

MEMORANDUM

Staff Summary No. 5

Date: June 26, 2025

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 25-15 – Approving the Charter School Facilities Credit Enhancement Grant Program (ALN #84.354A) Award in an Amount Not to Exceed \$1,000,000 to Phoenix Facilities LLC, for the benefit of James Jordan Middle School, located in Los Angeles County.

Background: The California School Finance Authority (the “Authority”) received a grant award in 2023 under the U.S. Department of Education’s Expanding Quality Charter Schools Program – Credit Enhancement (“CE”) for Charter Schools Facilities (ALN # 84.354A). This federal grant program, 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”), provides grants to enhance credit for school debt financing by funding all or a portion of the financing’s debt service reserve fund account. This award of \$20,000,000 is the Authority’s fifth grant award under this federal program.

Application: On behalf of James Jordan Middle School (“JJMS”), Phoenix Facilities, LLC (the “Borrower”), is applying for an enhancement award in an amount not-to-exceed \$1,000,000. *The final award amount will be finalized at the time the loan is effectuated. Additionally, the award is potentially subject to any freezing of federal grants or adjustments to grant requirements made by the current Administration.* The CE Grant will reduce the rate on the EFF loan by approximately twenty basis points, reducing the overall cost of borrowing for JJMS.

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

- An approved charter has been awarded and is in place (and current at the time of Application and throughout the term of an award).
- The Charter School is in Good Standing with their Charter Authorizers and is in compliance with the terms of its charter at the time of Application submission.
- The Applicant has completed at least one school year of instructional operations.
- At least eighty percent (80%) of the instructional time offered by the Charter School shall be at the school site, and the Charter School shall attain an average daily attendance rate of at least eighty percent (80%).
- The Charter School is established pursuant to Education Code section 47600 et seq., and meets the federal definition of Charter School as defined in section 5210(1) of the Elementary and Secondary Education Act of 1965 (20 USCA section 7221(i)), as amended by the No Child Left Behind Act of 2001.
- The Charter School admits students by lottery in the event more students want to attend the school than the Charter School can accommodate.
- The Charter School agrees to use the intercept method to repay the associated financed debt, pursuant to Education Code section 17199.4(a)(4).
- The Charter School has demonstrated that Program funds are leveraged at a minimum of an 8:1 project-to-award ratio.

Resolution 25-15

James Jordan Middle School – Credit Enhancement Grant

June 26, 2025

- The Charter School has secured private placement of its debt with an investor(s), secured 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.

Recommendation: Staff recommends the Board adopt Resolution No. 25-15, awarding the Borrower, on behalf of James Jordan Middle School, a Charter Schools Facilities Credit Enhancement Grant Program (ALN #84.354A) Award in a not-to-exceed amount of \$1,000,000.