

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**

December 3, 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 10:33 a.m.

Item #1: Roll Call

Members Present: Fiona Ma, CPA, California State Treasurer (Via Microsoft Teams)
Genevieve Jopanda, Chief of Staff (Sacramento 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)
Kristen Schunk, Program Lead (Via Microsoft Teams)
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 November 12, 2020 Board Minutes (Action Item)

Treasurer Ma introduced Item #2: Approval of the November 12, 2020 Board Minutes.

Authority Action

Motion to approve the minutes from the November 12, 2020 meeting. Executive Director Katrina Johantgen called the roll.

MOTION: Miller SECOND: Mireles

AYES: Miller, Mireles, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #3: Approval of the November 23, 2020 Board Minutes (Action Item)

Treasurer Ma introduced Item #3: Approval of the November 23, 2020 Board Minutes.

Authority Action

Motion to approve the minutes from the November 23, 2020 meeting. Executive Director Katrina Johantgen called the roll.

MOTION: Mireles SECOND: Miller

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #4: Executive Director's Report

K-12 and Community College Districts Tax and Revenue Anticipation Note (TRAN) Program: The Authority is moving forward with sending out a questionnaire to all borrowers related to legal issues and the deferral amount, which leads to a resolution sent to those districts so their boards can approve the first resolution that will start the financing process through the new program.

Charter School Pooled TRANs (ASAP) Program: The Authority is currently working with the rating agency to secure a rating for the Charter ASAP program.

Charter School Facility Grant Program: The Authority is working with finance on projections for next year's need under this program, and will be setting up a call to discuss projections with the Department of Finance.

Conduit Bond and Note Program: The Authority is bringing four financings before the Board today, closing out the 2020 year. Staff's work on the bond program will culminate in a report presented to the Board in February, with the Authority issuing more bonds this year than any previous year.

Charter School Facilities Program: Two financial soundness reviews are being presented to the Board today, with both necessitating program agreements to be executed. We also are working with the Office of Public School Construction and our counsel on a project that has defaulted.

Revolving Loan Fund: Staff has three loans for approval today, and will be bringing five additional loans to the Board in January for approval. The next funding round for new schools will begin in February.

Incentives Grant Program: The Authority has excess funds available under this program and is contemplating awarding funds to round 15 alternates or creating a round 16 for schools to reapply.

Item #5 and Item #6: Item #5 Resolution No. 20 – 42 – Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$7,500,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by KIPP Promesa Prep: Item #6 Resolution No. 20 – 43 – Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$33,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by KIPP Pueblo Unido (Action Item)

Treasurer Ma noted that there were some questions about the KIPP application at the last Board meeting with the staff addressing them for both KIPP Promesa Prep and KIPP Pueblo Unido, which are items five and six. She acknowledged there was some questions related to the KIPP schools and asked the Authority to provide a brief presentation on the issues that were a concern at the last meeting.

Executive Director Katrina Johantgen presented and offered details regarding the supplemental information the Authority provided to the board since the last meeting. Executive Director Johantgen noted KIPP's rating of a BBB outlook is very high. Director Johantgen noted that Geoff Palmertree, Manager of the Conduit Financing and Investor Relations Unit within the Public Finance Division of the State Treasurer's Office, was on the line to offer more details on the structure of the financing and the use of an extraordinary call provision. Executive Director Johantgen also reiterated that the Authority's counsel, as well as the borrowers counsel, and the Public Finance Division had all been briefed, and confirmed that the financing is eligible to proceed through the Authority.

Executive Director Johantgen introduced Marcia Aaron, the Founder and CEO of KIPP So Cal Schools. Ms. Aaron provided an overview of the organization and student population. Geoff Palmertree, ~~a manager within the Public Finance Division of the California State Treasury Office, who oversees STO conduit financings,~~ spoke next noting it wasn't the first time this borrower had an extraordinary provision. Mr. Palmertree noted that the extraordinary provisions are not uncommon and that bond purchasers would get their full investment back if

the extraordinary provision is actually triggered. Mr. Palmertree also addressed any arbitrage concerns, noting he didn't expect to see any excess arbitrage, with any needing to be rebated back to the federal government if there was any excess arbitrage realized.

A question was posed by Board Member Miller asking how the Board would be kept up to date on the progress of the item. Executive Director Johantgen confirmed that a process was established four months ago with the Authority to keep the Board updated on the progress of all bonds rather than waiting for the annual Conduit Report provided to the board in February. She confirmed the Authority would provide follow up information on how the sale of the KIPP So Cal transaction went. Mr. Palmertree added that he anticipated these bonds would be well subscribed due to the market being particularly active at the moment.

Board Member Mireles thanked the Authority for the supplemental memo that was provided, as well as Mr. Palmertree for the additional information.

Authority Action

Motion to approve the authorizing the Issuance of Revenue Bonds in an amount not to exceed \$7,500,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by KIPP Promesa Prep and the authorizing the Issuance of Revenue Bonds in an amount not to exceed \$33,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by KIPP Pueblo Unido.

MOTION: Mireles SECOND: Miller

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

A short break was held to address technical difficulties, Chief of Staff Genevieve Jopanda stepped in as Chair for the remainder of the meeting. Genevieve Jopanda resumed the meeting.

Item #7: Resolution No. 20 – 44 – Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$13,500,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by iLEAD Lancaster (Action Item)

Robert Biegler presented, noting both this item and item #8 were part of the same network of schools, and were both brought in a separate incarnation to the board in September 2019, which were approved. He added that the purchase options at the time for both locations were triggering and the intent was an issuance of bonds, privately placed, to purchase both facilities. The private placement did not go through, and given the timing of the need to purchase, the school opted to take out a loan through a real estate investment trust to purchase the two facilities with the intention of coming back to the Authority and issuing bonds for the individual schools to refinance those loans, which is what is being presented today. Mr. Biegler noted they would be presented as individual items, but that financing team and presentation for both items would overlap.

Mr. Biegler introduced the iLead team, starting with Akshai Patel, Vice President from RBC Capital Markets and Jessica Shahan, Partner, serving as bond counsel from Kutak Rock. Next, he introduced Paula Prementer, Partner and Founder from Choice Advisors, serving as the financial advisor. Finally from iLead, Director of Finance Kelly O'Brien and Executive Director Amanda Fischer were introduced. Mr. Patel then introduced Amer Kuric, Chief Strategy Officer for iLead.

Ms. Fischer presented, providing an overview of the iLead's history and philosophy; she confirmed their charter was established in August of 2012, renewed in May 2016, and is set to expire June 2021, with the charter currently awaiting renewal. Ms. Fischer then presented data about student population and their general trajectory within the school.

Ms. O'Brien presented next, giving a brief overview of the school's financials and enrollment projections.

There were no questions from the public or Board Members.

Authority Action

Motion to approve authorizing the Issuance of Revenue Bonds in an amount not to exceed \$13,500,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by iLEAD Lancaster.

MOTION: Mireles SECOND: Miller

AYES: Mireles, Miller, Jopanda

NOES: NONE

ABSTAIN: NONE

Item #8: Resolution No. 20 – 45 – Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$26,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by Santa Clarita Valley International (Action Item)

Robert Biegler presented, acknowledging this was the second part of the financing originally brought to the Board in September 2019.

Akshai Patel, Vice President and underwriter from RBC Capital Markets, presented, proving a brief overview of the project. He then reintroduced Executive Director Amanda Fischer, who presented information on the Santa Clarita Valley history and campus. iLead's Director of Finance Kelly O'Brien spoke next regarding the project financials and projections.

There were no questions from the public or Board Members.

Authority Action

Motion to approve the authorizing the Issuance of Revenue Bonds in an amount not to exceed \$26,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by Santa Clarita Valley International.

MOTION: Mireles SECOND: Miller

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

MOTION APPROVED

Item #9: Resolution No. 20 – 46 – Approval of Financial Soundness Determination for Inspire School of Arts and Sciences located in Butte County for an Advance Apportionment through the Charter School Facilities Program (Action Item)

Jose Franco presented, providing an overview of the project timeline and costs. He confirmed the school met the program eligibility standards, and is currently in good standing with the authorizer and noting the current charter is in place through June 2022. Mr. Franco confirmed staff is recommending approval of the item and introduced Becky Brown, the Superintendent of Inspire School of Arts and Sciences, who presented information on the school campus and student body.

There were no questions from the public or Board Members.

Authority Action

Motion to approve the approval of Financial Soundness Determination for Inspire School of Arts and Sciences located in Butte County for an Advance Apportionment through the Charter School Facilities Program.

MOTION: Mireles SECOND: Miller

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

MOTION APPROVED.

Item #10: Resolution No. 20 – 47 – Approval of Financial Soundness Determination for Education for Change on behalf of Achieve Academy located in Alameda County for an Advance Apportionment through the Charter School Facilities Program (Action Item)

Jose Franco presented noting the obligor for the debt for this project will be Education for Change. He confirmed the school met the program eligibility standards, is currently in good standing with the authorizer, and the current charter was extended through June 2026. Mr. Franco provided an overview of the project and student performance and introduced Sundar Chari, Chief Strategy Officer for Education for Change, who provided details on the school and their community efforts.

There were no questions from the public or Board Members.

Authority Action

Motion to approve the Financial Soundness Determination for Education for Change on behalf of Achieve Academy located in Alameda County for an Advance Apportionment through the Charter School Facilities Program.

MOTION: Miller SECOND: Mireles
AYES: Miller, Mireles, Jopanda
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #11: Resolution No. 20 – 48 – Approval of Charter School Revolving Loan Fund Program Recommendations and Amounts for the Schools listed in Attachment A (Action Item)

Kristen Schunk presented, confirming that the most recent regulation changes have resulted in the program expanding its traditional single-annual funding round to multiple funding rounds. Ms. Schunk confirmed the fall funding round, funding round A, had opened, noting nine applications were received in October 2020, one was not qualified, three are being presented today and the other five are still being evaluated.

There were no questions from the public or Board Members.

Authority Action

Motion to approve the approval of Charter School Revolving Loan Fund Program Recommendations and Amounts for the Schools listed in Attachment A.

MOTION: Mireles SECOND: Miller
AYES: Mireles, Miller, Jopanda
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #12: Public Comments

No public comments.

Meeting was adjourned.

Item: Adjournment

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