

**Minutes
CALIFORNIA SCHOOL FINANCE AUTHORITY**

**Meeting of the Board
Monday, June 30, 2008
11:30 am
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
Kathleen Moore, designated alternate for Jack O'Connell, Superintendent
of Public Instruction
Anne Sheehan, designated alternate for Michael Genest, Director of
Finance

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 June 23, 2008 Authority meeting were adopted as submitted.

Executive Director's Report

Charter Schools Facilities Program: Ms. Johantgen reported to the members that the Proposition 1D applications have been completed.

State Charter School Facilities Incentive Grant: Ms. Johantgen informed the members that a list of awardees of the Federal Grant will be presented at today's meeting.

AB 2033 (bill to reduce interest cost on CSFP loan): Ms. Johantgen reported to the Authority members that AB 2033 made it through Senate Education Committee, is continuing to Appropriations, and has been progressing through the legislature with favorable results, stating that this is good news for charter schools participating in the CSFP program. Ms. Johantgen stated that the pooled money rate is currently hovering at 3%, and that with the passage of AB 2003, we could see CSFP loans being at 2% by January 1, 2009.

Ms. Johantgen also reported that CSFA will be executing program agreements for Jacoby Creek and other schools which are coming in for their final apportionment and will likely be locking in rates as low as 3%. If AB 2033 passes, CSFA will have to make a decision next year about amending the regulations regarding interest rates and refunding issues, such as refunding to the lower rate and how many times that can be done.

Conduit Financing Program: Ms. Johantgen informed the members that the Animo Inglewood financing will continue to be included on the Agenda until they have a rating in place. Without a State budget in place, STO Public Finance Division will have to delay the financing until there is a budget. Consequently, Ms. Johantgen will continue to keep Green Dot/Animo Inglewood on the Agenda and to update the members on any progress.

Resolution 08-09: The Board agreed to defer this Agenda Item to a subsequent meeting.

Resolution 08-11 – Awards for the Fourth Funding Round of the State Charter School Facilities Incentive Grants Program:

Ms. Johantgen provided a summary of the fourth funding round of the State Charter School Facilities Incentive Grants Program. A total of 117 applications were received, requesting funds in excess of \$24 million. There have not been any changes to the Preference Point matrix's maximum of 110 points since the third funding round. The most recent change to the regulations now allows a charter school with an apportionment under the Charter School Facilities Program (Props 47, 55, and/or 1D) to receive an award under this federal grant as long as funds from the two programs are not used for the same facility. Ms. Johantgen stated that only one school did not meet the Program's requirement that schools be in compliance with the terms of their charter and be in good standing with their authorizer. One other school withdrew its application due to an issue disclosed on its Legal Status Questionnaire. Ms. Johantgen stated that certain staff salaries, as well as a portion of her salary and administrative costs would have to be allocated from this funding round therefore staff was only awarding \$9.3 million. Ms. Johantgen noted that any rescinded funds or unused balances would be allocated to alternates in this funding round. Ms. Johantgen noted one other change with this funding round, pursuant to the recent audit, the awardees in this round will receive their disbursements for lease costs on a monthly, rather than semiannual basis.

The methodology used in evaluating and processing applications for this funding round included the same high level of due diligence as used previously. Staff evaluated basic eligibility criteria including: number of years in operation, any civil or criminal matters facing the school or its management, charter compliance and its standing with the chartering entity. Once program eligibility was established, preference points were assigned.

Authority staff assigned to the grant program included staff in both the Los Angeles and Sacramento offices (including 3 part-time retired annuitants), who worked closely with the Office of Public School Construction (OPSC) and the California Department of Education (CDE) to evaluate applications and to appropriately assign preference points. The applicants were advised of their preference points early in the process, allowing them time to correct information on file at OPSC and CDE.

Staff is recommending that the 21 top ranking applications, serving over 6,230 students, are eligible to receive an award of grant funds. The remaining applications in this round are listed in rank order and will be considered alternates, should any funds from this round become available.

Ms. Johantgen, responding to questions from Members, confirmed that the methodology used to award these federal grant funds does not include any criteria that sets out to distribute grant awards to schools located in all areas of California, such is the statutory requirement under the Charter School Facilities Program. Rather the federal grant program is targeted toward charter schools that have demonstrated the most need, with particular emphasis on schools serving low-income students. Ms. Johantgen responded to questions regarding the use of the overcrowding preference points. Members pointed out that very few schools were assigned points in this category. Ms. Johantgen noted that the points in the over-crowding category had been reduced from 40 to 20 given the issues of assigning points in this category and that points in the low-income category had been increased from 40 to 60 points. Ms. Johantgen also noted that a lot of applicants are located within districts that have no overcrowding. Members discussed alternative methodologies for assigning overcrowding points for staff's consideration for the fifth funding round. Staff will vet these ideas and bring a regulatory proposal to members in the Fall timeframe.

It was moved, seconded and passed unanimously to adopt Resolution No. 08 -11, approving the grant awards as recommended and authorizing the disbursement of funds under the fourth funding round of the State Charter School Facilities Incentive Grants Program.

There being no public comments or any other business to conduct, the meeting was adjourned.

Respectfully submitted,

Katrina Johantgen
Executive Director