

**\$5,400,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY**  
**CHARTER SCHOOL REVENUE BONDS**  
**(CAMINO NUEVO PROJECT)**  
**SERIES 2017**

**EXECUTIVE SUMMARY**  
**RESOLUTION 17-11**

<b>Borrower/Owner:</b>	GNLA 697 S Burlington LLC
<b>Sole Member of Borrower:</b>	Grupo Nuevo Los Angeles
<b>Project Users:</b>	Camino Nuevo Charter Academy
<b>Loan Amount:</b>	Not to exceed \$5,400,000
<b>Expected Issuance:</b>	May 2017
<b>Project:</b>	The bond proceeds will be used by the Borrower to finance and refinance the acquisition, construction, improvement and equipping property for the benefit of the Charter School
<b>Bond Type:</b>	Charter School Revenue Bonds
<b>Project Location:</b>	Los Angeles, California (See Use of Bond Proceeds / Project Information)
<b>County:</b>	Los Angeles
<b>District in which Project is Located:</b>	Los Angeles Unified School District
<b>Charter Authorizer:</b>	Los Angeles Unified School District
<b>Est. Annual Payment:</b>	Approximately \$31,972
<b>Expected Rating:</b>	N/A
<b>Structure:</b>	Term Bonds amortized over 20 years with a final maturity date of May 1, 2037
<b>Sale Method:</b>	Privately Placed
<b>Consultant:</b>	Law Office of Mike Keeley
<b>Bond Purchase:</b>	Wells Fargo Bank, N.A.
<b>Bond Counsel:</b>	Kutak Rock LLP

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\*Not to Exceed Amount

**I. Use of Bond Proceeds / Project Information**

The Applicant is requesting the issuance of Charter School Revenue Bonds to refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the charter school educational facilities located at (a) 1800 Wilshire Boulevard, 653 S. Burlington Avenue and 673 S. Burlington Avenue, Los Angeles, California 90057, comprising Camino Nuevo Charter Academy Burlington Campus Middle School with approximately 19,842 square feet of classrooms, related educational support facilities and parking lot on two non-contiguous parcels, (b) 681-697 S. Burlington Avenue, Los Angeles, California 90057, comprising Camino Nuevo Charter Academy Burlington Campus Elementary School with approximately 11,319 square feet of classrooms and related educational support facilities, and (c) 661-667 S. Burlington Avenue, Los Angeles, California 90057, comprising Camino Nuevo Charter Academy Burlington Campus Dance Studios with approximately 15,750 square feet of classrooms, dance studio and administrative offices and a parking lot on two non-contiguous parcels (the “Facilities”). The estimated use of the proceeds of the Bonds is set forth in the table below. Proceeds of the Bonds are expected to be used to pay certain costs of issuance.

Site	Landlord	Location	Purpose	Amount
Camino Nuevo Charter Academy	GNLA 697 S Burlington LLC	653 S. Burlington Avenue, Los Angeles, California 90057	Refinance an Outstanding Loan	\$2,130,000
Camino Nuevo Charter Academy	GNLA 697 S Burlington LLC	697 S. Burlington Avenue, Los Angeles, California 90057	Refinance an Outstanding Loan	\$1,277,000
Camino Nuevo Charter Academy	GNLA 697 S Burlington LLC	661 S. Burlington Avenue, Los Angeles, California 90057	Refinance an Outstanding Loan	\$1,767,000
<b>Total Estimated Project Costs</b>				<b>\$5,174,000</b>

**II. GNLA 697 S Burlington LLC / Camino Nuevo Charter Academy**

**GNLA 697 S Burlington LLC / Grupo Nuevo Los Angeles**

The proceeds of the Bonds will be loaned to GNLA 697 S Burlington LLC (the “Borrower”), the sole member of which is Grupo Nuevo Los Angeles, a California nonprofit public benefit corporation, and the Facilities will be leased to Camino Nuevo Charter Academy, a California nonprofit public benefit corporation (the “Lessee”), pursuant to a Financing Agreement (the “Financing Agreement”) between the Authority and the Borrower.

**Camino Nuevo Charter Academy**

Camino Nuevo Charter Academy is a 501(c)(3) nonprofit, public benefit corporation with 501(c)(3) status. Consisting of five academies, Camino Nuevo Charter Academy (CNCA) is a charter management organization that operates Camino Nuevo Charter Academy (Burlington), Camino Nuevo Charter Academy #2 (Harvard), Camino Nuevo Charter Academy #3 (Jose A. Castellanos Elementary Campus), Camino Nuevo Charter Academy #4 (Sandra Cisneros Learning Academy), and Camino Nuevo Charter High School (CNCHS). CNCA was founded in August 2000 by Pueblo Nuevo Development, a nonprofit community development corporation in the MacArthur Park neighborhood west of downtown Los Angeles, to promote access to schools with high student achievement. CNCA first opened a K-5 campus in 2000 and then opened its middle school campus in 2001.

CNCA operates multiple sites in a focused geographical region just west of downtown Los Angeles, the MacArthur Park and Mid-Wilshire Koreatown Neighborhoods. The student population is drawn from the poorest quartile of minority residents in Los Angeles in the most densely populated communities. The census tract for the area reveals that this is one of the most overcrowded neighborhoods for high school students in the City of Los Angeles, and 96% of the households are renters. Approximately 97% of the overall CNCA student body is eligible for Free/Reduced Priced Lunch. At CNCHS, in particular, 96% of students are eligible for Free/Reduced Lunch. The students and their families are challenged by limited English proficiency, with the percentage of English Learners averaging 30% in grades 9-12. An estimated 81% of students live at or below the poverty rate.

CNCA is led by CEO Ana Ponce who was recognized by Forbes (November 5, 2011) as one of the seven most powerful educators in the world. CNCA's board consists of experts in the areas of entertainment, education, investment, public affairs, and nonprofit organizations.

### **III. Financial Structure**

The Bonds are expected to be issued in one series which will be issued in the approximate aggregate principal amount of \$5,400,000. The Bonds will be amortized over 20 years with a final maturity date of May 1, 2037.

### **IV. Security and Source of Payment**

The Bonds will be payable out of Payments under the Financing Agreement, consisting primarily of Loan Repayments under the Financing Agreement. The obligations of the Borrower under the Financing Agreement are secured by: (i) the rent payments received under the lease or leases entered into between the Borrower and CNCA (and potentially additional leases in the future due to an obligated group structure), and (ii) the real property described in the Deed of Trust on the Facilities. The Intercept will not be utilized to make debt service payments for this transaction.

### **V. Preliminary Sources and Uses/Cost of Issuance**

Below are the preliminary estimated sources and uses, and detailed information about the costs of issuance for board consideration. Please note that these figures are subject to change between the time the board packets are distributed and the time the board meets – members will be provided updated figures should they change before the board meeting date.

<b>Sources:</b>		<b>Series 2017</b>	<b>Series</b>	<b>Total</b>
<b>Bond Proceeds:</b>				
	Par Amount		\$5,330,219.50	\$5,330,219.50
<b>Uses:</b>		<b>Series 2017</b>	<b>Series</b>	<b>Total</b>
<b>Project Fund Deposits:</b>				
	653 S. Burlington Loan Refinance		\$2,130,000.00	\$2,130,000.00
	697 S. Burlington Loan Refinance		\$1,277,000.00	\$1,277,000.00
	661 S. Burlington Loan Refinance		\$1,767,000.00	\$1,767,000.00
			<b>\$5,174,000.00</b>	<b>\$5,174,000.00</b>
<b>Delivery Date Expenses:</b>				
	Cost of Issuance		\$121,769.50	\$121,769.50
	Purchaser Discount		\$34,450.00	\$34,450.00
			<b>\$156,219.50</b>	<b>\$156,219.50</b>
<b>Total</b>			<b>\$5,330,219.50</b>	<b>\$5,330,219.50</b>

<b>Cost of Issuance</b>	<b>Budgeted Amount</b>
<b>Issuer Fee</b>	\$8,769.81
<b>Issuer's Counsel Fee</b>	\$8,000.00
<b>Agent for Sale Fee</b>	\$6,000.00
<b>Bond Counsel Fee</b>	\$40,000.00
<b>Bank Counsel Fee</b>	\$35,000.00
<b>Borrower's Counsel Fee</b>	\$0.00
<b>Real Estate Costs</b>	\$11,000.00
<b>Title Fees</b>	\$8,000.00
<b>Miscellaneous COI</b>	\$5,000.00
<b>Total COI</b>	<b>\$121,769.81</b>

*\*Numbers based on par amount of \$5,330,219*

## **VI. Borrower Financial Data**

Pursuant to Section 17183.5 of the CSFA Act, financing through the Authority is to be provided only to projects demonstrated by the participating party to be financially feasible. In demonstration feasibility, the participating party may take into account all of its funds, and may base future projections upon historical experience or reasonable expectations, or a combination thereof. Nothing in Section 17183.5 shall be construed to imply that any project is required to produce revenue in order to be financed under this chapter. Pursuant to this provision, Exhibit A contains financial and operational information for Camino Nuevo Charter Academy.

## **VII. Due Diligence Undertaken to Date**

No information was disclosed that questions the financial viability or legal integrity of the Borrower. Standard opinions of counsel to the Borrower (i.e., that the borrowing entity has been duly organized, is in good standing, has the full authority to enter into all documents which are valid and binding, etc.) will be delivered at closing.

## **VIII. Bond Sales Restrictions**

Per Bond Issuance Guidelines adopted by the CSFA board, and given that the bonds will be privately placed, the following sales restrictions may apply to the Camino Nuevo financing: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

1. Bonds will be in minimum denominations of \$100,000;
2. Bonds will be privately placed or publicly offered initially to QIBs and AIs;
3. Initial bond purchasers will be required to execute an Investor Letter;
4. Subsequent transfers of bonds will be limited to QIBs and AIs;
5. Sales restrictions conspicuously noted on bond and described in detail in offering materials, if any, as well as in the bond documents;
6. One or more of the following will be required depending on the transaction, as requested by the financing team and approved by the Authority:
  - a. Traveling Investor Letter; or
  - b. Higher minimum denominations of \$250,000; or
  - c. Physical Delivery; or
  - d. Limited initial sale to QIBs, with subsequent transfers limited to QIBs as well; or
  - e. Other investor protection measures

## **IX. Staff Recommendation**

Staff recommends CSFA approve Resolution Number 17-11 Issuance of Charter School Revenue Bonds in an Amount Not to Exceed \$5,400,000 to Finance and/or Refinance the Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing, and /or Equipping of Educational Facilities Located in Los Angeles County for use by Camino Nuevo Charter Academy

**Exhibit A**  
**5-Year Budget Projections and Coverage Ratios**  
**(Camino Nuevo Charter Academy and Grupo Nuevo Los Angeles)**

**CAMINO NUEVO CHARTER ACADEMY - BURLINGTON**

**Balance Sheet**

<b>Balance Sheet</b>	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2020</b>	<b>6/30/2021</b>
<b>Assets</b>						
Cash	3,985,042	3,274,530	2,916,710	3,019,366	3,071,250	3,086,090
Accounts Receivable	462,749	811,759	1,073,304	1,088,271	1,087,800	1,113,439
Due From Others	0	290,017	290,017	290,017	290,017	290,017
Deposits	4,000	4,000	4,000	4,000	4,000	4,000
Prepays	48,384	59,057	59,057	59,057	59,057	59,057
Net Fixed Assets	428,841	570,684	520,830	479,099	444,665	411,617
<b>Total Assets</b>	<b>4,929,017</b>	<b>5,010,047</b>	<b>4,863,918</b>	<b>4,939,810</b>	<b>4,956,788</b>	<b>4,964,220</b>
<b>Liabilities</b>						
Accounts Payable	254,717	197,566	-	-	-	-
Payroll Liabilities	50,037	55,066	55,066	55,066	55,066	55,066
Accrued Vacation	34,314	34,314	34,314	34,314	34,314	34,314
Due to Others	9,919	37,785	31,438	31,577	31,572	31,828
Sale of Future Receivables	-	-	-	-	-	-
Current Loans	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Long Term Debt	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>348,987</b>	<b>324,731</b>	<b>120,818</b>	<b>120,956</b>	<b>120,952</b>	<b>121,208</b>
<b>Equity</b>						
Beginning Fund Balance	4,097,834	4,580,031	4,685,316	4,743,100	4,772,638	4,789,620
Net Income/(Loss)	482,197	105,286	57,784	29,538	16,983	7,176
<b>Total Equity</b>	<b>4,580,031</b>	<b>4,685,316</b>	<b>4,743,100</b>	<b>4,772,638</b>	<b>4,789,620</b>	<b>4,796,796</b>
<b>Total Liabilities &amp; Equity</b>	<b>4,929,017</b>	<b>5,010,048</b>	<b>4,863,918</b>	<b>4,893,594</b>	<b>4,910,572</b>	<b>4,918,004</b>
<b>Ratios</b>		<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2020</b>	<b>6/30/2021</b>
Cash Ratio		10.08	24.14	24.96	25.39	25.46
Quick Ratio		12.58	33.02	33.96	34.39	34.65
Debt-Equity Ratio*		-	-	-	-	-
Debt Service Coverage Ratio		N/A	N/A	N/A	N/A	N/A
Lease Payment Coverage Ratio		1.22	1.12	1.06	1.04	1.02
Interest Coverage Ratio		N/A	N/A	N/A	N/A	N/A

**GRUPO NUEVO LOS ANGELES**
**Balance Sheet**

<b>Balance Sheet</b>	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2020</b>	<b>6/30/2021</b>
<b>Assets</b>						
Cash	178,861	310,666	454,348	656,665	862,211	1,054,268
Accounts Receivable	7,298	7,298	7,298	7,298	7,298	7,298
Due From Others	888,322	888,322	888,322	888,322	888,322	888,322
Deposits	-	-	-	-	-	-
Prepays	3,832	3,832	3,832	3,832	3,832	3,832
Net Fixed Assets	38,246,103	37,172,115	36,136,126	35,128,885	34,163,898	33,198,984
<b>Total Assets</b>	<b>39,324,416</b>	<b>38,382,233</b>	<b>37,489,926</b>	<b>36,685,002</b>	<b>35,925,561</b>	<b>35,152,704</b>
<b>Liabilities</b>						
Accounts Payable	6,800	-	-	-	-	-
Payroll Liabilities	(9,471)	(9,471)	(9,471)	(9,471)	(9,471)	(9,471)
Accrued Vacation	-	-	-	-	-	-
Due to Others	-	-	-	-	-	-
Sale of Future Receivables	-	-	-	-	-	-
Current Loans	3,808,582	3,829,647	3,858,586	4,068,222	4,116,038	3,370,852
Deferred Revenue	285,504	285,504	285,504	285,504	285,504	285,504
Long Term Debt	16,124,603	15,665,808	15,178,074	14,480,704	13,735,518	13,735,518
<b>Total Liabilities</b>	<b>20,216,019</b>	<b>19,771,488</b>	<b>19,312,693</b>	<b>18,824,959</b>	<b>18,127,589</b>	<b>17,382,403</b>
<b>Equity</b>						
Beginning Fund Balance	20,085,864	19,108,397	18,610,745	18,177,233	17,857,313	17,792,514
Net Income/(Loss)	(977,467)	(497,652)	(433,512)	(319,920)	(64,800)	(30,401)
<b>Total Equity</b>	<b>19,108,397</b>	<b>18,610,745</b>	<b>18,177,233</b>	<b>17,857,313</b>	<b>17,792,514</b>	<b>17,762,113</b>
<b>Total Liabilities &amp; Equity</b>	<b>39,324,416</b>	<b>38,382,233</b>	<b>37,489,926</b>	<b>36,682,272</b>	<b>35,920,103</b>	<b>35,144,515</b>
<b>Ratios</b>		<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2019</b>	<b>6/30/2020</b>	<b>6/30/2021</b>
Cash Ratio		0.08	0.11	0.15	0.20	0.29
Quick Ratio		0.08	0.11	0.15	0.20	0.29
Debt-Equity Ratio*		1.05	1.05	1.04	1.00	0.96
Debt Service Coverage Ratio		0.30	0.30	0.31	0.34	0.34
Lease Payment Coverage Ratio		2.36	2.53	2.93	2.63	2.63
Interest Coverage Ratio		0.38	0.45	0.58	0.91	0.96

**Exhibit B  
Enrollment Projections**

**CAMINO NUEVO CHARTER ACADEMY - BURLINGTON**

*Five Year Enrollment Summary*

	2015-16	2016-17 Budget Approved	2016-17 Forecast	2017- 18	2018- 19	2019-20	2020-21
Total Enrollment	562	562	560	562	562	562	562
ADA	538.23	534	537.92	533.90	533.90	533.90	533.90
% Free and Reduced	100%	100%	99%	99%	99%	99%	99%
% English Language Learners	68%	68%	72%	72%	72%	72%	72%
% Unduplicated Low Income, EL, Foster Youth	100%	100%	100%	99%	99%	99%	99%
# of Teachers	22	29	28	28	28	28	28
# of Non Teacher FTEs		25	23	23	23	23	23