

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, November 10, 2010

11:00 a.m.

**915 Capitol Mall, Room 587
Sacramento, California 95814**

Deputy State Treasurer Tricia Wynne, serving as chair, called the meeting to order.

Roll Call

Members Present: Tricia Wynne, designated alternate for Bill Lockyer, State Treasurer
Kathleen Moore, designated alternate for Jack O'Connell, Superintendent of Public Instruction
Jeannie Oropeza, designated alternate for Ana Matosantos, Director of Finance

Staff Present: Katrina Johantgen, Executive Director

The Chair declared a quorum present.

Approval of Minutes

The minutes of the October 13, 2010 Authority meeting were adopted as submitted.

Executive Director's Report

Ms. Johantgen informed the members that staff will be providing a report at each board meeting on the various program fund balances held by or on behalf of CSFA. Steven Theuring, Staff Services Analyst, reported fund balances and gave descriptions of the uses of each of these funds.

Ms. Johantgen reported that a contract to serve as financial advisor on our conduit bond financings with Governmental Financial Strategies was under review at DGS. It is anticipated that the contract will be approved by DGS within the next two weeks. Additionally the contract with First Southwest Company to support analytical review on CSFP files is in place for two years.

Ms. Johantgen also noted that staff was meeting with the California Charter School Association to evaluate the CSFA Act as it relates to providing financing opportunities to charter schools.

Resolution 10-37 – Approving Program Agreements for the Charter School Facilities Program to allow governmental entities to hold title to the project facility

Pursuant to SB 592, charter school and governmental entities are able to hold title to charter school facilities funded through CSFP. Staff is seeking board approval on the Memorandum of Understanding that will allow local governmental entities to hold title to these project facilities. The provisions in the MOU are similar to those in the MOU in which a school district holds title to a CSFP-funded facility.

Ms. Johantgen spoke to the members regarding some last minute changes to the language agreed upon by the Attorney General's office and OPSC. It was moved, seconded, and passed unanimously to adopt Resolution 10-37.

Resolution 10-38 – Authorizing the Issuance of Qualified School Construction Bonds in an Amount Not to Exceed \$5,000,000 To Finance the Acquisition, Construction, Improvement and Equipping of Educational Facilities Operated by High Tech High for the High Tech Middle North County Project located in San Marcos

In advance of discussing the item, Ms. Johantgen and Mr. Eugene Clark-Herrera, informed the members that the first High Tech High transaction financing that closed in July 2010 was nominated as "Deal of the Year" by the Bond Buyer publication. The financing won the title of "South West Deal of the Year".

Ms. Johantgen and Mr. Clark-Herrera discussed the recent HTH transaction's application for QSCB allocation. The structure and anticipated credit rating of "AAA" are identical to the financing that closed in July 2010. Given that the financing met the QSCB parameters, staff recommended that the board approve Resolution Number 10-38 in an amount not to exceed \$5,000,000 for High Tech High subject to final financing terms acceptable to CSFA. It was moved, seconded, and passed unanimously to adopt Resolution 10-38.

Resolution 10-39 – Authorizing the allocation of Qualified School construction Bond borrowing authority to the Alliance for College Ready Public Schools for projects located in Los Angeles, California in an amount not to Exceed \$22,000,000 under the Charter School QSCB Program parameters and authorizing the taking of necessary actions in connection therewith

The Alliance for College-Ready Public Schools is seeking QSCB allocation to finance the development of two charter school facilities. The financing for these projects will use a unique structure to combine QSCB and New Markets Tax Credit allocations to lower the overall cost of borrowing for the charter schools. The QSCBs will use the tax-credit approach instead of the direct-pay subsidy approach. In addition to the NMTC equity, the tax-credits for the QSCBs will be stripped off and sold to the NMTC equity investor. On top of the approximately \$2.5 million NMTC equity, this will result in an additional \$1.2 million of equity.

Staff recommended that the Board adopt Resolution 10-39 approving the allocation of \$22 million of the QSCB borrowing authority to Alliance for College Ready Public Schools. It was moved, seconded, and passed unanimously to adopt Resolution 10-39.

Resolution 10-40 – Authorizing the Issuance of Lease Revenue Bonds, including Qualified School Construction Bonds, in an Aggregate Amount Not to Exceed \$2,300,000 to Finance the Acquisition Construction, Improvement, and Equipping of Educational Facilities for the Oak Grove Union Elementary School District located in Sonoma County

Oak Grove Union Elementary School District received a QSCB allocation of \$2,300,000 in October 2009 and is now seeking approval of the bond documents and bond sale. It was noted that the structure of this deal is different than past QSCB transactions to date because the applicant is a school district and not a charter school or its operator. Thus, the financing is structured as a lease backed transaction and not a loan transaction. A rating in the “A” category is expected to be secured.

Staff recommended that the board approve Resolution Number 10-40 in an amount not to exceed \$2,300,000 for Oak Grove Union Elementary School Borrower subject to final financing terms acceptable to CSFA. It was moved, seconded, and passed unanimously to adopt Resolution 10-40.

Public Comment

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

Respectfully submitted,

Katrina Johantgen
Executive Director