

MEMORANDUM

Staff Summary No. 4

Date: August 14, 2013

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Approving a Revised Form of Bond Purchase Agreement under Resolution No. 13-24, Authorizing the Issuance of Bonds in an Amount Not to Exceed \$37,000,000 to Finance the Acquisition, Construction, Expansion, Rehabilitation, Renovation, Furnishing, and Equipping of Educational Facilities Located in San Diego County, California

The California School Finance Authority Board was originally presented and approved the Classical Academies (Classical) Issuance Summary during the May 22, 2013 board meeting. At this time, Classical is requesting a change to the form of Bond Purchase Agreement (BPA) and associated Preliminary Limited Offering Memorandum (PLOM) for the transaction previously authorized pursuant to Resolution No. 13-24. The requested changes would permit the Underwriter to purchase a portion of the Bonds and hold that portion pending later transfer to investors, provided that if the Underwriter cannot sell to such investors within a defined interval, then the Borrower will trigger the special mandatory redemption of such portion of the Bonds.

The documents previously approved by Resolution 13-24 anticipated that a portion of the Bonds would be subject to Special Mandatory Redemption in certain circumstances. The proposed amendments will include a new Borrower's covenant agreeing to the redemption within a certain period of time if the Underwriter has not been able to sell all of the bonds to investors. The Underwriter and Borrower agree that this amendment is necessary to the transaction, in addition to confirming the ability to downsize the approved transaction.

Staff recommends that the Board adopt the revised Resolution No. 13-24 authorizing the issuance of bonds in an amount not to exceed \$37,000,000 to finance the acquisition, construction, expansion, rehabilitation, renovation, furnishing, and equipping of educational facilities located in San Diego County, California, and to direct staff to continue working with the schools and their financing team to finalize the structure of the transaction for issuance.