

MINUTES

**CALIFORNIA SCHOOL FINANCE AUTHORITY
("CSFA" OR "AUTHORITY")
915 Capitol Mall, Room 587
Sacramento, California 95814
July 18, 2019 - 2:00 p.m.**

Public Participation

Call-In Number: (877) 810-9415 and Participant Code: 6535126

OPEN SESSION

Deputy State Treasurer Audrey Noda, serving as Chair, calls the meeting to order at 1:00 P.M. She noted that all public comments would be limited to a 3 minute time limit.

Item #1

Roll Call

Members Present: Audrey Noda, designee for Fiona Ma, CPA, California State Treasurer
Nick Schweizer, designee for Tony Thurmond, Superintendent of Public Instruction
Jeff Bell, designee for Keely Martin Bosler, Director of Finance

Staff Present: Thomas Dear, Staff Services Manager II
Ravinder Kapoor, Legal Counsel
Anne Osborne, Program Analyst
Ian Davis, Program Analyst
Kristen Schunk, Program Analyst
Ryan Storey, Program Analyst
Robert Biegler, Staff Analyst
Robert Rodriguez, Office Technician

Thomas Dear welcomes those on the phone line to the Board meeting.

Item #2

Approval of the Minutes from the June 12, 2019 Meeting

Deputy Noda asked if there were any changes, questions, or public comment; there were none.

Authority Action

Motion to approve the minutes from the June 12, 2019 meeting.

MOTION: Member Schweizer

SECOND: Member Noda

AYES: Members: Schweizer, Noda
NOES: NONE
ABSTAIN: Bell
RECUSE: NONE

MOTION APPROVED.

Charter School Facility Grant Program (SB 740)

Mr. Dear reported the Initial reviews of the 445 applications would begin in late August or early September, once 2018-19 True is completed. Revised regulations coming to the July (this) Board for approval, in addition a new Notice of Addition of Documents and Information to Rulemaking File and Notice of Modification to Text of Proposed Regulations.

Charter School Revolving Loan Fund

Mr. Dear reported the staff is reviewing the six remaining Priority II applications and plans to bring recommended applications to the August 2019 Board meeting.

State Charter School Facilities Incentive Grants Program (CFDA 84.282D)

Mr. Dear reported the 2019 State Charter School Facilities Incentive Grants Funding Round opened on June 4, 2019. The application is due by July 19, 2019 and the U.S. Department of Education will announce awards prior to the end of the Federal Fiscal Year

Credit Enhancement Program

Mr. Dear reported, as of June 4, 2019, the United States Department of Education announced a new credit enhancement-funding round for 2019. CSFA intends to apply for \$20 million of the \$45 million in available funds. There is excitement around this application as the Authority is introducing a new funding program, a loan guarantee pool. This \$20M grant award will enable CSFA to leverage approximately \$20M in bank loans. The application submission date is July 19 and the CSFA is currently finishing the application.

Conduit Bond and Note Program

Mr. Dear reported there are several bonds closing this month, with New Designs being moved to the August board meeting per the request of New Designs.

Charter School Facilities Program

Mr. Dear reported the 2014 and Proposition 51 funding rounds are still active. Of the 71 projects between the two funding rounds, 13 have converted to Final Apportionment, leaving 58 projects working toward Final Apportionment. There have been eight CSFP projects reviewed since January 2019, seven will be funded with Proposition 51 funds while one will be funded by Prop. 1D

Member Noda asked if there were additional questions; there were none.

Item #4 Resolution No. 19-18 – Authorizing the issuance of educational facilities revenue bonds in an amount not to exceed \$19,000,000 to finance and refinance the acquisition, construction, renovation, furnishing and equipping of certain educational facilities located in Los Angeles County, California for New Designs Charter School – Adams Campus. _____ (Action Item)

Robert Biegler, Staff Analyst, presented. Mr. Biegler introduced the Bond Financing team: Jim Blandford with Robert W. Baird and Co. as the Underwriter, and Jessica Shaham from Kutak Rock serving as Bond Counsel.

Mr. Blandford reported the Bonds will be issued in two series: Series 2019A is tax exempt and will be approximately \$17,660,000 and Series 2019B is taxable and will be approximately

\$595,000. The tax- exempt series will be issued to finance items eligible for use of tax-exempt bond proceeds. The taxable series will be used to finance the costs of issuance in excess of 2% of the tax-exempt series. .

Authority Action

Authorizing the issuance of educational facilities revenue bonds in an amount not to exceed \$19,000,000.

MOTION: Member Bell

SECOND: Member Schweizer

AYES: Members: Bell, Schweizer, Noda
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #5 Resolution No. 19-19 – Approval of Financial Soundness Determination for California Montessori Project – San Juan Campus at Orangevale, located in Sacramento County for an Advanced Apportionment through the Charter School Facilities Program (Action Item)

Ryan Storey, Program Analyst, presented. Mr. Storey reported California Montessori Project – San Juan Campus at Orangevale, has come to the Board for its advanced apportionment financial soundness approval. The obligor for this project will be San Juan Unified School District and they are also the authorizing and home district. The project will include the renovation of 14 classrooms serving grades K-6. All facilities, but one, are identified as permanent construction. Pending the budget and bid climate, the construction work is likely to entail: accessibility upgrades, restroom upgrades, complete heating, ventilation, and air conditioning replacement. The construction work is anticipated to begin in early 2021 and is expected to be completed by early 2022.

Authority Action

Motion to approve Resolution 19-19 Approving the Financial Soundness for California Montessori Project.

MOTION: Member Bell

SECOND: Member Schweizer

AYES: Members: Schweizer, Bell, Noda
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #6 Resolution No. 19-20 – Approval of Financial Soundness Determination for Leadership Public Schools, on behalf of LPS – R&D Oakland Campus, located in Alameda

**County for an Advanced Apportionment through the Charter School Facilities Program
(Action Item)**

Ryan Storey, Program Analyst, presented. Mr. Storey reported Leadership Public Schools, on behalf of LPS – R&D the Oakland Campus, has come to the Board for its advanced apportionment financial soundness approval. The obligor for this project will be Leadership Public Schools, and the authorizer is OUSD (Oakland Unified School District). The project is to rehab the existing District facilities at Castlemont High School, including three portable classrooms. These new facilities will be incorporated into a single permanent, new construction, larger design funded by LPS-RDO’s joint New Construction Prop 51 Application. The joint new construction application will fund the bulk of the permanent newly constructed facility. The new facility will include a minimum of 23 classrooms.

Authority Action

Resolution No. 19-20 - Approval of Financial Soundness Determination for Leadership Public Schools, on behalf of LPS

Motion to approve

MOTION: Member Bell

SECOND: Member Schweizer

AYES: Members: Schweizer, Bell, Noda

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

**Item #7 Resolution No. 19-21 – Approving Amendments to Regulations for the Charter School Facility Grant Program and Authorizing the Permanent Rulemaking Process
(Action Item)**

Ian Davis and Anne Osborne, both Program Analysts, presented. Mr. Davis reported the proposed SB 740 regulations are in response to Public Comment received during the 45-Day Comment period, as well as stakeholder feedback. Many Authorizers and other stakeholders have expressed concerns regarding the need and the meaning of a good standing confirmation. Mr. Davis reported that an Applicant found ineligible due to fiscal concerns must provide evidence to the Authority to the contrary. The new text provides clarity to the Authorizer when determining the Applicant’s Good Standing status. Mrs. Osborne reported that renewing leases annually generally does not have any substantial changes to warrant a revised appraisal. The Authority is requesting this substantive addition to existing text.

Public Comments

Sarah Kollman, Greg Forest from Young, Minney & Corr, and Eric Premack from CSDC all made comments in opposition to the good standing confirmation requirement.

Authority Action

Resolution No. 19-21 – Approval of Amendments to Regulations for the Charter School Facility Grant Program and Authorizing the Permanent Rulemaking Process

Motion to approve

MOTION: Member Bell

SECOND: Member Schweizer

AYES: Members: Schweizer, Bell, Noda

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Items #8

Public Comment, Adjournment

Deputy Noda asked for public comment. Hearing none and with no additional business the meeting adjourned.