#### **MINUTES**

#### CALIFORNIA SCHOOL FINANCE AUTHORITY

## Held via teleconferencing locations pursuant to Government Code section 11133

December 15, 2022 - 10:35 a.m.

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

#### **OPEN SESSION**

#### Item #1: Roll Call

Members: Fiona Ma, Treasurer - Present

Juan Mireles, designee for Tony Thurmond, Superintendent of Public

Instruction – Present

Chris Ferguson, designee for Joe Stephenshaw, Director of Finance -

Present

Staff Present: Katrina Johantgen, Executive Director (Sacramento)

Mita Parikh, Staff Services Manager (Sacramento) Theodore (Ted) Ballmer, Legal Counsel (Sacramento) Robert Rodriguez, Office Technician (Sacramento)

Michael Pack, Program Lead (Sacramento) Ryan Storey, Program Lead (Sacramento) Robert Biegler, Program Lead (Los Angeles)

#### **Attendees**

Via Microsoft Teams: Kyle Sayler, CFO, KIPP SoCal Public Schools

John Buck, Principal, Buck Financial Advisors Marc Bauer, Partner, Orrick, Herrington & Sutcliffe

Marla Weston, Deputy Attorney General, Department of Justice

Karl Yoder, Managing Partner, Key Charter Advisors

Kerrigan Bennett, Shareholder, Stradling, Yocca, Carlson & Rauth Guillermo Garcia, Managing Director, Stifel, Nicolaus & Company Michael Wimbish, CFO, Aspire Berkeley Maynard Academy

Ben Rodriguez, Consultant, St. Hope Public School Cassandra Jennings, Chair, St. Hope Public School

Ted Reiterman, Chief Financial Officer, St. Hope Public School

Lisa Ruda, Chief of Schools at St. Hope Public Schools

Brent Daniels, Superintendent at Leadership Public Schools Oakland

Treasurer Fiona 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.

## Item #2: Approval of the October 24, 2022 Board Minutes (Action Item)

Treasurer, Fiona Ma, introduced Item #2: Approval of the October 24, 2022, Board Minutes. Treasurer Ma asked if there were any public comments and there were none.

#### **Authority Action**

Motion to approve the minutes from the October 24, 2022, meeting. Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Ferguson

AYES: Ferguson, Mireles, Ma

NOES: NONE ABSTAIN: NONE RECUSE: NONE

MOTION APPROVED.

#### Item #3: Executive Director's Report

<u>Charter School Facility Grant Program</u>: The Authority has completed reviews for Free or Reduced-Price Meals, Legal Status Questionnaire and good standing certification for the current funding round and is currently in the process of completing peer reviews for this program. Once the process is complete staff will be sending over 420 disbursement memos to the State Treasurer's Office accounting department and are currently working with them to process these memos more effectively.

<u>Conduit Financing Program:</u> The Authority is bringing two restructurings and one new financing before the Board today and staff is currently working with Authority trustees on bond balances for the annual audit, which is due by March 31st, 2023.

<u>Credit Enhancement</u>: The Charter ABLE program currently has a balance, giving the Authority funds to commit to the program. Staff is presenting a set of regulations for the Charter FinE program today and is working to finalize a performance agreement with the United States Department of Education in order to release those funds.

Revolving Loan Fund Program: Authority staff is currently looking to optimize this program to get additional funds out to schools and increase the loan amount from \$250,000 to \$500,000. There has been a decline in application numbers for the program related to new charter schools not opening, so steps are being taken to optimize how this program operates.

<u>State Charter School Facilities Incentive Grants Program</u>: The Authority is working towards submitting a closeout report to the United States Department of Education by March 2023. The Authority is also in the middle of a Joint Legislative Audit Committee audit, with staff pulling data discovery requests as necessary, and expects the audit to be published in March 2024.

Executive Director Katrina Johantgen also welcomed new Authority staff member Linda Doan to the team.

Treasurer Fiona Ma inquired about the interest rate on the Revolving Loan Fund program and Executive Director Johantgen confirmed that it was pooled money. Treasurer Ma asked to confirm that the program was prioritized for new schools and Executive Director Johantgen confirmed it was, providing some background information on the program.

Treasurer Ma asked about the Tax Revenue Anticipation Note program inquiring if it would similarly experience issues related to a deficit in school's opening moving forward. Executive Director Johantgen confirmed that the Authority worked closely with the Department of Finance on creating the program structure and have discussed options to ensure the funds would ultimately be available to schools.

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

Item #4: Resolution No. 22-52 - Resolution of the California School Finance Authority Authorizing Amendments to an Indenture and Loan Agreement Relating to its School Facility Revenue Bonds (KIPP SoCal Projects) Series 2020A to Amend the Project description by adding a New Educational Facility located in Los Angeles County, California for use by KIPP SoCal Public Schools (Action Item)

Executive Director Katrina Johantgen presented and introduced Kyle Sayler, CFO at KIPP SoCal Public Schools, John Buck, Principal at Buck Financial Advisors, Marc Bauer, Partner at Orrick, Herrington & Sutcliffe and Marla Weston, Deputy Attorney General at the Department of Justice. Executive Director Johantgen confirmed that this item had been previously brought to the Board, but due to the possibility of legal action against the project, the school decided to not move forward with this particular site and are now looking to repurpose \$29 million in bond proceeds that had been escrowed until the legal issues had been resolved. At this time, the school would like to repurpose these tax-exempt bond proceeds for the projects outlined in the staff summary. Executive Director Johantgen noted that if this item is approved by the board, a new bond indenture would be executed and an amended loan agreement would be generated to change the definition of the project.

Marc Bauer presented next and confirmed the changes would only affect the project definition and that bondholder consent was not required for this type of change.

Board Member Mireles asked to confirm the school would not be moving forward with the original project related to KIPP Pueblo Unido site. Kyle Salyer confirmed the school as not moving forward with it and provided insight into the school's decision. Board Member Mireles had a follow up question regarding project costs remaining the same, even though more classrooms were being built. Kyle Salyer confirmed that the figures listed were not related to the actual cost of the projects, but rather how the school intended to distribute the bond proceeds across the new project.

Treasurer Ma 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 Authorizing Amendments to an Indenture and Loan Agreement Relating to its School Facility Revenue Bonds (KIPP SoCal Projects) Series 2020A to Amend the Project description by adding a New Educational Facility located in Los Angeles County, California for use by KIPP SoCal Public Schools.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Mireles, Ferguson, Ma

NOES: NONE ABSTAIN: NONE

**MOTION APPROVED** 

Item #5: Resolution No. 22-53 - Resolution of the California School Finance Authority authorizing the execution and delivery of an Amended and Restated Loan Agreement and an Amended and Restated Indenture in connection with its outstanding Educational Facilities Revenue Bonds (River Springs Charter School), Series 2017A to substitute the borrower and to provide for the new borrower to lease the financed facilities in Riverside County, California to River Springs Charter School (Action Item)

Executive Director Katrina Johantgen presented and 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. Executive Director Johantgen confirmed that the school had been issued about \$24 million in 2017 and are now seeking a modification to the indenture and the loan agreement under that financing to change the borrower, with the new borrower being River Springs Facilities. This new borrower will enter a new lease agreement with River Springs Charter School. Executive Director Johantgen confirmed that a number of the River Springs Charter School locations are now classified as classroom-based, and they are changing the borrower because they now have Charter School Facility Grant Program (SB740) eligibility and would like to access those funds.

Kerrigan Bennett presented next and confirmed that bondholder consent was required for this change and noted that there was a 95% expectation for the aggregate paramount of the bonds to be subject to approval.

Karl Yoder noted that because the school will be eligible for SB740 grant revenues, the amount of revenues available would be increased, giving the school a slight credit advantage. Guillermo Garcia added that upon board approval, the final consent request would be presented to the involved investors and expects to receive a prompt approval.

Treasurer Ma 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 Authorizing the execution and delivery of an Amended and Restated Loan Agreement and an Amended and Restated Indenture in connection with its outstanding Educational Facilities Revenue Bonds (River Springs Charter School), Series 2017A to substitute the borrower and to provide for the new borrower to lease the financed facilities in Riverside County, California to River Springs Charter School.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Mireles, Ferguson, Ma

NOES: NONE ABSTAIN: NONE

#### MOTION APPROVED

Item #6: No. 22-54 - Resolution of the California School Finance Authority Authorizing the Issuance of Revenue Bonds in An Amount Not to Exceed \$6,500,000 To Finance And/or Refinance the Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing and Equipping of Educational Facilities Located in Riverside County for Use by River Springs Charter School (Action Item)

Program Lead, Robert Biegler, presented, noting that an updated staff summary and resolution had been provided to board members and provided an overview of the item. Robert Biegler then introduced Karl Yoder, Managing Partner at Key Charter Advisors and Guillermo Garcia, Managing Director at Stifel, Nicolaus & Company.

Karl Yoder presented next and discussed the nature of the taxable bonds and savings the school projected based on the approval of this item. Guillermo Garcia presented next and spoke about the bond restructuring efforts and confirmed that in the event the investors were replaced, the underwriter discount would remain the same.

Robert Biegler noted that this was the first Conduit Bond item to focus primarily on solar energy upgrades and Karl Yoder confirmed the school would save \$2 million over 25 years with this upgrade in place.

Board Member Mireles inquired if the school would retain ownership of the solar equipment even though the facilities were being leased. Karl Yoder confirmed they would.

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

#### **Authority Action**

Motion to Approve Authorizing the Issuance of Revenue Bonds in An Amount Not to Exceed \$6,500,000 To Finance And/or Refinance the Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing and Equipping of Educational Facilities Located in Riverside County for Use by River Springs Charter School.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Mireles, Ferguson, Ma

NOES: NONE ABSTAIN: NONE

#### MOTION APPROVED

Item #7: Resolution No. 22-55 - Approval of Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for Aspire Public Schools on behalf of Aspire Berkeley Maynard Academy located in Alameda County (Action Item)

Program Lead, Michael Pack, presented and introduced Michael Wimbish, CFO at Aspire Berkeley Maynard Academy. Michael Pack then presented his review of the rehabilitation project including project history the financial timeline. Michael. Pack also discussed student academic performance, demographic data and confirmed the school met all eligibility requirements. Michael. Pack then presented the school's financial data and noted that staff was recommending approval for this item.

Michael Wimbish added that the school had a long-term lease agreement in place with the school district that would go into effect upon completion of the project.

Executive Director Katrina Johantgen asked a question regarding the lease with the Los Angeles Unified School District and whether it had been executed. Michael Wimbish confirmed it had been executed and would go into effect once the project was completed.

Treasurer Ma 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 of Final Apportionment through the Charter School Facilities Program for Aspire Public Schools on behalf of Aspire Berkeley Maynard Academy located in Alameda County.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE ABSTAIN: NONE

MOTION APPROVED

Item #8: Resolution No. 22-56 - Approval of Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for St. Hope Public Schools on behalf of St. Hope Public School #7 located in Sacramento County (Action Item)

Staff Services Manager, Mita Parikh, presented and introduced Ben Rodriguez, Consultant at St. Hope Public School, Cassandra Jennings, Chair at St. Hope Public School, Lisa Ruda, Chief of Schools at St. Hope Public Schools and Ted Reiterman, Chief Financial Officer at St. Hope Public School. Mita Parikh presented her review, including details on student demographic and attendance, before confirming the school met all eligibility requirements. Mita Parikh then discussed the school's academic performance, debt service coverage and operational revenue, and confirmed that staff was recommending approval of the item. Ben Rodriguez presented an overview of the project, providing details on the modernization process and overall construction.

Board Member Mireles had a question regarding the projected enrollment growth and if the school would have the necessary capacity to accommodate it. Cassandra Jennings responded and confirmed that the school had worked closely with the California Department of Education to generate the figures and provided additional insight into how their multiple campuses would accommodate this growth.

Treasurer Ma 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 of Final Apportionment through the Charter School Facilities Program for St. Hope Public Schools on behalf of St. Hope Public School #7 located in Sacramento County.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE ABSTAIN: NONE

**MOTION APPROVED** 

Item #9: Resolution No. 22-57 - Approval of Financial Soundness Determination of Final Apportionment through the Charter School Facilities Program for Leadership Public Schools on behalf of LPS Oakland R & D located in Alameda County (Action Item)

Program Lead, Michael Pack, presented and introduced Brent Daniels, Superintendent at Leadership Public Schools Oakland. Michael Pack shared an overview of the project rehabilitation. Michael Pack then shared details regarding student demographic information, debt service coverage and confirmed the school was in good standing with their school district. Michael Pack also discussed student academic performance, teacher to pupil ratio and the school's operational revenue. Michael Pack confirmed that staff was recommending approval

of the final apportionment. Brent Daniels spoke to the impact the approval of this item would have on the students and communities the school serves.

Treasurer Ma 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 of Final Apportionment through the Charter School Facilities Program for Leadership Public Schools on behalf of LPS Oakland R & D located in Alameda County.

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE ABSTAIN: NONE

MOTION APPROVED

Item #10: Resolution No. 22-58 - Adoption of Proposed Permanent Regulations for the Charter Financing Enhancement Program (Charter FinE Program) (CFDA #84.354A) (Action Item)

Program Lead, Ryan Storey, presented and explained the nature of the updated regulations, outlining the Authority's justification for the emergency regulations and how they would allow the program to get its funds to schools without any unnecessary delays. Ryan Storey noted that if approved, the Authority would have the new regulations in place by Spring 2023.

Treasurer Ma 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 Adoption of Proposed Permanent Regulations for the Charter Financing Enhancement Program (Charter FinE Program) (CFDA #84.354A).

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE ABSTAIN: NONE

**MOTION APPROVED** 

# Item #11: Resolution No. 22-59 - Adoption of the Emergency Regulations for the Charter School Facility Grant Program (Senate Bill 740 Program) (Action Item)

Program Lead, Ryan Storey, presented and provided an overview of the regulation changes being proposed, noting that staff had worked with State Treasurer's Office attorney, Theodore Ballmer, on the conflict of inflict regulations. Ryan Storey noted that the regulations related to Covid-19 allow for the mitigation of other costs, and this update would help define the parameters of these other costs. Ryan Storey outlined the factors that led to these regulation changes and confirmed that they would ensure they would help the program better comply with the law. Executive Director, Katrina Johantgen, offered insight into the historical nature of the program regulations, highlighting the improvements the regulation changes would have.

Board Member Mireles asked to clarify that all of the provisions that the revision would remove were currently covered in government code section 1090. Ryan Storey confirmed they were covered by government code 1090 and offered insight into the coverage.

Treasurer Ma 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 Adoption of the Emergency Regulations for the Charter School Facility Grant Program (Senate Bill 740 Program).

Robert Rodriguez called the roll.

MOTION: Ferguson SECOND: Mireles

AYES: Ferguson, Mireles, Ma

NOES: NONE ABSTAIN: NONE

**MOTION APPROVED** 

#### Item #12: Public Comments

Treasurer Ma asked if there were any additional questions from the public on items not on the agenda.

Cassie Mancini spoke on behalf of the California School Employees Association and expressed her concern regarding recently proposed regulation changes to the Charter School Facility Grant Program (SB740), specifically, the changes to the definition of good standing. Cassie Mancini laid out the negative repercussions related to these proposed regulation changes and requested that the board reconsider the change to the regulations.

#### Item #13: Adjournment

The Board adjourned the meeting at 11:58 a.m.