

MEMORANDUM

Staff Summary No. 6

Date: August 31, 2023

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 23-38 – Approving the Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in an Amount Not to Exceed \$1,000,000 to RSA Facilities, LLC on Behalf of Redding School of the Arts, Located in Shasta County

Background: The California School Finance Authority (Authority) received a grant award in 2017 under the U.S. Department of Education’s 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 Charter Access to Bank Loan (Charter ABLE) 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 \$20,000,000 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: The proceeds of the bonds will be used to: (1) finance and/or refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of certain charter school educational facilities, located at 955 Inspiration Place, Redding, CA 96003 and real property adjacent thereto (2) to pay certain expenses incurred in connection with the issuance of the Bonds, and (3) to fund all or a portion of a debt service reserve fund, capitalized interest, related working capital and a repair and replacement fund in connection with the Bonds.

RSA Facilities, LLC (the “Borrower”), on behalf of Redding School of the Arts (RSA) is applying for an enhancement award in the amount not-to-exceed \$1,000,000. *The final award amount will be finalized at the time the bonds are priced and sold.*

According to information provided by the Borrower, by helping to finance a debt service reserve fund that would otherwise be financed with bond proceeds, the CE Grant allows the Borrower to reduce its borrowing costs. Additionally, the Grant will reduce the overall lease costs for RSA.

Eligibility Requirements: The applicant meets and has demonstrated all eligibility and evaluation requirements of the Program, including without limitation:

- Good Standing – Good standing from the Authorizer is on file with the Authority.
- Applicant is in a school district and/or county where at least 50% of students do not meet the State standard for proficiency in either math or language on the state assessment. In both 2021 and 2022, RSA had 38% Meet or Exceed Standard for Math.
- Ability to secure 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.

Resolution 23-38
RSA – Credit Enhancement Grant
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Recommendation: Staff recommends the Board adopt Resolution No. 23-38, awarding the Borrower, on behalf of the operator of Redding School of the Arts, a Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in a not-to-exceed amount of \$1,000,000.