

**CHARTER SCHOOL FACILITIES PROGRAM  
PROPOSITION 1D FUNDING ROUND  
STAFF SUMMARY REPORT – NOVEMBER 2016**

<b>Applicant/Obligor:</b>	El Sol Science and Arts Academy of Santa Ana
<b>Project School:</b>	El Sol Science and Arts Academy of Santa Ana
<b>CDS (County – District – School) Code:</b>	30-66670-6119127
<b>School Address/Proposed Location:</b>	1010 N. Broadway, Santa Ana, CA 92701
<b>Type of Project:</b>	New Construction
<b>County:</b>	Orange
<b>District in which Project is Located:</b>	Santa Ana Unified School District
<b>Charter Authorizer:</b>	Santa Ana Unified School District
<b>Total OPSC Project Cost:</b>	\$29,449,166*
<b>State Apportionment (50% Project Cost):</b>	\$14,724,583
<b>Lump Sum Contribution:</b>	\$0
<b>Total CSFP Financed Amount:</b>	\$14,724,583
<b>Length of CSFP Funding Agreement:</b>	30 years
<b>Assumed Interest Rate:</b>	3.00%
<b>Estimated Annual CSFP Payment:</b>	\$751,237
<b>First Year of Occupancy of New Project:</b>	2018-19

\*The amount identified as total project costs represents the maximum possible costs provided by the Office of Public School Construction for purposes of financial soundness review.

**Staff Recommendation:** Staff recommends that the California School Finance Authority (“Authority” or “CSFA”) Board determine that El Sol Science and Arts Academy of Santa Ana (El Sol) is financially sound for the purposes of the Charter School Facilities Program (“Program” or “CSFP”) Final Apportionment. This determination as it relates to Final Apportionment is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon El Sol 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 Authority Board direct staff to notify the Office of Public School Construction (OPSC) 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 El Sol. Detailed information is contained in the body of the report.

<b>Criteria</b>	<b>Comments</b>
<b>Eligibility Criteria</b>	El Sol meets all eligibility criteria, including having been in operations for more than two years, having a charter in place through 2021, and being in good standing with its chartering authority and in compliance with the terms of its charter.

*Item 8 – El Sol Santa Ana Academy for Science and Arts*

<b>Demographic Information</b>	El Sol began operations in 2001 with 115 students in grades K-1, and has grown to 900 students in grades K-8 for 2016-17. El Sol has shown consistent enrollment growth and stability over the past five years, growing on average 8.6% per year between 2011-12 and 2015-16, and remaining stable since 2015-16. El has achieved average daily attendance rates of 97.9%, 96.5% and 96.4% for 2013-14, 2014-15 and 2015-16, respectively, which support the assumption of 97% in the multi-year budget projections.
<b>Debt Service Coverage</b>	El Sol projects debt service coverage of 157.3% and 153.3% for 2019-20 and 2020-21, respectively, the first two years of CSFP payments. El Sol does not rely on contributions to meet the Program’s debt service coverage requirement.
<b>Other Financial Factors</b>	<ol style="list-style-type: none"> <li>1. El Sol has demonstrated achieving sizable levels of private contributions, including \$341,027 in 2013-14, \$1.46 million in 2014-15, and \$428,768 in 2015-16. For 2016-17 to date, El Sol has succeeded in achieving private contributions in the amount of \$1,537,500 (first three months of year) and projects total contributions of \$2.92 million for the year. El Sol’s performance with contributions is supportive of its projections.</li> <li>2. El Sol’s networking capital as of June 30, 2015 was \$2.65 million or 31.5% of total expenses, and El Sol’s net working capital as of June 30, 2016 was \$4.76 million or 50.7% of expenses, both of which are well above the 5% threshold to be considered sufficient.</li> </ol>
<b>Student Performance</b>	Notwithstanding the lack of current Accountability Progress Reporting by CDE, under the new “Smarter Balanced’ testing reports, El Sol has demonstrated significantly better performance than two traditional public schools within the same district and local area in both English language arts and mathematics.

**Background:** On November 11, 2014, the Authority found El Sol financially sound for Preliminary and Advance Apportionment, and on November 25, 2014, the State Allocation Board issued a Preliminary Apportionment to El Sol in the amount of \$17,475,820. On July 8, 2015, the Authority found El Sol financially sound for Advance Apportionment, and on July 27, 2015, OPSC issued an Advance Apportionment for design in the amount of \$2,560,016.60. El Sol is now seeking Final Apportionment with estimated maximum project costs provided by OPSC of \$29,449,166.

**Program Eligibility:** On October 21, 2016, the Authority received verification from the Santa Ana Unified School District (District) confirming that El Sol is (1) in compliance with the terms of its charter agreements, and (2) is in good standing with its chartering authority. El Sol’s current charter is effective through June 2021.

**Legal Status Questionnaire:** Staff reviewed El Sol’s responses to the questions contained in the Legal Status Questionnaire (LSQ). El Sol answered “None” to all LSQ questions (signed by Lead Administrator on October 4, 2016 and Governing Board Secretary on October 6, 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:** El Sol is requesting funding for new construction of a two or more story facility, representing Phase II of a multi-phase project in which Phase I, the addition of 12 classrooms to replace portables, was financed by New Market Tax Credits and completed in December 2013, and Phase IA, the addition of a community health center, was financed by private donations. The CSFP project includes 27 additional classrooms, bathrooms, administrative offices, a multi-purpose room, and outdoor play area. The anticipated first year of occupancy of the CSFP project is 2018-19, and the anticipated overall student capacity for the project upon completion is 691 students. The remaining 242 students are already housed in a permanent building that opened in 2013. As of October 1, 2016, the project has obtained State agency approvals, including Department of the State Architect, California Department of Education (CDE) plan approval, Department of Toxic Substances Control, and California Geological Survey. Construction is due to start in summer 2017 and be completed in summer 2018.

**Organizational Information:** El Sol began operations in 2001 with 115 students in grades K-1 and received its status as a 501(c)(3) non-profit organization in 2002. El Sol has since grown to approximately 900 students in grades K-8. El Sol is located in Orange County within the Santa Ana Unified School District, and is comprised of a predominantly Latino population (95.4%) and high level of English Language Learners (50.6%) and students eligible for free and reduced-price meals (FRPM) (72.0%).

According to its charter, El Sol's vision is to promote college preparatory academic instruction with a heavy focus on reading and language arts via intensive support, and to promote a curriculum that stimulates creative thinking and problem solving, encourages new ways of interpreting one's surroundings, and kindles opportunities to express one's ideas and feelings in non-traditional formats. El Sol's "90/10 model" is based on a stepwise increase in exposure to English in the classroom, starting with 90% of the curriculum in Spanish and 10% of the curriculum in English in kindergarten, and increasing the exposure to English by 10% each grade, culminating with 50% of the curriculum in English and 50% in Spanish in grades 4-8. This model supports gradual absorption of English in the classroom among a predominantly Spanish-speaking population.

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

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

Monique Daviss has been Executive Director of El Sol since 2005 where she has been responsible for developing long range plans, coordinating facilities construction, managing budgets, overseeing compliance with State and federal requirements, developing partnerships in support of collaborative efforts, and managing certificated and classified staff. Prior to this position, Ms. Daviss served as an independent consultant on affordable housing (2003-05), Executive Director of National Homes Trust, Inc. (2000-03), Assistant Director for Resident Relations at the Housing Authority of the City of Los Angeles (1992-2000), and elementary school teacher within Lynwood Unified School District (1991-92). Ms. Daviss holds a B.A. in Sociology from U.C.L.A.

*Item 8 – El Sol Santa Ana Academy for Science and Arts*

Tristan Gude-Hernandez has served as Director of Operations in since 2004. Prior to this position, Mr. Gude-Hernandez was a computer programmer in Cuba (1994-2001). Mr. Gude-Hernandez holds a Bachelor in Science in Education from Instituto Superior Pedagógico "José Martí" de Camagüey in Cuba.

**Board Experience:** The following table sets forth the composition of El Sol’s Board of Directors.

**El Sol of Santa Ana Academy of Science and Arts**

<b>Name</b>	<b>Occupation</b>	<b>Title</b>	<b>County of Residence</b>	<b>Term</b>
Christina Romero	President, Chapman College	Board President	Orange	2015-2019
Sasha Talebi	Managing Director, Sequence Venture Group, LLC	Vice President	Orange	2015-2018
Angie Sigala	Principal Attorney, Law Offices of John L. Alcorn	Board Secretary	Orange	2015-2018
Kristy Olendorff	Chief Commercial Credit Officer, Clearinghouse CDFI	Board Treasurer	Orange	2015-2018
Alma Alvarez	BSA Officer, Mega Bank	Member	Orange	2015-2016
Dr. Mac Morante	Educator/Administrator Retired	Member	Orange	2015-2019
Michael Madrid	President, Chapman College	Board President	Orange	2013-2015

Based on El Sol’s charter, the primary roles and responsibilities of the Board include:

- establishing and approving all major educational and operational policies;
- approving all major contracts;
- approving the school’s annual budget and overseeing the school’s fiscal affairs; and
- selecting and evaluating the top administrative staff.

**Management Experience for Schools Open Less than Two Years:** Not applicable. El Sol began instructional operations in 2001-02 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. Furthermore, pursuant to Education Code, Section 52060(d)(2), these priorities must include Common Core State Standards. Within the State of California, the Standards are derived from a set of tests, entitled “Smarter Balanced Assessment System.”

Due to the transition to the Standards, CDE’s Accountability Progress Reporting is in the process of being revised under a new rubric with new metrics anticipated for 2017. Both the Academic Performance Index (API) (growth scores, base scores, and rankings) and Adequate Yearly Progress (AYP) reporting pursuant the No Child Left Behind Act of 2001 have been suspended with the last complete set of results having been reported for the 2012-13 academic year.

As, such, staff is limited as to the availability of standardized reports for purposes of financial soundness. Notwithstanding this limitation, CDE informed staff of aggregate reports for “Smarter Balanced” testing relative to percentages of students within the following categories for mathematics and English language arts: “standard exceeded”; “standard met”; “standard nearly met”; and “standard not met.” These reports are currently available only for the 2014-15 and 2015-16 years. For purposes of assessing academic performance via these reports, staff decided to compare the 2015-16 results of El Sol with those of nearby traditional public schools (within the same school district and same local area). Staff selected Willard Middle School (Willard), a grades 6-8 school, and Martin Luther King Jr. Elementary (King), a grades K-5 school, for this purpose. The tables below depict the comparisons between schools.

**English language Arts**

	Standard Exceeded	Standard Met	Standard Nearly Met	Standard Not Met
El Sol	17%	35%	29%	19%
Willard	2%	15%	31%	52%

	Standard Exceeded	Standard Met	Standard Nearly Met	Standard Not Met
El Sol	17%	35%	29%	19%
King	5%	10%	22%	63%

**Mathematics**

	Standard Exceeded	Standard Met	Standard Nearly Met	Standard Not Met
El Sol	19%	25%	38%	19%
Willard	1%	6%	22%	71%

Item 8 – El Sol Santa Ana Academy for Science and Arts

	Standard Exceeded	Standard Met	Standard Nearly Met	Standard Not Met
El Sol	19%	25%	38%	19%
King	3%	13%	36%	48%

These results show a significant difference between the performances of schools, with El Sol performing significantly better than both Willard and King in both English language arts and mathematics. Combining “standard exceeded” and “standard met,” in English language arts, El Sol achieved 52% while Willard achieved only 17%. With respect to mathematics, El Sol achieved 44% while Willard achieved only 7%. In the comparison with King, El Sol’s 52% in English language arts contrasts with King’s 15% score in this category, and El Sol’s 44% in mathematics contrasts with King’s 16% in this category. Hence, in both English language arts and mathematics, El Sol had more than triple the percent of students meeting or exceeding both standards as Willard, more than triple the percent meeting the English-language arts standard as King, and almost triple the percent meeting the mathematics standard as King. While there are inherent limitations in relying solely upon these results due to the lack of an accountability performance system, staff concludes that the results are supportive of a determination of financial soundness.

**Enrollment and Retention Rates:** El Sol has demonstrated consistent enrollment growth for 2011-12 through 2015-16 with stable enrollment since 2015-16, with 703 students in 2011-12, 755 students in 2012-13, 800 students in 2013-14, 884 students in 2014-15, 906 students in 2015-16, and approximately 900 students for the current 2016-17 year. For 2011-12 through 2014-15, this represents an average annual growth of about 8.6%. El Sol is projecting enrollment of 900 students in 2017-18 and in all subsequent years. El Sol has achieved year-to-year retention rates of 98% for each of the past two years and has a current wait list of at least 986 students. Based on the 2013-14 and 2014-15 audit reports and 2015-16 P-2 Report, El Sol achieved average daily attendance rates of 97.9%, 96.5% and 96.4% for 2013-14, 2014-15 and 2015-16, respectively, an average of 96.9%, which support the assumption of 97% in the multi-year budget projections. Overall, El Sol’s performance relative to enrollment growth and stability, as well as attendance and retention, supports a recommendation for financial soundness. Furthermore, for purposes of the multi-year budget projections, staff finds that El Sol’s enrollment projections are reasonable and conservative, given its historical performance.

**Financial Analysis:** Highlighted in this section are financial data and credit indicators used to evaluate the El Sol’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 El Sol’s financial projections along with adjustments, where applicable, based on El Sol’s financial documents. Please note that the revenue, expenditure and changes to net assets recorded in financial audits and provided in ICEF’s financial projections may have been modified by staff, where necessary, to include capital outlays, operating leases and repayment of debt and other significant obligations, and to exclude non-cash items such as depreciation.

Staff’s financial analysis of El Sol and development of the financial model is based upon review and consideration of the following documents: (1) audited financial statements for 2012-13, 2013-14, and 2014-15; (2) unaudited actuals for 2015-16; (3) adopted budget for

Item 8 – El Sol Santa Ana Academy for Science and Arts

2016-17; and (4) multi-year budget projections for 2016-17 through 2020-21, along with assumptions, including projected enrollment.

El Sol’s financial projections are based upon the following assumptions: (1) 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 \$9,782, \$9,941, \$10,140, \$10,342, and \$10,542 for 2016-17 through 2020-21, respectively based on unduplicated pupil percentages of approximately 78% from among the categories of English-language Learners, students eligible for free and reduced-price meals, and foster youth; (4) projected ADA rates of 97%, which is consistent with El Sol’s historical performance; (5) cost of living adjustment (COLA) on LCFF per ADA funding rate of 2.0% for each of the projected years; and (6) COLAs to certificated/classified compensation of between 3.0% and 5.0% during the projected years; and (7) private contributions of \$2.92 million, \$570,000, \$650,000, \$350,000, and \$400,000 for 2016-17 through 2020-21, respectively.

Staff notes that it considers El Sol’s assumptions to be reasonable in light of El Sol’s consistent enrollment growth and stable enrollment since 2015-16, historical average daily attendance, and El Sol’s LCFF rate structure as it compares to the target rates promulgated by the California Department of Education based on the unduplicated pupil percentage. Staff also notes that El Sol’s assumption regarding private contributions is supported by documentation of prior contributions for 2012-13 through 2015-16 as well as for 2016-17.

El Sol Santa Ana Science and Arts Academy	Actual FY 2013/14	Actual FY 2014/15	Actual FY 2015/16	Budget FY 2016/17	Projected FY 2017/18	Projected FY 2018/19	Projected FY 2019/20	Projected FY 2020/21
<b>ENROLLMENT PROJECTIONS</b>								
Enrollment	755	800	884	906	900	900	900	900
Average Daily Attendance	738	783	853	873	873	873	873	873
Average Daily Attendance (%)	97.7%	97.9%	96.5%	96.4%	97.0%	97.0%	97.0%	97.0%
<b>FINANCIAL PROJECTIONS</b>								
Total Revenues Available for CSFP Payment	\$ 7,670,063	\$ 9,651,758	\$ 10,336,798	\$ 12,973,281	\$ 10,551,691	\$ 10,696,372	\$ 10,595,014	\$ 10,497,921
Total Expenses Paid Before CSFP Payment	7,616,862	8,436,420	9,390,035	9,560,382	9,774,625	9,426,105	9,413,067	9,346,384
Accounting Adjustments	59,413	176,314	-	-	-	-	-	-
Net Revenues Available for CSFP Payment	\$ 112,614	\$ 1,391,652	\$ 946,763	\$ 3,412,899	\$ 777,066	\$ 1,270,266	\$ 1,181,947	\$ 1,151,537
CSFP Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 751,237	\$ 751,237
Net Revenues After CSFP Payment	\$ 112,614	\$ 1,391,652	\$ 946,763	\$ 3,412,899	\$ 777,066	\$ 1,270,266	\$ 430,710	\$ 400,300
<b>FINANCIAL INDICATORS</b>								
Net Revenues Available for CSFP Payment	\$ 112,614	\$ 1,391,652	\$ 946,763	\$ 3,412,899	\$ 777,066	\$ 1,270,266	\$ 1,181,947	\$ 1,151,537
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	N/A	157.3%	153.3%
Contributions	\$ 341,027	\$ 1,455,712	\$ 428,768	\$ 2,920,000	\$ 570,000	\$ 650,000	\$ 350,000	\$ 400,000
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	N/A	N/A	110.7%	100.0%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	7.1%	7.2%
Contributions / Revenues	4.4%	15.1%	4.1%	22.5%	5.4%	6.1%	3.3%	3.8%
Net Revenues After CSFP Payment / Revenues	1.5%	14.4%	9.2%	26.3%	7.4%	11.9%	4.1%	3.8%
Revenues / ADA	\$ 10,393	\$ 12,327	\$ 12,118	\$ 14,861	\$ 12,087	\$ 12,252	\$ 12,136	\$ 12,025
Expenses / ADA	\$ 10,321	\$ 10,774	\$ 11,008	\$ 10,951	\$ 11,197	\$ 10,797	\$ 11,643	\$ 11,567
Surplus (Deficit) / ADA	\$ 72	\$ 1,552	\$ 1,110	\$ 3,909	\$ 890	\$ 1,455	\$ 493	\$ 459
Net Working Capital	\$ 2,261,380	\$ 2,653,340	\$ 4,761,642					
Net Working Capital / Expenses	29.7%	31.5%	50.7%					

**Long-term Obligations:** As of June 30, 2016, El Sol’s only outstanding long term debt was a loan with NCB Capital Impact in the amount of \$80,574, which has since been paid off.

**Non-Operating Revenues from Contributions:** Over the last three years, El Sol received the following total amounts of private grants and contributions, averaging approximately \$670,000 per year: \$341,027 in 2013-14, \$1.46 million in 2014-15, and \$428,768 in 2015-16. For 2016-17 to date, El Sol has succeeded in achieving private contributions in the

*Item 8 – El Sol Santa Ana Academy for Science and Arts*

amount of \$1,537,500 (first three months of year) and projects total contributions of \$2.92 million for the year. One of the grants, totaling \$1,050,000, provides for three annual disbursements of \$350,000 beginning in 2016-17. In its multi-year budget projections, El Sol projects contributions of \$570,000, \$650,000, \$350,000, and \$400,000 for 2017-18 through 2020-21, respectively which is conservative relative to the historical performance with contributions. Although contributions are a major source of revenues, El Sol is not dependent on such contributions into order to meet the debt service coverage requirement.

*Financial Performance:* For 2012-13, El Sol produced net revenues of \$483,632 on \$6.47 million in revenues, \$5.98 million in expenses, and \$644,693 in contributions. For 2013-14, El Sol produced net revenues of \$53,201 on \$7.33 million in revenues, \$7.62 million in expenses, and \$341,027 in contributions. For 2014-15, El Sol produced net revenues of \$1,215,338 in net revenues on \$8.20 million in revenues, \$8.44 million in expenses, and \$1.46 million in contributions. For 2015-16 (based on the unaudited actuals), El Sol produced net revenues of \$946,673 on \$9.91 million in revenues, \$9.39 million in expenses, and \$428,678 in contributions. For the current 2016-17 budget year, El Sol is projecting net revenues of \$3.41 million on \$10.05 million in revenues, \$9.56 million in expenses, and \$2.92 million in contributions. With the assumptions for projections described above, El Sol anticipates net revenues of \$777,086, \$1,270,266, \$1,181,947, and \$1,151,937 for 2017-18 through 2020-21, respectively, with sizable ending net assets of between \$9.15 million and \$12.76 million.

*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 \$29,449,166, El Sol's annual CSFP payment will be \$751,237 beginning 2019-20, the first year following project occupancy. El Sol's projected available net revenues of \$1,181,947 for 2019-20 and \$1,151,537 for 2020-21 would provide debt service coverage levels of 157.3% and 153.3%, respectively, which are substantially above the minimum requirement of 100.0%. The CSFP payments would represent 7.1% and 7.2% of projected revenues for each of these years, which is well within the preferred maximum range of 10-15%. While El Sol includes private contributions in its projected revenues, such contributions represent between 3.3% and 6.1% of revenues in 2017-18 through 2020-21, and El Sol does not rely on private contributions to meet the 100.0% debt service coverage requirement. Based on the fact that El Sol's enrollment projections are extremely conservative, staff determined that it was not necessary to stress-test the financial model based on enrollment.

*Liquidity:* Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. El Sol's NWC as of June 30, 2015 was \$2.65 million, or 31.5% of total expenses. El Sol's NWC as of June 30, 2016 was \$4.76 million, or 50.7% of total expenses. Staff considers NWC equivalent to at least 5.0% of total expenses to be sufficient. On June 30, 2016, El Sol reported holding approximately \$4.09 million in cash.

Based on staff's review of the submitted financial information along with assumptions, staff finds that the financial analysis is supportive of a recommendation for financial soundness.

**Strengths, Weaknesses and Mitigants:**

- + El Sol projects debt service coverage of 135.5% and 133.6% for 2019-20 and 2020-21, respectively, the first two years of CSFP payments. El Sol does not rely on contributions to meet the Program's debt service coverage requirement.
- + El Sol's NWC as of June 30, 2015 was \$2.65 million or 31.5% of total expenses, and El Sol's NWC as of June 30, 2016 was \$4.76 million or 50.7% of expenses, both of which are well above the 5% threshold to be considered sufficient. On June 30, 2016, El Sol reported holding \$990,000 million in cash.
- + El Sol has demonstrated consistent enrollment growth for 2011-12 through 2015-16 with stable enrollment since 2015-16, with 703 students in 2011-12, 755 students in 2012-13, 800 students in 2013-14, 884 students in 2014-15, 906 students in 2015-16, and approximately 900 students for the current 2016-17 year. For 2011-12 through 2014-15, this represents an average annual growth of about 8.6%.
- + El Sol achieved year-to-year retention rates of 98% for each of the past two years and ADA rates averaging 96.9% over the past three years.
- + Using the "Smarter Balanced" test results for 2015-16, as published on CDE's website, 52% of students and 44% of students met or exceeded the standards in English language arts and mathematics, respectively. This represents El Sol having approximately triple or more the level meeting or exceeding the standards than two traditional public schools within the same district and same local area.

**Staff Recommendation:** Staff recommends that the California School Finance Authority Board determine that El Sol is financially sound for the purposes of the Charter School Facilities Program Final Apportionment. This determination as it relates to Final Apportionment is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon El Sol 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 Authority Board direct staff to notify the Office of Public School Construction and the State Allocation Board regarding this determination.