

MINUTES

CALIFORNIA SCHOOL FINANCE AUTHORITY
901 P Street, Conference Room 411B
Sacramento, California 95814
May 30, 2024
9:30 a.m.

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

OPEN SESSION

Item #1: Roll Call

Deputy Treasurer Morton called the California School Finance Authority (CSFA or Authority) meeting to order at 9:35 a.m.

Members: Khaim Morton, Deputy Treasurer – Present
Juan Mireles, designee for Tony Thurmond, Superintendent of Public Instruction – Present
Michelle Perault, designee for Joe Stephenshaw, Director of Finance - Present

Staff Present: Katrina Johantgen, Executive Director (Sacramento)
Mita Parikh, Staff Services Manager I (Sacramento)
Robert Biegler, Program Lead (Via Teams – Los Angeles)
Robert Rodriguez, Office Technician (Sacramento)

Attendees: Simone Green, Chief Financial Officer, Envision Education
Sele Nadel-Hayes, Vice President, Special Projects, Envision Education
Brian Holman, Partner, Musick Peeler
Jessica Shaham, Partner, Kutak Rock
John Kim, Managing Director, Stifel
Guillermo Garcia, Managing Director, Stifel
Nate Keninitz, Vice President, Stifel
Josh Bauer, Assistant Vice President, Stifel
Xavier Reyes, Chief Executive Officer, Alta Public Schools
Sarah J. Kollman, Partner, Young, Minney & Corr
John Phan, Principal, Campanile Group
Marc Bauer, Partner, Orrick, Herrington & Sutcliffe
Nicholas Hagen, Managing Director, Piper Sandler & Co.
Vanessa Garza, Executive Director, Girls Athletic Leadership School
Athena Lew, Director, Nonprofit Finance Fund
Chris Huang, Manager, Nonprofit Finance Fund
Eugene Clark-Herrera, Partner, Orrick, Herrington & Sutcliffe

Deputy Morton welcomed those on the phone line to the Authority Board meeting. Executive Director, Katrina Johantgen, read the prompt regarding the teleconference line and public participation.

Item #2: Approval of the April 25, 2024, Board Meeting Minutes (Action Item)

Deputy Treasurer Morton introduced Item #2: Approval of the April 25, 2024, Board Minutes. Deputy Treasurer Morton asked if there were any public comments. There were no comments on the minutes.

Authority Action

Motion to approve the minutes from the April 25, 2024, meeting.

Robert Rodriguez called the roll.

MOTION: Mireles SECOND: Perrault

AYES: Mireles, Perrault, Morton

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #3: Executive Director's Report

Charter School Facility Grant Program (SB740): Staff is currently working through the 2024-25 funding round with an application deadline of June 5, 2024. There have been 320 applications submitted to date, which will be processed in a timely manner. We've mailed out funds for the first and second disbursements to eligible schools under the 2023-24 funding round.

Conduit Bond Program: Several financings have been approved by the board in recent months with New Designs Charter School recently pricing into a good market and set to close soon. Staff will be presenting two additional financings to the board today.

Credit Enhancement Program: The Authority is working down balances for existing grants and deploying those funds and are presenting two items from this program to the board today. With the nature of the joint transactions presented to the board additional work will be required in dealing with inflows and outflows and interest coming in that needs to be accounted to each specific grant award, which staff is willing to do.

Charter School Facilities Program: The Authority will present two financial soundness review items before the board and staff is working to bring Gilroy Prep to the Board soon to ensure they can access cash through the program.

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

Items #4 and #5 were presented jointly with voting for each item held until the end.

Item #4: Resolution No. 24 – 19 – Resolution Of The California School Finance Authority Authorizing The Issuance Of Charter School Revenue Bonds In An Amount Not To Exceed \$31,000,000 To Finance And Refinance The Acquisition, Construction, Improvement, Installation, Furnishing And Equipping Of Educational Facilities Located In Alameda County, California For Use By Envision Education, Inc., EEI Oakland LLC and EEI 2560 Darwin LLC (Action Item)

Item #5: Resolution No. 24 – 20 – Approving the Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in an Amount Not to Exceed \$2,000,000 to Envision Education, Inc. on Behalf of Envision Academy of Arts and Technology and Impact Academy of Arts and Technology (Action Item)

Program Lead Robert Biegler presented and noted that this item would be using a split financing, as the Authority cannot issue debt to finance workforce housing, according to the AGO. Mr. Biegler then introduced Simone Green, Chief Financial Officer at Envision Education, Sele Nadel-Hayes, Vice President at Envision Education, Brian Holman, Partner at Musick Peeler, Jessica Shaham, Partner at Kutak Rock, John Kim, Managing Director at Stifel, Guillermo Garcia, Managing Director at Stifel, Nate Keninitz, Vice President at Stifel, and Josh Bauer, Assistant Vice President at Stifel.

John Kim presented next and presented information regarding the historic building being used for the project site and went into greater detail regarding the split nature of the financing. Mr. Kim offered insight into the project's financing and provided a general pricing timeline. Simone Green presented next and shared information regarding the school's history, campuses and core values. Ms. Green also spoke about the school's portfolio program, student enrollment and demographics. John Kim presented next and shared financial projections, enrollment projections and a breakdown of the security of the bonds.

Board Member Mireles asked about steps being taken to ensure student and faculty safety, given the proximity to other building occupants. Simone Green confirmed that a 24-hour guard was on duty, badge only access was in place for the building occupants and a no-visitor policy was in place during the school day.

Deputy Treasurer Morton asked if there were any additional questions from Board Members or the public on item #4 or #5. There were none.

Authority Action for Item #4

Motion to Approve the Issuance Of Charter School Revenue Bonds In An Amount Not To Exceed \$31,000,000 To Finance And Refinance The Acquisition, Construction, Improvement, Installation, Furnishing And Equipping Of Educational Facilities Located In Alameda County, California For Use By Envision Education, Inc., EEI Oakland LLC and EEI 2560 Darwin LLC.

MOTION: Mireles SECOND: Perrault

AYES: Mireles, Perrault, Morton

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Deputy Treasurer Morton asked if there were any additional questions from Board Members or the public on item #5. There were none.

Authority Action for Item #5

Robert Biegler mentioned that the financing team has requested a \$2 million grant, however, grant program amounts are insufficient to meet their request.

Motion to Approve the Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in an Amount Not to Exceed \$2,000,000 to Envision Education, Inc. on Behalf of Envision Academy of Arts and Technology and Impact Academy of Arts and Technology.

MOTION: Mireles SECOND: Perrault

AYES: Mireles, Perrault, Morton

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Items #6 and #7 were presented jointly with voting for each item held until the end.

Item #6: Resolution No. 24 – 21 – Resolution Of The California School Finance Authority Authorizing The Issuance Of Revenue Bonds In An Amount Not To Exceed \$12,500,000 To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Educational Facilities Located In Los Angeles County, California For Use By Alta Public Schools. (Action Item)

Item #7: Resolution No. 24 – 22 – Approving the Credit Enhancement (CDFA #84.354A) Award in an Amount Not to Exceed \$850,000 to Alta Public Schools Foundation, For Campuses Located in Los Angeles County, California. (Action Item)

Robert Biegler presented and introduced Xavier Reyes, Chief Executive Officer at Alta Public Schools, Sarah J. Kollman, Partner at Young, Minney & Corr, John Phan, Principal at Campanile Group, Marc Bauer, Partner at Orrick, Herrington & Sutcliffe and Nick Hagen, Managing Director at Piper Sandler & Co.

Nick Hagen presented next and shared an on overview of the project timeline and renovation costs. Xavier Reyes presented next and provided details regarding the school's history, enrollment statistics and core values. Nick Hagen spoke again offering information on the school's enrollment projections and passed the presentation to Jon Phan. Mr. Phan shared details concerning the school's financial projections and covenants.

Deputy Treasurer Morton asked about the growing enrollment and how the school had managed to attract new students when it's been a challenge for other schools in recent years. Xavier Reyes noted that the school had implemented a multifaceted marketing campaign that was constantly active noting the administrators had a background in marketing and public relations.

Deputy Treasurer Morton asked if there were any additional questions from Board Members or the public on item #6. There were none.

Authority Action for Item #6

Motion to Approve the Issuance Of Revenue Bonds In An Amount Not To Exceed \$12,500,000 To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Educational Facilities Located In Los Angeles County, California For Use By Alta Public Schools.

MOTION: Mireles SECOND: Perrault
AYES: Mireles, Perrault, Morton
NOES: NONE
ABSTAIN: NONE

MOTION APPROVED.

Deputy Treasurer Morton asked if there were any additional questions from Board Members or the public on item #7. There were none.

Authority Action for Item #7

Robert Biegler mentioned that the financing team has requested a \$2,000,000 grant, however, grant program amounts are insufficient to meet their request.

Motion to Approve the Credit Enhancement (CDFA #84.354A) Award in an Amount Not to Exceed \$850,000 to Alta Public Schools Foundation, For Campuses Located in Los Angeles County, California.

MOTION: Mireles SECOND: Perrault
AYES: Mireles, Perrault, Morton
NOES: NONE
ABSTAIN: NONE

MOTION APPROVED.

Item #8: Resolution No. 24 - 23 – Resolution of the California School Finance Authority Authorizing A Loan To The Authority In An Amount Not To Exceed \$5,000,000, 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 Valerio, LLC To Finance and Refinance Educational Facilities Located In Los Angeles County For Girls Athletic Leadership School Los Angeles, 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)

Staff Services manager Mita Parikh presented and Introduced Vanessa Garza, Executive Director at Girls Athletic Leadership School Los Angeles, Athena Lew, Director at Nonprofit Finance Fund, Chris Huang, Manager at Nonprofit Finance Fund, Eugene Clark-Herrera, Partner at Orrick, Herrington & Sutcliffe, Jessica I. Shaham, Partner at Kutak Rock and John Phan, Principal at Campanile Group. Athena Lew presented next and shared details regarding the school’s history working with the Authority and the projects financial details. Vanessa Garza presented next and spoke about enrollment growth, the school’s mission and the course offerings provided by the school. Ms. Garza also provided details regarding student demographics, the school’s approach to recruitment and the increasing cost of construction. John Phan presented next and shared the school’s financial projections and a breakdown of how the funds would be used.

Deputy Treasurer Morton asked for more information regarding the life skills courses offered by the school and what type of financial literacy education was provided. Ms. Garza provided details regarding a budgeting program that worked with Wells Fargo bank that helped students plan for their future financial goals.

Deputy Treasurer Morton asked if there were any additional questions from Board Members or the public on item #8. There were none.

Authority Action for Item #8

Motion to Approve the Authorizing A Loan To The Authority In An Amount Not To Exceed \$5,000,000, 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 Valerio, LLC To Finance and Refinance Educational Facilities Located In Los Angeles County For Girls Athletic Leadership School Los Angeles, 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.

MOTION: Mireles SECOND: Perrault

AYES: Mireles, Perrault, Morton

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #9 was removed from the agenda. The Resolution numbers followed the sequence of presented items.

Item #10: Resolution No. 24 – 24– Approval of Financial Soundness Determination for Final Apportionment through the Charter School Facilities Program for Pacific Community Charter located in Mendocino County (Action Item)

Executive Director Katrina Johantgen presented, noting this was the final apportionment for the school and that payments would be made once one year of facility occupancy is reached. Executive Director Johantgen confirmed all program eligibility criteria had been met and that they were currently in good standing with their authorizer. Executive Director Johantgen offered details regarding student academic performance, the school’s debt service coverage and confirmed that staff was recommending approval of the item.

Deputy Treasurer Morton asked if there were any additional questions from Board Members or the public on item #10. There were none.

Authority Action for Item #10

Motion to Approve the Financial Soundness Determination for Final Apportionment through the Charter School Facilities Program for Pacific Community Charter located in Mendocino County.

MOTION: Mireles SECOND: Perrault
AYES: Mireles, Perrault, Morton
NOES: NONE
ABSTAIN: NONE

MOTION APPROVED.

Item #11: Resolution No. 24 – 24 – Approval of Financial Soundness Determination for Final Apportionment through the Charter School Facilities Program for San Juan Unified on behalf of California Montessori Project - San Juan Campuses located in Sacramento County (Action Item)

Executive Director Katrina Johantgen presented, noting this was the final apportionment for the school and that the school was receiving a very large lump sum contribution from their local district. Executive Director Johantgen provided details about student enrollment, debt service coverage and noted the school met all eligibility criteria. Executive Director Johantgen confirmed the school was in good standing with their authorizer, shared campus details and student academic performance. Executive Director Johantgen noted that staff was recommending approval of this item and opened the floor to questions.

Deputy Treasurer Morton asked if there were any additional questions from Board Members or the public on item #10. There were none.

Authority Action for Item #11

Motion to Approve the Financial Soundness Determination for Final Apportionment through the Charter School Facilities Program for San Juan Unified on behalf of California Montessori Project - San Juan Campuses located in Sacramento County.

MOTION: Mireles SECOND: Perrault

AYES: Mireles, Perrault, Morton

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #12 was removed from the agenda.

Item #13: Public Comments

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

Item #14: Adjournment

The Board adjourned the meeting at 11:49 a.m.