

MEMORANDUM

Staff Summary No. 9

Date: September 26, 2024

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 24-47 – Approving a Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program Award in an Amount Not to Exceed \$ 700,000 to Stockton Collegiate Facilities LLC, on behalf of Stockton Collegiate International Schools, located in San Joaquin 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 Project 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: On behalf of Stockton Collegiate International Schools, Stockton Collegiate Facilities LLC is applying for an enhancement award in the amount not to exceed \$ 700,000. According to information provided by the Borrower, the proceeds would be used to finance a debt service reserve fund that would otherwise be financed with bond proceeds, the CE Grant will reduce the overall lease and school expense costs for the schools. The final award amount will be finalized at the time the bonds are priced and sold. Additionally, should the Authority not have access to the entire \$700,00 award through this grant, we will access funds from additional grant balances as they become available.

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

1. Good Standing – SCIS Secondary and Elementary are in good standing with Stockton Unified School District and confirmation of good standing is on file with the Authority.
2. 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 – the Authority expects this transaction will be completed successfully.
3. At Least 50% of Students Eligible for Free and Reduced Priced Meals (FRPM)

Recommendation: Staff recommends the Board adopt Resolution No. 24-47, awarding the Borrower, on behalf of the operator of Stockton Collegiate International Schools, a Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program Award in a not-to-exceed amount of \$ 700,000. Should the Authority need funds from additional grant awards to make the \$700,000 award to Stockton Collegiate International Schools, the Authority will access funds from balances available in our four remaining grant accounts.