

MEMORANDUM

Staff Summary No. 7

Date: December 12, 2012

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Approving the Award of Credit Enhancement Authority to High Tech Elementary North County in an Amount Not to Exceed \$870,000 under the Charter School Facilities Credit Enhancement Grant Program and Authorizing the Taking of Necessary Actions in Connection Therewith

The California School Finance Authority received a grant award in 2010 under the U.S. Department of Education's Credit Enhancement for Charter Schools Facilities Program (CFDA # 84.354), which, for purposes of the Authority's implementation has been entitled the "Charter School Facilities Enhancement Grant Program" (Program). This federal grant, authorized under Title V, Part B, Subpart 2 of the Elementary and Secondary Education Act, as amended by the No Child Left Behind Act of 2001, provides \$8,300,000 for the purpose of funding primary debt service reserves for the financing of acquisition, renovation, or construction of charter school facilities, or the refinancing of existing charter school facility debt utilized for such purposes.

High Tech High, applying on behalf of High Tech Elementary North County, is requesting a Credit Enhancement of \$870,000. Staff has evaluated High Tech High's application and has determined that all program eligibility and evaluation criteria have been met except for the Free-Reduced Price Meal. At its April 25, 2012 board meeting, the board adopted Resolution 12-18 which allocated Qualified School Construction Bond (QSCB) borrowing authority to High Tech High North County in an amount not to exceed \$6,500,000. On May 30, 2012, the Board adopted Resolution 12-25 allocating additional QSCB borrowing to High Tech High North County in an amount not to exceed \$5,253,325, which brought the total QSCB borrowing authority to \$11,753,325.

It is anticipated that the financing for High Tech High will be structured with \$11,753,325 in Qualified School Construction Bond (QSCB) and \$5,700,000 in equity. The financing team is seeking an investment grade on the transaction. The bond proceeds will be used for the acquisition of a site adjacent and to construct the campus at 1420 W. San Marco Boulevard, San Marco, California for High Tech Elementary North County campus and development of the HTH North County Village Site. Legal counsel has determined that the proposed structure of the deal is authorized under CSFA's statute.

Staff recommends that the Board adopt Resolution No. 12-48 approving the allocation of \$870,000 million of Credit Enhancement allocation authority on behalf of High Tech Elementary North County located in San Diego, California, and to direct staff to continue working with High Tech High and their financing team to finalize the structure of the transaction for issuance and to present it to the board for approval.