

## MEMORANDUM

**Date:** January 15, 2019

**To:** Members of the California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Subject:** Resolution 19-01 – Approval of Financial Sound Determinations for Charter School Facilities Program (Proposition 51) Applicants for Purposes of an Advance Apportionment

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The Charter School Facilities Program (CSFP) was enacted in 2002 by Assembly Bill 14, amended by Senate Bill 15 and Assembly Bill 16, and funded through Proposition 47 (\$100 million), Proposition 55 (\$300 million), Proposition 1D (\$500 million), and Prop 51 (\$500 million) for the purposes of constructing, acquiring or renovating new facilities for site-based charter school students. CSFP is jointly administered by the California School Finance Authority (Authority) and the Office of Public School Construction (OPSC). The Authority's primary role is to establish whether an applicant is financially sound for purposes of receiving a Preliminary Apportionment (reservation of funds), Advance Apportionment for design or purchase, or Final Apportionment for construction or renovation.

Authority staff assesses financial soundness of each eligible applicant, following the framework and methodology established by statute, regulation, and industry standards. Following each assessment, staff provides the summary findings related to: (1) Application Eligibility and Review; (2) Operational Analysis; (3) Financial Analysis; and (4) Findings and Recommendations.

Most recently, under the Proposition 51 funding round, the Authority received 186 applications for \$500 million in funding. OPSC analyzed and ranked each applicant for eligibility and funding using regulations adopted by the State Allocation Board. Under OPSC's direction, the Authority reviewed 60 top-ranked projects for rehabilitation and new construction, and 43 applicants were deemed financially sound by the Authority for Preliminary and Advance Apportionment. Two applicants – Libertas College Prep and St. HOPE Public School #7 – were found sound for Preliminary Apportionments only given certain credit characteristics. For your review and consideration, staff provides the attached summary findings for the three projects regarding financial soundness determination for Advance Apportionment. Sierra Foothill Charter was found sound for both a Preliminary and Advance Apportionment, but its financial soundness certification expired, therefore necessitating an updated review at this time.

Staff recommends all aforementioned projects be found financially sounds for Advance Apportionment. These determinations of financial soundness is in place for 12 months (barring any material changes) and are specifically related to Advance Apportionment for design or purchase.