

# CALIFORNIA SCHOOL FINANCE AUTHORITY

## Meeting of the Board

Tuesday, October 29, 2013  
11:00 a.m.

915 Capitol Mall, Room 587  
Sacramento, California 95814

Deputy State Treasurer Michael Paparian, serving as Chair, called the meeting to order.

### Roll Call

Members Present: Michael Paparian, designee for Bill Lockyer, State Treasurer  
Kathleen Moore, designee for Tom Torlakson, Superintendent of Public  
Instruction  
Eraina Ortega, designee for Michael Cohen, Director of Finance

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

The Chair declared a quorum present.

### Approval of Minutes

The minutes for the October 9, 2013 Authority board meeting were approved as submitted.

### Executive Director's Report

Ms. Johantgen stated that she will provide a full report at the November 13, 2013 board meeting.

*Financings:* Mr. Theuring, Program Analyst, reported and updated the members all bond deal transactions and their progression within the last three months. He highlighted the recent bond deal closings consisting of the following: Value Schools, Classical Academies, Alliance 2023 Union, and ICEF High School. Also noted were two QSCB transactions: Alliance for College-Ready Public Schools and High Tech High-North County Elementary. Mr. Theuring stated that HTH North County was the last QSCB financing. Lastly, Mr. Theuring noted that all of the Working Capital Conduit Program Bond RAN's (Revenue Anticipation Notes) have been completely paid in full.

### Resolution No. 13-45 – Delegating Certain Powers and Authorizing Certain Actions Related to Bond Financings.

Ms. Johantgen provided a summary of the circumstances for this item. This new delegation will replace the previous version approved pursuant to Resolution 12-45, and is amended to include a new paragraph (inserted as a new Section 4) related to bond financings and potential changes that may occur after approval by the Authority members and before the financing has closed. A similar provision was included in a resolution adopted for a specific

financing at the October 9, 2013 Authority meeting; this item will allow the same language to apply to all future financings. Additionally, this new resolution is consistent with the delegations across all authorities within the State Treasurer's Office.

This resolution will take effect upon its adoption and will expire on January 31, 2016, unless extended by action of the Authority prior to that date.

It was moved, seconded, and passed unanimously to adopt Resolution No. 13-45, delegating certain powers and authorizing certain actions related to bond financings.

Resolution Nos. 13-46 – Authorizing a Modification to the Sales Restrictions approved by the Authority pursuant to Resolution Nos. 13-22 (Inner City Education Foundation on behalf of View Park Preparatory Accelerated Charter High School) and 13-34 (Inner City Education Foundation on behalf of View Park Preparatory Accelerated Charter Elementary School and View Park Preparatory Accelerated Charter Middle School).

Ms. Johantgen advised this item is in response to a request to modify sales restrictions as initially approved by the Authority in May 2013 for View Park Preparatory Accelerated Charter High School. Zeigler worked to place the bonds with two investment firms; one of which did not meet the sales restrictions outlined in the Authority bond issuance guidelines. At this time, the Innercity Education Foundation, on behalf of View Park Preparatory Accelerated Charter High School, and Ziegler are requesting Board approval to modify the sales restrictions to allow Hamlin, a Registered Investment Advisor, to purchase a portion of the bonds on behalf of its institutional and accredited investor clients. With the board's approval, the following restrictions would be in place: 1) The initial investor must be a QIB or a registered investment advisor responsible for managing at least \$1 Billion in assets; 2) A registered investment advisor purchasing the bonds on behalf of its clients must have discretionary authority over the investments of its clients; 3) Bonds purchased by a registered investment advisor may be invested on behalf of accredited investors only where the accredited investors have a net worth of at least \$2,000,000; and 4) Any subsequent transfers by the registered investment advisor out of the firm's clients or accounts must be to QIBs.

Mr. Scott Rolfs spoke on behalf of B. C. Ziegler and Company and Mr. Parker Stitzer spoke on behalf of Hamlin Capital Management. Mr. Rolfs expressed appreciation for the accommodations presented by staff and the consideration provided by the members.

Staff recommended approval of this resolution, authorizing a modification to the sales restrictions to allow Hamlin to purchase the bonds on behalf of its clients under the conditions noted. It was moved, seconded, and passed unanimously to adopt Resolution No. 13-46.

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

Respectfully submitted,

Katrina Johantgen  
Executive Director