

MEMORANDUM

Staff Summary No. 4

Date: August 11, 2010

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 10-26 of the California School Finance Authority Allocating Additional Qualified School Construction Bond Borrowing Authority to Vaughn Next Century Learning Center Under the Charter School QSCB Program Parameters; and Authorizing the Taking of Necessary Actions in Connection Therewith

The American Recovery and Reinvestment Act of 2009 (ARRA) provides funding for the new construction or renovation of school facilities through the use of Qualified School Construction Bonds (QSCBs). Of California's \$773 million in "volume cap" allocation for the issuance of QSCBs, \$73.525 million has been reserved for use by charter schools through the issuance of conduit revenue bonds in 2009 and 2010 by the California School Finance Authority (CSFA) which will be designated as QSCBs.

At its October 22, 2009 board meeting, the board adopted Resolution 09-15, which allocated \$3.5 million in QSCB bonding authority to Vaughn Next Century Learning Center. Since the adoption of that resolution, further clarification of the proposed project to include new construction elements makes additional QSCB borrowing authority necessary.

At its July 14, 2010 board meeting, the Authority board adopted an open application process for the remaining balance of the 2009 QSCB charter school bond allocation. Vaughn submitted an application for an allocation of additional \$5 million in borrowing authority.

Given the credit characteristics of the financing (AAA-rated) and the immediate use of bond proceeds to commence construction, staff is recommending that the board adopt Resolution 10-26 to allow Vaughn Next Century Learning Center to receive an additional allocation in an amount not to exceed \$5 million in QSCB borrowing authority. This will bring Vaughn's total allocation of QSCB borrowing authority to \$8.5 million.