

Minutes
CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board
Tuesday, June 11, 2003
1:30P.M.

Employment Development Department
722 Capitol Mall, Auditorium
Sacramento, California 95814

1. Roll Call

The meeting was called to order by Deputy State Treasurer Barbara Lloyd, serving as chairperson.

Members

Present: Barbara Lloyd for Philip Angelides, State Treasurer
Duwayne Brooks for Jack O'Connell, Superintendent of Public Instruction
Jeannie Oropeza for Steve Peace, Director of Finance

Staff: Lara Larramendi Blakely, Executive Director

2. Approval of Minutes

The minutes of January 22, 2003 were approved as submitted.

3. Executive Director's Report:

Ms. Blakely reiterated the importance of the Charter School Facilities Program (Program) to the Treasurer's Office and the Office of Public School Construction (OPSC). Since the meeting in January, the Program has adopted regulations, and hired and trained staff. In looking ahead, the joint report with the State Allocation Board (SAB) will be ready to present to the board on June 24th for adoption. The SAB will consider the report on June 25th.

4. Resolution 03-02 Adopting Permanent Rulemaking File

Staff recommended approval of Resolution 03-02, Adopting the Permanent Rulemaking File and authorizing staff to file the permanent regulations with the Office of Administrative Law.

Mr. Brooks raised a concern regarding the applicability of the 24-month requirement to school districts and Dr. Ron Meade, Superintendent of Lemoore Union Elementary School District (Lemoore), discussed that concern as it applied to the application submitted by Lemoore. Following discussion regarding the 24-month requirement as it applies to school districts, the regulations were adopted. Staff will address the issues raised by Mr. Brooks and Dr. Meade in subsequent amendments to the regulations.

5. Charter School Facilities Program (CSFP) Applications – Financially Sound Determinations:

Following a presentation by Ms. Blakely outlining the process and indicators staff used in receiving and reviewing applications for determining financial soundness, Ms. Blakely read the recommendations from CSFA staff.

Staff recommended that the following applicants be determined to be financially sound: Academy for Career Education, Elk Grove Charter, Natomas Charter #19, Phoenix Academy, Accelerated Charter Elementary, Animo Inglewood Charter High, Animo Leadership High, Camino Nuevo Charter Academy, Montague Elementary, Vaughn Next Century Learning Center, Watts Learning Center. In addition, Orange County High School of the Arts was recommended to be financially sound with a guarantor, requiring additional due diligence regarding the guarantor.

Staff initially recommended that View Park Prep Middle and High School, Las Banderas Academy, and Learner-Center Charter be determined to not be financially sound. Furthermore, staff advised the board of information that was submitted just prior to the meeting regarding Liberty Family Academy and that information regarding applications submitted by Aspire was still being evaluated.

Finally, CSFA staff recommended that applicants receiving preliminary apportionment from the SAB provide regular updates to CSFA on key aspects of their financial condition and operating results, as well as changes to future projections.

During the public comment period, a representative of Las Banderas Academy presented information to the board regarding clarification of the financial information provided in its application. A representative from the Learner-Centered School stated that they were determined not financially sound and CSFA should have informed the schools of their findings earlier than the day of the meeting. A representative from Assemblymember Nunez's office spoke in his behalf of Camino Nuevo and thanked the Authority for considering their application.

A motion was put to the board to approve staff recommendations that the following applicants be determined to be financially sound: Academy for Career Education, Elk Grove Charter, Natomas Charter #19, Phoenix Academy Accelerated Charter Elementary, Animo Inglewood Charter High, Animo Leadership High, Camino Nuevo Charter Academy, Montague Elementary, Vaughn Next Century Learning Center, Watts Learning Center, and Orange County High School of the Arts, subject to additional due diligence. The motion passed on a unanimous vote.

A motion was put to the board for approval of staff recommendation that the following schools be determined to not be financially sound--View Park Prep Middle & High School and Learner-Centered School, and was unanimously approved.

It was also determined that consideration and a final decision regarding the Aspire applicants, Liberty Family Academy, and Las Banderas be held over and that the meeting be continued to Friday, June 13, to provide staff additional time to review those applications. A motion for the meeting to be continued to Friday, June 13, 2003 at 10:00am, at 915 Capitol Mall, Room 587, was approved.

At the designated time, the continued meeting was called to order by Deputy State Treasurer Barbara Lloyd, serving as chairperson. All board members that were present on June 11, 2003, were present.

Based on additional financial documentation provided by Las Banderas Academy that established that it could meet the minimum debt service coverage requirement, staff recommended that Las Banderas Academy be determined financially sound. The Board approved staff's recommendation on a unanimous vote.

Based on additional information received from Liberty Family Academy's chartering school district relating to the tenuous nature of Liberty Family Academy's charter status – specifically, that the charter was only extended for one year and that Liberty Family Academy was subject to a review every two months, staff recommended that Liberty Family Academy be determined to not be financially sound. The Board approved staff's recommendation on a unanimous vote.

Following review of the most recent financial information provided by Aspire, staff recommended that the four eligible applications submitted by Aspire be determined financially sound. The Board approved staff's recommendation on a unanimous vote.

As a final matter, Mr. Brooks stated that he had received a call from a school board member regarding the application of View Park Prep School, and asked if the board would reconsider the action taken on Wednesday. View Park felt that there was a breakdown in communications and were unable to have a representative present at the meeting. Mr. Brooks asked if staff would work with View Park to see if there was additional information that could be provided that would impact the findings. Ms. Lloyd suggested that CSFA had relied upon the OPSC to provide the project costs. As provided in the regulations, CSFA has to rely on the project cost as determined by OPSC and OPSC has not given the CSFA a new project cost.

Being no other business, the meeting was adjourned.

Respectfully submitted,

Lara Larramendi Blakely
Executive Director