

**\$20,000,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY (AUTHORITY)**  
**CHARTER SCHOOL REVENUE BONDS**  
**(PHOENIX CHARTER ACADEMY)**  
**SERIES 2023A \$19,000,000 (TAX-EXEMPT) AND 2023B \$1,000,000 (TAXABLE)**  
**ITEM #4 RESOLUTION 23-43**  
**STAFF SUMMARY**

**EXECUTIVE SUMMARY**

<b>Applicant/Borrower:</b>	PCA Facilities Shasta View, LLC	<b>Par Amount Requested:</b>	Not-to-Exceed * \$20,000,000
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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> 5.50%
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**Applicant Description:** PCA Facilities Shasta View, LLC, a California limited liability company, is the Borrower. The Borrower was formed for the specific purpose of supporting its sole member, Phoenix Charter Academy, which is a California nonprofit corporation operating the Phoenix Charter Academy College View charter school, and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

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

<b>Project User:</b>	Phoenix Charter Academy College View	<b>County Served:</b>	Shasta County
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<b>District in Which Project is Located:</b>	Columbia Elementary School District & Shasta Union High School District	<b>Charter Authorizer:</b>	Columbia Elementary School District
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**Financing Description:** Proceeds will be used to finance and/or refinance the cost of acquisition, construction, expansion, rehabilitation, renovation, furnishing and/or equipping of certain educational facilities located in Redding, CA; pay capitalized interest; fund related working capital and a debt service reserve fund, and/or a repair and replacement fund; and pay certain costs of issuance.

**Project Site:** 145 Shasta View Drive, Redding, CA

<b>Financing Team:</b>		<b>Financing Details:</b>	
Bond Counsel:	Stradling Yocca Carlson & Rauth, P.C.	<b>Type of Issue:</b>	Charter School Revenue Bonds
Underwriter:	Herbert J. Sims & Co. Inc.	<b>Tax Status:</b>	Tax-Exempt & Taxable
Borrower's Counsel:	Kutak Rock LLP	<b>Maturity:</b>	2063
Financial Advisor:	Key Charter Advisors, LLC	<b>Credit Enhancement:</b>	Yes
Underwriter's Counsel:	Ice Miller LLP	<b>Credit Rating:</b>	Unrated
Issuer's Counsel:	Office of the Attorney General	<b>Fees:</b>	See Costs of Issuance Table
Bond/ Trustee:	U.S. Bank Trust Company, N.A.		

<b>Date of CSFA Board Meeting:</b> September 28, 2023	<b>Resolution Number:</b> 23-43
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**Staff Recommendation:** Staff recommends the Authority Board approve Resolution Number 23-43 authorizing the issuance of Revenue Bonds in an amount not to exceed \$20,000,000 to finance and/or refinance the acquisition, construction, installation, improvement, furnishing, and equipping of certain educational facilities located in Shasta County for use by Phoenix Charter Academy.

## BACKGROUND AND HISTORY

Phoenix Charter Academy (PCA or the Lessee) opened in 2017 as a non-site-based school with a focus on the greater Redding/Lake Shasta region. The PCA charter was approved by the Whitmore Union Elementary School District. In 2022, the Columbia Elementary School District (CESD) approved a separate PCA charter allowing PCA to operate as a classroom-based charter school, Phoenix Charter Academy College View (PCACV). The initial PCA charter shuttered at the end of the 21-22 school year and PCACV has been in operation since July 2022.

PCACV is a TK-12 hybrid home and in-class school that approximately 300 students. Students attend in-person instructions four days a week and are educated remotely one. Additionally, there is a fully independent homeschool program for students that are exclusively non-classroom based. Revenues from both the site-based and non-site-based programs are pledged to PCACV rent. Overall, PCACV meets all criteria of a “classroom-based charter school” under the Education Code.

The Lessee is the sole member of PCA Facilities Shasta View LLC (PCA LLC), which will serve as the borrower for the bond issue. The Lessee will lease the financed facilities from PCA LLC for the operation of PCACV. Charter terms and demographics for PCA are highlighted below.

School	Authorizer	Grades Served	School Year Established	Original Petition Approved	# of Renewals	Most Recent Renewal	Charter Expiration
Phoenix Charter Academy College View	CESD	K-12	2022	March 2022	0	N/A	6/30/2027

Demographic Identifier	% of Students
American Indian/Alaska Native	2.2%
Asian	2.6%
African American	0.0%
Hispanic	15.6%
Native Hawaiian/Pacific Islander	0.7%
White	71.0%
Two or More Races	4.4%
Not Reported	3.3%
Socioeconomically Disadvantaged	59.0%
English Learners	0.0%
Students With Disabilities	5.0%
Foster Youth	0.0%
Homeless	2.9%

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

**PHOENIX CHARTER ACADEMY COLLEGE VIEW  
PROJECTED ENROLLMENT (CALPADS FALL 1)**

Actual							
Grade	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
TK/K	13	16	27	28	31	39	40
1	18	22	17	37	33	33	40
2	13	16	24	23	40	36	35
3	14	17	23	33	25	43	38
4	24	29	23	31	36	27	43
5	14	17	25	31	33	39	28
6	15	18	23	34	33	36	41
7	18	22	23	31	37	36	38
8	15	18	23	31	33	40	38
9	27	33	23	31	33	36	42
10	30	37	36	31	33	36	38
11	33	40	35	49	33	36	38
12	36	44	35	48	53	36	38
<b>Total</b>	<b>270</b>	<b>329</b>	<b>337</b>	<b>438</b>	<b>453</b>	<b>473</b>	<b>497</b>

Current actual enrollment for 23-24 is 293, with new students still being enrolled.

PROJECTED AVERAGE DAILY ATTENDANCE							
Grade	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
K-3	58.46	69.58	89.18	118.58	126.42	147.98	149.94
4-6	54.44	62.72	69.58	94.08	99.96	99.96	109.76
7-8	35.16	39.20	45.08	60.76	68.60	74.48	74.48
9-12	125.73	150.92	126.42	155.82	148.96	141.12	152.88
<b>Total</b>	<b>273.79</b>	<b>322.42</b>	<b>330.26</b>	<b>429.24</b>	<b>443.94</b>	<b>463.54</b>	<b>487.06</b>

This is the first issuance for PCA and PCACV.

**PROJECT DESCRIPTION**

The proceeds of the bonds will be used to: (1) finance and/or refinance the acquisition, construction, installation, improvement, furnishing and/or equipping of certain charter school educational facilities for the Lessee, consisting of approximately 3.91 acres located at 145 Shasta View Drive, Redding, CA, (2) pay certain expenses incurred in connection with the issuance of the Bonds, and (3) to fund all or a portion of a debt service reserve fund, capitalized interest, related working capital, and/or a repair and replacement fund in connection with the Bonds.

A deposit to the Reserve Account for the Series 2023 Bonds in an amount of the Reserve Account Requirement is expected to 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, if approved by the Authority.

Facilities Information				
Site	Landlord	Location	Purpose	Amount
Phoenix Charter Academy College View	PCA LLC	145 Shasta View Drive, Redding, 96003	Refinance land acquisition loan	\$800,000
Phoenix Charter Academy College View	PCA LLC	145 Shasta View Drive, Redding, 96003	New Construction	\$12,800,500
Phoenix Charter Academy College View	PCA LLC	145 Shasta View Drive, Redding, 96003	Project Reimbursements	\$1,100,000
<b>Total Estimated Project Costs</b>				<b>\$14,700,500</b>

The new PCACV facility is wood-framed and 23,000 square feet, containing 17 classrooms. The facility will be built on a 3.91 acre parcel located at 145 Shasta View Drive, on the corner of Shasta View Drive and College View Drive in Redding. Currently, PCACV is operating its program on a temporary site adjacent to the proposed new permanent campus location, using modular classrooms on land owned by Simpson University. PCACV will operate from this temporary adjacent site until completion of construction of the new permanent facility.

Another \$800,000 of proceeds will be used to repay a bridge loan PCA undertook to acquire the land for the facility site. Additionally, a not-to-exceed of \$1.5m will be used to reimburse PCA for project costs paid to date (currently estimated at \$1.1m, but preliminary and subject to change). PCA has adopted a previous Official Intent Resolution authorizing such reimbursement.

**FINANCING**

**Borrower:** PCA Facilities Shasta View, LLC, a California limited liability company, is the borrower. The Borrower was formed for the specific purpose of supporting its sole member, Phoenix Charter Academy, which is a California nonprofit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

**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, and the Intercept.

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.

**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 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>Enhancement Grant</b>	<b>Total</b>
<b>Bond Proceeds</b>				
Par Amount:	\$16,395,000.00	\$320,000.00	\$0.00	\$16,715,000.00
Bond Premium:				
Enhancement Grant			\$1,313,650.00	\$1,313,650.00
<b>Total:</b>	<b>\$16,395,000.00</b>	<b>\$320,000.00</b>	<b>\$1,313,650.00</b>	<b>\$18,028,650.00</b>
<b>Uses:</b>	<b>Series 2023A (Tax-Exempt)</b>	<b>Series 2023B (Taxable)</b>	<b>Enhancement Grant</b>	<b>Total</b>
Land Purchase Reimbursement	\$800,000.00			\$800,000.00
Previous Cost Reimbursements	\$1,100,000.00			\$1,100,000.00
Construction Costs	\$12,800,500.00			\$12,800,500.00
<b>Total Project Fund</b>	<b>\$14,700,500.00</b>			<b>\$14,700,500.00</b>
Debt Service Reserve Fund:			\$1,313,650.00	\$1,313,650.00
Capitalized Interest Fund:	\$1,365,058.00			\$1,365,058.00
Cost of Issuance:	\$77,075.00	\$317,925.00		\$395,000.00
Underwriter's Discount:	\$250,725.00			\$250,725.00
Contingency:	\$1,642.00	\$2,075.00		\$3,717.00
<b>Total</b>	<b>\$16,395,000.00</b>	<b>\$320,000.00</b>	<b>\$1,313,650.00</b>	<b>\$18,028,650.00</b>

**Total Cost of Issuance\***

<b>Expense</b>	<b>Amount</b>
Issuer Fee	\$14,036.25
Annual Admin Fee	2,507.25
Agent-for-Sale Fee	6,000
Issuer's Counsel Fee	8,000
Bond Counsel Fee	80,000
Borrower's Counsel Fee	80,000
Financial Consultant Fee	80,000
Underwriter's Counsel Fee	80,000
Trustee/Trustee Counsel Fee	6,500
Financial Printer Fee	5,000
Underwriter's Discount	250,725.00
Title Insurance Fee	25,100
Printer & Roadshow	5,000
CDIAC	5,000
Contingency	27,956.50
<b>Total</b>	<b>\$645,725.00</b>

\*Estimates based on principal amount of \$20,000,000.

**Credit Enhancement** - There will be a not-to-exceed \$1,500,000 credit enhancement award for the Borrower, on behalf of PCACV, for this financing, which will be before the Authority Board as a subsequent agenda item at the September 28, 2023 meeting. If approved, the enhancement award will fund up to \$1,500,000 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 likely below-investment grade rating. The Authority's sales restrictions may be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

### Sub-Investment Grade

1. Bonds will be in minimum denominations of \$100,000;
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 the bonds 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
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 September 21, 2023. The TEFRA hearing will take place on September 28, 2023, prior to the Board meeting, and no comments are anticipated. If any are received, they will be reported at the meeting.

**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, PCA Facilities Shasta View, LLC, is a California limited liability company, and was formed in 2020 to support the Lessee, by, among other things, holding title to property and managing, operating and leasing property. The Borrower will initially have no assets other than the financed Facility and its rights under the Lease, which will be assigned to the Trustee.

## STAFF RECOMMENDATION

Staff recommends the board adopt Resolution 23-43, authorizing the issuance of revenue bonds in an amount not to exceed \$20,000,000 to finance and/or refinance the acquisition, construction, installation, improvement, furnishing, and equipping of certain educational facilities located in Shasta County for use by Phoenix Charter Academy.

1. **Applicant / Borrower:** PCA Facilities Shasta View, LLC
2. **Project:** Refinancing and New Construction
3. **Amount of Financing:** Not to exceed \$20,000,000
4. **Maturity:** 40 years (Not-to-exceed 40 years)
5. **Repayment/Security:** Lease Payments
6. **Preliminary Interest Rate:** 6.75%
7. **Preliminary Cost of Issuance:** The preliminary Cost of Issuance is \$645,725.00
8. **Not an Unconditional Commitment:** The Authority resolution shall not be construed as an 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**

Patrick Keener	President
Rod Menezes	Member
Pamela Knickerbocker	Member
Kyle Knickerbocker	Member

**Administrators**

Patricia Dougherty, Ed.D.	Executive Director
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## APPENDIX B: ESTIMATED BUDGET PROJECTIONS AND ENROLLMENT

### Phoenix Charter Academy College View Financial Projections

	Estimated 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29
Grades Served	TK-12	TK-12	TK-12	TK-12	TK-12	TK-12	TK-12
<b>Enrollment</b>	<b>270</b>	<b>329</b>	<b>337</b>	<b>438</b>	<b>453</b>	<b>473</b>	<b>497</b>
<b>Average Daily Attendance ("ADA")</b>	<b>273.79</b>	<b>322.42</b>	<b>330.26</b>	<b>429.24</b>	<b>443.94</b>	<b>463.54</b>	<b>487.06</b>
Revenue Limit (LCFF)	\$ 3,220,284	\$ 4,110,673	\$ 4,281,531	\$ 5,733,318	\$ 6,105,374	\$ 6,277,108	\$ 6,793,476
Federal PCSGP Startup Grant	-	250,000	-	-	-	-	-
Other Federal Revenue	121,383	147,500	155,619	208,326	221,924	238,674	258,308
SB740 Facility Grant	359,486	457,836	487,464	654,591	698,762	752,789	815,826
Other State Revenue	299,412	277,926	293,225	392,539	418,162	449,723	486,718
Other Local Revenue *	2,474,837	33,000	34,817	46,609	49,651	53,398	57,791
<b>Total Revenue</b>	<b>\$ 6,475,402</b>	<b>\$ 5,276,935</b>	<b>\$ 5,252,656</b>	<b>\$ 7,035,383</b>	<b>\$ 7,493,873</b>	<b>\$ 7,771,692</b>	<b>\$ 8,412,119</b>
* Includes \$2.45m transfer in of ending balance from prior Whitmore charter							
Certificated Salaries	\$ 1,414,279	\$ 1,468,291	\$ 1,534,074	\$ 1,874,211	\$ 1,996,548	\$ 2,147,237	\$ 2,368,997
Non-Cert Salaries	337,672	349,861	430,042	503,034	535,869	576,314	593,445
Employee Benefits	757,172	766,606	828,150	1,002,342	1,067,769	1,148,359	1,249,085
Books & Materials	121,722	262,644	157,500	214,938	233,414	255,905	282,334
Services & Ops	1,131,124	1,290,342	1,387,804	1,659,435	1,716,265	1,792,038	1,882,966
Depreciation	38,500	15,000	5,000	5,000	5,000	5,000	5,000
Other Outgo	166,619	140,000	-	-	-	-	-
Rent Payments:	-	-	-	-	-	-	-
Simpson University - Temp Site	1,595,186	514,307	128,577	-	-	-	-
2023 Bond - Base Rent	-	-	585,025	1,310,050	1,310,250	1,309,750	1,308,550
<b>Total Expenditures</b>	<b>\$ 5,562,274</b>	<b>\$ 4,807,051</b>	<b>\$ 5,056,172</b>	<b>\$ 6,569,010</b>	<b>\$ 6,865,115</b>	<b>\$ 7,234,603</b>	<b>\$ 7,690,377</b>
<b>Net Income (Rev less Exp)</b>	<b>\$ 913,128</b>	<b>\$ 469,884</b>	<b>\$ 196,484</b>	<b>\$ 466,373</b>	<b>\$ 628,758</b>	<b>\$ 537,089</b>	<b>\$ 721,742</b>
Add Back: Depreciation	38,500	15,000	5,000	5,000	5,000	5,000	5,000
Add Back: 2023 Bond Base Rent (to LLC)	-	-	585,025	1,310,050	1,310,250	1,309,750	1,308,550
<b>Net Income Available For Rent Payments</b>	<b>\$ 951,628</b>	<b>\$ 484,884</b>	<b>\$ 786,509</b>	<b>\$ 1,781,423</b>	<b>\$ 1,944,008</b>	<b>\$ 1,851,839</b>	<b>\$ 2,035,292</b>
<b>Total 2023 Bond - Base Rent</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 585,025</b>	<b>\$ 1,310,050</b>	<b>\$ 1,310,250</b>	<b>\$ 1,309,750</b>	<b>\$ 1,308,550</b>
<b>Base Rent Coverage Ratio</b>			<b>1.34x</b>	<b>1.36x</b>	<b>1.48x</b>	<b>1.41x</b>	<b>1.56x</b>
	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2026-27</b>	<b>2026-27</b>
Beginning Cash Balance	-	901,747	1,463,411	1,623,683	2,054,657	2,648,884	3,202,364
Plus: Net Income	913,128	469,884	196,484	466,373	628,758	537,089	721,742
Plus: Depreciation	38,500	15,000	5,000	5,000	5,000	5,000	5,000
Net Cash Flow from Operating Activities	(144,366)	69,765	8,787	9,602	10,469	11,391	12,370
Net Cash Flow from Investing Activities	(1,908,108)	1,809,608	-	-	-	-	-
Net Cash Flow from Financing Activities	2,002,593	(1,802,593)	(50,000)	(50,000)	(50,000)	-	-
<b>Ending Cash Balance</b>	<b>901,747</b>	<b>1,463,411</b>	<b>1,623,683</b>	<b>2,054,657</b>	<b>2,648,884</b>	<b>3,202,364</b>	<b>3,941,476</b>
Total Expenditures	5,562,274	4,807,051	5,056,172	6,569,010	6,865,115	7,234,603	7,690,377
Less: Amortization	-	-	-	-	-	-	-
Less: Depreciation	(38,500)	(15,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
<b>Operating Expenses</b>	<b>5,523,774</b>	<b>4,792,051</b>	<b>5,051,172</b>	<b>6,564,010</b>	<b>6,860,115</b>	<b>7,229,603</b>	<b>7,685,377</b>
<b>Days Cash On Hand</b>	<b>60 days</b>	<b>111 days</b>	<b>117 days</b>	<b>114 days</b>	<b>141 days</b>	<b>162 days</b>	<b>187 days</b>