

Staff Summary No. 7

Date: March 23, 2010

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Re: Consideration of Changes to the Program Agreements for the Charter School Facilities Program (Resolution No. 10-08)

Staff is proposing changes to the program agreements for the Charter School Facilities Program (Program) to allow charter schools or local governmental entities to hold title to project facilities.

Senate Bill 592 (Romero), enacted in October 2009, authorizes a local governmental entity, or a charter school, to hold title to a project school facility financed through the Program, in trust for the benefit of the State public school system.

Background: There are currently three program agreements – a memorandum of understanding, a funding agreement and a facility use agreement. The MOU is entered into by the state, the charter school, and the local district in which the project is located, and it identifies the respective roles and responsibilities of the Program. The funding agreement is between the State and the charter school and includes the payment schedule for the Program obligation. The facility use agreement is between the charter school and the local school district.

Issue: Pursuant to the passage of SB 592, the program agreements need to be amended to reflect the new requirements in Education Code, sections 17078.57, 17078.62, and 17078.63, relating to Program facilities. As the local school district, in some cases, is no longer a party to the agreements, the MOU and funding agreement are now entered into by the charter school (or a local governmental entity) and state. The state will not be developing a use agreement. The proposed, amended memorandum of understanding and funding agreement are attached for review.

Recommendation: Staff recommends the members approve Resolution No. 10-08 authorizing the amended memorandum of understanding and funding agreement, in substantially these forms. If approved, the amended forms will be provided to all Program awardees for execution immediately prior to disbursement of any funds for advance or final apportionment.