

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Office of the California State Treasurer

and

California School Finance Authority (CSFA)

Presents:

Webinar – Charter School Revolving Loan Fund Program

Thursday, February 9, 2017

10:00 a.m. – 11:00 a.m. PST

* * *

[Webinar commenced at 10:00 a.m.]

>> (Webinar Announcer): The webinar will begin shortly. Please, remain online. The broadcast is now starting, everyone in listening only mode.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Slide 1: Charter School Revolving Loan Fund Program Webinar :04

>> KRISTEN SCHUNK: Good Morning and welcome to the California School Finance Authority's February 9th, 2017, Charter School Revolving Loan Fund Program (CSRLF) Webinar.

My name is Kristen Schunk and I'm the lead analyst of the CSRLF Program. It's about 10AM so hopefully everyone is dialed in. A few housekeeping items before we get going: For technical issues, please, contact GoToWebinar, (GoToMeeting), at 1 (800) 263-6317 or go to the support website – <http://support.citrixonline.com/gotomeeting/>. Live captioning is also available at the Streamtext website – www.streamtext.net/player?event=CDIAC. A recording of the presentation and the PowerPoint will be available on the CSFA website at a later date so if you miss parts of the meeting, you'll be able to retrieve that information.

Slide 2: Introductions :59

You can submit questions during the meeting using the questions box in the webinar application or you can e-mail us after the webinar at CSRLF@treasurer.ca.gov (e-mail displayed). If we receive any questions using the questions box, we may respond to some throughout the webinar, and/or at the end of the meeting. All other questions

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

will be answered after the webinar and some may be posted to our Frequently Asked Questions (FAQ's) on the CSFA website. Now I'll hand this off to our Executive Director, Katrina Johantgen.

>> KATRINA JOHANTGEN: Thank you Kristen for the great introduction. I want to commend Kristen for her great work on this Program. This Program, since the administration transfer to CSFA in 2013-14, has awarded approximately \$30 million to 120 schools. That's vital, critical dollars for schools in the planning and development stage or in their first and second year. Kristen will walk us through the application process and answer questions. Steve Theuring is on the line as well, participating and sharing information on the underwriting and financial review of this Program. I do invite attendees to visit our website. We're at www.treasurer.ca.gov/csfa. You can learn about the other programs we administer for charter school facilities and working capital needs. With that I will turn it back over to Kristen.

>> KRISTEN SCHUNK: Thanks Katrina.

Slide 3: Agenda 2:57

Today, we'll be going over the following items: program overview, program eligibility, funding round updates, application overview, how to submit your application,

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

what to expect during the review process, what to expect during the funding process, future plans for the program and staff contact information.

Slide 4: Overview 3:25

Overview:

Effective July 1, 2013, Assembly Bill 86 authorized the transfer of the administration of the Charter School Revolving Loan Fund from the California Department of Education to the California State Treasurer's Office, where the California School Finance Authority (Authority) is located. The CSRLF is a state funded loan program that provides low interest loans of up to \$250,000 to new charter schools. Since the Authority began accepting applications, we've had three funding rounds that have been completed resulting in total of \$29.3 million to 119 charter schools. If you're interested in looking at these numbers further, take a look at the breakdown on our CSFA website. You can find which schools were funded during each funding round.

Loans are loaned at the interest rate earned by the money in the Pooled Money Investment Account or PMIA, as of the date of disbursement of the funds to the charter school. The PMIA average annual yield for the 2015-16 year was a low .434 percent. Since July it has increased and as of December 2016, the rate was about .719 percent.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

You can keep track of these rates on the State Treasurer's website under Investments or Pooled Money Investment Account.

Slide 5: Overview 5:02

Continuing with Overview:

New California charter schools experience cash deficits in their first few months of operation because of the delay in their state apportionments. This makes the CSRLF Program critical to the success of many new charter schools because it provides start up cash. This critical funding can be used to fund all expenses a brand new charter school may have, such as: teacher salaries, curriculum, books, furniture, facilities, etc.

Fast Fact: CSRLF is actually the only program, CSFA runs, where schools can use the funds for other expenses other than facilities. Most of our programs are only for facilities cost.

Slide 6: Eligibility 5:52

Eligibility:

You can find this information in further detail in our Program regulation section 10170.18 -- A through K.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

An applicant will be eligible to apply for a loan if the following conditions are met:

- The application is submitted by a charter school or charting authority.
- The charter school is established pursuant to education code section 47600 and so on.
- For schools in operation, an approved charter has been awarded, is in place, and is current at the time of application. In the case of a first year charter school, the applicant shall submit evidence that its charter petition has been submitted to a charting authority for approval and that it anticipates beginning operations in the following fiscal year. Schools that plan to open in 2018 will not be eligible for this funding round.

Slide 7: Eligibility 6:51

Continuing on:

- If the applicant is a charter school applying on its own behalf, the charter school shall be an incorporated charter school as demonstrated by Articles of Incorporation.
- The charter school is not a conversion from an existing public school.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

- The charter school has not had its charter renewed as of the date of submission of its application.
- The charter school has no material legal issues. If the school does have material legal issues, they will be reviewed by our legal counsel to determine if the school is ineligible for the Program or not.

Slide 8: Eligibility 7:29

Last slide on Eligibility:

- A charter school may receive multiple loans. In no instance may a charter school receive more than \$250,000 in Program loans over the lifetime of the charter school.
- The charter school and/or affiliated organization, if applicable, are in compliance with all programs administered by the authority.
- The charter school is in good standing with its chartering authorizer and in compliance with the terms of its charter.
- The Authority shall determine whether the application is complete. If the authority determines that additional information is needed, the authority shall notify the applicant and request such information. If the applicant

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

fails to provide the information as requested, the applicant shall be ineligible for a Program award.

Slide 9: Funding Round Updates 8:21

Funding Round Updates:

In last year's 2015-16 funding round, we had approximately \$9 million available for funding. It was originally oversubscribed with 41 total applications received totaling a possible \$10 million in funding, but after staff's eligibility review and after a few schools withdrew their applications, CSFA ended the funding round awarding 29 loans totaling \$7 million.

Schools applying for the Program must either be opening this fall 2017 or must already be in operations. Priority of funds is given to charter schools opening this fall 2017.

For the 2016-17 funding round, we're projecting approximately \$8 million available for funding. That will fund about 32 loans, of \$250,000 apiece.

Slide 10: Application Overview 9:27

Application Overview:

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

We have recently revised our application and set of regulations to help us proceed with this funding round. They were approved by the Office of Administrative Law in December 2016. The loan application and FAQ's as well as the regulations are available on the CSFA website at the link on this slide. Now we're going to walk through seven pieces of the application. Hopefully most of you received my e-mail earlier today, asking you to printout the application to write notes on. If not, you can write notes on a piece of paper.

Slide 11: Application Overview 10:22

We're going to go through the application page-by-page or section-by-section.

First, we're going to start with page 1 of the application. The instructions state at the top, "Whether the charter school is in operation or in its planning year, please provide an answer for each. Please provide additional information, sections 2, 3, and 4 of the application by CD-ROM or flash drive."

The next section below says "Please select one". Option A is chosen, if the application is submitted by a charter school that is incorporated. The person filling out the application should write in the corporation's name as stated on the school's Article

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

of Incorporation below Option A. Option B is for a dependent charter school. The application is submitted by a chartering authority on behalf of the charter school.

The next section is Loan Request Information. The loan amount can be no more than \$250,000. If the school already received a partial award in the past, they can only request the balance of \$250,000. For example, if in last year's funding round, your school applied and received \$100,000, they could only apply for \$150,000 this year. For the loan repayment period, the school can request anywhere from 1-5 years. The CSFA will consider the term of the charter as well as the amount of the loan in establishing the repayment period. In the case of a brand new charter school, the loan term will not exceed the length of the school's approved charter term. For example, if you're a brand new school opening this fall 2017, and your school just received a charter approval and the charter term is only for two years, the CSFA will only award a loan term of up to two years.

Moving on to Charter School Information. We're looking for an answer for each field. If you don't have an answer yet, we'd like an explanation of why. For example, if the school does not have a charter number, please fill in the blank with the date of the State Board of Education board meeting that the school is up for approval, or if the

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

school does not have a CDS code, please fill in the blank with the reason why. Please provide a tentative date of approval.

Moving down the application to “Affiliated Organization”. This is a new term on our application this year, and it's also defined in our regulations. It means a legal entity that assumes financial legal and operational responsibility for a charter school, including but not limited to, a school district, parent company and charter management organization.

Moving down to “Contact Person Information”. I know some of you have worked with us in past funding rounds and know that CSFA contacts the contact person of the application often during the review process. Please make sure the contact person and email that you write in is someone that can provide application information and answer questions for CSFA on a weekly basis.

I believe the last item on this page is the “Elementary School Attendance Area” which is also a new term on our application this year. This is specifically used in the case that the Program has insufficient funds available to fund all eligible applicants and the school does not have free or reduced price meal data (normally in the case of new charter schools). To find the elementary school attendance area for your school, you can

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

use the school's physical address or projected physical address, contact the district the school's located in, or check the district's website for their school locator.

Slide 12: Application Overview 15:01

Moving on to Charter School Questions.

This is the top section of page 2. Charter School Questions is self-explanatory. Please check an answer for each box. If you need more space while answering a question, please provide your answers on a separate document, specifically for letter F.

Letter H states, “What kind of school is the charter?” One of the options is a hybrid school, and to clarify a hybrid school consists of a combination learning environment which may hold online classes, off-campus classes, and/or classroom-based classes.

Slide 13: Application Overview 15:53

The next section is Written Request. Staff has simplified the Written Request from the last application. It asks to, “Please describe the financial needs of the charter school, justifying the loan and a brief description of the intended uses of the loan

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

proceeds". We're looking for a one to two page response and the description should be submitted as a Word or PDF text readable document.

Slide 14: Application Overview 16:27

Next section is Operational Documentation.

We want you to provide each item a through J.

Letters A and B are in regards to the option you choose (independent or dependent) on the first page of the application.

Letter D, most recent business plan or strategic plan. If the school does not have this specific document, they can provide their charter petition instead.

Letter G, enrollment and attendance for the current year, if in operation, and at least the next five academic years. Please provide this information by grade level. We have an example of the enrollment information on the bottom left of this slide. The example shows a brand new school that applied last year. They did not provide the "current" year since they weren't in operations yet. They just provided the five years after. I like how they provided the enrollment each year by grade level and they also broke out the attendance each year.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Letter J, a valid current charter between the applicant and its authorizer, along with verification of charter approval and charter term or a charter petition with documentation confirming the submission for approval. The school will need to provide a charter petition no matter if the charter is approved or not. Staff needs to make sure the school is in the process of opening. If the charter is approved, please provide verification such as board minutes or an approval letter from the school's authorizer. If the charter is not approved yet and is up for approval at a future board meeting, please provide verification that the school has submitted their petition to an authorizer and clarify the date of the board meeting that they're up for approval.

Lastly, all items A through J should be provided as a Word or PDF text readable document.

Questions & Answers 19:31

>> STEVEN THEURING: We have a couple questions from the group.

Question -- If the business plan is in the charter, how/where should we indicate that?

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

>> KRISTEN SCHUNK: Answer -- Schools in the past have provided outlines of all items, A through J, and stated under letter D. that their most recent business plan can be found in their charter petition found in section J.

>> STEVEN THEURING: Question -- If the business plan growth trajectory has changed since the charter was approved should I include the revised enrollment projections?

Answer -- Yes. Data does change quite frequently, especially with the newer charter schools. Staff will be reaching out to you to confirm the projections as you get closer to your opening date. Make sure that your enrollment totals are realistic and conservative.

>> KRISTEN SCHUNK: We're going to be checking that the enrollment projections provided match the budget projections. I've had schools provide completely different enrollment projections in their budget than they did in the enrollment section; please make sure they match.

>> STEVEN THEURING: Question -- Will the webinar recording be provided?

Answer -- Yes, we will be posting not only the PowerPoint but the transcript and the recording of the [webinar], and if you have any other questions after or during this webinar, e-mail myself or Kristen or the CSRLF e-mail.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Question -- If we do not have an official business plan, is submitting the charter okay?

>> KRISTEN SCHUNK: Answer -- Yes.

>> STEVEN THEURING: Question -- If you have not hired the staff for the school, what do you list?

Answer -- The school should provide a list or explanation of the staff that they plan to hire which should match the staff projections in their budget.

>> KRISTEN SCHUNK: Who is working on this application currently (the board or CMO)? Staff would like to know who is applying for the loan, who is currently hired and who the school plans to hire within the next few months.

>> STEVEN THEURING: Question -- Can you share a sample application?

>> KRISTEN SCHUNK: Answer -- Not at this time.

>> STEVEN THEURING: Question -- Do you want the documents sent as individual files or one long PDF file?

Answer -- We prefer you break up the documents for each section and for each subcategory. For example, under operational documentation, you'll have section 3A, section 3B and so forth, so staff won't have to go through hundreds of pages to try and find the information needed.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

>> KRISTEN SCHUNK: You can also label the documents by name, such as:
resumes, contracts, or what not. Providing separate documents helps us in our reviews.

>> STEVEN THEURING: Question -- For existing charters, priority two, what if we
have a new CDS code with our new authorizer?

>> KRISTEN SCHUNK: Answer -- That may be considered a new charter term or
charter renewal. This school may not be eligible for the Program. Please, contact us later
on and we'll discuss this situation with you further.

>> STEVEN THEURING: Question -- How much detail should we provide on
financial need, justification and intended uses? We're a new charter school not
approved yet.

Answer -- The school should provide a 1-2 page narrative or summary that
explains how the money will be helpful and how it will be used to bridge the finances
between opening and the State appropriation.

>> KRISTEN SCHUNK: Now we're going to move on to the Financial
Documentation section of the application.

Slide 15: Application Overview 25:49

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

>> STEVEN THEURING: Hello, I'm Steven. I'm an analyst that works with Kristen on this Program. I primarily work on the financial portion of the application reviews.

The financial documentation that needs to be submitted with your application is the following:

Audited financial statements (if available). New charter schools normally won't have these available. If the school has been open for a few years or if the school is within its first couple years of its charter term (although not open yet), the school and/or affiliated organization should have audited financials available. Please submit these if available.

The next item 4B, Excel Budget Projections and I reiterate "Excel" please. Staff likes to review the data and formulas to see what schools use for their assumptions. Please provide budget projections for the current year, if in operation, and the next five fiscal years beyond the fiscal year for which the applicant is applying. Staff may request the second interim budget in April as the review process continues. In total, your budget should show five years for new schools and six years for the schools already in operation.

We will need all assumptions regarding both revenue and expenses. You can reference the California School Accounting Manual published by the California

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Department of Education (CDE) for the accounting codes. These codes are used by everybody in the industry so please refer to that document for assistance. Assumptions should be on a separate document, including the following for each year: COLA (Cost of Living Allowances), LCFF assumptions (Local Control Funding Formula), base grant amount by grade span, FRPM (Free or Reduced Price Meal), unduplicated rates, and so on.

The next document to submit is a listing and verification of other sources of funding. For example: private contributions, fundraising, and grants. Please provide verification showing that your school has been in receipt of the funds or will be receiving the funds. For grant awards, verification such as award letters from individual entities or businesses or a copy of the grant check will be acceptable. As for fundraising goals, the school should provide proof that fundraising will or has occurred and how much was earned, if applicable. We would also like to see something in the school's business plan that explains the school's fundraising strategies.

The next item that will be needed is the listing and verification of the total amounts, annual amounts, interest rates and maturity dates for all existing and anticipated short and long-term debt obligations. We know with new schools with the appropriations coming later in the year, you need to have access to working capital so

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

you can bridge the gap. Some schools will apply for loans or a line of credit with their local banks or certain private lenders. CSFA staff will need all documentation pertaining to these debt obligations and would like them reflected in the school's budget. I will get into further detail on this on the next slide.

Letters E and F somewhat go together. On letter E, describe the impact the receipt of the loan will have on the charter school's operation and receipt of other public and private financing. Letter F, describe any plans for creative uses of the funds, such as loan guarantees or types of credit enhancements. For example, in the past, schools have mentioned that receiving the loan would give them better interest rates on working capital lines with banks, credit enhancements or loan terms.

Slide 16: Application Overview 31:15

For the next slide, the photo is a screen shot of the finance model we use internally. You'll see the revenue up top and expenses at the bottom. As I was stating before, you'll see the codes next to all line items. These codes again can be referenced in CDE's California School Accounting Manual. That document can be found online at CDE's website.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

The line items are what CSFA will be looking for in terms of budget projections. Staff would appreciate if you separate your facility and equipment leases, we use the contracts provided in the Operations Documentation section of the application to verify these costs. If you don't have a facilities lease yet, which is a common occurrence for many new schools, we would like to see some sort of projection listed in that line item. Please provide a letter or memo from either the organization you're in negotiations with or will be in negotiations with to verify the projection. If you do have a current lease, please submit it as well as all equipment leases. I can't reiterate this enough, if your application states you have other loans, the payoff information must be included in the budget projections. Just like the grant funds, verification including loan repayment schedules should be provided in your application for all debt obligations. Staff will be checking to make sure the principal and interest from the debt schedules match the debt service projections in the budget.

Slide 17: Application Overview 33:28

Next page, page 3 is the Signed Application Certification.

The applicant should sign whichever option (A or B) is appropriate for the school. An authorized signatory from the school should sign, basically somebody within the

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

organization that has authorization to sign on behalf of the school. The original document needs to be submitted with “wet” signatures. The Authority does not accept stamped signatures; again these need to be original.

Slide 18: Application Overview 34:14

Page 4 is the Legal Status Questionnaire (LSQ).

This is a document we use for all CSFA programs. You need to fill out the entire document, and two different people need to sign. The same person cannot sign on behalf of both parties (key staff and governing board). Like the Application Certification, the LSQ must also be submitted as an original document with “wet” signatures.

A response is needed for both items 1 and 2 of the LSQ. If the item is not applicable, please write in N/A. If a response is left blank, staff will contact you to submit a new LSQ. If more space is needed to respond, please provide it on a separate document. Lastly, if a school does have a response, the Authority’s legal counsel will review it and may reach out and request further information in regards to the issue at hand.

We will discuss further on the next slide, but the Application, Application Certification and the Legal Status Questionnaire should be the only hard copies

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

submitted (4 pages), everything else (back-up documents for the Written Request, Operational Section, and Financial Section) can be submitted electronically either by CD-ROM or flash drive.

Slide 19: Application Submission 35:48

Now for the Application Submission:

Once you get everything together, the school should submit one hard copy application with original “wet” signatures and one digital copy including all supporting documents (sections 2, 3, & 4 of the application) by CD-ROM or flash drive. Staff recommends and prefers background information to be submitted electronically versus providing a physical copy.

Slide 20: Application Submission 36:41

And the application deadline.

The deadline this year is Friday, February 24th, by 5:00 p.m. This is a hard deadline. If the application is received at 5:02 p.m., it will be considered late and ineligible. This year, you can submit the application either to the Sacramento or Los Angeles office (addresses are written on the slide). Postmark dates cannot be the date

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

the application is due. Staff advises to mail applications at least two days prior in order to ensure that the packet arrives by the deadline. UPS next day, USPS next day, are also preferred. Staff has had issues in the past with schools submitting their applications the day before with overnight delivery and due to circumstances, their applications were not received by the deadline. If the application arrives late but the postmark shows that the school made a reasonable effort to submit by the deadline, the application may be accepted; specifically if the postmark date shows it should have arrived on time. We can confirm with the postmark date or the tracking number with most of these packages. Hand delivery is fine as well. You can walk these in to either office. E-mailed and faxed applications are not accepted by the Authority. Please do not wait until the last minute to submit your application.

>> KRISTEN SCHUNK: Thank you, Steven.

Questions & Answers 38:20

>> STEVEN THEURING: We have questions here.

Question -- If we have audited financials of our organization, should we send them?

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Answer -- Yes. Whether the charter school or organization on behalf of the charter school plans to pay the loan, please submit the audited financials of the organization if available.

Question -- Can the application be sent in Google docs?

Answer -- No, unfortunately we do not accept Google documents. The application must be submitted with the original hard copy application and LSQ with “wet” signatures and the additional documentation by CD-ROM or flash drive.

Question -- If you’re a brand new school that plans to open in fall 2017, your school will not have audited financial statements?

Answer -- That is correct. Please submit the audited financial statements if available. It is not a requirement.

Question -- Do we need to submit verification that we received the startup grant mentioned in 4C of the application?

Answer -- Yes, we do need verification that you received the award. Please provide the award letter or a copy of the check if already received.

Question -- If I’m planning to apply for grants that are not available yet, should I list these grants?

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Answer -- Yes, staff would like to know what other sources of funding your school is planning to apply for in the future.

Question -- If this loan application is for a new school, operated by a parent nonprofit CMO (Charter Management Organization), and the school does not have any outstanding debt, do you require audited financials of the CMO?

Answer -- We do not require the audited financials of the CMO but, we recommend providing them when submitting the loan application because staff may request them anyways. If the school closes, the CMO or the affiliated organization will be responsible for loan repayment to the State. Staff would need to make sure that the organization applying on behalf of the charter is also financially sound.

Question -- Do you have a budget template we can use?

Answer -- No, but the screenshot provided on slide 16 of this PowerPoint will provide you with the line items that staff will be looking for.

Question -- If you do not have a lead administrator yet, who will sign the application?

Answer -- A person(s) who has signatory authority within the organization, such as a key staff person or board member, may sign the application and LSQ.

Question -- Should a new school submit their five-year budget forecast?

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Answer -- Yes, a new charter (opening fall 2017) should provide their five-year budget, beginning with fiscal year 2017-18.

Question -- How many years' worth of audited financials should we provide?

Answer -- Please provide at least two to three years of audited financials.

Question -- When will the PDF of the webinar PowerPoint be available?

>>KRISTEN SCHUNK: Answer -- The PowerPoint will be available on our website later today and the recording and transcript will probably be available within the next two weeks.

Slide 21: Review Process 43:28

Moving on to Review Process:

After applications are submitted by the due date, applications will be sorted by priority. Once sorted, the schools will receive notices from the CSFA letting applicants know that we received their application. The way the review works, is that priority one schools (schools opening in fall 2017) will have priority over the funds. These schools will be reviewed first. Review for priority one schools normally last from March through May. After review of all priority one schools and all eligible priority one schools have

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

been funded, if funds are still available, review of priority two schools (schools already in operation) will begin. Priority two schools will be reviewed from June through August.

Slide 22: Review Process 44:51

Funding Process:

Once reviews are finished and staff recommends applicants for a loan award they'll be brought to a CSFA board meeting for loan approval. We're planning to bring loan recommendation to the CSFA board starting in May. Once an applicant is approved, they will receive a loan agreement and governing board resolution from CSFA to execute.

Schools, although approved for a loan, will not receive loan documents from the CSFA until they can verify certain information; such as: an approved charter, a charter number, a CDS code, the school's name, and their opening date is no later than fall 2017. A school that opens in fall 2018 will not be eligible for this funding round.

Once CSFA receives the executed loan documents, the disbursement process will begin. Loan checks will be received within four to six weeks after the State Controller's office receives the warrant from the State Treasurer's Accounting Office.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Payments begin the following fiscal year after the school is disbursed their loan by the CSFA. For example, if a charter school is funded in May, they will begin payments in fall 2017. Payments for this Program are normally made through the offset/intercept process from the schools state apportionment. If a school does not have an apportionment in the fall which sometimes happens with brand new charter schools, they'll be invoiced for their monthly loan payments until their apportionment is available for offset.

Slide 23: Future Plans 48:14

Future Plans for the Program:

For the 2017-18 funding round, we're hoping to launch our first online application in December 2017. Stay tuned. CSFA currently has online applications for the SB740 Program and one is in the works for the Incentive Grants Program. Hopefully by next December, we'll have the online application available for the CSRLF Program.

Slide 24: Contact Information 48:55

Contact Information:

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

My contact information, phone number and email address are posted on this slide as well as Steven Theuring's contact information. You can also use the CSRLF@treasurer.ca.gov email address. Please feel free to contact us with questions regarding this webinar. If you look to the right hand side of this slide, the names listed in orange font will be the CSRLF review team this year. Listed is myself and Steven Theuring in Sacramento and Robert Biegler & Ryan Story in Los Angeles. For those of you who have worked with CSFA in the past, you may notice that Mr. David Weinberg is no longer on the CSRLF review team. This is because he just recently retired. Steven Theuring is now my CSRLF back-up and partner in crime.

>> STEVEN THEURING: Again, we want to reiterate, if we didn't specifically answer your questions during the webinar, we will get back to you after afterwards.

>> KRISTEN SCHUNK: In closing, you can submit questions after the webinar by contacting us at the CSRLF@treasurer.ca.gov email address. We will be answering questions this week and next week. We hope to have answers out to you shortly. We may post some of the questions to our FAQs. The PowerPoint will be available on our website after the meeting. The recording and transcript will be posted on our website in the next couple of weeks.

DISCLAIMER: This is a ROUGHLY-EDITED TRANSCRIPT ONLY and is the product of a live realtime communication access realtime translation (CART) session which is for the purpose of facilitating communication access. Audio was transmitted via live webinar. This transcript is not guaranteed to be verbatim and is not a certifiable document. As such, it is not acceptable for use in any legal matter. This is a roughly-edited transcript only and has not been proofread for all errors.

Thank you for participating. We hope this webinar was helpful and have a great day.

[End of webinar]