

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, October 10, 2018
11:00 a.m.

915 Capitol Mall, Room 587
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
John Chiang, State Treasurer
Nick Schweizer, designee for Tom Torlakson, Superintendent of Public Instruction
Jacqueline Wong-Hernandez, designee for Keely Martin Bosler, Director of Finance

Staff Present: Katrina Johantgen, Executive Director
Laura Martinez, Manager
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 Board reviewed minutes from the September 12, 2018 Authority Board meeting and approved them unanimously by roll call.

Item 3: Executive Director's Report: Ms. Johantgen provided updates on program and administrative activity at CSFA. She highlighted staff's increased work related to new requirements under the SB740 program, such as evaluating appraisals, and vetting of preference admission policies. She noted that the Authority finalized and posted its Annual Report for the Charter School Revolving Loan Fund Program. She added that staff is working to integrate the for-profit charter school prohibition into all program regulations.

During Ms. Johantgen's report, Treasurer John Chiang arrived and replaced Vincent P. Brown as chair.

Item 4: Resolution No. 18-23 – Equitas Academy Charter Revenue Bond Financing

Ms. Johantgen introduced the item and the financing team to the Board: Sarah Kollman, Partner, Young, Minney & Corr, LLP; John Kim, Managing Director, Stifel, Nicolaus & Company, Inc.; Maggie Ford, Chief Operating Officer, Equitas Academy Charter School, and; Eugene Clark-Herrera, Partner, Orrick, Herrington & Sutcliffe LLP.

John Kim led the Board through a prepared presentation describing the qualities of the school, the individual school projects, and their financial strength, as well as the non-rated financing itself and anticipated future coverage.

Ms. Ford explained the history of Equitas Academy, and described their current mission within their local community, and detailed the sites and planned construction. She described an average school day and their goals for their students and their population growth. She described their academic achievements and comparisons to similar schools.

Mr. Clark-Herrera detailed the financing structure of the Obligated Group and explained the corporate structure; the support organization as the borrower will support the individual LLC's, who will in turn lease the properties to the schools.

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

Item 5: Resolution No. 18-24 – Leadership Public School - Hayward Financial Soundness

Ms. Johantgen introduced the item and explained it is a partial award using the remaining Proposition 51 funding, briefly discussing the project and funding mechanisms. She said the Authority recommend approval of the financial soundness, confirming the school has consistent enrollment numbers and the company is anticipating growth.

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

Item 6: Public Comment

Ms. Johantgen invited members of the public to address the Board. Scott Mullin, a teacher at a San Diego Unified School District (SDUSD) school said that he believes State agencies should have better oversight on tax funding.

Christopher Rice-Wilson, associate director of Alliance San Diego, discussed underperforming schools and those that ignore local students.

Andrea del Carmen Gaspar from the Center on Policy Initiatives asked the Authority for higher review standards, accountability, and to look at how schools serve their communities.

Clare Crawford, senior policy advisor at In the Public Interest, thanked the Authority for enacting some changes her organization recommended and discussed additional changes the Authority could make without the Legislature.

Khi Jackson from SDUSD asked for continued oversight of SB 740 and asked that if the State uses funds to help disadvantaged kids, it should go to those schools that need it.

Item 7: Adjournment:

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

Respectfully submitted,

Katrina Johantgen