

## MEMORANDUM

## Staff Summary No. 2

**Date:** July 9, 2021

**To:** Members of the California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Subject:** Resolution 21-20 - Approving the Credit Enhancement (CDFA #84.354A) Award in an Amount Not-to-Exceed \$1,000,000 to Granada Hills Charter School (Action Item)

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**Background:** The California School Finance Authority (Authority) received a grant award in 2010 under the U.S. Department of Education's Credit Enhancement for Charter Schools Facilities Program (CFDA # 84.354A), 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.

**Application:** Granada Hills Charter School (GHC) applied for a grant award of \$500,000 to enhance a financing to refinance existing debt to achieve savings. At its June 24 meeting, the Authority Board (Board) approved both a bond financing in a not-to-exceed amount of \$16,000,000 and a credit enhancement award under the Program in a not-to-exceed amount of \$500,000 for GHC.

The GHC financing approved by the Board at its June meeting is a combination of a refunding of 2017 bonds issued by the Authority for the benefit of GHC and a new money component for remodeling and renovation of GHC facilities. When Authority staff and the GHC financing team initially discussed a credit enhancement award, the award was based on a debt service reserve fund reflecting only the refunding portion of the financing, which is approximately \$7,000,000. By the time the entire financing proposal was fleshed out, reflecting a need for a larger debt service component and a higher credit enhancement award, the June meeting agenda had already been posted, noticing a \$500,000 credit enhancement award for GHC. Authority staff is now bringing a new agenda item to the Board for a total not-to-exceed Program award of \$1,000,000 to GHC.

**Eligibility Requirements:** GHC has met all Program eligibility requirements.

**Recommendation:** Staff recommends the Board adopt Resolution No. 21-20, awarding Granada Hills Charter School a credit enhancement award in an amount not-to-exceed \$1,000,000 under the Program.