

Unapproved Minutes
Utah Charter School Finance Authority
January 19, 2016

Members of the Authority Present:

David Damschen (Utah State Treasurer)
Phil Dean (Governor's Office of Management and Budget)
Scott Jones (State Office of Education)

Others Present:

Bruce Williams (Zions Public Finance)
David Robertson (Lewis Young Robertson & Burningham)
Joel Wright (Kirton and McConkie)
Mike Burke (State Treasurer's Office)
Steve Whitehouse (Karl G. Maeser Preparatory Academy)
Eric Hunter (Chapman & Cutler)
Ryan Warburton (Ballard Spahr)
Jacob Carlton (Ballard Spahr)

Meeting called to order by David Damschen at 10:10 a.m.

Items of Business:

1. Approval of Minutes

Motion was made by Scott Jones to approve the minutes of the Authority's November 13, 2015 meeting. Phil Dean seconded the motion. The motion passed unanimously.

2. Karl G. Maeser Preparatory Academy Application to the UCSFA

David Damschen confirmed the TEFRA hearing scheduled for Tuesday, February 9, at 9:00a.m. Bruce Williams (Zions Public Finance) discussed his analysis of Karl G. Maeser Preparatory (Maeser) application. Mr. Williams indicated that all the requirements were met and Maeser is in a healthy financial position and meets all financial requirements of the Credit Enhancement Program with the exception of Debt Coverage Ratio (see discussion below). He pointed out that the State Charter School Board letter of certification holds Maeser in good standing with no exceptions. Mr. Williams also confirmed that the school's existing bond rating is BBB-. David Robertson (Lewis Young) will have a meeting on January 27 with S&P to reaffirm the BBB- rating. Mr. Williams discussed the Debt Coverage Ratio being below the Authority's minimum requirement of 105%. He indicated this is due to a balloon payment of roughly \$1.7 million in 2041. The Debt Coverage Ratio with the balloon payment is 74%. Without the balloon payment (assuming level amortization) the ratio is 149%. Since the refunded debt will be on level amortization as required by Credit Enhancement Program standards, Mr. Williams recommended that this ratio be calculated based on post-refunding debt service. All other ratios are satisfactory. Mr. Damschen solicited questions from board members. Phil Dean (GOMB) asked about local replacement and its effect on the school. Mr. Williams indicated that it would be a positive to the school. Mr. Dean also inquired about the change in the debt service payment amount. David Robertson (Lewis Young) responded that the savings would be about \$80,000 per year.

Scott Jones (SOE) asked for clarification on the 12th grade enrollment projections. Steve Whitehouse (Karl G. Maeser Preparatory Academy) responded that Maeser's current enrollment is the highest it's ever been and the school has instituted significant changes to enhance the program to be more attractive to the students. He gave several examples of the changes. Mr. Jones also asked about extra-curricular activities and students that use the local high schools to access activities not offered by Maeser. Mr. Whitehouse responded that Maeser does not see very much of that with their students. Mr. Jones asked about student enrollment during the economic downturn. Mr. Whitehouse indicated that Maeser has had a steady increase of student since inception. He also mentioned the school's healthy wait list. Mr. Damschen discussed post issuance disclosures and encouraged the school to not rely solely on its dissemination agent, but to keep its own calendar of contractual disclosure and other obligations and to ensure that the school's board members are kept fully aware of those obligations. Jacob Carlton (Ballard Spahr) provided a summary of the bond resolution. Mr. Dean made a motion to approve the resolution and the motion passed unanimously.

Motion made by Mr. Dean to adjourn.