M E M O R A N D U M

Date: June 10, 2026

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Item 6: Resolution 26-16 – Approval of the Charter School Facilities Program Recommendations

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Proposition 2 (Prop 2), enacted under AB 247 (Stats. 2024, Ch. 81) and approved by California voters on November 5, 2024, authorized a $10 billion statewide general obligation bond to fund TK–12 and community college education facilities, which included $600 million earmarked for charter school construction and modernization projects. The Office of Public School Construction (OPSC) analyzed and ranked applications for eligibility and funding priority. Concurrently, Authority staff have been assessing financial soundness of each eligible applicant, following the framework established by statute and regulations.

For your review and consideration, staff provides summary findings for each recommended school in the attachment and a list of schools under Exhibit A of Resolution 26-16. The determination of financial soundness lasts for 12 months and is in place for a preliminary and/or advance apportionment of funds.

1. **Application Eligibility & Review:** Confirmed that the submittal complied with application terms such as:
   - Application submitted in a timely manner;
   - Met eligibility requirements set forth in regulations:
     - Charter in place,
     - In good standing and compliance with the terms of its charter, and
     - Submitted a legal status questionnaire free of material responses; and
   - Met the two-year requirement for charter school operations or experience.

2. **Operational Analysis**: Determined whether minimum qualifications were met and supported by assumptions when needed, as follows:
   - Description of the project including estimated costs, occupancy date and increased student capacity;
   - Detailed business plan and/or charter petition completed;
   - Complete applicant organizational information;

- Historic, current, and projected enrollment, Average Daily Attendance (ADA), waitlists, and percentage of key demographics;
- Student academic performance over the past two years; and
- Approved charter is in place or is in the approval process.

3. **Financial Analysis:** Conducted fiscal evaluation based on a variety of indicators and critically analyzed financial data and ratios against benchmarks and industry practices using an internally created financial model to identify fiscal strengths and weaknesses, such as:
   - Availability of private funding;
   - Ability to meet long-term debt obligations;
   - Alignment of revenue and expenditure projections with at least 3 years of audited financial statements and projections through two years of occupancy/start of loan repayment;
   - Reasonableness of assumptions in projections;
   - Adequacy of debt service coverage with and without private contributions;
   - Net working capital as portion of operating expenditures; and
   - Availability of funds to make lump-sum payments (when applicable).

4. **Findings and Recommendations:** Considered all operational and financial information, and assumptions for each loan and provided the following:
   - List of strengths, weaknesses, and mitigants; and
   - A recommendation indicating whether the applicant was found financially sound.

Recommendation: Staff recommends that the Board adopt Resolution No. 26-16, approving the financial soundness determinations for the schools listed in the Exhibit A – CSFP Board Matrix of the resolution. Once approved, staff will notify schools and OPSC of the approved determinations.