

MEMORANDUM

Staff Summary No. 8

Date: July 14, 2010

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 10-22 of the California School Finance Authority Awarding Qualified School Construction Bond Borrowing Authority to Green Dot Public Schools for its Animo Venice Charter High School 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.

In May 2010, CSFA solicited requests for a second round of applications for an award of QSCB "borrowing authority" from interested charter schools. An online application, along with program parameters, was posted to CSFA's website with an extended due date of June 7, 2010. By the June 7, 2010 due date, CSFA had received three applications requesting QSCB borrowing authority. After a review of the applications, staff is recommending that Green Dot Public Schools receive a preliminary award of \$3,000,000 in Qualified School Construction Bond Borrowing Authority for Animo Venice Charter High School.

Apart from the application received from the borrower noted above, staff received applications for Borrowing Authority from two other charter schools. Staff recommends that these remaining applicants be afforded the opportunity to work in conjunction with staff and/or third parties to secure credit enhancement or devise alternative strategies for ensuring a marketable borrowing structure. Staff will present these applications in the future when they appear likely to meet certain minimum credit criteria (i.e., investment grade transactions).