

MEMORANDUM

Staff Summary No. 5

Date: February 9, 2011

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 11-02 Authorizing the Allocation of Qualified School Construction Bond Borrowing Authority to Oak Grove Union Elementary School District, in an amount not to exceed \$2,300,000 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).

Since 2009, California received more than \$1.42 billion in “volume cap” allocation (not including direct allocations to large local educational agencies) for the issuance of QSCBs. Of this amount, approximately \$141 million has been reserved for use by charter schools through the issuance of conduit revenue bonds by California School Finance Authority (Authority) which will be designated as QSCBs.

Oak Grove Union Elementary School District (District) applied for and was awarded a QSCB allocation at the Authority’s October 2009 board meeting however the allocation expired on December 31, 2010. At its November 2010 board meeting, the Authority approved the issuance of lease revenue bonds on behalf of the District for its Oak Grove Elementary / Willowside Middle School Project. The financing was set to price and close in early December 2010. Given unexpected circumstances related to title documentation and a land survey, the pricing and closing of this transaction by December 21, 2010 was not realized.

At this time, staff is recommending that the board approve Resolution 11-02 authorizing the allocation of \$2,300,000 in QSCB allocation to Oak Grove Union Elementary School. The financing has an A+ credit rating from Standard and Poor’s, and the financing is ready to go to market and close by the end of February 2011.