

MINUTES

CALIFORNIA SCHOOL FINANCE AUTHORITY
915 Capitol Mall, Room 110
Sacramento, California 95814

300 S. Spring St, Suite 8500
Los Angeles, CA 90013

May 4, 2020 - 1:00 p.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 1:00 p.m.

Item 1: Roll Call

Members Present: Fiona Ma, CPA, California State Treasurer (Present)
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 Treasurer (Teleconference)
Katrina Johantgen, Executive Director (Teleconference)
Ravinder Kapoor, Legal Counsel (Teleconference)
Thomas, Dear, Staff Service Manager II (Teleconference)
Ian Davis, Program Lead (Teleconference)
Steven Theuring, Program Lead (Present)
Jeff Martin, Analyst (Teleconference)
Robert Biegler, Program Lead (Teleconference)
Ryan Storey, Program Lead (Teleconference)
Robert Rodriguez, Office Technician (Present)

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

Item 2: Approval of the March 26, 2020 Board Minutes (Action Item)

State Treasurer Ma introduced Item #2: Approval of the March 26, 2020 Board Minutes.

Authority Action

Motion to approve the minutes from the March 26, 2020 meeting. Robert Rodriguez 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 that the 2019-20 funding round is oversubscribed and awards will be prorated. She added that a webinar will be held on May 6, 2020, as the program's application window is open and applications are due on June 4, 2020 for the 2020-21 funding round. Staff is preparing the Program's 2019 annual report.

Conduit Bond and Note Program – Director Johantgen noted that there is one financing before the board today. The program has received several applications that will likely be ready by the late May or June board meeting depending on information released in the May Revise related to school funding. Staff is working with the financing teams to track these transactions.

Credit Enhancement Program – Director Johantgen highlighted the PANACEA program, noting that staff is still working with MIT Academy to utilize the \$800,000 award approved at the March meeting. CSFA is working with the lender on the details and closing of the financing.

Charter School Facilities Program – Director Johantgen confirmed there was nothing to report, noting that reviews are scheduled to come to the board in May, June, and July.

State Charter School Facilities Incentive Grants Program – Director Johantgen confirmed that the program made final awards under Round 15 and continues to monitor new funding opportunities under the US Department of Education.

Other - Director Johantgen confirmed that CSFA is still working on student and workforce housing initiatives. The programs are continuing to conduct webinars to stay connected to constituents and working through issues with auditors.

Treasurer Ma had a question regarding the application deadline for SB740, which Director Johantgen confirmed would be in June.

Treasurer Ma asked about the CSFA website update, with Director Johantgen confirming it would launch soon.

Item #4: Resolution No. 20-09 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 educational facilities located in San Diego County, for use by Grossmont Union High School District (Action Item)

Director Johantgen introduced the members of the Grossmont Union High School District financing team. Scott Patterson and Ken Lighton from the District presented an overview of the district, including the history of the district and background of the project. Eugene Clark Herrera of Orrick continued the presentation, explaining legal structure of the project. Mark Young of KNN discussed the redevelopment agency pass-through payments that support the financing. Treasurer Ma commended the Grossmont team for their work on the project. Board member Mireles commented on the unique type of financing structure being used in this project, and appreciated that the Grossmont financing team factored COVID-19 impacts into their projections. Director Johantgen recommended approval of the item. There were no public comments.

Authority Action

Motion to approve the issue of revenue bonds.

MOTION: Mireles

SECOND: Miller

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #5: Resolution No. 20-10 Approving Delegation of Authority to the Executive Director to submit emergency rule making packages to the Office of Administrative Law due to the COVID-19 pandemic (Action Item)

Director Johantgen presented and confirmed that this resolution would be in place throughout the Governor's State of Emergency proclamation allowing staff to submit regulation changes directly to the Office of Administrative Law, and then later inform the Board at the following meeting. This requested change is intended to allow the Authority to be more nimble and address program changes in between board meetings. Director Johantgen inquired if Ravinder Kapoor, STO Counsel, had any additional comments, of which he had none, noting it the item was summarized accurately. There were no public comments.

Authority Action

Motion to approve the delegation of authority to the executive director.

MOTION: Mireles

SECOND: Miller

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #6: Resolution No. 20-11 Approving Charter School Revolving Loan Fund Program recommendations and amounts for schools listed in Attachment A (Action Item)

Director Johantgen noted that in December 2019, staff began informing the charter community about the 2019-20 funding round. Applications were vetted in the order set forth by statute and regulations. Given the pandemic and financial uncertainty, schools are looking for lines of credit for working capital purposes, so the Authority is bringing priority 2 schools to the board in advance of priority 1 schools, as there is sufficient funding for both. Staff recommended that 11 of the 12 priority 2 schools be approved for preliminary funding and that one school be revisited at a future board meeting. The Authority would inform these schools that this funding will be available, so schools do not seek more expensive alternatives before receiving funds.

Treasurer Ma asked about the review process, specifically whether reviews were being conducted by the Authority, which Director Johantgen confirmed, noting the Authority also had external consulting from Montague De Rose & Associates. Treasurer Ma asked how long the RLF program has existed, which Director Johantgen confirmed was established in 2002, and transferred to the Authority in 2013. Treasurer Ma had questions regarding the risk involved with RLF loans. Director Johantgen explained that given this program is intended to fund schools that have not opened, there is inherent risks built into the program. However, she explained how maximum loan amounts are determined, the portions in which they are disbursed, and measures taken to mitigate such risks. There were no comments or questions from the board, nor were there any public comments.

Authority Action

Motion to approve the Charter School Revolving Loan Fund Program recommendations and amounts for school listed in Attachment A.

MOTION: Mireles SECOND: Miller

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

MOTION APPROVED.

Item #7: Public Comments

No public comments.

Item: Adjournment

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