

**Katrina Johantgen**: Good afternoon and welcome. This is the California School Finance Authority (Authority) of the charter school revolving loan Fund 2020- 21 Funding Round A. The date is September 30 at 1 PM. I'm Katrina Johantgen and with me today is Tom Dear, our Staff Services Manager II, and Kristen Schunk, who is the Analyst.

I wanted to go over housekeeping items (the slides are available in the handout section under handouts as a PDF). Any questions throughout the Webinar answers will be provided after the webinar. You can enter those in the web and they will be posted on the webpage. You have captioning if you click on the hyperlink it is available throughout the webinar

If you have any technical issues throughout the webinar please contact GoToMeeting at 877-582-7011.

We'll spend an hour today walking through the 2021 Funding Round A. It is an extraordinary funding round given how easy to access this funding program is. We have a large balance in this program, so we went to the board in April of 2020 with emergency regulations to open up an extraordinary funding round.

This is an over the counter application period, Kristen will get into that later, but today we're going to be hearing from Tom and Kristen about the program.

Which schools are eligible for the program? Given our funding round update, there is going to be an A and B Funding Round.

Kristen will walk you through the application and what it takes to submit, as well as what CSFA (California School Finance Authority) will do as we review your initial application and bring recommendations to the board for initial funding. Kristen will also talk about the funding under the program and what it looks like in terms of the loan repayment schedule. We will also provide contact information.

At any time throughout the webinar, if you have questions please be sure to type those into the chat bar. We will take those under advisement and get back to you. With that I'd like to turn it over.

**Tom Dear**: Good afternoon this is Tom Dear and thank you Katrina for the introduction. The Charter School Revolving Loan Fund Program is a state funding loan program that provides low interest loans of up to \$250,000 to new charter schools and charter schools that have not been renewed.

Since we started accepting applications six years ago, we've done six funding rounds and awarded nearly \$51 million to 213 new charter schools. Loan funds are lent at the interest rate earned by the pooled money investment account, at the date of the disbursement of the funds, and the average yield for this in 2019- 20 was just under 2% at 1.934%.

New California charter schools experience cash deficits in the first few months because of the delay in the apportionment. This makes this program vital to the success of the new charter schools because it provides the start-up cash that's needed to survive. These funds may be used for all expenses a new charter school will experience such as teacher salaries, curriculum, books, furniture, facilities and any other expenses you can think of.

You may find eligibility information on our program regulations under section 10170.18A. If all the following conditions are met;

- The applicant is submitted by a charter or affiliated organization.
- The charter school may not operate as, or be operated by a, for Profit Corporation for Profit Management Organization, or for-profit organization.
- A charter school is established pursuant to education code 47600 for schools in operation and approved charter has been awarded and has to be in place at the time of the application. If they are applying on their own behalf, the charter school may be incorporated charter school as demonstrated by articles of incorporation. The charter school is not to replace an existing school.
- The charter school has not had its charter renewed, as of the date of submission of its application.
- If the school does have a legal issue it will be reviewed by legal counsel to see if they are eligible for the program and disclose this up front so we can assemble the information as quickly as possible.
- A charter school may receive multiple loans, and please understand in no instance may a charter school receive more than \$250,000 from this program, it is a lifetime award.
- The Charter School, and/or its affiliated organization, if applicable, are in compliance with all programs administered by the Authority. So, we have several other programs and all need to be in, good standing. The charter school must be in good standing, as described in Section 10170.17.
- And during the fiscal year, if an applicant is not in good standing, as determined by the charter authority, they will be ineligible for program funds. The applicant may cure this by meeting one of the following criteria:
  - Applicant receives confirmation of good standing the same fiscal year.
  - The application, or Applicants found not to be in Good Standing solely due to the Applicant failing to meet the requirements of Education Code Section 47607(f)(3) must provide evidence demonstrating fiscal solvency to the satisfaction of the Authority.
    - Such evidence may include the Applicant's organizational budgets and audited financials.
  - Schools must provide evidence to demonstrate fiscal solvency to the satisfaction of the authority. Such evidence may include the applicant's organizations budgets and audited financial statements.
- The Authority shall determine whether the application is complete. If the Authority determines more information is needed, the Authority shall notify the applicant and request such information. If the applicant fails to provide the information, the applicant shall be deemed ineligible for this program loan.

Let's go on to the next slide; funding round updates.

The last round we had approximately \$14 million available for funding. It was undersubscribed as we only had 30 applicants requesting of \$6 .1 million. The Authority Board conditionally approved 24 loans for a total amount of \$5.8 million.

Due to being undersubscribed, in April of 2020, CSFA applied for emergency regulations to enact an option to hold multiple funding rounds, and that is what this webinar is about. This is Funding Round A in the fiscal year of 2020 and 2021 and we have approximately \$13 million available for both of those

funding rounds. Funding Round A is currently open, with the requirement that schools must be currently operating.

Thus, if there are schools that are in the process of applying for a charter or finalizing the opening of a charter, you are not eligible for this funding round, but are eligible for Funding Round B. Funding Round B will be held in the winter/spring of 2021. As early as December, or more likely end of January, CSFA will be opening that funding round for schools that will be planning on opening in 2021. The priority of funds will go to schools in that planning year. I'm going to turn over the remainder of the presentation to Kristen.

**Good afternoon everyone I'm Kristen Schunk.** I'll be taking you step-by-step on the online application process.

The online loan application program regulations and FAQ's (frequently asked questions) are available on CSFA website and we'll walk through the pages. All applicants must create an account to create a log in and password, and on the bottom of the log in page you will see a register link. Please select this link to create your log in, and once created, a confirmation will be sent to your email to verify your account. Once you have signed in, look for [Charter School Revolving Loan Fund Program](#) link to begin.

After logging in and selecting the open application link, you will get to the welcome page. This has reminders to save the application by clicking save and continue at the end of each page. If you log off or need to continue the process after you have started, you can sign back in at any time. It will show all applications that are open. Select the application you would like to work on and the application will load.

Applicants must submit an answer for each field in this application. Each upload must be a PDF (portable document format) and no more than 5,000KB (kilobyte). They must click the finished check box at the bottom of each page to submit answers. For guidance, you may review program regulations and FAQ's listed on the CSFA webpage or contact the main office at 916-651-7710 or at <https://www.treasurer.ca.gov/csfa/csrlf/index.asp> . Email is the preferred method of contacting us right now.

An applicant will not be able to edit the application once submitted. To be eligible for funding, they have to submit by the due date posted on the CSFA website, which is Friday, October 9, 2020 by 5 PM.

All schools applying under Funding Round A should have a CDS (County-District-School) code and be open. Put the code into the field and hit continue.

No school should click the no CDS code at the bottom. If you are applying for a charter, or on behalf of the school that plans to open in Fall 2021, please, wait for Funding Round B that will be opening in winter/spring 2021.

Page one of the application is applicant and charter information. Some of this information will be populated for you from the California Department of Education website.

Please fill out the remaining information. The first item is the loan request information. The loan amount can be no more than \$250,000. If the applicant has received a partial loan, they may only request the balance of up to the \$250,000. For example, if you received \$100,000, you may only apply for the additional \$150,000.

A loan's repayment period can be one to five years. The CSFA will determine the remaining term of the charter as well as the amount of the loan in establishing the repayment period. The loan term will not exceed the length of the school's approved charter term. For example: A school that received a five-year charter term that expires in June 2025 will only receive a loan up to four years because repayment won't begin until 2021.

Please input an answer in each field. An affiliated organization means a legal entity that assumes financial, legal and operational responsibility for a charter school, including, but not limited to, a school, district, parent company, and charter management organization. The CSFA contacts the school by email during the review process so make sure the contact information is correct and the contact person is someone who can provide application information and answer questions about the charter school.

Elementary School Attendance Area — This is specifically used in the case of program oversubscription, and the school does not have free or reduced-price meal data of its own. To find the elementary school attendance area for your school, you can use the school's physical address, or in the case of non-site-based school, which actually does not pertain to this anymore, it's mailing address. Contact the district the school is located in, or check the district's website for their school locator.

Just a note on this application, at the end of the page, you can either click Save and Continue to continue through all the pages of the application, and save information, or, if you are completely finished with the page, you can click the checkbox and then click Save and Continue. Please note that if you click the Checkbox and Save and Continue, but something isn't complete, the application will prompt you to submit an answer for the question. Before you submit your application, all checkboxes must be clicked.

Next slide: This is page two of the application, applicant charter information and charter school questions. The applicant charter information at the top, you're going to select one:

- Option A: if the school is a corporation, please type in the corporation name as written on the Articles of Incorporation. Upload a PDF file of the school's Articles of Incorporation as approved by the California Secretary of State.
- Option B: If the school is an independent charter. Please type the school's authorizer name, upload a PDF file of the school's agreement, or a memorandum of understanding between the charter school and the chartering authority.

Next, are the charter school questions. Please check and answer for each box, and note, if you choose to click the checkbox at the end of the box click save and continue. Make sure all items are complete. If the page isn't complete when you click save and continue, you will lose your PDF document that you uploaded and you'll have to upload a PDF again.

Page three is the Written Request and Operational Document. At the top of page three is the written request. Please describe the financial needs of the charter school justifying the loan and a brief description of the intended uses of the loan proceeds. All large text boxes within this application are set to a 2,000-character limit.

Operational Documents - Please provide a PDF for each of these items. For the first upload, most recent business plan, and your strategic plan. If the school does not have this document, and is using the charter petition, they can click N/A.

For the fourth upload, we typically ask for current year's enrollment totaling five years. But during this funding round, we're actually asking enrollment and attendance for the current year and at least the next four academic years. So, a total of five years. It's fine if you provide six years as well. Please provide this information by grade level. You can see the example here with the arrow. We appreciate the enrollment broken out by grade for each attendance here. The seventh download requires a valid, current charter between the applicant and its authorizer, along with verification of charter approval and charter term.

- Provide verification, such as board minutes or an approval letter from the authorizer. In the past, applicants have had trouble uploading charters to the online application due to their large file size. If you find yourself with that problem, please e-mail the charter document to the CSFA e-mail address and upload a placeholder document to the online application that states e-mail documents to the authority. Staff appreciates the PDF document submitted or text readable.

Financial Documentation — We request audited financial statements, if available, similar to the enrollment projections and our attendance projections on the last slide. Budget projections for the current year, and at least the next four fiscal years beyond the fiscal year for which the applicant is applying. We always request a total of five years, and as well as the assumptions. Please reference the California School Accounting Manual published by the California Department of Education for budget codes. Assumptions should be on a separate sheet, including the following for each year:

- COLA - Cost of Living Allowance
- LCFF - Local Control Funding Formula-Based Grant Amounts -by grade span

You will also need to submit:

- Listing and verification of other sources of funding, i.e., private contributions, fundraising, and grants.
- Listing and verification of total amounts, annual amounts, interest rates, and maturity rates of all existing and anticipated short- and long-term debt obligations.
- Describe the impact the receipt of the loan will have on the charter schools, operation, and receipt of other public or private financing.
- Also describe any plans for creative uses of the funds, such as loan guarantees, or types of credit enhancement.

(Referring to the presentation) This slide is just an example of the budget information CSFA will be looking for in schools' budgets. This is a screenshot of a CSFA financial model that we use to determine financial soundness. When submitting your projections, please separate facilities, costs and equipment leases. Also, if your application states that you have other loans, payoff information that breaks down the principal and interest paid must be included in your projections. But please do not include the RLF ((Charter School) Revolving Loan Fund) loan within your budget projections, our model takes this into account.

The last page of the application will start off at the top with the Legal Status Questionnaire. Answer questions one and two, the same way on the online application as you work as you do on the signed form. If you choose N/A, click N/A. Download, print, and sign the form. If you have a response to the questions, please click "See Attached", download, print, and sign a form and make sure to also write see

attached. Write the response for each question on a separate document. Upload the signature document in the appropriate upload, as well as the response document.

This year, CSFA is accepting DocuSign signatures for these forms. The Legal Status Questionnaire must be signed by two different people who are authorized signatories of the school. If a school has a response for either section, the Authorities' legal counsel may request further information.

The last part of the application is the Charter School certification. Choose Option A or B, as was chosen at the beginning of the application. Download, print, sign, and upload the signed certification page. An authorized signatory from the school should sign. The Authority does accept DocuSign signatures as well.

At the bottom of this page is the submission. At this point, you may either submit the application or review and edit the application. If you submit the application and there are no errors, you will receive a confirmation e-mail from the CSFA. If you submit the application and you did not click the checkboxes on each page, then the application will prompt you to review specific pages that are incomplete. If you decide to review the document, you will be able to review the whole application up to the moment you hit "Submit".

Application submission — The school will be able to access the online application up until the due date, which is Friday, October 9, 2020, by 5:00 PM. At that time, the funding round will be closed. Paper applications are no longer available. Please submit your application online.

(Referring to the PowerPoint slide) This flowchart outlines the review and initial funding process. After the application due date, staff will prioritize the applications into two groups: Priority One schools, which are schools in their first year of operation, that opened this Fall 2020, and Priority Two schools, schools in their second year of operation or older. If funds are still available after Priority One approvals, Priority Two schools will be reduced, rate, and will be reviewed. After review, staff will bring recommendations to the Authority Board for conditional approval, projected in December 2020.

After Board approval, staff will request the awardee to verify and provide further information for funding, such as the physical mailing address, people who have signature authority, and provide their STD 204 form. The STD 204 form is a state fiscal accounting form that State Controller's Office requires. This is requested of any entity in the state that receives public funding, and is used by the state to determine the award recipients name and mailing address.

Once the school meets all funding criteria, the school will be provided a Program loan agreement and Governing Board resolution to execute. After the executed loan documents are received by the Authority, the initial disbursement process will begin. The Authority gives the State Treasurer's Office (STO) accounting the OK, and our accounting office contacts the State Controller's Office to send out checks to the schools. First disbursement checks should be received within 4-6 weeks after the State Controller's office receives the warrant from the STO accounting.

Funding — The Authority revised its disbursement process in 2017-18 to help limit future defaults due to underperforming enrollment by including attendance monitoring and incrementally disbursing funds. Rather than receiving it all in one lump sum, schools may receive their loans incrementally throughout the year and up to three disbursement, based on California Department of Education attendance data. After the first loan disbursement of up to 40% of the total award, the size of future disbursements is

contingent upon verified attendance data, reported at levels adequate to repay the loan while maintaining operations at the school. Schools reporting attendance at levels which are not adequate to repay the loan will have future disbursements, downsized, or eliminated.

It is the authority's process that each subsequent disbursement would occur in the months after the California Department of Education certifies attendance.

Loan repayment — Repayment begins the following fiscal year after the schools disburse their loan. In the case of the 2021 Funding Award A awardees, they will begin repayment in fall 2021 or Fiscal Year 21/22. After the school receives its total loan, the school will receive a loan repayment schedule from the Authority with equal principal payments for each year of the loan term. Payments will take place six times a year, August through January. Payments will be intercepted through the school state apportionment. If a school does not have an apportionment, they will be invoiced for their monthly payment until an apportionment is available for offset.

Thank you so much for your participation and attention to our webinar today. Here is a list of all of us that participated on the webinar, and our contact information. We certainly urge you to reach out to any of us with any questions that you may have. We look forward to funding all the schools that have applied. Have a great day!

**Katrina Johantgen**: Thank you, Tom. Thank you, Kristin, and thank you. Bye, Bye.