

## RESOLUTION NO. 11-26

### RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE ALLOCATION OF QUALIFIED SCHOOL CONSTRUCTION BOND BORROWING AUTHORITY TO PERRIS UNION HIGH SCHOOL DISTRICT ON BEHALF OF THE CALIFORNIA MILITARY INSTITUTE IN AN AMOUNT NOT TO EXCEED \$2,100,000 UNDER THE CHARTER SCHOOL QSCB PROGRAM

May 11, 2011

**WHEREAS**, the California School Finance Authority (Authority), a public instrumentality of the State of California created by the California School Finance Authority Act, as amended (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California) (the Act), is authorized to issue conduit bonds to finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (Projects) undertaken by a participating party (as defined in the Act) or through an agent of the participating party (as defined in the Act), including charter schools established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the Charter School Law); and

**WHEREAS**, 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); and

**WHEREAS**, 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 bonds by the Authority which will be designated as QSCBs; and

**WHEREAS**, pursuant to the Act and Resolution No. 09-13 of the Authority, adopted on July 30, 2009, the Charter School QSCBs Program has been established; and

**WHEREAS**, pursuant to the Act and Resolution No. 09-15 of the Authority, adopted on October 23, 2009, Perris Union High School District on behalf of the California Military Institute was allocated \$3,000,000 in QSCB borrowing authority. This allocation expired March 31, 2010; and

**WHEREAS**, at its July 14, 2010 board meeting, the board adopted Resolution 10-23 which authorized an open application process for its QSCB charter school bond allocation, and Perris Union High School District on behalf of the California Military Institute re-applied for and met the Program Parameters for an award of allocation of QSCB borrowing authority; and

**WHEREAS**, Perris Union High School District disclosed that it is facing a potential liability relating to overpayment of per funding by the California Department of Education which could affect the District's financial viability;

**WHEREAS**, Perris Union High School District advised Authority staff that it intends on either issuing the QSCBs itself and privately placing the bonds with a financial institution that would hold the bonds to maturity, or issuing through the Authority via a public offering; and

**WHEREAS**, pursuant to the Act and the Charter School QSCBs Program, the Authority is authorizing the allocation of QSCB borrowing authority to Perris Union High School District on behalf of the California Military Institute in an amount not to exceed \$2,100,000. The allocation is contingent upon certain conditions being met prior to the QSCB's being issued either by the Authority, the District, or another conduit issuer.

NOW, THEREFORE, BE IT RESOLVED by the California School Finance Authority as follows:

**Section 1.** Perris Union High School District on behalf of the California Military Institute is hereby awarded borrowing authority under the Charter School QSCB Program in an amount not to exceed \$2,100,000. This allocation is conditioned upon the QSCB bond financing sale's methodology meeting the following: 1) if offered in a public offering and the financing achieves an investment grade rating from a national credit rating agency; or 2) if the QSCB's are privately placed, that the bonds be purchased by a single financial institution that intends to hold all the QSCB's until maturity. If the bonds are privately placed, Perris Union High School District will be required to submit a letter from the purchaser of its intent to hold the bonds at the time of closing. In addition, Perris Union High School District shall submit to the Authority evidence that demonstrates that the purchaser has agreed to such a condition in the bond purchase documents.

**Section 2.** If the Awardee does not return to the Authority for bond issuance approval on or before August 31, 2011, or issue on its own behalf QSCBs in the amount authorized herein on or before that date, then the QSCB Award shall automatically expire and become available for further award by the Authority pursuant to the Charter School QSCB Program. The Executive Director of the Authority may, in her sole discretion, upon the request of the Awardee demonstrating probable completion of a transaction under the Charter School QSCB Program, extend the Award Expiration Date with respect to the Awardee by written notification to the Awardee; provided further that, no Award Expiration Date shall be extended beyond December 31, 2011.

**Section 3.** The Executive Director of the Authority is hereby authorized and directed to do any and all things which she may deem necessary or advisable in order to assist Perris Union High School District on behalf of the California Military Institute with the completion of a transaction under the Charter School QSCBs Program, including but not limited to providing assistance and cooperation in the credit rating process and making a request to the Authority for the issuance, sale, and delivery of revenue bonds designated as QSCBs as may be needed to implement this resolution.

**Section 4.** Nothing in this resolution constitutes an agreement or commitment on the part of the Authority to issue conduit bonds for the benefit of Perris Union High School District on behalf of the California Military Institute.

**Section 5.** This resolution shall take effect immediately upon its adoption.

Date of Adoption: May 11, 2011

CERTIFICATE OF THE EXECUTIVE DIRECTOR  
(Attesting to Action of the Authority)  
Sacramento, California

I, Katrina Johantgen, Executive Director of the California School Finance Authority, hereby certifies that the foregoing is a full, true, and correct copy of Resolution No. 11-26 of the California School Finance Authority Allocating Qualified School Construction Bond Borrowing Authority to Perris Union High School District on behalf of the California Military Institute In An Amount Not To Exceed \$2,100,000 Under the Charter School QSCBs Program Parameters at a meeting of the California School Finance Authority held at 915 Capitol Mall, Conference Room 587, Sacramento, California on May 11, 2011, for which meeting all of the members of the Authority had due notice; and that at the meeting the staff recommendation was adopted by the following votes:

AYES: Patricia A. Wynne, designee for California State Treasurer Bill Lockyer  
Kathleen Moore, designee for Superintendent of Public Instruction Tom Torlakson  
Pedro R. Reyes, designee for Director of Finance Ana J. Matosantos

NOES:

ABSTAINS:

ABSENT:

I further certify that the original minutes of said meeting and a copy of the original Resolution adopted at said meeting are on file in the California School Finance Authority office; and that the Resolution has not been amended, modified, or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the California School Finance Authority hereto.

(seal)

May 11, 2011

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Katrina Johantgen, Executive Director