

## 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**

**November 10, 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 10:34 a.m.

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

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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)  
Steven Theuring, Program Lead (Via Microsoft Teams)  
Kristin Schunk, Program Lead (Via Microsoft Teams)  
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)  
Daniel Madrid, Office Technician (LA 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 October 28, 2021 Board Minutes (Action Item)***

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Treasurer Ma introduced Item #2: Approval of the October 28, 2021 Board Minutes. Executive Director Johantgen noted that two pages of amendments were sent out to Board Members due to need to correct spelling errors. Treasurer Ma asked if there were any public comments and there were none.

**Authority Action**

Motion to approve the minutes from the October 28, 2021 meeting. Jodie Jones called the roll.

MOTION: Mireles SECOND: Ma

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

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

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K-14 SAIN and Charter ASAP Program: Executive Director Katrina Johantgen stated the Authority is working with the Public Finance Division to issue a Request for Proposal to retain arbitrage rebate consulting services. Executive Director Johantgen noted that two or three school districts were not able to demonstrate a deficit during note issuance. The schools will need to repay any interest earned above certain yield and a consultant needs to come in and verify that amount.

Charter School Facility Grant Program: The Authority is working with the Department of Finance request for projections for the 2022-23 budget. Executive Director Johantgen noted there is a delay right now with receiving the Average Daily Attendance, which is a significant driver in demand for the program's calculation and staff is working with the Department of Finance to determine program needs. The Program's 21-22 applications are currently under review.

Conduit Financing Program: Authority staff have been busy this year several conduit financings, given where interest rates are. The Board approved three financings at last month's meeting and staff anticipates bringing an additional financing to the December Board meeting for a charter school network in Santa Ana if it is deemed eligible. Executive Director Johantgen noted that the Authority priced Aspire last week and the all-in rate was under 3.6%, Russell Westbrook Why Not? Academy High School is pricing next week, and Bright Star Public Schools and Ivy Academia will price in December 2021.

Credit Enhancement Program: The program has been particularly active with two sets of regulations being brought to the Board today. The Authority is working on its performance agreement with the United States Department of Education on the new Charter FinE award the Authority recently received.

Charter School Facilities Program: The Authority is working with the Office of Public-School Construction towards opening another funding round in 2022. There appears to be approximately \$100,000,000 in program funds available to charter schools for permanent facilities.

Revolving Loan Fund: The Authority is presenting the annual report to the Board today; there is one application that staff is recommending approval for a \$250,000 loan that will be presented later in the meeting.

State Charter School Facilities Incentive Grants Program: Executive Director Johantgen noted the Authority has confirmed that funds must be drawn out of G5 by August 30, 2022. As a result, the Authority is working to ensure the timely delivery of funds to all eligible applicants as soon as possible.

Executive Director Johantgen shared administrative updates that staff have returned to the office two days a week. The Authority is working with the state architects on the renovation of the Unruh Building in Sacramento and began its annual audit work.

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

***Item #4: Presentation of the Charter School Revolving Loan Fund Program 2020-21 Annual Report (Information Item)***

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Program Leads Steven Theuring and Kristen Schunk presented Item #4. Ms. Schunk provided an overview of the loans issued within the 2019/2020 and 2020/2021 funding rounds, noting the program recently shifted from a single funding round each fiscal year to multiple funding rounds due to the available fund balance. Referring to the report provided to Board, Ms. Schunk provided additional details on fund balances and staff projections for 2022. Mr. Theuring presented details on assumptions and program data as well as staff's efforts to adjust the program statutes to allow for more schools to enter the program.

Treasurer Ma asked a question regarding the reduced number of applicants and if the excess funds could potentially be applied to other projects.

Executive Director Johantgen confirmed that adjustments were being considered to address the reduced application issue, including removing requirements related to charter renewals and increasing the maximum loan amount from \$250,000 to \$500,000.

Treasurer Ma suggested the Authority reach out to different schools to see what other potential needs can be addressed with the excess funds, and Executive Director Johantgen agreed this will be a useful action, noting the Charter School Facility Grant Program was currently oversubscribed.

Board Member Mireles asked a question about whether the Authority had a chance to review the enrollment projections provided by the Department of Finance.

Executive Director Johantgen agreed to have the staff review these projections and noted that the Authority was looking to partner with the Legislature and Department of Finance to make potential changes to ensure the funds are being utilized.

Treasurer Ma suggested the Authority explore any potential legislative fixes.

Executive Director Johantgen confirmed staff has communicated current issues to the Department of Finance and will be submitting this report to further communicate program needs.

Mr. Theuring added that the potential loan increase from \$250,000 to \$500,000 will address inflation that has occurred since the award was created in 1995-1996.

Executive Director Johantgen and Treasurer Ma thanked Mr. Theuring and Ms. Schunk for their work on the report.

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

**Item #5: Resolution No. 21-35 – Adoption of Proposed Permanent Regulations for the Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Action Item)**

Program Lead Ryan Storey presented, began presenting by providing a summary of the program and outlined the proposed revisions to improve program efficiencies. Mr. Storey outlined the implementation process for the proposed revisions and detailed the various areas of the program that would be affected. He noted the recent proposed amendments to the regulations address an additional definition for financing, eligibility criteria, and maximum award allocation. Mr. Storey confirmed that staff was recommending approval of this item and noted that, if approved, it will initiate the rulemaking process and the Authority will provide the notice to the Office of Administrative Law at its earliest convenience.

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

**Authority Action**

Motion to Approve the Adoption of Proposed Permanent Regulations for the Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program. Jodie Jones called the roll.

MOTION: Miller SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

**Item #6: Resolution No. 21-36 – Adoption of Proposed Permanent Regulations for the Charter Access to Bank Loan Enhancement (Charter ABLE) Program (Action Item)**

Program Lead Jodie Jones presented and provided the history of the Charter ABLE program and an overview of the eligibility requirements for applicants. Ms. Jones detailed the proposed regulations, including evaluation criteria, applicable fund uses, and award limits. She noted that staff recommends approval of this item and confirmed that upon Board approval of these regulations, the Authority will initiate the rulemaking process with the goal of having regulations in place to begin accepting applications for review by February 2022.

Treasurer Ma asked a question regarding the program's first come, first served nature of the application process, noting that similar programs such as the Paycheck Protection Program were utilized most by applicants with more sophisticated staff, and with this gained knowledge she asked how the Authority would ensure this program would be utilized by not only the schools with the most resources who typically apply earliest.

Executive Director Johantgen confirmed that the Authority will be working with banks and smaller lenders to ensure this program also reaches smaller schools who have a lower financing need who would benefit from the program.

Treasurer Ma asked for additional clarification as to the Authority's plan to work with financial institutions and charter schools. Executive Director Johantgen noted that the Authority will also

work with stakeholders, the California Charter School Association, the Charter School Development Center and back-office providers to ensure all schools who would benefit from the program are notified.

Treasurer Ma had a question regarding the \$2 million maximum for this program, asking if it could potentially be used up by 10 schools. Treasurer Ma also inquired if the Authority anticipated oversubscription of the program.

Executive Director Johantgen confirmed that while that is a possibility, it would only reflect if every school received the maximum, noting the amounts would be sized to whatever is the reserve amount. She also noted that based on previous subscription levels of the Authority's other grant programs, staff does not anticipate an oversubscription of this program.

Program Lead Robert Biegler added additional insight into the type of investor demand this program is likely to have, noting this type of financing tended to do particularly well with investors.

Board Member Mireles asked a question regarding the free and reduced priced lunch threshold for this program. He noted that it was 10% less than the threshold associated with the Authority's PANACEA program and asked why one has a lower threshold than the other program.

Program Lead Ryan Storey confirmed there was a higher threshold within the application requirement when applying for the PANACEA funds from the federal government, noting that the Authority opted to take a slightly different approach when applying for Charter ABLE funds based on the agreement.

Treasurer Ma asked if there were any additional questions from Board Members and the public. Board Member Miller praised program staff for working on another set of regulations to create greater efficiency in the program and it is phenomenal that they see a problem and quickly execute a solution. Board Member Mireles agreed. There were no public comments.

**Authority Action**

Motion to Approve the Adoption of Proposed Permanent Regulations for the Charter Access to Bank Loan Enhancement (Charter ABLE) Program. Jodie Jones called the roll.

MOTION: Miller SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

***Item #7: Resolution No. 21-37 – Approval of a Charter School Revolving Loan Fund Program Loan in an amount not to exceed \$250,000 for Entrepreneur High Fontana located in San Bernardino County (Action Item)***

Program lead Steven Theuring presented and provided an overview of the school, noting their opening was delayed due to the pandemic. Mr. Theuring confirmed the school met all financial soundness requirements and shared details regarding the current students attending the

school as well as projected enrollment moving forward. He also outlined the school's risk profile, noting they will potentially get the full loan amount if they are in compliance with the Americans with Disabilities Act.

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

**Authority Action**

Motion to Approve a Charter School Revolving Loan Fund Program Loan in an amount not to exceed \$250,000 for Entrepreneur High Fontana located in San Bernardino County. Jodie Jones called the roll.

MOTION: Mireles SECOND: Miller

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

**Item #8: Public Comments**

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Treasurer Ma asked if there were any additional questions from the public on items not on the agenda. There were none.

**Item #9: Adjournment**

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