

Minutes
CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board
Wednesday, August 24, 2006
10:30 a.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
Kathleen Moore for Jack O'Connell, Superintendent of Public Instruction
Molly Arnold for Michael C. Genest, Director of Finance

Staff Present: Katrina Johantgen, Executive Director

Approval of Minutes

The minutes of the June 29, 2006 Authority meeting were adopted as submitted.

Executive Director's Report

Legislation:

Ms. Johantgen presented an update on the status of Assembly Bill 2717 (Walters), which would amend the Authority's statutes to include the term 'charter school' in the definition of participating parties. AB 2717 passed the Senate Appropriations Committee with a vote of 7 to 3 on August 7, 2006, then passed in the Senate with a vote of 39 to 0 on August 22, 2006, and is now on the Governor's desk waiting to be signed.

Charter School Facilities Program:

The members were provided an update of the proposed regulatory changes to the form of the tripartite agreements (the Memorandum of Understanding, the Funding Agreement, and the Use Agreement) under the Charter School Facilities Program (Program). The proposed changes were distributed for public comment prior to the beginning of the rulemaking process and the formal 45-day public comment period. Some comments have been received and are being reviewed. Awardee charter schools have been encouraged to contact the school district where their project facility will be located to begin working out the details of the Use Agreements.

Counsel for the Los Angeles Unified School District (LAUSD) has provided updated comments regarding the forms of the Memorandum of Understanding (MOU) and the Funding Agreement that set out the basic program guidelines and the default security provisions under the Program. The updated comments are also being reviewed by the Office of Public School Construction (OPSC). More recently, LAUSD provided a draft of the form of the Use Agreement that they intend to enter into with each of the awardee charter school's in their district, and which will be included as an attachment to each of the respective MOUs.

Ms. Johantgen discussed the need for additional staff and external resources for processing of applications for the \$500 million funding round in the event Proposition 1D passes in November.

State Charter School Facilities Incentive Grants Program:

The members were advised that High Desert Academy in San Bernardino, an awardee under the first funding round, has rescinded their award of \$429,000 due to a change in their eligibility. The school is increasing their off-site independent study program and no longer meets the site based requirement that at least eighty percent of the instructional time shall be at the school site. None of the funds had been disbursed and staff is currently verifying that the next alternate from the first funding round has maintained its eligibility to receive an alternate award.

Crosswalk Charter School - Resolution No. 06-14

Crosswalk Charter School has requested an advance apportionment of \$317,200 for site acquisition costs. The school was awarded a preliminary apportionment of \$6,556,218 by the State Allocation Board in February 2005.

Crosswalk has purchased the land and is waiting to execute the Program's tripartite agreements before they transfer title to the district. Crosswalk has changed the scope of their project because the two construction bids they received were higher than what had been allocated, and are considering a contingency plan that would include a modular type of facility. Hesperia Unified School District has provided comments on the tripartite agreements and has hired an attorney to represent the charter when executing the agreement.

Ms. Johantgen noted that while Crosswalk has grown every year, they are not meeting their enrollment projections, which is likely due, as the school reports, to facilities constraints since the anticipated occupancy date for the project facilities has been delayed by two years. Crosswalk has very healthy financial performance, and also healthy debt service coverage. There has been a change in management with the hiring of a new business manager.

Staff recommended that the members find that Crosswalk Charter School has maintained a financially sound status for purposes of an advance apportionment.

It was moved, seconded and passed to approve Resolution 06-14, determining that Crosswalk Charter School has maintained a financially sound status for purposes of an advance apportionment under the Charter School Facilities Program.

Visual and Performing Arts Charter School - Resolution No. 06-15

Ms. Johantgen advised the members that a letter had been received from the Sacramento City Unified School District by the specified date of August 15, 2006, stating that Visual and Performing Arts Charter School (VAPAC) was in good standing and in compliance with the terms of its charter at the time of application submission.

Since no action had been taken on VAPAC's application for grant funds at the June 29, 2006 meeting in consideration of the legal uncertainty of VAPAC's eligibility for an award, and since

a letter has been received from VAPAC's authorizer, Sacramento City Unified School District, staff recommended that the members find VAPAC eligible for an award of the grant funds that had been set aside for this contingency.

After some discussion, the members amended the resolution to direct staff to seek certification that the provisions contained in the Settlement Agreement between VAPAC and the school district were not inconsistent with the terms and conditions of the State Charter School Facilities Incentive Grants Program or the grant agreement.

It was moved, seconded and passed to approve Resolution 06-15, as amended, determining that the application submitted by Visual and Performing Arts Charter School is approved for funding under the second round of the State Charter School Facilities Incentive Grants Program.

Public Comment

There were no other public comments.

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

Respectfully submitted,

Katrina Johantgen
Executive Director