

**CHARTER SCHOOL FACILITIES PROGRAM
2011 LOTTERY FUNDING ROUND
STAFF SUMMARY REPORT – JUNE 2011**

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| Applicant/Obligor: | Oakland Military Institute |
| Project School: | Oakland Military Institute |
| CDS (County – District – School) Code: | 01-61259-0130617 |
| [Proposed] Project Location: | 3877 Lusk Street, Oakland, CA 94612 |
| Type of Project: | Rehabilitation |
| County: | Alameda |
| District in which Project is Located: | Oakland Unified School District |
| Charter Authorizer: | Oakland Unified School District |
| Total OPSC Project Cost: | \$3,131,842 |
| State Apportionment (50% Project Cost): | \$1,565,921 |
| Lump Sum Contribution: | \$0 |
| Total CSFP Financed Amount: | \$1,565,921 |
| Length of CSFP Funding Agreement: | 30 years |
| Assumed Interest Rate: | 3.00% |
| Estimated Annual CSFP Payment: | \$79,892 |
| First Year of Occupancy of New Project: | 2011-12 |

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority) Board determine that Oakland Military Institute (OMI) is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Advance Apportionment. This determination as it relates to an Advance Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. Staff recommends that the Authority Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination. This determination of financial soundness is contingent upon OMI's execution of an Implementation Agreement with CSFA, the State Controller's Office and CDE, at the appropriate time, whereby CSFA will intercept the OMI's state-aid portion of its General Purpose Block Grant at regular intervals to satisfy the payment requirements of its CSFP obligations.

Background: On April 22, 2010, the Authority determined that OMI was financially sound for purposes of a Preliminary Apportionment. The State Allocation Board subsequently awarded a Preliminary Apportionment in the amount of \$3,131,842. OMI is now requesting an Advance Apportionment for design in the amount of \$313,184.

Application Highlights: Below staff has highlighted key criteria that were evaluated when conducting our financial soundness review of OMI. Detailed information is contained in the body of the report.

| Criteria | Comments |
|--------------------------------|---|
| Eligibility Criteria | OMI meets all eligibility criteria including having instructional operations for at least two years, a charter in place through 2013-14, good standing with its chartering authority, and is in compliance with the terms of its charter. |
| Demographic Information | OMI currently serves grades 6-12. OMI began instructional operations in 2001 with 157 students in grade 7. In 2007-08, OMI had 546 students in grades 6-10 and has since decreased to 534 students in grades 6-12 for the 2010-11 school year. OMI projects enrollment to increase to 625 students for 2011-12; and 665 students for 2012-13 (12% increase from 2010-11). |
| Debt Service Coverage | Assuming OMI's projected level of contributions, OMI's projected debt service coverage ratios are 343.5% in 2012-13 and 349.5% in 2013-14. Based on a stress test of OMI's ability to make debt service coverage, OMI needs to receive at least 70% of expected contributions in 2012-13 and 72% of contributions in 2013-14 to maintain debt service coverage ratios of 100.0%. Historically, fundraising annual receipts averaged 19.9% of revenues in 2007-08 through 2009-10, but this average is expected to decrease to 12.9% from 2011-12 through 2013-14. The projected percentage of contributions to revenues is below the 15.0% threshold level employed by staff. |
| Other Financial Factors | <ol style="list-style-type: none"> 1. OMI relies significantly on contributions from private sources both to operate on a break-even basis and to meet the Program's debt service coverage requirement. 2. The CSFP payment would represent 1.4% of projected revenues during the first two years of CSFP payments, which is well below the preferred maximum range of 10-15%. 3. Net working capital for 2009-10 of \$1.13 million represented 21.3% of total expenses, which exceeds the preferred minimum of 5.0%. |
| Student Performance | Although OMI met its API growth targets during the past three years, OMI did not meet all AYP criteria during 2008-09 and 2009-10. Due to not meeting AYP for repeated years, OMI was placed in Program Improvement for the 2010-11 school year. For the most recent reported year, 2009-10, based on its API base score, OMI ranked "4" statewide and "5" against similar schools ("10" = best). |

Program Eligibility: On February 17, 2011, the Authority received verification from the Superintendent's Office of Oakland Unified School District (OUSD) confirming that OMI is (1) in compliance with the terms of its charter agreements, and (2) is in good standing with its chartering authority.

OMI received its first charter from the State Board of Education in 2000 and began operations in June 2001. Subsequently, OMI received a charter with OUSD in 2004. Its current charter with OUSD was renewed in 2009 and is effective through June 30, 2014.

Legal Status Questionnaire: Staff reviewed OMI's responses to the questions contained in the Legal Status Questionnaire (LSQ). OMI answered "None" to all LSQ questions, indicating no disclosures to provide regarding material information relating to legal or regulatory proceedings or legal action in which it or any of its affiliates is a named party.

Project Description: OMI has requested funding for rehabilitation of existing facilities, including 12 classrooms, constructing more seating for the outdoor amphitheater, and installing solar panels. The facility is currently leased from Oakland Unified School District at 3877 Lusk Avenue. OMI expects to complete the facility in time for occupancy by the middle of the 2011-12 school year. The rehabilitated classrooms are anticipated to have a capacity of 388 students, and upon completion of the projection, the school (both rehabilitated classrooms and non-rehabilitated classrooms) is anticipated to have a capacity of about 670 students. An architecture firm has been engaged to oversee the project along with a modular building construction firm and a general contractor.

Organizational Information: OMI commenced its operations in 2001 with 157 students in grades 7, and currently serves approximately 534 students in grades 6-12. OMI operates as an independent charter school and California non-profit 501(c)(3) corporation.

OMI's charter sets forth the following mission: "The mission of the Oakland Military Institute (OMI) is to provide a structured and rigorous academic program where cadets develop as leaders, scholars, critical thinkers and citizens. Through a military framework, the school inspires honor and pride within its cadets, cultivating life-long respect, confidence, physical fitness and wellness and appreciation for others. Upon graduation, cadets will have completed the A-G requirements for admission to the Cal State and University of California systems as well as top private and public universities nationwide."

Based on OMI's charter, OMI's educational philosophy stresses academic excellence, personal character, and habits that promote lifelong physical fitness. All students participate as members of the California Cadet Corps, assuming increased responsibility through assigned leadership roles. The highly structured military model that the school espouses is intended to promote students' sense of responsibility and respect towards themselves and others, including the importance of strong moral character.

OMI targets the recruitment of new students through direct community contact, including parent referrals and organized enrollment meetings at schools, churches, or other community organizations.

Management Experience: OMI's personnel and management team demonstrate that professional, experienced and qualified individuals serving in key capacities within the organization, as described below.

Mark Ryan, Ph.D., has served as Superintendent of OMI since 2008. Prior to this position, Dr. Ryan served as Director of the California Cadet Corps programs with San Bernardino City Unified School District (2005-08) and Los Angeles Unified School District (2002-05). Dr. Ryan holds a Ph.D. in Education from the University of Southern California.

Dara Northcroft has served as Director of Instruction of OMI since 2004. Prior to this position, Ms. Northcroft served as principal of St. Paul of the Shipwreck, a Catholic School in San Francisco. Ms. Northcroft holds an M.S. in Educational Leadership from California State University, East Bay.

Board Experience: OMI’s Board of Directors consists of nine members as set forth in the table below.

| Board Member | Occupation | Term |
|---------------------|-----------------------------------|-------------|
| David Clisham | Attorney | 2009-12 |
| Baxter Rice | Consultant | 2010-11 |
| Bill Bowen | Consultant | 2010-12 |
| Jim Gabriel | Director, CNG Youth Programs | 2009-11 |
| Sedrick Tydus | Bank President | 2010-12 |
| Steve Samuels | Design Company President | 2009-11 |
| Simon Bryce | Consultant | 2010-11 |
| Svetlana Korsun | Parent Advisory Council President | 2010-12 |
| Mary Sue Allen | Corporate VP for HR | 2011-13 |

Among the Board’s roles and responsibilities are financial and operational oversight, adoption of the OMI financial budget, oversight of the grant solicitation and receipt process, hiring and oversight of the superintendent, and serving as the key representative of the school to the chartering authority on all matters relating to charter approval, renewal, and ongoing compliance.

Management Experience for Schools Open Less than Two Years: Not applicable. OMI began instructional operations in 2001-02 and exceeds the minimum instructional requirement of two years.

Student Performance: Because of its implications for student enrollment stability and growth, staff views student performance as a leading indicator of a charter school’s financial position. Schools with improving student performance trends are viewed favorably, especially if these trends exceed threshold goals set by the school or the California Department of Education (CDE). In order to measure student performance, staff utilizes Academic Performance Index (API) and Adequate Yearly Progress (AYP) trend data generated by the CDE. The API is also used as an indicator for measuring AYP per the No Child Left Behind Act of 2001. Any school not meeting AYP targets would face additional mandates and corrective actions if the school is a recipient of federal Title I funds.

OMI has more than three years of reported API scores, allowing a review of progress and comparison to similar schools. The following table summarizes the school’s trends in student performance.

| Oakland Military Institute | FY 2007/08 | FY 2008/09 | FY 2009/10 |
|---|------------|------------|------------|
| ADEQUATE YEARLY PROGRESS (AYP) | | | |
| Met All AYP Criteria? | Yes | No | No |
| Criteria Met / Required Criteria | 26 / 26 | 18 / 26 | 24 / 25 |
| Met API Indicator for AYP? | Yes | Yes | Yes |
| Met Graduation Rate? | Yes | Yes | N/A |
| ACADEMIC PERFORMANCE INDEX (API) | | | |
| Met Schoolwide Growth Target? | Yes | Yes | Yes |
| Met Comparable Improvement Growth Target? | Yes | No | No |
| Met Both Schoolwide & CI Growth Targets? | Yes | No | No |
| API Base Statewide Rank (10 = best) | 3 | 4 | 4 |
| API Base Similar Schools Rank (10 = best) | 1 | 3 | 5 |
| School's Actual Growth | 58 | 13 | 20 |
| Similar Schools Median of Actual Growth | 17 | 13 | 11 |
| Did School's Growth Exceed Median? | Yes | No | Yes |

OMI had API base scores of 636, 695, and 708 for 2007-08, 2008-09, and 2009-10, respectively, and met its API school-wide growth target for all three years with API growth scores of 694, 708 and 728, respectively. OMI's schoolwide API score went up 92 points in the last four academic years and achieved significant growth across all subgroups including a 71-point gain for English learner, a 96-point gain for African American learners, a 91-point gain for low socioeconomic learners, and 124 point gain for Latino learners.

OMI has not met all of its AYP criteria and failed to do so during both 2008-09 and 2009-10, primarily due to its not meeting the required percent proficient threshold for mathematics and English-language arts. Due to consecutive years of not meeting AYP, OMI has been placed on the Program Improvement Status list, 2010-11 being their first year. When staff requested information in regards to the PI status, the school stated, "The superintendent attended AB430 training for PI schools and OMI revised its action plan to enhance EL instruction, which is the one of 25 areas on which the school did not meet AYP." Also, based on its API base score for 2009-10, OMI ranked "4" statewide and "5" against similar schools ("10"=best).

Enrollment and Retention Rates: With the exception of 2008-09 and 2010-11, OMI has shown consistent growth in enrollment since it commenced instructional operations in 2001. OMI's enrollment since the initiation of its charter with OUSD has been as follows: 420 students in 2004-05 (grades 6-10); 561 students in 2005-06 (grades 6-12); 526 students in 2006-07 (grades 6-12); 546 students in 2007-08 (grades 6-12); 530 students in 2008-09 (grades 6-12); 608 students in 2009-10 (grades 6-12); and 534 student on 2010-11 (grades 6-12). In response to staff's request to clarify the reasons for the OMI's drop in enrollment in 2008-09 (3% decline) and 2010-11 (12% decline), OMI indicated that, as a military school, in some instances incoming students do not fully understand OMI's rigorous expectations in the areas of discipline and academics. During the 2010 summer camps, an improved student orientation system was implemented to identify whether potential students really wanted to attend OMI. As a result, the attrition rate during camp was near 12% which resulted in a lower total enrollment for the 2010-11 school-year. OMI staff also indicated that the school has established specific strategies to improve retention rates, which include a peer mentoring program to assist students to adjust to the military-like structure.

Notwithstanding the low retention rates, OMI has been able to recruit sufficient new students to maintain and increase its overall student enrollment, as reflected in its overall trend of enrollment growth. In spite of the 3% drop in enrollment in 2008-09, and the 12% decline for the current 2010-11 academic year, OMI is confident in increase enrollment for future years, projecting enrollment for the 2011-12 school year at 625 students, representing an increase of 17% from the current school year. Since 2004-05, OMI has increased its student enrollment by 27%. CSFA staff will continue to monitor enrollment and retention data between now and Final Apportionment. Based on OMI's multi-year projections, OMI is anticipating the following enrollment growth: 625 students for 2011-12 (17% increase); 665 students for 2012-13 (6% increase); and 665 students for 2013-14 (0% increase). Overall, OMI is anticipating a 24.5% increase in enrollment from the current year to the year of project occupancy.

OMI currently does not have a wait list. In addition, OMI typically has approximately 300 applicants for 150-180 open slots for its summer leadership training program, which is a pre-requisite for admission.

In its multi-year budget projections, OMI assumes an average daily attendance (ADA) of 90%, which is consistent with OMI's average ADA over the past three years (refer to financial analysis section below). Although OMI's historical ADA and year-to-year retention rates are relatively low, based on OMI's overall positive trend in enrollment growth, staff does not consider these factors as major limitations in OMI's ability to meet its anticipated enrollment projections.

Financial Analysis: Highlighted in this section are financial data and credit indicators used to evaluate the OMI's ability to meet its CSFP obligations. The table below summarizes key aspects of the school's past and projected financial performance.

Staff's analysis of financial performance includes adjustments for capital outlay and loan repayment; therefore, our results may differ from audited figures presented by school representatives.

| Oakland Military Institute | Actual FY 2007/08 | Actual FY 2008/09 | Actual FY 2009/10 | Budgeted FY 2010/11 | Projected FY 2011/12 | Projected FY 2012/13 | Projected FY 2013/14 |
|---|----------------------|----------------------|----------------------|------------------------|-------------------------|-------------------------|-------------------------|
| ENROLLMENT PROJECTIONS | | | | | | | |
| Enrollment | 546 | 530 | 608 | 534 | 625 | 665 | 665 |
| Average Daily Attendance | 467 | 482 | 534 | 509 | 564 | 599 | 599 |
| Average Daily Attendance (%) | 86% | 91% | 88% | 95% | 90% | 90% | 90% |
| FINANCIAL PROJECTIONS | | | | | | | |
| Total Revenues Available for CSFP Payment | \$ 6,240,178 | \$ 5,537,974 | \$ 5,555,552 | \$ 5,979,789 | \$ 5,704,635 | \$ 5,604,654 | \$ 5,567,201 |
| Total Expenses Paid Before CSFP Payment | \$ 5,666,513 | \$ 5,578,946 | \$ 5,299,041 | \$ 5,916,981 | \$ 5,458,231 | \$ 5,341,875 | \$ 5,297,994 |
| Accounting Adjustments | 283,704 | 590,049 | 205,486 | 570,801 | 11,661 | 11,661 | 10,000 |
| Net Revenues Available for CSFP Payment | \$ 857,369 | \$ 549,077 | \$ 461,997 | \$ 633,609 | \$ 258,065 | \$ 274,440 | \$ 279,207 |
| CSFP Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 79,892 | \$ 79,892 |
| Net Revenues After CSFP Payment | \$ 857,369 | \$ 549,077 | \$ 461,997 | \$ 633,609 | \$ 258,065 | \$ 194,548 | \$ 199,315 |
| FINANCIAL INDICATORS | | | | | | | |
| Net Revenues Available for CSFP Payment | \$ 857,369 | \$ 549,077 | \$ 461,997 | \$ 633,609 | \$ 258,065 | \$ 274,440 | \$ 279,207 |
| Debt Service Coverage by Net Revenues | N/A | N/A | N/A | N/A | N/A | 343.5% | 349.5% |
| Contributions | \$ 1,367,681 | \$ 1,214,597 | \$ 883,312 | \$ 1,472,236 | \$ 810,000 | \$ 665,000 | \$ 710,000 |
| Debt Service Coverage by Net Revenues (w/out Contributions) | N/A | N/A | N/A | N/A | N/A | -488.9% | -539.2% |
| CSFP Lease Payment / Revenues | N/A | N/A | N/A | N/A | N/A | 1.4% | 1.4% |
| Contributions / Revenues | 21.9% | 21.9% | 15.9% | 24.6% | 14.2% | 11.9% | 12.8% |
| Net Revenues After CSFP Payment / Revenues | 13.7% | 9.9% | 8.3% | 10.6% | 4.5% | 3.5% | 3.6% |
| Revenues / ADA | \$ 13,362 | \$ 11,490 | \$ 10,404 | \$ 11,748 | \$ 10,115 | \$ 9,357 | \$ 9,294 |
| Expenses / ADA | \$ 12,134 | \$ 11,575 | \$ 9,923 | \$ 11,625 | \$ 9,678 | \$ 9,051 | \$ 8,978 |
| Surplus (Deficit) / ADA | \$ 1,228 | \$ (85) | \$ 480 | \$ 123 | \$ 437 | \$ 305 | \$ 316 |
| Net Working Capital | \$ 903,285 | \$ 869,716 | \$ 1,126,227 | \$ - | \$ - | \$ - | \$ - |
| Net Working Capital / Expenses | 15.9% | 15.6% | 21.3% | N/A | N/A | N/A | N/A |

Staff's financial analysis of OMI is based upon review of the following documents: (1) three years of audited financial statements (2007-08 through 2009-10), (2) 2010-11 second interim report; and (3) multi-year budget projections for 2011-12 through 2013-14. As supportive documentation, OMI also provided its enrollment projections through 2013-14, and documentation relating to private contributions (both historical and for current fiscal year). The school expects to occupy the project in the middle of the 2011-12 school year, by which time their enrollment is expected to have increased to 625 students (grades 6-12), with enrollment reaching 665 students by 2013-14.

OMI's financial projections are based upon the following assumptions: (1) project occupancy in 2011-12; (2) increases in enrollment as described above; (3) 2010-11 funding rates for charter school general purpose block grant of \$5,077, \$5,153, and \$6,158 for grade 6, grades 7-8, and grades 9-12, respectively; (4) projected ADA rates of 90%, which is consistent with OMI's historical performance; (5) revenue growth (cost of living adjustments) on charter school block grant and categorical block grant rates of 3% (Based on numbers provided by the Charter Schools Development Center, per the release of Governor Brown's May Revision of the State Budget) for 2011-12, 1.8% for 2012-13, and 2.3% for 2013-14; (6) private contributions of \$810,000 in 2011-12, \$665,000 in 2012-13, and \$710,000 in 2013-14 (based on documentation of historical donations and achieved donations for 2007-08 through 2009-10); and (7) cost of living adjustments to certified salaries of 2% per year.

Staff notes that expense categories other than salaries and benefits, like books and supplies, services and miscellaneous expenses, while increased for the effects of enrollment growth, are not adjusted for inflation over the three year term from 2011-12 through 2013-14.

Contributions: In order to substantiate its projected level of private contributions (identified above), OMI provided documentation showing the following historical private contribution levels: \$1,220,000 for 2006-07; \$1,367,681 for 2007-08, \$1,214,597 for 2008-09, and \$883,312 for 2009-10. In addition, for 2010-11 year-to-date (as of May 31, 2011), OMI indicated that it has received \$1,472,236 in contributions. This is 6% above its projection for the entire year. In a response to staff's inquiry regarding private contributions for the current year, the Superintendent indicated that he expects private contributions to exceed \$ 1.4 million for the year. Staff notes that the Superintendent reports, "...that if fund raising goals are not achieved, the school administration and governing board have contingency plans in place to cut back on ancillary services that would dramatically cut payroll expenses. Such services might include additional teaching staff that has lowered class size, counseling, and other academic support staff."

Financial Performance: As of June 30, 2010, OMI had no long-term debt obligations. Based on the audited financial statements, for 2007-08 and 2008-09, OMI recorded net revenues of \$573,165 and a net loss of (\$40,972), respectively, on revenues of \$6.24 million and \$5.54 million, respectively, and expenses of \$5.67 million and \$5.59 million, respectively. In 2009-10 OMI recorded net revenues of \$256,511 on \$5.56 million in revenues and \$5.30 million in expenses. Based on the current year's budget and multi-year budget projections, OMI anticipates a net surplus for 2010-11 of \$62,808 and operating surpluses of \$246,404, \$262,779, and \$269,207 for 2011-12 through 2013-14, respectively.

During these years, OMI projects private contributions of \$810,000, \$665,000, and \$710,000, respectively.

A significant trend that staff has identified through its review of OMI's current year's budget and multi-year budget projections, as described above, is that in spite of OMI's ability to substantiate its projected private contributions, OMI relies on such contributions in order to operate on at least a break even basis and that without such contributions, OMI would be operating at a deficit during each of the projected years. As such, staff has stress-tested OMI's ability to withstand a reduction in anticipated contributions, described below. It should be noted that, in response to staff's inquiry, the Superintendent indicated that OMI has a disproportionately high number of non-teaching professional staff, including academic support professionals, which contributes to its high level of expenditures relative to revenues.

Projected Debt Service Coverage of CSFP Payments: Assuming a 3.0% interest rate and 30-year repayment period, as well as an estimated project cost of \$3,131,842, OMI's annual CSFP payment will be \$79,892 beginning 2012-13, the years following project occupancy. OMI's projected net revenues of \$262,779 for 2012-13 and \$269,207 for 2013-14 would provide debt service coverage of 343.5% and 349.5%, respectively, which is more than three times the minimum requirement. The CSFP payments would represent 1.4% of projected revenues for each of these years, which is well within the preferred maximum range of 10-15%. *It should be noted that the school has commenced efforts to secure private donations to pay down the school's CSFP loan earlier than the 30-year term.*

The financial projections estimate future donations averaging \$728,333 per year. Historically, fundraising annual receipts averaged 19.9% of revenues in 2007-08 through 2009-10, but this average is expected to decrease to 12.9% from 2011-12 through 2013-14. The projected percentage of contributions to revenues is below the 15.0% threshold level employed by staff. Based on a stress test of OMI's reliance on private contributions, OMI would need to receive at least 70% (\$470,452) of expected contributions in 2012-13 and 72% (\$510,685) of contributions in 2013-14 to maintain debt service coverage ratios of greater than 100.0%. When looking at OMI's historical average (\$1.23 million) and future projections in regards to their contributions, staff believes that the school will realize adequate contributions to meet debt service coverage requirements.

Liquidity: Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. OMI's NWC for 2007-08, 2008-09, and 2009-10 was \$903,285, \$869,716, and \$1.13 million respectively, or 15.6%, 15.3%, and 21.3%, of total expenses for these years. Staff considers NWC equivalent to at least 5.0% of total expenses to be sufficient. At June 30, 2010, OMI reported holding \$1.02 million in cash or cash equivalents.

Strengths, Weaknesses and Mitigants

+/- OMI has projected debt service coverage of 343.5% and 349.5% for 2012-13 and 2013-14, respectively, the first two years of CSFP payments. OMI would need to receive at least 70% of expected contributions in 2012-13 and 72% of contributions in 2013-14 to maintain debt service coverage ratios of greater than 100.0%.

- +/- OMI has met its API growth target for the past three years, 2007-08 through 2009-10. OMI has not been consistent in meeting all of its AYP criteria and failed to do so during both 2008-09 and 2009-10.
- + OMI has been in operations in since 2001-02 and has been able to sustain and increase its enrollment since it began operations.
- + OMI has raised private contributions of \$1,367,681 for 2007-08; \$1,214,597 for 2008-09, and \$883,312 for 2009-10. In addition, for the current year (2010-11 year-to-date), OMI has been able to raise approximately \$1,472,236 in private contributions.
- /+ OMI's retention rates have been consistently low at 82% and 81% for 2009-10 and 2010-11, respectively. OMI has been able to recruit sufficient new students to maintain and increase its overall student enrollment, as reflected in its overall trend of enrollment growth.

Staff Recommendation: Staff recommends that the California School Finance Authority Board determine that OMI is financially sound for purposes of the Charter School Facilities Program Advance Apportionment. This determination of financial soundness is contingent upon OMI's execution of an Implementation Agreement with CSFA, the State Controller's Office and CDE, at the appropriate time, whereby CSFA will intercept the OMI's state-aid portion of its General Purpose Block Grant at regular intervals to satisfy the payment requirements of its CSFP obligations. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.