

MEMORANDUM

Staff Summary No. 1

Date: February 29, 2024

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 24-02 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 and Purpose of Item: At the August 31, 2023 meeting of the California School Finance Authority (CSFA), the board approved a bond financing not-to-exceed \$12,000,000 and a credit enhancement award not-to-exceed \$1,000,000 for Redding School of the Arts (RSA). Resolution #23-38 approving the credit enhancement grant award expires on February 29, 2024. CSFA Board authorizing approval lasts for a year relative to bond financings and six months relative to credit enhancement awards.

RSA's new facility is being built adjacent to their existing facility, which is located on land donated by the McConnell Foundation (the Foundation), a philanthropic organization that helps worthy infrastructure projects in the greater Redding area. RSA, their financing team, and the Foundation continue to work through document terms and other logistics related to the financing and the physical project. As such, RSA is nearing the six-month expiration of the original grant award approval and needs to return to the Board.

Eligibility Requirements: The applicant still 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.

Recommendation: Staff recommends the Board adopt Resolution No. 24-02, 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.