

MEMORANDUM

Staff Summary No. 6

Date: March 28, 2024

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution 24-05, Approving the Credit Enhancement (CDFA #84.354A) Award in an Amount Not to Exceed \$2,000,000 to Granada Hills Charter School, located in Los Angeles County.

Background: The California School Finance Authority (Authority) received a grant award in 2021 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 permitted early access funds to the Charter Finance Enhancement Program (Charter FinE). This federal grant, authorized under Title IV, Part C, Section 4304 of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), will provide \$10,000,000 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: At its March 28, 2024, meeting, the CSFA Board will be presenting a bond refinancing for Granada Hills Charter (GHC), in a not-to-exceed amount of \$40,000,000 for the Granada Hills Charter Phase 3 Modernization Construction Project. Bond proceeds will be used to replace the last original building at the Granada Hills Charter TK-8 campus with a new, approximately 39,000 sq ft building.

GHC is a BBB-rated credit. According to information provided by GHC, by helping to finance a debt service reserve fund that would otherwise be paid for by the network, the CE Grant allows GHC to return that money, directly to the classroom. Should the award be approved by the Board, GHC and its financing team will work with S&P to integrate the grant into the GHC credit rating outlook.

Eligibility Requirements: GHC meets all eligibility requirements of the Program, specifically:

- Good Standing – CSFA has confirmed with LAUSD that GHC K-12 is in good standing and those confirmations are on file.
- 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 – GHC has a confirmed BBB rating, and/or
- Applicant (1) is located in a school district and/or county where at least 50% of students do not meet the State standard for proficiency in either math or language on the state assessment, or (2) is located in a school district and/or county with more

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than 50% of the student population eligible for free or reduced-price lunch (Los Angeles Unified School District and Los Angeles County, where Granada Hills Charter is located, are substantially above this threshold), or (3) has 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. 24-05, awarding the Borrower, on behalf of the operator of Granada Hills Charter, a Charter Finance Enhancement Program (CDFA #84.354A) Award in a not-to-exceed amount of \$2,000,000.