

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

November 12, 2020 - 11:00 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

Genevieve Jopanda, Chief of Staff, called the meeting to order at 11:15 a.m., due to technical and audio issues. Once resolved, the meeting commenced.

Item #1: Roll Call

Members Present: Genevieve Jopanda, Chief of Staff (LA Office)
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 (LA Office)
Katrina Johantgen, Executive Director (LA Office)
Ravinder Kapoor, Legal Counsel (Sacramento Office)
Thomas, Dear, Staff Service Manager II (Sacramento Office)
Shannon McEuen, Staff Service Manager I (Sacramento Office)
Robert Biegler, Program Lead (Via Microsoft Teams)
Jose Franco, Program Lead (Via Microsoft Teams)
Michael Pack, Associate Governmental Program Analyst (Sacramento Office)
Robert Rodriguez, Office Technician (Sacramento Office)

Genevieve welcomed those on the phone line to the California School Finance Authority Board (Board) meeting. Katrina Johantgen read the prompt regarding the teleconference line public participation.

Item #2: Approval of the October 29, 2020 Board Minutes (Action Item)

Genevieve introduced Item #2: Approval of the October 29, 2020 Board Minutes.

Authority Action

Motion to approve the minutes from the October 29, 2020 meeting. Robert Rodriguez called the roll.

MOTION: Miller

SECOND: Mireles

AYES: Mireles, Miller, Jopanda

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #3: Executive Director's Report

Executive Director Katrina Johantgen noted there has been progress in the TRAN Program, the K-14 program and Charter ASAP program, noting there has been 150 applications so far for the K14 program and nearly 250 applicants to the Charter ASAP Program. The K-14 application period closed on October 30, with an issuance planned in March 2021.

Charter School Facility Grant Program: The Authority is working through the 20-21 disbursements for schools, and are looking at a proration of about 93.36% for schools that are receiving funding for rent or lease costs. The team is working to get projections to the Department of Finance for the 20-21 funding round.

Conduit Bond and Note Program: Executive Director Johantgen noted that follow up information on the Everest Values item that had previously been approved by the board. She noted that both Lifeline charter and Equitas would be brought before the board today, with iLead and Santa Clarita Valley International coming to the December board meeting.

Credit Enhancement Program: We are currently preparing our annual report for the Feds on our 8.3 million dollar grant, which is due at the beginning of December. We are moving forward with the Feds in regards to the Charter ASAP applications, to ask for the entire 20 million dollar grant to enhance the Charter ASAP program.

Charter School Facilities Program (CSFP): The Authority is working on reviews, with two items coming to the Board in December and we expect a few more items at the following January board meeting.

Revolving Loan Program: The Authority will be bringing in eight applications under funding round A to the December Board meeting and are looking at some slight modifications to the program, and will be submitting the details to the State Treasurer's Office.

Incentives Program: The Authority is currently working through Round 14 and 15 disbursements, and continue to monitor new grant opportunities.

No questions from the Board or public.

Item #4: Resolution No. 20 – 36 – Authorizing the Approval of Agreements for Financial and Legal Services to Support the California School Finance Authority K-14 and Charter ASAP Programs: 1) Montague DeRose and Associates, LLC; 2) Nixon Peabody LLP; 3) Norton Rose and Fulbright US LLP; and 4) Orrick, Herrington and Sutcliffe LLP (Action Item)

Executive Director Johantgen noted this was the first time in her 20 years that contracts have been brought to the Board, noting the team has worked with the STO Public Finance division to make the appointments and enter into these contracts. She noted that, based on an existing delegation resolution, the Executive Director can enter into contracts on behalf of the Authority for up to \$300,000. She noted that, while we don't anticipate exceeding \$300,000 on the contracts before the board today, we wanted to guarantee we have the ability to pay these vendors. Executive Director Johantgen spoke to the details presented in the Board packet, providing details on vendor costs and projected par amounts, and how they aligned with current \$300,000 cap. She noted that if the Board approves the item, staff and STO legal will work with STO Business Services to execute these contracts. STO Legal had nothing to add. Board Member Juan Mireles asked what sources would be used to pay these fees. Executive Director Johantgen noted that some program startup costs will be paid from existing funds within CSFA, with additional fees being paid from note proceeds at the time of issuance.

Authority Action

Motion to approve the Authorizing the Approval of Agreements for Financial and Legal Services to Support the California School Finance Authority K-14 and Charter ASAP Programs: 1) Montague DeRose and Associates, LLC; 2) Nixon Peabody LLP; 3) Norton Rose and Fulbright US LLP; and 4) Orrick, Herrington and Sutcliffe LLP

MOTION: Miller

SECOND: Mireles

AYES: Mireles, Miller, Jopanda

NOES: NONE

ABSTAIN: NONE

Item # 5: Resolution No. 20 – 37 – Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$45,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by KIPP Promesa Prep & KIPP Pueblo Unido

This item was removed from the agenda

Item #6: Resolution No. 20 – 38 – Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$10,500,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by Lifeline Charter School, Inc., a California nonprofit public benefit corporation (the “Lessee”), for the operation of Lifeline Education Charter School, a charter school operated by the Lessee (Action Item)

Robert Biegler presented and introduced the financing team. John Solarczyk and Akshai Patel from RBC, the underwriter on the transaction, were present. Jessica Shaham from Kutak Rock, serving as bond counsel, was present. From Lifeline, the borrower, Paula DeGroat, their Executive Director, and Anthony Bridges, their financial manager were present. John Phan from Campanile Group, Inc., Lifeline’s Municipal Advisor will also present.

John Solarczyk from RBC presented an overview of recent construction projects and the school's financial status. Paula DeGroat then provided details about the school’s history, providing insight into the student’s trajectory and the school's philosophy. She spoke to the benefits of the new facilities and how the bond would allow them to build, and how it would allow them to increase their student body. John Solarczyk then presented the financial details of the bond and their projections for how the funds would be applied.

Jessica Shaham spoke about the lack of an obligated group structure for this item, noting it was just a single charter, it operates multiple campuses but is only one charter, with the bonds being secured by the revenue of the entire school, even though it's just one of the sites.

Gayle Miller had a question about this, clarifying they had multiple campuses, rather than sites. Jessica Shaham clarified the structure of the campuses for this single school. Robert Biegler offered additional insight into the multiple campus structure. John Phan provided details regarding the school's rating, noting they expected to confirm it by the end of the month.

Authority Action

Motion to approve the Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$10,500,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County for use by Lifeline Charter School, Inc., a California nonprofit public benefit corporation (the “Lessee”), for the operation of Lifeline Education Charter School, a charter school operated by the Lessee.

MOTION: Mireles

SECOND: Jopanda

AYES: Mireles, Jopanda

NOES: NONE

ABSTAIN: Miller abstained on this vote due to technical issues and not being able to hear the discussion regarding the item

RECUSE: NONE

MOTION APPROVED

Item #7: Resolution No. 20 – 39 – Authorizing a Loan to the Authority in an amount not to exceed \$32,000,000, the issuance by the Authority of a promissory note evidencing the obligations of the Authority in connection with such Loan, and a loan from the Authority to Pico Union Collective, to finance and refinance certain capital projects for Pico Union Collective relating to Equitas Academy #5, Equitas Academy #6, and Equitas Academy Charter School, Inc., in Los Angeles County, providing the terms and conditions for such loans and promissory note and other matters relating thereto, and authorizing the execution of certain documents in connection therewith (Action Item)

Robert Biegler presented and introduced the financing team. He introduced lender's counsel Eugene Clark Herrera from Orrick. Michelle Getz and Mark Wancer with the lender Equitable Facilities Fund were present. Maggie Ford, Chief Operating Officer from Equitas, and Malka Borrego, who is their founder and CEO were present. Shawn Yates was also present. Robert Bielger spoke to the nature of the relationship of CSFA and counsel on these EFF loans, asking if there were any questions about the structure. Michelle Getz presented an overview of the team and spoke to the loan details, and then handed it over to Maggie Ford, who presented info on the schools founding and history. She spoke to their school philosophy and enrollment details. Eugene Clark Herrera provided details on the structure of the transaction, providing financial details. Maggie Ford presented additional financial details about the school, including how the funding would be applied.

Juan Mireles had a question regarding a recent \$2.5 million loan disclosed in the staff summary, and how it had been used. Michelle Getz confirmed it was used to meet payroll and other expenses as necessary.

Authority Action

Motion to approve Authorizing a Loan to the Authority in an amount not to exceed \$32,000,000, the issuance by the Authority of a promissory note evidencing the obligations of the Authority in connection with such Loan, and a loan from the Authority to Pico Union Collective, to finance and refinance certain capital projects for Pico Union Collective relating to Equitas Academy #5, Equitas Academy #6, and Equitas Academy Charter School, Inc., in Los Angeles County, providing the terms and conditions for such loans and promissory note and other matters relating thereto, and authorizing the execution of certain documents in connection therewith.

MOTION: Mireles

SECOND: Miller

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #8: Resolution No. 20-40 - Approval of Financial Soundness Determination for Inspire School of Arts and Sciences, located in Butte County, for an Advance Apportionment through the Charter School Facilities Program (Action Item)

Item was remove from the Agenda and was not heard

Item #9: Public Comments

No public comments.

Item:# 10 Adjournment

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