

MINUTES

CALIFORNIA SCHOOL FINANCE AUTHORITY

Held via teleconferencing locations pursuant to
Government Code section 11133

July 25, 2022 – 11:04 a.m.

Public Participation

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

OPEN SESSION

Item #1: Roll Call

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

Staff Present: Katrina Johantgen, Executive Director (Los Angeles Office)
Mita Parikh, Staff Services Manager I (Sacramento Office)
Jennifer Baldwin, Legal Counsel (Via Microsoft Teams)
Robert Rodriguez, Office Technician (Sacramento Office)
Daniel Madrid, Office Technician (Los Angeles)
Jeff Martin, Program Lead (Via Microsoft Teams)
Elizabeth Mendez, Program Lead (Los Angeles)
Ryan Storey, Program Lead (Los Angeles)
Robert Biegler, Program Lead (Los Angeles)

Attendees Via Microsoft Teams:

Dr. Jacqueline Elliott, President & CEO, PUC National
John Buck, Principal, Buck Financial Advisors
Sean Yates, Managing Associate, Orrick, Herrington & Sutcliffe
Eugene Clark-Herrera, Partner, Orrick, Herrington & Sutcliffe
Victor Guzman, Director of Facilities, Maintenance and Operations,
Innovative Horizons Charter School

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.

Item #2: Approval of the June 20, 2022 Board Minutes (Action Item)

Deputy Treasurer Audrey Noda introduced Item #2: Approval of the June 20, 2022 Board Minutes. Deputy Treasurer Noda asked if there were any public comments and there were none.

Authority Action

Motion to approve the minutes from the June 20, 2022 meeting. Robert Rodriguez called the roll.

MOTION: Miller SECOND: Mireles

AYES: Noda, Miller, Mireles

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #3: Executive Director's Report

Charter School Facility Grant Program: The Authority is currently reviewing applications from the 2022/2023 funding round. The appropriation from the Governor's budget totals \$184 million for this program, which is a \$30 million augmentation designated for other costs and a cost of living adjustment of 6.56%. Staff will be presenting this program's annual report at this board meeting.

Conduit Financing Program: The Authority is bringing Partnerships To Uplift Communities Valley to the board for approval today, with the other Conduit items for Hawking STEAM Charter Schools, Lighthouse Community Public Schools and Aspen Public Schools items to be held over until we have the necessary issuer's counsel.

Credit Enhancement: The Authority just completed a week long virtual site visit with representatives from the U.S. Department of Education as well as consulting firms and financing teams, with school representatives presenting school details and the merits of the Credit Enhancement program.

Charter School Facilities Program: The Authority is currently in a funding round with the Office of Public School Construction (OPSC). Staff is currently reconciling all of the applications with OPSC to ensure the applicants were on time and working with them to identify any filing or technical issues.

Revolving Loan Fund Program: The Authority is bringing one approval before the board today.

State Charter School Facilities Incentive Grants Program: This program will sunset in August of 2022, but staff has through September of 2022 to disburse funds.

Executive Director Johantgen noted that the Authority is embarking on program audit with the State Auditor pursuant to a Joint Legislative Audit Committee vote on June 27, 2022 for both the Charter School Facility Grant Program (SB740) and the Conduit Financing programs.

Deputy Treasurer Noda asked if there were any questions from Board Members and Board Member Mireles asked how late applications are processed for the Charter School Facility Grant Program (SB740). Executive Director Johantgen confirmed that late applications are held until the end of the Authority's true up work, as there may be funds available.

Item #4: Presentation of the Charter School Facility Grant Program 2020-21 Funding Round Annual Report (Information Item)

Program lead Jeffery Martin presented, and introduced program lead Elizabeth Mendez who presented the second part of the Annual Report.. Jeffery then presented details on the program requirements and shared highlights from the 2020/2021 funding round. Jeffery also presented information regarding the average award per applicant and a funding breakdown by county. Elizabeth presented next and gave an overview of the related party conflict of interest vetting, oversubscription details and the staff's conclusions. Jeffery then shared some information regarding the delay in reporting, the close out process for the funding round and confirmed the report had been posted to the Authority website.

Deputy Treasurer Noda had a question regarding the number of limited liability companies (LLC) and charter management organizations that were included in the new provision. Jeffery confirmed that 33% of the awardees were either an LLC or a charter management organization, noting they were able to meet all of the necessary requirements.

Items #5 - #10 were removed from the board meeting.

Item #11: Resolution No. 22-40 – Resolution of the California School Finance Authority Authorizing A Loan To The Authority In An Amount Not To Exceed \$26,000,000, 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 Tri-Lake Charter School Properties, LLC, A California Limited Liability Company, To Refinance A Project At Educational Facilities Located In Los Angeles County For Use By Partnerships To Uplift Communities Valley, 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)

Program lead Robert Biegler presented and provided an overview of the item, noting that the Authority was able to retain the Attorney General's counsel as issuer's counsel on this financing, which allowed staff to bring the item before the board today. Robert also noted that this is an Extended Fund Facility (EFF) loan, which has its own evaluation and approval process that was successfully completed prior to the item being brought to the board. Robert introduced Dr. Elliott, President & CEO at PUC National, John Buck, Principal at Buck Financial Advisors, Eugene Clark-Herrera, Partner at Orrick, Herrington & Sutcliffe and Sean Yates, Managing Associate at Orrick, Herrington & Sutcliffe

Dr. Elliot presented next and shared details regarding the school's history and challenges they've faced serving. Dr.. Elliott also provided insight into the way the school would benefit from the facility refinancing before passing the presentation to John Buck. Mr. Buck provided a financial overview of the item and calculated projections for the project. Mr. Biegler shared that once this facility is potentially refinanced, there is a \$1.5 million Credit Enhancement award attached to the original 2014 bonds the school received that will return to the Authority and can be used elsewhere. Robert also noted it was a pleasure to work with the school and it's

financing team on this project. Eugene Clark-Herrera then presented details regarding the item’s closing process and confirmed it was expected to be a quick process. Sean Yates confirmed that the item was scheduled to close in August 2022.

Authority Action

Motion to Approve the authorization of a Loan To The Authority In An Amount Not To Exceed \$26,000,000, 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 Tri-Lake Charter School Properties, LLC, A California Limited Liability Company, To Refinance A Project At Educational Facilities Located In Los Angeles County For Use By Partnerships To Uplift Communities Valley, 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: Miller SECOND: Mireles

AYES: Miller, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #12 was removed from the board meeting.

Item #13: Resolution No. 22-42 – Approval of Financial Soundness Determination for Natomas Pacific Pathways Prep (“NP3”) Elementary located in Sacramento County for Final Apportionment through the Charter School Facilities Program (Action Item)

Program Lead Ryan Storey presented and shared an overview of the project and details about the existing Natomas Pacific Pathways Prep campus. Ryan then provided insight into the school’s student demographics and academic performance, and confirmed the school was currently in good standing with it’s authorizer.

Deputy Treasurer Noda asked if there were any additional questions from board members or the public. There were none.

Authority Action

Motion to Approve the Financial Soundness Determination for Natomas Pacific Pathways Prep (“NP3”) Elementary located in Sacramento County for Final Apportionment through the Charter School Facilities Program. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Miller

AYES: Miller, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #14: Resolution No. 22-43 – Approval of Financial Soundness Determination for Innovative Horizons Charter (at Nan Sanders) – located in Riverside County for Final Apportionment through the Charter School Facilities Program (Action Item)

Executive Director Katrina Johantgen presented and introduced Victor Guzman, Director of Facilities, Maintenance and Operations at Innovative Horizons Charter School. Executive Director Johantgen then presented an overview of the item and confirmed the school met all eligibility criteria. Executive Director Johantgen also shared details of the construction enhancements that would take place and noted that the school was in compliance with the terms of their charter.

Deputy Treasurer Noda asked if there were any additional questions from board members or the public. There were none.

Authority Action

Motion to Approve the Financial Soundness Determination for Innovative Horizons Charter (at Nan Sanders) – located in Riverside County for Final Apportionment through the Charter School Facilities Program. Robert Rodriguez called the roll.

MOTION: Miller SECOND: Mireles

AYES: Miller, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #15: Resolution No. 22-44 – Approval of a Charter School Revolving Loan Fund Program Loan in an amount not to exceed \$250,000 for Phoenix Charter Academy College View of Shasta County located in Shasta County (Action Item)

Executive Director Katrina Johantgen presented, providing an overview of the item and confirmed the school met all eligibility criteria. Executive Director Johantgen confirmed the facility had been secured, or is in the process of being secured and the student population was deemed representative of the demographic in this school's proposed location.

Board Member Mireles asked a question regarding the loan amount, asking why it was \$250,000 rather than \$500,000. Executive Director Johantgen confirmed the school was currently only able to request \$250,000, noting the Authority was working on getting this increased to \$500,000.

Deputy Treasurer Noda asked if there were any additional questions from board members or the public. There were none.

Authority Action

Motion to Approve the Charter School Revolving Loan Fund Program Loan in an amount not to exceed \$250,000 for Phoenix Charter Academy College View of Shasta County located in Shasta County. Robert Rodriguez called the roll.

MOTION: Miller SECOND: Mireles

AYES: Miller, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #16: 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 #17: Adjournment

There being no public comments, the Board adjourned the meeting at 11:55 a.m.