

MEMORANDUM

Staff Summary No. 7

Date: June 27, 2011

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Approval of Amendment to Resolution No. 11-26 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 Parameters, and Authorizing the Taking of Necessary Actions in Connection Therewith

At its May 11, 2011 Board meeting, the California School Finance Authority approved Resolution No. 11-26 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 Parameters.

Based on certain potential liabilities facing the District, the board's approval of the allocation was 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.

At this time, the financing team is requesting that the Authority allow a transfer in investors, which deviates from the approval granted at the Authority's May 11, 2011 board meeting. It is being proposed that the QSCB's be privately placed with the initial investor executing a sophisticated investor letter in a form acceptable to the Issuer's bond counsel. The financing team also is requesting that the securities be assigned with transfer in whole only upon execution of a sophisticated investor letter in a form acceptable to the Issuer's bond counsel. If the securities are privately placed, Perris Union High School District will be required to submit a copy of the closing documents to the Authority within 30 days of closing the transaction. The Issuer is also requesting an extension of the QSCB allocation from the original date of August 31, 2011, to the date of September 30, 2011. In addition, Perris Union High School District shall submit to the Authority evidence that demonstrates that the initial purchaser has agreed to the foregoing conditions in the securities purchase documents.