

## MINUTES

**CALIFORNIA SCHOOL FINANCE AUTHORITY  
915 Capitol Mall, Conference Room 110 (Large)  
Sacramento, California 95814**

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

**May 28, 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 (CSFA or Authority) Board Meeting was held telephonically, and the meeting was noticed accordingly.*

### **OPEN SESSION**

State Treasurer Fiona Ma, called the meeting to order at 10:33 a.m.

#### ***Item 1: Roll Call***

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

Staff Present: Audrey Noda, Deputy Treasurer (Via Microsoft Teams)  
Katrina Johantgen, Executive Director (Via Microsoft Teams)  
Ravinder Kapoor, Legal Counsel (Present)  
Thomas, Dear, Staff Service Manager II (Present)  
Ian Davis, Program Lead (Present)  
Steven Theuring, Program Lead (Teleconference)  
Jeff Martin, Analyst (Via Microsoft Teams)  
Jose Franco, Program Lead (Via Microsoft Teams)  
Robert Biegler, Program Lead (Via Microsoft Teams)  
Ryan Storey, Program Lead (Via Microsoft Teams)  
Jodie Jones, Program Lead (Via Microsoft Teams)  
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 May 4, 2020 Board Minutes (Action Item)**

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State Treasurer Ma introduced Item #2: Approval of the May 4, 2020 Board Minutes.

**Authority Action**

Motion to approve the minutes from the May 4, 2020 meeting. Robert Rodriguez called the roll.

MOTION: Mireles

SECOND: Ma

AYES: Miller, Mireles, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

**Item #3: Executive Director's Report**

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Director Johantgen provided the following program updates:

Charter School Facility Grant Program - Director Johantgen outlined SB740's 2021 projections. She noted that the assumptions are based on \$137 million available to the program, which sets this program into oversubscription with a pro-ratio of 93% for lease and rent cost. The program is currently finalizing its annual report to legislature as well as posting it to the CSFA website. This report will be brought to the June 25, 2020 board meeting as an information item.

Conduit Bond and Note Program - Director Johantgen confirmed that the program has 90 financings in place, with approximately \$1.5 billion outstanding. The board will likely see some more financings at the June 25, 2020 board meeting, noting the Authority may see a slowdown in bond financings as one of the results of the pandemic and its impact on state revenue and therefore school funding.

Credit Enhancement Program / Charter ABLE - Director Johantgen mentioned the Authority has requested a waiver on the use of this grant with the federal government and it appears both parties are currently moving forward with those plans. This waiver would allow the Authority to use this grant to enhance a working capital program for charter schools.

Charter School Facilities Program (CSFP) - Director Johantgen confirmed the program is anticipating a number of reviews to be submitted during the summer months. The team is working with the Office of Public School Construction (OPSC) on getting more CSFP funds and approvals over to the state allocation board.

Treasurer Ma asked if any members or members of the public had any comments or questions. David Tokofsky asked, "When you say "charters", does that include all of the typologies of charters, as you present it? What is the definition of a "charter school?"

Director Johantgen confirmed the established definition of charter schools, whether it be the federal or state definition of the term. Ms. Johantgen noted that if we were discussing a federal program, then the federal definition would need to be met, and similarly, when a state program, the state definition would need to be met in order to access funding.

**Item #4: Resolution Number 20-09 Resolution Amending the Conduit Financing Fee Schedule (Action Item)**

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Jose Franco presented the item, recommending that CSFA reduce one component of its Conduit Financing Program Fee structure. Mr. Franco noted that in anticipation of state deferrals that are likely coming for schools, and the influx of short-term borrowers, the Authority is proposing to reduce its application fee from \$1,500 to \$500 for note borrowers in order to alleviate some of the economic hardship these schools are facing.

Director Johantgen confirmed that staff recommends approval of Resolution Number 20-09.

No public comments.

**Authority Action**

Motion to approve the issue of revenue bonds.

MOTION: Miller

SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

**Item #5: Resolution No. 20-10 Resolution Authorizing the Issuance of Charter School Revenue Bonds In An Amount Not To Exceed \$75,000,000 to Finance and/or Refinance the Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing and/or Equipping of Educational Facilities Located in San Diego County, California for Use by High Tech High (HTH) (Action Item)**

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Robert Biegler introduced the item, noting there were special considerations for this particular financing given that the transaction is a refinancing of High Tech High's existing debt portfolio, which is being privately placed with City National Bank. Mr. Biegler then presented members of the financing team: John Buck of Buck Financial serving as HTH's Financial Advisor; Amanda Wyatt, Chief Financial Officer of HTH; and Marc Bauer from Orrick serving as Bond Counsel. John Buck presented the school's history and offered additional details of the refinancing. Amanda Wyatt gave additional details and insight into the way this refinancing would benefit the charter school moving forward.

During the financing team's presentation, David Tokofsky, a member of the public participating by phone, asked, "Is there a prioritization in any way of support based upon, let's say, the percent of free and reduced priced meals a school might have, or is it open on an equal basis for all to apply? Directing the question to Citi National Bank: If you received two applicants, and one was a 95% poverty school and another was 30% poverty, would you look at them, as

a lender, regardless of the constituent groups inside, and assess the school, which is a wonderful model of instructional vision that Mr. Jacobs and the founders are all about. What is the free and reduced meals for the HTH as a whole? From the lenders point of view, it is more the financial capabilities that you assess, or do you prioritize a school that would be say 90% poverty, versus 46% poverty.”

Amanda Wyatt confirmed the reduced meal rate was currently at 46%, and that this rate factored in to the financing consideration.

Given the aforementioned discussion regarding savings to the HTH organization, Ms. Johantgen noted that staff recommends approval of Resolution Number 20-10.

**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 Resolution Approving a Financial Soundness Determination for a Final Apportionment under the Charter School Facilities Program for Innovative Horizons Charter School located in Riverside County (Action Item)**

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Ryan Storey presented the item, noting that schools apply for apportionments under this program through the Office of Public School Construction (OPSC) while CSFA determines applicants’ financial soundness. OPSC confirms whether the apportionment is going to be awarded, with some schools securing their matching share through a lump sum contribution or demonstrating that they are financially capable of paying back a 30-year loan with the State. Innovative Horizons was awarded funds for new construction and rehabilitation of an existing district facility. As the projects are on different timelines, the school is applying for an advance and a final apportionment. As of this board meeting, the rehabilitation is staying as advanced, allowing the school to convert the remaining project to final. This is a lump sum project, with the funds already set aside from a district contribution.

Director Johantgen confirmed that the adjustment in the amount presented at the board meeting has been reviewed and approved by legal counsel Ravinder Kapoor, noting the next step is for the project is to go to the State Allocation Board to receive approval for its access to funding through the Program.

Board member Mireles had a question regarding the confirmation of available funds for the project. Mr. Storey provided requested funding amounts and details. Mr. Storey continued his presentation, providing additional financial details regarding the credit and project.

Thomas Dear detailed some revisions to be applied to the resolution prior to the board members’ vote.

No question from board members.

During the public comment period, David Tokofsky asked, "Why does a district apply for this program rather than the usual issuance of its own voter approved bond money? The overall cost of the school may be 40-50 million dollars, of which the school district is putting 30-50% and the OPSC applies a percent, and this program applies an additional percent. Is that correct?"

Director Johantgen confirmed districts' voter approved general obligation bond proceeds or funds on hand are used to meet the 50% match requirement of the project, with the state grant portion contributing the additional 50% of project costs. In this case, the school district is meeting the local match using cash on hand. She added that staff recommends approval of Resolution Number 20-11.

**Authority Action**

Motion to approve the Charter School Revolving Loan Fund Program recommendations and amounts for the school listed on the amended resolution.

MOTION: Mireles

SECOND: Miller

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

**Item #7: Public Comments**

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No public comments.

Treasurer Ma announced the Authority had two additional resolutions it wanted to present, one for Jose Franco for receiving his Masters in Business Administration from the Marshall School of Business at the University of Southern California. The second is for Ian Davis for his service to the CSFA. The Treasurer thanked both staff members for their contributions. Director Johantgen thanked Ian for his work and shared some of his history with the Authority.

Mr. Davis shared some words and was presented with a parting gift from his coworkers.

Meeting was adjourned.

**Item: Adjournment**

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