

**CHARTER SCHOOL FACILITIES PROGRAM  
PROPOSITION 1D FUNDING ROUND  
STAFF SUMMARY REPORT –NOVEMBER 2014**

<b>Applicant/Obligor:</b>	Natomas Charter School
<b>Project School:</b>	Natomas Charter School
<b>CDS (County – District – School) Code:</b>	34-75283-34306659
<b>Proposed Location:</b>	4600 Blackrock Dr., Sacramento, CA 95835
<b>Type of Project:</b>	New Construction
<b>County:</b>	Sacramento
<b>District in which Project is Located:</b>	Natomas Unified School District
<b>Charter Authorizer:</b>	Natomas Unified School District
<b>Total OPSC Project Cost:</b>	\$4,078,926
<b>State Apportionment (50% Project Cost):</b>	\$2,039,463
<b>Lump Sum Contribution:</b>	\$0
<b>Total CSFP Financed Amount:</b>	\$2,039,462
<b>Length of CSFP Funding Agreement:</b>	30 years
<b>Assumed Interest Rate:</b>	3.00%
<b>Estimated Annual CSFP Payment:</b>	\$104,052
<b>First Year of Occupancy of New Project:</b>	2016-2017

<b>Applicant/Obligor:</b>	Natomas Charter School
<b>Project School:</b>	Natomas Charter School
<b>CDS (County – District – School) Code:</b>	34-75283-34306659
<b>Proposed Location:</b>	4600 Blackrock Dr., Sacramento, CA 95835
<b>Type of Project:</b>	Rehabilitation
<b>County:</b>	Sacramento
<b>District in which Project is Located:</b>	Natomas Unified School District
<b>Charter Authorizer:</b>	Natomas Unified School District
<b>Total OPSC Project Cost:</b>	\$ 3,333,298
<b>State Apportionment (50% Project Cost):</b>	\$1,666,649
<b>Lump Sum Contribution:</b>	\$0
<b>Total CSFP Financed Amount:</b>	\$1,666,649
<b>Length of CSFP Funding Agreement:</b>	30 years
<b>Assumed Interest Rate:</b>	3.00%
<b>Estimated Annual CSFP Payment:</b>	\$85,031
<b>First Year of Occupancy of New Project:</b>	2016-2017

**Staff Recommendation:** Staff recommends that the California School Finance Authority (Authority) Board determine that Natomas Charter School (Natomas) is financially sound for the purposes of the Charter School Facilities Program (Program) Preliminary Apportionment and/or Advance Apportionment, but not Final Apportionment. This determination as it relates to Preliminary Apportionment and/or Advance Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon Natomas 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. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.

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

<b>Criteria</b>	<b>Comments</b>
<b>Eligibility Criteria</b>	Natomas meets all eligibility criteria, including having been in operations for more than two years, having a charter in place through 2016, and being in good standing with its chartering authority and in compliance with the terms of its charter.
<b>Demographic Information</b>	<ul style="list-style-type: none"> <li>• Over the past six years, Natomas has demonstrated consistent enrollment growth, growing from 1150 students in 2008-09 to 1492 students in 2013-14, to current enrollment for 2014-15 of 1570 students, all in grades K-12, representing average annual growth of 6.1%.</li> <li>• Natomas is projecting the same number of students in 2015-16, and subsequent enrollment growth to 1647 students in 2016-17, 1675 students in 2017-18, and 1727 students in both 2018-19 and 2019-20.</li> <li>• Natomas achieved year-to-year retention rates for 2013-14 and 2014-15 of 96% and 98%, respectively, and has a current waiting list of 721 students.</li> </ul>
<b>Debt Service Coverage</b>	Natomas projects debt service coverage of 228.9%, 328.2%, and 242.9 for 2017-18, 2018-19, and 2019-20, respectively, the first three years of CSFP payments, meeting the minimum required debt service coverage of 100% for each year.
<b>Other Financial Factors</b>	As of June 30, 2014, Natomas' net working capital was \$3.33 or 37.9% of total expenses, well above the 5% threshold to be considered sufficient.

<b>Student Performance</b>	<ul style="list-style-type: none"><li>• Natomas met all AYP criteria during three of the four past years reported, 2009-10 through 2012-13.</li><li>• Natomas achieved API growth scores of 848, 876, 896 and 884 for 2009-10 through 2012-13, respectively, and met both schoolwide and “Comparable Improvement” growth targets in each of these years.</li><li>• Based on its API base scores, Natomas achieved statewide and similar schools rankings of “9” or “10” (“10” = best) for each of the past four years reported.</li></ul>
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**Program Eligibility:** On October 15, 2014, the Authority received verification from the Natomas Unified School District (District) confirming that Natomas is (1) in compliance with the terms of its charter agreements, and (2) in good standing with its chartering authority. Natomas’ current charter is effective through June 2017.

**Legal Status Questionnaire:** Staff reviewed Natomas’ responses to the questions contained in the Legal Status Questionnaire (LSQ), signed by Natomas’ Executive Director and Board of Directors President on April 10, 2014. Natomas 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:** Natomas has requested funding for new construction and rehabilitation as follows: (1) new construction of a music wing onto an existing performing arts facility, providing for five new classrooms for music, primarily serving students in grades 6-12; and (2) renovation or replacement of 2-5 portable classrooms, which includes renovation of a portable physical education room and adjacent locker room, primarily serving students in grades 6-12. Both new construction and rehabilitation projects are on the district-owned site. The anticipated first full year of occupancy of the new construction of the music wing is 2016-17. The rehabilitation of the portables may be completed as early as summer 2015, or immediately after completion of the new music wing.

**Organizational Information:** Natomas received its first charter through Natomas Unified School District and began operations in 1993 with approximately 80 students. It is one of the first charter schools in California and is a 501(c)(3) non-profit organization. Natomas is comprised of five “academies”, each of which has a unique approach and mission. These include: two nonclassroom-based academies that provide for online classes and individualized instruction, and three classroom-based academies that include a performing arts academy for grades 6-12 and separate classroom-based academies for grades K-5 (the “Star Academy”) and grades 6-8. Natomas currently occupies both a district owned site (two academies) and a non-district owned site (three academies). Through the facility use agreement with the District, Natomas has agreed to have a maximum of 600 students in non-classroom based instruction and 1400 students in classroom-based instruction; however, the school can build its site-based program proportionately to the district’s growth.

Natomas currently serves approximately 1,500 students in grades K-12 with the majority in grade 6-12, and approximately 300 students in grades K-5.

According to Natomas’ charter petition, Natomas’ mission is to establish a variety of innovative educational programs that will accommodate its diverse student population. Also according to the charter petition, Natomas Charter School provides K-12 students the opportunity to develop unique interests, uncover hidden talents, experience satisfaction in accomplishments, gain a sense of responsibility, and pursue education as a way of life through educational programs tailored to their own specific needs.

**Educational Management Organization:** Not applicable, as Natomas is not under an Educational Management Organization.

**Management Experience:** The description of experience of Natomas’ personnel and management team demonstrates that professional, experienced and qualified individuals are serving in key capacities within the organization, as described below.

Ting Lan Sun is a cofounder of Natomas and has served as of Natomas’ Executive Director since 2012. Prior to this position, Ms. Sun served as Curriculum Director (1997-2012) and language arts and technology teacher (1993-97) at Natomas, and as a teacher at Natomas Junior High (1988-93). Ms. Sun holds both an M.A. in Education from Stanford University and Ph.D. in Education from University of California, Davis. She also holds a California Single Subject Teaching Credential and Certificate of Eligibility for Administrative Services.

Anita Schwab has served as Budget and Finance Director at Natomas since 2013. Prior to this position, Ms. Schwab served as Accounting Supervisor at Dixon Unified School District (2012-13) and Director of Financial Services at Natomas Unified School District (1998-2012). Ms. Schwab holds a B.S. in Accounting from Humpreys Business College and a School Business Management Certificate from the University of Southern California.

**Board Experience:** The following table depicts the current Board’s membership. Based on Natomas’ charter, the Board is to include parent representatives from both the Natomas’ site-based program and non-site-based program.

**Natomas Charter School**

<b>Name</b>	<b>Occupation</b>	<b>Title</b>	<b>County of Residence</b>	<b>Term</b>
Jo Anna Davis		Parent Representative	Sacramento	October 2014-October 2016
Jonathan Corr	Attorney	Advisor to Board	Sacramento	October 2014-October 2015
Paul Hersek	Vice President of Marketing, SAFE Credit Union	Community Representative	Sacramento	June 2014-June 2015

Phil Nanni,	General Manager, Solar Universe	Board Chair and Community Representative	Sacramento	October 2014- October 2015
Rachel Perry	Director, Research, Evaluation, and Assessment, Sacramento County Office of Education	Community Representative	Sacramento	December 2013- December 2014
Rick Stewart		Parent Representative	Sacramento	October 2014- October 2014
Susan Negrete		Parent Representative	Sacramento	October 2014- October 2016
Ting Sun	Executive Director	Executive Director	Sacramento	Indefinite

According to Natomas’ charter, the roles and responsibilities of the Board include, but are not limited to, the following: taking action on the annual budget and any amended budgets; taking action on the Executive Director’s recommendations regarding personnel action; taking action on fiscal expenditures of 2% or more of the school’s budget; taking action on fiscal matters, including private contributions, contracts, and fundraising; upholding the school’s mission, vision, and goals; adopting, implementing, and interpreting school-wide policy; overseeing the Executive Director’s performance; approval of charter amendments; and ensuring compliance with the school’s dispute resolution process.

**Management Experience for Schools Open Less than Two Years:** Not applicable, as Natomas began instructional operations in 1993-94 and exceeds the minimum instructional requirements of two years.

**Student Performance:** Pursuant to SB X51 (2010), a designated California State Commission was given the authority to review the Common Core State Standards (Standards), as promulgated by the U.S. Department of Education, and make recommendations to the California Board of Education (Board). This resulted in the Board’s adoption of the Standards for purposes of statewide accountability on academic performance. Although this adoption does not directly require all local educational agencies (LEAs) to adopt the standards, pursuant to Education Code, Sections 52060 through 52077, in order for districts to receive funding through LCFF, school districts must submit “Local Control and Accountability Plans (LCAPs) to their respective county offices of education that address State and local educational priorities, and pursuant to Education Code, Section 52060(d)(2), these priorities must include Common Core State Standards.

Assessments based on the Standards are derived from the “Smarter Balanced Assessment System,” a test that has been field tested during 2014 and is planned for initial implementation in spring 2015 for purposes of establishing a baseline for comparing academic performance between schools, and subsequent improvement. As such, the Standards do not currently provide metrics for comparing academic performance between schools.

It is noteworthy that since 2013, CDE’s Accountability Progress Reporting has significantly changed in that Growth Academic Performance Index (API) and Base API reporting has

been temporarily suspended and rankings are no longer being reported, and Adequate Yearly Progress (AYP) reporting pursuant the No Child Left Behind Act of 2001 has been limited to public high schools receiving Title 1 funding when they meet specific enrollment criteria.

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. However, due to the recent changes to Common Core State Standards, student performance information for purposes of determination financial soundness is limited to API up until 2013 and AYP up to 2013 with the exception of specific high schools receiving Title 1 funding.

The following table summarizes Natomas’ student performance for four years through 2012-13.

Natomas Charter School	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
<b>ADEQUATE YEARLY PROGRESS (AYP)</b>				
Met All AYP Criteria?	Yes	Yes	Yes	No
Criteria Met / Required Criteria	20 / 20	18 / 18	20 / 20	16 / 24
Met API Indicator for AYP?	Yes	Yes	Yes	Yes
Met Graduation Rate?	Yes	Yes	Yes	N/A
<b>ACADEMIC PERFORMANCE INDEX (API)</b>				
Met Schoolwide Growth Target?	Yes	Yes	Yes	Yes
Met Comparable Improvement Growth Target?	Yes	Yes	Yes	Yes
Met Both Schoolwide & CI Growth Targets?	Yes	Yes	Yes	Yes
API Base Statewide Rank (10 = best)	10	9	10	10
API Base Similar Schools Rank (10 = best)	9	10	10	9
School's Actual Growth	-1	28	19	-14
Similar Schools Median of Actual Growth	11	6	5	N/A
Did School's Growth Exceed Median?	No	Yes	Yes	N/A

Natomas met all AYP criteria during three of the four years reported upon. Moreover, Natomas achieved API growth scores of 848, 876, 896 and 884 for 2009-10 through 2012-13, respectively, and met both schoolwide and “Comparable Improvement” growth targets in each of these years.<sup>1</sup> Based on its API base scores, Natomas achieved statewide and similar schools rankings of “9” or “10” (“10” = best) for each of the past four years. Staff’s overall review of Natomas’ academic performance finds that Natomas has demonstrated exceptional performance, which clearly supports a recommendation of financial soundness for Preliminary Apportionment.

**Enrollment and Retention Rates:** Over the past six years, Natomas has demonstrated consistent enrollment growth, growing from 1150 students in 2008-09 to 1492 students in 2013-14, to current enrollment for 2014-15 of 1570 students, all in grades K-12. This represents overall growth of approximately 36.5% or average annual growth of 6.1%. Natomas is projecting the same number of students in 2015-16, and subsequent enrollment

<sup>1</sup> API Growth Scores over 800 are considered to represent superior performance. According to API guidelines, schools for which both base and growth scores are over 800 are considered to have met their growth targets.

growth to 1647 students in 2016-17, 1675 students in 2017-18, and 1727 students in both 2018-19 and 2019-20. Natomas achieved year-to-year retention rates for 2013-14 and 2014-15 of 96% and 98%, respectively, and has a current waiting list of 721 students.

Based on the 2012-13 audit report and the 2013-14 P-2 Report, Natomas had average daily attendance (ADA) rates of 97% and 95% for these years, respectively, which is consistent with the ADA assumption in the multi-year projections.

Given Natomas' consistent enrollment growth thus far, as well as Natomas' most recent retention rate and current wait list, staff considers Natomas' enrollment projections to be reasonable and supportive of a recommendation for financial soundness.

**Financial Analysis:** Highlighted in this section are financial data and credit indicators used to evaluate the Natomas' ability to meet its CSFP obligations. The table below summarizes key aspects of the school's past and projected financial performance based on the financial model used in the evaluation. Among other things, the financial model sets forth Natomas' financial projections along with adjustments, where applicable, based on Natomas' financial documents.

Staff's financial analysis of Natomas and development of the financial model is based upon review and consideration of the following documents: (1) audited financial statements for 2010-11, 2011-12, and 2012-13; (2) unaudited actuals for 2013-14; (3) adopted budget for 2014-15; and (4) multi-year budget projections for 2014-15 through 2019-20, along with assumptions, including projected enrollment.

Natomas' financial projections are based upon the following assumptions: (1) first full year of project occupancy in 2016-17; (2) projected enrollment as described above (under "Enrollment and Retention Rates"); (3) average Local Control Funding Formula ("LCFF") per ADA target rates of \$6,268, \$6,812, \$7,116, \$7,455, \$7,604, \$7,756, and \$7,911 for 2013-14 through 2019-20, respectively, based on there being approximately 20% unduplicated students between the categories of English-language Learners and students eligible for free and reduced-price meals; (4) projected ADA rates of 95 to 96%, which is consistent with Natomas' historical performance; (5) cost of living adjustment (COLA) on LCFF per ADA funding rate of 1.57%, 0.85%, 2.19%, 2.14%, 2.00%, 2.00%, and 2.00% for 2013-14 through 2019-20, respectively; and (6) COLA to certificated/classified compensation of 2.5% for each of the projected years.

Staff notes that it considers Natomas' assumptions to be reasonable in light of Natomas' consistent enrollment growth, historical average daily attendance, and Natomas' LCFF rate structure as it compares to the target rates promulgated by the California Department of Education based on percent of unduplicated students among English-Language Learners and students eligible for FRPM. Staff also notes that Natomas does not rely on contributions within its budget projections.

Item 4d. – Natomas Charter School

Natomas Charter School	Actual	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
<b>ENROLLMENT PROJECTIONS</b>									
Enrollment	1,365	1,398	1,492	1,570	1,571	1,647	1,675	1,727	1,727
Average Daily Attendance	1,332	1,359	1,423	1,503	1,508	1,565	1,591	1,651	1,641
Average Daily Attendance (%)	98%	97%	95%	96%	96%	95%	95%	96%	95%
<b>FINANCIAL PROJECTIONS</b>									
Total Revenues Available for CSFP Payment	\$ 8,538,964	\$ 8,922,545	\$ 10,171,652	\$ 10,998,962	\$ 11,501,520	\$ 12,281,840	\$ 12,722,142	\$ 13,356,103	\$ 13,609,848
Total Expenses Paid Before CSFP Payment	9,240,850	8,516,100	9,268,030	10,825,312	11,213,000	11,711,760	12,357,275	12,812,575	13,230,575
Accounting Adjustments	-	-	110,123	150,916	156,000	162,000	68,000	77,000	80,000
Net Revenues Available for CSFP Payment	\$ (701,886)	\$ 406,445	\$ 1,013,745	\$ 324,566	\$ 444,520	\$ 732,080	\$ 432,867	\$ 620,528	\$ 459,273
CSFP Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,083	\$ 189,083	\$ 189,083
Net Revenues After CSFP Payment	\$ (701,886)	\$ 406,445	\$ 1,013,745	\$ 324,566	\$ 444,520	\$ 732,080	\$ 243,784	\$ 431,445	\$ 270,190
<b>FINANCIAL INDICATORS</b>									
Net Revenues Available for CSFP Payment	\$ (701,886)	\$ 406,445	\$ 1,013,745	\$ 324,566	\$ 444,520	\$ 732,080	\$ 432,867	\$ 620,528	\$ 459,273
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	N/A	228.9%	328.2%	242.9%
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	N/A	N/A	228.9%	328.2%	242.9%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	1.5%	1.4%	1.4%
Contributions / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Revenues After CSFP Payment / Revenues	-8.2%	4.6%	10.0%	3.0%	3.9%	6.0%	1.9%	3.2%	2.0%
Revenues / ADA	\$ 6,411	\$ 6,566	\$ 7,148	\$ 7,318	\$ 7,627	\$ 7,848	\$ 7,996	\$ 8,090	\$ 8,294
Expenses / ADA	\$ 6,938	\$ 6,266	\$ 6,513	\$ 7,202	\$ 7,436	\$ 7,484	\$ 7,886	\$ 7,875	\$ 8,178
Surplus (Deficit) / ADA	\$ (527)	\$ 299	\$ 635	\$ 116	\$ 191	\$ 364	\$ 110	\$ 215	\$ 116
Net Working Capital	\$ 2,162,372	\$ 2,327,388	\$ 3,325,694						
Net Working Capital / Expenses	23.4%	27.3%	35.9%						

**Long-term Obligations:** As of June 30, 2014, Natomas had no long-term debt. Natomas' only debt is for equipment leases, which it plans to pay off in 2014-15 in the amount of approximately \$132,000.

**Financial Performance:** For 2010-11, Natomas produced net revenues of \$217,332 on \$8.37 million in revenues and \$8.15 million in expenses. In 2011-12, Natomas experienced a net loss of \$701,886 based on \$8.54 million revenues of and \$9.24 million in expenses, the loss due, in part, to debt service expenses of approximately \$361,000. In 2012-13, Natomas produced \$406,445 in net revenues on \$8.92 million revenues and \$8.52 million in expenses. In 2013-14, Natomas produced \$903,662 in net revenues on \$10.02 million in revenues and \$8.77 million in expenses, after accounting for inter-fund transfers (both in and out) between Natomas and the District. For the current fiscal year, 2014-15, Natomas is projecting net revenues of \$173,650, after accounting for inter-fund transfers between Natomas and the District. For 2015-16 and 2016-17, the first year of project occupancy, Natomas is projecting net revenues of \$288,520 and \$570,080, respectively. For the first three years of CSFP payments, 2017-18 through 2019-20, Natomas is projecting net revenues available for CSFP payment of \$432,867, \$620,528, and \$459,273, respectively, after accounting for outgoing inter-fund transfers to the District for special education encroachment. Natomas' ending fund balance after its first years of CSFP payments, 2017-18 and 2018-19, is projected to be \$4,625,808 and \$5,169,336, respectively.

**Projected Debt Service Coverage of CSFP Payments:** Assuming a 3.0% interest rate and 30-year repayment period, as well as an estimated combined project cost between the rehabilitation and new construction projects of \$7,412,224, Natomas' annual CSFP payment will be \$189,083 beginning 2017-18, the first year following project occupancy. Natomas' projected net revenues, available for CSFP payments, of \$432,867 for 2017-18, \$620,528 for 2018-19, and \$459,273 for 2019-20 would provide debt service coverage levels of 228.9%, 328.2%, and 242.9%, respectively, which are substantially above the minimum requirement

of 100%. The CSFP payments would represent 1.5%, 1.4%, and 1.4% of projected revenues for each of these years, respectively, which is well within the preferred maximum range of 10-15%.

Liquidity: Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. Natomas' NWC as of June 30, 2013 was \$2.33 million, representing 27.3% of total expenses. Natomas' NWC as of June 30, 2014 was \$3.33 million, representing 37.9% of total expenses. Staff considers NWC equivalent to at least 5.0% of total expenses to be sufficient. On June 30, 2014, Natomas reported holding approximately \$2.2 million in cash reserves.

Staff's review of Natomas' financial performance finds that Natomas has demonstrated the ability to meet its operating expenses, maintain substantial reserves and liquidity, and substantially exceed the Program's debt service coverage requirement, all in support of a recommendation for financial soundness.

### **Strengths, Weaknesses and Mitigants (to be completed)**

- + Natomas projects debt service coverage of 228.9%, 328.2%, and 242.9 for 2017-18, 2018-19, and 2019-20, respectively, the first three years of CSFP payments. Natomas does not rely on contributions to meet the Program's debt service coverage requirement.
- + Natomas' NWC as of June 30, 2013 was \$2.33 million or 27.3% of total expenses, and Natomas' NWC as of June 30, 2014 was \$3.33 or 37.9% of total expenses, both of which are well above the 5% threshold to be considered sufficient. On June 30, 2014, Natomas reported holding approximately \$2.2 million in cash reserves.
- + Over the past six years, Natomas has demonstrated consistent enrollment growth, growing from 1150 students in 2008-09 to 1570 students for the current 2014-15 academic year. Natomas achieved year-to-year retention rates for 2013-14 and 2014-15 of 96% and 98%, respectively, and has a current waiting list of 721 students.
- + Natomas has been in operations since 1993, being one of the first charter schools in California, and has exceptional educational leadership with its current Executive Director having previously served as Curriculum Director at Natomas from 1997 to 2012, and having a Ph.D in Education from University of California, Davis.
- + Natomas met all AYP criteria during three of the four past years, 2009-10 through 2012-13. In addition, Natomas achieved API growth scores of 848, 876, 896 and 884 for 2009-10 through 2012-13, respectively, and met both schoolwide and "Comparable Improvement" growth targets in each of these years. Based on its API base scores, Natomas achieved statewide and similar schools rankings of "9" or "10" ("10" = best) for each of the past four years reported.

**Staff Recommendation:** Staff recommends that the California School Finance Authority (Authority) Board determine that Natomas Charter School (Natomas) is financially sound for the purposes of the Charter School Facilities Program (Program) Preliminary Apportionment and/or Advance Apportionment, but not Final Apportionment. This determination as it relates to Preliminary Apportionment and/or Advance Apportionment is in place for six months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon Natomas 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. Staff recommends that the CSFA Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.