

MINUTES

**CALIFORNIA SCHOOL FINANCE AUTHORITY
("CSFA" OR "AUTHORITY")
915 Capitol Mall, Room 587
Sacramento, California 95814
September 18, 2019 - 2:00 p.m.**

Public Participation
Call-In Number: (877) 810-9415 / Participant Code: 6535126

OPEN SESSION

Deputy State Treasurer Audrey Noda, serving as Chair, called the meeting to order at 2:00 P.M.

Item #1

Roll Call

Members Present: Audrey Noda, designee for Fiona Ma, CPA, California State Treasurer
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction
Jeff Bell, designee for Keely Martin Bosler, Director of Finance

Staff Present: Thomas Dear, Staff Services Manager II
Ravinder Kapoor, Legal Counsel
Ian Davis, Program Lead
Kristen Schunk, Program Lead
Jodie Jones, Program Lead
Robert Rodriguez, Office Technician

Thomas Dear welcomed those on the phone line to the Board meeting.

Item #2

Approval of the August 28, 2019 Board Minutes (Action Item)

Deputy Noda introduced Item #2: Approval of the August 28, 2019 Board Minutes.

Authority Action

Motion to approve the minutes from the August 28, 2019 meeting.

MOTION: Member Mireles

SECOND: Member Noda

AYES: Mireles, Noda
NOES: NONE
ABSTAIN: Bell
RECUSE: NONE

MOTION APPROVED.

Mr. Dear provided the following program updates:

Charter School Facility Grant Program (SB 740)

- The 2018-19 True-Up process is near completion and staff will soon begin the review process of the 445 applications received for the 2019-20 application year.
- The application for first-year charter schools opened on September 10, 2019 and will close on October 15, 2019.

Charter School Facilities Program

- There have been 11 CSFP projects reviewed since January 2019.
- CSFA anticipates evaluating and presenting three more projects for financial soundness prior to the end of the calendar year.

Credit Enhancement Program

- Staff is working with Pacific Charter School Development on a bank loan enhanced with a PANACEA award for the Lazear Academy in Oakland.

Conduit Bond and Note Program

- Three conduit transaction will be presented to the Board today.
- Total conduit transaction amount closed and funded to date: \$1,474,843,959

State Charter School Facilities Incentive Grants Program (CFDA 84.282D)

- Round 15 awards were approved at the August 28, 2019 Board Meeting and staff is busy processing grant agreements and award packets; this will likely continue through the end of September. CSFA's goal is to start disbursements by the end of this month.

Charter School Revolving Loan Fund

- Twenty-four priority one loans were approved, 18 loan agreements have been sent and 11 loans have been disbursed.

Item #4 Resolution No. 19-27 – Resolution Of The California School Finance Authority Authorizing The Issuance Of Revenue Bonds In An Amount Not To Exceed \$35,000,000 To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Certain Educational Facilities Located In San Bernardino County, California, For Use By REAL Journey Academies, Inc.

(Action Item)

Mr. Dear reported that this is a 38-year term bond and that there are two different funding amounts, \$33,000,000 in tax-exempt bonds and \$2,000,000 in taxable bonds. These bonds are for the acquisition of the facility currently leased by REAL Journey Academies (REAL Journey). Guillermo Garcia, Underwriter from Stifel Nicolaus, introduced himself and reported that REAL Journey Academies Foundation, Inc. is looking to acquire the facility that currently houses New Vision Middle School and Entrepreneur High School. A turnkey developer, Red Hook Capital Partners (RHCP), which works exclusively with charter schools, built the facility. RHCP redeveloped a former K-Mart into a master campus, which currently houses about 800 students. The campus is able to expand to accommodate a total of 1,300 students, once the high school (HS) builds out to the full four grades – the HS currently only serves ninth and tenth grade students. Mr. Garcia expects the financing of this project to be around \$28M to \$29M, which will be funded with tax-exempt bonds and a small portion of taxable bonds. The principal use of the funds is to acquire the facility from RHCP and to pay back the City of Highland for renovations and upgrades of curbs and lighting outside of the school and another

million dollars for improvements that REAL Journey is required to do based upon its conditional use permit.

Authority Action

Authorizing the issuance of Revenue Bonds in an amount not to exceed \$35,000,000.

MOTION: Member Bell

SECOND: Member Mireles

AYES: Members: Mireles, Bell, Noda
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #5 Resolution No. 19-28 – Resolution Of The California School Finance Authority Authorizing The Issuance Of Revenue Bonds In An Amount Not To Exceed \$43,000,000 To Finance And Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Educational Facilities Located In Los Angeles County, California For Use By iLEAD Lancaster And Santa Clarita Valley International School

(Action Item)

Mr. Dear introduced Matt DeAngelis, Senior Vice President, D.A. Davidson & Companies. Mr. DeAngelis reported that he expects the actual financing amount to be closer to \$36,000,000. Santa Clarita Valley International will be buying its facility from Red Hook Capital Partners that currently owns and leases the facility to the school. iLEAD will acquire their Lancaster campus, which is currently owned by Entertainment Properties REIT, (Real Estate Investment Trust also known as EPR Properties. iLEAD has been given the option to purchase the facility and must purchase it by October 22, 2019. iLEAD is also planning on purchasing additional land for future expansions. Board Member Bell wanted to know what would happen if the property wasn't purchased by October 22, and Mr. DeAngelis informed the Board that Entertainment Properties REIT is selling its entire portfolio and that it's expected to close in November and what happens after that is "up in the air." Currently iLEAD's lease does not have an option for two more years and would need to contact the new owner of the portfolio to see if it would sell and at what price. Board Member Bell wanted more information regarding the underwriter's fee of \$860,000 and Mr. DeAngelis responded that he would provide Board Member Bell the requested information.

Authority Action

Authorizing the issuance of Revenue Bonds in an amount not to exceed \$43,000,000.

This resolution had a conditional approval that Mr. DeAgngelis provide fee history to CSFA through Thomas Dear's email. Mr. Dear would then forward this information to Mr. Bell. This condition was satisfied on September 18, 2019.

MOTION: Member Mireles

SECOND: Member Bell

AYES: Members: Mireles, Bell, Noda
NOES: NONE

ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #6 Resolution No. 19-29 - Resolution Of The California School Finance Authority Authorizing The Issuance Of Charter School Revenue Bonds In An Amount Not To Exceed \$25,000,000 To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Educational Facilities Located In Los Angeles County, California, For Alta Public Schools.

(Action Item)

Mr. Dear presented a brief overview of the item. Guillermo Garcia, Underwriter from Stifel Nicolaus, introduced himself, seeking re-approval for this financing, which had been previously presented to the Board at the September 2018 Board meeting. Due to a number of factors, this project has been delayed and Alta Public Schools (Alta) is coming back to the Board for re-approval as its authorizing resolution expired. Additionally, the applicant is requesting an increase in the issuance amount. Alta's Foundation, their supporting organization, will be the borrower. Alta issued bonds in 2014 through CSFA to fund their elementary school, Academia Moderna, in Walnut Park. This project will fund the middle school, Prepa Tec Middle School, which is located across the street from the elementary school. Alta is looking for bond issuance in a not to exceed amount of \$20,000,000 with a term of 39 years, maturity in 2058. The proceeds of the bonds will pay off an existing line of credit and other soft costs of the project.

Authority Action

Authorizing the issuance of Revenue Bonds in an amount not to exceed \$25,000,000.

MOTION: Member Bell

SECOND: Member Mireles

AYES: Members: Mireles, Bell, Noda
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Items #7

Public Comment, Adjournment

Deputy Noda asked for public comment. Hearing none and with no additional business, the meeting adjourned.