

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, January 8, 2014
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 December 11, 2013 Authority board meeting were approved as submitted.

Executive Director's Report

Charter School Facility Grant Program: Ms. Johantgen advised that staff is working to complete the true-up reviews of the 2012-13 funding round of the Charter School Facility Grant Program. Ms. Johantgen stated that it is staff's first propriety to disburse the 2012-13 funds within the next few weeks.

Charter School Revolving Loan Fund Program: Ms. Johantgen informed the members that there is \$7 million in off-sets and repayment and CSFA is projecting nearly \$20 million will be available for this funding round. Ms. Johantgen stated that the offset process is going smoothly, staff is identifying defaulted loans, partial repayments, and loans that are not whole with the state. Staff has begun invoicing the schools and is seeing cash flows coming back into the program.

State Charter School Facilities Program: Ms. Johantgen informed the members that beginning this Monday, staff is participating with California Department of Education (CDE) and Office of Public School Construction (OPSC) in a series of informational outreach workshops throughout the state. The first are designed to be webinar workshops, the rest are all-day technical workshops. There will be approximately \$90 million in funding available when the application period opens.

State Charter School Facilities Incentive Grants Program: Ms. Johantgen informed the members that notification will be sent to all California charter schools of the Round 10 application period

opening in a few weeks. Ms. Johantgen stated that no changes were made to the preference point funding determination for this round. The methodology will remain the same as was for Round 9. There were changes made for Round 9 that brought funding to rural and sub-urban charter schools with favorable results.

The notification will also include additional information regarding the Revolving Loan Fund and update information on the Charter School Facility Grant Program. Additionally, schools will be informed to submit cost expenditure information later this fiscal year.

Charter School Facilities Credit Enhancement Grant Program: Ms. Johantgen informed the members that a number of schools are continuing to hold onto these awards. Staff is looking at the timing of the awards as they have expiration dates that followed the bond issuance and resolutions.

Conduit Bond Program: Ms. Johantgen is anticipating one financing next month for Academia Moderna. She noted that the credit enhancement grant funds have been exhausted.

Resolution No. 14-01 - Adoption of the Emergency Regulations for the Charter School Revolving Loan Fund Program and Authorizing the Emergency Rulemaking Process.

Ms. Johantgen presented the proposed emergency regulations that will guide the Charter School Revolving Loan Fund Program (Program). The proposed regulations were sent to stakeholders for feedback. Providing the regulations are adopted and approved, applications will be accepted at the end of February. It is staff's intention to bring the loans to the board for approval in May 2014.

Mark Paxson, STO General Counsel, spoke regarding the clarification of a definition term under repayment of loan and loan agreements. One change to the loan agreement that staff is looking into would be to invoice educational management organizations or chartering authorities to make repayment of loans in the event of a default.

Michelle Low, Director of Regulatory Affairs from the California Charter Schools Association, expressed concerns regarding a clause in the loan agreement relating to EMOs or charter authorities that manage multiple schools.

After much discussion related to charter schools that are operated by an EMO or chartering authority, responsibility for loan repayment will be also the responsibility of the EMO or the chartering authority.

It was moved, seconded, and passed unanimously to adopt Resolution No. 14-01, approving the amended emergency regulations for the Charter School Revolving Loan Fund Program and authorizing the emergency rulemaking process.

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

Respectfully submitted,

Katrina Johantgen
Executive Director