

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, April 15, 2015
1:00 p.m.

915 Capitol Mall, Room 587
Sacramento, California 95814

Deputy State Treasurer Vince Brown, serving as Chair, called the meeting to order.

Roll Call

Members Present: Vince Brown, designee for John Chiang, State Treasurer
Eraina Ortega, designee for Michael Cohen, Director of Finance
Nick Schweizer, designee for Tom Torlakson, Superintendent of Public Instruction

Staff Present: Katrina Johantgen, Executive Director
Laura Martinez, Manager
David Weinberg, Program Analyst (via phone line)
Anne Osborne, Program Analyst
Jodie Jones, Program Analyst
Kristen Schunk, Program Analyst
Ian Davis, Program Analyst
Nicolaus Seppi, Office Technician

The Chair declared a quorum present.

Approval of Minutes

The minutes from the March 11, 2015 Authority Board meeting were presented to the Board for approval. The minutes were approved unanimously by roll call.

Executive Director's Report

Charter School Facility Grant Program:

The Authority is currently in the middle of the 2014-15 funding round. Last month the Board voted to approve and adopt new regulations for the 2015-16 funding round. The Authority will be accepting invoice costs from schools participating in the 2014-15 funding round no later than May 1. Applications for the AB 948 funding round will be due June 2.

Charter School Revolving Loan Fund Program:

The Authority is reviewing 2014-15 funding round applications. The Authority received seventy applications on time and two late applications. There are fifty-one priority one schools requesting \$12.75 million and nineteen priority two schools. The Authority will bring funding recommendations for priority one schools to the Board at its June or July meeting.

Conduit Bond Program:

The Alliance transaction closed this morning for approximately \$58 million, and is the first under the Authority's new fee structure. The Authority anticipates new bond transactions in April and May.

Charter School Facilities Program:

The Board will be reviewing four schools for financial soundness for preliminary apportionments and three schools for final apportionments at today's meeting.

State Charter School Facilities Incentive Grants Program:

The Authority anticipates opening funding Round 11 today. Applications will be accepted through May 1. Funding determinations will be brought to the Board for approval in June.

Charter School Facilities Credit Enhancement Grant Program:

The Rocketship deal from January is currently outstanding; it has neither been priced nor closed. The Authority remains in compliance and continues to receive interest checks.

Legislative and Administrative Updates:

The Authority is tracking the Governor's budget proposals to expand SB 740 to 55% eligibility and working with the Association towards a new credit enhancement grant program.

Item 4: Reconsideration of Funding Determination under the State Charter School Facilities Incentive Grants Program (CDFA #84.282D) for KIPP Summit Academy located in Alameda County, California

Ms. Johantgen informed the Board that KIPP Summit Academy had some lease costs related to modular units that they excluded in their application. Staff recommends the funding increase, and as past amounts have been brought to the Board and published with the agenda, Counsel suggested bringing this increase to the Board for approval. The Chair called for public comment and none was received. Boardmember Ortega made a motion and Boardmember Schweizer seconded. The motion passed unanimously by roll call.

Item 5: Resolution No. 15-09 - Approval of Financial Soundness Determinations for the Charter School Facilities Program for Preliminary / Advance Apportionment for KIPP Heartwood Academy, Millennium Charter, Nord Country School, and Roseland Accelerated Middle.

The Authority presented KIPP Heartwood Academy, Millennium Charter, Nord Country, and Roseland Accelerated Middle for approval of financial soundness for advance apportionments.

Boardmember Schweizer asked the program lead, David Weinberg, about Millennium Charter's variance in enrollment projections and capacity. Mr. Weinberg answered that some discretion was taken but that the projections are consistent with the other information provided, and that the enrollment variances do not alter staff's recommendation.

The Chairperson called for public comment and none was received. Boardmember Schweizer made a motion to approve and Boardmember Ortega seconded. The motion was approved unanimously by roll call.

Item 6: Resolution No. 15-10 - Approval of Financial Soundness Determination for the Charter School Facilities Program for Final Apportionment for Aspire Antonio Maria Lugo Academy, Alliance Media Arts and Entertainment High, and Roseland University Preparatory.

The following schools were previously awarded preliminary/advanced apportionments and are ready to receive final apportionment to begin construction: 1) Aspire Antonio Maria Lugo Academy; 2) Alliance Media Arts and Entertainment High; and 3) Roseland University Preparatory.

Boardmember Schweizer felt that some of the Aspire projections were too aggressive. Mr. Weinberg started a discussion regarding the methodology and results of the findings. He specifically that the enrollment assumptions are consistent and reasonable with Aspire's history. Ms. Johantgen added that the school is financially strong, with over double the necessary coverage, and a low interest rate on the loan. She also added that Aspire has a history of opening schools with strong management, and are making payments in the Authority's other programs. Ms. Johantgen added that CSFP payments are intercepted at the state level, and therefore bolsters staff's recommendation regarding Aspire and its ability to make debt service payments.

The Chairperson called for public comment and none was received. Boardmember Schweizer moved to approve with Boardmember Ortega seconding. The Board voted to pass the motion unanimously by roll call.

Item 7: Closed Session

Chairperson Brown announced a closed session and asked to clear the room. The Board met with legal counsel to discuss potential litigation. No action was taken.

Chairperson Brown reconvened the meeting and called for any public comment.

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

Respectfully submitted,

Katrina Johantgen
Executive Director