

**\$15,000,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY (AUTHORITY)**  
**REVENUE BONDS**  
**(GRUPO NUEVO LOS ANGELES– OBLIGATED GROUP)**  
**SERIES 2023A \$14,000,000 (TAX-EXEMPT) AND 2023B \$1,000,000 (TAXABLE)**  
**ITEM #4 RESOLUTION 23-05**  
**STAFF SUMMARY**

**EXECUTIVE SUMMARY**

<b>Applicant/Borrower:</b>	Grupo Nuevo Los Angeles	<b>Par Amount Requested:</b>	Not-to-Exceed * \$15,000,000
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<b>Financing Term:</b> Fixed rate, up to 40-year financing, 10-year par call, with taxable bonds amortized first	<b>Projected Interest Rate:</b> 5.35%
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**Applicant Description:** Grupo Nuevo Los Angeles, a California nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, is the borrower. The Borrower was formed for the specific purpose of developing charter schools.

**Type of Financing:** Tax-Exempt and Taxable Revenue Bonds

<b>Project User:</b>	Camino Nuevo Charter Academy (which operates Camino Nuevo Elementary #3 (also known as Jose A. Castellanos Campus and Jane B. Eisner Middle School), Camino Nuevo High School #2 (also known as Dalzell Lance High School), and Camino Nuevo Charter Academy (also known as the Burlington School)	<b>County Served:</b>	Los Angeles County
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<b>District in Which Project is Located:</b>	Los Angeles Unified School District	<b>Charter Authorizer:</b>	Los Angeles Unified School District
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**Financing Description:** Proceeds will be used to finance and/or refinance the cost of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities located in Los Angeles; pay capitalized interest; fund related working capital; and pay certain costs of issuance.

**Project Site:** 1) 2755 W 15th St, Los Angeles, CA 90006; 2) 3435 W. Temple St., Los Angeles, CA 90026; 3) 697 S. Burlington Avenue, Los Angeles, CA 90057; and 4) 3500 and 3515 W. Temple Street, Los Angeles, CA 90004

<b>Financing Team:</b>		<b>Financing Details:</b>	
Bond Counsel:	Kutak Rock LLP	<b>Type of Issue:</b>	Charter School Revenue Bonds
Underwriter:	RBC Capital Markets, LLC	<b>Tax Status:</b>	Tax-Exempt & Taxable
Borrower’s Counsel:	Musick, Peeler & Garrett LLP	<b>Designation:</b>	Sustainability Bonds (Social and Green)
Underwriter’s Counsel:	Orrick, Herrington & Sutcliffe LLP	<b>Maturity:</b>	2058
Issuer’s Counsel:	Office of the Attorney General	<b>Credit Enhancement:</b>	Yes
Financial Advisor:	Campanile Group, Inc.	<b>Credit Rating:</b>	BB+
Bond/ Trustee:	US Bank Trust Company, National Association	<b>Fees:</b>	See Costs of Issuance Table

<b>CSFA Analyst:</b> Katrina Johantgen	<b>Date of Staff Report:</b> February 16, 2023
<b>Date of CSFA Board Meeting:</b> February 23, 2023	<b>Resolution Number:</b> 23-05
<b>Staff Recommendation:</b> Staff recommends the Authority Board approve Resolution Number 23-05 authorizing the issuance of Revenue Bonds in an amount not to exceed \$15,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located in Los Angeles County for use by Camino Nuevo Charter Academy.	

**BACKGROUND AND HISTORY**

Obligated Group Schools	Authorizer	Grades Served	School Year Established	Original Petition Approved	Most Recent Renewal	Charter Expiration*
Camino Nuevo Charter Academy (Burlington Schools)	LAUSD	TK-8	2000-2001	2000	2020	6/30/2027
Camino Nuevo Charter Academy (Castellanos/Eisner Schools)	LAUSD	TK-8	2010-2011	2010	2020	6/30/2027
Camino Nuevo High (Dalzell Lance)	LAUSD	9-12	2013-2014	2013	2018	6/30/2025

\* AB 130 (2021-22) extended all charter terms set to expire between January 1, 2022, and June 30, 2025 by two years

The demographics for the financed schools include:

2021-22 Demographics	Camino Nuevo Charter Academy (Burlington Schools)	Camino Nuevo Charter Academy (Castellanos/Eisner Schools)	Camino Nuevo High (Dalzell Lance)
American Indian / Alaska Native	0.20%	0.30%	0.40%
Asian / Pacific Islander / Filipino	0.20%	0.60%	2.60%
Black / African American	0.00%	0.30%	0.00%
Hispanic	99.30%	86.90%	87.20%
White	0.00%	1.20%	1.20%
Multiracial / Unspecified	0.30%	10.70%	8.70%
Free/Reduced Lunch	84.30%	91.80%	91.50%

The historical, current and projected enrollment for the financed schools are below:

Camino Nuevo Charter Academy (Burlington Schools)									
Grade Level	Historical				Current	Projected			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
TK/K	66	95	78	86	106	106	106	106	106
1 <sup>st</sup> Grade	64	63	63	62	69	66	66	66	66
2 <sup>nd</sup> Grade	65	63	64	63	62	63	63	63	63
3 <sup>rd</sup> Grade	64	65	62	63	62	63	63	63	63
4 <sup>th</sup> Grade	62	63	65	61	63	62	62	62	62
5 <sup>th</sup> Grade	60	61	62	64	60	62	62	62	62
6 <sup>th</sup> Grade	60	61	60	60	62	60	60	60	60
7 <sup>th</sup> Grade	61	60	61	59	61	60	60	60	60
8 <sup>th</sup> Grade	61	61	62	61	60	60	60	60	60
<b>Total</b>	<b>563</b>	<b>592</b>	<b>577</b>	<b>579</b>	<b>605</b>	<b>602</b>	<b>602</b>	<b>602</b>	<b>602</b>

Camino Nuevo Elementary #3 (Jose A. Castellanos/Jane B. Eisner Schools)									
Grade Level	Historical				Current	Projected			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
TK/K	90	86	74	72	94	92	92	92	92
1 <sup>st</sup> Grade	88	79	72	69	66	75	75	75	75
2 <sup>nd</sup> Grade	77	87	77	68	70	75	75	75	75
3 <sup>rd</sup> Grade	91	77	87	73	69	75	75	75	75
4 <sup>th</sup> Grade	82	84	77	86	78	75	75	75	75
5 <sup>th</sup> Grade	84	83	87	76	87	84	84	84	84
6 <sup>th</sup> Grade	93	91	82	76	93	93	93	93	93
7 <sup>th</sup> Grade	92	92	93	82	88	96	93	93	93
8 <sup>th</sup> Grade	93	88	91	92	86	90	93	93	93
<b>Total</b>	<b>790</b>	<b>767</b>	<b>740</b>	<b>694</b>	<b>731</b>	<b>755</b>	<b>755</b>	<b>755</b>	<b>755</b>

Camino Nuevo High #2 (Dalzell Lance High School)									
Grade Level	Historical				Current	Projected			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
9 <sup>th</sup> Grade	117	115	123	125	143	145	145	145	145
10 <sup>th</sup> Grade	115	114	127	122	120	130	130	130	130
11 <sup>th</sup> Grade	116	120	104	119	112	120	120	120	120
12 <sup>th</sup> Grade	112	105	116	137	106	113	113	113	113
<b>Total</b>	<b>460</b>	<b>454</b>	<b>470</b>	<b>503</b>	<b>481</b>	<b>508</b>	<b>508</b>	<b>508</b>	<b>508</b>

All Obligated Schools									
Grade Level	Historical				Current	Projected			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
TK/K	156	181	152	158	200	198	198	198	198
1 <sup>st</sup> Grade	152	142	135	131	135	141	141	141	141
2 <sup>nd</sup> Grade	142	150	141	131	132	138	138	138	138
3 <sup>rd</sup> Grade	155	142	149	136	131	138	138	138	138
4 <sup>th</sup> Grade	144	147	142	147	141	137	137	137	137
5 <sup>th</sup> Grade	144	144	149	140	147	146	146	146	146
6 <sup>th</sup> Grade	153	152	142	136	155	153	153	153	153
7 <sup>th</sup> Grade	153	152	154	141	149	156	153	153	153
8 <sup>th</sup> Grade	154	149	153	153	146	150	153	153	153
9 <sup>th</sup> Grade	117	115	123	125	143	145	145	145	145
10 <sup>th</sup> Grade	115	114	127	122	120	130	130	130	130
11 <sup>th</sup> Grade	116	120	104	119	112	120	120	120	120
12 <sup>th</sup> Grade	112	105	116	137	106	113	113	113	113
<b>Total</b>	<b>1813</b>	<b>1813</b>	<b>1787</b>	<b>1776</b>	<b>1817</b>	<b>1865</b>	<b>1865</b>	<b>1865</b>	<b>1865</b>

**PROJECT DESCRIPTION**

Camino Nuevo Charter Academy (the Lessee) educates students in a college preparatory program to be literate, critical thinkers, and independent problem solvers who are agents of social justice with sensitivity toward the world around them.

Camino Nuevo Charter Academy was founded in 1999 by Pueblo Nuevo Development, a nonprofit community development corporation in the MacArthur Park neighborhood west of downtown Los Angeles. The first campus opened its doors to students in August 2000. The MacArthur Park neighborhood is one of the city's most under-resourced and densely populated neighborhoods. Most of the residents are immigrants from Mexico and Central America. In 1992, Dr. Philip Lance began working with residents of the community to find ways to address the severe economic and social needs in the area. Over the next 10 years, several organizations and businesses grew out of this effort, including a thrift store, a worker-owned janitorial company, a non-profit community development corporation, a free clinic and Camino Nuevo Charter Academy. Together, these organizations have transformed the MacArthur Park neighborhood into a safe and healthy place to live and Camino Nuevo schools have provided children with outstanding and enriched educational opportunities.

Facilities Information				
Site	Landlord	Location	Purpose	Amount
Administrative Offices <sup>1</sup>	GNLA 3435 W Temple LLC (to be formed)	3435 W. Temple St.	Refinancing (Wells Fargo)	\$701,225
Jane B. Eisner	Fifteenth and Ardmore LLC	2755 W 15th St	Refinancing (Wells Fargo)	\$1,223,814
Dalzell Lance	3500 West Temple Los Angeles LLC	3500 and 3515 W. Temple St	Refinancing (CSFA Bonds)	\$5,006,755
Burlington	GNLA 697 S Burlington LLC	697 S Burlington LLC	Refinancing (CSFA Bonds)	\$4,367,551
<b>Total Estimated Project Costs</b>				<b>\$11,299,345</b>

## FINANCING

**Borrower:** Grupo Nuevo Los Angeles, a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 is the borrower. The Borrower was formed for the specific purpose of developing charter schools.

### Security and Source of Payment

The Series 2023 Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Bond Trustee pursuant to the Loan Agreement, the Intercepts, and the Obligations issued by the Borrower in an amount equal to the aggregate principal amount of the Series 2023 Bonds pursuant to the Master Indenture.

Funds received by the Trustee pursuant to the Intercept will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including the payment of debt service on the Bonds. Under the laws of the State of California, no party, including the lessee, the Borrower, or any of their respective creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the State Controller's Office pursuant to the Intercept.

### Plan of Finance

The proceeds of the Series 2023 Bonds will be used to (1) refinance costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping (A) an educational facility known as Camino Nuevo Elementary #3, located at 2755 W 15th St, Los Angeles, CA 90006 (Eisner Middle Campus), (B) administrative offices, located at 3435 W. Temple St., Los Angeles, CA 90026 (Head Office Facility), (C) an educational facility known as Camino Nuevo High School #2, located at 3500 and 3515 W. Temple Street, Los Angeles, CA 90004 (Dalzell High Campus) and (D) an educational facility known as Camino Nuevo Charter Academy, located at 697 S. Burlington Avenue, Los Angeles, CA 90057 (Burlington Campus and collectively with Eisner Middle Campus, Head Office Facility, and Dalzell High Campus, the Facilities); (2) finance certain capital improvements to the Facilities; (3) pay capitalized interest on the Series 2023 Bonds; (4) fund a debt service reserve fund with respect to the Series 2023 Bonds; (5) fund related working capital; and (6)

<sup>1</sup> The Head Office facility will be leased by its Lessor to Pueblo Nuevo Education and Development Group (PNEDG), a California nonprofit public benefit corporation, an entity described in Section 501(c)(3) of the Code, and the sole corporate member of the Lessee and the Borrower. PNEDG operates in the Head Office facility to provide administrative and management services to the Lessee.

pay certain expenses incurred in connection with the issuance of the Series 2023 Bonds (collectively, the Project).

A deposit to the Reserve Account for the Series 2023 Bonds in an amount of the Reserve Account Requirement will be funded by proceeds of a grant pursuant to the Authority’s Charter School Facilities Credit Enhancement Program or another similar program administered by the Authority.

**Preliminary Sources and Uses and Preliminary Costs of Issuance**

Below are the preliminary estimated sources and uses, and detailed information about the expected costs of issuance for board consideration. Please note these figures are subject to change between the time the board packets are distributed and the time the board meets and are further subject to final pricing. Members will be provided updated figures should significant changes occur before the board meeting date.

**Sources and Uses\***

<b>Sources:</b>	<b>Series 2023A (Tax-Exempt)</b>	<b>Series 2023B (Taxable)</b>	<b>Total</b>
<b>Bond Proceeds</b>			
Par Amount:	\$11,540,000	\$460,000	\$12,000,000
Bond Premium:			
Credit Enhancement Grant:	\$769,450		\$769,450
<b>Total:</b>	<b>\$12,309,450</b>	<b>\$460,000</b>	<b>\$12,769,450</b>
<b>Uses:</b>	<b>Series 2023A (Tax-Exempt)</b>	<b>Series 2023B (Taxable)</b>	<b>Total</b>
Project Fund Deposit			
Admin Office	\$701,225		\$701,225
Jane B. Eisner	\$1,223,814		\$1,223,814
Dalzell	\$5,006,755		\$5,006,755
Burlington	\$4,367,551		\$4,367,551
Debt Service Reserve Fund	\$769,450		\$769,450
Capitalized Interest Fund:			
Cost of Issuance:	\$81,325	\$451,225	\$532,550
Underwriter’s Discount:	\$158,675	\$6,325	\$165,000
Contingency:	\$655	\$2,450	\$3,105
<b>Total</b>	<b>\$12,309,450</b>	<b>\$425,000</b>	<b>\$12,769,450</b>

**Total Costs of Issuance\***

Expense	Amount
Issuer Fee	\$16,000.00
Annual Admin Fee	1,800.00
Agent-for-Sale Fee	8,000.00
CDLAC Fee	3,000.00
Issuer's Counsel Fee	10,000.00
Financial Advisor Fee	85,000.00
Financial Management Consultant	-
Bond Counsel Fee	120,000.00
Borrower's Counsel Fee	90,000.00
Underwriter's/Disclosure Counsel Fee	85,00.00
Rating Agency Fee (If Applicable)	40,000.00
Trustee Fee	7,500.00
Trustee's Counsel Fee	1,500.00
Financial Printer Fee	5,000.00
Underwriter's Discount	-
Title Insurance Fee	35,000.00
Appraiser Fee	24,750.00
Contingency	-
Other:	-
<b>Total</b>	<b>\$532,550</b>

*\*Estimates based on principal amount of \$12,000,000.*

**Credit Enhancement** - There will be a not-to-exceed \$2,000,000 credit enhancement award for the Borrower, on behalf of Jose A. Castellanos School /Jane B. Eisner Middle School, Dalzell Lance High School, and Burlington School, for this financing that will be before the Authority Board as subsequent agenda items at the February 23, 2023, meeting. If approved, the enhancement awards will fund up to \$2,000,000 of the financing's debt service reserve fund, reducing the overall borrowing cost for the Borrower. *The actual award amount will be finalized at pricing of the bonds.*

**SALES RESTRICTIONS**

The following sales restrictions will apply to the financing given the expected below-investment grade rating of "BB+". The Authority's sales restrictions may be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

1. Bonds will be in minimum denominations of \$250,000;
2. Bonds will be privately placed or publicly offered initially to Qualified Institutional Buyers (QIBs) and Accredited Investors (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 will be 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 \$100,000; 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
7. Bond payments will be made via the intercept mechanism outlined in Education Code section 17199.4.

## OTHER PROJECT DATA

**Tax Equity and Fiscal Responsibility Act (TEFRA):** The TEFRA Notice was published on the Authority's Webpage on January 13, 2023. The TEFRA hearing took place on January 26, 2023, and no comments were received.

**Due Diligence Undertaken to Date:** The financial, operating, and other information concerning the Borrower, the Project, and related matters presented in this Staff Summary were provided by the Borrower, Lessee, and Underwriter. The analysis contained herein was prepared by Authority Staff for the limited purpose of determining financial feasibility pursuant to Education Code section 17183.5 and providing the Authority Board with information concerning certain aspects of the Project. The review undertaken by Authority staff, the recommendation of Authority Staff to the Authority Board to approve the financing, or any approval by the Authority Board are not intended to, and did not, include all of the due diligence activities and other investigations necessary or desirable for the purpose of making an investment decision relating to the making of the financing by the Lender, and should not be relied on by any party for such purpose.

**Borrower Financial Data:** The Borrower is a California nonprofit public benefit corporation and an entity described in Section 501(c)(3) of the Code, and was formed in 2012 to support charter schools, including the charter schools operated by the Lessee, by holding title to property and managing, operating and leasing property. The Borrower will use a portion of the proceeds of the Series 2023 Bonds to complete the Project.

Each Landlord is a California limited liability company formed as a single purpose entity solely owned by the Borrower with no assets other than the respective Facility owned or leased by it and its rights under the Lease, which will be assigned to the Trustee. Each Landlord was formed for the purpose of owning facilities and is not expected to have any other assets or revenue available to it to make payments due under the Loan Agreement.

## STAFF RECOMMENDATION

Staff recommends the board adopt Resolution 23-05, authorizing the issuance of revenue bonds in an amount not to exceed \$15,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities located in Los Angeles County, California for use by or for the benefit of Camino Nuevo Charter Academy.

1. **Applicant / Borrower:** Grupo Nuevo Los Angeles
2. **Project:** Refinancing



3. **Amount of Financing:** Not to exceed \$15,000,000
4. **Maturity:** 35 years (Not-to-exceed 40 years)
5. **Repayment/Security:** Lease Payments
6. **Preliminary Interest Rate:** 5.35%
7. **Preliminary Cost of Issuance:** The preliminary Costs of Issuance is \$532,550.00.
8. **Not an Unconditional Commitment:** The Authority resolution shall not be construed as unconditional commitment to finance the Project, but rather the Authority's approval pursuant to the resolution conditioned upon entry by the Authority and Borrower into a loan agreement, in form and substance satisfactory to the Authority and its counsel.
9. **Limited Time:** The Board's approval expires 12 months from the date of its adoption. Thus, CSFA must issue the bonds no later than 12 months from that date. Once the approval has expired, the item must return to the Board for new approval.

**APPENDIX A:  
SCHOOL GOVERNANCE**

**Board of Directors**

David Gidlow	President
Gil Flores	Treasurer
Celia Garcia Alvarado, Ed.D	Member
Lida Jennings	Member
Elena Lopez	Member
Jazmin Ortega	Member
Tamara Ritchey Powers	Member
Cindy Lee Smet	Member
Areli Villarreal	Member
Dr. Philip Lance	Founder and Board President Emeritus
Paul Cummins	Co-Founder and Board President Emeritus

**Administrators**

Adriana Abich	Chief Executive Officer
Jessica Cuellar	Vice President of Student and Family Support
Rachel Hazlehurst	Chief Academic Officer
Margaret Domingo	Vice President of Human Resources
Charles Miller	Vice President of Schools
Chantavia Moore	Vice President of Operations and Strategy

**APPENDIX B:  
ESTIMATED BUDGET PROJECTIONS AND ENROLLMENT**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>Enrollment</b>	<b>1817</b>	<b>1865</b>	<b>1865</b>	<b>1865</b>	<b>1865</b>
<b>Revenues</b>					
Local Control Funding Formula Sources	23,529,896	26,407,092	27,468,340	28,490,468	29,059,708
Federal Revenue	5,549,974	4,406,436	2,740,072	2,493,196	2,493,196
Other State Revenue	3,828,681	2,507,589	2,378,533	2,276,057	2,405,687
Other Local Revenue	1,755,273	1,801,967	1,803,943	1,805,846	1,807,437
Grants/Fundraising	92,012	-	-	-	-
Other Prior Year Adjustment	103,891	-	-	-	-
<b>Total Revenues</b>	<b>34,859,727</b>	<b>35,123,085</b>	<b>34,390,888</b>	<b>35,065,567</b>	<b>35,766,028</b>
<b>Expenses before Base Lease payments</b>					
Certificated Salaries	9,871,367	10,112,397	10,091,439	10,166,175	10,359,008
Classified Salaries	4,529,138	4,573,454	4,113,209	4,195,473	4,279,383
Employee Benefits	5,005,588	5,111,867	4,883,494	4,953,333	5,097,671
Supplies	2,356,144	2,088,395	1,699,873	1,706,640	1,770,495
Operating Services	11,704,237	9,993,707	10,205,546	10,526,791	10,758,722
Capital Outlay	545,767	555,744	505,380	415,874	296,459
Other Outgo	-	-	-	-	-
<b>Total Expenses Before Base Lease Payments</b>	<b>34,012,241</b>	<b>32,435,564</b>	<b>31,498,942</b>	<b>31,964,287</b>	<b>32,561,737</b>
<b>Net income available for Base Lease payments</b>	<b>847,486</b>	<b>2,687,521</b>	<b>2,891,947</b>	<b>3,101,280</b>	<b>3,204,291</b>
<b>Estimated Base Lease payments</b>	<b>191,750</b>	<b>767,000</b>	<b>765,313</b>	<b>763,358</b>	<b>766,135</b>
<b>Payment Coverage</b>	<b>4.42</b>	<b>3.50</b>	<b>3.78</b>	<b>4.06</b>	<b>4.18</b>
<b>Projected Cash Balance</b>	<b>11,973,435</b>	<b>14,310,289</b>	<b>16,565,919</b>	<b>18,497,199</b>	<b>20,253,141</b>
<b>Days Cash on Hand</b>	<b>128</b>	<b>157</b>	<b>187</b>	<b>206</b>	<b>222</b>