

## MEMORANDUM

## Staff Summary No. 5

**Date:** December 12, 2012

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

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

**Subject:** Approving the Allocation of Qualified School Construction Bond (“QSCB”) Borrowing Authority to Alliance College-Ready Public Schools in an Amount Not to Exceed \$10,500,000 under the Charter School QSCB Program and Authorizing the Taking of Necessary Actions in Connection Therewith located in Los Angeles County, California

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The American Recovery and Reinvestment Act of 2009 (“ARRA”) provides funding for the new construction or renovation of school facilities through the use of Qualified School Construction Bonds (“QSCBs”).

Since 2009, California received more than \$1.42 billion in “volume cap” allocation (not including direct allocations to large local educational agencies) for the issuance of QSCBs. Of this amount, approximately \$141 million has been reserved for use by charter schools through the issuance of conduit revenue bonds by the California School Finance Authority (“Authority”) which will be designated as QSCBs.

At its July 14, 2010 board meeting, the Authority board adopted an open application process for its QSCB charter school bond allocation. At the April 13, 2011 CSFA Board Meeting, the board allocated \$22 million to Alliance College-Ready Public Schools (“Alliance”) to finance the construction of two school sites, Alliance College-Ready Middle Academy #5 and Alliance College-Ready Academy High #14. The QSCBs were sold on November 2011 in the amount of \$15,012,675.

At its May 30, 2012 board meeting, the Authority board approved the allocation of QSCB borrowing authority for Alliance College-Ready Middle Academy #8 in the amount of \$10.5 million. The project consisted of new construction of a 24,000 square-foot 2-story facility with 20 classrooms plus administrative space at 113 S. Rowan, Los Angeles 90063. The construction schedule had been projected to begin in June 2012 and finish December 2012.

Due to legal obstacles regarding the title of the property, Alliance has requested to transfer its \$10.5 million QSCB allocation to a different project located at 7907 Santa Fe, Los Angeles, CA 90255, and has provided all required information to establish eligibility for a QSCB allocation for the new location. The High School will be a 30,000 square foot facility built on 0.94 acres of land with the purchase of the facility closing in early December, and the closing of the sale of the QSCB’s by January 2013. Alliance expects that the project will be constructed in time to open for the 2013-14 school year.

Staff recommends that the Board adopt Resolution 12-46 approving the transfer of allocation of \$10.5 million of the QSCB borrowing authority from Alliance College-Ready Middle Academy #8 to Alliance College-Ready High School #18, both located in Los Angeles, California.