

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, September 9, 2015
11:00 a.m.

915 Capitol Mall, Room 587
Sacramento, California 95814

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

Roll Call

Members Present: Vincent P. 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
Steve Theuring, Program Analyst
Ian Davis, Program Analyst
Anne Osborne, Program Analyst
Kristen Schunk, Program Analyst
Nicolaus Seppi, Office Technician

The Chair declared a quorum present. The Executive Director welcomed those on the phone lines to the Board meeting.

Approval of Minutes: The minutes from the August 6, 2015 Authority Board meeting were presented to the Board and approved unanimously by roll call.

Executive Director's Report

Charter School Facility Grant Program: Ms. Johantgen advised the Board that staff is working through 2014-15 true-up and disbursing initial 2015-16 funding. The Authority received 356 eligible applications for 2015-16.

Charter School Revolving Loan Fund Program: Ms. Johantgen informed the Board that they are looking at eight loans for priority two schools, leaving a balance of \$500,000. The default rate per dollar remains at 5.44% and by number of loans remains at 8.33%.

Conduit Bond Program: Ms. Johantgen notified the Board that the River Springs financing was not able to sell at market and is on hold. The Authority will be bringing a Bond financing to the Board in October, and one or two more in the fall. Additionally, the Green Dot financing received a BBB- rating.

Charter School Facilities Program: Ms. Johantgen stated that the Authority will bring them two financings in October.

State Charter School Facilities Incentive Grants Program: Ms. Johantgen informed the Board that the Authority is receiving round 11 grant agreements. The Authority gave these schools extra time due to the need to get Board approval.

Charter School Facilities Credit Enhancement Grant Program: Ms. Johantgen told the Board that funds in the program are exhausted. The Authority will shift to monitoring interest and reporting to the Federal government annually.

Administrative and Legislative Update: The Authority finalized the draft of its Single Audit with Gilbert Associates. Three findings were noted by the Auditor and staff and STO administration are working to resolve all three issues prior to next year's audit.

Item 4: Resolution No. 15-26 – Approval of the Revolving Loan Fund Program Recommendations and Amounts

Ms. Johantgen presented the following schools for board consideration of a \$250,000 loan through the Revolving Loan Program:

- Taft T. Newman Leadership Academy
- SIATech Academy South
- Everest Value School
- Stephen W. Hawking Math and Science Charter School
- Prepa Tec Los Angeles
- Village Charter Academy
- Beacon Classical Academy National City
- Stephen W. Hawking II S.T.E.M. Charter School

After public comment was requested, Ms. Ortega made a motion and Mr. Schweizer seconded. The motion passed unanimously by rollcall.

Item 5: Consideration of Appeal on Behalf of Howard Gardner Community Charter located in San Diego County, California Related to Ineligibility for the Charter School Facility Grant Program

Ms. Johantgen invited Anne Osborne to address the board and answer any questions regarding the appeal. Mr. Jones from Charter School Management Corp and Ms. Richardson, representing the school, also were invited to address the board.

Ms. Osborne summarized the background of the appeal for the Board. The school contacted the Authority regarding a 2014-15 application that had not been received for the SB 740 program. Ms. Osborne informed the Board that Authority staff recommends that the Board deny the appeal of Howard Gardner, but noted that the school has been in the program since 2012 and successfully submitted an application for 2015-16, and that funding is available. Ms. Richardson agreed with the background and added that the school had been told by the back office provider at the time that the application had been submitted.

The Board and school representatives discussed the school's financial situation and current status of their budget. The discussion then moved to the effects of accepting appeals from past years on program deadlines and possible solutions to the influx of appeals. Ms.

Johantgen confirmed that the regulations being discussed today will add another funding round due to statute changes, allowing more schools to apply. Mr. Brown noted that he received an email from Moira Topp stating that the CCSA supported the appeal.

Mr. Schweizer made a motion to approve the appeal and Ms. Ortega seconded. After public comment was requested, the motion was approved unanimously by rollcall.

Item 6: Resolution 15-27 – Adoption of Proposed Emergency Regulations for the Charter School Facility Grant Program and Authorizing the Emergency Rulemaking Process

Ms. Johantgen told the Board that the findings are ready to go to the Office of Administrative Law. As the budget bill reduced the eligibility threshold to 55% for program to charter and local elementary, the Authority will have a new funding round between now and the 2016-17 funding round. The Board asked how this would impact workload; a BCP was submitted regarding the increased demand and it is estimated to add 100 new applications, requiring at least one more analyst. The Board also confirmed with legal counsel that the only substantive change was language regarding the new funding round.

Ms. Ortega made a motion to approve the resolution and Mr. Schweizer seconded. After public comment was requested, the motion was approved unanimously by rollcall.

Ms. Johantgen told the Board that the November and December meetings will be merged.

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

Respectfully submitted,

Katrina Johantgen
Executive Director