

MEMORANDUM

Staff Summary No. 5

Date: February 23, 2023

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 23-06 – Approving the Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in an Amount Not to Exceed \$1,000,000 to Grupo Nuevo Los Angeles on Behalf of Camino Nuevo Charter Academy and Camino Nuevo Charter Academy (Burlington Campus); Camino Nuevo High School #2 (Dalzell Lance High School); and Camino Nuevo Elementary #3 (Jane B. Eisner Middle School), Located in Los Angeles 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 Charter Access to Bank Loan (Charter ABLE) 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 \$20,000,000 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: The proceeds of the Bonds will be used (1) to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping (the “Project”) of educational facilities for the charter schools known as (a) Camino Nuevo Charter Academy (Burlington Campus), located at 697 S. Burlington Ave., Los Angeles, CA 90057, (b) Camino Nuevo High School #2 (Dalzell Lance High School), located at 3500 & 3515 W. Temple Street Los Angeles, CA 90004, (c) Camino Nuevo Elementary #3 (Jane B. Eisner Middle School), located at 2755 W 15th Street, Los Angeles, CA 90006, and (d) Pueblo Nuevo Education and Development Group Administrative Offices, located at 3435 W. Temple Street, Los Angeles, CA 90026; (2) to pay certain expenses incurred in connection with the issuance of the Bonds; and (3) to fund a debt service reserve fund and a repair and replacement fund with respect to the Bonds.

Grupo Nuevo Los Angeles (the “Borrower”), on behalf of Camino Nuevo Charter Academy (CNCA), is applying for an enhancement award in the amount not-to-exceed \$1,000,000. *However, the anticipated debt service amount is less than \$800,000. The final award amount will be finalized at the time the bonds are priced and sold.* According to information provided by the Borrower, by helping to finance a debt service reserve fund that would otherwise be financed with bond proceeds, the CE Grant allows the Borrower to reduce its borrowing costs. Additionally the Grant will reduce the overall lease costs for the three CNCA schools in this financing, Camino Nuevo Charter Academy – Burlington Campus (CNBC), Camino Nuevo High School #2 – Dalzell Lance High School (CNDLHS) and Camino Nuevo Elementary #3 –

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Jane B Eisner Middle School (CNJEMS).

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

- Good Standing – The Authority agreed to receive Good Standing confirms for CNBC, CNDLHS and CNJEMS the week of 1/23 from the schools' authorizer, Los Angeles Unified School District. *Staff does not anticipate a finding to the contrary but will confirm receipt and status at the Board meeting.*
- Ability to secure 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 (applicant has a BB pending credit rating and a competent and CSFA experienced financing team).
- CNBC, CNDLHS and CNJEMS meet several of the free and reduced priced lunch thresholds, including having over 80% FRPM at their respective campuses and both schools being located in a school district (Los Angeles Unified) in which more than 50% of the student population is eligible for free or reduced-price lunches.

Recommendation: Staff recommends the Board adopt Resolution No. 23-06, awarding the Borrower, on behalf of Camino Nuevo Charter Academy, operator of Camino Nuevo Charter Academy (Burlington Campus), Camino Nuevo High School #2 (Dalzell Lance High School) and Camino Nuevo Elementary #3 (Jane B Eisner Middle School), a Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in a not-to-exceed amount of \$1,000,000.