

**CHARTER SCHOOL FACILITIES PROGRAM
PROPOSITION 1D-2014 FUNDING ROUND
STAFF SUMMARY REPORT – FEBRUARY 2016**

Applicant/Obligor:	Nord Country School
Project School:	Nord Country School
CDS (County – District – School) Code:	04-61424-0110551
School Address/Proposed Site:	5554 California St., Chico, CA 95973
Type of Project:	New Construction/Rehabilitation
County:	Butte
District in which Project is Located:	Chico Unified School District
Charter Authorizer:	Chico Unified School District
	NC: \$996,700
	<u>Rehab: \$554,040</u>
Total OPSC Project Cost:	Total: \$1,550,740
	NC: \$498,350
	<u>Rehab: \$277,020</u>
State Apportionment (50% Project Cost):	Total: \$775,370
Lump Sum Contribution:	N/A
	NC: \$498,350
	<u>Rehab: \$277,020</u>
Total CSFP Financed Amount:	Total: \$775,370
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	3.00%
	NC: \$25,425
	<u>Rehab: \$14,133</u>
Estimated Annual CSFP Payment:	Total: \$39,558
First Year of Occupancy of New Project:	2017-18

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority) Board adopt Resolution #16-05, determining that Nord Country School (Nord) 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 Nord 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.

Background: The Authority originally found Nord financially sound for preliminary apportionment in the amounts of \$2,726,940 and \$1,772,532 for New Construction and Rehabilitation, respectively, at its April 10, 2015 board meeting. Subsequently, in October 2015, staff learned that Nord entered into a private loan in the amount of \$295,000 for purposes of accelerating its New Construction project while waiting for funding through the Program. Staff also learned that Nord scaled back the scope of its project to the total

project costs of \$996,700 for New Construction, and \$554,040 for Rehabilitation. Notwithstanding the scaling back of the scope of the project, Staff’s review of the impact of the loan found that the additional long term debt represented a material change to Nord’s financial status, thus requiring an additional financial soundness review for preliminary apportionment under the new total project costs. As such, this Report represents an additional financial soundness review for preliminary apportionment at the lower project costs, factoring in the loan.

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

Criteria	Comments
Eligibility Criteria	Nord meets all eligibility criteria, including having been in operations for more than two years, having a charter in place through 2016-17, and being in good standing with its chartering authority and in compliance with the terms of its charter
Demographic Information	<ul style="list-style-type: none"> • Nord began operations in 2005-06 with 71 students in grades K-6, and has grown to 167 students in grades K-7 for 2015-16 with relatively stable enrollment over the past four years. • Nord’s year-to-year retention rates for 2014-15 and 2015-16 were 88% and 90%, respectively, and Nord has 28 students on its current wait list. • Nord projects student enrollment growth to 188 students in 2016-17, and 197 students in all subsequent years, all in grades K-8. • Nord’s average daily attendance for 2013-14 and 2014-15 was 95% and 97%, respectively, which is supportive of the assumption of 95% within the multi-year projections.
Debt Service Coverage	Nord projects debt service coverage of 405.8%, 290.5%, 150.3%, and 150.3% for 2017-18 through 2020-21, respectively. Nord does rely on contributions to meet the Program’s minimum debt service coverage requirement of 100% in 2019-20 and 2020-21. However, the projected contributions are supported by historical contributions as reported in audited financial statements.
Other Financial Factors	Nord’s net working capital as of June 30, 2014 was \$870,199 or 77.9% of total expenses, and Nord’s net working capital as of June 30, 2015 was \$909,881 million or 74.2% of expenses, both of which are well above the 5% threshold to be considered sufficient.
Student Performance	<ul style="list-style-type: none"> • Nord met all AYP criteria in two of the most recent four years reported, 2009-10 and 2012-13. • Nord met its API schoolwide growth target in two of the most recent four years reported, 2009-10 and 2012-13, with an API growth score in 2012-13 of 818.

Program Eligibility: On January 8, 2016, the Authority received verification from the Chico Unified School District (District) confirming that Nord is (1) in compliance with the terms of its charter agreements, and (2) is in good standing with its chartering authority. Nord’s current charter is effective through June 2017.

Legal Status Questionnaire: Staff reviewed Nord’s responses to the questions contained in the Legal Status Questionnaire (LSQ). Nord answered “None” to all LSQ questions (signed by Lead Administrator and Governing Board Chair on January 13, 2016), indicating there were 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: Nord is requesting funding for new construction and rehabilitation. The new construction project consists of the addition of two portable classrooms to house approximately 40 students at the southeast corner of the current school site at 5554 California Street in Chico, California. The rehabilitation project currently consists of improvements to two classroom, including flooring and roofing, and improvements to one multipurpose room/cafeteria. The expected project occupancy date for the new construction project is August 1, 2016, and the expected occupancy date for the rehabilitation project is 2017-18. For purposes of the financial soundness review relative to debt service coverage, staff is assuming project occupancy for both projects in 2017-18.

Organizational Information: Nord began operations in 2005 with 71 students in grades K-6 and received its status as a 501(c)(3) non-profit organization in 2006. Nord has since grown to approximately 167 students in grades K-7 for the current 2015-16 year. Nord is located in Butte County within Chico Unified School District, serving a population that is approximately 20% Hispanic and approximately 50% socioeconomically disadvantaged.

According to the charter, Nord’s mission is to educate students in a small school environment where they are in close association with caring teachers, staff, parents and community members. In addition, the mission provides that students will receive a quality academic foundation based on core curriculum standards that promote self-motivation, being a life-long learner, and respect for differences among people, as well as acquisition of technological skills and global awareness necessary to succeed in a changing world.

According to the materials submitted with the application, Nord’s educational curriculum is focused on developing well-rounded students. Teachers at Nord use whole literature teaching methods, thematic units, and real-life experiences and outside-the-classroom activities. In addition, the school provides for formal instructions in art, music, Spanish, and physical education for every student as well as an emphasis on technology, including computer applications.

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

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

Kathy Dahlgren has served as Principal at Nord since 2009. Prior to this position, Ms. Dahlgren served as a Teacher-in-Charge at Nord (2005-09) in which she took over discipline duties when the Principal was not available, and second-grade teacher at Nord (1999-2009). Ms. Dahlgren holds a B.A. in Child Development from California State University, Chico, and a California Multiple Subject Credential.

Lisa Speegle is currently the Chief Business Officer for both Nord and Forest Ranch Charter School and has served as Chief Business Officer for Nord since 2012. Prior to this position Ms. Speegle served specifically as Chief Business Officer at Forest Ranch Charter School (2009-12). Prior to this position, Ms. Speegle held operations and financial positions at a bank and other private corporations. Ms. Speegle holds a B.A. in Business Administration from California State University, Chico.

Board Experience: The Board of Directors is composed of representatives from the school community and the community at-large, including parents, professionals, and community leaders. The following table sets forth the members of Nord’s Board of Directors.

Nord Country School Board of Directors

Name	Occupation	Title	County of Residence	Term
Ron Roney	Farmer	Community Representative, Treasurer	Chico	2014-18
Kelli Ruley	Teacher	Teacher Representative, Vice President	Chico	2012-16
Richard Aguilera	Retired Principal	Community Representative, President	Chico	2011-19
Tom Williams	General Contractor	Parent Representative	Chico	2012-17
Lexie Aceves	Classroom Aide	Community Representative, Co-Secretary	Chico	2014-18
Kristy Daily	Professor	Parent Representative	Chico	2012-16
Janet Ellner	Retired Teacher	Community Representative, Co-Secretary	Chico	2012-17

Based on Nord’s charter, the primary roles and responsibilities of the Board include establishing and approving all major educational and operation policies, approving all major contracts, approving the school’s annual budget, overseeing the school’s fiscal affairs, selecting and evaluating the top administrative staff, and overseeing fundraising activities.

Management Experience for Schools Open Less than Two Years: Not applicable. Nord began instructional operations in 2005-06 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 to adopt the standards, pursuant to Education Code, Sections 52060 through

52077, in order for districts to receive funding through their Local Control Funding Formulas (LCFFs), 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” (Smarter Balance), a test that was initially implemented in the Spring of 2015 for purposes of establishing a baseline for comparing academic performance between schools, and subsequent improvement. As the California Department of Education’s (CDE) development of a rubric for its Accountability Progress Reporting and conducting of follow up testing are still pending, the Standards do not currently provide metrics to compare academic performance between schools or assess improvement for individual schools.

As a result of the transition to Common Core Standards, CDE’s Accountability Progress Reporting has significantly changed in that, since 2012-13, Growth Academic Performance Index (API) and Base API reporting has been temporarily suspended, API 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. Although staff recognizes the limitation in the lack of current available academic performance reports, because of the implications for student enrollment stability and growth, staff evaluates historical academic performance as an indicator for financial soundness with this limitation in mind.

Staff notes that the percent-proficient threshold requirement for AYP, both for English-language arts and mathematics, in accordance with the Elementary and Secondary Education Act (ESEA), has reflected increases each year up to 2012-13 when the percent-proficient requirement in both mathematics and English-language arts reached approximately 89%.^[1] Therefore, with each successive year, charter schools have been increasingly challenged in meeting all AYP criteria. This requirement applies to both school wide performance and performance of each numerically significant subgroup within any school.

Nord has more than four years of reported API scores and AYP results, allowing a review of progress and comparison to similar schools. The following table summarizes Nord’s student performance for 2009-10 through 2012-13, the four most recent years for which CDE has reported API and AYP results.

^[1] Information regarding AYP requirements are derived from the California Department of Education’s “2013 Adequate Yearly Progress Report Information Guide.”

Nord Country School	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
ADEQUATE YEARLY PROGRESS (AYP)				
Met All AYP Criteria?	Yes	No	No	Yes
Criteria Met / Required Criteria	5 / 5	3 / 5	7 / 13	9 / 9
Met API Indicator for AYP?	Yes	Yes	Yes	Yes
Met Graduation Rate?	N/A	N/A	N/A	N/A
ACADEMIC PERFORMANCE INDEX (API)				
Met Schoolwide Growth Target?	Yes	No	No	Yes
Met Comparable Improvement Growth Target?	Yes	Yes	Yes	Yes
Met Both Schoolwide & CI Growth Targets?	Yes	No	No	Yes
API Base Statewide Rank (10 = best)	2	4	3	3
API Base Similar Schools Rank (10 = best)	N/A	N/A	N/A	1
School's Actual Growth	58	-13	-8	61
Similar Schools Median of Actual Growth	N/A	N/A	N/A	N/A
Did School's Growth Exceed Median?	N/A	N/A	N/A	N/A

*Although not in the table, Nord's API Base Statewide Rank for FY 2013-14, as reported by CDE, was "6".

Nord met all AYP criteria in two of the most recent four years reported, 2009-10 and 2012-13. Meeting the AYP criteria in the latter year is significant, given that it required that at least 89% of the students tested were proficient in math and English-language arts. Nord met its API growth target (schoolwide) in two of the of the most recent four years reported, 2009-10 and 2012-13, even though Nord met the growth target for all years in at least one designated subgroup among its students (referred to as "Comparable Improvement" in the above table). Nord's API growth scores for 2009-10 through 2012-13 were 781, 768, 758, and 818, respectively. Based on its API base scores for the most recent years reported, Nord's Statewide rankings were "4" or greater ("10" = best) in two of the past five years reported, 2010-11 and 2013-14.

Staff acknowledges Nord's demonstrated success in the most recent year reported, 2012-13, meeting all AYP criteria, meeting its API growth target, and achieving an API growth score of 818. Staff notes that, due to the limitation in the relatively low number of students included in the testing (between 83 and 103) and the transition to Common Core Standards, staff does not consider any apparent shortfalls reflected in the above table to be an impediment towards a recommendation for financial soundness.

Enrollment and Retention Rates: Nord's enrollment grew approximately 38% from 2008-09 (111 students) to 2011-12 (153 students), all in grades K-6. With the exception of a slight drop in enrollment to 135 students in 2012-13, Nord's enrollment has remained relatively stable over the past four years, with 149 students in grades K-6 in 2013-14, 140 students in grades K-6 for 2014-15, and 167 students in grades K-7 for the current 2015-16 year (growth in most recent year due to the addition of grade 7). Primarily through the addition of a new grade 8, Nord is projecting growth to 188 students in 2016-17 and 197 students in all subsequent years.

Nord's year-to-year retention rates for 2014-15 and 2015-16 were 88% and 90%, respectively, and Nord has 28 students on its current wait list. In addition, based on the P-2 report, Nord's average daily attendance for 2013-14 and 2014-15 was 95% and 97%, respectively, which is consistent with the assumptions in the multi-year budget projections.

Based on Nord's consistent enrollment growth from 2008-09 through 2011-12, and subsequent stable student enrollment, the addition of grade 8, along with the 28 students in the wait list, staff considers Nord's enrollment projections to be reasonable. Staff considers

Nord’s stable enrollment, along with its good retention and ADA rates as supportive of a recommendation for financial soundness.

Financial Analysis: Highlighted in this section are financial data and credit indicators used to evaluate Nord’s 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 Nord’s financial projections along with adjustments, where applicable, based on Nord’s financial documents.

Staff’s financial analysis of Nord is based upon review and consideration of the following documents: (1) audited financial statements for 2011-12, 2012-13, 2013-14, and 2014-15; (2) adopted budget for 2015-16; and (3) multi-year budget projections for 2015-16 through 2020-21.

Nord’s financial projections are based upon the following assumptions: (1) project occupancy in 2016-17 for New Construction and in 2018-19 for Rehabilitation; (2) projected enrollment as described above (under “Enrollment and Retention Rates”); (3) Per ADA LCFF funding rates of \$7,802, \$7,844, and \$7,933 for 2015-16 through 2017-18, respectively; (4) projected ADA rates of 95%, which is reasonable in light of historical Nord ADA rates; (5) cost of living adjustment (COLA) on LCFF per ADA funding rate of 0.47%, 2.13%, 2.65%, 2.72%, and 0% for 2016-17 through 2020-21, respectively; and (6) COLA to certificated compensation of 10% in 2015-16 and 2016-17 with 3.0% thereafter; and (7) private contributions totaling \$40,000 per year.

Staff notes that it considers Nord’s assumptions to be reasonable. Staff also notes that Nord’s assumption regarding private contributions is supported by prior year contribution levels from 2011-12 through 2014-15, with average annual contributions of approximately \$79,000.

Nord Country School	Actual FY 2013/14	Actual FY 2014/15	Budget FY 2015/16	Projected FY 2016/17	Projected FY 2017/18	Projected FY 2018/19	Projected FY 2019/20	Projected FY 2020/21
ENROLLMENT PROJECTIONS								
Enrollment	149	140	167	188	197	197	197	197
Average Daily Attendance	141	136	159	179	187	187	187	187
Average Daily Attendance (%)	95%	97%	95%	95%	95%	95%	95%	95%
FINANCIAL PROJECTIONS								
Total Revenues Available for CSFP Payment	\$ 1,248,323	\$ 1,305,332	\$ 1,637,989	\$ 1,594,385	\$ 1,672,166	\$ 1,695,877	\$ 1,730,363	\$ 1,730,363
Total Expenses Paid Before CSFP Payment	1,117,490	1,225,624	1,577,146	1,554,040	1,598,840	1,651,868	1,700,758	1,700,758
Accounting Adjustments	25,708	-	29,854	29,854	29,854	29,854	29,854	29,854
Net Revenues Available for CSFP Payment	\$ 156,541	\$ 79,708	\$ 90,697	\$ 70,199	\$ 103,180	\$ 73,863	\$ 59,459	\$ 59,459
CSFP Payment	\$ -	\$ -	\$ -	\$ -	\$ 25,425	\$ 25,425	\$ 39,558	\$ 39,558
Net Revenues After CSFP Payment	\$ 156,541	\$ 79,708	\$ 90,697	\$ 70,199	\$ 77,755	\$ 48,438	\$ 19,901	\$ 19,901
FINANCIAL INDICATORS								
Net Revenues Available for CSFP Payment	\$ 156,541	\$ 79,708	\$ 90,697	\$ 70,199	\$ 103,180	\$ 73,863	\$ 59,459	\$ 59,459
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	405.8%	290.5%	150.3%	150.3%
Contributions	\$ 66,261	\$ 83,953	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	248.5%	133.2%	49.2%	49.2%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	1.5%	1.5%	2.3%	2.3%
Contributions / Revenues	5.3%	6.4%	2.4%	2.5%	2.4%	2.4%	2.3%	2.3%
Net Revenues After CSFP Payment / Revenues	12.5%	6.1%	5.5%	4.4%	4.6%	2.9%	1.2%	1.2%
Revenues / ADA	\$ 8,853	\$ 9,598	\$ 10,325	\$ 8,927	\$ 8,935	\$ 9,062	\$ 9,246	\$ 9,246
Expenses / ADA	\$ 7,925	\$ 9,012	\$ 9,941	\$ 8,701	\$ 8,679	\$ 8,962	\$ 9,299	\$ 9,299
Surplus (Deficit) / ADA	\$ 928	\$ 586	\$ 384	\$ 226	\$ 256	\$ 99	\$ (53)	\$ (53)
Net Working Capital	\$ 870,199	\$ 909,881						
Net Working Capital / Expenses	77.9%	74.2%						

Long-term Obligations: In May 2015, Nord entered into an agreement to borrow up to \$295,000 from Northern California National Bank at 1.75% per annum. Nord borrowed

\$100,000 on this note payable, and as of June 30, 2015, Nord had an outstanding balance of \$100,000. Subsequent to June 30, 2015, Nord withdrew the remaining \$195,000 on the note and is anticipated to repay the note as of 2025. Nord also has an available bank line of credit in the amount \$100,000 but currently has no outstanding balance.

Financial Performance: For 2012-13, Nord produced net revenues of \$34,705 based on revenues and expenses of \$1.07 million and \$1.04 million, respectively. In 2013-14, Nord produced net revenues of \$130,833 on revenues and expenses of \$1.25 million and \$1.12 million, respectively. For 2014-15, Nord produced net revenues of \$79,708 on revenues and expenses of \$1.31 million and \$1.23 million, respectively. With the assumptions for projections described above, Nord anticipates net revenues of \$60,843, \$40,345, \$73,326, \$44,009, \$29,605, and \$29,605 for 2015-16 through 2020-21, respectively. For these same years, Nord anticipates ending net assets of between \$1.3 million and \$1.6 million. Staff notes that, although Nord's projected operating results provide narrow margins for 2019-20 and 2020-21, based on Nord's ending net assets, Nord will likely be able to withstand any unexpected reduction in revenues in order to make its CSFP loan payment. Moreover, based on Nord's demonstrated stability with enrollment and contributions, staff considers the projections reasonable and that Nord will likely meet or exceed such projections.

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 \$996,700 for New Construction and \$554,040 for Rehabilitation, Nord's annual CSFP payment for New Construction will be \$25,425 beginning in 2017-18, and Nord's annual CSFP payment for Rehabilitation will be \$14,133 beginning in 2020-21, both payments beginning the first year after occupancy of the respect projects, and combined annual CSFP payments of \$39,558 for 2019-20 and 2020-21. Nord's projected net revenues, after adjustments for capital outlay, of \$103,180 and \$73,863 for 2017-18 and 2018-19, respectively, will provide debt service coverage levels of 405.8% and 290.5%, respectively, which is significantly above the minimum requirement of 100.0%. Nord's projected net revenues, after adjustments for capital outlay, of \$59,459 for 2019-20 and 2020-21, will result in aggregate debt service coverage levels (across both New Construction and Rehabilitation) of 150.3% for each of these years, which is above the minimum required threshold of 100.0%.

The CSFP payments would represent 1.5% of projected revenues for 2017-18 and 2018-19 and 2.3% of projected revenues for 2019-20 and 2020-21, both of which are within the preferred maximum range of 10-15%. While Nord includes private contributions in its projected revenues, such contributions represent less than 3% of revenues in all projected years. Due to Nord's narrow operating margins during 2019-20 and 2020-21, Nord projects reliance on receipt of private contributions to meet the 100.0% debt service coverage requirement during these years. Nonetheless, staff considers Nord's demonstrated success to garnering contributions, with average annual contributions of \$79,000, as supportive of Nord's projected annual contributions of \$40,000.

Liquidity: Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. Nord's NWC as of June 30, 2014 was \$870,199, 77.9% of total expenses. Nord's NWC as of June 30, 2015 was \$909,881, 74.2% of total expenses. Staff considers NWC equivalent to at least 5.0% of total expenses

to be sufficient. On June 30, 2014, Nord reported \$765,973 in cash and cash equivalents, and on June 30, 2015, Nord reported \$974,689 in cash and cash equivalents.

Overall, staff considers Nord's projected debt service coverage levels, as well as stable enrollment, consistency with private contributions, and substantial liquidity as supportive of a recommendation for financial soundness.

Strengths, Weaknesses and Mitigants:

- + Nord projects debt service coverage of 405.8%, 290.5%, 150.3%, and 150.3% for 2017-18 through 2020-21, respectively. .
- + Nord's NWC as of June 30, 2014 was \$870,199 or 77.9% of total expenses, and Nord's NWC as of June 30, 2015 was \$909,881 or 74.2% of expenses. Both years are well above the 5% threshold to be considered sufficient. On June 30, 2015, Nord reported \$974,689 in cash and cash equivalents.
- + Nord's student enrollment grew approximately 38% from 2008-09 to 2011-12, growing from 111 to 153 students in grades K-6, and has remained relatively stable over the past four years. Nord's current enrollment is 167 students and is projected to grow to 197 students in 2017-18 and all subsequent years.
- + Nord met all AYP criteria and API growth targets in 2012-13, the most recent year of academic reporting on AYP and API.

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority) Board adopt Resolution #16-05, determining that Nord Country School (Nord) 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 Nord 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.