

## MEMORANDUM

## Staff Summary No. 5

**Date:** July 24, 2014

**To:** Members of the California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Subject:** Resolution 14-19 – Approval of the Revolving Loan Fund Program Recommendations and Amounts (Action Item)

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**Background:** Pursuant to the California State Budget Act of 2013, commencing with the 2013-14 fiscal year, the administration of the Charter School Revolving Loan Fund Program (Program) (Sections 41365, 41366.5, 41366.7, and 41367 of the Education Code) was transferred from the California Department of Education (CDE) to the California School Finance Authority (Authority). The Program provides low-interest loans of up to \$250,000 to new charter schools.

In January 2014, the Board adopted emergency Program regulations. In early February 2014, CSFA notified all California charter schools of the availability of the 2013-14 Program funding round and required all applications to be submitted to the Authority by February 24, 2014 at 5:00 P.M.. In total, sixty applications were received; however, 10 applications were received after the deadline. Per Authority board direction, Authority was tasked with reviewing the late applications only if funds were available after the 50 on-time applications were fully evaluated and vetted for funding.

Since February, our consultant, Sjoberg Evashenk Consulting, Inc. (SEC), and Authority staff have been assessing the 50 loan applications. Authority followed the framework established by statute and regulation in the California Education Code Section 41365(d) and Code of Regulations Section 10170.20(a) and Section 10170.20(b)(4) in conducting the following review and evaluation process.

1. **Application Package Review:** Confirmed that the submittal complied with application terms such as:
  - Met application time deadline
  - Eligible (not a conversion)
  - Submitted required documentation with signatures where applicable
  - Loan request is less than or equal to \$250,000
  - Repayment period is 5 years or less
  
2. **Operational Analysis:** Determined whether minimum qualifications were met such as:
  - Approved articles of incorporation
  - Signed legal status questionnaire

- School is in good standing with chartering authorizer and in compliance with charter terms
  - Has approved charter in place
  - Detailed business plan and/or charter petition
  - Board of Director listing with no apparent conflicts
  - Key staff resumes demonstrate relevant experience
  - Projected enrollment and ADA supported by student enrollment and/or waiting lists
  - Evidence of a facility use agreement
  - In compliance with other CSFA programs
3. **Financial Analysis—Part I:** Conducted fiscal evaluation based on a variety of indicators such as:
- Soundness of business plan/charter petition
  - Consistency of proposed loan proceeds with charter
  - Availability of other funding
  - Impact of loan on other financing
  - Creativity of planned use of funds
  - Demonstrated need of school
4. **Financial Analysis—Part II:** Critically analyzed financial data and ratios against benchmarks and industry practice using an internally created financial model to identify fiscal strengths and weaknesses such as:
- Reasonableness of budget assumptions
  - Alignment of revenue and expenditure projections with comparable data available from the California Department of Education, California Department of Finance, and National Charter School Resource Center
  - Calculated financial ratios within range when compared against benchmarks, where data exists
  - Focused on liquidity, solvency, financial position, sustainability, break-even, and debt service coverage
5. **Loan Recommendations:** Considered all of operational and financial information and assumptions for each loan and performed the following:
- Assigned risk levels—low, moderate, or high
  - Sort applicants by priority and region in accordance with California Code of Regulations §10170.17(l) through (o).
  - Assess geographical distribution for reasonableness
  - Based on the availability of funds, recommended specific loans for approval, non-approval, or modification.

In addition to conducting the steps listed above, the application reviewers took the funding preferences set forth in program guidelines into consideration when developing recommendations for which schools should receive loans. For instance, Section 41365(e) of the Education Code states that “Priority for loans from the Charter School Revolving Loan Fund shall be given to new charter schools for startup costs.” Program regulations reflect

similar preference; therefore staff determined that loans to schools opening in 2014-15 would be given priority over schools that opened in 2013-14.

As such, staff reviewed two tiers of loans: (1) the 33 schools opening in 2014-15 that were considered priority one schools; and (2) the 17 schools that have already opened in 2013-14 that were classified as priority two schools. Loan requests from priority one schools opening next year totaled \$8.1 million, while loan requests from priority two totaled approximately \$4.1 million. The total loan request of \$12.2 million exceeds available loan funds of approximately \$10.5 million. So far, staff has deemed 25 schools eligible that were approved for a loan at past board meetings. Four schools withdrew their applications and four others were deemed ineligible. The Authority's staff has just finished the 17 remaining on-time application reviews, but the 10 late applications have not been reviewed.

Authority staff is bringing one priority school and 14 eligible second priority schools to the board for consideration at its July 24, 2014 meeting. The Authority may bring an additional applicant to the board in August. Additional loan recommendations for the 10 late applications are contingent upon whether the awarded schools return their completed loan agreements and resolutions to the Authority by September 30, 2014.

For your review and consideration, staff provides summary findings for each school in the attached Exhibit A.

**Recommendation:** Staff recommends that the Board adopt Resolution No. 14-19, approval of the revolving loan fund recommendations and amounts to the schools listed on Exhibit A (attached). Staff is charged with providing schools with notification of loan approval, distributing loan agreements, executing loan agreements, and carrying out all necessary steps to disbursing funds to schools.

Item 5 – Approval of Revolving Loan Fund Applications

<b>Applicant</b>	AEALAS - SCV Elementary (Grades: K-6)
<b>CDS Code</b>	19-75309-0128603
<b>Charter #</b>	1595
<b>Opening Date</b>	September 2013
<b>Chartering Authority</b>	Acton-Agua Dulce Unified School District
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the AEALAS - SCV Elementary be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school ended its first year with an enrollment of 584 students, currently has 4 students on its waiting list, and plans to have 675 students by the end of their second year.</li> <li>2. Projections show ending surpluses in each of the five years and availability of adequate resources for emergencies or contingencies. The contingency ratio for all five years is 10%.</li> <li>3. The school has a thorough and reasonable business/strategic plan.</li> <li>4. Resumes of key staff demonstrate up to 27 years of charter school administration/teaching experience.</li> <li>5. The Principal has administrative experience as the Director of Educational Technology.</li> <li>6. The school plans on retaining students by keeping parents active: parent board, parent events, family events, etc.</li> <li>7. AEALAS, as a charter operator, has a history of retaining students at other schools.</li> <li>8. The school provided their facilities lease with Red Hook Charter School I LLC.</li> <li>9. AEALAS-Ventura received a loan through the Charter School Revolving Loan Fund Program and is in compliance.</li> <li>10. Availability of other sources of funding include: Public Charter Schools Grant Program (PCSGP) grant, Fundraising, and AEALAS Foundation supplied a \$200,000 donation.</li> </ol>

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<b>Applicant</b>	Discovery II (Grades: K-8)
<b>CDS Code</b>	43-10439-0127969
<b>Charter #</b>	1547
<b>Opening Date</b>	August 2013
<b>Chartering Authority</b>	Santa Clara County Office of Education
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	4 Years
<b>Loan Recommendation</b>	Staff is recommending the Discovery II be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school provided a list of 351 students who have committed to enrolling for 2014-15 as well as a wait list with 300 students.</li> <li>2. The Applicant provided enrollment projections of 411, 501, 531, 537, and 537 for 2014-15 through 2018-19, respectively. Given the large number of students who have committed to attending in conjunction with the wait list, and the fact that grade 7 will be added in 2014-15 and grade 8 will be added in 2015-16, staff considers these projections to be reasonable. For 2013-14, the Applicant has reported having 319 students in grades K-6.</li> <li>3. Based on the P-2 for 2013-14, the Applicant's ADA for this year is 300, representing an ADA rate of 94%, which is reasonable and consistent with the assumptions in the multi-year projections.</li> <li>4. The school has sufficient net revenues to meet its loan payment in each of the four years of payment. In addition, the school has substantial ending net assets after the loan payments during each of the projected years.</li> <li>5. The school has a thorough and reasonable business/strategic plan, which includes a plan for recruitment of new students and retention of students.</li> <li>6. Resumes of key staff demonstrate appropriate charter school administration/teaching experience. The Principal's resume reflects his having more than 15 years of public school administrative experience, including three years in his current position in which he oversees both Discovery Charter School and Discovery Charter School II.</li> <li>7. The school provided a copy of its current facility lease with San Jose Unified School District.</li> <li>8. Availability of other sources of funding: The school received a federal PCSGP start-up grant in the amount of \$375,000, and school plans to conduct fundraising.</li> </ol>

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<b>Applicant</b>	e3 Civic High (Grades: 9-12)
<b>CDS Code</b>	01-61259-0129932
<b>Charter #</b>	1620
<b>Opening Date</b>	August 2013
<b>Chartering Authority</b>	San Diego Unified
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the e3 Civic High be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school started with 270 students in 2013-14 and increases to 520 students by its 3rd year (2015-16), all in grades 9-12.</li> <li>2. The school meets debt service coverage requirements for all projected years.</li> <li>3. Financial projections show positive ending cash balance. Years 2014-18 have net assets much higher than the annual principal and interest loan payment and the contingency ratio is at least 5%.</li> <li>4. The school has a thorough and reasonable business/strategic plan.</li> <li>5. The educational philosophy of e3 derives from findings of the School Redesign Network at Stanford University and High Tech High Schools here in San Diego. These schools and findings consistently demonstrate the need for small schools that can respond to the individual needs of students. e3 will support this finding by capping enrollment at a maximum of 500 students. However, the work of these successful high schools indicates that small is better, but small is not enough. “While it is true that small schools are generally more successful than large schools, smaller size is only a part of the answer.” Accordingly, e3 will respond to key organizational principles that have been found to be critical in supporting the work of successful small schools.</li> <li>6. The Executive Director has 18 years of school administration/teaching experience.</li> <li>7. The school provided a copy current lease with the Library of San Diego.</li> <li>8. Availability of other sources of funding: The school received a PCSGP start-up grant of \$575,000. The school also has a Wave IV grant that will provide the school \$450,000 if the school is able to acquire \$300,000 of matching grants this year. The school also has a grant from the Rose Foundation in the amount of \$239,224 over 4 years.</li> </ol>

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<b>Applicant</b>	Endeavour Academy (Grades: K-12)
<b>CDS Code</b>	37-67967-0128595
<b>Charter #</b>	1566
<b>Opening Date</b>	July 2013
<b>Chartering Authority</b>	Alpine Union School District
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the Endeavour Academy be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school ended its first year with an enrollment of 317 students and plans to have 340 students by the end of their second year.</li> <li>2. Projections show ending surpluses in each of the projected years. Although projections do not show availability of adequate resources for emergencies or contingencies in their ending surpluses for years 2 and 3 of the loan, if the \$250,000 loan is factored in, the school has more than enough net assets for emergencies during those 2 years.</li> <li>3. The school has a thorough and reasonable business/strategic plan.</li> <li>4. Resumes of key staff demonstrate up to 27 years of charter school administration/teaching experience.</li> <li>5. The Principal has 10 years administrative experience and 5 years teacher experience.</li> <li>6. The school plans on retaining students by keeping parents active: parent board, parent events, family events, etc.</li> <li>7. The school's charter operator, AEALAS, has a history of retaining students at other schools.</li> <li>8. The school provided their facilities lease with Newbreak Church.</li> <li>9. AEALAS-Ventura received a loan through the Charter School Revolving Loan Fund Program and is in compliance.</li> <li>10. Availability of other sources of funding include: Fundraising and AEALAS Foundation supplied a \$200,000 donation.</li> </ol>

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<b>Applicant</b>	Equitas 2 (Grades 5-8)
<b>CDS Code</b>	19-64733-0126169
<b>Charter #</b>	1402
<b>Opening Date</b>	September 2013
<b>Chartering Authority</b>	Los Angeles Unified School District
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the Equitas 2 be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school submitted a list of 115 students committed to entering the 5<sup>th</sup> grade in 2014-15 and an enrollment list of 98 students as of June 2014. The school began operations in 2013-14 with 5<sup>th</sup> graders only. With the addition of a new 5<sup>th</sup> grade class each year and the promotion of students each year to the next grade up to grade 8 over a three year period, the Applicant is projecting 175, 250, 325, 350, and 350 students for 2014-15 through 2018-19, respectively. The Applicant’s enrollment projections are reasonable, given the current enrollment list and wait list, and the addition of a new grade over the next three years.</li> <li>2. The school submitted its P2 report, reflecting an average daily attendance of 93. Based on current enrollment of 98 students, this represents an ADA rate of approximately 95%.</li> <li>3. The school has sufficient net revenues to make its loan payment in all projected years. In addition, the school is projected to have substantial net assets after its loan payment during each year. The school had a current ratio (current assets/current liabilities) of 1.83 as of June 30, 2014, which represents a low risk in terms of liquidity.</li> <li>4. The school submitted a comprehensive business plan that sets forth its long-term goals for school growth and student achievement, as well as a description of its targeted population and method for outreach and recruitment of students.</li> <li>5. Resumes of key staff demonstrate appropriate charter school administration/teaching experience. The Executive Director, Malka Borrego, has approximately 5 years of charter school administration experience and holds a Masters in Education from Stanford University. The Principal, Erin Diaz, has more than 7 years of combined teaching and administrative experience at charter schools and holds a cleared California Multiple Subjects Credential.</li> <li>6. Equitas Academy Charter, the first charter school under the umbrella of Equitas Academy Charter School, Inc., has a</li> </ol>



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	<p>Program loan that is current, and has an award under the State Charter School Facilities Incentive Grants Program. There are no compliance issues with either program.</p> <ol style="list-style-type: none"><li>7. The school provided a copy of its co-location agreement with Camino Nuevo Charter School (effective through 2014-15) and a copy of its future lease with Pacific Charter School Development for a site that is under development (to be effective 2015-16).</li><li>8. Availability of other sources of funding: The school received a private grant of \$250,000 from the Walton Family Foundation in 2013-14 to fund facility costs. In addition, the school received a federal PCSGP start-up grant in the amount of \$575,000.</li></ol>
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<b>Applicant</b>	Extera Public School #2 (Grades: K-6)
<b>CDS Code</b>	01-61259-0129932
<b>Charter #</b>	1562
<b>Opening Date</b>	August 2013
<b>Chartering Authority</b>	Los Angeles Unified
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	4 Years
<b>Loan Recommendation</b>	Staff is recommending the Extera Public School #2 be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school started with 60 students in 2013-14 (grades K-1) and projects to increase to 504 K-6 students by the 5th year (2018-19)</li> <li>2. The school meets debt service coverage requirements for all projected years.</li> <li>3. Financial projections show positive ending cash balances in all projected years. The projections for years 2014-15 through 2017-18 have net revenues much higher than the annual principal and interest loan payment, and the contingency ratio is at least 12%.</li> <li>4. The school has a thorough and reasonable business/strategic plan.</li> <li>5. Extera will implement a standards-based curriculum grounded in research-based models of education that have proven successful at some of the leading local and national schools. The educational components of the Extera Public School Model have been selected to provide a dynamic and highly successful learning environment. Drawing on twenty years of experience as a Los Angeles educator and school leader, Extera Founder Dr. Jim Kennedy has designed a program that builds on the research and available school models that highlight best practices, including his extensive experience working in urban schools and post as the Principal of the acclaimed UCLA Lab School.</li> <li>6. The school plans to be a dramatic boost to a neighborhood that has been severely impacted by poverty, gangs, inadequate supports and low expectations for public education. As with their first school, Extera Public School, located in the same neighborhood, they plan on creating a school community where all participants – students, teachers, administrators, staff, parents and Extera Public School community partners – collaborate to design and meet high expectations for all stakeholders and create opportunities for each and every student to succeed.</li> <li>7. The CEO and Assistant Principal each has 20 years of school administration experience.</li> </ol>

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	<ol style="list-style-type: none"><li>8. The school provided a copy of their Prop 39 lease with Los Angeles Unified School District.</li><li>9. Availability of other sources of funding: The school received a PCSGP grant of \$575,000.</li></ol>
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<b>Applicant</b>	Laurel Preparatory Academy (Grades: 6-12)
<b>CDS Code</b>	37-68338-0128744
<b>Charter #</b>	1600
<b>Opening Date</b>	August 2013
<b>Chartering Authority</b>	San Diego Unified School District
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending Laurel Preparatory Academy be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school submitted a student enrollment list reflecting 161 students (committing to enrolling in 2014-15), and a wait list reflecting 34 students, representing a total of 195 students expressing an intent to enroll. The school is reporting its 2013-14 enrollment as 166 students, and is projecting student enrollment at 240, 300, 375, 425 and 475, for 2014-15 through 2018-19, respectively. Although staff considers these projections to be somewhat aggressive, they are supported by the historical growth within the other charter schools under the umbrella organization, Altus-Laurel, Inc. These schools include Charter School of San Diego, Mirus Secondary Charter, and Audeo Charter.</li> <li>2. The school has sufficient net revenues to meet its loan payment in all years except 2015-16 (Year 2) and 2016-17 (Year 3). However, the school is projected to have sufficient net assets during these years to cover the loan payments.</li> <li>3. The school has a thorough and reasonable business/strategic plan. The Applicant submitted a separate description of its strategies for student recruitment that include community outreach, one-on-one conversations, radio and print advertising, and social media.</li> <li>4. The Board President and Lead Administrator, Mary Bixby, has over 20 years of charter school administrative experience. In addition, the CFO, Lynne Alipio, has over 5 years of charter school finance experience.</li> <li>5. Only one of the schools under the EMO, Mirus Academy, has received a prior loan award, and it is in compliance – no other awards under CSFA.</li> <li>6. The school has a loan from its CMO in the amount of \$175,000. However, the CSRLF loan is not expected to impact that loan.</li> <li>7. The school provided a copy of its current lease with Honn Investments L.P., for its La Mesa site. The school’s main site in San Diego is owned by the charter management organization, Altus-Laurel, Inc.</li> <li>8. Availability of other sources of funding: The school received a</li> </ol>

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	PCSGP start-up grant for \$375,000.
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<b>Applicant</b>	Math and Science College Prep (Grades: 9-12)
<b>CDS Code</b>	19-64733-0126136
<b>Charter #</b>	1412
<b>Opening Date</b>	August 2013
<b>Chartering Authority</b>	Los Angeles Unified
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	4 Years
<b>Loan Recommendation</b>	Staff is recommending Math and Science College Prep be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school started with 99 students in 2013-14 (grade 9) and projects increases to 520 students by 2018-19 (grades 9-12).</li> <li>2. The school meets debt service coverage requirements for all projected years. Financial projections show positive ending cash balances for all projected years. The projections for 2014-15 through 2017-18 reflect net revenues much higher than the annual principal and interest loan payment, and the contingency ratio is at least 10%.</li> <li>3. The school will recruit students by offering meetings, materials, communications that will be provided in English and in Spanish, announcements direct mailed to families in neighboring middle schools, flyers distributed throughout the local community, community meetings open to all interested parents and community members, local newspaper announcements, and an open House at the school site prior to the opening of school.</li> <li>4. The mission of Math and Science College Prep is to operate a small, high performance school that will prepare all students to succeed and graduate from college. The vision of the Math and Science College Prep is to create a highly accountable model of innovation with highly qualified teachers guided by core principles that are based on what research has shown to be best educational practices and to serve as a research and development model for the District and other public schools. The MSCP educational model will have many innovative features, including: Teacher Leaders, Sophisticated, User-Friendly Data Analysis Tools, and Standards-based Grading.</li> <li>5. The CEO has 20 years of school administration experience, and the Principal has 13 years of school administration experience.</li> <li>6. The school provided a copy of its current Prop 39 lease with LAUSD.</li> <li>7. Availability of other sources of funding: The school received a PCSGP start-up grant for \$575,000.</li> </ol>

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<b>Applicant</b>	Oxford Preparatory Academy (Grades: K-12)
<b>CDS Code</b>	37-67983-0128579
<b>Charter #</b>	1590
<b>Opening Date</b>	September 2013
<b>Chartering Authority</b>	Borrego Springs Unified School District
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5
<b>Loan Recommendation</b>	Staff is recommending Oxford Preparatory Academy be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school submitted a combined student enrollment list/wait list reflecting approximately 200 students who have committed to enroll, or who have completed applications for the upcoming 2014-15 academic years. As of 2013-14 year-end, the school had approximately 100 students, and the school is projecting 130, 162, 188, 210, and 234 students for 2014-15 through 2018-19, respectively. While the school’s enrollment projections are moderately aggressive, especially the 24% increase for 2015-16, staff considers these projections to be within normal range for a new school.</li> <li>2. The P-2 report reflects an ADA of about 70, which is based on total enrollment of about 100 for 2013-14 (per its enrollment table), representing an ADA rate of about 70%. The school is not a classroom-based school, but rather an independent-study school, which is consistent with a lower ADA rate. The school’s multi-year projections are conservative, assuming an ADA rate of 70%.</li> <li>3. The school has sufficient net revenues to meet its loan payment obligation during each of the projected years. In addition, the school has substantial ending net assets after each loan payment, with ending net assets of greater than \$350,000 during each of the projected years.</li> <li>4. The school submitted a comprehensive strategic plan that outlines its “Annual Goals,” “Actions to Achieve Annual Goals,” and “Measurable Outcomes and Methods of Measurement” for each of 10 categories that include, but are not limited to, parental involvement, student achievement, pupil engagement, school climate, and pupil outcomes. The Applicant submitted a separate comprehensive plan for recruiting new students.</li> <li>5. Resumes of key staff demonstrate appropriate charter school administration/teaching experience. The Executive Director, Sue Roche, has more than 10 years of experience in public educational administration, including four years of experience as Executive Director of Oxford Preparatory Academy. Ms. Roche holds a Masters in Educational Administration with a</li> </ol>

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	<p>Clear Administrative Credential.</p> <ol style="list-style-type: none"><li>6. The school provided a copy of its current lease agreement with Discovery Development, Inc.</li><li>7. Availability of other sources of funding: The school has a PCSGP start-up grant of in the amount of \$250,000.</li></ol>
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<b>Applicant</b>	Oxford Preparatory Academy-South Orange County (Grades: K-8)
<b>CDS Code</b>	30-66464-0124743
<b>Charter #</b>	1324
<b>Opening Date</b>	September 2011
<b>Chartering Authority</b>	Capistrano Unified School District
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the Oxford Preparatory Academy-South Orange County be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. As of March 2014, the school’s current enrollment roster shows 776 students. The school anticipates a total of 824 students for each of 2014-15 through 2018-19.</li> <li>2. Projections show ending surpluses in each of the 5 years of repayment. Although the average contingency ratio is a little lower than the benchmark, the projections meet all financial indicators.</li> <li>3. The school has a thorough and reasonable business/strategic plan.</li> <li>4. Resumes of key staff demonstrate appropriate school administration/teaching experience (up to 29 years of experience).</li> <li>5. The principal of the school has at least 5 years of administrative experience and 10 years of teacher/coach experience.</li> <li>6. The school plans on using intervention, their Student Success Team, specialized academic instruction, and independent study to help retain students.</li> <li>7. The school has a facilities lease agreement with Capistrano Unified School District.</li> </ol>

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<b>Applicant</b>	Peak to Peak Mountain Charter (Grades: K-8)
<b>CDS Code</b>	15-63628-0128504
<b>Charter #</b>	1575
<b>Opening Date</b>	August 2013
<b>Chartering Authority</b>	Maricopa Unified
<b>Loan Amount</b>	\$200,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the Peak to Peak Mountain Charter be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school had an enrollment of 86 students in 2013-14 and projects enrollment to cap out at 105 students in FY 2015-16.</li> <li>2. Financial projections show sufficient net revenues to meet the loan payment in 2015-16, but not for the other projected years. However, the school will have sufficient net assets to meet its loan payments in the other projected years, and the average contingency ratio is 8%.</li> <li>3. The school has a thorough and reasonable business/strategic plan.</li> <li>4. The founders of the Peak to Peak Mountain Charter seek to provide an exemplary and complete standards-based education, with an emphasis on cooperative, hands-on, theme based learning. They are committed to working collaboratively to develop lifelong learners in a safe and caring academic environment, where students are challenged, integrity and personal best is expected, and differences are valued. They also focus on and are striving to recognize and meet the specific needs of each student.</li> <li>5. The Principal has 16 years of school administration/teaching experience</li> <li>6. The school will retain students by keeping parents active: monthly community meetings, a parent as a board member, Parent Leadership Committee, home visits, open house, etc.</li> <li>7. The school has a finalized and executed lease with the Park District.</li> </ol>

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<b>Applicant</b>	Rowland Heights (Grades K-8)
<b>CDS Code</b>	19-73452-0129031
<b>Charter #</b>	1611
<b>Opening Date</b>	September 2013
<b>Chartering Authority</b>	Rowland Unified School District
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5
<b>Loan Recommendation</b>	Staff is recommending Rowland Heights Charter School be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school provided a list of 98 students committed to attending in 2014-15. For the current 2013-14 academic year, the school reported having approximately 70 students in grades K-8, based on a current enrollment list. The school is projecting 125, 150, 180, 216, and 216 students for 2014-15 through 2018-19 (all for grades K-8), respectively. Staff considers the school's enrollment projections to be within normal range for a new school.</li> <li>2. The school's P-2 report reflects an ADA of approximately 66, which given a current enrollment of 70 students, represents an ADA rate of approximately 94%.</li> <li>3. Based on its projections and assumptions, the school has sufficient net revenues to meet its loan payment during each of the projected years. If the \$250,000 proceeds from the revolving loan are added to the net assets for 2014-15, the school's projections show substantial positive net assets in all years after the loan payments.</li> <li>4. The school submitted a comprehensive business plan and marketing strategy, including an aggressive strategy to recruit new students.</li> <li>5. The Principal, Sudonna Moss-Logan, has served in her current position since February 2013. Ms. Moss-Logan holds a Masters in Educational Leadership from Loyola Marymount University and a Doctorate in Education from Pepperdine University.</li> <li>6. The school provided a copy of its current lease with Islamic Center of San Gabriel Valley.</li> <li>7. The school had outstanding loan obligations of approximately \$318,000 as of June 30, 2014. However, the school has sufficient net revenues to pay off these loans, and these loans do not impact its ability to repay the revolving loan.</li> <li>8. Availability of other sources of funding: The school received a PCSGP start-up grant of \$375,000.</li> </ol>

Item 5 – Approval of Revolving Loan Fund Applications

<b>Applicant</b>	Taylion High Desert Academy (Grades: K-12)
<b>CDS Code</b>	36-67587-0128462
<b>Charter #</b>	1520
<b>Opening Date</b>	August 2013
<b>Chartering Authority</b>	Adelanto Elementary School District
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the Taylion High Desert Academy be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school ended its first year with an enrollment of 128 students and plans to have 200 students by the end of its second year.</li> <li>2. The school's budget projections show ending surpluses in each of the projected years and an average contingency ratio of 10%. They also show that the school has substantial cash on hand for emergencies.</li> <li>3. The school has a thorough and reasonable business/strategic plan.</li> <li>4. Resumes of key staff demonstrate up to 14 years of charter school administration/teaching experience.</li> <li>5. The Principal has 4 years administrative experience and a few years of teacher experience.</li> <li>6. The school plans on retaining students with their intervention programs and Student Success Team.</li> <li>7. The school provided a copy of its multiple facilities lease with Adelanto School District, Spinfield LLC and Amargoasa Investment Company LLC.</li> </ol>

Item 5 – Approval of Revolving Loan Fund Applications

<b>Applicant</b>	Taylion San Diego Academy (Grades: K-12)
<b>CDS Code</b>	37-68437-0128470
<b>Charter #</b>	1559
<b>Opening Date</b>	September 2013
<b>Chartering Authority</b>	Vallecitos Elementary
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the Taylion San Diego Academy be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school provided an enrollment list of 46 students for its first year of operations and plans to have 110 students by the end of its second year. Although the school will have to more than double in enrollment by next year, the school says it's constantly enrolling students because it's a year round school so they are sure they will be able to get to their projected enrollment.</li> <li>2. Projections show ending surpluses in each of the five years and show adequate resources for emergencies or contingencies.</li> <li>3. The school has a thorough and reasonable business/strategic plan.</li> <li>4. Resumes of key staff demonstrate appropriate school administration/teaching experience.</li> <li>5. The Principal has 14 years administrative experience and a few years of teacher experience.</li> <li>6. The school plans on retaining students with their intervention programs and Student Success Team.</li> <li>7. The school provided their facilities lease with E-Institute Charter School, Inc.</li> </ol>

Item 5 – Approval of Revolving Loan Fund Applications

<b>Applicant</b>	Thrive Public School (Grades: K-8)
<b>CDS Code</b>	Pending
<b>Charter #</b>	Pending
<b>Opening Date</b>	September 2014
<b>Chartering Authority</b>	San Diego County Office of Education
<b>Loan Amount</b>	\$250,000
<b>Loan Term</b>	5 Years
<b>Loan Recommendation</b>	Staff is recommending the Thrive Public School be awarded a loan
<b>Staff Findings</b>	<ol style="list-style-type: none"> <li>1. The school plans to open with approximately 168 students in grades K through 6, expanding each year to ultimately reach 756 students in grades K-8. The school provided documentation showing 300 families/community groups that support Thrive and may enroll their children once the school opens.</li> <li>2. Financial projections show that the school has net revenues higher than the annual principal and interest loan payment for all payment years.</li> <li>3. Although the school’s contingency ratio is lower than the benchmark, they show an ending cash reserve for each payment year to cover the deficit.</li> <li>4. The school has a thorough and reasonable business/strategic plan.</li> <li>5. Resumes of key staff demonstrate up to 15 years of charter school or educational experience.</li> <li>6. The Principal has 15 years of charter school experience and 6 years of administration experience.</li> <li>7. The school’s plan for student retention focuses upon parental involvement and support.</li> <li>8. Availability of other sources of funding: The school received \$200,000 from the Charter Schools Growth Fund and \$150,000 from the Next Generation Learning Challenges grant (funded by Bill and Melinda Gates Foundation and William and Flora Hewlett Foundation).</li> </ol>