

MEMORANDUM

Staff Summary No. 11

Date: May 22, 2012

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Approving the Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in an Amount Not to Exceed \$750,000 to Crenshaw & Slauson LLC for the benefit of Inner City Education Foundation doing business as View Park Preparatory Accelerated Charter High School 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.

Crenshaw & Slauson LLC, applying for the benefit of Inner City Education Foundation, doing business as View Park Preparatory Accelerated Charter High School, is requesting a Credit Enhancement of \$750,000. Staff has evaluated the application and has determined that all program eligibility and evaluation criteria have been met. At the May 22, 2012 board meeting, the board will be presented with Resolution 13-22 which is authorizing the issuance of bonds in an amount not to exceed \$12,000,000 to finance the acquisition and renovation of facilities.

It is anticipated that the financing will be structured with \$12,000,000 tax-exempt and taxable bonds. The bond proceeds will be used to purchase the property from PCSD 57th & Crenshaw LLC, a California limited liability company. The purchase price is \$9,400,000, with closing scheduled for June 30, 2013. The property consists of two 2-story structures (modular buildings) located at the northeast and southeast portions of the site. Site improvements include open asphalt and concrete paved areas, a basketball court, perimeter 8' high concrete block fencing and entry gates. Legal counsel is expected to deliver an approving opinion in connection with the financing.

Staff recommends that the Board adopt Resolution No. 13-19 approving the allocation of \$750,000 of Credit Enhancement allocation authority to Crenshaw & Slauson LLC for the benefit of Inner City Education Foundation doing business as View Park Preparatory Accelerated Charter High School located in Los Angeles, California, and to direct staff to continue working with the applicant and their financing team to finalize the structure of the transaction for issuance.

CSFA Federal Credit Enhancement Grant Program

Application Review Policy and Checklist – View Park Accelerated Preparatory High School

Application Checklist

Applicant Eligibility Criteria--(Section 10194 of Program Regulations)	Yes/No	Comments
<ul style="list-style-type: none"> An approved charter is in place and is current. (Section 10194(a) of Program Regulations) 	Yes	July 1, 2013 to June 30, 2018.
<ul style="list-style-type: none"> The charter school is in good standing with its charter authorizer and the terms of its charter. (Section 10194(b) of Program Regulations) 	Yes	GSL received 5/10/2013 from LAUSD
<ul style="list-style-type: none"> The charter school has completed at least one year of instructional operations under its current CDS code and charter school number. (Section 10194(c) of Program Regulations) 	Yes	School Opened in September 2003
<ul style="list-style-type: none"> The applicant has provided evidence that, for the most recent academic year, at least 80% of enrolled pupils at the financed charter school site received classroom-based instruction and that the charter school achieved an average daily attendance of at least 80% (based on CBEDS reporting). (Section 10194(d) of Program Regulations) 	Yes	P1 Reports for 2012-13 reflects a 97.15% ADA
<ul style="list-style-type: none"> The charter is established pursuant to Education Code section 47600 et seq., and that it meets the federal definition of charter school as defined in section 5210(l) of the Elementary and Secondary Education Act of 1965, as amended. (Section 10194(e) of Program Regulations) 	Yes	
<ul style="list-style-type: none"> The charter school admits students by lottery in the event of oversubscription. (Section 10194(e) of Program Regulations) 	Yes	Page 202
Eligible Use Criteria--(Section 10195 of Program Regulations)	Yes/No	Comments
<ul style="list-style-type: none"> Proposed use of Program funds meets Section 10195(a) of Program Regulations. 	Yes	Acquisition and Renovation of Site
<ul style="list-style-type: none"> Requested Award is no more than \$1,500,000. (Section 10195(b) of Program Regulations) 	Yes	Requesting an allocation of \$750,000

Application Review--(Section 10196(a) and 10196(b) of Program Regulations)	Yes/No	Comments
<ul style="list-style-type: none"> The applicant meets all Applicant Eligibility Criteria under Section 10194 	Yes	
<ul style="list-style-type: none"> The applicant agreed to use the intercept method to repay its debt pursuant to Education Code section 17199.4(a)(4). (Section 10196(b)(1) of Program Regulations) 	Yes	
<ul style="list-style-type: none"> The applicant is able to demonstrate that Program funds are leveraged at a minimum 8:1 loan-to-award ratio. (Section 10196(b)(2) of Program Regulations) 	Yes	View Park Accelerated Preparatory High School is requesting an allocation of \$750,000 for a projected issuance of \$12,000,000 for a total leverage ratio of 16:1.
<ul style="list-style-type: none"> The applicant has provided evidence that it has the ability to secure private placement of debt with an investor, secure an investment grade credit rating in conjunction with a public sale, or that otherwise complete the transaction. (Section 10196(b)(3) of Program Regulations) 	Pending	ICEF Public Schools is currently in escrow to purchase the property from PCSD 57th & Crenshaw LLC, a California limited liability company. The purchase price is \$9,600,000, with closing scheduled for June 30, 2013. The sale is being financed through a tax-exempt bond issue through Ziegler Investments
Additional Evaluation Criteria—If Applicable--(Section 10196(c) of Program Regulations)	Yes/No	Comments
<ul style="list-style-type: none"> At least 50% of the Applicant's pupils are eligible for free or reduced-price meals. (Section 10196(c)(1) of Program Regulations) 	Yes	View Park Accelerated Preparatory High School – 69.02% Based on CDE FRPM Spreadsheet (v.2/8/2013)
<ul style="list-style-type: none"> Review of the Applicant School's last three years of API scores, if available) (Section 10196(c)(2) of Program Regulations) 	Yes	2009-10: 738 (School wide met Growth) 2010-11: 702 (No Categories met Growth) 2011-12: 701 (All Groups met Growth)