

Minutes
CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board
Thursday April 7, 2005
1:00 p.m.
915 Capitol Mall, Room 587
Sacramento, California 95814

Deputy State Treasurer Ted Eliopoulos, serving as chair, called the meeting to order.

Roll Call

Members Present: Ted Eliopoulos for Phil Angelides, State Treasurer
Jeannie Oropeza for Tom Campbell, Director of Finance
William Ellerbee for Jack O'Connell, Superintendent of Public Instruction

Staff: Katrina Johantgen, Executive Director

Approval of Minutes

The minutes of January 20, 2005 were adopted as submitted.

Executive Director's Report

Ms. Johantgen advised members of the status of Senate Bill 535 (Runner), which includes an amendment to include charter schools in the definition of participating districts. Currently, the Authority is able to provide financing for school districts and community college districts only. This amendment would allow the Authority to provide the same financing vehicles to creditworthy California charter schools.

The members were advised of the proposed timing and implementation of the \$50 million State Charter School Facilities Incentive Grant that the Authority received from the United States Department of Education (US DOE). The proposed regulations have been approved by the US DOE. Staff is working with the California Department of Finance regarding budget authority to administer the grant funds. Applications for the first funding round are expected to be available in July 2005.

Ms. Johantgen provided an update of the due diligence reporting for the six awardees under Proposition 47. Current information has been requested from each of the six schools and will be presented to the Authority members in June or July.

Additionally, staff is working with colleagues at the Office of Public School Construction (OPSC) to prepare the Charter School Facility Funding Joint Report to the Legislature, which is due by July 1. The report will contain descriptions of the twenty-eight projects that were

awarded funding and also recommend any changes to the Program or process. Members of the public have been solicited for feedback on the process on the Charter School Facility Program and those comments will be integrated into the report.

Resolution No. 05-01 Approving That University High School has Maintained a Financially Sound Status for Purposes of Advance Apportionment

University High School submitted a request for advance apportionment of funds for design costs. Notification has also been received advising that Brad Huff, Ph.D., University's head of school, is no longer working for University. Jim Hamilton, who has served as dean of students since November 2003, is serving as interim head of school and is responsible for overseeing the school's day-to-day operations. Ms. Johantgen advised that staff will monitor University's enrollment levels and other factors that could impact financial soundness in the wake of Dr. Huff's departure. University has reported that it intends to have a permanent head of school in place by the next school term.

Ms. Johantgen reported that University's finances are relatively strong, student performance is exemplary, and the school has maintained its financially sound status for purposes of the Charter School Facilities Program. Ms. Johantgen recommended that the members approve Resolution No. 05-01, which authorizes notification to the State Allocation Board and the Office of Public School Construction that University has maintained its financial soundness for purposes of the Program, specifically with regard to its request for an advance apportionment of funds in the amount of \$1,160,385.

It was moved, seconded, and passed to approve Resolution No. 05-01.

As advised by Ms. Johantgen, once the Authority members determine that a charter school has maintained its financially sound status for purposes of an advance apportionment, then the Office of Public School Construction will complete the processing for the request and is authorized to issue the funds without any additional action by the State Allocation Board.

Mr. Eliopoulos, speaking on behalf of Treasurer Angelides regarding the determination that the charter school has maintained a financially sound status, requested clarification regarding OPSC's regulations and whether its authority to release the funds also provides certification and monitoring for the distribution of the funds. The Treasurer would like to convey to OPSC the importance of ensuring that sufficient systems are in place to monitor compliance and to ensure the funds are being used for the intended purposes.

Ms. Oropeza stated that the Department of Finance concurs with the Treasurer and would like assurance that checks and balances are in place to monitor the grant funds, given that this monitoring does not result in the need for additional resources.

Resolution No. 05-02 Approving That Crosswalk: Higher Education Learning Pathways Charter School has Maintained a Financially Sound Status for Purposes of Advance Apportionment

Crosswalk: Higher Education Learning Pathways Charter School has requested an advance apportionment of funds for design costs. Crosswalk reports that it is on track with recruitment and enrollment targets. Ms. Johantgen noted that initially Crosswalk's projected enrollment was somewhat aggressive given that recruitment was targeted at existing grades (grades five through twelve). Staff will continue to monitor enrollment levels and other factors that could impact financial soundness. Crosswalk is now seeking a kindergarten through grade four charter and enrollment levels are expected to be sufficient to enable the school meet its debt service coverage.

Ms. Johantgen reported that Crosswalk has maintained its financially sound status for purposes of the Charter School Facilities Program. It was recommended that the members approve Resolution No. 05-02, which authorizes notification to the State Allocation Board and the Office of Public School Construction that Crosswalk has maintained its financial soundness for purposes of the Program, specifically with regard to its request for an advance apportionment of funds in the amount of \$622,622.

It was moved, seconded, and passed to approve Resolution No. 05-02.

Ms. Johantgen clarified that the charter schools are required to obtain their final apportionment within four years from the date of the preliminary apportionment, with a possible maximum extension of one year.

Resolution No. 05-03 Approving That Jacoby Creek Charter District has Maintained a Financially Sound Status for Purposes of Advance Apportionment

Jacoby Creek Charter District requested an advance apportionment of funds for design costs. Chartered by the California Department of Education, this charter school is one of the few all charter districts in the state. Jacoby Creek reports that it does not have any material changes since they were determined to be financially sound in December 2004.

Ms. Johantgen reported that Jacoby Creek has maintained its financially sound status for purposes of the Charter School Facilities Program. It was recommended that the members approve Resolution No. 05-03, which authorizes notification to the State Allocation Board and the Office of Public School Construction that Jacoby Creek has maintained its financial soundness for purposes of the Program, specifically with regard to its request for an advance apportionment of funds in the amount of \$136,296.

It was moved, seconded, and passed to approve Resolution No. 05-03.

Without any further business to conduct, the meeting was adjourned.