

## MEMORANDUM

**Date:** February 10, 2010

Staff Summary No. 7

**To:** Members of the California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Subject:** Resolution No. 10-04 Approving 30-Day Time Frame to Complete 2009 Qualified School Construction Bond Borrowing Authority and Approving the 2010 Qualified School Construction Bond Borrowing Authority Parameters and Application

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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). In 2009, California received more than \$773 million in “volume cap” allocation (not including direct allocations to large local educational agencies) for the issuance of QSCBs. Of this amount, approximately \$73 million has been reserved for use by charter schools through the issuance of conduit revenue bonds by California School Finance Authority (CSFA) which will be designated as QSCBs.

In August 2009, staff received 28 eligible applications for QSCB borrowing authority. Of the 28 applications, the CSFA Board made preliminary allocations of borrowing authority to six projects at its October 2009 board meeting.

Since that time, it was determined that legislation was needed to allocate the tax credits to the California Department of Education (CDE) and the CSFA. This legislation is in process, and the Legislature directed CSFA to make changes to the Program parameters previously approved by the CSFA board. Such changes are reflected in the attached parameters and include – only charter schools providing site-based instruction can apply for allocating authority, and a cap on the amount of allocation authority was set at \$25 million.

The changes to the parameters as they relate to the site-based requirement and the project cap amount will apply to applicants in any subsequent filing period.

At this time, staff is recommending that a 30-day time frame be instituted for the review of the 22 applications submitted in August. After such time, staff may open up a subsequent 2010 application period. The 22 remaining applications may re-apply under the 2010 application period if not awarded borrowing authority under the 2009 round.

Attachment