

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, December 11, 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 November 13, 2013 Authority board meeting were approved as submitted.

Executive Director's Report

Charter School Facility Grant Program: Ms. Johantgen advised that staff is working with the California Department of Education to ensure all funds for the 2011-12 funding round of the Charter School Facility Grant Program are disbursed to schools. This is in addition to the pending applications transferred under the 2012-13 funding round that Authority staff is working to complete the reviews and disburse the final funds. Ms. Johantgen stated that this disbursement information will be posted the website.

Charter School Revolving Loan Fund Program: Ms. Johantgen informed the members that regulations are in process and will be presented to the members next month. Ms. Johantgen stated that much progress has been made with this program that she anticipates that funding to the charter schools could possibly be made by April-May of this fiscal year.

Conduit Bond Program: Ms. Johantgen reported that a number of financings are expected in the early months of 2014. The Camino Nuevo deal will be presented in today's meeting.

State Charter School Facilities Incentive Grants Program: Ms. Johantgen informed the members that the final funding round is scheduled to be completed by June 2014.

Ms. Johantgen added that staff is finalizing an evaluation report pertaining to the 1st grant received in 2004. This report is to be submitted to the Federal Department of Education at the end of December.

Consideration of an Appeal by Environmental Charter High School Regarding the Charter School Facility Grant Program

This item was withdrawn from the Agenda.

Resolution No. 13-50 - Adoption of the Emergency Regulations for the Charter School Revolving Loan Fund Program and Authorizing the Emergency Rulemaking Process (Action Item)

This item was withdrawn from the Agenda.

Resolution No. 13-51 – Approving a Financially Sound Determination for the Charter School Facilities Program for Advance/Final Apportionment for Futures High School Located in Sacramento County, California.

Ms. Johantgen advised that Gateway Community Charters (GCC or Gateway), on behalf of Futures High School (Futures) is financially sound for the purposes of the Charter School Facilities Program (Program) Advance Apportionment for a new construction project.. Gateway Community Charters, on behalf of Futures, is seeking an Advance Apportionment for design for \$1,020,582. Ms. Johantgen highlighted the indicators in the staff summary that support staff's recommendation of financial soundness.

It was moved, seconded, and passed unanimously to adopt Resolution No. 13-51, approving a Financially Sound Determination for purposes of the Charter School Facilities Program for an Advance Apportionment for Futures High School.

Resolution No. 13-52 – Authorizing the Issuance of Bonds in an Amount Not to Exceed \$7,500,000 to Finance the Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing, and Equipping of Educational Facilities Located in Los Angeles County, California.

Ms. Johantgen advised that 3500 West Temple, LLC, (Borrower) is requesting conduit bond financing of School Facility Variable Rate Demand Revenue Bonds for bond financing of up to \$7,500,000 to finance the acquisition, improvement and equipping of the land and facilities located at 3500 West Temple Street, Los Angeles, to be owned by 3500 West Temple LLC and then leased to Camino Nuevo Charter Academy (CNCA), for use and occupancy by the charter school.

Members of the financing team were present, Mr. Glenn R. Casterline, Managing Director, BLX; Mr. Phillip Lance, Co-Founder & President, Camino Nuevo Charter Academy; and Mr. Eugene H. Clark-Herrera, Orrick-Herrington and Sutcliff.

Ms. Johantgen informed the members that this is a private placement of tax exempt bonds which will refund an outstanding New Market Tax Credit Loan, pay for cost of issuance

expenses as well as some reimbursement to Camino Nuevo Charter Academy High School Capital Improvement Fund. The loan is to be amortized over 20 years.

In response to a question by board member Ms. Moore, Mr. Clark Herrera spoke regarding the financing structure of the interest rate swap agreement. He explained in detail the obligations of the borrower regarding the flexible variable mode/rate of this financing. Mr. Lance addressed the members regarding the business structure and explained that this financing would not be utilizing the Intercept feature.

Staff recommended the members approve the resolution Camino Nuevo Charter Academy.

It was moved, seconded, and passed unanimously to adopt Resolution No. 13-52, authorizing the issuance of bonds in an amount not to exceed \$7,500,000 to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of educational facilities located in Los Angeles.

Resolution No. 13-53 – Authorizing the Issuance from Time To Time of Notes in an Aggregate Amount Not To Exceed \$800,000* to Finance Working Capital Loans to Certain Charter Schools In Maximum Loan Amounts Indicated on Exhibit A of this Agenda, 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 withdrawn from the Agenda.

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

Respectfully submitted,

Katrina Johantgen
Executive Director