

## Section 10170.2. Definitions.

For the purposes of this article, the following words and phrases shall have the meaning as described below:

- (a) "Applicant" shall mean the Charter School or educational management organization applying on behalf of a Charter School for a grant under this article.
- (b) "Application" shall mean a completed Charter School Facility Grant Program Application (CSFA Form 740-01; revised July 30, 2013), incorporated herein by reference, as defined and developed by the Authority, and all other documents required to be submitted to the Authority.
- (c) "Authority" shall mean the California School Finance Authority.
- (d) "Chartering Authority" shall mean the school district, county board of education, or State Board of Education that granted a Charter School's petition to become a Charter School pursuant to Education Code section 47605.
- (e) "Charter School" shall mean a school established and operating pursuant to the Charter Schools Act of 1992 (Education Code Section 47600, et seq.). Except where the defined term First Year Charter School is specifically used, Charter School shall also be meant to include schools that otherwise meet the definition of First Year Charter School.
- (f) "Department" shall mean the California Department of Education.
- (g) "Estimated Annual Entitlement" shall mean the estimated grant amount to which a Charter School is entitled as calculated pursuant to section 10170.7 prior to the first apportionment.
- (h) "Final Fiscal Year Entitlement" shall mean the final calculated grant amount to which a Grantee is entitled based on the calculation prescribed in section 10170.8.
- (i) "First Year Charter School" shall mean a school that anticipates beginning operations as a Charter School in the Fiscal Year for which it submits an Application.
- (j) "Fiscal Year" shall mean the school year for which an Application for grant funds is submitted.
- (k) "Free or Reduced-Price Meal Eligibility" shall mean the percentage of enrolled students who are eligible for free or reduced-price meals, as reported by the Department.
- (l) "Grantee" shall mean a Charter School determined by the Authority to be eligible for a grant.
- (m) "Prior Year" shall mean the school year prior to the school year for which an Application is submitted.

~~(n) "Related Party" shall mean~~

~~(1) a board member, officer, or employee of an Applicant or the Charter School, and a spouse, domestic partner, or dependent child of a board member, officer, or employee of an Applicant or the Charter School; or~~

~~(2) an affiliate of the Charter School established for the purpose of providing support to the Charter School.~~

#### **Section 10170.4. Eligible Costs.**

- (a) Grant funds may be applied toward a Charter School's facilities rent or lease costs for all of the following:
  - (1) Costs associated with facility rents or leases as evidenced by an executed rental or lease agreement, consistent with generally accepted accounting standards for accounting for rent or lease costs, for Charter School facilities used principally for classroom instruction; ~~and/or~~
  - (2) Remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, and improving sites.
  - (3) Other costs associated with rental or leased facilities, including, but not limited to common area maintenance charges that are based on the Charter School's usage of the facility and are limited to maintaining and repairing the facility and its commons areas.
- (b) Grant funds may not be apportioned for any of the following:
  - (1) Units of average daily attendance generated through nonclassroom-based instruction as defined in Education Code section 47612.5.
  - (2) Charter Schools occupying existing school district or county office of education facilities, except that Charter Schools shall be eligible for the portions of their facilities that are not existing school district or county office of education facilities.
  - (3) Charter Schools receiving reasonably equivalent facilities from their chartering authorities pursuant to Education Code section 47614, except that Charter Schools shall be eligible for the portions of their facilities that are not reasonably equivalent facilities received from their chartering authorities.
- (c) Grant funds may not be applied toward overhead or other administrative costs of the Charter School or any other entity.
- (d) Grant funds may not be applied towards **insurance**, property taxes and other assessments against the property, utility charges, and monthly charges for systems or services such as alarm systems, security systems, internet services, janitorial services, landscaping services, and other similar types of systems or services.
- ~~(e)~~ Grant funds must be expended and liquidated within the guidelines of this article and the Charter School Facility Grant Program.
- ~~(f)~~ No grant, whether for costs described in subdivision (a)(1), (a)(2), or a combination of both, shall exceed \$750 per unit of average daily attendance, or more than 75% of the annual rent and lease costs for the Charter School for the Fiscal Year for which the Application is submitted and an award of grant funds is made.

#### **Section 10170.5. Application Submission.**

Applications for grant funds shall be made on the Application, and will be available as described below.

- (a) For the 2013-14 school year, Applications will be accepted until 5:00 p.m. on September 9, 2013.

- (b) For subsequent funding rounds, beginning with the 2014-15 school year, the Application will be made available by the Authority no later than April 10 of the Prior Year. For subsequent funding rounds, Applications will be accepted until 5:00 p.m. on May 10 of the Prior Year.
- (c) For any funding round, under the following circumstances, an Application may be submitted after the initial Application deadline, but in no case later than October 15 of the Fiscal Year for which the Application is submitted:
  - (1) A Charter School relocates from a facility that was ineligible for a grant award to a facility that is eligible and the Application includes a description of the change in facility circumstances justifying a late Application; or
  - (2) A First Year Charter School.
- (d) One printed Application with original signatures and one duplicate Application must be received by the Authority, during regular business hours prior to the final filing date and time. Applications shall be delivered to the Authority by mail or hand-delivery. The Authority will not accept emailed or faxed Applications. Applications received after the final filing date and time will not be accepted for review.
- (e) The Authority's review and evaluation of an Application for purposes of calculating the Estimated Annual Entitlement shall be based solely on the information contained in and submitted with the Application, and supporting information obtained directly from other state and local agencies.
- (f) Organizations operating more than one Charter School, as identified by separate CDS codes, must submit a separate Application for each Charter School with a separate CDS code for which a grant award is sought. Organizations operating more than one facility location under the same CDS code must combine all facilities operating under that CDS code in one Application.
- (g) The Authority may waive procedural defects in the submission of an Application, **such as an Application filed past the deadline.**

#### **Section 10170.14 Conflicts of Interest.**

- (a) For purposes of this section, the following definitions shall apply:
  - (1) "Affiliate" shall mean a shareholder, partner, member, officer or board member of, or person who directly or indirectly controls, a Corporate Entity.
  - (2) "Corporate Entity" shall mean any type of organization or legal entity other than an individual, including a corporation, partnership, limited liability company or unincorporated association.
  - (3) "Related Party" shall mean:
    - (i) A School Official or a spouse, domestic partner, or child of a School Official;  
or
    - (ii) A Corporate Entity if a School Official or a spouse, domestic partner, or child of a School Official is an Affiliate of the Corporate Entity, provided that a Corporate Entity formed exclusively for the purpose of managing or providing support to the Applicant or Charter School or to a group of related charter schools, and any direct or indirect wholly-owned subsidiary of any such Corporate Entity, shall not be considered a Related Party.

(iv) “School Official” shall mean a board, member, officer, or employee of an Applicant or the Charter School.

(ba) Grantees must avoid actual conflicts of interest when applying for or receiving grants from the Authority.

(cb) Beginning with the 2014-15 funding round, grant funds may not be used by an Applicant or Charter School to pay for any lease or rental agreement with a Related Party, unless all of the following conditions are satisfied:

(1) The Related Party, and, in the case of a Corporate Entity, any School Official who is an Affiliate of the Corporate Entity, abstains from voting, or participating in the discussion of the governing board of the Charter School, regarding approval of the lease, rental agreement, or any amendment thereto;

(2) The Related Party, and, in the case of a Corporate Entity, any School Official who is an Affiliate of the Corporate Entity, abstains from voting, or participating in the discussion of the governing board of the Charter School, regarding the decision to apply for a grant to cover costs associated with the lease or rental agreement, as well as abstaining from participating in the Application for grant funds or administration of the Charter School’s receipt of grant funds;

(3) The Related Party, and, in the case of a Corporate Entity, any School Official who is an Affiliate of the Corporate Entity, discloses its interest in the lease or rental agreement to the governing board of the Charter School;

(4) The amount of the lease or rent is at or below market rate based on an independent appraisal paid for by the Applicant or Charter School or the governing board in approving the lease or rental agreement or amendments thereto has made a finding that the agreement is reasonable under the circumstances; and

(5) The lease or rental agreement is not signed by the Related Party, or in the case of a Corporate Entity, by any School Official who is an Affiliate of the Corporate Entity, on behalf of the Applicant or Charter School.