

CALIFORNIA SCHOOL FINANCE AUTHORITY

Meeting of the Board

Monday, May 27, 2015
2:00 p.m.

915 Capitol Mall, Room 587
Sacramento, California 95814

Deputy State Treasurer Vince Brown, serving as Chair, called the meeting to order.

Roll Call

Members Present: Vince Brown, designee for John Chiang, State Treasurer
Eraina Ortega, designee for Michael Cohen, Director of Finance
Nick Schweizer, designee for Tom Torlakson, Superintendent of Public
Instruction (arrived at 2:06 p.m.)

Staff Present: Katrina Johantgen, Executive Director
Laura Martinez, Manager
David Weinberg, Program Analyst (via phone line)
Steve Theuring, Program Analyst
Ian Davis, Program Analyst
Anne Osborne, Program Analyst
Jodie Jones, Program Analyst
Kristen Schunk, Program Analyst
Nicolaus Seppi, Office Technician

The Chair declared a quorum present as he and Ms. Ortega were present. Mr. Schweizer arrived at 2:06 p.m.

Approval of Minutes

The minutes from the May 18, 2015 Authority Board meeting were presented to the Board for approval. The minutes were approved by Chairperson Brown and Board member Ortega by roll call.

Item 4: Resolution No. 15-13 – Approval of Financial Soundness Determination for the Charter School Facilities Program for Final Apportionment in an amount not to exceed \$17,413,956 for Magnolia Science Academy – Santa Ana located in Orange County:

Magnolia Science Academy (MSA), part of the Magnolia Education Research Foundation (MERF), is seeking a final apportionment for its Santa Ana facility. Ms. Johantgen updated members with new information about MSA's financial soundness review. Among other criteria, program eligibility is based on a school's standing with its authorizer and compliance with the terms of its charter. Based on a recent request from CSFA regarding MSA's good standing with its authorizer and compliance with its charter, Magnolia's authorizer, the State

Board of Education, identified two issues on its response to CSFA regarding MSA. School representatives noted that the issues are being resolved.

Given that a good standing certification was forthcoming from CDE (SBE), CSFA informed the board members that MSA's review would be brought to the board for consideration, but that program agreements would not be executed by the Executive Director until CSFA had a good standing and compliance certification from MSA's authorizer, the State Board of Education. The MERF team present included Caprice Young, CEO, Oswaldo Diaz, CFO, Frank Gonzalez, Chief Growth Officer, Alfredo Rubalcava, Chief of External Involvement, and Jim Bush, Facilities Consultant to discuss Magnolia's management changes, as well as the noted issues identified by MSA's authorizer.

Board member Schweizer arrived during the discussion of this matter and explained that the letters sent to MSA discussed needed changes to its English Language Learner classes and fire drills; however, Mr. Schweizer stated that he does not think this issue alone is enough for the State Board of Education (SBE) to not renew MSA's charter or revoke the school's charter. The Chairperson noted the letters were technical and asked the MSA team to walk CSFA Board members through the specific details. The California Department of Education (CDE) found that MSA's English language learner courses had been taught after school, but law requires these courses be taught during the school day, so the schedule is being reworked to accommodate this requirement. Also, the CDE found no evidence of fire drills at the school. MSA representatives stated they are gathering this evidence, and working with CDE on the issues.

Board member Schweizer noted that growth assumptions are aggressive and asked if there was a contingency plan in place in case MSA's growth goals are not met. Ms. Johantgen added that going from a 6-12 to K-12 presented another potential hurdle. The MSA team explained that MERF schools are usually limited only by facility size and parents in the area want these schools available. It was also pointed out that there are ten "feeder schools" nearby. The building itself will be a two-story school and is surrounded by a dense urban area. If MSA's goals are not met, unused space will be provided to other charter schools and administrative rates will be reduced accordingly. However, MERF has financial reserves that can provide needed coverage.

Board member Ortega made a motion to approve and Board member Schweizer seconded the motion. The motion is approved unanimously by roll call.

There being no additional public comments or other business to conduct, the meeting was adjourned.

Respectfully submitted,

Katrina Johantgen
Executive Director