RESOLUTION NO. 16-05

APPROVAL OF FINANCIAL SOUNDNESS DETERMINATIONS FOR NORD COUNTRY SCHOOL LOCATED IN BUTTE COUNTY FOR PRELIMINARY/ADVANCE APPORTIONMENT THROUGH THE CHARTER SCHOOL FACILITIES PROGRAM

February 10, 2016

WHEREAS, the Charter School Facilities Program (Program) was established (Statutes of 2002) for the purpose of providing charter schools with funding to construct new facilities and modernize old facilities; and

WHEREAS, modeled after the State's School Facilities Program, the Program funds 50 percent of facilities project costs as a grant from the State, and 50 percent as a local match, which the charter school is responsible for repaying to the State; and

WHEREAS, the California School Finance Authority (Authority) and the State Allocation Board (Board), staffed by the Office of Public School Construction, are jointly designated to administer this per-pupil facilities aid Program, and the Authority is authorized by Education Code section 17078.57 to determine whether applicants to the Program are financially sound for purposes of the Program at the time of Preliminary, Advance, and Final Apportionment; and

WHEREAS, approximately $89.874 million in rescinded Program funds became available in 2013 and the Board opened a subsequent funding round (2014 Funding Round), and Authority reviewed the top-ranked eligible applications and made determinations of financial soundness at its November 20, 2015 meeting; and

WHEREAS, approximately $30 million in additional rescinded Program funds became available in February 2015 for the 2014 Funding Round; and

WHEREAS, Nord Country School (Nord) was found financially sound for Preliminary Apportionment for $2,726,940 for New Construction and $1,772,532 for Rehabilitation at the Authority's April 15, 2015 board meeting; and

WHEREAS, subsequent to the Authority's determination of financial soundness for Preliminary Apportionment, Nord entered into a private loan in the amount of $295,000 for purposes of advancing its CSFP project implementation, and revised its project scope, resulting in total project costs of $996,700 for New Construction and $554,040 for Rehabilitation; and

WHEREAS, Authority staff determined that Nord's engagement in private financing represented a material change to Nord's financial status, and hence that Nord required an additional financial soundness review for Preliminary Apportionment under the revised project costs; and

WHEREAS, the Authority has reviewed Nord's preliminary application and updated financial information through the methodology established pursuant to Education Code 17078.57, recommending that Nord be determined to be financially sound for purposes of Preliminary and Advance Apportionment, but not for purposes of Final Apportionment under the Program's 2014 Funding Round; and

WHEREAS, this determination as it relates to financial soundness for purposes of a Preliminary and / or an Advance Apportionment, is in place for six months and assumes no financial, operational, or legal material findings within this time period.

NOW, THEREFORE, BE IT RESOLVED by the California School Finance Authority as follows:

Section 1. The Authority approves the determination of financial soundness for Nord for the purposes of the Charter School Facilities Program Preliminary and Advance Apportionments, but not for purposes of Final Apportionment. This determination as it relates to the Preliminary and Advance Apportionments is in place for six months and assumes no financial, operational, or legal material findings within this time period.

Section 2. The Executive Director of the Authority is hereby authorized, for and on behalf of the Authority, to notify the State Allocation Board and the Office of Public School Construction and provide documentation regarding its determinations of financial soundness for Nord.

Section 3. This resolution shall take effect immediately upon its approval.

Date of Adoption: February 10, 2016