

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

**Meeting of the Board**  
**Wednesday, June 23, 2004**  
**10:00 A.M.**  
**915 Capitol Mall, Room 110**  
**Sacramento, California 95814**

**1. Roll Call**

Deputy State Treasurer Barbara Lloyd, serving as chairperson, called the meeting to order.

**Members**

**Present:** Barbara Lloyd for Phil Angelides, State Treasurer  
Bob Campbell for Donna Arduin, Director of Finance  
Duwayne Brooks for Jack O’Connell, Superintendent of Public Instruction

**Staff:** Katrina Johantgen, Executive Director

**2. Approval of Minutes**

The minutes of March 18, 2004 were adopted as submitted.

**3. Executive Director’s Report**

Ms. Johantgen gave an update on the legislative proposal to add “charter school” to the California School Finance Authority (CSFA) statute.

Ms. Johantgen discussed CSFA’s role in filing an application for the Federal Department of Education State Charter School Facilities Incentive Grants Program. CSFA is leading the effort on behalf of the State of California to receive an award. Notification of the awards will probably be announced in September.

**4. Due Diligence Reports for 2003 Charter School Facilities Program Awardees**

Ms. Johantgen provided an overview of staff’s interim reporting of Proposition 47 awardees. She explained that CSFA’s methodology did not change substantively from the analysis that was conducted in 2003 at the time of preliminary apportionment. She reported on the following schools:

**Aspire (Oakland and Stockton projects):** The Aspire projects that were awarded preliminary apportionments were analyzed on a stand-alone basis, as well as part of Aspire as a whole organization, as Aspire the organization is serving as obligor for the CSFP payments related to the Stockton and Oakland projects. Ms. Johantgen added that overall the two projects have maintained their ability to make the lease payments associated with CSFP, and that staff is

recommending that Aspire remain financially sound for purposes of the CSFP. Further discussion ensued regarding an amendment to Aspire's Oakland charter.

In response to a board member's inquiry, Ms. Johantgen explained why academic performance is part of the criteria used to assess financial performance. Mr. Brooks stated that he sent CSFA's interim report to his director of testing and assessment to evaluate the Academic Performance Index and Adequate Yearly Progress data contained in the reports to ensure that the information is being used correctly. Mr. Brooks reported that CSFA's analysis is "right on" and the [CSFA] staff looked at the right information and [CDE staff] checked the figures and that they were correct. Mr. Brooks wanted to recognize the [CSFA] staff for doing a very good job in that area. Ms. Johantgen thanked him and stated that it was appreciated.

**Academy for Career Education:** Ms. Johantgen expressed that ACE's financial situation has not changed significantly from June 2003. Further analysis needs to be conducted on Wheatland Union High School District's finances and commitment to make lease payments on behalf of ACE. CSFA staff will report to the board in early-2005 regarding ACE's financial soundness.

**Animo Leadership:** Ms. Johantgen reported that Animo Leadership remains financially sound for purposes of CSFP.

**Montague Elementary Charter School:** Ms. Johantgen reported that overall Montague's financial soundness remains intact although the school has experienced shortfalls in revenues. Despite these shortfalls, Montague is able to make CSFP lease payments by drawing down on fund balances. CSFA staff will report to the board in early-2005 regarding Montague's financial soundness.

**Orange County High School of the Arts:** Ms. Johantgen reported that because OCHSA has a guarantor, an extra layer of due diligence is required in order to determine OCHSA's continued financial soundness. Additionally, CSFA staff is waiting to evaluate the terms and conditions in the draft commitment letter from OCHSA and its guarantor. CSFA staff will report to the board in early-2005 regarding OCHSA's financial soundness.

Ms. Johantgen stated that CSFA is in the process of refining its staff reports for the next funding round. There was discussion about how CSFA staff will be presenting its recommendations and staff reports to the board.

Mr. Campbell moved that the due diligence reports be accepted as presented, Mr. Brooks seconded the motion and it passed unanimously.

Ms. Johantgen thanked Mr. Brooks for his service to the Authority, since this was his last meeting before retiring from state service. Mr. Brooks introduced Dr. Ellerbee, Deputy Superintendent. Mr. Brooks thanked everyone and said it was a great group to work with and also congratulated Ms. Johantgen on being appointed Executive Director.

Without any public comment, Ms. Lloyd adjourned the meeting at 10:45A.M.