

**Minutes**  
**CALIFORNIA SCHOOL FINANCE AUTHORITY**

**Meeting of the Board**  
**Wednesday, February 15, 2006**  
**11:00 a.m.**  
**915 Capitol Mall, Room 110**  
**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  
                          Kathleen Moore for Jack O'Connell, Superintendent of Public Instruction  
                          Anne Sheehan for Michael C. Genest, Director of Finance

Staff Present:         Katrina Johantgen, Executive Director

**Approval of Minutes**

The minutes of the January 24, 2006 meeting were adopted as submitted.

**Executive Director's Report**

Charter School Facilities Program (Program): Ms. Johantgen advised that she would be participating, along with staff from the Office of Public School Construction (OPSC) and the California Department of Education, at a February 17, 2006 meeting coordinated by the Los Angeles Unified School District (LAUSD). The purpose of the meeting is to convene the thirteen charter schools within LAUSD that were awarded preliminary apportionments through the Program, and to walk through the process of requesting advance apportionments and converting the apportionments to final apportionments.

State Charter School Facilities Incentive Grants Program: Ms. Johantgen advised that all recipients of the first funding round were notified of their awards following the board meeting. Some of the recipients have reported that their governing boards have issued resolutions accepting the terms and conditions of the grant agreement, and they will be submitting the request for disbursement in the near future. Staff is contacting a few of the alternate awardees for verification of their actual eligible costs.

In order to meet the June 30, 2006 budgetary deadline, the second funding round for the grant will begin soon. The permanent regulations have been filed with OAL that includes filing deadlines that will allow time to meet the June 30 budget deadline. Applications will be accepted as soon as March 1 under the emergency regulations approved for the first funding round. Staff will start working with OPSC to determine which districts will need updated overcrowding information.

In follow-up to the discussion regarding the Charter School Facilities Program, Ms. Johantgen confirmed that there have been discussions with OPSC regarding the lease agreement and it has been agreed that Authority staff will serve as the point of contact for the charter schools and the school districts with regard to the lease agreements. Currently, staff is discussing various riders to the lease that will apply to certain schools. LAUSD has advised that they will be implementing a user agreement between themselves and each of the awardee charter schools in their district.

Ms. Moore had a concern regarding the lease agreement, and wanted to ensure that it is not an impediment to the charter schools that are being funded. A charter school should not be placed in a problematic situation as a result of a school district prolonging or refusing to sign the lease agreement. Ms. Sheehan agreed that it is important to ensure that the districts understand their responsibilities under statute.

**Resolution No. 06-01 Approving That Academia Semillas Del Pueblo has Maintained a Financially Sound Status for Purposes of an Advance Apportionment**

Acedemia Semillas Del Pueblo has requested an advance apportionment of \$894,376 for design costs and \$2,306,894 for site acquisition costs. The school was awarded a preliminary apportionment of \$13,557,546 in February, 2005. We have found that Academia has very strong financials. We do want to make the members aware that the school had an enrollment drop of 10 percent two years ago. Between September and December of the 2005-06 school year, the school lost 17 students, which represents five percent of their enrollment. Also, this year, as a result of a drop in test scores, the school has taken steps to increase tutoring for the students and training for teachers. Additionally, there have been a few issues related to the site the school had initially identified for its project, and they are looking at alternate sites. Staff recommends that the members find that Academia Semillas Del Pueblo has maintained a financially sound status for purposes of an advance apportionment.

It was moved, seconded and passed to approve Resolution No. 06-01, determining that Academia Semillas Del Pueblo has maintained a financially sound status for purposes of an advance apportionment for the Program.

**Resolution No. 06-04 Approving That Aspire Public Schools – Los Angeles (Secondary) Campus has Maintained a Financially Sound Status for Purposes of an Advance Apportionment**

Aspire Public Schools – Los Angeles (Secondary) Campus has requested an advance apportionment of \$5,262,400 for site acquisition costs. The school was awarded a preliminary apportionment of \$19,669,826, on February 23, 2005 by the State Allocation Board.

The financial soundness for Aspire Public Schools (Aspire) was conducted reviewing Aspire as a single organization. The combined report includes information for Aspire's two projects located in Los Angeles and Stockton. It was noted in the report presented to the members in August 2005, that there were some concerns about Aspire's over-reliance on contributions and student

performance. Based on the most recent analysis, contributions represent 13 percent of total expenditures, which is in our acceptable range of 10-15 percent. Also, student performance is improving in that API (Academic Performance Index) scores are going up at most of Aspire's schools are meeting their AYP (Adequate Yearly Progress) criteria. In the report prepared in February 2006, it was highlighted that Aspire's test scores are improving and also that Aspire's contributions came down a percentage point. Staff recommended that the members find that Aspire Public Schools – Los Angeles (Secondary) Campus has maintained a financially sound status for purposes of an advance apportionment.

It was moved, seconded and passed to approve Resolution No. 06-04, determining that Aspire Public Schools – Los Angeles (secondary) Campus has maintained a financially sound status for purposes of an advance apportionment for the Program.

**Resolution No. 06-05 Approving That Today's Fresh Start Charter School has Maintained a Financially Sound Status for Purposes of an Advance Apportionment**

Today's Fresh Start has requested an advance apportionment of \$659,899 for site acquisition costs and \$3,003,331 for design costs. The school was awarded a preliminary apportionment of \$12,605,650, on February 23, 2005 by the State Allocation Board. Today's Fresh Start is authorized by the Los Angeles County Office of Education, and is currently looking at a site in Inglewood. The school was found to have very healthy financials, with debt coverage of almost 4.5 times. Their teachers' salaries were a little below what we have seen for schools in LAUSD. We also noted that they did have a significant drop in their API scores, they have instituted measures including hiring a new principal and an education consultant, and they are looking for board certified teachers to train their existing teachers. The school's measures were found to be pro-active and staff recommends that the members find that Today's Fresh Start has maintained a financially sound status for purposes of an advance apportionment.

It was moved, seconded and passed to approve Resolution No. 06-05, determining that Today's Fresh Start Charter School has maintained a financially sound status for purposes of an advance apportionment for the Program.

**Resolution No. 06-06 Approving That Aspire Public Schools – Stockton Campus has Maintained a Financially Sound Status for Purposes of a Final Apportionment**

Aspire Public Schools – Stockton Campus has requested that their preliminary apportionment of \$20,811,386, awarded on February 23, 2005 by the State Allocation Board, be converted to a final apportionment. Ms. Johantgen stated that Aspire's Stockton campus will be the first school that will need to execute a lease agreement under the Charter School Facilities Program. Legal counsel confirmed that the lease agreement will need to be executed prior to the release of the funds. Based on staff's review of Aspire's financial records and the earlier discussion regarding Aspire and the Los Angeles campus, staff recommends that the members find that Aspire Public Schools – Stockton Campus has maintained a financially sound status for purposes of a final apportionment.

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It was moved, seconded and passed to approve Resolution No. 06-06, determining that Aspire Public Schools – Stockton Campus has maintained a financially sound status for purposes of converting the preliminary apportionment to a final apportionment for the Program.

**Public Comment**

There were no public comments.

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

Respectfully submitted,

Katrina Johantgen