

Minutes
CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board
Thursday, June 14, 2007
1:00 p.m.
915 Capitol Mall, Room 587
Sacramento, California 95814

Deputy State Treasurer Patricia Wynne, serving as chair, called the meeting to order.

Roll Call

Members Present: Patricia Wynne designated alternate for Bill Lockyer, State Treasurer
Anne Sheehan designated alternate for Michael Genest, Director of Finance

Member(s) Absent: Jack O'Connell, Superintendent of Public Instruction

Staff Present: Katrina Johantgen, Executive Director

With a quorum present, Patricia Wynne, Chair, called the meeting to order.

Approval of Minutes

The minutes of the March 21, 2007 Authority meeting were adopted as submitted.

Executive Director's Report

State Charter School Facilities Incentive Grants Program: Katrina Johantgen, Executive Director, provided an update on the grant program. Applications for the third funding round were due on May 7, 2007 and were accepted in both the Los Angeles and Sacramento offices. Of the 115 applications received, 105 have been determined to be eligible. Three applications were received after the application deadline and a few were determined ineligible because they had received a preliminary apportionment through the Charter School Facilities Program. Recommendations for the award determinations will be presented to the members at the meeting planned for June 28, 2007. Ms. Johantgen confirmed that the review process is progressing smoothly and that staff is working closely with the California Department of Education and its Consolidated Application Division to assign low income points. Some district overcrowding information has been received, which has historically has been difficult to obtain.

Charter School Facilities Program: Under the current funding round (Prop 1D), approximately 90 applications were received by the Office of Public School Construction. OPSC is looking through the applications for completeness and will be separating out the binders designated for the Authority. We expect to see a large number of applications from some of the larger Educational Management Organization's, so hopefully, the financial soundness review will be easier this round since the Authority is familiar with the financial structure of many of the organizations that received awards under previous funding rounds.

Ms. Johantgen also advised the members that executed CSFP agreements have been received from Stockton Unified School District for the final apportionment for the Aspire Public School's Stockton project (Prop 47). Other good news is that memorandum of understanding and the

funding agreement with Los Angeles Unified School District (LAUSD) are close to being finalized. A copy of LAUSD's use agreement was provided more recently and OPSC has a few clarifying comments regarding the use agreement, which will be conveyed to LAUSD in writing within a day or two. There are several program projects that will be presenting to the LAUSD board for approval and execution of the agreements as they are eligible to draw down their funding.

Ms. Johantgen advised the members that for this funding round, rather than holding all the financially sound determinations and presenting to the members at one time, staff is planning to present the determinations to the members in batches as they are prepared and as board meetings are scheduled. The applicants are evaluated on a pass/fail basis on their financially sound standing, and are not ranked or scored in comparison with other applicants. Ms. Sheehan questioned whether there would be any advantage or disadvantage based on the order applications were evaluated. Ms. Johantgen confirmed that there would not be any advantage or disadvantage to the order, and that only those found financially sound would be forwarded to OPSC for ranking and presentation to the State Allocation Board for determination of awards.

Resolution No. 07-07 – Approval to Enter into Contract Agreement(s) for Financial Advisory Services

Ms. Johantgen advised she has met with staff from the Department of Finance regarding the need to secure external consultants to facilitate review of the applications and workload. The Authority was granted two Associate Governmental Program Analyst positions in addition to funding for external consultants.

A Request for Proposals (RFP) was released through the Department of General Services. Only four proposals were received. Two proposers were firms that are very familiar with this program as well as the State Treasurer's Office and state financing processes. These two firms were ranked very closely in total points. This Resolution 07-07 will authorize the Executive Director to enter into a contract(s) exceeding \$250,000. The amount of funding for this fiscal year is \$300,000 and will not exceed \$750,000 over the life of the contract(s). In response to Ms. Sheehan's question, Ms. Johantgen confirmed that contracts will be executed with both of the top ranked firms and recommended that the members approve the resolution.

It was moved, seconded and passed to approve Resolution 07-07, approving the Executive Director to enter into contract agreement(s) exceeding \$250,000 for Financial Advisory Services.

Public Comment

There were no public comments.

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

Respectfully submitted,

Katrina Johantgen
Executive Director