

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

<b>Applicant/Obligor:</b>	Natomas Charter School
<b>Project School:</b>	Natomas Charter School
<b>CDS (County – District – School) Code:</b>	34-75283-34306659
<b>Proposed Location:</b>	4600 Blackrock Dr., Sacramento, CA 95835
<b>Type of Project:</b>	New Construction
<b>County:</b>	Sacramento
<b>District in which Project is Located:</b>	Natomas Unified School District
<b>Charter Authorizer:</b>	Natomas Unified School District
<b>Total OPSC Project Cost:</b>	\$3,566,848
<b>State Apportionment (50% Project Cost):</b>	\$1,783,424
<b>Lump Sum Contribution:</b>	\$0
<b>Total CSFP Financed Amount:</b>	\$1,783,424
<b>Length of CSFP Funding Agreement:</b>	30 years
<b>Assumed Interest Rate:</b>	3.00%
<b>Estimated Annual CSFP Payment:</b>	\$90,989
<b>First Year of Occupancy of New Project:</b>	2017-2018

<b>Applicant/Obligor:</b>	Natomas Charter School
<b>Project School:</b>	Natomas Charter School
<b>CDS (County – District – School) Code:</b>	34-75283-34306659
<b>Proposed Location:</b>	4600 Blackrock Dr., Sacramento, CA 95835
<b>Type of Project:</b>	Rehabilitation
<b>County:</b>	Sacramento
<b>District in which Project is Located:</b>	Natomas Unified School District
<b>Charter Authorizer:</b>	Natomas Unified School District
<b>Total OPSC Project Cost:</b>	\$ 3,086,228
<b>State Apportionment (50% Project Cost):</b>	\$1,543,114
<b>Lump Sum Contribution:</b>	\$0
<b>Total CSFP Financed Amount:</b>	\$1,543,114
<b>Length of CSFP Funding Agreement:</b>	30 years
<b>Assumed Interest Rate:</b>	3.00%
<b>Estimated Annual CSFP Payment:</b>	\$78,729
<b>First Year of Occupancy of New Project:</b>	2016-2017

**Staff Recommendation:** Staff recommends that the California School Finance Authority (Authority) Board determine that Natomas Charter School (Natomas) is financially sound for the purposes of the Charter School Facilities Program (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 Natomas 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 found Natomas financially sound for Preliminary Apportionment in November 20, 2014, and the State Allocation Board awarded Natomas a Preliminary Apportionment in the amount of \$4,078,925 for New Construction and \$3,333,298 for Rehabilitation (Total Preliminary Apportionment of \$7,412,223) at its November 25, 2014 meeting. At its July 8, 2015 board meeting, the Authority found Natomas financially sound for Advance Apportionment, and on July 27, 2015, the Office of Public School Construction issued Natomas Advance Releases for design for New Construction in the amount of \$407,892.60 and Rehabilitation in the amount of \$333,329.80. Natomas is now seeking Final Apportionment for both New Construction and Rehabilitation for total project costs of no more than \$6,653,076.

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

<b>Criteria</b>	<b>Comments</b>
<b>Eligibility Criteria</b>	Natomas meets all eligibility criteria, including having been in operations for more than two years, having a charter in place through June 2017, and being in good standing with its chartering authority and in compliance with the terms of its charter.
<b>Demographic Information</b>	<ul style="list-style-type: none"> <li>Over the past seven years, Natomas has demonstrated consistent enrollment growth, growing from 1,150 students in 2008-09 to 1,640 students in 2015-16, all in grades K-12, representing average annual growth of 6.1%.</li> <li>Natomas is projecting to grow to 1,835 students in 2016-17, 1,888 students in 2017-18, and 1,992 students in both 2018-19 and 2019-20, which is reasonable given the school's historical growth trend.</li> <li>Natomas achieved year-to-year retention rates for 2014-15 and 2015-16 of 96% and 97%, respectively.</li> </ul>
<b>Debt Service Coverage</b>	Natomas projects debt service coverage of 570.4% and 773.0% for 2017-18 and 2018-19, respectively, the first two years of CSFP payments, meeting the minimum required debt service coverage of 100% for each year.
<b>Other Financial Factors</b>	As of June 30, 2015, Natomas' net working capital was \$4.91 million or 48.3% of total expenses, well above the 5% threshold to be considered sufficient.

<p><b>Student Performance</b></p>	<ul style="list-style-type: none"> <li>• Natomas met all AYP criteria during three of the four past years reported, 2009-10 through 2012-13.</li> <li>• Natomas achieved API growth scores of 848, 876, 896 and 884 for 2009-10 through 2012-13, respectively, and met both schoolwide and “Comparable Improvement” growth targets in each of these years.</li> <li>• Based on its API base scores, Natomas achieved statewide and similar schools rankings of “9” or “10” (“10” = best) for each of the past four years reported.</li> </ul>
-----------------------------------	---

**Program Eligibility:** On March 16, 2016, the Authority received verification from the Natomas Unified School District (District) confirming that Natomas is (1) in compliance with the terms of its charter agreements, and (2) in good standing with its chartering authority. Natomas’ current charter is effective through June 2017.

**Legal Status Questionnaire:** Staff reviewed Natomas’ responses to the questions contained in the Legal Status Questionnaire (LSQ), signed by Natomas’ Executive Director and Board of Directors President on March 14, 2016. Natomas answered “None” to all LSQ questions, indicating 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:** Natomas has requested funding for new construction and rehabilitation as follows: (1) new construction of a music wing onto an existing performing arts facility, providing for five new classrooms for music, primarily serving students in grades 6-12; and (2) renovation or replacement of 2-5 portable classrooms, which includes renovation of a portable physical education room and adjacent locker room, primarily serving students in grades 6-12. Both new construction and rehabilitation projects are on the district-owned site. The anticipated first full year of occupancy of the rehabilitated portables is 2016-17, and the anticipated first full year of occupancy of the new construction of the music wing is 2017-18.

**Organizational Information:** Natomas received its first charter through Natomas Unified School District and began operations in 1993 with approximately 80 students. It is one of the first charter schools in California and is a 501(c)(3) non-profit organization. Natomas is comprised of five “academies”, each of which has a unique approach and mission. These include: two nonclassroom-based academies that provide for online classes and individualized instruction, and three classroom-based academies that include a performing arts academy for grades 6-12 and separate classroom-based academies for grades K-5 (the “Star Academy”) and grades 6-8. Natomas currently occupies both a district owned site (two academies) and a non-district owned site (three academies). Through the facility use agreement with the District, Natomas has agreed to have a maximum of 600 students in non-classroom based instruction and 1400 students in classroom-based instruction; however, the school can build its site-based program proportionately to the district’s growth. Natomas currently serves approximately 1,640 students in grades K-12 with the majority in grade 6-12.

According to Natomas’ charter petition, Natomas’ mission is to establish a variety of innovative educational programs that will accommodate its diverse student population. Also according to the charter petition, Natomas Charter School provides K-12 students the opportunity to develop unique interests, uncover hidden talents, experience satisfaction in

accomplishments, gain a sense of responsibility, and pursue education as a way of life through educational programs tailored to their own specific needs.

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

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

Ting Lan Sun is a cofounder of Natomas and has served as of Natomas’ Executive Director since 2012. Prior to this position, Ms. Sun served as Curriculum Director (1997-2012) and language arts and technology teacher (1993-97) at Natomas, and as a teacher at Natomas Junior High (1988-93). Ms. Sun holds both an M.A. in Education from Stanford University and Ph.D. in Education from University of California, Davis. She also holds a California Single Subject Teaching Credential and Certificate of Eligibility for Administrative Services.

Anita Schwab has served as Budget and Finance Director at Natomas since 2013. Prior to this position, Ms. Schwab served as Accounting Supervisor at Dixon Unified School District (2012-13) and Director of Financial Services at Natomas Unified School District (1998-2012). Ms. Schwab holds a B.S. in Accounting from Humpreys Business College and a School Business Management Certificate from the University of Southern California.

**Board Experience:** The following table depicts the current Board’s membership. Based on Natomas’ charter, the Board is to include parent representatives from both the Natomas’ site-based program and non-site-based program.

**Natomas Charter School**

<b>Name</b>	<b>Occupation</b>	<b>Role</b>	<b>County of Residence</b>	<b>Term Ends</b>
Jo Anna Davis	Management, Sacramento Housing and Redevelopment Agency	Parent Representative	Sacramento	2016
Jonathan Corr	Attorney	Advisor to Board	Sacramento	2017
Paul Hersek	Vice President of Marketing, SAFE Credit Union	Community Representative	Sacramento	2017
Phil Nanni,	General Manager, Solar Universe	Board Chair and Community Representative	Sacramento	2017
Susan Negrete	Graphic Designer, Document Works	Parent Representative	Sacramento	2016
Ting Sun	Executive Director	Executive Director	Sacramento	Indefinite

Vacant		Community Representative		
Vacant		Parent Representative		

According to Natomas’ charter, the roles and responsibilities of the Board include, but are not limited to, the following: taking action on the annual budget and any amended budgets; taking action on the Executive Director’s recommendations regarding personnel action; taking action on fiscal expenditures of 2% or more of the school’s budget; taking action on fiscal matters, including private contributions, contracts, and fundraising; upholding the school’s mission, vision, and goals; adopting, implementing, and interpreting school-wide policy; overseeing the Executive Director’s performance; approval of charter amendments; and ensuring compliance with the school’s dispute resolution process.

**Management Experience for Schools Open Less than Two Years:** Not applicable, as Natomas began instructional operations in 1993-94 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.

Assessments based on the Standards are derived from the “Smarter Balanced Assessment System,” a test initially implemented in spring 2015 for purposes of establishing a baseline for comparing academic performance between schools, and subsequent improvement. However, the follow up tests have not yet been completed, and CDE has not yet developed standardized reporting for such purposes.

Due to the transition to the Common Core State Standards, since 2013, CDE’s Accountability Progress Reporting has significantly changed as follows: (1) Growth Academic Performance Index (API) and Base API reporting has been temporarily suspended; (2) rankings based on Base API scores are no longer being reported; and (3) 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, and this reporting only incorporates “Percent Proficient” into AYP for 2013-14<sup>1</sup>.

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-

---

<sup>1</sup> Reporting for subsequent years only incorporates participation rates as a basis for meeting AYP criteria.

proficient requirement in both mathematics and English-language arts reached approximately 89%.<sup>2</sup> Therefore, with each successive year, charter schools have been increasingly challenged in “making AYP” (meeting all AYP criteria). This requirement applies to both school wide performance and performance of each numerically significant subgroup within any school.

Because of its implications for student enrollment stability and growth, staff views student performance as a leading indicator of a charter school’s financial position. However, due to the recent changes to Common Core State Standards, student performance information for purposes of the financial soundness determination is limited to API up until 2012-13 and AYP up to 2012-13 with the exception of specific high schools receiving Title 1 funding.

The following table summarizes Natomas’ student performance for four years through 2012-13.

Natomas Charter School	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
<b>ADEQUATE YEARLY PROGRESS (AYP)</b>				
Met All AYP Criteria?	Yes	Yes	Yes	No
Criteria Met / Required Criteria	20 / 20	18 / 18	20 / 20	16 / 24
Met API Indicator for AYP?	Yes	Yes	Yes	Yes
Met Graduation Rate?	Yes	Yes	Yes	N/A
<b>ACADEMIC PERFORMANCE INDEX (API)</b>				
Met Schoolwide Growth Target?	Yes	Yes	Yes	Yes
Met Comparable Improvement Growth Target?	Yes	Yes	Yes	Yes
Met Both Schoolwide & CI Growth Targets?	Yes	Yes	Yes	Yes
API Base Statewide Rank (10 = best)	10	9	10	10
API Base Similar Schools Rank (10 = best)	9	10	10	9
School's Actual Growth	-1	28	19	-14
Similar Schools Median of Actual Growth	11	6	5	N/A
Did School's Growth Exceed Median?	No	Yes	Yes	N/A

Natomas met all AYP criteria during three of the four years reported upon. Moreover, Natomas achieved API growth scores of 848, 876, 896 and 884 for 2009-10 through 2012-13, respectively, and met both schoolwide and “Comparable Improvement” growth targets in each of these years.<sup>3</sup> Based on its API base scores, Natomas achieved statewide and similar schools rankings of “9” or “10” (“10” = best) for each of the past four years. Staff’s overall review of Natomas’ academic performance finds that Natomas has demonstrated exceptional performance, which clearly supports a recommendation of financial soundness for Preliminary Apportionment.

**Enrollment and Retention Rates:** Over the past seven years, Natomas has demonstrated consistent enrollment growth, growing from 1,150 students in 2008-09 to 1,492 students in 2013-14, 1,574 students in 2014-15, and 1,640 students for 2015-16, all in grades K-12. This represents overall growth of approximately 42.6% or average annual growth of 6.1%.

<sup>2</sup> Information regarding AYP requirements are derived from the California Department of Education’s “2013 Adequate Yearly Progress Report Information Guide.”

<sup>3</sup> API Growth Scores over 800 are considered to represent superior performance. According to API guidelines, schools for which both base and growth scores are over 800 are considered to have met their growth targets.

Natomas is projecting to grow to 1,835 students in 2016-17, 1,888 students in 2017-18, and 1,992 students in both 2018-19 and 2019-20, which is reasonable given the school's historical growth trend.

Natomas achieved year-to-year retention rates for 2015-15 and 2015-16 of 96% and 97%, respectively. Based on the 2014-15 audit report and the 2015-16 P-2 Report, Natomas had average daily attendance (ADA) rates of 98% for these years, which is supportive of the ADA assumption of 96% in the multi-year projections.

Overall, staff considers Natomas' consistent enrollment growth, as well as high retention rates 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 the Natomas' 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 Natomas' financial projections along with adjustments, where applicable, based on Natomas' financial documents.

Staff's financial analysis of Natomas and development of the financial model is based upon review and consideration of the following documents: (1) audited financial statements for 2012-13 through 2014-15; (2) 2015-16 second interim budget; and (3) multi-year budget projections for 2016-17 through 2019-20, along with assumptions, including projected enrollment.

Natomas' financial projections are based upon the following assumptions: (1) first full year of project occupancy in 2017-18 (both projects); (2) projected enrollment as described above (under "Enrollment and Retention Rates"); (3) average Local Control Funding Formula ("LCFF") per ADA target rates of \$7,933, \$8,063, and \$8,276 for 2016-17 through 2019-20, respectively, based on there being approximately 20% unduplicated students between the categories of English-language Learners and students eligible for free and reduced-price meals; (4) projected ADA rates of 96%, which is consistent with Natomas' historical performance; (5) cost of living adjustment (COLA) on LCFF per ADA funding rate of 0.47%, 2.13%, and 2.65% for 2016-17 through 2018-19, respectively, and 0% for 2019-20; and (6) COLA to certificated/classified compensation of 2.5% for each of the projected years.

Staff notes that it considers Natomas' assumptions to be reasonable in light of Natomas' consistent enrollment growth, historical average daily attendance, and Natomas' LCFF rate structure as it compares to the target rates promulgated by the California Department of Education based on percent of unduplicated students among English-Language Learners and students eligible for FRPM. Staff also notes that Natomas does not rely on contributions within its budget projections.

Natomas Charter School	Actual FY 2013/14	Actual FY 2014/15	Budgeted FY 2015/16	Projected FY 2016/17	Projected FY 2017/18	Projected FY 2018/19	Projected FY 2019/20
<b>ENROLLMENT PROJECTIONS</b>							
Enrollment	1,492	1,574	1,640	1,835	1,888	1,992	1,992
Average Daily Attendance	1,427	1,550	1,602	1,762	1,812	1,912	1,912
Average Daily Attendance (%)	96%	98%	98%	96%	96%	96%	96%
<b>FINANCIAL PROJECTIONS</b>							
Total Revenues Available for CSFP Payment	\$ 10,171,652	\$ 11,717,694	\$ 14,185,586	\$ 14,504,095	\$ 14,732,516	\$ 15,518,243	\$ 15,518,243
Total Expenses Paid Before CSFP Payment	9,268,030	10,163,596	16,364,457	13,076,133	13,786,438	14,313,322	14,805,601
Accounting Adjustments	110,123	226,298	4,797,897	166,000	22,000	107,000	107,000
Net Revenues Available for CSFP Payment	\$ 1,013,745	\$ 1,780,396	\$ 2,619,026	\$ 1,593,962	\$ 968,078	\$ 1,311,921	\$ 819,642
CSFP Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,718	\$ 169,718
Net Revenues After CSFP Payment	\$ 1,013,745	\$ 1,780,396	\$ 2,619,026	\$ 1,593,962	\$ 968,078	\$ 1,142,203	\$ 649,924
<b>FINANCIAL INDICATORS</b>							
Net Revenues Available for CSFP Payment	\$ 1,013,745	\$ 1,780,396	\$ 2,619,026	\$ 1,593,962	\$ 968,078	\$ 1,311,921	\$ 819,642
Debt Service Coverage by Net Revenues	N/A	N/A	N/A	N/A	N/A	773.0%	482.9%
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Coverage by Net Revenues (w/out Contributions)	N/A	N/A	N/A	N/A	N/A	773.0%	482.9%
CSFP Lease Payment / Revenues	N/A	N/A	N/A	N/A	N/A	1.1%	1.1%
Contributions / Revenues	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Revenues After CSFP Payment / Revenues	10.0%	15.2%	18.5%	11.0%	6.6%	7.4%	4.2%
Revenues / ADA	\$ 7,129	\$ 7,561	\$ 8,855	\$ 8,233	\$ 8,128	\$ 8,115	\$ 8,115
Expenses / ADA	\$ 6,496	\$ 6,558	\$ 10,215	\$ 7,423	\$ 7,606	\$ 7,574	\$ 7,831
Surplus (Deficit) / ADA	\$ 633	\$ 1,003	\$ (1,360)	\$ 811	\$ 522	\$ 541	\$ 284
Net Working Capital	\$ 3,200,518	\$ 4,905,299					
Net Working Capital / Expenses	34.5%	48.3%					

**Long-term Obligations:** As of June 30, 2015, Natomas had no long-term debt other than that associated with the CSFP facility.

**Financial Performance:** In 2013-14, Natomas experienced a net gain of \$1.01 million after accounting adjustments based on \$10.17 million revenues of and \$9.27 million in expenses. In 2014-15, Natomas produced \$1.78 million after accounting adjustments in net revenues on \$11.72 million revenues and \$10.16 million in expenses. For the current fiscal year, 2015-16, Natomas is projecting net revenues of \$3.03 million, based on revenues and expenditures of \$14.61 million and \$13.40 million, respectively. Net revenues for 2015-16 exclude \$4.8 million in capital outlays and adjustments. For 2016-17, Natomas is projecting net revenues of \$1.59 million. For 2017-18, the first year of project occupancy, Natomas is projecting net revenues of \$968,078. For the first two years of CSFP payments, 2018-19 and 2019-20, Natomas is projecting net revenues available for CSFP payment of \$1.31 million and \$819,642, respectively, after accounting for outgoing inter-fund transfers to the District.

**Projected Debt Service Coverage of CSFP Payments:** Assuming a 3.0% interest rate and 30-year repayment period, as well as an estimated combined project cost between the rehabilitation and new construction projects of \$6,653,076, Natomas' annual CSFP payment will be \$169,718 beginning in 2018-19, the first year following project occupancy. Natomas' projected net revenues, available for CSFP payments, of \$1.31 million for 2018-19 and \$819,642 million for 2019-20 would provide debt service coverage levels of 773.0% and 482.9%, respectively, which are substantially above the minimum requirement of 100%. The CSFP payments would represent approximately 1.1% of projected revenues for each of these years, which is well within the preferred maximum range of 10-15%.

**Liquidity:** Liquidity measured in terms of net working capital (NWC) is calculated by subtracting current liabilities from current assets. Natomas' NWC as of June 30, 2014 was \$3.20 million, representing 34.5% of total expenses. Natomas' NWC as of June 30, 2015 was \$4.91 million, representing 48.3% of total expenses. Staff considers NWC equivalent to at least 5.0% of total expenses to be sufficient. On June 30, 2015, Natomas reported holding approximately \$5.00 million in cash reserves.

Staff's review of Natomas' financial performance finds that Natomas has demonstrated the ability to meet its operating expenses, maintain substantial reserves and liquidity, and substantially exceed the Program's debt service coverage requirement, all in support of a recommendation for financial soundness.

**Strengths, Weaknesses and Mitigants**

- + Natomas projects debt service coverage of 773.0% and 482.9% for 2018-19 and 2019-20, respectively, the first two years of CSFP payments. Natomas does not rely on contributions to meet the Program's debt service coverage requirement.
- + Natomas' NWC as of June 30, 2015 was \$4.91 million, representing 48.3% of total expenses, well above the 5% threshold. On June 30, 2015, Natomas reported holding approximately \$5.00 million in cash reserves.
- + Over the past seven years, Natomas has demonstrated consistent enrollment growth, growing from 1,150 students in 2008-09 to 1,640 students for the current 2015-16 academic year. Natomas achieved year-to-year retention rates for 2014-15 and 2015-16 of 97% and 98%, respectively.
- + Natomas has been in operations since 1993, being one of the first charter schools in California, and has exceptional educational leadership with its current Executive Director having previously served as Curriculum Director at Natomas from 1997 to 2012, and having a Ph.D. in Education from University of California, Davis.
- + Natomas met all AYP criteria during three of the four past years reported upon, 2009-10 through 2012-13. In addition, Natomas achieved API growth scores of 848, 876, 896 and 884 for 2009-10 through 2012-13, respectively, and met both schoolwide and "Comparable Improvement" growth targets in each of these years. Based on its API base scores, Natomas achieved statewide and similar schools rankings of "9" or "10" ("10" = best) for each of the past four years reported.

**Staff Recommendation:** Staff recommends that the California School Finance Authority (Authority) Board determine that Natomas Charter School (Natomas) is financially sound for the purposes of the Charter School Facilities Program (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 Natomas 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.