

MEMORANDUM

Staff Summary No. 10

Date: July 17, 2013

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 \$1,500,000 to 2023 Union Street LLC for the Benefit of the Parties Listed on Attachment A,

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.

2023 Union Street LLC, for the benefit of the parties listed on Attached A, is requesting a Credit Enhancement grant of \$1,500,000. Staff has evaluated the application and has determined that all Program eligibility and evaluation criteria have been met. At the July 17, 2013 board meeting, the board will be presented with Resolution 13-35 which will authorize the issuance of School Facility Revenue Bonds in an amount not to exceed \$25,000,000 to finance the acquisition, construction, expansion, remodeling, renovation improvements, furnishing and equipping of the charter school facilities.

It is anticipated that the related financing will be structured with \$25,000,000 of Tax Exempt School Facility Revenue Bonds. The bond proceeds will be used to acquire, construct, expand, remodel, renovate, furnish, and equip the property from 2023 Union Street LLC, a California limited liability company and other schools as well as described in the related staff summary.

Staff recommends that the Board adopt Resolution No. 13-32 approving a Credit Enhancement grant of \$1,500,000 to 2023 Union Street LLC for the benefit of Alliance Gertz-Ressler/Richard Merkin 6-12 Complex and other schools 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.

ATTACHMENT A

Users

1. Alliance College-Ready Academy High School No. 16
2. Alliance College-Ready Middle Academy No. 4
3. Alliance College-Ready Middle Academy No. 5
4. Alliance College-Ready Middle Academy No. 7
5. Alliance College-Ready Middle Academy No. 8
6. Alliance College-Ready Middle Academy No. 9
7. Alliance Dr. Olga Mohan High School
8. Alliance Environmental Science and Technology High School
9. Alliance Gertz-Ressler / Richard Merkin 6-12 Complex (formerly known as Alliance Gertz-Ressler High School and Alliance Richard Merkin Middle School)
10. Alliance Health Services Academy High School
11. Alliance Collins Family College-Ready High School, doing business as Alliance Huntington Park College-Ready Academy High School
12. Alliance Jack H. Skirball Middle School
13. Alliance Marc and Eva Stern Math and Science School
14. Alliance Margaret M. Bloomfield Technology Academy High School, doing business as Alliance College-Ready Academy High School No. 18
15. Alliance Media Arts and Entertainment Design High School
16. Alliance Ouchi-O'Donovan 6-12 Complex (formerly known as Alliance William and Carol Ouchi High School and Alliance Christine O'Donovan Middle Academy)
17. Alliance Susan and Eric Smidt Technology High School