

## MEMORANDUM

## Staff Summary No. 5

**Date:** August 26, 2021

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

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

**Subject:** Resolution 21-23, Approving the Credit Enhancement (CDFA #84.354A) Award in an Amount Not to Exceed \$1,000,000 to Girls Athletic Leadership School Los Angeles.

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**Background:** The California School Finance Authority (Authority) received a grant award in 2017 under the U.S. Department of Education's (DOE) Expanding Quality Charter Schools Program – Credit Enhancement (CE) for Charter Schools Facilities (CFDA # 84.354A), which, for purposes of the Authority's implementation, has been entitled the Program Acceleration Notes and Credit Enhancement Alternatives (PANACEA) 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 \$8,000,000 to support financing to charter schools that have received a reservation of funds through the Charter School Facilities Program or for long-term debt through the Authority's Conduit Bond and Note Financing Program.

**Application:** At their August 26, 2021 meeting, the CSFA Board will be presented a bond financing for Girls Athletic Leadership School Los Angeles (GALS), in a not-to-exceed amount of \$16,000,000. The financing will fund the acquisition of a new school site for GALS (they are currently located at a Los Angeles Unified School District (LAUSD) - owned Prop 39 site), as well as the installation of a two-story, 23,294 - square foot school facility made from recycled shipping containers.

According to information provided by GALS, by helping to finance a debt service reserve fund that would otherwise be paid for by the network, the CE Grant allows GALS to return that money, approximately \$872,875 (at the time of this staff summary), directly to the classroom, while maintaining the credit stabilization a reserve fund surplus provides.

**Eligibility Requirements:** GALS meets all eligibility requirements of the Program, specifically:

- Good Standing – CSFA has confirmed with LAUSD that GALS is in good standing and that confirmation is on file.
- Ability to secure private placement of its debt with an investor(s), secure an investment grade credit rating from a national credit rating agency in conjunction with a public sale, or other evidence, satisfactory to the authority that the transaction will be completed – while this is an unrated credit GALS has the ongoing support of LAUSD, a newly approved 7-year charter term, a responsible plan of finance, and a competent financing team, as such the Authority has every expectation this transaction will be completed.

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- At Least 50% of Students Eligible for Free and Reduced Priced Meals (FRPM) – 84% of students currently attending GALS qualify for FRPM, well over the 50% threshold.

**Recommendation:** Staff recommends the Board adopt Resolution No. 21-23, awarding Girls Athletic Leadership School Los Angeles PANACEA (credit enhancement) in a not-to-exceed amount of \$1,000,000.