeking Authority approval for bond financing in an amount not to exceed \$225 million to fund upgrades and expansion to Loma Linda's Central Utilities Plant, refinance loans used to finance the acquisition and construction of educational facilities on both the Loma Linda and San Bernardino campuses, and pay cost of issuance of the 2017 bonds. Ms. Waddell reported that the bond proceeds would also be used to refund all or a portion of the California Municipal Finance Authority's Series 2007 bonds, (CFMA Series 2007 bonds). The refunding of the CFMA Series 2007 bonds is expected to provide Loma Linda with a net present value savings of approximately \$3.5 million or 11.5%, under current market conditions.

Representing Loma Linda University: Sherry Albano, Interim Controller and Don Wright, Foundation Assistant Controller. Also present: Jenna Magan, Partner, Orrick, Herrington & Sutcliffe LLP, Bond Counsel; and Archie Chandrasekhar, Vice President, Citigroup Global Markets, Inc., Underwriter

Chairperson Brown asked for public comment. There was none.

<u>Authority Action</u>

Motion to adopt Resolution No. 311 in an amount not to exceed \$225,000,000 for Loma Linda University.

MOTION: Member LoFaso SECONDED: Member Ortega

AYES:.....Members McGinnis, Lewis Daher, Ortega, LoFaso, Brown

NOES:.....None ABSTAIN:....None RECUSE:....None

MOTION ADOPTED

Item # 6 Approval of the Tentative Meeting Schedule for Calendar Year 2017

Mr. Washington stated that CEFA's regulations reflect that meetings of the Authority will be held on the fourth Thursday of each month unless otherwise ordered by the Authority. It has been the practice of the Authority to meet on the last Thursday of each month. Because there are a few months each year that have five weeks, the Authority must vote on a tentative meeting schedule in order to accommodate the longer months.

Chairperson Brown asked for public comment. There was none.

Authority Action

Motion to approve the Tentative Meeting Schedule for Calendar Year 2017.

MOTION: Member McGinnis SECONDED: Member Ortega

AYES:.....Members McGinnis, Lewis Daher, Ortega, LoFaso, Brown

NOES:.....None ABSTAIN:.....None RECUSE:....None

MOTION ADOPTED

Agenda Items #7, #8, #9

Other Business/Public Comment/Adjournment

Chairperson Brown asked for public comment. Hearing none and with no additional business, the meeting was adjourned at 2:02p.m.

Respectfully submitted,

Ronald L. Washington Executive Director