

## MEMORANDUM

Staff Summary No. 10

**Date:** February 24, 2022

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

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

**Subject:** Resolution 22-13, Approving the Credit Enhancement (CDFA #84.354A) Award in an Amount Not to Exceed \$2,000,000 to Citizens of the World Charter School Silver Lake

---

**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 \$8,000,00 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:** At the February 24, 2022 Authority meeting, the CSFA Board was presented with and approved a bond financing for River Springs Charter School (RSCS) in a not-to-exceed amount of \$48,000,000. The bond financing will: (1) finance and/or refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of certain charter school educational facilities, including classroom and administrative spaces and related and appurtenant facilities, to be located at or adjacent to (a) 81840 Avenue 46, Indio, California, 92201 and (b) 41866 Kalmia Street, Murrieta, California, 92562, (2) advance refund the Authority's Educational Facility Revenue Bonds (River Springs Charter School) Series 2015A and Series 2015B (Taxable) (the "Prior Bonds"), which were issued on November 24, 2015, the proceeds of which were used to finance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and equipping of certain charter school educational facilities, including classroom and administrative spaces and related and appurtenant facilities, to be located at or adjacent to (a) 4020 Jefferson Street, Riverside California 92504, (b) 42145 Lyndie Lane, Temecula California 92591, (c) 4260 Tequesquite Avenue, Riverside California 92501, and (d) 27740 Jefferson Avenue, Temecula, California 92590, (collectively, the "Project"), (3) to pay certain expenses incurred in connection with the issuance of the Bonds, and (4) 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

Owed to the size of the projected debt service reserve fund RSCS is applying for an enhancement award in the amount not-to-exceed \$2,000,000. If program funding is exhausted in the PANACEA program but available in another of the Authority's credit

enhancement programs, funds may be awarded from another credit enhancement program's available funds providing the awardee is eligible.

According to information provided by RSCS, by helping to finance a debt service reserve fund that would otherwise be financed with bond proceeds, the CE Grant allows RSCS to return that money, approximately \$2,000,000, directly to the classroom and reduce the overall borrowing cost for RSCS.

**Eligibility Requirements:** The applicant meets all eligibility requirements of the Program, specifically:

1. Good Standing – RSCS is in good standing with the Riverside County Office of Education 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 – while this is a lower-than-investment-grade credit RSCS has a responsible plan of finance, and a competent financing team, as such the Authority expects this transaction will be completed successfully.

**PANACEA Eligibility:** RSCS met the following criteria to be eligible for funding:

(1) Applicants having more than 50% of current or projected student enrollment who are eligible for free or reduced-price lunch.

**Recommendation:** Staff recommends the Board adopt Resolution No. 22-13, awarding River Springs Charter School a PANACEA program award in a not-to-exceed amount of \$2,000,000.