

MEMORANDUM

Staff Summary No. 6

Date: May 30, 2012

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 12-25 Approving the Additional Allocation of Qualified School Construction Bond ("QSCB") Borrowing Authority to High Tech High North County in an Amount Not to Exceed \$5,253,325 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 was reserved for use by charter schools through the issuance of conduit revenue bonds, which will be designated as QSCBs, by the California School Finance Authority ("Authority").

At its July 14, 2010 board meeting, the Authority board adopted an open application process for its allocation of QSCB bonds. At the April 25, 2012 CSFA Board Meeting, the board allocated \$6.5 million to High Tech High North County. At that time, it was anticipated that the financing would be structured by combining \$8.2 million in private equity, \$6.5 million in QSCB revenue, and a New Market Tax Credit loan with the cumulative project cost estimated to be \$18.5 million.

However, since the approval for the allocation, the structure of the transaction has been amended, specifically, the New Market Tax Credit loan has been removed from the financing structure. High Tech High North County is now requesting an additional QSCB allocation in the amount of \$5,253,325 in order to finance the total cost of the project. With the pending QSCB allocation request of \$5,253,325, the QSCB allocation for High Tech High North County will total \$11,753,325.

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. The facility is expected to accommodate up to 460 students, with a consistent enrollment level of 420 students at any given time. The site will also include a playground, athletic fields, space for a preschool classroom to serve children of High Tech High North County 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 12-25 approving the additional allocation of \$5,253,325 of QSCB borrowing authority to High Tech High North County which is located in San Marcos, California.