

MINUTES

CALIFORNIA SCHOOL FINANCE AUTHORITY

915 Capitol Mall, Room 110
Sacramento, California 95814
300 S. Spring St, Suite 8500
Los Angeles, CA 90013
March 26, 2020 - 10:30 a.m.

Public Participation

Call-In Number: (877) 810-9415 – Participant Code: 6535126

In March 2020, the Governor declared a State of Emergency and enacted Executive Order N-29-20. In an effort to slow the rate at which COVID-19 is spreading, the Executive Order waived certain provisions of the Bagley-Keene Act and Brown Act, which required the physical presence of members, personnel of the board, or the public at meetings of state and local bodies. Pursuant to the order, the meeting of the California School Finance Authority (Authority) was held telephonically and noticed accordingly.

OPEN SESSION

State Treasurer Fiona Ma, called the meeting to order at 10:30 a.m.

Item 1: Roll Call

Members Present: Fiona Ma, CPA, California State Treasurer
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction (Teleconference)
Gayle Miller, designee for Keely Martin Bosler, Director of Finance (Teleconference)

Staff Present: Audrey Noda, Deputy Director (Teleconference)
Katrina Johantgen, Executive Director (Teleconference)
Ravinder Kapoor, Legal Counsel
Thomas, Dear, Staff Service Manager II (Teleconference)
Ian Davis, Program Lead
Steven Theuring, Program Lead (Teleconference)
Robert Biegler, Program Lead (Teleconference)
Ryan Storey, Program Lead (Teleconference)
Jeffery Martin, Staff Service Analyst (Teleconference)
Daniel Madrid, Office Technician (Teleconference)
Jose Franco, Program Lead (Teleconference)

Treasurer Ma welcomed those on the phone line to the California School Finance Authority Board (Board) meeting.

Item 2: Approval of the February 27, 2020 Board Minutes (Action Item)

State Treasurer Ma introduced Item #2: Approval of the February 27, 2020 Board Minutes.

Authority Action

Motion to approve the minutes from the February 27, 2020 meeting. Ian Davis called the roll.

MOTION: Miller SECOND: Mireles

AYES: Miller, Mireles, Ma
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #3: Executive Director's Report

Director Johantgen provided the following program updates:

Charter School Facility Grant Program: Director Johantgen confirmed the program is working with the Department of Finance (Finance) regarding program oversubscription. Finance receives the oversubscription data as Finance sets the annual appropriation for this program. The oversubscription is greater than anticipated therefore staff is working with stakeholders to quantify the rate of oversubscription, and notify program recipients so they may budget accordingly.

Conduit Bond and Note Program: Director Johantgen noted that the conduit program has received a school district financing application for the Grossmont Union High School District. She also confirmed the program has a few transactions on watch given COVID induced market volatility.

State Charter School Facilities Incentive Grants Program: Director Johantgen confirmed that staff is working with schools to get Round 15 funds disbursed and file our annual report to the U.S. Department of Education.

Credit Enhancement Program: Director Johantgen outlined details regarding the Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) program, and noted that staff is recommending an award for Mare Island Technology School.

Ms. Johantgen added that staff has been working tirelessly since January 2019 to carry out the Treasurer's initiatives related to housing as well as broadening the Authority's mandate to assist school district, county offices of education as well as community college districts. Ms. Johantgen added that staff is providing technical assistance on a student housing bill, AB2353. The bill would help support student housing financings and create a technical assistance grant for colleges working to build housing.

Treasurer Ma asked staff what the Authority could do to assist schools with cash flow needs in light of the COVID economic crisis. Ms. Johantgen noted that the Authority has structured working capital notes in the past and is prepared to begin work on this directive. Treasurer Ma expressed her appreciation of the efforts of staff and moved on to the next item.

Item #4: Presentation of the Annual Bond Report (Information Item)

Director Johantgen noted that Item #4 is the presentation of the Authority's annual bond report, and noted that the report is not a statutorily mandated report. She highlighted that, in 2019, the Authority issued 77% of all charter school transactions in California. Based on par amount of bonds issued, that percentage jumps to 90% of all charter schools debt issued in 2019. Director Johantgen noted

the report itself would be posted on the Authority's website after the board meeting and available for review. There were no questions from board members.

Item #5: Resolution No. 20-07 - Amending the Conduit Financing Fee Schedule (Action Item)

Director Johantgen highlighted that Resolution 20-07 amends the Authority's conduit fee schedule. This amendment creates a fee schedule for debt issued by governmental entities. The Authority has compared the proposed rates with what other conduit issuers have in place, and confirmed the proposed rates are in line with other issuers. The Authority's existing fee schedule for non-profit borrowers would not change because of this amendment.

There was a question from board member Mireles, inquiring if this would potentially affect funding for Grossmont, who is coming to the April board meeting. Director Johantgen confirmed that this new fee schedule would be used to calculate Grossmont's fees.

Treasurer Ma asked about the difference between government borrowers versus non-profit borrowers. Director Johantgen explained the fee difference is due to the reduced time it takes to review governmental entity applications given their credit quality.

Authority Action

Motion to approve the amending the Conduit Financing Fee Schedule.

MOTION: Miller SECOND: Mireles

AYES: Miller, Mireles, Ma
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #6: Resolution No. 20-08 - Approving the Project Acceleration Note and Credit Enhancement Alternatives (CDFA #84.354A) Award in an Amount Not to Exceed \$800,000 to the Friends of MIT Academy, for the benefit of MIT Academy in Vallejo County, California (Action Item)

Director Johantgen explained that Resolution 20-08 approves an award of an amount not-to-exceed \$800,000 for Mare Island Technology Academy to enhance a loan from Umpqua Bank. The enhanced loan will allow the school to accelerate project design and construction in advance of receiving an apportionment through the Charter School Facilities Program (CSFP). Based on information from the lender, the grant-enhance loan will save the school \$250,000 in borrowing costs when compared with alternative options.

Treasurer Ma inquired about potential requests from schools looking to defer payments, similar to how mortgage payments are currently being deferred by banks for a period of between three and nine months. Ms. Johantgen added that these types of deferral requests are typically made by schools to their lessors. Ms. Johantgen noted that staff will be evaluating its loan programs to assess options to provide some relief for borrowers.

Authority Action

Motion to approve the Project Acceleration Note and Credit Enhancement Alternatives grant award.

MOTION: Miller SECOND: Mireles

AYES: Miller, Mireles, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Treasurer Ma acknowledged that the previously listed Item #7 had been removed from the board meeting agenda.

Item #7: Public Comments

No public comments.

Item: Adjournment

There being no public comments, the Board adjourned the meeting.