

Minutes
CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board
Wednesday, January 20, 2005
10:00 a.m.
915 Capitol Mall, Room 587
Sacramento, California 95814

1. Roll Call

Deputy State Treasurer Carrie Cornwell, serving as chairperson, called the meeting to order.

Members

Present: Carrie Cornwell for Phil Angelides, State Treasurer
Anne Sheehan for Tom Campbell, Director of Finance
Kathleen Moore for Jack O'Connell, Superintendent of Public Instruction

Staff: Katrina Johantgen, Executive Director

Approval of Minutes

The minutes of December 22, 2004 were adopted as submitted.

Executive Director's Report

Ms. Johantgen gave an update on the plan for implementing the \$49.2 million grant received from the U.S. Department of Education. Staff is working with the DOE regarding a modification to expand the use of the funds.

Staff continues to seek an amendment to the CSFA statute amending the definition of participating districts to include charter schools. Currently only school districts and community college districts are eligible to come to CSFA for financing.

Charter School Facilities Program (CSFP) Applications – Financially Sound Determinations (Action Item)

Kirk Knight, a parent volunteer, spoke in support of the Alameda Community Learning Center (ALCLC) and explained that it was a misnomer to say that ALCLC was not financially sound. Ms. Johantgen explained that the applicant was unable to provide sufficient documentation for staff to be able to make a determination regarding the applicant's ability to repay the loan. Therefore, because the applicant did not meet the criteria to be determined financially sound, staff's recommendation was to find ALCLC not sound for the purposes of the Charter School Facilities Program.

Oakland Mayor Jerry Brown, representing the Oakland School of the Arts (OSA), spoke in support of the school and provided information about the school's academic performance and the community's Smart Growth redevelopment plans. Mayor Brown affirmed that the City of Oakland is committed to supporting the school and that a local matching share is being provided for the Charter School Facilities Program grant. Ms. Cornwell advised that Treasurer Angelides is always pleased to hear when a Smart Growth component is included in community redevelopment plans.

Assemblymember Joe Coto, Patricia Reguerín, Peter Laub, and Rosa Plaza spoke in support of Escuela Popular Accelerated Family Learning Center.

Assemblymember Joe Coto formerly served as Superintendent of the East Side Union High School District when the charter for Escuela Popular was first approved. He provided a brief history of the school and East San Jose's high immigrant population, and described how Escuela Popular is a learning center not only for students but for their parents as well.

Patricia Reguerín, Executive Director of Escuela Popular, spoke as an advocate for the students and staff, and to assure the board members of the success of the school. She explained that in response to the district's concerns, the leadership of the school and district staff have agreed to a remediation plan to assure that the school is in compliance with the district's concerns. She also stated that the district's concerns are technical in nature and she is confident that the school will resolve these issues with the district expeditiously.

Peter Laub, of EdTec, provides business services for the school. Mr. Laub discussed the operations of the school and the issues of compliance with the district, then presented a copy of a recent letter from the school to the district. Ms. Johantgen confirmed that CSFA staff had received a copy of the letter that morning. Mr. Laub outlined the school's position with regard to the district's concerns, and stated that the school is discussing plans to remedy the concerns and to complete the data that is provided to the state as well.

Rosa Plaza, Associate Director of Escuela Popular, explained how the school will comply with the district and how the school will keep in close contact with the district in order to comply with all of their needs. Mr. Laub added that the school had obtained a legal opinion with regard to the school's over-19 population. Ms. Johantgen noted that CSFA recognizes the uniqueness and benefit of the over-19 population.

Ms. Johantgen advised the board members that Visual and Performing Arts Charter (VAPAC) was determined to be ineligible for the Charter School Facilities Program by the Office of Public School Construction. VAPAC is currently appealing that decision to the State Allocation Board. Pending the outcome of the appeal, CSFA staff has reviewed VAPAC for financial soundness. However, VAPAC does not meet California's 24-month requirement of operating as a charter school for at least 24 months or being managed by key management personnel who have at least 24 months of documented charter school experience.

Arbatel de la Cuesta spoke in support of VAPAC and explained that Dennis Mah, Ed.D., who has charter school experience, has been serving as a part-time consultant and VAPAC expects to bring Dr. Mah on full-time next year. The school is also hiring other personnel who will make the school stronger, including Michael Hall as a part-time principal. Mr. de la Cuesta stated that Richard Fisher, U.S. National Leasing, has been a tremendous supporter and has agreed that U.S. National Leasing will support VAPAC in guaranteeing that the Charter School Facilities Program loan payments are met.

Ms. Johantgen confirmed that the new key personnel do not have previous charter school experience. Therefore, because the applicant does not meet the criteria to be determined financially sound, staff's recommendation is to find VAPAC not sound for purposes of the Charter School Facilities Program.

Ms. Johantgen advised the members that she would like more time for staff to review new information provided this morning regarding the status of Escuela Popular's charter and their efforts to remedy the concerns expressed by their chartering authority, East Side Unified High School District. Lisa Constancio, of the Office of Public School Construction, confirmed that they have been communicating with CSFA staff and there is some time for an additional review before the State Allocation Board meeting. The meeting of the State Allocation Board is scheduled for Wednesday, February 23, 2005.

Ms. Johantgen advised the members that to allow additional time to review the new information regarding the status of Escuela Popular's charter, she would like to amend staff's recommendation to take no action at this time, and that the application be presented to the members at a later date.

Ms. Sheehan moved to approve staff's recommendations of financial soundness as written, with the exception of one applicant, Escuela Popular Accelerated Family Learning Center, which will be reviewed at the next Authority meeting planned for the first week of February. Ms. Moore seconded the motion and it passed unanimously. Therefore, twelve applicants have been determined financially sound for purposes of the Preliminary Apportionment, one applicant has withdrawn, two applicants have not been determined to be financially sound, and one applicant is pending.

The following twelve applicants have been deemed financially sound for purposes of the Preliminary Apportionment of the Charter School Facilities Program: Accelerated Elementary School, Aspire Public Schools (LAUSD K-5), Aspire Public Schools (LAUSD 6-12), CHIME Middle, City Arts & Technology High, KIPP Academy Fresno, KIPP Academy of Opportunity, KIPP Los Angeles College Preparatory School, Los Angeles Leadership Academy, Maria Montessori Academy, Oakland School of the Arts, and Watts Learning Center.

The following school has withdrawn its application: View Park Preparatory.

The following two applicants have *not* been determined to be financially sound for purposes of the Charter School Facilities Program: Alameda Community Learning Center and Visual and Performing Arts Charter.

The following school will be reviewed at the next board meeting: Escuela Popular Accelerated Family Learning Center.

Without any further public comment, Ms. Cornwell adjourned the meeting.