

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Wednesday, June 20, 2012
10:45 a.m.

915 Capitol Mall, Room 587
Sacramento, California 95814

Deputy State Treasurer Tricia Wynne, serving as Chair, called the meeting to order.

Roll Call

Members Present: Patricia Wynne, designee for Bill Lockyer, State Treasurer
Jennifer Rockwell, designee for Ana Matosantos, Director of Finance
Kathleen Moore, designee for Tom Torlakson, Superintendent of Public
Instruction

Staff Present: Katrina Johantgen, Executive Director
Terri Kizer, Program Analyst
Steven Theuring, Program Analyst
Drew Morris, Student Assistant

The Chair declared a quorum present.

Approval of Minutes

The minutes for the May 30, 2012 Authority Board meeting were approved as submitted.

Executive Director's Report

Tricia Wynne introduced Drew Morris who is working in the Authority's Sacramento office as a student assistant. Ms. Johantgen stated that Nadia Vazirian had returned this summer to the Los Angeles office as a student assistant.

Ms. Johantgen reported on the following items:

Resolution 12-23 - Livermore transaction update: Ms. Johantgen updated the members on this ongoing transaction. As of the previous meeting, it had not been determined if there would be the creation of a litigation fund or whether the Tri-Valley Learning Corporation's insurance policy would cover any litigation issues related to the state and its authorities involved in the bond transaction. It has finally been decided that a litigation reserve fund would be created. Ms. Johantgen noted that the sale of the bond is taking longer than the financing team had anticipated. Consequently, there are a couple of changes to the offering statement that relate to the title and the lease structure. Ms. Johantgen reported a pricing call has been scheduled for today to fine tune the details. The closing is expected in a few weeks.

Fund Balances: There were no changes to report on the Qualified School Construction Bonds (QSCBs) program; there are currently no funds for allocation. Additionally, there was no update available for High Tech High, North County. Ms. Johantgen stated that it was thought that HTH would have a financing coming in this summer. Ms. Johantgen will keep everyone apprised of any updates.

Legislative Update: Ms. Johantgen reported that there are possible changes to the CSFA Act in the trailer bills; changes that will create greater flexibility for the parties involved in financing transactions. It is anticipated that there will be more applications for financing received than in previous years as a result of the changes to the CSFA Act.

Federal Credit Enhancement Grant Update: Ms. Johantgen reported that there has been interest in the Credit Enhancement Grant program and there should be deals in place by September. She mentioned that staff is working to release information regarding the program.

Resolution No. 12-28 – Determination of Awards and Authorizing the Disbursement of Funds under the Eighth Funding Round of the State Charter School Facilities Incentive Grants Program

Ms. Johantgen provided a summary of the current funding round of the State Charter School Facilities Incentive Grants Program. In all, 131 applications were received for Round 8 with \$10,893,933 available for award. After close review, 112 applications were found to be eligible. Nineteen of the applications were deemed ineligible and each applicant has been advised of the reason, such as the application being submitted late, being submitted by a current recipient under a previous round, the school having less than one full year of instructional operations, non-compliance issues, or not being in good standing with its charter authorizer. Two applications were received late, after the posted deadline.

Ms. Johantgen explained the changes in the regulations for this round with respect to the miles radius relied on when assigning preference points in the Overcrowded School Site and the School Choice categories; with the classification of urban, rural and suburban. Mr. Theuring, discussed the methodology on the data analysis provided to the Board members, to determine the effect of the changes to the regulation.

For all other criteria, the methodology used in evaluating and processing applications for this funding round was the same as was used in previous rounds. The same data sources were used to assign points. 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. Ms. Johantgen stated that the overcrowding relief grant program list provided by the California Department of Education (CDE) was extremely beneficial in evaluating each applicant's eligibility for overcrowding points at the school level.

A discussion ensued between board members regarding the classification of urban, rural and suburban. It was felt that the rural schools were underrepresented in this program considering they make up 20% of charter schools. Regarding future funding rounds, Ms. Wynne stated that she would like to direct staff to work with charter school associations to better advertise the State Charter School Facilities Incentive Grants Program to rural schools.

A funding list was provided to the members of all eligible applicants in rank order with those applicants with the highest number of points listed first. Ms. Johantgen recommended approval of awards to the top ranked schools. Approval of this recommendation for grant awards also includes approval of funding for alternate subgrantees listed in rank order in the event that grant funds become available prior to the start of the next funding round.

After some discussion it was determined that awards be granted to the top-ranked schools as listed pending verification of eligible project costs and authorization for the executive director to award funds to alternates should any applicants or projects be found to be ineligible.

It was moved, seconded, and passed unanimously to adopt Resolution No. 12-28, approving awards and authorizing the disbursement of funds under the eighth funding round of the State Charter School Facilities Incentive Grants Program.

Resolution No. 12-29 – Determination Regarding Financial Soundness for the Charter School Facilities Program for Final Apportionment for Camino Nuevo Charter High School Located in Los Angeles, California

Ms. Johantgen advised the members that Camino Nuevo Charter High School (CNCHS) has requested a final apportionment of \$23 million for the purchase and construction of a permanent high school facility (serving grades 9-12) to be located within Los Angeles Unified School District's (LAUSD's) boundaries. The school identified a site at 1217 Miramar Street in the MacArthur Park/Pico-Union area of Los Angeles.

The project is currently under construction and is being managed by LAUSD under a joint-partnership with CNCHS to develop the school. LAUSD has made a written commitment to grant a lump sum contribution of \$5 million of district funds to augment the funds the school is expecting to receive from the State.

Ms. Johantgen advised the Board that CNCHS is a well-established organization in Los Angeles. They provide health services and are a holistic community organization. She highlighted CNCHS' financial and academic findings. She discussed student performance criteria pertaining to AIP and AYP. Ms. Johantgen informed the members that CNCHS has maintained its financial soundness for purposes of the program.

Ms. Johantgen advised that staff's recommendation for approval is contingent upon CNCHS providing evidence of having established a restricted reserve account with a minimum of \$124,361 for purposes of covering its debt service coverage requirement for 2014-15. Additionally, this recommendation is contingent upon CNCHS's electing to have its CSFP payments intercepted at the state level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code.

It was moved, seconded, and passed unanimously to adopt Resolution No. 12-29 – finding that Camino Nuevo Charter High School has maintained its financial soundness for purposes of Final Apportionment.

Resolution No. 12-30 – Determination Regarding Financial Soundness for the Charter School Facilities Program for Final Apportionment for CHIME Institute, on behalf of CHIME Institute’s Schwarzenegger Community School, located in Woodland Hills, California

This agenda item was held over until a future board meeting.

Resolution No. 12 – 31 – Determination Regarding Financial Soundness for the Charter School Facilities Program for Final Apportionment for Aspire Centennial College Preparatory Academy Located in Los Angeles, California

This agenda item was held over until a future board meeting.

Public Comment:

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

Respectfully submitted,

Katrina Johantgen
Executive Director