

MINUTES

CALIFORNIA SCHOOL FINANCE AUTHORITY
915 Capitol Mall, Conference Room 587
Sacramento, California 95814

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

July 29, 2021 - 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 10:32 a.m.

Item #1: Roll Call

Members Present: Fiona Ma, CPA, Treasurer (Sacramento Office)
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction (Via Microsoft Teams)
Chris Ferguson, 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 (Via Microsoft Teams)
Thomas Dear, Staff Service Manager II (Sacramento Office)
Shannon McEuen, Staff Service Manager I (Sacramento Office)
Steven Theuring, 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 (CSFA or the Authority) Board (Board) meeting. Executive Director Katrina Johantgen read the prompt regarding the teleconference line and public participation.

Item #2: Approval of the June 24, 2021 Board Minutes (Action Item)

Treasurer Ma introduced Item #2: Approval of the June 24, 2021 Board Minutes. Treasurer Ma asked if there were any public comments, and there were none.

Authority Action

Motion to approve the minutes from the June 24, 2021 meeting. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson
AYES: Mireles, Ferguson, Ma
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #3 – Approval of the July 9, 2021 Board Minutes (Action Item)

Treasurer Ma introduced Item #3: Approval of the July 9, 2021 Board Minutes. Treasurer Ma asked if there were any public comments and there were none.

Authority Action

Motion to approve the minutes from the July 9, 2021 meeting. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson
AYES: Mireles, Ferguson, Ma
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #4: Executive Director’s Report

Student Housing: The Authority is awaiting the outcome of the student housing discussions currently taking place in the Legislature.

K-14 SAIN and Charter ASAP Program: The Authority has been working with the State Treasurer’s Office Public Finance Division and the State Controller’s Office to address the acceleration of the deferral payments and the impact those accelerated payments are having on the note program.

Charter School Facility Grant Program: The Authority has confirmed the Governor’s Proposed Budget contains an appropriation of \$143,523,000 for the 2021-22 funding round. The Authority will be working with the Department of Finance to understand how the amount was determined so the Authority may communicate this to stakeholders.

Conduit Financing Program: The Authority priced the Santa Rosa Junior College financing on July 15, 2021, with an all-in true interest cost of 3.16%. The Granada Hills Charter financing priced on the July 21, 2021 at a true interest cost of 2.86% for a BBB- rated transaction. The Authority plans to bring two bond financings to the August 2021 Board meeting.

Credit Enhancement Program: Last week, the Authority, submitted a \$10 million application under the U.S. Department of Education credit enhancement grant. The Authority expects to have more information for the board in the fall regarding the application. Executive Director Johantgen praised staff member Ryan Storey for his work on the application submission.

Charter ABLE: The Authority has used \$10 million of its \$20 million grant to enhance the ASAP notes that mature in December 2021.

Revolving Loan Fund: The Authority is presenting 13 charter school loan applications that total \$3.15 million and is seeking board approval at the meeting today.

Incentive Grants Program: The Authority was notified by the U.S. Department of Education there will not be an additional funding round for this program in 2021. The Authority is working to ensure no surplus funds will remain by the time the grant program closes on August 31, 2022.

Treasurer Ma asked if there were any public comments, and there were none.

Item #5 - Resolution No. 21 – 21 – Approval of Revolving Loan Fund Program Recommendations and Amounts for the Charter Schools listed in Attachment A (Action Item)

Executive Director Katrina Johantgen presented, noting the item was adjusted to account for the new state law that granted a two-year extension for all charter schools with term expiring on or between January 1, 2022 and June 30, 2025. Executive Director Katrina Johantgen provided background context for the changes, noting that all of the schools listed were Priority One schools.

Treasurer Ma asked if the total maximum loan amount of this program round was \$3.15 million, to which Executive Director Johantgen confirmed was correct and noted that this is due to the program being undersubscription and the Authority has been working to broaden eligibility under this program.

Treasurer Ma requested more details regarding the Risk Level and Risk Level Improvement data listed in the staff summary. Executive Director Johantgen confirmed the risk was related to school's meeting certain benchmarks prior to receiving their loan and the improvement was based on the recent two year extension.

Treasurer Ma requested additional clarification regarding the total point data listed in the staff summary. Executive Director Johantgen confirmed that multiple factors went into the data, including availability of other sources of funding, the reasonableness of budget assumptions, alignment of revenue expenditure projects, consideration of any sales of apportionment of third parties, adequacy of debt level coverage, as well as additional debt service coverage metrics.

Board Member Mireles inquired about the options for Palmdale Academy Charter High School as they did not submit their program application within the designated time frame. Board Member Mireles inquired if Palmdale Academy Charter High School would be moved to Priority Two status.

It was noted that due to circumstances with program regulations and the school's recent opening, Palmdale Academy Charter High School fell under the 20-day letter certification for enrollment, which would make them eligible for Priority One funding in the fall if the school re-applies.

Executive Director Johantgen confirmed that staff was recommending the Board approve this item.

Authority Action

Motion to Approve the Revolving Loan Fund Program Recommendations and Amounts for the Charter Schools listed in Attachment A of the Board Resolution.

MOTION: Mireles SECOND: Ferguson

AYES: Mireles, Ferguson, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #6: Public Comments

No public comments.

Item #7: Adjournment

There being no public comments, the Board adjourned the meeting at 10:56 a.m.