

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Monday, May 18, 2015
11:00 a.m.

915 Capitol Mall, Room 110
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)
Steve Theuring, Program Analyst
Robert Biegler, Program Analyst
Jodie Jones, Program Analyst
Kristen Schunk, Program Analyst
Nicolaus Seppi, Office Technician

The Chair declared a quorum present.

Approval of Minutes

The minutes from the April 15, 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 has so far received 13 applications for the 2015-16 funding round, due June 3. They have also received 207 batches of invoices for 2014-15 which were due in May.

Charter School Revolving Loan Fund Program:

The Authority will bring loan determinations to the Board at the end of June. The \$2 million security fund transfer was also approved, so the Authority will be able to approve more loans for this funding round.

Conduit Bond Program:

The Alliance deal approved at the February meeting has closed. The Authority also anticipates three deals to be presented to the Board in summer.

Charter School Facilities Program:

The Authority is presenting four projects today for preliminary and final apportionments.

State Charter School Facilities Incentive Grants Program:

Applications were due May 1st for Round 11. Out of 105 applications the Authority received, 97 are preliminarily eligible, requesting \$37 million from an available balance of \$14 million.

Charter School Facilities Credit Enhancement Grant Program:

Ms. Johantgen attended a conference for federal grantees in Denver. The Authority is working with the Association on the creation of a credit enhancement grant program in California to enhance bond issued through the Authority.

Item 4: Resolution No. 15-11 - Approval of Financial Soundness Determinations for the Charter School Facilities Program for Preliminary / Advance Apportionment in an Amount Not to Exceed \$30,360,612 for Aspire Eres Academy located in Alameda County

The Authority is presenting a determination for financial soundness of preliminary apportionment for Aspire ERES. It is a \$30 million project with a \$15 million loan, with an assumed interest rate of 3% and a debt service of \$774,000. Aspire has a number of CSFP projects and has a sizeable long-term debt liability. Staff recommends financial soundness for preliminary apportionment for the Aspire ERES Academy.

Chairperson asked for public comment. Boardmember Ortega makes a motion to approve and Boardmember Schweizer seconds. The motion passes by vote unanimously.

Item 5: Resolution No. 15-12 - Approval of Financial Soundness Determinations for the Charter School Facilities Program for Final Apportionment for Futures High School for \$9,609,142 and Higher Learning Academy for \$11,780,110 and \$11,750,594 in Sacramento County and Magnolia Science Academy – Santa Ana for \$17,413,956 in Orange County

The Authority is presenting the case for financial soundness for final apportionment for three projects for Gateway Community Charters (GCC); Higher Learning Academy K-6 and 7-12 and a rehabilitation at Future's High. Magnolia Science Academy – Santa Ana will be moved to a May 27 meeting. Aaron Thornsberry and Jim Bush are in attendance to represent GCC.

Staff found that GCC has ample coverage but staff did note mixed student performance and retention rates. School representatives provided explanations regarding staff's findings. Mr. Thornsberry said that these issues remain but that there is a high growth rate and good expectations for next year. He also noted that GCC also has a K-8 feeder school for Futures High which will help with student performance and retention rates.

Mr. Schweizer asked if there was anything to add regarding academic status. Ms. Johantgen said the student population being served was higher risk, and that GCC serves a high Free or Reduced Price Meals student population.

The Chairperson wanted clarification on how the State Allocation Board would organize the deals as they are multiple projects. Mr. Bush said that three separate applications are submitted for the same site. He also said one site will make transitions between grades easier for students and contribute to higher retention rates. The Office of Public School Construction will conduct a close-out audit of project funds by application number.

Mr. Paxson wanted the motions to be made separately as there were multiple resolutions.

Boardmember Ortega makes a motion to first approve Resolution 15-12a, Boardmember Schweizer seconds. The motion is approved unanimously by roll call. Boardmember Ortega then makes a motion to approve Resolution 15-12b, which Boardmember Schweizer seconds. The motion is approved unanimously by roll call.

Before closing the meeting, Ms. Johantgen thanked David Weinberg for his work on the CSFP program.

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

Respectfully submitted,

Katrina Johantgen
Executive Director