

\$14,500,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY
EDUCATIONAL FACILITIES 2025 LOAN
(JAMES JORDAN MIDDLE SCHOOL)
ITEM #4 - RESOLUTION 25-14
STAFF SUMMARY

EXECUTIVE SUMMARY

Applicant/Borrower:	Phoenix Facilities, LLC
Par Amount Requested:	Not-to-Exceed \$14,500,000*
Financing Term:	Fixed rate, up to 30-year financing
Projected Interest Rate:	Not to exceed 5.75% (interest rate reduction pending)
Applicant Description:	James Jordan Middle School ("JJMS") is a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 that operates charter schools.
Borrower:	The Borrower will be Phoenix Facilities LLC (the "Borrower"), a California limited liability company, the sole member of which is JJMS. The Borrower was formed for the specific purposes of supporting James Jordan Middle School, which will be the Lessee or school loan borrower.
Type of Financing:	Educational Facilities Taxable Loan
Project User:	James Jordan Middle School
County Served:	Los Angeles County
District in Which Project is Located:	Los Angeles Unified School District
Charter Authorizer:	Los Angeles Unified School District
Financing Description:	Proceeds will be used to: 1) Refinance an existing Self-Help loan used to acquire and construct the Lanark Street facility; 2) Reimburse cost of acquisition and installation of a one-story modular building at the Lanark Street facility; 3) Refinance an existing Self-Help loan used to acquire the Strathern Street land adjacent to the Lanark Street facility; and 4) Pay cost of issuance.
Project Sites:	1) 18600 Lanark Street, Reseda, CA, 91335; and 2) 18619 Strathern Street Reseda, CA 91335.
Financing Details:	Type of Issue: Educational Facilities Fund Taxable Loan Tax Status: Taxable Maturity: Not to exceed 2065 Credit Enhancement: Yes Credit Rating: TBD – July 2025 (Likely BB/BB+) Fees: See Costs of Issuance Table
Financing Team:	Lender: Equitable Facilities Fund, Inc. ("EFF") Lender's Counsel: Orrick, Herrington & Sutcliffe LLP Borrower's Counsel: Young, Minney & Corr LLP Issuer's Counsel: Office of the Attorney General Master Trustee: TBD
CSFA Analyst:	Robby Biegler
Date of Staff Report:	June 20, 2025
Date of CSFA Board Meeting:	June 26, 2025
Resolution Number:	25-14

Staff Recommendation: Staff recommends the Authority Board approve Resolution Number 25-14 authorizing a loan in an amount not to exceed \$14,500,000 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 James Jordan Middle School.

Background and History: James Jordan Middle School (“JJMS”) opened as a stand-alone charter middle school (6th-8th) in Reseda in 2005. They remain a stalwart of the neighborhood after two decades of operation and their charter is authorized by LAUSD. Current charter term started July 1, 2020, and ends July 1, 2028. The Borrower is a California limited liability company that was formed for the specific purposes of supporting JJMS. This will be the first JJMS financing authorized and issued by CSFA. A Master Trust Indenture (MTI) will be created as part of this financing to manage any potential future JJMS CSFA financings.

Student Demographics 2024-25

Socioeconomically Disadvantaged	87%
African American	2%
Hispanic	92%
White, Non-Hispanic	2%
Other	4%
Students w/ Disabilities	16%
ELL	23%

Student Enrollment

JJMS has an enrollment capacity of 450 students and is currently at capacity. Current and projected enrollment for JJMS include:

James Jordan Middle School - 5-Year Enrollment Projections

Grade	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
6	155	155	155	155	155	155
7	150	150	150	150	150	150
8	145	145	145	145	145	145
Total	450	450	450	450	450	450

Lender: EFF is a Delaware nonstock nonprofit corporation that has 501(c)(3) tax-exempt status as a public charity. EFF was initially funded by philanthropic contributions from the Walton Family Foundation, and is organized to make low-cost, long-term, fixed rate loans to charter schools for facilities. The EFF program is set up as a revolving loan fund, so that as existing school loans are repaid, the loan repayment revenues can be used to make new loans. In addition, EFF has obtained, and will continue to seek, capital market financing in the form of tax-exempt bonds to leverage the revenue streams from their pool of school loans. Depending on the locations of the projects financed by the loans over time, EFF will issue bonds using various conduit issuers in various jurisdictions, and, as it did in connection with its prior bond issuances from 2019 through 2024, EFF will use the proceeds of such bonds to reimburse itself for loans it previously originated, in order to make additional loans.

Project Description: The proceeds of the bonds will be used to: (1) refinance an existing Self-Help loan used to acquire and construct the Lanark Street facility at 18600 Lanark Street, Reseda CA 91335; (2) reimburse cost of acquisition and installation of a one-story modular building at the Lanark Street facility at 18600 Lanark Street, Reseda CA 91335; (3) refinance an existing Self-Help loan used to acquire the Strathern Street land adjacent to the Lanark Street facility at 18619 Strathern Street, Reseda CA 91335; and (4) pay cost of issuance.

Facilities Information

Site	Landlord	Location	Purpose	Amount
JJMS Lanark Street	Phoenix Facilities LLC	18600 Lanark Street Reseda, 91335	Refinancing	\$11,934,672
JJMS Lanark Street	Phoenix Facilities LLC	18600 Lanark Street Reseda, 91335	Refinancing	\$1,000,000
JJMS Strathern Street	Phoenix Facilities LLC	18619 Strathern Street Reseda, 91335	Refinancing	\$653,614

In 2021 and 2023 JJMS took out two-separate Self-Help Credit Union (“SHCU”) loans of \$12,900,000 and \$675,000, respectively. SHCU is a community development financial institution that provides loans to public charter schools, childcare centers, community-focused real estate projects, affordable housing, and small businesses. The first loan financed the acquisition and construction of primary school facility, located at 18600 Lanark Street in Reseda. That facility is 27,879 square feet with 14 total classrooms and is owned by the Borrower. The second loan financed the acquisition of the lot adjacent to the Lanark Street site, at 18619 Strathern Street, Reseda. That lot is 22,507 square feet and is currently being used for parking and storage. It is also owned by the Borrower. Additionally, JJMS acquired a 2,065 square foot modular building for \$2,000,000 to be used as a library, multipurpose room, and indoor shelter space. A portion of the EFF loan will be used to reimburse \$1,000,000 of that cost with the remaining \$1,000,000 paid by JJMS.

Financing: In the proposed loan to the Borrower, structured as a conduit loan through CSFA, Orrick would act as EFF’s counsel. Although Orrick would not have an attorney-client relationship with CSFA on the JJMS transaction, Orrick would perform most, if not all, of the tasks ordinarily performed in other transactions when acting as bond counsel to CSFA. While these tasks are associated with the role of “bond counsel” for CSFA, there is no legal or ethical requirement that the firm performing these tasks represent the conduit issuer. In this transaction, EFF and JJMS have agreed that Orrick should perform these tasks because of its prior experience in doing so on similar transactions. The only difference on this transaction would be that Orrick’s client relationship is not with CSFA, but instead with EFF. Therefore, in this transaction, the Attorney General’s Office will represent CSFA (as issuer’s counsel), without need for an additional law firm to act as CSFA’s outside bond counsel. The financing will be structured as a tri-party loan, with EFF as the lender, CSFA as the conduit loan facilitator, and the Borrower. As with the previous loans through EFF, the intercept will lower the costs for JJMS vs. a conventionally-structured loan. The loan will be executed and delivered pursuant to a loan agreement among CSFA, EFF, and the Borrower.

A deposit to the Reserve Account for the Series 2025 Bonds in an amount of the Reserve Account Requirement is expected to be funded in whole or in part 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.

Security and Source of Payment: The loan will be secured by an Obligation issued by the Obligated Group under the Master Trust Indenture, including a pledge of rental revenues of the Obligated Group Schools (which initially will be only JJMS) and mortgages on all related real property interests naming Master Trustee as mortgagee. The rents under the lease with the Borrower will be subject to intercept. All payments subject to the Intercept shall only be transferred to EFF or the Master Trustee to repay the loan issued by CSFA or for payment of ground rent, if any. The loan will be evidenced by a Promissory Note, executed by the Borrower in favor of Charter School Finance 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 are

further subject to final pricing. Members will be provided updated figures should significant changes occur before the board meeting date.

Sources and Uses

Sources:		Total
Bond Proceeds		
Par Amount:		\$13,988,286
Enhancement Grant (TBD):		\$1,000,000
Total:		\$14,988,286
Uses:		Total
Project Fund Deposit		
JJMS Lanark Refinancing:		\$11,934,672
JJMS Lanark Modular:		\$1,000,000
JJMS Strathern Refinancing:		\$653,614
Cost of Issuance:		\$400,000
Enhancement Grant (TBD):		\$1,000,000
Total		\$14,988,286

Total Costs of Issuance*

Expense	Amount
Issuer Fee	\$17,250
Annual Admin Fee	2,175
Agent-for-Sale Fee	3,500
Issuer's Counsel Fee	20,000
Bond Counsel Fee	130,000
Borrower's Counsel Fee	75,000
S&P Rating Fee	20,000
Underwriters/Disclosure Counsel Fee	5,000
Trustee/Trustee Counsel Fee	9,500
Title Insurance Fee	75,000
Contingency Budget	42,575
Total	\$400,000

**Estimates based on principal amount of \$14,500,000.*

Sales Restrictions

The following sales restrictions will apply. The Authority's sales restrictions can be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

The Loan will be non-transferable except between EFF and its affiliated entity, Equitable School Revolving Fund, LLC ("ESRF"), and in the case of default, to QIBs (note, EFF itself qualifies as a QIB). The following restrictions will apply:

1. The Note will not be broken into smaller denominations;
2. The Note will be privately placed with EFF and/or ESRF;
3. EFF and ESRF will each be required to execute an Investor Letter;
4. Subsequent transfers of the Note will be limited to transfers between EFF and ESRF or to Qualified Institutional Buyers in the case of a default;
5. Sales restrictions will be conspicuously noted on the Note and described in detail in offering materials, if any, as well as included in the Loan documents;
6. Loan repayments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code.

Other Project Data

Tax Equity and Fiscal Responsibility Act (TEFRA): Not applicable as this is a taxable loan.

Due Diligence Undertaken to Date: The financial, operating and other information concerning the Borrower, the Project and related matters presented in this Staff Summary was provided by the Borrower and Lender. The analysis contained herein was prepared by CSFA Staff for the limited purpose of determining financial feasibility pursuant to Section 17183.5 of the CSFA Act and providing the CSFA Board with information concerning certain aspects of the Project. The review undertaken by CSFA staff, the recommendation of CSFA Staff to the CSFA Board to approve the financing, or any approval by the CSFA 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: Pursuant to Section 17183.5 of the CSFA Act, financing through the Authority is to be provided only to projects demonstrated by the participating party to be financially feasible. In demonstrating feasibility, the participating party may take into account all of its funds and may base future projections upon historical experience or reasonable expectations, or a combination thereof. Nothing in Section 17183.5 shall be construed to imply that any project is required to produce revenue in order to be financed under this chapter.

Staff Recommendation

Staff recommends the board adopt Resolution 25-14 authorizing the issuance of revenue bonds in an amount not to exceed \$14,500,000 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 James Jordan Middle School.

1. **Applicant / Borrower:** Phoenix Facilities LLC
2. **Project:** Refunding outstanding debt
3. **Amount of Financing:** Not to exceed \$14,500,000
4. **Maturity:** 30 years (Not-to-exceed 30 years)
5. **Repayment/Security:** Intercept of Lease Payments and Deed of Trust on Real Property
6. **Preliminary Interest Rate:** 5.75% (does not account for interest rate reduction due to CE grant – rate will be reduced by 20 bps)
7. **Preliminary Cost of Issuance:** The preliminary estimated Costs of Issuance is \$400,000
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.

Limited Time: The Board's approval expires 12 months from the date of its adoption. Thus, CSFA must issue the loan 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

School Leadership

Member	Position
Myranda S. Marsh	Executive Director
Griselda Lara	Principal
Paola Guerrero	Vice Principal
Victor Albores	Chief Operations Officer

Board of Directors

Member
Nancy Mondragon, Chair
Tiffany Barillas, Treasurer
Vanessa Garza, Secretary
Pablo Garza, Member
Evelyn Castillo, Member

APPENDIX B: BUDGET PROJECTIONS

Balance Sheet	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029
Assets						
Cash	2,279,240	2,151,598	1,793,184	1,900,457	2,084,285	2,351,104
Accounts Receivable	1,397,585	935,984	1,025,622	1,056,509	1,074,090	1,109,631
Due From Others	2,403,191	2,416,836	2,416,836	2,416,836	2,416,836	2,416,836
Deposits	16,128	16,128	16,128	16,128	16,128	16,128
Prepays	203,297	213,517	217,787	222,143	226,586	231,118
Net Fixed Assets	164,521	1,163,085	1,120,715	1,079,030	1,043,855	1,017,828
Other Long Term Assets	11,931,805	11,552,355	11,160,543	10,755,968	10,338,213	9,906,849
Total Assets	18,395,766	18,449,503	17,750,815	17,447,072	17,199,992	17,049,493
Liabilities						
Accounts Payable	150,192	142,682	135,548	128,770	122,332	116,215
Payroll Liabilities	16,699	-	-	-	-	-
Due to Others	874,223	574,066	404,575	417,755	431,364	445,416
Current Loans	-	-	-	-	-	-
Deferred Revenue	1,264,904	641,958	267,674	88,495	-	-
Sale of Future Receivables	-	-	-	-	-	-
Accrued Vacation	28,329	28,329	28,329	28,329	28,329	28,329
Long Term Debt	-	-	-	-	-	-
Other Long Term Liabilities	11,552,355	11,160,543	10,755,968	10,338,213	9,906,849	9,461,432
Total Liabilities	13,886,701	12,547,578	11,592,094	11,001,562	10,488,873	10,051,393
Equity						
Beginning Fund Balance	4,087,378	4,509,065	5,901,925	6,158,722	6,445,510	6,711,118
Net Income/(Loss)	421,687	1,392,860	256,797	286,788	265,609	286,982
Total Equity	4,509,065	5,901,925	6,158,722	6,445,510	6,711,118	6,998,100
Total Liabilities & Equity	18,395,766	18,449,503	17,750,815	17,447,072	17,199,992	17,049,493

Difference	-	-	-	-	-	-
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Ratios	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029
Cash Ratio	1.58	2.22	2.99	3.76	4.19
Quick Ratio	2.27	3.49	4.66	5.70	6.16
Debt-Equity Ratio*	-	-	-	-	-
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A
Lease Payment Coverage Ratio	2.71	1.29	1.32	1.30	1.32
Interest Coverage Ratio	N/A	N/A	N/A	N/A	N/A
Days Cash on Hand	88	73	78	84	93
Cash Reserve %	24.0%	20.1%	21.4%	22.9%	25.5%