

Approved Minutes

Utah Charter School Finance Authority May 27, 2015

Members of the Authority present:

Richard Ellis (Chair of Authority, Utah State Treasurer)
Phil Dean (Governor's Office of Management and Budget)
Bruce D. Williams (Secretary of Authority, Utah State Office of Education)

Others Present:

David Damschen (Deputy Utah State Treasurer)
Perri Babalis (Attorney General)
Reed Stringham (Attorney General)
Scott Jones, Utah State Office of Education
Marlies Burns (State Charter School Board)
David Robertson (Lewis Young Robertson & Burningham)
Joel Wright (Kiron McConkie)
Eric Hunter (Chapman & Cutler)
Erin Preston (Lear Law)
Ryan Warburton (Ballard Spahr)
Jacob Carlton (Ballard Spahr)
Preston Olsen (Ballard Spahr)
Jon Bronson (Zions Bank Public Finance)
Brian Baker (Zions Bank Public Finance)
Clint Biesinger (Verapath Global)
Monty Hardy (Red Apple/Mountainville Academy)
Jeff Call (Mountainville Academy)
Debby Llewelyn (Mountainville Academy)

Meeting called to order by Richard Ellis at 10:00 a.m.

Items of Business:

1. Approval of Minutes
Motion was made by Phil Dean to approve the minutes of the Authority's April 16, 2015 meeting. The motion passed unanimously.
2. Mountainville Academy Application for Financing and Credit Enhancement
Brian Baker (Zions Bank Public Finance) discussed his analysis of the school's application and summarized the memo he prepared based on his analysis and for the Authority's consideration. Mr. Williams asked about the net present value and debt service savings projected in the refunding transaction, and David Robertson (Lewis Young) responded, indicating the projected annual reduction in debt service for the school resulting from the refunding was approximately \$100,000. Mr. Ellis asked whether the school planned to expand beyond K-9, and representatives for the school indicated in the negative. Jacob Carlton (Ballard Spahr) presented the resolution authorizing the transaction. Mr. Williams made a motion to approve the resolution, and the motion passed unanimously.
3. Utah Charter Academies (UCA) Application for Financing and Credit Enhancement
Mr. Ellis provided a summary of his discussions with Goldman Sachs and the compromises that he and the bank came to agreement on. Mr. Damschen pointed out that the document prepared by Ballard Spahr which summarizes the provisions of the transaction subject to negotiation with Goldman Sachs was updated to reflect the compromises tentatively agreed upon between the Authority and Goldman Sachs. Ryan Warburton (Ballard Spahr) pointed out there still remains a question regarding the coverage test;

whether it should be based solely on the “obligated group” versus the entire enterprise, and board members, Mr. Biesinger, Mr. Warburton, and Mr. Baker discussed the issue at length. Mr. Dean asked for clarification regarding the likelihood that Goldman Sachs and their interests in UCA assets and revenues would be taken out in 2018 as has been suggested, and it was confirmed that it is likely but not certain. Brian Baker discussed his analysis of the school’s application and summarized the memo he prepared based on his analysis and for the Authority’s consideration. Mr. Ellis mentioned that the school’s application was recently amended to include the financing of two parcels of property, and the school’s preference that the larger of the two not be pledged, mentioning that such an approach would not be allowed. Mr. Warburton confirmed that the draft resolution had the requisite provisions to pledge such assets should they be included in the transaction, and Joel Wright (Kirton McConkie) explained the purpose of the parcels and their intended uses. The school had not yet made a final determination whether to finance both assets in this transaction. Mr. Carlton presented the resolution authorizing the transaction. Mr. Dean made a motion to approve the resolution as presented, and the motion passed unanimously.

Motion was made by Mr. Dean to adjourn.