

MINUTES

CALIFORNIA SCHOOL FINANCE AUTHORITY

Held via teleconferencing locations pursuant to
Government Code section 11133

December 15, 2022 – 10:35 a.m.

Public Participation

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

OPEN SESSION

Item #1: Roll Call

Members: Fiona Ma, Treasurer - Present
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction – Present
Chris Ferguson, designee for Joe Stephenshaw, Director of Finance - Present

Staff Present: Katrina Johantgen, Executive Director (Sacramento)
Mita Parikh, Staff Services Manager (Sacramento)
Theodore (Ted) Ballmer, Legal Counsel (Sacramento)
Robert Rodriguez, Office Technician (Sacramento)
Michael Pack, Program Lead (Sacramento)
Ryan Storey, Program Lead (Sacramento)
Robert Biegler, Program Lead (Los Angeles)

Attendees

Via Microsoft Teams: Kyle Sayler, CFO, KIPP SoCal Public Schools
John Buck, Principal, Buck Financial Advisors
Marc Bauer, Partner, Orrick, Herrington & Sutcliffe
Marla Weston, Deputy Attorney General, Department of Justice
Karl Yoder, Managing Partner, Key Charter Advisors
Kerrigan Bennett, Shareholder, Stradling, Yocca, Carlson & Rauth
Guillermo Garcia, Managing Director, Stifel, Nicolaus & Company
Michael Wimbish, CFO, Aspire Berkeley Maynard Academy
Ben Rodriguez, Consultant, St. Hope Public School
Cassandra Jennings, Chair, St. Hope Public School
Ted Reiterman, Chief Financial Officer, St. Hope Public School
Lisa Ruda, Chief of Schools at St. Hope Public Schools
Brent Daniels, Superintendent at Leadership Public Schools Oakland

Treasurer Fiona 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 24, 2022 Board Minutes (Action Item)

Treasurer, Fiona Ma, introduced Item #2: Approval of the October 24, 2022, Board Minutes. Treasurer Ma asked if there were any public comments and there were none.

Authority Action

Motion to approve the minutes from the October 24, 2022, meeting. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson

AYES: Ferguson, Mireles, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #3: Executive Director's Report

Charter School Facility Grant Program: The Authority has completed reviews for Free or Reduced-Price Meals, Legal Status Questionnaire and good standing certification for the current funding round and is currently in the process of completing peer reviews for this program. Once the process is complete staff will be sending over 420 disbursement memos to the State Treasurer's Office accounting department and are currently working with them to process these memos more effectively.

Conduit Financing Program: The Authority is bringing two restructurings and one new financing before the Board today and staff is currently working with Authority trustees on bond balances for the annual audit, which is due by March 31st, 2023.

Credit Enhancement: The Charter ABLE program currently has a balance, giving the Authority funds to commit to the program. Staff is presenting a set of regulations for the Charter FinE program today and is working to finalize a performance agreement with the United States Department of Education in order to release those funds.

Revolving Loan Fund Program: Authority staff is currently looking to optimize this program to get additional funds out to schools and increase the loan amount from \$250,000 to \$500,000. There has been a decline in application numbers for the program related to new charter schools not opening, so steps are being taken to optimize how this program operates.

State Charter School Facilities Incentive Grants Program: The Authority is working towards submitting a closeout report to the United States Department of Education by March 2023. The Authority is also in the middle of a Joint Legislative Audit Committee audit, with staff pulling data discovery requests as necessary, and expects the audit to be published in March 2024.

Executive Director Katrina Johantgen also welcomed new Authority staff member Linda Doan to the team.

Treasurer Fiona Ma inquired about the interest rate on the Revolving Loan Fund program and Executive Director Johantgen confirmed that it was pooled money. Treasurer Ma asked to confirm that the program was prioritized for new schools and Executive Director Johantgen confirmed it was, providing some background information on the program.

Treasurer Ma asked about the Tax Revenue Anticipation Note program inquiring if it would similarly experience issues related to a deficit in school's opening moving forward. Executive Director Johantgen confirmed that the Authority worked closely with the Department of Finance on creating the program structure and have discussed options to ensure the funds would ultimately be available to schools.

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

Item #4: Resolution No. 22-52 - Resolution of the California School Finance Authority Authorizing Amendments to an Indenture and Loan Agreement Relating to its School Facility Revenue Bonds (KIPP SoCal Projects) Series 2020A to Amend the Project description by adding a New Educational Facility located in Los Angeles County, California for use by KIPP SoCal Public Schools (Action Item)

Executive Director Katrina Johantgen presented and introduced Kyle Salyer, CFO at KIPP SoCal Public Schools, John Buck, Principal at Buck Financial Advisors, Marc Bauer, Partner at Orrick, Herrington & Sutcliffe and Marla Weston, Deputy Attorney General at the Department of Justice. Executive Director Johantgen confirmed that this item had been previously brought to the Board, but due to the possibility of legal action against the project, the school decided to not move forward with this particular site and are now looking to repurpose \$29 million in bond proceeds that had been escrowed until the legal issues had been resolved. At this time, the school would like to repurpose these tax-exempt bond proceeds for the projects outlined in the staff summary. Executive Director Johantgen noted that if this item is approved by the board, a new bond indenture would be executed and an amended loan agreement would be generated to change the definition of the project.

Marc Bauer presented next and confirmed the changes would only affect the project definition and that bondholder consent was not required for this type of change.

Board Member Mireles asked to confirm the school would not be moving forward with the original project related to KIPP Pueblo Unido site. Kyle Salyer confirmed the school as not moving forward with it and provided insight into the school's decision. Board Member Mireles had a follow up question regarding project costs remaining the same, even though more classrooms were being built. Kyle Salyer confirmed that the figures listed were not related to the actual cost of the projects, but rather how the school intended to distribute the bond proceeds across the new project.

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

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Mireles, Ferguson, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #7: Resolution No. 22-55 - Approval of Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for Aspire Public Schools on behalf of Aspire Berkeley Maynard Academy located in Alameda County (Action Item)

Program Lead, Michael Pack, presented and introduced Michael Wimbish, CFO at Aspire Berkeley Maynard Academy. Michael Pack then presented his review of the rehabilitation project including project history the financial timeline. Michael. Pack also discussed student academic performance, demographic data and confirmed the school met all eligibility requirements. Michael. Pack then presented the school's financial data and noted that staff was recommending approval for this item.

Michael Wimbish added that the school had a long-term lease agreement in place with the school district that would go into effect upon completion of the project. Executive Director Katrina Johantgen asked a question regarding the lease with the Los Angeles Unified School District and whether it had been executed. Michael Wimbish confirmed it had been executed and would go into effect once the project was completed.

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

Authority Action

Motion to Approve the Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for Aspire Public Schools on behalf of Aspire Berkeley Maynard Academy located in Alameda County.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #8: Resolution No. 22-56 - Approval of Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for St. Hope Public Schools on behalf of St. Hope Public School #7 located in Sacramento County (Action Item)

Staff Services Manager, Mita Parikh, presented and introduced Ben Rodriguez, Consultant at St. Hope Public School, Cassandra Jennings, Chair at St. Hope Public School, Lisa Ruda, Chief of Schools at St. Hope Public Schools and Ted Reiterman, Chief Financial Officer at St. Hope Public School. Mita Parikh presented her review, including details on student demographic and attendance, before confirming the school met all eligibility requirements. Mita Parikh then discussed the school's academic performance, debt service coverage and operational revenue, and confirmed that staff was recommending approval of the item. Ben Rodriguez presented an overview of the project, providing details on the modernization process and overall construction.

Board Member Mireles had a question regarding the projected enrollment growth and if the school would have the necessary capacity to accommodate it. Cassandra Jennings responded and confirmed that the school had worked closely with the California Department of Education to generate the figures and provided additional insight into how their multiple campuses would accommodate this growth.

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

Authority Action

Motion to Approve the Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for St. Hope Public Schools on behalf of St. Hope Public School #7 located in Sacramento County.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #9: Resolution No. 22-57 - Approval of Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for Leadership Public Schools on behalf of LPS Oakland R & D located in Alameda County (Action Item)

Program Lead, Michael Pack, presented and introduced Brent Daniels, Superintendent at Leadership Public Schools Oakland. Michael Pack shared an overview of the project rehabilitation. Michael Pack then shared details regarding student demographic information, debt service coverage and confirmed the school was in good standing with their school district. Michael Pack also discussed student academic performance, teacher to pupil ratio and the school's operational revenue. Michael Pack confirmed that staff was recommending approval

of the final apportionment. Brent Daniels spoke to the impact the approval of this item would have on the students and communities the school serves.

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

Authority Action

Motion to Approve the Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for Leadership Public Schools on behalf of LPS Oakland R & D located in Alameda County.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #10: Resolution No. 22-58 - Adoption of Proposed Permanent Regulations for the Charter Financing Enhancement Program (Charter FinE Program) (CFDA #84.354A) (Action Item)

Program Lead, Ryan Storey, presented and explained the nature of the updated regulations, outlining the Authority’s justification for the emergency regulations and how they would allow the program to get its funds to schools without any unnecessary delays. Ryan Storey noted that if approved, the Authority would have the new regulations in place by Spring 2023.

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

Authority Action

Motion to Approve the Adoption of Proposed Permanent Regulations for the Charter Financing Enhancement Program (Charter FinE Program) (CFDA #84.354A).

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

