

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, December 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
Nick Schweizer, designee for Tom Torlakson, Superintendent of Public Instruction
Eraina Ortega, designee for Michael Cohen, Director of Finance

Staff Present: Katrina Johantgen, Executive Director
Laura Martinez, Manager
Steve Theuring, Program Analyst
Ian Davis, Program Analyst
Kristen Schunk, Program Analyst
Jodie Jones, Program Analyst
Anne Osborne, Program Analyst
Nicolaus Seppi, Office Technician

Katrina Johantgen welcomed those on the phone lines to the Board meeting, after which the Chair declared a quorum present.

Approval of Minutes: The minutes from the December 4, 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 informed the Board that 91% of the 2014-15 applicants and 80% of the 2015-16 applicants have been processed for disbursements. The Authority has implemented a new disbursement and peer review processes to confirm applicant addresses and ensure the accurate and timely delivery of funds.

Charter School Revolving Loan Fund Program: Ms. Johantgen told the Board that the 2015-16 funding round opened today with anticipated available funding of \$8 million, which will likely result in only priority one schools being funded.

Conduit Bond Program: Ms. Johantgen told the Board that the Aspire financing, with BBB-rating, priced this morning at an average interest rate of 3.69% rate on 30 year financing. She added that the bonds were oversubscribed (10 times) in some maturities.

Charter School Facilities Program: Ms. Johantgen told the Board that they will be reviewing a financial soundness determination for KIPP Prize today, and that the Authority anticipates additional schools needing review in the next quarter.

State Charter School Facilities Incentive Grants Program: Ms. Johantgen told the Board that the Authority is continuing to send monthly disbursements to schools and submitted its annual Federal report.

Charter School Facilities Credit Enhancement Grant Program: Ms. Johantgen told the Board that the Authority has submitted its annual Federal report under the credit enhancement program.

Administrative and Legislative Update: Ms. Johantgen told the Board that the Authority is working with the California Charter School Association to discover a funding formula that is applicable for both SB 740 and the Incentives Grant. She added that the Authority plans to hold monthly Board meetings in 2016 on the second Wednesday of every month.

Item 4: Resolution No. 15-37 - Authorizing the Issuance of Charter School Revenue Bonds in an Amount Not to Exceed \$32,000,000 to Finance and Refinance Educational Facilities Located in Santa Clara County, California:

Ms. Johantgen called up the financing team to answer any questions regarding the financing and summarized its details. The financing is an unrated deal to fund Rocketship Mateo Sheedy, Rocketship Spark Academy, and Rocketship Franklin-McKinley. John Kim from Stifel thanked the Board and the staff. He detailed Rocketship's accomplishments in California and nationally, described the schools affected by this bond, and how it will impact the local communities. Eugene Clark-Herrera from Orrick confirmed that this deal is the third part of the same Obligated Group Structure (OGS) the Board saw in January 2015. He added that the total obligated debt will be \$50-\$55 million after this deal. The financing team answered several questions from the Board regarding the deal, its structure, interest rates, and the interest rate environment in general.

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

Item 5: Resolution 15-38 – Approval of Financial Soundness Determination for KIPP Prize Preparatory Academy located in Santa Clara County for a Preliminary / Advance Apportionment through the Charter School Facilities Program

Ms. Johantgen introduced the item to the Board and explained the details of the apportionment; an initial \$513,000 apportionment, of which KIPP Prize would be responsible for \$256,000, with blended credit and annual debt service of \$517,000 (based on previous CSFP financings undertaken by KIPP). The school is in good standing and there are no existing legal issues as evidenced by previous deals.

The Board commented that the enrollment projections are extremely aggressive, but that if they are not met, there is flexibility to absorb the costs if necessary. Ms. Johantgen noted that the Authority's analysis is relatively conservative, and that capacity exists within the organization to support the debt.

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

Item 6: Closed Session

The Board went into a closed session, and reconvened with no action being taken.

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

Respectfully submitted,

Katrina Johantgen
Executive Director