

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

**Meeting of the Board**  
**Wednesday, June 22, 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  
                          Kathleen Moore for Jack O’Connell, Superintendent of Public Instruction  
                          Anne Sheehan for Tom Campbell, Director of Finance

Staff Present:         Katrina Johantgen, Executive Director

**Approval of Minutes**

The minutes of the May 25, 2005 meeting were adopted as submitted.

**Executive Director’s Report**

Katrina Johantgen advised that the annual due diligence reviews for two of the six awardees under Proposition 47 have been completed and will be presented to the members at the next board meeting tentatively scheduled for July. It is anticipated that the due diligence reviews for the remaining four awardees will be brought to the members at the August board meeting.

The members were updated on the implementation of the federal grant program, the State Charter School Facilities Incentive Grant Program. The emergency rulemaking file was submitted to the Office of Administrative Law (OAL) on Friday, June 17, 2005. OAL will contact staff in ten days with any concerns, otherwise the rulemaking file will be filed with the Secretary of State and staff will be able to begin the application process. Recommendations for the first funding round will be presented to the Board for action in August or September. Ms. Johantgen advised that staff is working to ensure all charter schools know about this important funding opportunity. The application and regulations will be posted on CSFA’s Web site and e-mailed to charter school associations for additional distribution. Ms. Moore stated that the Department of Education would be able to provide a list of all charter schools with their e-mail addresses.

Ms. Johantgen confirmed that the regulations submitted in the emergency rulemaking file was substantially the same as when approved by the members at the June board meeting. Comments had been received from six parties during the public comment period, however, given the tight timeline and the need to meet the federal deadline, the only comment that was incorporated into the regulations was to clarify the definition of facility construction to include

facility renovations. Ms. Sheehan stated that she knew the Department of Finance had provided some suggestions. Ms. Johantgen confirmed that comments had been provided by DOF, and that CSFA staff will review other comments on the regulations prior to the next funding round in early 2006.

### **Approval of the Joint Report to the Legislature**

The Joint Report to the Legislature has been drafted, with the Office of Public School Construction completing Part A on behalf of the State Allocation Board, while CSFA staff completed Part B of the report. Ms. Johantgen explained that the complete report was being presented to the members for approval with the understanding that there may be subtle changes to Part A when the report was submitted to the State Allocation Board for approval later in the afternoon.

Ms. Johantgen pointed out that a correction will be made to Appendix 2, on page 31, where a school was identified as not being found to be financially sound. Prior to the members actually making a determination regarding Escuela Popular del Pueblo at the January meeting, the school was found to be ineligible based on the school district not having any new construction eligibility. The report will be amended to identify that the school was found to not have any new construction eligibility.

As described by Ms. Johantgen, CSFA's Part B of the report is separated into sections, with the first section identifying procedural changes to the application process that were implemented pursuant to Senate Bill 15 (2003) and providing a description of the process for finding schools financially sound. Section two listed recommendations for statutory changes. The first statutory change recommended conformity between CSFA's existing statute and the intercept provisions for the Charter School Facilities Program. This item recommends that charter schools be added to the definition of participating party in CSFA's statutes, which would make charter schools eligible to access the intercept mechanism and all financing vehicles through CSFA.

Ms. Moore commented on Part A of the report and the goal of SB 15 to allow the maximum number of projects to be funded. The California Department of Education has some concerns about reductions in site acreage sizes. Since the entire Charter School Facility Program is being reviewed, Ms. Moore would like further review concerning this issue. Charter schools funded in the second round at 50 percent of recommended site-size diminishes the cost of the sites. This may have the consequences of not allowing proper educational programs to occur on the campuses. CDE deals with small site-sizes in urban areas already, and its concern affects this program. Ms. Moore said she would bring this up at the State Allocation Board meeting.

It was moved, seconded and passed to approve the Joint Report to the Legislature, as modified on page 31.

**Resolution No. 05-08 Approving That KIPP Academy Fresno has Maintained a Financially Sound Status for Purposes of Advance Apportionment**

KIPP Academy Fresno is requesting an advance apportionment of \$367,097 for design costs. KIPP Academy Fresno, in its first year, has seen their enrollment erode from 60 students to a daily average of 50 to 52 students. Staff has noted this trend as a concern. Ms. Johantgen stated that since her site visit to KIPP Academy Fresno in February 2005, KIPP has taken a closer look at its attendance and conducted a detailed recruitment analysis tied to its plan to construct a new school at a new location. Staff found the analysis compelling enough to recommend that the members find KIPP Academy Fresno financially sound for purposes of an advance apportionment and to direct staff to notify OPSC of this determination.

It was moved, seconded and passed to approve Resolution 05-08, determining that KIPP Academy Fresno has maintained a financially sound status for purposes of an advance apportionment for the Charter School Facilities Program.

There were no public comments.

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