

MINUTES

CALIFORNIA SCHOOL FINANCE AUTHORITY

Held via teleconferencing locations pursuant to
Government Code section 11133

October 24, 2022 – 10:32 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) - Present
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction (Via Microsoft Teams) – Present
Chris Ferguson, designee for Joe Stephenshaw, Director of Finance - (Via Microsoft Teams) Present

Staff Present: Katrina Johantgen, Executive Director (Sacramento)
Theodore (Ted) Ballmer, Legal Counsel (Via Microsoft Teams)
Robert Rodriguez, Office Technician (Sacramento)
Michael Pack, Program Lead (Via Microsoft Teams)
Ryan Storey, Program Lead (Los Angeles)

Attendees

Via Microsoft Teams: Brent A. Daniels, CEO/Superintendent, Leadership Public Schools
Nicolas Romano, Project Consultant, Leadership Public Schools

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 September 29, 2022 Board Minutes (Action Item)

Deputy Treasurer, Audrey Noda, introduced Item #2: Approval of the September 29, 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 September 29, 2022, meeting. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson

AYES: Ferguson, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

RECUSE: NONE

MOTION APPROVED.

Item #3: Executive Director's Report

Charter School Facility Grant Program: The Authority is actively vetting 2022-23 leases, and staff has submitted a legal status questionnaire to the Executive Office regarding civil or criminal disclosures that could impact a school's program eligibility. Under the 2021-22 funding round, 393 disbursements have been executed and sent to accounting for processing. There are a number of schools that owe funds back to the Program, and once the Authority receives those funds, a fourth disbursement memo will be executed to all eligible schools from remaining funds. Staff is also getting an email out this week to schools regarding the \$30 million augmentation to the program that allows the Authority to pay out other costs and the Authority will be providing guidance on eligible other costs.

Conduit Financing Program: The Authority does not have any Conduit Bond financing applications on today's agenda, which is likely a function of where interest rates are, as staff has seen a reduction in conduit financing applications.

Credit Enhancement: The Authority is working on a program agreement for Charter FinE and those regulations were brought to the Board in September 2022. Staff will be working with the U.S. Department Education on a performance agreement, as well as working through regulations with the Office of Administrative Law, which will enable the Authority to disperse those funds.

Charter School Facilities Program: Staff will be presenting two items from this program today. The first will be a financial soundness review for final apportionment for Leadership Public Schools, and the second will be a review of seven schools for preliminary and advance apportionments under an extraordinary funding round.

Revolving Loan Fund Program: Staff will be presenting an annual report as an information item today. Staff had previously provided this report to the Department of Finance and the Legislative Analyst Office by October 1, as required under that program statute.

State Charter School Facilities Incentive Grants Program: The Authority will be closing out the program at the end of this month.

Other: The Authority is working with the state auditor on an audit of the conduit program as well as the SB740 program.

Pursuant to AB 190, the Authority along with the California Educational Financing Authority, received a \$1.8 billion student housing revolving loan fund program. The appropriations for the program will be brought to the Legislature in 2023-24 and 2024-25.

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

Item #4: Presentation of the Charter School Revolving Loan Fund Program 2021-22 Annual Report (Information Item)

Executive Director Katrina Johantgen presented, describing the Revolving Loan Fund program and how it functions. Executive Director Johantgen noted that this program has experienced a 94% decline in applications since the 2013-14 funding round, as this program is designed to serve schools that have yet to open and fewer charter schools have been opening. The Authority is currently working with the Department of Finance to potentially expand program eligibility and increase the loan amount, which would expand opportunities for this very cost-effective program. Executive Director Johantgen confirmed that a copy of this report, including financial reports and audits, is available on the Authority's website.

Deputy Treasurer Noda asked if there were any additional questions from Board Members or the public on this item. There were none.

Item #5: Presentation of the California School Finance Authority's Annual Audit (Information Item)

Executive Director Katrina Johantgen presented and confirmed the audit deadline was met with the help of the auditing firm Gilbert and Associates. Executive Director Johantgen noted there was a finding related to conversion entries on our note programs that needs to be corrected for next year's audit. Executive Director Johantgen confirmed that the insight gained from this finding will help ensure conversion entries are completed, should the Authority need to issue the notes again in the future.

Deputy Treasurer Noda asked if there were any additional questions from Board Members or the public on this item. There were none.

Item #6: Resolution No. 22-49 – Approval of Financial Soundness Determination for Leadership Public Schools - Hayward located in Alameda County for Final Apportionment through the Charter School Facilities Program. (Action Item)

Program Lead Michael Pack presented and introduced Brent A. Daniels, CEO and Superintendent at Leadership Public Schools and Nicolas Romano, Project Consultant at Leadership Public Schools. Mr. Pack provided an overview of the item, including enrollment statistics, debt service coverage and confirmed there were no issues raised by their legal status questionnaire. Mr. Pack shared details regarding the campus rehabilitation and new construction as well as student academic performance. Finally, Mr. Pack discussed the school's financial sustainability, student growth and teacher to student ratio, noting they were all within the required parameters. Mr. Daniels noted that this project would enhance the school's instructional program for students and families and will help the school focus on helping students find career opportunities.

Deputy Treasurer Noda asked if there were any additional questions from Board Members or the public on this item. There were none.

Authority Action

Motion to Approve the Financial Soundness Determination for Leadership Public Schools - Hayward located in Alameda County for Final Apportionment through the Charter School Facilities Program.

Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson

AYES: Mireles, Ferguson, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #7: Resolution No. 22-50 - Approving Financially Sound Determinations for the 2022 Filing Round Charter School Facilities Program Applicants as Listed in Exhibit A for purposes of Preliminary and Advance Apportionments (Action Item)

Program Lead Michael Pack presented the outline of funds that had been repaid to the Charter School Facilities Program (CSFP) program over the last 10 years from outstanding loans and projects that were initially approved but had since rescinded their funding allocation. Mr. Pack confirmed that the Authority has worked with the Office of Public School Construction (OPSC) to determine that 2022 was an ideal opportunity to start redistributing some of these funds. Mr. Pack noted that this would be a filing round, as opposed to a funding round, as the state is reusing available capital, rather than necessarily allocating new funds and Mr. Pack confirmed that today's item reflected the first 13 of 33 projects that applied for this filing round. Mr. Pack verified that the Authority has performed the standard financial soundness for these projects and added that he would be presenting preliminary and advance apportionment approvals for these projects. Mr. Pack discussed the criteria requirements for eligibility and the documentation each school submitted for these preliminary approvals and added that if the item was approved by the board, OPSC would present these projects to the State Allocation Board later in the week. Mr. Pack referred to the presentation materials provided to board members and noted he would be providing a top level overview of the 13 schools included in the project, which included Natomas Charter School, Education for Change; On behalf of Cox Academy, Magnolia Science Academy 5, San Diego Unified; On behalf of King Chavez Academy of Excellence, California Montessori Project – Capitol Campus, Pacific Community Charter, Gilroy Prep, California Montessori Project – San Juan Campus and Tree of Life International Charter. Mr. Pack presented details for each listed project, including the history of the school, their projected financial details, the school's eligibility status and financial benchmarks.

When presenting data for Natomas Charter School, Board Member Mireles asked if the item was contingent upon the district electing to pursue the intercept method. Mr. Pack confirmed this was true.

When presenting data for California Montessori Project – San Juan Campus, Executive Director Johantgen asked if a district level board meeting was required to release the funds. Ryan Storey noted that this was true, adding that before certifying through the State Allocation Board, the Authority will seek a district pledge and an official letter form the district to accompany the text of the local measure.

Deputy Treasurer Noda asked if there were any additional questions from Board Members or the public on this item. There were none.

Authority Action

Motion to Approve the Financially Sound Determinations for the 2022 Filing Round Charter School Facilities Program Applicants as Listed in Exhibit A for purposes of Preliminary and Advance Apportionments.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Noda
NOES: NONE
ABSTAIN: NONE

MOTION APPROVED

Item #8: Resolution No. 22-51 – Approval to Amend Interagency Contract Agreement CSFA02-19 Amendment 2 (with the State Treasurer’s Office as Agent for Sale) for the amendment amount of \$462,511. (Action Item)

Executive Director Katrina Johantgen presented and noted that due to two items being removed from the agenda, this item was initially listed as resolution number 22-53, but would be updated to 22-51, which legal counsel Ted Ballmer confirmed was acceptable. Johantgen confirmed that the state’s Public Finance Division serves as an agent for sales on all debt that’s issued through the Authority. Director Johantgen noted that due to recent record-breaking debt issuance for the Authority, a previous amendment was brought to the board to increase the program’s not-to-exceed amount of \$300,000 to \$351,600, and now is bringing a second amendment to increase it further to \$462,511, which would run through the term of December 31, 2023. Director Johantgen confirmed that staff has already begun coordinating with the Business Services division on this amendment to be effectuated, should the board vote to approve the item.

Deputy Treasurer Noda asked if there were any additional questions from Board Members or the public on this item. There were none.

Authority Action

Motion to Approve the Amend Interagency Contract Agreement CSFA02-19 Amendment 2 (with the State Treasurer’s Office as Agent for Sale) for the amendment amount of \$462,511.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Noda

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED

Item #9: 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 #10: Adjournment

There being no public comments, the Board adjourned the meeting at 11:15 a.m.