

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, March 20, 2013

11:00 a.m.

915 Capitol Mall, Room 571
Sacramento, California 95814

Deputy State Treasurer Patricia Wynne, serving as Chair, called the meeting to order.

Roll Call

Members Present: Patricia Wynne, designee for Bill Lockyer, State Treasurer
Nick Schweizer, designee for Ana J. Matosantos, Director of Finance
Kathleen Moore, designee for Tom Torlakson, Superintendent of Public Instruction

Staff Present: Katrina Johantgen, Executive Director
Terri Kizer, Program Analyst
Steven Theuring, Program Analyst

The Chair declared a quorum present.

Approval of Minutes

The minutes for the January 9, 2013 CSFA board meeting were approved as submitted.

Executive Director's Report

Ms. Katrina Johantgen informed the members of CSFA's participation at the California Charter Schools Conference in San Diego the previous week. Ms. Johantgen stated that this allowed CSFA to present a strong presence in the charter school community and to raise awareness for the conduit financings. CSFA's booth generated a lot of foot traffic and staff was able to network not only with school representatives who are familiar with CSFA but to new schools and organizations as well. Ms. Johantgen commended staff members, Mr. Jose Franco and Mr. Steven Theuring, for their work during the conference.

Charter School Facilities Program (CSFP): Ms. Johantgen advised that all CSFP payments are being secured through the intercept mechanism to ensure payments are current by the end of the fiscal year.

Conduit Bond Program: Mr. Steven Theuring informed the members of the status of the program's funds.

State Charter School Facilities Incentive Grant: Ms. Johantgen provided an update for the rulemaking file. Staff has been working closely with the Office of Administrative Law (OAL) and the amended changes have been approved and are scheduled to become effective beginning March 25. All charter schools will be notified of the changes and the start of the funding round for Round 9.

Administration and Legislative Updates: Ms. Johantgen provided an update regarding the Governor's proposal to transfer the Revolving Loan Program and the Charter School Facility Grant program to CSFA from the California Department of Education.

Bond Report: Ms. Johantgen notified the members that the QSCB allocation for Alliance will expire March 31, 2013. Since there are no other pending applications for QSCB, the funds may be re-allocated to Alliance in April 2013. Ms. Johantgen explained that once the QSCB allocation has expired, the school needs to submit a request for re-allocation.

Credit Enhancement: Ms. Terri Kizer provided an update regarding the status of the pending regulation changes for the Credit Enhancement Program. Ms. Kizer informed the members that the public comment period is scheduled to end on April 1, 2013.

Resolution No. 13-05 – Authorizing the Issuance from Time To Time of Notes in an Aggregate Amount Not To Exceed \$734,000 to Finance Working Capital Loans to Certain Charter Schools In Maximum Loan Amounts and Approving the Form of a Note Purchase Agreement, Loan Agreements and an Indenture Therefor, and Authorizing Certain Other Actions in Connection Therewith.

This item was held over until a future meeting.

Resolution No. 13-06 – Authorizing the Issuance of Notes to Finance Working Capital in an Aggregate Amount Not to Exceed \$10,000,000 Outstanding at Any One Time for the Schools Listed in Exhibit B Hereto, Approving Forms of the Note Purchase Agreement, Loan Agreement, Loan Agreements and an Indenture Thereof, and Authorizing Certain Other Actions in Connection Therewith.

Ms. Johantgen advised the members that this is a very straightforward transaction for Aspire Public Schools. This is the third financing for working capital with the same lenders; a routine financing with a low cost of issuance, utilizing the intercept mechanism.

Mr. Eugene Clark-Herrera, Orrick, Herrington, & Sutcliff, spoke regarding this transaction and indicated that this has become a very standardized transaction with favorable results and with each successive transaction of this type, the process has become easier to conduct. He noted that the use of the intercept mechanism is a very attractive tool and favored by both the lender and borrower. Mr. Clark-Herrera thanked the Board members and staff for the legislative effort last year; as it had a direct impact on the ability for this financing to be carried out. The inclusion of the intercept mechanism to capture the education retention account revenues gave a huge comfort to the lenders.

Staff recommended the members approve Resolution Number 13-06 in an amount not to exceed \$10,000,000 for Aspire Public Schools subject to final financing terms acceptable to CSFA.

It was moved, seconded, and passed unanimously to adopt Resolution No. 13-06, authorizing the Issuance of Notes to Finance Working Capital in an Aggregate Amount Not to Exceed \$10,000,000, for the specific schools listed in the resolution.

There being no additional public comments or other business to conduct, the meeting was adjourned.

Respectfully submitted,

Katrina Johantgen
Executive Director