

**MINUTES OF THE
CALIFORNIA SCHOOL FINANCE AUTHORITY BOARD MEETING
901 P Street, Conference Room #102
Sacramento, California 95814
August 29, 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 9:50 a.m. The meeting began late due to technical difficulties. Once resolved, the meeting began and ran seamlessly.

Members: Khaim Morton, designee for Fiona Ma, State 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)
William “Will” Jarrell, Staff Services Manager II (Sacramento)
Robert Rodriguez, Office Technician (Sacramento)
William “Fritz” Pahland, STO General Counsel, (Sacramento)

Attendees: John Cairns, Chief Operating Officer, Wonderful Foundations
Michele Shapiro, President, Wonderful Foundations
Brad Coburn, Chief Information Officer, Grow Schools
Danielle Fisher, Chief Financial Officer, Grow Schools
Tabatha Martins, Director of Real Estate Management, Grow Schools
Matt Palumbo, Underwriter, Raymond James
Jessica Shaham, Underwriter, Kutak Rock
John Bales, Underwriter, Kutak Rock
Sean Yates, Associate, Orrick, Herrington & Sutcliffe
Eugene H. Clark-Herrera, Partner, Orrick, Herrington & Sutcliffe
Bonnie Benson, Chief Financial Officer, Fortune Schools
John Kim, Underwriter, Stifel Nicolaus & Co
Guillermo Garcia, Underwriter, Stifel Nicolaus & Co
Austin Chan, Underwriter, Stifel Nicolaus & Co
Chris Wienk, Financial Advisor, First Tryon
Robert Ryan, Financial Advisor, First Tryon
Evelyn Dalton, Financial Advisor, First Tryon
Steffi Chan, Bond Counsel, Orrick Herrington & Sutcliffe
Palak Taneja, Bond Counsel, Orrick Herrington & Sutcliffe
Mark Bauer, Bond Counsel, Orrick Herrington & Sutcliffe
Brian Holman, Borrower’s Counsel, Musick Peeler

Kerrigan Bennett, Underwriter’s Counsel, Stradling
Jake Ediger, Underwriter’s Counsel, Stradling
Farnaz Golshani-Flechner, Executive Director, Menlo Charter Properties
Tracy Bondi, Director of Finance, Menlo Charter Properties
Marc Wancer, Principal, School Investments, Equitable Facilities Fund
Jared Kane, Investment Associate, Equitable Facilities Fund
Eugene Clark-Herrera, Partner, Orrick, Herrington & Sutcliffe
Sean Yates, Associate, Orrick, Herrington & Sutcliffe
Brian L. Holman, Partner, Musick, Peeler & Garrett

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 July 25, 2024, Board Meeting Minutes (Action Item)

Deputy Treasurer Morton introduced Item #2: Approval of the July 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 July 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

Conduit Bond Program: Staff will be presenting two bond financings before the board today with one Equitable Facilities Fund loan for consideration. The Authority is anticipating a very busy next few months given the new blackout period that precludes financings from closing after November 15, 2024.

Credit Enhancement Program: There are two credit enhancement awards before the board today which will be drawn from the fifth award with staff just waiting on the annual performance agreement with the federal government.

Charter School Facilities Program: The Authority is anticipating a financial soundness review before the board at the September 2024 board meeting. Staff will be monitoring the polling for Prop 2 on the November 2024 ballot and will share information with the board.

Revolving Loan Fund: The Authority may have one application before the board at the September or October 2024 board meeting.

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. 24-34 – Resolution Of The California School Finance Authority Authorizing The Issuance Of Tax-Exempt And/Or Taxable Revenue Bonds In An Amount Not To Exceed \$40,000,000 To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Educational Facilities Located In San Diego County, San Joaquin County & Los Angeles County, California For Use By Kidinnu Academy, TEAM Charter Academy, TEAM Charter School, and School of Arts and Enterprise. (Action Item)

Item #5: Resolution No. 24-35 – Approval Of The Charter School Facilities Credit Enhancement Grant Program (CFDA #84.354A) Award In An Amount Not To Exceed \$2,000,000 To WFCS Holdings IV, LLC On Behalf Of Wonderful Foundations (Action Item)

Executive Director Katrina Johantgen presented and introduced John Cairns, Chief Operating Officer at Wonderful Foundations, Michele Shapiro, President at Wonderful Foundations, Brad Coburn, Chief Information Officer at Grow Schools, Danielle Fisher, Chief Financial Officer at Grow Schools, Tabatha Martins, Director of Real Estate Management at Grow Schools, Matt Palumbo, Underwriter at Raymond James, Jessica Shaham, Underwriter at Kutak Rock, John Bales, Underwriter at Kutak Rock, Sean Yates, Associate at Orrick, Herrington & Sutcliffe and Eugene H. Clark-Herrera, Partner at Orrick, Herrington & Sutcliffe.

Michelle Shapiro provided an overview of the school's history, enrollment demographics and how the school has utilized grant funds in the past to fund improve their campus. Ms. Shapiro then spoke about student demographics and the school's creative approach to education. Matt Palumbo shared the school's financial details and how the project utilized cross collateralization that would help improve access to capital. Mr. Palumbo also presented a timeline for the financing and noted the financing was expected to close within 2 weeks. Eugene Clark-Herrera shared additional insight on the structure of the bond financing.

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

Authority Action for Item #4

Motion to Approve the Issuance Of Tax-Exempt And/Or Taxable Revenue Bonds In An Amount Not To Exceed \$40,000,000 To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Educational Facilities Located In San Diego County, San Joaquin County & Los Angeles County, California For Use By Kidinnu Academy, TEAM Charter Academy, TEAM Charter School, and School of Arts and Enterprise.

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

Motion to Approve The Charter School Facilities Credit Enhancement Grant Program (CFDA #84.354A) Award In An Amount Not To Exceed \$2,000,000 To WFCS Holdings IV, LLC On Behalf Of Wonderful Foundations.

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. 24-36 – Resolution Of The California School Finance Authority Authorizing The Issuance Of Charter School Revenue Bonds In An Amount Not To Exceed \$70,000,000 To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Educational Facilities Located In Sacramento County, California For Use By Rex And Margaret Fortune School Of Education And Fortune Facilities LLC. (Action Item)

Item #7: Resolution No. 24-37 – Approval Of The Charter School Facilities Credit Enhancement Grant Program (CFDA #84.354A) Award In An Amount Not To Exceed \$2,000,000 To Fortune Facilities LLC On Behalf Of Fortune School Of Education (Action Item)

Executive Director Katrina Johantgen presented and introduced Bonnie Benson, Chief Financial Officer at Fortune Schools, John Kim, Underwriter at Stifel Nicolaus & Co, Guillermo Garcia, Underwriter at Stifel Nicolaus & Co, Austin Chan, Underwriter at Stifel Nicolaus & Co, Chris Wienk, Financial Advisor at First Tryon, Robert Ryan, Financial Advisor at First Tryon, Evelyn Dalton, Financial Advisor at First Tryon, Eugene Clark Carrera, Bond Counsel at Orrick Herrington & Sutcliffe, Steffi Chan, Bond Counsel at Orrick Herrington & Sutcliffe, Palak Taneja, Bond Counsel at Orrick Herrington & Sutcliffe, Mark Bauer, Bond Counsel at Orrick Herrington & Sutcliffe, Brian Holman, Borrower’s Counsel at Musick Peeler, Kerrigan Bennett, Underwriter’s Counsel at Stradling, Jake Ediger, Underwriter’s Counsel at Stradling.

Guillermo Garica presented an overview of the financing, as well as information regarding the project facilities and noted the school anticipated a double B plus rating for the financing. Bonnie Bensen shared details regarding the school’s educational philosophy, enrollment projections and student demographics. Ms. Benson also provided information regarding the school’s historical financial performance and independent financial audits.

Guillermo Garcia shared the school’s financial projections, the long-term financial benefits the school would receive if this item is approved and provided additional insight into the school’s projected enrollment statistics. Board Member had a question about one of the buildings that was built as part of the project. Bonnie Benson confirmed that the building construction had been completed in Summer 2024.

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 The Issuance Of Charter School Revenue Bonds In An Amount Not To Exceed \$70,000,000 To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing And/Or Equipping Of Educational Facilities Located In Sacramento County, California For Use By Rex And Margaret Fortune School Of Education And Fortune Facilities 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 #7. There were none.

Authority Action for Item #7

Motion to Approve The Charter School Facilities Credit Enhancement Grant Program (CFDA #84.354A) Award In An Amount Not To Exceed \$2,000,000 To Fortune Facilities LLC On Behalf Of Fortune School Of Education

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

MOTION APPROVED.

Items #8 and #9 were removed from the meeting agenda.

Item #10: Resolution No. 24 – 40 – Resolution Of The California School Finance Authority Authorizing A Loan To The Authority In An Amount Not To Exceed \$6,000,000, 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 Menlo Charter Properties, To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing Of Educational Facilities Located In Los Angeles County For Use By Environmental Charter Schools, 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 Farnaz Golshani-Flechner, Executive Director/CEO at Menlo Charter Properties, Tracy Bondi, Director of Finance at Menlo Charter Properties, Marc Wancer, Principal at Equitable Facilities Fund, Jared Kane, Investment Associate at Equitable Facilities Fund, Eugene Clark-Herrera, Partner at Orrick, Herrington & Sutcliffe, Sean Yates, Associate at Orrick, Herrington & Sutcliffe, Brian L. Holman, Partner at Musick, Peeler & Garrett.

Marc Wancer provided an overview of the loan and current state of the school. Farnaz Flechner shared details regarding the school's history, mission statement and student demographics. Ms. Flechner also spoke about the school's curriculum, graduation rates and campus facilities. Tracy Bondi spoke about the buildings that would be acquired as part of the project, details on the nature of the loan and the obligated group associated with the loan. Mr. Wancer presented additional financial details before opening the floor to questions from the board.

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 A Loan To The Authority In An Amount Not To Exceed \$6,000,000, 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 Menlo Charter Properties, To Finance And/Or Refinance The Acquisition, Construction, Expansion, Remodeling, renovation, Improvement, Furnishing Of Educational Facilities Located In Los Angeles County For Use By Environmental Charter Schools, 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 #11: Resolution No. 24 – 41 – Approval Of The Charter School Facilities Credit Enhancement Grant Program (CFDA #84.354A) Award In An Amount Not To Exceed

***\$2,000,000 To 241 National City Blvd. Fund, LLC On Behalf Of Integrity Charter School
(Action Item)***

Staff Services Manager Mita Parikh presented and confirmed this was a reauthorization of a credit enhancement grant award for an additional six-month period, given that the school's existing grant award authorization is set to expire in the next few months. The school requested the reauthorization of the grant award given delays in obtaining an occupancy permit. Staff Manager Parikh confirmed this reauthorization would extend the previously approved item for an additional 6 months.

Deputy Treasurer Morton asked if there were any additional questions from Board Members or the public on item #11. There were none.

Authority Action for Item #11

Motion to Approve The Charter School Facilities Credit Enhancement Grant Program (CFDA #84.354A) Award In An Amount Not To Exceed \$2,000,000 To 241 National City Blvd. Fund, LLC On Behalf Of Integrity Charter School.

MOTION: Mireles SECOND: Perrault

AYES: Mireles, Perrault, Morton

NOES: NONE

ABSTAIN: NONE

MOTION APPROVED.

Item #12: Public Comments

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

Item #13: Adjournment

The Board adjourned the meeting at 10:53 a.m.