

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

September 30, 2021 - 10:30 a.m.

Public Participation

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

OPEN SESSION

Treasurer Fiona Ma, called the meeting to order at 10:30 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)
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 (Via Microsoft Teams)
Thomas Dear, Staff Service Manager II (Sacramento Office)
Shannon McEuen, Staff Services Manager I (Sacramento Office)
Jodie Jones, Program Lead (Sacramento Office)
Ryan Storey, Program Lead (LA Office)
Robert Biegler, Program Lead (Via Microsoft Teams)
Elizabeth Mendez, Program Lead (Via Microsoft Teams)
Jeffery Martin, Program Lead (Via Microsoft Teams)
Robert Rodriguez, Office Technician (Sacramento Office)

Attendees Via Microsoft Teams:

- Bonnie Bensen, Chief Financial Officer, Fortune Facilities, LLC
- Michelle Getz, Chief Credit Officer, Equitable Facilities Fund, Inc.
- Marc Wancer, Investment Principal, Equitable Facilities Fund, Inc.
- Eugene H. Clark-Herrera, Partner, Orrick, Herrington & Sutcliffe
- Amanda Stephens, Partner, Orrick, Herrington & Sutcliffe
- Michael Wimbish, Chief Financial Officer of Aspire Public Schools
- Lisa Desfosses, Consultant for Aspire Public Schools
- John Kim, Managing Director for Stifel, Nicolaus & Company, Incorporated
- Nate Keninitz, Associate for Stifel, Nicolaus & Company, Incorporated

Conduit Financing Program: The Authority has two financings before the Board today for Fortune School of Education and Aspire Public Schools. The Authority has two applications pending, including a refinancing for Ivy Academia, and a financing for Russell Westbrook Why Not? Academy Middle and High School, both administered by the LA Promise Fund network.

Credit Enhancement Program: Executive Director Johantgen noted the Aspire Public Schools transaction did not need the Credit Enhancement grant and the Equitable Facilities Fund loan cannot utilize the grant because it does not require a debt service reserve. Ivy Academia and Russell Westbrook Why Not? Academy may both apply for the Credit Enhancement grant.

Charter School Facilities Program: The Authority confirmed that Alliance Dr. Olga Mohan High School, which the Authority brought to the Board several months ago, determined that their school families do not want to leave their current site to transfer to the proposed Miramar site and be co-located at that Los Angeles United School District (LAUSD) site. The Authority is working with LAUSD to figure out the next steps to get a charter school into the CSFP-funded facility.

Revolving Loan Fund: The Authority has finalized the annual report and the 2021 Funding Round B. Executive Director Johantgen confirmed that the Authority will bring the annual report to the Board and that program regulations were approved by the Office of Administrative Law.

State Charter School Facilities Incentive Grants Program: The Authority is working on verifying semi-annual certification packages and expects the program to conclude by August 2022. As a result, the Authority is working to ensure the timely delivery of funds to all eligible applicants as soon as possible.

Treasurer Ma asked if there were any questions from Board Members or the public. There were none.

Item #4 - Presentation of the Charter School Facility Grant Program (Senate Bill 740 Program) Annual Report (Information Item)

Ryan Storey presented summary highlights of the Charter School Facility Grant Program Annual Report. Mr. Storey began by outlining the history of the program and detailing regulation changes that have been applied since the program's inception. He provided insight into the program application and eligibility process, as well as the program costs, historical program statistics, and applicant statistics. Mr. Storey discussed how the program benefitted foster youth, homeless students, and he provided student demographic data within the program as well as a regional breakdown of where the program funds are being awarded. Finally, Mr. Storey shared details regarding the fund disbursement and how the effects of the pandemic impacted the program.

Executive Director Johantgen applauded both the Authority and the Department of Finance on the collaborative nature of their work to help improve funding for students.

Treasurer Ma asked if there were any additional questions from Board Members or the public. There were none.

Item #5 - Resolution No. 21 – 24 – Resolution Of The California School Finance Authority Authorizing a loan to The Authority in an amount not to exceed \$8,500,000, The Issuance by the Authority of a promissory note evidencing the obligations of the Authority in connection with such loan, and a loan from the Authority to Fortune Facilities LLC, to finance working capital for Fortune Facilities LLC relating to Rex and Margaret Fortune School of Education, in Sacramento County, providing the terms and conditions for such loans and promissory note and other matters relating thereto, and authorizing the execution of certain documents in connection therewith (Action Item)

Elizabeth Mendez presented and introduced the finance team consisting of Bonnie Bensen, Chief Financial Officer of the Fortune School of Education, Eugene Clark-Herrera and Amanda Stephens, both Partners at Orrick, Herrington & Sutcliffe, Michelle Getz, Chief Credit Officer of Equitable Facilities Fund, Inc., and Marc Wancer, Investment Principal at Equitable Facilities Fund, Inc. Mr. Wancer presented the financing details for the project and noted the project will likely be rated in 2023.

Ms. Bensen provided the history of the organization, noting they initially began as a teacher preparation program for people who had a background in math or science. She shared insight into their transition into a charter school and gave details regarding their academic program. Ms. Bensen highlighted details regarding student's academic performance as well as the history of their various campuses.

Mr. Wancer discussed the project overview including location details and how facilities would be enhanced. Mr. Clark-Herrera shared details regarding the structure of the financing and the framework of the lease. Mr. Wancer completed the presentation by providing a high-level overview of the financials, historic and projected, as well as revenue expenses and additional costs.

Board Member Mireles inquired as to how much would be invested in maintenance fees for the facilities.

Ms. Bensen confirmed \$20,000 was invested annually and noted it was part of the general budget. Mr. Wancer provided details on estimate of costs of construction and financial performance covenants.

Board Member Miller asked how the school planned on reaching their full projected enrollment.

Ms. Bensen mentioned their steady enrollment rate, and confirmed they had a robust marketing and enrollment team.

Treasurer Ma asked if there were any additional questions from Board Members or the public. There were none.

Authority Action

Motion to Approve the Authorizing a loan to The Authority in an amount not to exceed \$8,500,000, the Issuance by the Authority of a promissory note evidencing the obligations of the Authority in connection with such loan, and a loan from the Authority to Fortune Facilities LLC, to finance working capital for Fortune Facilities LLC relating to Rex and Margaret Fortune

School of Education, in Sacramento County, providing the terms and conditions for such loans and promissory note and other matters relating thereto, and authorizing the execution of certain documents in connection therewith.

MOTION: Miller SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #6: Resolution No. 21 – 25 – Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$36,000,000 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, Alameda, San Mateo and Los Angeles Counties for use by Aspire Public Schools (Action Item)

Robert Biegler presented noting that a previous version of this item came to the Board and was approved in spring of 2020. He explained this was the final portion of the larger Aspire project financing. Mr. Biegler introduced the project team, including Michael Wimbish, Chief Financial Officer of Aspire Public Schools, Lisa Desfosses, Consultant for Aspire Public Schools, John Kim, Managing Director for Stifel, Nicolaus & Company, Incorporated, Nate Keninitz, Associate for Stifel, Nicolaus & Company, Incorporated, Kerrigan Bennett, Shareholder with Stradling Yocca Carlson & Rauth, and Michael Charlebois, Associate with Stradling Yocca Carlson & Rauth.

Mr. Keninitz provided an overview of the project, including the three previous Aspire Public Schools bonds brought to the Board in the past, with this being the fourth and final bond in the process. He offered details regarding the project financing and the projected timelines. Mr. Wimbish shared background details on Aspire Public Schools and its Board Members. He spoke to the school's history, student performance and growth in enrollment.

Board Member Mireles inquired into the projected increase in enrollment, noting it seemed aggressive.

Mr. Wimbish confirmed they would be adding additional grades, second through fifth grade, which would increase their enrollment to the projected levels. Mr. Keninitz spoke about the financial details of the project, including bond security and reserve funds. Mr. Wimbish shared the financial projections and covenant compliance, noting they expected a strong performance from this obligated group of schools.

Board Member Mireles had a question regarding a projected decline in staff.

Mr. Wimbish outlined how interim positions would be utilized to take advantage of stimulus funds the school received and how those interim positions would be scaled back as those funds expire.

Executive Director Johantgen clarified that, should this item be approved, the Authority has issued over \$199 million in bonds and notes on behalf of Aspire Public Schools – see provided an updated table of debt prior to the board meeting.

Treasurer Ma asked if there were any additional questions from Board Members or the public. There were none.

Authority Action

Motion to Approve the Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$36,000,000 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, Alameda, San Mateo, and Los Angeles Counties for use by Aspire Public Schools.

MOTION: Miller SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #7: Resolution No. 21 – 26 – Adoption of Proposed Regulations for the State Charter School Facility Grant Program (Senate Bill 740 Program) (Action Item)

Ryan Storey presented, noting there were four updates being made to the Charter School Facility Grant Program. The first update would be defining attendance area by taking the closest school and calculating a radius around it, while the second update would involve revising the programs good standing requirements - limiting the requirement to not having a notice of revocation (with the option to be repaid if their charter is revoked). The third update would be establishing open and closing dates to the funding round application period to make it consistent each year, allowing for more preparation for schools. The fourth update would be to clarify appeal timelines to establish a clear process for schools and the Authority. Mr. Storey confirmed they would be completing the regulation package and submitting by October 8, 2021 to the Office of Administrative Law, with an expected confirmation within two-three months from date of submission.

Board Member Miller noted she appreciated the fantastic work on the regulations and moved for approval.

Treasurer Ma asked if there were any additional questions from Board Members or the public. There were none.

Authority Action

Motion to Approve the Adoption of Proposed Regulations for the State Charter School Facility Grant Program (Senate Bill 740 Program).

MOTION: Miller SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #8: Public Comments

No public comments.

Item #9: Adjournment

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