

## MINUTES

**CALIFORNIA SCHOOL FINANCE AUTHORITY**  
**915 Capitol Mall, Room 587**  
**Sacramento, California 95814**  
**December 6, 2019 - 11:00 a.m.**

### OPEN SESSION

Deputy State Treasurer Audrey Noda, serving as Chair, called the meeting to order at 11:00 A.M.

#### ***Item 1: Roll Call***

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

Staff Present: Katrina Johantgen, Executive Director  
Thomas Dear, Staff Services Manager II  
Ravinder Kapoor, Legal Counsel  
Ian Davis, Program Lead  
Jodie Jones, Program Lead  
Erica Jamarillo, Associate Government Program Analyst  
Jeffery Martin, Staff Services Analyst  
Robert Rodriguez, Office Technician

Director Johantgen welcomed those on the phone line to the Board meeting.

#### ***Item 2: Approval of the November 14, 2019 Board Minutes (Action Item)***

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Deputy Noda introduced Item #2: Approval of the November 14, 2019 Board Minutes.

#### **Authority Action**

Motion to approve the minutes from the November 14, 2019 meeting.

MOTION: Bell

SECOND: Mireles

AYES: Mireles, Bell, Noda

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

### **Item #3: Executive Director's Report**

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Director Johantgen provided the following program updates:

#### **Charter School Facility Grant Program (SB 740)**

- The Authority is finalizing its work on the 2018-19 funding round review.
- About 80% of first disbursements are complete for the 2019-2020 funding round.

#### **Charter School Revolving Loan Fund**

- The Authority has completed its initial work on the 2018-19 funding round.
- Authority staff is analyzing ADA figures from the CDE to determine second and third disbursements for schools awarded loans under the 2018-19 funding round.

#### **Conduit Bond and Note Program**

- Based on information from stakeholders, the veto of AB1613 should result in a high volume of bond financings continuing into 2020, similar to the pace of 2019.
- The Authority is bringing one bond financing to the board for Fenton STEM Academy: Elementary Center for Science Technology Engineering and Mathematics.

#### **Charter School Facilities Program**

- The Authority is expecting to bring financial soundness reviews to the board in early 2020.
- Staff is tracking the polling on Proposition 13. If approved by voters, \$500,000,000 would flow into the program.

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

- The Authority is focusing on schools in rounds 13, 14, and 15.
- As this is a three-year grant program; the Authority has a few schools that the staff is working to close out from round 12.

#### **Credit Enhancement Program**

- The Authority met its reporting requirements to the federal government.
- The Authority is working with small lenders to launch its Charter ABLE program as well as utilize the PANACEA Program.

### ***Item #4: Resolution No. 19-35 – Authorizing the Issuance of School Facility Revenue Bonds in an Amount not to Exceed \$27,000,000 to Finance and/or Refinance the Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing and/or Equipping of Educational Facilities Located in Los Angeles County, California for use by Fenton Charter Public Schools. (Action Item)***

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Director Johantgen introduced the financing team for Fenton Charter Public Schools: 1) John Solarczyk, Managing Director, RBC Capital Markets, serving as Underwriter; 2) Irene Sumida, Executive Director, Fenton Charter Public Schools; and 3) Marc F. Bauer, Partner, Orrick Herrington & Sutcliffe serving as Bond Counsel. Mr. Solarczyk stated that Fenton currently operates five charter schools, this financing involves three of them: Fenton Primary Center located in Pacoima, Fenton Leadership and Fenton STEM located in Sun Valley. This financing is proposing to pay off the loan for Fenton Primary Center associated with the New Markets Tax Credit Program that is expiring soon; the school has an extension until March 2020 to pay off the loan as well as the clearinghouse, Community Development Financial Institutions Fund

(CDFI). Fenton Charter Public Schools used this loan to expand its campuses in Sun Valley. This School Facility Revenue Bond intends to fund additional improvements to these campuses estimated to cost \$1,900,000. Mr. Solarczyk expects the size of the bond to be \$23,700,000 with a maturity between 35-38 years.

**Authority Action**

Authorizing the issuance of Revenue Bonds in an amount not to exceed \$27,000,000.

MOTION: Mireles

SECOND: Bell

AYES: Mireles, Bell, Noda  
NOES: NONE  
ABSTAIN: NONE  
RECUSE: NONE

MOTION APPROVED.

***Item #5: Resolution No. 19-36 - Resolution of the California School Finance Authority Delegating Certain Powers and Authorizing Certain Actions Related to the Remarketing of Its Charter School Revenue Bonds (Alliance Margaret M. Bloomfield Technology Academy High School Project) Series 2013 (Taxable Qualified School Construction Bonds - Direct Subsidy) (Action Item)***

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Director Johantgen introduced the financing team for Alliance Margaret M. Bloomfield Technology Academy High School: 1) David Lauck, Chief Business Officer for Alliance College-Ready Public Schools; and 2) Brian Holman (by phone), Partner, Musick Peeler serving as Borrower’s Counsel. Mr. Lauck stated that Alliance College-Ready Public Schools is a network of 25 schools operating primarily in East and South Los Angeles. Alliance has been in operation for almost 15 years and has 10 middle schools and 15 high schools, which serve approximately 13,000 scholars. Alliance’s ultimate aspiration is to have 75% of its scholar’s graduation from a four-year college or university. The current interest rate environment gives Alliance a very strong opportunity to improve their cost of financing of the bonds; it would be on final terms roughly of 125 basis points or more of savings over the remainder of the issuance. On a present value base, it is around \$1,500,000 in savings, which would allow the school to repurpose those resources for the students and staff.

**Authority Action**

Approval of the Remarketing of Alliance Margaret M. Bloomfield Technology Academy High School Project Series 2013 Taxable Qualified School Construction Bonds.

MOTION: Bell

SECOND: Mireles

AYES: Mireles, Bell, Noda  
NOES: NONE  
ABSTAIN: NONE  
RECUSE: NONE

MOTION APPROVED.

***Item #6: Resolution No. 19-37 - Resolution of the California School Finance Authority Delegating Certain Powers and Authorizing Certain Actions Related to the Remarketing of its Charter School Revenue Bonds (Alliance Alice M. Baxter College-Ready High School Project), Series 2014A (Taxable Qualified Zone Academy Bonds - Tax Credits) and its Subordinate Charter School Revenue Bonds (Alliance Alice M. Baxter College-Ready High School Project) Series 2014B (Action Item)***

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Mr. Lauck presented for Item #6 and stated that there were two series of bonds that funded the purchase and construction of Alliance Alice M. Baxter College-Ready High School in San Pedro. Alliance is seeking to remarket the A series while the series B, which is the subordinate piece, remains in place with a 100 basis point reduction bringing the rate being charged from 8.75% down to 7.75%. What Alliance is really seeking to do is effectively extend the maturity by three years from December 2019 to December 2022. Alliance's goal is to create more time to seek a better long term financing solution.

**Authority Action**

Approval of the Remarketing Alliance Alice M. Baxter College-Ready High School Project, Series 2014A Taxable Qualified Zone Academy Bonds - Tax Credit) and its Subordinate Charter School Revenue Bonds Series 2014B.

MOTION: Mireles

SECOND: Bell

AYES: Mireles, Bell, Noda

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

***Item 7: Public Comments***

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No public comments.

***Item 8: Adjournment***

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There being no public comments, the Board adjourned the meeting.