

MEMORANDUM

Staff Summary No. 5

Date: August 11, 2010

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 10-27 of the California School Finance Authority Allocating Qualified School Construction Bond Borrowing Authority to Granada Hills Charter High School (GHCHS) 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 June 9, 2010 board meeting, the board adopted Resolution 10-16, which authorized the issuance of Qualified Zone Academy Bonds (QZAB) for Granada Hills Charter High School (GHCHS). Since the adoption of this resolution, the scope of the proposed project was expanded to include new construction and possible land acquisition which are allowable under QSCB, but not under QZAB.

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. GHCHS submitted an application for an allocation of QSCB 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 GHCHS receives an allocation in an amount not to exceed \$5,000,000 in QSCB borrowing authority.