

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

May 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 10:35 a.m.

Item #1: Roll Call

Members Present: Fiona Ma, CPA, Treasurer (Sacramento 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 (Via Microsoft Teams)
Thomas Dear, Staff Service Manager II (Sacramento Office)
Shannon McEuen, Staff Service Manager I (Sacramento Office)
Michael Pack, Program Lead (Via Microsoft Teams)
Robert Biegler, Program Lead (Via Microsoft Teams)
Elizabeth Mendez, Program Lead (Via Microsoft Teams)
Kristen Schunk, Program Lead (Via Microsoft Teams)
Robert Rodriguez, Office Technician (Sacramento Office)

Attendees Via Microsoft Teams:

- Saman Bravo-Karimi, Chief Business Officer, Bright Star Schools
- David Lauck, Chief Business Officer, Alliance College-Ready Public Schools
- Loreen Riley, Principal, Alliance Dr. Olga Mohan High School

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

Treasurer Ma invited public comment at the start of the meeting.

Sarah Kollman, Partner at Young, Minney & Corr, spoke to the board regarding Downtown College Prep El Camino and Downtown College Prep El Primero, both Charter School Facility Grant Program (SB740) applicants, being denied a combined \$1.2 million as a result of not receiving the necessary good standing certification from the schools' authorizer, San Jose Unified School District (SJUSD). Ms. Kollman claimed SJUSD was abusing their role and citing outdated school statistics when making their determination. Ms. Kollman outlined the efforts the two schools have made to comply with SJUSD requests but have been unable to remedy the issues. Ms. Kollman requested that the Authority determine both schools eligible in order to ensure these critical funds are not denied to the schools. Ms. Kollman requested that the appeal to overturn the schools' ineligibility be placed on the Authority's June meeting agenda.

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

Treasurer Ma introduced Item #2: Approval of the April 29, 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 April 29, 2021 meeting. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Miller

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

MOTION APPROVED.

Item #3: Executive Director's Report

Student Housing: The Authority is monitoring the May revision which includes a \$4 billion one-time General Fund appropriation to CSFA to administer a student housing grant program. The Authority is awaiting trailer bill language. The Authority also continues to monitor AB 1377 that would establish a revolving loan fund for student housing administered by the Authority.

K-14 and Charter ASAP Program: The Authority completed two cash flow issuances in March and April for the K-14 program as well as the Advances on State Aid Payments (ASAP) notes for charter schools.

Charter School Facility Grant Program: The Authority is working through and analyzing the data provided in the May Revise to ensure the Charter School Facility Grant Program (SB740) is fully funded and if not, what the oversubscription will look like. The Authority is focused on completing the 19-20 and 20-21 funding rounds for the program.

Conduit Financing Program: The Authority is in receipt of one application for Granada Hills that will be brought to the board in June 2021. Santa Rosa is expected to price in June and close in July. Santa Clarita Valley International is expected to price in July.

Credit Enhancement Program: The Authority is working with a few small banks on securing direct bank loans for charter schools and will be providing an update to the board soon.

Charter Access Bank Loan Enhancement Program: The Authority was able to move our \$10,000,000 reserve grant into the Surplus Money Investment Fund where it is earning interest at a higher rate than the trustee accounts.

Charter School Facilities Program: The Authority is looking at two reviews before the board today.

Revolving Loan Fund: The Authority will be bringing reviews and loan recommendations to the board in July 2021.

Incentives Grant Program: The Authority is working through Round 15 Alternate Awards and ensuring the program will be at zero dollars when the grant program closes on August 31, 2022.

Treasurer Ma asked if there were any public comments, and there were none.

Item #4 – Resolution No. 21–12 – Approval of Financial Soundness Determination for Rise Kohyang High School located in Los Angeles County for a Final Apportionment through the Charter School Facilities Program (Action Item)

Executive Director Katrina Johantgen introduced CSFA Program Lead, Michael Pack, and Saman Bravo-Karimi, Chief Business Officer for Bright Star Schools.

Mr. Bravo-Karimi presented details on Rise Kohyang High School's (RKHS) campus, enrollment and history. Mr. Bravo-Karimi detailed how the students, student's families, and the community would benefit from the additional funds outlined in the project, as well the nature of the charter augmentation bonds.

Board Member Mireles had an inquiry regarding the lump contribution of \$7.3 million included in the project, noting that Los Angeles Unified School District (LAUSD) had approved \$38 million. Board Member Mireles requested the team provide more detail on these figures. Mr. Pack responded, noting RKHS's intention is to have borrowed no more than necessary from the state, and has only requested approval for a financed amount of \$23.9 million. Mr. Pack stated the school will provide no less than \$7.3 million as a lump sum to allow the school to reach the 50% matching share. Mr. Pack continued to explain that by the time the project is completed, RKHS will have spent all of the LAUSD charter augmentation grant on the construction, and if the school determines they don't need the full 23.9 million, the school will borrow less from the Office of Public School Construction (OPSC), which OPSC has agreed.

Board Member Mireles appreciated the clarification.

Mr. Pack continued the presentation, offering additional project details including construction enhancements and the impact on future enrollment. He also spoke to the financial details of

the project, and confirmed the school met all eligibility benchmarks. Mr. Pack recommended that the board find RKHS financially sound for a Final Apportionment.

There were no questions from the board, or the public.

Authority Action

Motion to approve the Financial Soundness Determination for RKHS located in Los Angeles County for a Final Apportionment through the Charter School Facilities Program.

MOTION: Miller SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #5 - Resolution No. 21–13 - Approval of Financial Soundness Determination for Alliance Dr. Olga Mohan High School located in Los Angeles County for a Final Apportionment through the Charter School Facilities Program (Action Item)

Executive Director Katrina Johantgen provided details on the financial soundness review for Alliance Dr. Olga Mohan High School (DOMHS), outlining the steps the state needs to take when a charter school funded through the Charter School Facilities Program no longer needs a facility. She confirmed that Camino Nuevo High School has opted to close on June 30, 2021 and no longer needs the CSFP-funded facility. Executive Director Johantgen turned the presentation over to CSFA Program Leads, Michael Pack and Elizabeth Mendez.

Michael Pack introduced David Lauck, Chief Business Officer of Alliance College-Ready Public Schools, and Loreen Riley, Principal of Alliance Dr. Olga Mohan High School. Ms. Riley provided insight into the school’s location and history, detailing the impact the new site would have on Alliance’s efforts. Mr. Lauck then spoke regarding the school’s financial soundness and outlined the school’s conservative approach to their sustainable financial operation. Mr. Pack spoke next, offering background details on the project and the successor process involved. Mr. Pack detailed the financial history of the site and project and confirmed that LAUSD has verified Alliance DOMHS is in good standing and in compliance with the terms of this charter. Elizabeth Mendez spoke next providing details on the academic review the Authority conducted on Alliance DOMHS, confirming the school met the required benchmarks. Mr. Pack spoke again, providing details on the financial analysis of Alliance DOMHS and confirmed that staff recommended this school be found financially sound by the board.

Executive Director Johantgen added that the Authority had received information regarding the unionization of certain Alliance schools last week and confirmed, due to the speculative nature of this information, the Authority does not anticipate any effect on the school’s financial soundness. Mr. Lauck added Alliance was ready to adapt to any circumstances and make the necessary adjustments and didn’t anticipate any related issues given the schools strong fiscal position.

Board Member Mireles had a question regarding the financial soundness, asking to confirm if it was valid for one year. Executive Director Johantgen confirmed it was and noted the school had ample growth coverage which would ensure their financial soundness should not be effected.

Board Member Miller had a follow-up question regarding how the school planned on potentially covering increased salary expenses. Mr. Lauck confirmed the school would undergo a trade-off process internally as part of budgeting, noting Alliance had a similar issue recently when the school had to reevaluate their budget due to the pandemic. He also noted the possibility of trying to pay down their outstanding principal balance which would allow the school to reduce the ongoing annual debt service costs.

Board Member Miller confirmed this answered her question.

Treasurer Ma asked if there were any public comments, and there were none.

Authority Action

Motion to approve the Financial Soundness Determination for Alliance Dr. Olga Mohan High School located in Los Angeles County for a Final Apportionment through the Charter School Facilities Program.

MOTION: Miller SECOND: Mireles
AYES: Mireles, Miller, Ma
NOES: NONE
ABSTAIN: NONE

MOTION APPROVED.

Item #6 – Resolution No. 21–14 – Adoption of Proposed Regulations for the Charter School Revolving Loan Fund Program (CSRLFP) (Action Item)

Executive Director Katrina Johantgen introduced CSFA Program Lead, Kristen Schunk. Ms. Schunk confirmed the Authority was proposing regulation modifications to simplify the program oversubscription process as well as changes to application content to be more consistent with current practice. Ms. Schunk noted these changes would take effect for the fall funding round.

Treasurer Ma asked if there were any public comments, and there were none.

Authority Action

Motion to adopt the Proposed Regulations for the Charter School Revolving Loan Fund Program.

MOTION: Mireles SECOND: Miller
AYES: Mireles, Miller, Ma
NOES: NONE
ABSTAIN: NONE

MOTION APPROVED.

Item #7 – Resolution No. 21–15 - Approval to Extend Contract Agreement CSFA 01-19(A) for Financial Advisory Services (Action Item)

Executive Director Katrina Johantgen introduced CSFA Staff Services Manager I, Shannon McEuen. Ms. McEuen outlined the request for approval for extending the contract agreement with Montague DeRose and Associates for financial advisory services. Ms. McEuen confirmed

the Authority conducted a competitive bid for financial advisors in July 2019 and awarded one of three contracts to Montague DeRose and Associates in the amount of \$250,000 for a period of two years, with a one year extension option. The Authority engaged Montague DeRose and Associates to help develop the Authority's two TRAN programs, which expended contract funds more rapidly than planned, and as a result, the Authority is requesting to extend the contract term for one additional year for a total contract amount not to exceed \$400,000.

Treasurer Ma asked if there were any public comments, and there were none.

Authority Action

Motion to approve to Extend Contract Agreement CSFA 01-19(A) for Financial Advisory Services

MOTION: Miller SECOND: Mireles

AYES: Mireles, Miller, Ma

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #8: Public Comments

No public comments.

Item #9: Adjournment

There being no public comments, the Board adjourned the meeting at 11:39am.