

Minutes
CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board
Wednesday, May 25, 2005
1:00 p.m.
915 Capitol Mall, Room 587
Sacramento, California 95814

Deputy State Treasurer Ted Eliopoulos, serving as chair, called the meeting to order.

Roll Call

Members Present: Ted Eliopoulos for Phil Angelides, State Treasurer
 Anne Sheehan for Tom Campbell, Director of Finance
 Kathleen Moore for Jack O’Connell, Superintendent of Public Instruction

Staff Present: Katrina Johantgen, Executive Director

Approval of Minutes

The minutes of the April 7, 2005 meeting were adopted as submitted.

Executive Director’s Report

Ms. Johantgen provided the status of the due diligence evaluations being conducted for the awardees of the first funding round (Prop 47) for the Charter School Facilities Program (Program). Updated information has been provided by all six schools and staff is currently analyzing the information. Due diligence reports are expected to be presented to the members at the meeting in July 2005.

Staff is currently working with the Office of Public School Construction (OPSC) to jointly prepare a report for the Legislature regarding the second funding round (Prop 55) for the Program. The Joint Report to the Legislature will be presented to the members at the meeting scheduled for June 22, 2005, and will be submitted to the Legislature by July 2005.

Resolution No. 05-04 Approving That CHIME Charter Middle School has Maintained a Financially Sound Status for Purposes of Advance Apportionment

Ms. Johantgen reported that a request for an advance apportionment of \$326,000 for design costs was submitted on behalf of CHIME Charter Middle School (CHIME). Officials of CHIME have submitted documentation advising that there are no material changes since CHIME was determined to be financially sound for purposes of the preliminary apportionment, in January 2005. Staff recommended that the members determine that CHIME has maintained its financially sound status for purposes of the Program, and authorize the Executive Director to notify OPSC.

Mr. Eliopoulos spoke regarding the request relayed to OPSC concerning the monitoring of grant funds. Ms. Johantgen confirmed that she had conveyed the members' concerns to OPSC that appropriate monitoring or controls be in place. She also reported that a response was received from Dave Zian, Manager, OPSC Fiscal Services/Program Services, confirming that OPSC also wanted to assure that funds were appropriately being applied toward school facilities, and that OPSC will periodically monitor the use of the funds and the progress of the awardees.

Following up on the action taken at the April 7, 2005 meeting, Mr. Eliopoulos spoke on behalf of State Treasurer Angelides in expressing that when approving the requests for advance apportionments, it would be prudent to assure sufficient monitoring is in place to oversee the use of the funds and to recommend that OPSC develop and enter into a binding agreement with each awardee receiving an advance apportionment of funds. The members look forward to the opportunity for a little more discussion and feedback with regard to the monitoring and controls for overseeing the appropriate use of grant funds.

It was moved, seconded and passed that Resolution 05-04 be approved with the recommendation that the Executive Director contact OPSC about the members' concerns related to entering into binding agreements with the awardees and ensuring sufficient monitoring is in place to oversee the use of Program funds as previously described.

Resolution No. 05-05 Approving That Maria Montessori Charter Academy has Maintained a Financially Sound Status for Purposes of Advance Apportionment

A request for an advance apportionment of \$398,847 for design costs was submitted on behalf of Maria Montessori Charter Academy (MMCA). Representatives of MMCA have submitted documentation advising that there are no material changes in the schools finances or operations since the school was determined to be financially sound for purposes of the preliminary apportionment, in January 2005. Ms. Johantgen recommended that the members approve the resolution determining that MMCA has maintained its financially sound status for purposes of the advance apportionment, and for the Program.

It was moved and seconded and passed to approve Resolution No. 05-05, determining that MMCA has maintained its financially sound status for purposes of the Program, and authorizing the Executive Director to notify the Office of Public School Construction.

Resolution No. 05-06 Approving That Temecula Preparatory School has Maintained a Financially Sound Status for Purposes of Advance Apportionment

Requests for advance apportionments of \$435,363 for design costs and \$312,546 for site acquisition costs were submitted on behalf of Temecula Preparatory School (TPS). Documentation has been received verifying that there are no material changes in TPS' operational or financial standing since the school was determined to be financially sound for purposes of the preliminary apportionment, in January 2005. Ms. Johantgen noted that TPS is one of two charter schools that will receive its local matching share from the Temecula Valley Unified School District. Although lease payments will not be needed, evaluations and

determinations of financial soundness are being conducted to insure a good running school that should be able to complete the construction project. Ms. Johantgen recommended that the members approve the resolution determining that TPS has maintained its financially sound status for purposes of the advance apportionment, and for the Program.

It was moved and seconded and passed to approve Resolution No. 05-06, determining that TPS has maintained its financially sound status for purposes of the Program, and authorizing the Executive Director to notify OPSC.

Resolution No. 05-07 Approving Distribution of the Draft Form of Charter School Facilities Program – Implementation of State Charter School Facilities Incentive Grant Program Emergency Regulations

Ms. Johantgen provided an overview of the draft emergency regulations developed to authorize implementation of the \$49,250,000 grant received from the U.S. Department of Education's State Charter School Facilities Incentive Grants Program. A timeline for implementation of the grant program was provided and Ms. Johantgen advised that the regulations will be submitted as emergency regulations to ensure the funds for the first funding round are obligated by the end of the federal fiscal year, on September 30, 2005.

Brad Strong, EdVoice, spoke in support of the regulations. He stated that the flexibility allowed in this program is critical for charter schools.

Gary Borden, Charter Schools Development Corporation, spoke in support of the proposed regulations as they are written.

Branché Jones, California Charter Schools Association, stated that the money is needed for charter schools and urged the members to approve the regulations.

The members requested that they continue to be provided updates regarding the status of this grant program.

It was moved, seconded and passed to approve Resolution 05-07, authorizing the draft regulations for distribution with public comments due no later than June 2, 2005, and if no substantive changes are made, the Chair and the Executive Director may file the regulations with the Office of Administrative Law as emergency regulations.

There were no other public comments.

Without any further business to conduct, the meeting was adjourned.