MINUTES

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
(CEFA or AUTHORITY)

915 Capitol Mall, Room 110
Sacramento, California 95814

300 S. Spring Street, Suite 8500
Los Angeles, California 90013

January 12, 2022 – 1:30 P.M.

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

OPEN SESSION

Treasurer Fiona Ma, Chair, called the meeting to order at 1:31 P.M.

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

Item #1 Roll Call

Members Present: Via Microsoft Teams Meeting:
Fiona Ma, CPA, State Treasurer
Indira McDonald for Betty T. Yee, State Controller, Vice-Chair
Gayle Miller for Keely Martin Bosler, Director, Department of Finance
Debra Martin
Kelly Ratliff

Staff Present: Frank Moore, Acting Executive Director
Carolyn Aboubechara, Deputy Executive Director
Matthew Francis, Associate Governmental Program Analyst

Chair Ma declared a quorum present.

Item #2 Approval of the Minutes from the March 25, 2021 Meeting (Action Item)

Mr. Moore mentioned an edit on the first page, second line. It referenced CHFFA, and it should be CEFA.

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

Authority Action

Motion to approve the minutes from the March 25, 2021 meeting.

MOTION: Member Miller SECONDED: Member McDonald

AYES: ..... Members Miller, McDonald, Ma
NOES: ..... NONE
ABSTAIN: ..... Members Ratliff and Martin
RECUSE: ..... NONE

MOTION APPROVED.

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

CEFA Fund Balances
Mr. Moore reported the fund balances as of June 30, 2021.

Tax-Exempt Bond Delegation of Powers Monthly Update
Mr. Moore presented the Delegation of Powers report regarding University of San Francisco (USF), Series 2017 bonds. Mr. Moore reported that in May 2021, USF provided notice to CEFA of its intent to make certain amendments to the 2017 Master Loan Agreement. USF requested CEFA to execute a First Amendment to the Master Loan Agreement, an Amendment to the Promissory Note, and a First Supplement to the Tax Certificate and Agreement. Mr. Moore executed these documents on July 1, 2021.

Mr. Moore presented the Delegation of Powers report regarding Pepperdine University (Pepperdine), Series 2015 and 2016 bonds (together, the Bonds). Mr. Moore reported that in November 2021, Pepperdine provided notice to CEFA of its intent to refund and defease the Bonds and requested CEFA to execute a Certificate of Instruction to the bond trustee and Escrow Agreement for each bond. Ms. Aboubechara executed these documents on December 7, 2021.

Mr. Moore presented the Summary of Delegation Actions taken from January 1, 2021 to December 31, 2021.

Contract Delegation of Powers Monthly Update
Mr. Moore presented the Contract Delegation of Powers report regarding contracts with U.S. Bank National Association and TAP International, Inc., and Interagency Agreements with the California Health Facilities Financing Authority, the State Treasurer's Office (STO), and the STO, Centralized Treasury and Securities Management Division.

Mr. Moore presented the Summary of Delegation Actions taken from January 1, 2021 to December 31, 2021.

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

Chair Ma introduced the new board members, Debra Martin and Kelly Ratliff.

Item #4 Resolution No. 326 – Art Center College of Design (Action Item)
Mr. Francis presented. Art Center College of Design (Art Center) requested Authority approval to issue revenue bonds in an amount not to exceed $35,000,000. Mr. Francis reported that bond proceeds would be used to finance construction and renovation projects located on Art Center's Hillside and South campuses. Bond proceeds would also be used to help pay the costs of issuance.

Attendees: (via teleconference) Rich Haluschak, Senior Vice President, Chief Financial and Administrative Officer and Leigh Berner, Director, Budgeting and Finance, Art Center College of Design; Doug Brown, Managing Director, Giselle Valdez, Vice President, and Stephen Dougherty, Analyst, Wells Fargo Bank, N.A., Underwriter; and Harriet Welch, Senior Partner and Nathan Treu, Partner, Squire Patton Boggs (US) LLP, Bond Counsel.

Mr. Haluschak thanked the Authority and gave an overview of Art Center's projects. Mr. Haluschak reported that although affected by COVID-19, Art Center had since rebounded to pre-pandemic levels of student enrollment.

Chair Ma mentioned that she had visited Art Center pre-pandemic.

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

Authority Action
Motion to approve Resolution No. 326 in an amount not to exceed $35,000,000 for Art Center College of Design, subject to all conditions in the resolution.

MOTION: Member Miller SECONDED: Member Ratliff

AYES: .....Members Ratliff, Martin, Miller, McDonald, Ma
NOES: .....NONE
ABSTAIN: .....NONE
RECUSE: .....NONE

MOTION APPROVED.

Item #5 Resolution No. 2022-01 – Approval of a New Fee Structure for the Commercial Paper Program (Action Item)

Ms. Aboubechara gave an overview of the history of the Commercial Paper Program (Program). Ms. Aboubechara reported that this item was to approve a separate fee schedule for the existing Program for all future applicants. The Program currently follows the Bond Program's fee schedule, whereby the borrower is charged an application fee, initial fee, and an annual administrative fee. The annual fee is calculated as a percentage of the outstanding balance at fiscal year-end. Commercial paper is short-term debt, and it can be issued and paid off within the same year, leaving a zero outstanding balance at fiscal year-end. Ms. Aboubechara stated CEFA was proposing to move to a flat fee of $1,000 (CEFA would continue to charge the same application and initial fees). A flat annual fee would cover the Authority's legal costs and staff time for ongoing work on the Program.

Attendees: (via teleconference) David Leifer, Senior Managing Director and Melissa Shick, Director, KNN Public Finance, LLC, Financial Advisor and Deborah Yang, Deputy Attorney General, Office of the Attorney General.

Chair Ma asked why a borrower would issue commercial paper versus revenue bonds, if it's a fixed interest rate, and what are the advantages of utilizing the Program over traditional financing.

Ms. Aboubechara replied that commercial paper is short-term debt financing up to 270 days that can be refunded with bonds at a later time. The interest rate could fluctuate based on the market. Ms. Aboubechara noted that by issuing commercial paper through the Program, the debt was tax-exempt.

Members Ratliff and Martin asked why institutions weren't taking advantage of the Program.

Ms. Aboubechara responded one possible barrier was that Program must be supported by a borrower's self-liquidity or the use of bank credit facility. Mr. Moore stated that another reason was the interest rate differential between taxable and tax-exempt was small right now and that affected a borrower's decision to issue tax-exempt debt.

Mr. Leifer mentioned an institution like the University of California could issue commercial paper on its own, whereas CEFA was trying to attract the private, non-profit universities.

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

Authority Action
Motion to approve Resolution No. 2022-01.

MOTION: Member Martin SECONDED: Member Miller

AYES: .....Members Ratliff, Martin, Miller, McDonald, Ma
NOES: .....NONE
ABSTAIN: .....NONE
RECUSE: .....NONE

MOTION APPROVED.

Item #6 Approval of the Tentative Meeting Schedule for Calendar Year 2022 (Action Item)

Mr. Moore stated that CEFA's regulations state the Authority meetings were to be held on the fourth Thursday of each month unless otherwise ordered by the Authority. Mr. Moore presented the tentative meeting schedule for calendar year 2022.

Attendees: None

Chair Ma asked if the tentative schedule had more meetings than in the past.

Mr. Moore responded that a meeting was scheduled every month, but in the last year several had been cancelled because of no activity.

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

Authority Action
Motion to approve the Tentative Meeting Schedule for Calendar Year 2022.

MOTION: Member Miller SECONDED: Member McDonald

AYES: .....Members Ratliff, Martin, Miller, McDonald, Ma
NOES: .....NONE
ABSTAIN: .....NONE
RECUSE: .....NONE

MOTION APPROVED.

Item #7 Election of Vice Chairperson (Action Item)

Ms. Aboubechara stated that the Authority was required by Education Code Section 94120(e) to elect from among its members a Vice Chairperson on or after April 30 of each year.

Member Miller nominated the State Controller for Vice Chairperson.

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

Authority Action
Motion to elect the State Controller as Vice Chairperson of the Authority.

MOTION: Member Miller SECONDED: Member Martin

AYES: .....Members Ratliff, Martin, Miller, McDonald, Ma
NOES: .....NONE
ABSTAIN: .....NONE
RECUSE: .....NONE

MOTION APPROVED.

Agenda Items #8 and #9 Public Comment and Adjournment
Chair Ma asked for public comment. Hearing none, the meeting adjourned at 1:54 P.M.