

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

**Meeting of the Board**  
**Wednesday, December 14, 2006**  
**9:00 a.m.**  
**915 Capitol Mall, Room 110**  
**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  
Molly Arnold for Michael C. Genest, Director of Finance

Staff Present: Katrina Johantgen, Executive Director

**Approval of Minutes**

The minutes of the August 24, 2006 Authority meeting were adopted as submitted.

**Executive Director's Report**

Charter School Facilities Program: Ms. Johantgen provided an update on the status of the Charter School Facilities Program (Program). Soon after Prop 1D passed on November 7, 2006, staff of the California School Finance Authority (Authority) and the Office of Public School Construction (OPSC) began participating in workshops in San Diego, Riverside, Sacramento, Bakersfield, and Los Angeles to inform charter schools and school districts about the upcoming CSFP funding round and to provide information about the application process and the different roles of the Authority and OPSC. The two offices are planning to prepare FAQs from the workshops to be posted on our web sites.

Technical workshops are being planned for early-2007 to assist potential applicants with the application process and to walk through the required forms and explain what information will need to be provided for the financial soundness analysis. While workshops were held prior to the Prop 55 funding round, it is anticipated that these workshops will include more technical information and greater assistance will be provided to potential applicants in completing the Program application.

The State Allocation Board has approved Program amendments to their regulations. Among other things, the changes to the regulations set the filing period for Program applications from February to June 2007. Ms. Johantgen advised that she is working closely with the Department of Finance and the State Treasurer's Office administrative unit to ensure that adequate resources for administering the Program are available.

Ms. Johantgen further advised that a roundtable discussion was held with staff from the Department of Finance, OPSC, the Los Angeles Unified School District (LAUSD) and the Authority to discuss the three Program agreements. LAUSD had expressed concerns with the issue of when title to the project facilities is to be taken by the district, as required in Education Code section 17078.57 (3) (A). Staff is working to identify LAUSD's concerns over areas of the project in which the district will not be involved, and for which the charter school will hold the ultimate responsibility.

State Charter School Facilities Incentive Grants Program: An informal site visit was conducted in October by Jim Houser, Director, Charter School Facility Programs, US Department of Education, Office of Innovation and Improvement. Mr. Houser reviewed the Authority's application files, walked through some administrative requirements, and then visited some of our recipient charter schools. The visit went very well, with the only significant recommendations being that the Authority consider adding a qualitative factor to the preference point calculation and that we begin the process for a formal A-133 audit.

Staff attended the mandatory, annual Project Director's Meeting in Washington, DC, in early December. Informational presentations were given by representatives of the National Clearinghouse on Educational Facilities; School Choice Programs and Services for the Minnesota Department of Education; 21<sup>st</sup> Century School Funds; and the National Summit on School Design. A round table discussion was held with other grantees from around the country that included a discussion of best practices and feedback from the various performance reviews.

Due to our increased workload, we are planning to hire two retired annuitants to help with administration of our federal grant program. They will probably be on board in January or February of 2007.

Bond Program: The members were advised that AB 2717 (Walters) has been signed by the governor and will become effective on January 1, 2007. This means that the Authority's statutes will include the term "charter school" in the definition of participating parties, and will allow the Authority bonding authority to act as a conduit issuer on behalf of California charter schools. Staff has begun working with the State Controller's office on the mechanics of the payment process for charter schools. Staff also is working with various bond counsel and underwriters. Barbara Lloyd of Lehman Brothers was present for the meeting.

**Amendments to the Regulations for the State Charter School Facilities Grants Program – Resolution No. 06-16**

Recommended changes to the regulations that guide the State Charter School Facilities Incentive Grants Program were presented to the members. The changes were developed in response to issues raised by the members, staff of the US Department of Education, and the charter school community during the previous two funding rounds. Ms. Johantgen walked through the proposed amendments to the preference point calculations and explained the need for clarifying the regulatory language. The changes to the preference point calculations include:

- Increase the Low-Income preference point scale to 60 maximum points. This change would increase the weight of the sliding scale used to assign points based on the percentage of students attending the school who qualified for free/reduced price meal programs.
- Reduce the Overcrowding preference point scale to 20 maximum points. This change would reduce the weight of the sliding scale used to assign points based on the district-wide New Construction Eligibility, as determined by the Office of Public School Construction.
- Add 10 preference points for Student Performance. This qualitative factor would assign a total of 10 preference points to applicant charter schools that met the Academic Performance Index (API) Growth Target for the most recent year, as posted on CDE's web site.

Upon approval by the members, staff will initiate the rulemaking file and plan to begin the 45-day public comment period in January 2007, as it will be necessary to complete the rulemaking process and determine the awards for the third funding round by the end of the fiscal year on June 30, 2007.

After some questions by the members concerning the impact of these changes to the charter community and the process for submitting hand-delivered applications, the members accepted the proposed changes in the draft regulations.

It was moved, seconded and passed to approve Resolution 06-16, approving proposed amendments to the regulations for the State Charter School Facilities Incentive Grants Program and authorizing staff to initiate the rulemaking process and distribute for public comment.

### **Public Comment**

There were no other public comments.

Mr. Eliopoulos stated that this was his last meeting representing the Treasurer and appreciated all the comments and thoughtfulness during his tenure; he thanked everyone for a wonderful experience and thanked Katrina and her staff for their hard work.

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

Respectfully submitted,

Katrina Johantgen  
Executive Director