

MINUTES

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

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

May 25, 2022 – 10:30 a.m.

Public Participation

Call-In Number: (877) 810-9415 – Participant Code: 6535126

OPEN SESSION

Item #1: Roll Call

Members: Audrey Noda, Deputy Treasurer (Sacramento office) - Present
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction (Sacramento office) – Present
Chris Ferguson, designee for Keely Martin Bosler, Director of Finance - (Sacramento office) Present

Staff Present: Katrina Johantgen, Executive Director (Sacramento Office)
Ravinder Kapoor, Legal Counsel (Via Microsoft Teams)
Robert Rodriguez, Office Technician (Sacramento Office)
Ryan Storey, Program Lead (LA Office)
Michael Pack, Program Lead (Via Microsoft Teams)
Elizabeth Mendez, Program Lead (Via Microsoft Teams)
Steven Theuring, Program Lead (Sacramento Office)

Attendees Via Microsoft Teams:

Joseph Benson, Executive Director, John Adams Academy
Cory Harris, CFO, KIPP Public Schools Northern California
Taylan Ekici, Managing Director of Real Estate and Facilities, KIPP Public Schools Northern California
John Buck, Financial Advisor, KIPP Public Schools Northern California
Eugene Clark-Herrera, Partner, Orrick Herrington & Sutcliffe
Karl Yoder, Managing Partner, Key Charter Advisors
Kerrigan Bennett, Shareholder, Stradling, Yocca, Carlson & Rauth
Guillermo Garcia, Managing Director, Stifel, Nicolaus & Company
Eva Pacheco, Executive Director, EJE Academies
Jim Bush, Consultant, EJE Academies
Kristina Parker, Alumni Counselor, EJE Academies

Deputy Treasurer Audrey Noda 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. Board Member Mireles was not able to join the meeting at the beginning, but communicated that he would arrive within a few minutes of the meeting's start.

The board meeting started at 10:40 a.m. after a few technical issues were resolved.

Item #2: Approval of the April 28, 2022 Board Minutes (Action Item)

Deputy Treasurer Audrey Noda introduced Item #2: Approval of the April 28, 2022 Board Minutes. Executive Director Katrina Johantgen noted that there had been minor changes made to the April 28, 2022 Board Meeting Minutes, noting they were typos that were corrected and that the updated version was posted to the Authority website. Deputy Treasurer Noda asked if there were any public comments and there were none.

Authority Action

Motion to approve the minutes from the April 28, 2022 meeting. Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Noda

AYES: Noda, Ferguson

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #3: Executive Director's Report

K-14 SAIN and Charter ASAP Program: The Authority has meetings planned with lawyers and bankers regarding our Note programs and are going to put forth a few statutory changes to the Authority's application that will enable us to have this Note program available in the event that there were state deferrals of state aid to school districts.

Charter School Facility Grant Program: Staff is currently looking at the May revise and the budget calls for a cost of living adjustment under this program of 6.56%, with a total program funding of \$184 million. Staff is currently finishing up the 2021/2022 and 2020/2021 funding rounds, and recently completed work on the 2019/2020 funding round.

Credit Enhancement Program: Staff is working down the balance of our \$20 million CharterAble program, with the Authority currently having a balance of about \$12 million.

CharterFine: The Authority is still working on our performance agreement with the U.S. Department of Education and are also planning for virtual site visits under that program. Staff is in the process of gathering the necessary data in order to conduct these virtual site visits, with plans to visit six different schools.

Revolving Loan Fund: The Authority has extended the deadline under our 2021 funding Round B to hopefully encourage more schools to apply and will be looking at some statutory changes to the program, as there is about \$20 million available.

Charter School Facilities Program: The Authority is bringing two financial soundness determinations before the board today and there is an actual funding round open currently with about \$100 million available, with applications due June 2, 2022.

Deputy Treasurer Noda asked if there were any questions from Board Members and the public. There were none.

Board member Mireles joined the board meeting during the Executive Director's report.

Item #4: Resolution No. 22-27 – Resolution Authorizing a loan to the Authority in an amount not to exceed \$34,000,000, 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 KBARE, to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities for KIPP Public Schools Northern California, relating to KIPP Stockton TK-12 and KIPP Stockton TK-8 in San Joaquin 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)

Executive Director Katrina Johantgen introduced the item and introduced lead analyst, Ryan Storey, Cory Harris, CFO at KIPP Public Schools Northern California, Taylan Ekici, Managing Director of Real Estate and Facilities at KIPP Public Schools Northern California, John Buck, Financial Advisor for KIPP Public Schools Northern California and Eugene Clark-Herrera, Partner at Orrick Herrington & Sutcliffe. Ryan Storey presented an overview of the item and passed the presentation to Corey Harris, who shared insight into Stockton Unified School District's student growth and the project's construction sites. Mr. Harris then provided details on the proposed facilities and the neighborhood they would be built in.

Executive Director Katrina Johantgen noted that the Authority had been working with the State Treasurer's Office legal team on modifying all of the indentured loan agreements to reflect the condition of funds being held in escrow. Board Member Mireles requested more information regarding the contingencies related to the project and Executive Director Johantgen and Mr. Harris provided an overview of the contingencies and timeline of approvals, with Board Member Mireles confirming his concern was addressed.

Deputy Treasurer Noda asked if there were any questions from Board Members and the public. There were none.

Authority Action

Motion to Approve the Authorizing a loan to the Authority in an amount not to exceed \$34,000,000, 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 KBARE, to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities for KIPP Public Schools Northern California, relating to KIPP Stockton TK-12 and KIPP Stockton TK-8 in San Joaquin 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. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson

AYES: Mireles, Ferguson, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #5: Resolution No. 22-28 – Resolution Of The California School Finance Authority Authorizing The Issuance Of Charter School Revenue Bonds In An Amount Not To Exceed \$28,000,000 To Refinance The Acquisition, Construction, Expansion, Rehabilitation, Renovation, Furnishing And Equipping Of Educational Facilities Located In Riverside County, California For Use By River Springs Charter School (Action Item)

Executive Director Katrina Johantgen introduced Karl Yoder, Managing Partner at Key Charter Advisors, Kerrigan Bennett, Shareholder at Stradling, Yocca, Carlson & Rauth and Guillermo Garcia, Managing Director at Stifel, Nicolaus & Company, and presented the history of the item, noting it was a continuation from the February 24, 2022 board meeting, giving additional context to the item, including sales restrictions and required bond criteria. Carl Yoder presented next, going over the complex nature of the Cinderella structure bond, confirming the school would be saving \$2 million with this option. Guillermo Garcia presented next and shared additional details regarding the bond structure and potential investor interest. Kerrigan Bennet presented last and shared information regarding bond restrictions.

Deputy Treasurer Noda asked if there were any questions from Board Members and the public. There were none.

Authority Action

Motion to Approve the Authorizing The Issuance Of Charter School Revenue Bonds In An Amount Not To Exceed \$28,000,000 To Refinance The Acquisition, Construction, Expansion, Rehabilitation, Renovation, Furnishing And Equipping Of Educational Facilities Located In Riverside County, California For Use By River Springs Charter School. Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #6: Resolution No. 22-29 – Approval of Financial Soundness Determination for EJE Elementary Academy Charter located in San Diego County for Final Apportionment through the Charter School Facilities Program (Action Item)

Program lead Michael Pack presented and introduced Eva Pacheco, Executive Director at EJE Academies, Jim Bush, Consultant at EJE Academies and Kristina Parker, Alumni Counselor, EJE Academies. Michael Pack noted that items #6 and #7 were related, but being treated as separate board items and provided a project overview, including details regarding the construction site and financial analysis. Michael Pack confirmed the project met all of the required thresholds and that staff was recommending approval of the item.

Board Member Mireles had a question regarding a delay in the project timeline, requesting clarification. Jim Bush responded, confirming the project involves two parts, the first to replace the school's portable classrooms, and the second to modernize the school, and as a result, have to be completed in this order, which caused the delay in the timeline.

Deputy Treasurer Noda asked if there were any questions from Board Members and the public. There were none.

Authority Action

Motion to Approving the Financial Soundness Determination for EJE Elementary Academy Charter located in San Diego County for Final Apportionment through the Charter School Facilities Program. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson

AYES: Ferguson, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #7: Resolution No. 22-30 – Approval of Financial Soundness Determination for EJE Middle Academy Charter located in San Diego County for Final Apportionment through the Charter School Facilities Program (Action Item)

Program lead Michael Pack presented and provided information regarding the construction site and confirmed that the school was in good standing with their school district. Michael Pack also shared insight regarding the school's academic standards and financial overview of the project. Michael Pack spoke about the benefits the funding would have on the students of both the elementary and middle schools, and confirmed staff was recommending approval of this item.

Eva Pacheco presented next shared details regarding the school's student demographics and the overall benefits the project would have on the school.

Kristina Parker spoke next, noting her appreciation for the board's consideration and the benefit the funding would have for the school's students.

Executive Director Katrina Johantgen confirmed that this is a financial soundness approval for final apportionment.

Board Member Mireles commented that he appreciated seeing this partnership between charter schools and school districts taking advantage of the Charter School Facilities Program.

Deputy Treasurer Noda asked if there were any questions from Board Members and the public. There were none.

Authority Action

Motion to Approving the Financial Soundness Determination for EJE Middle Academy Charter located in San Diego County for Final Apportionment through the Charter School Facilities Program. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson

AYES: Ferguson, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Deputy Treasurer Noda thanked the Authority staff for their work, and welcomed new staff member Mita Parikh.

Item #8: Public Comments

Deputy Treasurer Noda asked if there were any additional questions from the public on items not on the agenda. There were none.

Item #9: Adjournment

There being no public comments, the Board adjourned the meeting at 11:32 a.m.