

MINUTES

CALIFORNIA SCHOOL FINANCE AUTHORITY
915 Capitol Mall, Conference Room 110 (Large)
Sacramento, California 95814

300 S. Spring St, Suite 8500
(Large Conference Room)
Los Angeles, CA 90013

October 29, 2020 - 10:30 a.m.

Public Participation

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

In March 2020, the Governor declared a State of Emergency and enacted Executive Order N-29-20. In an effort to slow the rate at which COVID-19 is spreading, the Executive Order waived certain provisions of the Bagley-Keene Act and Brown Act, which required the physical presence of members, personnel of the board, or the public at meetings of state and local bodies. Pursuant to the order, the meeting of the California School Finance Authority (CSFA or Authority) Board Meeting was held telephonically, and the meeting was noticed accordingly.

OPEN SESSION

Treasurer Fiona Ma, called the meeting to order at 10:30 a.m.

Item #1: Roll Call

Members Present: Fiona Ma, CPA, California State Treasurer (LA Office)
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction (Via Microsoft Teams)
Gayle Miller, designee for Keely Martin Bosler, Director of Finance (Via Microsoft Teams)

Staff Present: Audrey Noda, Deputy Treasurer (LA Office)
Katrina Johantgen, Executive Director (LA Office)
Ravinder Kapoor, Legal Counsel (Sacramento Office)
Thomas, Dear, Staff Service Manager II (Sacramento Office)
Shannon McEuen, Staff Service Manager I (Sacramento Office)
Robert Biegler, Program Lead (Via Microsoft Teams)
Jose Franco, Program Lead (Via Microsoft Teams)
Michael Pack, Associate Governmental Program Analyst (Sacramento Office)
Daniel Madrid, Office Technician (LA Office)
Robert Rodriguez, Office Technician (Sacramento Office)

Treasurer Ma welcomed those on the phone line to the California School Finance Authority Board (Board) meeting. Katrina Johantgen read the prompt regarding the teleconference line and public participation.

Item #2: Approval of the September 24, 2020 Board Minutes (Action Item)

Treasurer Ma introduced Item #2: Approval of the September 24, 2020 Board Minutes.

Authority Action

Motion to approve the minutes from the September 24, 2020 meeting. Daniel Madrid called the roll.

MOTION: Miller

SECOND: Mireles

AYES: Mireles, Miller, Ma
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #3: Executive Director's Report

Executive Director Katrina Johantgen provided updates on the CSFA programs, noting the big news this month is overwhelming response to the newly-launched K-14 Pool Tax and Participation Note Program and Charter School ASAP program. Executive Director Johantgen confirmed that 141 K-14 applications were received to date from every sector of the state. The applicants included 129 districts, three county offices of education and six community college districts. 32 out of the 58 counties are represented and 85 of the 138 meet the definition of a small school district. The same demographic data will be presented at the next meeting regarding the Charter School ASAP program.

Charter School Facility Grant Program: The Authority is working through 2021 applications, and are close to finalizing the initial awards. The 19-20 funding round has closed, with staff currently processing one appeal. The Authority does have estimates based on projections for 20-21 and is looking at an oversubscription and proration of awards of lease cost for 93%.

Conduit Bond and Note Program: The Authority is presenting two finances for Board consideration today. Robert Biegler provided an update on the Value Schools bond financing approved at the September board meeting. The board discussed, and staff agreed, that a conduit bond financing update should be included in the Executive Director's report each month.

Credit Enhancement Program: The Authority is bringing an award to the Board today for Aspire Public Schools Credit Enhancement award, which was approved in June, but new projects are being brought in to the financing.

Charter School Facilities Program: The Authority will be presenting an item for consideration today from Caliber Public Schools.

Revolving Loan Program: The Authority will be bringing their annual report to the Board, which is an information item, and was submitted to the Legislative Analyst's Office and Department of Finance on October 1, 2020.

Administration and Other Matters: The Authority is not looking at any major legislative initiatives at CSFA. Staff is looking at a few amendments to the Revolving Loan Fund Program and will be working with the Department of Finance on any changes to the SB 740 program.

Board Member Miller thanked the Authority for the work on bond update.

Item #4: Presentation of the Charter School Revolving Loan Fund Program 2019-20 Annual Report (Information Item)

Executive Director Johantgen presented the Charter School Revolving Loan Fund Program Annual Report for the 2019-20 Funding Round, noting demand for the program has decreased given the slowing pace of new charter schools. The 19-20 Funding Round is highlighted in the report. She noted that the new Funding Round A that we implemented that recently closed, and will be reporting on that at the November Board meeting.

Item #5: Resolution No. 20-32 - Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$45,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located in Sacramento, San Joaquin, Stanislaus, and San Mateo Counties for use by Aspire Stockton 6-12 Secondary Academy, Aspire Stockton TK-5 Elementary Academy, Aspire University Charter School and Aspire Vanguard College Preparatory Academy; Aspire Langston Hughes Academy; Aspire Port City Academy; Aspire Alexander Twilight College Preparatory and Secondary Academies; and Aspire East Palo Alto Charter (Action Item)

Robert Biegler presented, noting that the information presented for the school was essentially the same details that were presented to the Board in June 2020, with one addition related to a school acquisition facility in Modesto, and two construction sites removed. Mr. Biegler introduced the team assembled for this item, including John Kim and Nathaniel Keninitz from Stifel and Eugene Clark Herrera and Steffi Chan from Orrick, Herrington & Sutcliffe, serving as bond counsel. From Aspire, CEO Mala Batra, Director of Finance Michael Wimbish and consultant Lisa Despasis from Level 2 Partners presented regarding Aspire Public Schools, their projects and the financing.

Ms. Batra spoke about the project updates since the item was presented in June 2020, and gave an overview of their schools' history and successes. Mr. Wimbish then presented APSs financial projections and outlined additional funding opportunities available to Aspire. Mr. Kim spoke next about the bond structure, and provided additional detail on the funding breakdown. Mr. Clark Herrera then presented additional details on the transfer restrictions authorized by this resolution, confirming the bond sale restrictions included for this item are consistent with the Authority's policies for a BBB rated financing.

Board Member Miller asked for a follow up on this sale, just so the Board can be aware. Robert Biegler agreed to present this type of follow up in general for conduit bond items.

No public comment.

Authority Action

Motion to approve the authorizing the Issuance of Revenue Bonds in an amount not to exceed \$45,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located in Sacramento, San Joaquin, Stanislaus, and San Mateo Counties for use by Aspire Stockton 6-12 Secondary Academy, Aspire Stockton TK-5 Elementary Academy, Aspire University Charter School and Aspire Vanguard College Preparatory Academy; Aspire Langston Hughes Academy; Aspire Port City Academy; Aspire Alexander Twilight College Preparatory and Secondary Academies; and Aspire East Palo Alto Charter

MOTION: Miller

SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

Item #6: Resolution No. 20-33 - Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$30,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located in Orange County for use by Scholarship Prep Santa Ana (Action Item)

Robert Biegler presented, and introduced Guillermo Garcia and Nathaniel Keninitz from the Stifel, as well as bond counsel from Kutack Rock, Jessica Shahan. Representing Scholarship Prep, Chief Operating Officer Jason Watts, and Chief Schools Officer Andrew Crow, and Chief Growth Officer Marisa Quintanar, were introduced last.

Mr. Garcia presented, giving an overview of the bond transaction and how it would be used to enhance the existing facilities. Mr. Watts presented next, offering insight into the school’s history and the efforts of their administration. He then spoke to the Santa Ana location, and noted that homeless and foster youth made up more than 20% of the student population. Mr. Crow spoke next, providing information on the school’s philosophy and how they approach educating their students. Ms. Quintanar spoke to how the funding would be used to enhance their facilities. Mr. Garcia presented additional information on enrollment and financial projections.

Board Member Mireles asked to clarify a portion of the presentation, asking how they projected enrollment numbers for their high school. Mr. Crow confirmed their estimates were conservative, based on active recruitment, noting the larger facilities will allow them to expand the number of potential students.

No Public Comment.

Authority Action

Motion to approve the authorizing the Issuance of Revenue Bonds in an amount not to exceed \$30,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities located in Orange County for use by Scholarship Prep Santa Ana

MOTION: Miller

SECOND: Mireles

AYES: Mireles, Miller, Ma
NOES: NONE
ABSTAIN: NONE

Item #7: Resolution No. 20-34 – Approving the Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in an Amount Not to Exceed \$1,000,000 to Aspire Public Schools in facilities located in Sacramento, San Joaquin, Stanislaus, and San Mateo Counties (Action Item)

Robert Biegler presented, noting the Authority had three credit enhancement awards from the Federal Government (U.S. Department of Education), the first one enhanced and the subject of this resolution, created a debt service reserve fund for longer term bonds. The Authority has rarely experienced funds returning since the original enhanced financings were long term bonds, however there was an HTH (High Tech High) financing approved by the Board in May 2020 and that outstanding debt the Authority previously enhanced, freed up over \$1.0 million of credit enhancement funds. The Authority used the credit enhancement on the Aspire financing that came before the Board in June 2020 and because that financing changed and staff brought the bond transaction back to the Board, the Authority also needed to bring the credit enhancement back to the Board as well.

Executive Director Johantgen confirmed all of the good standing letters have been received, and all schools benefitting from the grant meet eligibility criteria related to free and reduced lunches, noting staff recommended approval of this item.

No questions from the Board.

Authority Action

Motion to approve the Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in an Amount Not to Exceed \$1,000,000 to Aspire Public Schools in facilities located in Sacramento, San Joaquin, Stanislaus, and San Mateo Counties

MOTION: Miller

SECOND: Mireles

AYES: Mireles, Miller, Ma
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED

Item #8: Resolution No. 20-35 – Approval of Financial Soundness Determination for Caliber: Beta Academy located in Contra Costa County for a Final Apportionment through the Charter School Facilities Program (Action Item)

Jose Franco presented, introducing Marcus Malarkey, Chief Operating Officer for Caliber Public Schools, which is the parent company of Caliber Beta Academy. Mr. Franco outlined the project details noting that it includes new construction as well as the rehabilitation of

existing facilities. Mr. Franco also confirmed the school met all eligibility criteria and is currently in good standing with its charter authorizer, with no legal disclosures in the legal status questionnaire. He also provided details on student performance and projection enrollments for 2021. Mr. Malarkey spoke, providing a description of the project and how the funds would impact the school facilities.

Authority Action

Motion to approve the Financial Soundness Determination for Caliber: Beta Academy located in Contra Costa County for a Final Apportionment through the Charter School Facilities Program

MOTION: Mireles

SECOND: Miller

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #9: Other Business - CSFA 2021 Board Meeting Dates (Information Item)

Executive Director Johantgen confirmed that all 2021 Board meetings have been scheduled for the last Thursday of each month, with the exception of November and December. Executive Director Johantgen thanked staff for all of its hard work during these challenging times.

Item #10: Public Comments

No public comments.

Meeting was adjourned.

Item: Adjournment

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