

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, January 17, 2018
2:30 p.m.

915 Capitol Mall, Room 110
Sacramento, California 95814

Deputy State Treasurer Vincent P. Brown, serving as Chair, called the meeting to order.

Roll Call

Members Present: Vincent P. Brown, designee for John Chiang, State Treasurer
Jacqueline Wong-Hernandez, designee for Michael Cohen, Director of Finance
Nick Schweizer, designee for Tom Torlakson, Superintendent of Public Instruction

Staff Present: Katrina Johantgen, Executive Director
Dana Brazelton, Manager
Laura Martinez, Manager
Ryan Storey, Program Analyst
Anne Osborne, Program Analyst
Nicolaus Seppi, Office Technician

Katrina Johantgen welcomed those on the phone line to the Board meeting, after which Chairperson Brown declared a quorum present after roll call.

Item 2: Approval of Minutes: The minutes from the December 13, 2017 Authority Board meeting were presented to the Board and approved unanimously by roll call.

Item 3: Executive Director's Report

Charter School Facility Grant Program (SB740): The Authority is preparing the second round of disbursements and is sending out good standing letters to Authorizers for both this program and the Incentives Grant Program. The recently released Governor's budget proposes a \$28.3 million increase in Program funds for the 2018-19 fiscal year.

Charter School Revolving Loan Fund Program: The Authority launched an online application in December. An educational webinar will be held January 24th, with the application period ending in February. The Authority is also looking at increasing stress testing criteria due to the program loan default rate. Staff analyses found that defaults are tied to aggressive enrollment projections that are not realized.

Conduit Bond Program: The Authority approved six financings to close before the end of the calendar; four of which closed by December 31, 2017.

Charter School Facilities Program (CSFP): The Authority continues to work through payment schedules, and other on-going program tasks. Authority staff continues to work through Proposition 51 funding applications.

State Charter School Facilities Incentive Grants Program: The Authority is about to kick off Round 14, with an added change that allows current subgrantees to apply for funding, only if the school's disbursements will end prior to their new grant commencing.

Charter School Facilities Credit Enhancement Grant Program: The Authority is finalizing the performance agreement for the PANACEA grant. Program Regulations are expected at either the February or March Board meetings.

Item 4: Resolution No. 18-01 – Approving Financially Sound Determinations for the Charter School Facilities Program (CSFP) Applications Received under the Proposition 51 Funding Round

Ms. Johantgen introduced the item, stating that staff recommends approval of Resolution 18-01. She then introduced Ryan Storey, who coordinates the CSFP team's review process of the applications before the board. Mr. Storey explained the methodology that was used, covering the operational and financial viability of the project, and the variety of applicants and funding requests currently before the Board. Ms. Johantgen added that the financial soundness determination made by the Board is in effect for twelve months as long as there are no material changes, or alterations to contingencies in place. Ms. Johantgen confirmed for the Board that the determinations made at the October, November, December, and January meetings will be voted on at the Office of Public School Construction's (OPSC) January meeting, totaling \$250 million in preliminary apportionments. The remaining \$250 million in apportionments will be made at the February meeting of OPSC.

The Board asked a series of questions, clarifying the status of PACE Academy as an applicant and requesting an explanation of the apportionment process. Ms. Johantgen described the funding processes and formulas and how the awards are approved by OPSC. She also discussed additional vetting of CSFP applicants had occurred to ensure SB740 funds were not accounted for in applicants' financial soundness reviews, specifically for CSFP-funded project.

Mr. Schweizer made a motion to approve the list of schools and Ms. Wong-Hernandez seconded. After a call for public comment, the resolution was approved unanimously by rollcall.

There being no additional public comments or other business to conduct, the meeting was adjourned.

Respectfully submitted,

Katrina Johantgen