

MINUTES

**CALIFORNIA SCHOOL FINANCE AUTHORITY
915 Capitol Mall, Conference Room 587
Sacramento, California 95814**

**300 S. Spring St, Suite 8500
(Large Conference Room)
Los Angeles, CA 90013**

March 25, 2021 - 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

Treasurer Fiona Ma, called the meeting to order at 10:36 a.m.

Item #1: Roll Call

Members Present: Fiona Ma, CPA, Treasurer (Via Microsoft Teams)
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction (Via Microsoft Teams)
Chris Ferguson, 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 (Via Microsoft Teams)
Thomas, Dear, Staff Service Manager II (Sacramento Office)
Shannon McEuen, Staff Service Manager I (Sacramento Office)
Robert Biegler, Program Lead (Via Microsoft Teams)
Robert Rodriguez, Office Technician (Sacramento Office)

Consultants Via Microsoft Teams:

Mark Kalpakgian, Chief Operating Officer, The Classical Academies
James Heath, Chief Financial Officer, The Classical Academies
Kerrigan Bennett, Shareholder, Stradling Yocca Carlson & Rauth
John Phan, Principal, Campanile Group, Inc.
John Snider, Managing Director, RBC Capital Markets
John Solarczyk, Managing Director, RBC Capital Markets
Sarah J. Kollman, Partner, Young & Minney & Corr, LLP
Cory Harris, Chief Financial Officer, KIPP Nor Cal
Adam Kaye, Director of Real Estate, KIPP Nor Cal
John Buck, President, Buck Financial Advisors LLC
Wendy Berry, Principal, Equitable Facilities Fund
Eugene Clark-Herrera, Partner, Orrick
Sean Yates, Associate, Orrick

Treasurer Ma welcomed those on the phone line to the California School Finance Authority (CSFA) Board (Board) meeting. Executive Director Katrina Johantgen read the prompt regarding the teleconference line and public participation.

Item #2: Approval of the February 25, 2020 Board Minutes (Action Item)

Treasurer Ma introduced Item #2: Approval of the February 25, 2021 Board Minutes. Treasurer Ma asked if there were any public comments and there were none.

Authority Action

Motion to approve the minutes from the February 25, 2021 meeting. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson
AYES: Mireles, Ferguson, Ma
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #3: Approval of the March 8, 2020 Board Minutes (Action Item)

Treasurer Ma introduced Item #3: Approval of the March 8, 2021 Board Minutes. Treasurer Ma asked if there were any public comments and there were none.

Authority Action

Motion to approve the minutes from the March 8, 2021 meeting. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson
AYES: Mireles, Ferguson, Ma
NOES: NONE
ABSTAIN: NONE
RECUSE: NONE

MOTION APPROVED.

Item #4: Executive Director's Report

K-14 and Charter ASAP Program: The K-14 State Aid Intercept Notes (SAIN) and Charter School ASAP program have priced, and the K-14 SAIN financing has closed. This program went into the markets on March 10, 2021 with \$237 million in notes. The A1 series sold at 14 basis points, the A2 (Taxable) at 22 basis points, and the series B at 20 basis points. The notes will assist 22 public schools and we are planning an April issuance. On March 17, 2021 the ASAP notes went into the market for a total of \$98.5 million. Those notes went out and were oversubscribed nearly three times, achieving a taxable rate of 26 basis points (interest cost only).

Charter School Facility Grant Program: The Authority is looking ahead to the 2021-22 funding round and working with finance on projections for the program. The Authority does not see the number of charters going up significantly but do see costs going up, so we are making sure we have adequate funding for the program. The Authority has disbursed over \$104,000,000 in the 2020-2021 funding round.

Conduit Financing Program: The Authority is bringing two financings to the board today for approval. The KIPP Bay Area loan, if approved today, has a very tight turnaround of March 31, 2021 closing date, and the Classical Academies which will price in April 2021 and close before the end of that month.

Credit Enhancement Program: The Authority does have capacity, under our long-term bond enhancement, with over a million dollars available to enhance financings. With our Project Acceleration Notes and Credit Enhancement Alternatives Overview (PANACEA) programs we are working with a number of lenders and small charters that need a smaller financing and shorter term than the long term financing.

Charter School Facilities Program: Michael Pack is working to bring a number of reviews to the board in the April - May time frame.

Revolving Loan Fund: The Authority is kicking off the 2021 Funding Round B with \$14.5 million available and applications due by the end of April 2021.

Incentives Grant Program: The Authority has brought an information item to the board regarding the round 15 alternates and are hoping to get those disbursements out by the end of March and get schools on a monthly disbursement by the beginning of April.

There were no public comments.

Treasurer Ma expressed her appreciation for the hard work of the Authority staff.

Item #5 – Resolution 21-07 - Authorizing the Issuance of Revenue Bonds in an amount not to exceed \$14,500,000 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 The Classical Academy, Inc. (Action Item)

Executive Director Katrina Johantgen presented and introduced the members of the financing team, including James Heath, Chief Executive Officer of Classical Academies, Mark

Kalpakgian, the Chief Operating Officer of Classical Academies, Kerrigan Bennet from Stradling Yocca Carlson & Rauth, John Phan, Principal from Campanile Group - the Financial Advisor to Classical, and underwriters John Snider and John Solarczyk, Managing Directors of RBC Capital Market. Executive Director Johantgen provided project details, referencing the provided presentation materials, and confirmed that staff was recommending approval of the financing.

Mr. Kalpakgian presented, providing an overview of the school's history and enrollment changes while referencing the provided presentation. Mr. Kalpakgain gave details on the school's academic programs and performance noting its strong online options resulted in increased enrollment since the pandemic began. John Phan presented next, offering details on the projects financing and time frame.

Board Member Mireles had a question about enrollment growth projections, and how the return to schools might affect the growth they have seen during the pandemic. Mr. Kalpakgian confirmed the school has been surveying new families who have enrolled, and these families indicated that 75% plan on remaining in school, and the school used this information to project enrollment accordingly. Board Member Mireles appreciated the response.

Authority Action

Motion to approve the authorizing the Issuance of Revenue Bonds in an amount not to exceed \$14,500,000 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 The Classical Academy, Inc.

MOTION: Mireles SECOND: Ferguson

AYES: Mireles, Ferguson, Ma

NOES: NONE

ABSTAIN: NONE

Item #6 – Resolution 21-08 – KIPP Bay Area (KBARE) loan. Authorizing a Loan to the Authority in an amount not to exceed \$16,000,000, 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 KIPP Esperanza High School in San Mateo 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 furnished an overview of the project and introduced the financing team, consisting of Corey Harris, Chief Financial Officer of KIPP Northern California, Adam Kay, Director of Real Estate for KIPP Northern California, John Buck, President of Buck Financial, KIPP's Financial Advisor, Wendy Berry, Principal from Equitable Facilities Fund, as well as Eugene Clark-Herrera, Partner and Sean Yates, Associate from Orrick. Mr. Harris presented providing details of the school's location, student enrollment, and academic performance. Mr. Harris also shared information regarding the financing plan and project timeline. Mr. Clark-Herrera presented next, providing an overview on the legal structure of the loan and how the partnership with Equitable Facilities Fund (EFF) would work. Mr. Buck offered additional insight into the rating, while Ms. Berry provided additional financial details of the project.

Authority Action

Motion to approve the authorizing a Loan to the Authority in an amount not to exceed \$16,000,000, 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 KIPP Esperanza High School in San Mateo 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: Ferguson

AYES: Mireles, Ferguson, Ma

NOES: NONE

ABSTAIN: NONE

Item #7: Public Comments

No public comments.

Item: Adjournment

There being no public comments, the Board adjourned the meeting at 11:14am.