

California School Finance Authority

SB740 Webinar



May 6, 2020

10:00-11:00 am PDT

- For technical issues, contact GoToWebinar (GoToMeeting) at (877) 582-7011 or <https://support.logmeininc.com/gotowebinar>
- Live captioning is available at <https://www.streamtext.net/player?event=CDIAC>

Treasurer Fiona Ma, CPA



Agenda

- Program Overview
- Eligibility & Best Practices
 - Good Standing Form
- Application Overview
 - Steps for Success
- Reimbursable Lease Costs
 - New Facility Agreement
 - Multi-year Lease
- Data and Statistics
- Funding Projections
- Contact Information

Program Overview

- State-funded Facilities Grant Program
- *\$140.4 million (annual) program
- Assist charter schools that demonstrate need
 - Free and Reduced Priced Meals (FRPM) eligibility
- Funds up to 75% of costs associated with rent, lease, and/or remodeling, deferred maintenance, initially installing service systems
- Funding Formula: $\text{*\$1,211} \times \text{Average Daily Attendance (ADA)}$

**Per the Governors 2020-21 proposed budget*

Eligibility

- 55% Free and Reduced Priced Lunches (FRPM)
- Good Standing
- No Conflicts of Interest
- Classroom-based instruction
- Reimburses facility costs associate with sites not owned by either a school district or county office of Education

Additional Eligibility

If a school does NOT meet the 55% FRPM threshold, a school may be eligible if it is located in attendance area of an elementary school with at least 55% of its students receiving FRPM AND provide preference in admissions to that elementary school. **This must be written in the Admission Policy within the current approved Charter School Petition.**

Example of satisfactory language: "Students who are currently enrolled in or who reside in the elementary school attendance area of the Public elementary school(s) in which *[Charter School]* is located (for purposes of the Charter School Facility Grant Program)."

SB740 Best Practices

■ Conflict of Interest

- Grant funds may not be used by a Charter School to pay for lease, rental, or service agreements with a Conflict of Interest and must be in compliance with SB126's government agency transparency rules.

■ Legal Status Questionnaire

■ Good Standing

■ Program Regulations

- Guide program administration and application criteria

■ Frequently Asked Questions (FAQ)

- Available on the SB740 Website

Good Standing

Updated Process

Good Standing

- Compliance with the terms of the charter agreement
- No pending corrective actions or notice of intent to revoke

Good Standing Form

- Requested from Authorizer upon receipt of Application
- Unreturned form = Good Standing

If good standing is restored by the end of the fiscal year, the Applicant will be eligible for Program funds

Application Overview

- The Online Application is available on CSFA's website
- Application deadline **June 4, 2020 at 5:00 pm**
- All applicants are to submit their application using the **Online Application**

No Late Applications will be accepted

Steps for Success

Applications should be submitted under the school's name

Scan documents must be a PDF with a maximum file size is 5000KB (5 MB)

Documents to Submit with Application:

- Current valid charter agreement
- Approved Authorizer Board Adoption
- Board Members
- Legal Status Questionnaire (LSQ) and Certification Signature Pages (DocuSign is acceptable)

More Steps for Success

Current lease with agreement terms

- Lease agreements must be signed
- Scan each lease agreement separately
- Save as Facility Street Address

(EX: 123 Main St.)

Note: One upload per facility site, combine any corresponding amendment(s) and original lease as a single document (latest amendment first.)

Multi-Year & New Facility Agreements

New Facility Agreement:

- 1) Moved to a new facility/site
- 2) additional square footage not included in the prior agreement
- 3) Renewal of prior year's expired agreement
 - Exception: options to renew contained in existing rent or lease agreements on file with the Authority executed by the Charter School and the lessor will not be considered a New Facility Agreement.

Generally all other leases are considered **Multi-year Agreements**

Multi-Year & New Facility Agreements

(Continued)

New Facility Agreements

- Verify rent is at or below Fair Market Value
- Appraisal completed within the last three fiscal years
- List of appraisers may be found on Bureau of Real Estate Appraisers site
 - <http://orea.ca.gov/html/SearchAppraisers.asp>
- Reimbursable rent: Fair Market determination or rent, whichever is less

Multi-Year Agreement

- Long term lease or lease with option to renew
- Reimbursable rent based on rent or Annual COLA Cap, whichever is less

Funding Round	Annual COLA	Amount per unit of ADA
2017-18	1.56%	\$1,117
2018-19	2.71%	\$1,147
2019-20	3.26%	\$1,184

Reimbursable Facility Costs

How does this affects future reimbursements:

	Lease Status	Actual Rent (per Lease)	Cap Basis	COLA	COLA Cap	Reimbursable Rent
2017-18	Moved to new site	\$100,000.00	Appraisal	N/A	N/A	\$100,000.00
2018-19	Same as prior year	\$105,000.00	COLA Cap	2.71%	\$102,710.00	\$102,710.00
2019-20	Same as prior year	\$110,250.00	COLA Cap	3.26%	\$106,058.35	\$106,058.35
2020-21	Renewed & added sq. ft.	\$115,000.00	Appraisal	N/A	N/A	\$115,000.00

Reimbursable Facility Costs Appraisal

Appraisal Request

Request for an Independent Appraisal after determining:

- Program eligibility is met
- Lease is a New Facility Agreement
- An Independent Appraisal, completed within the last three Fiscal Years is not on-file

Contents of the Appraisal

The Appraisal shall be consistent with the Uniform Standards of Professional Appraisal Practice (USPAP), and at a minimum contain the following items:

- Certified General Appraiser licensed by the California Department of Real Estate Appraisers;
- The Appraiser shall not be a Related
- “Intended “Client” shall be the Charter School
- User” shall be the California School Finance Authority for Charter School Facility Grant Program eligibility
- Provide a Fair Market Rent Analysis including an
- Signed Certification consistent with language found in USPAP

Finding an Certified General Appraiser

Where to find a list of appraisals (Bureau of Real Estate Appraisers)

<https://www2.brea.ca.gov/breasearch/faces/party/search.xhtml>

Enter One or More Search Criteria

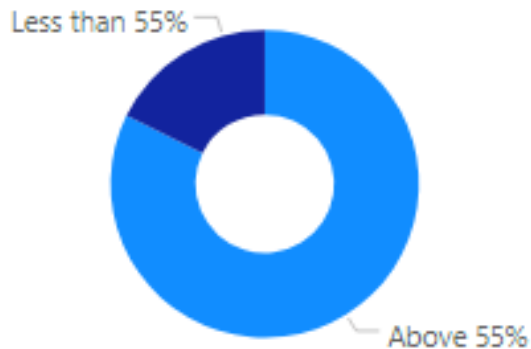
First Name:	<input type="text"/>
Last Name:	<input type="text"/>
Company Name:	<input type="text"/>
Mailing City:	<input type="text" value="Sacramento"/>
Mail ZIP:	<input type="text"/>
County:	<input type="text"/>
License Level:	<input type="text" value="AG"/>
License Number:	<input type="text"/>
	(six digits only e.g. 012345)
	<input type="text"/>

AG = Certified General License

Demographics

2018-19 SB740 Awards - Schools Serving Impoverished Students

Total Awards



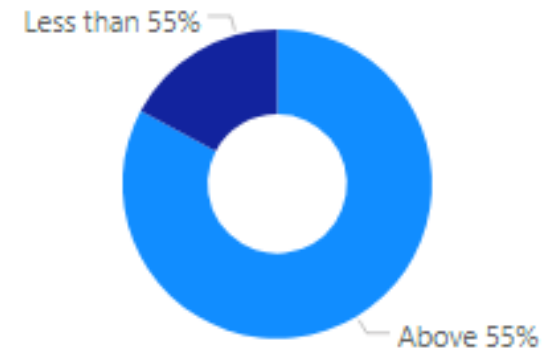
Awardees met 55% FRPM

342

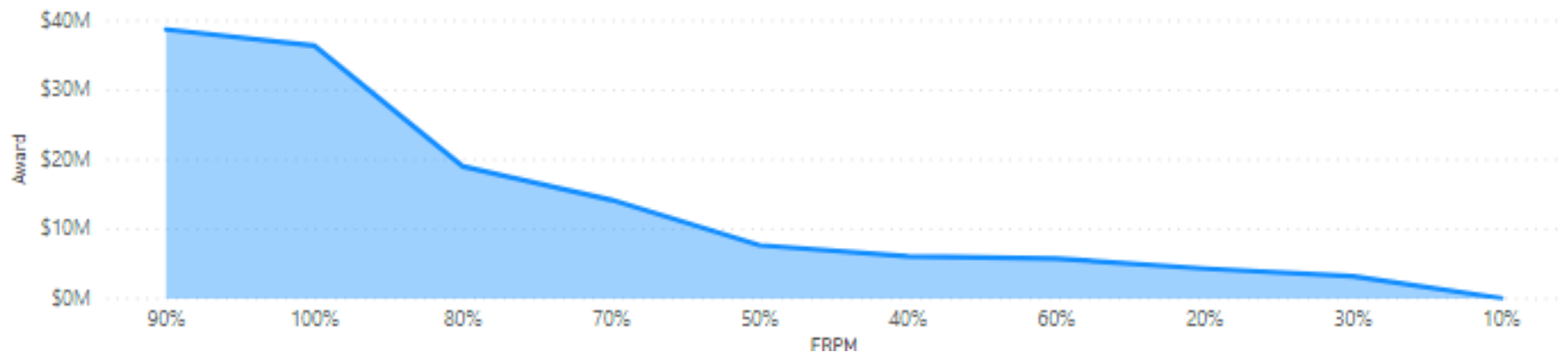
Awardees met 55%

\$111.68M

Awardees

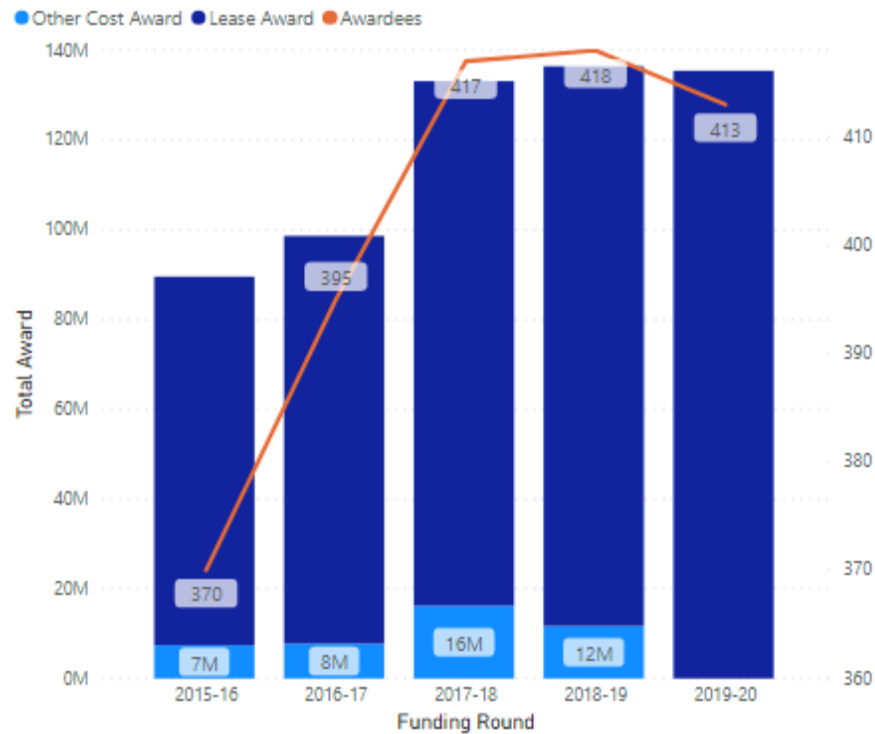


Awards by FRPM

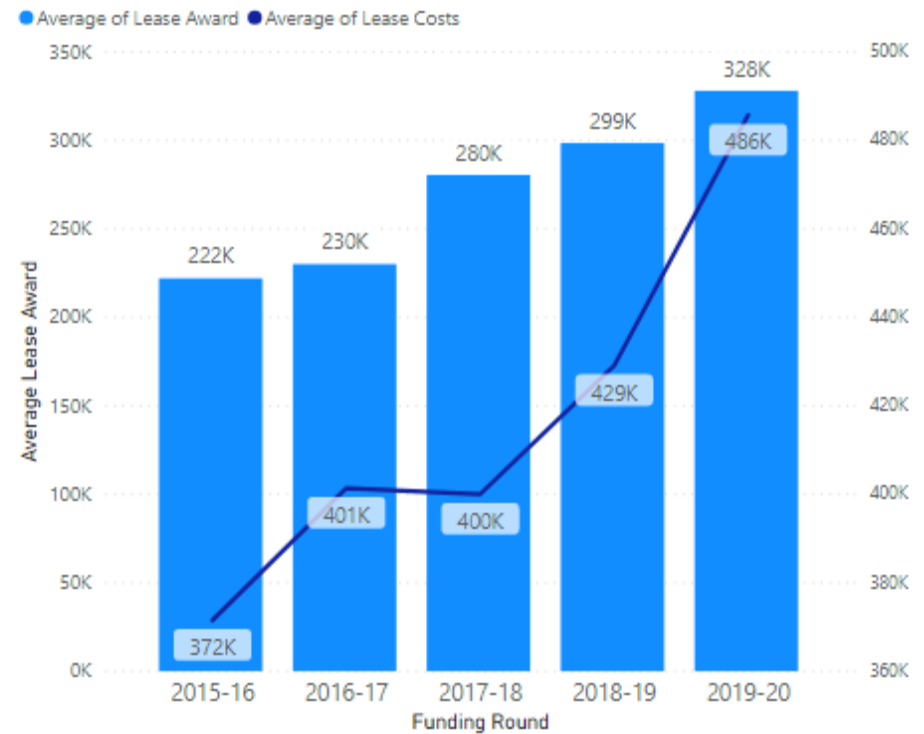


Program Growth

SB740 Awards



Average Lease and Awards



Funding Projections

2019-20 Pro Rata Evaluation Analysis	
Allocation	\$136,786,000.00
Funds needed to reimburse 75% lease costs	\$144,815,948.45
Difference	(\$8,029,948.45)
Lease Award Pro-Rata	94.46%
Remaining Funds for Other Costs	\$0.00

Funding Projections

2019-20 Projections

- 75% of Rent/lease costs are pro-rated at around 94%
- No funds available for “other costs”

2020-21 Projections

- 75% of Rent/lease costs will be Pro-rated at approximately 90%
- No funds available for “other costs”

2020-21 Lease Costs		\$400,000.00
Other Costs		-
75% of Annual Facility Costs		\$300,000.00
Award per P-2 (ADA x \$1,211*)	225.00	\$272,475.00
Award (Lesser of the Two)	ADA Cap	\$272,475.00
Pro-Rated Award	90%	\$245,227.50
Initial Apportionment		\$122,613.75
Second Apportionment		\$61,306.88
Final Lease Award		\$61,306.88

Payee Data Record

Payee Data Record (STD 204)

- State Controller's Office uses this form to process awards
- Available on:
 - SB740 Website
 - <https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>

Business Name

- * Enter name as it appears on Employer Identification Number (EIN)
- Lookup EIN information here: <https://apps.irs.gov/app/eos/>
- If the school's name is different from what is listed on their EIN
 - Business Name: ABC Charter, Inc. **DBA** Enriching Charter Academy

Must submit new form if applicant wishes to update:

- Name
- Nailing address
- EIN

Contact Information

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Do you Have Questions - We Have Answers

Frequently Asked Questions are available at
<http://www.treasurer.ca.gov/csfa/csfgp/faq.pdf>

Schools can contact the Authority at SB740@treasurer.ca.gov

