

MEMORANDUM

Staff Summary No. 5

Date: April 25, 2012

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 12-18 Approving the Allocation of Qualified School Construction Bond (QSCB) Borrowing Authority to High Tech High North County in an Amount Not to Exceed \$6,500,000 under the Charter School QSCB Program 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 the California School Finance Authority (Authority) which will be designated as QSCBs.

At its July 14, 2010 board meeting, the Authority board adopted an open application process for its QSCB charter school bond allocation. At the October 13, 2010 CSFA Board Meeting, the board allocated \$5 million to High Tech High North County to finance the construction of a new school site for their middle and high school students. Subsequently, at the November 10, 2010 CSFA Board Meeting, the board approved the issuance of the \$5 million in QSCB’s, with the issuance of the QSCB’s occurring in April 2011.

It is anticipated that the financing will be structured by combining \$8.2 million in private equity, 6.5 million in QSCB’s, and a New Market Tax Credit loan in which the cumulative project cost is projected to be approximately \$18.5 million.

The project consists of building a new elementary school (K-5) on the same campus as the middle and high schools. Plans include constructing a 38,000 square foot LEEDS certified facility on a 5.6 acre parcel, containing approximately 22 classrooms and will be able to accommodate up to 460 students, with enrollment levels to stay around 420 students at any given time. The site will also include a playground, athletic fields, space for a preschool classroom to serve children of HTH faculty, and other site improvements. The projected opening date for the new facility is set for August 2013.

Staff recommends that the Board adopt Resolution 12-18 approving the allocation of \$6.5 million of the QSCB borrowing authority to High Tech High North County located in San Marcos, California.