

**CALIFORNIA SCHOOL FINANCE AUTHORITY (CSFA)  
CHARTER SCHOOL REVOLVING LOAN FUND PROGRAM  
VISTA LAGO GLOBAL ACADEMY  
ITEM #9 - STAFF SUMMARY - RESOLUTION 24-20**

**Executive Summary**

<b>Applicant/Borrower:</b>	Vista Charter Public Schools
<b>Par Amount Requested:</b>	Not-to-Exceed \$250,000
<b>Loan Term:</b>	Five years (Maximum of 5 years)
<b>Projected Interest Rate:</b>	Projected 4.27% (PMIA Rate)
<b>Affiliated Organization Description:</b>	Vista Charter Public Schools, a California nonprofit public benefit corporation described under section 501(c)(3) of the Internal Revenue Code.
<b>Type of Financing:</b>	Loan
<b>Loan Recipient:</b>	Vista Lago Global Academy
<b>County Served:</b>	Riverside
<b>District in Which Project is Located:</b>	Lake Elsinore Unified School District
<b>Charter Authorizer:</b>	Riverside County Board of Education
<b>School Site:</b>	Pending Lease Execution
<b>CSFA Analyst:</b>	Jeffrey Taylor
<b>Date of CSFA Board Meeting:</b>	June 26, 2025
<b>Resolution Number:</b>	25-20

**Staff Recommendation:** Staff recommends the Board adopt Resolution No. 25-20, approving a Charter School Revolving Loan Fund loan to Vista Charter Public Schools (VCPS) for its Vista Lago Global Academy school (VLGA) in an amount not to exceed \$250,000. Once approved, staff will notify VCPS of the conditional loan approval, confirm VCPS and VLGA meet all funding criteria before releasing funds, distribute and execute the loan agreement, and carry out all other necessary steps to disburse funds.

**Background and History**

When opened for the 2025-26 academic year, VLGA will be serving TK through 9<sup>th</sup> grade students within Riverside County. This will be the seventh charter school to be operated by VCPS, a non-profit public benefit corporation operating six other charter schools in Southern California. In opening VLGA, VCPS is building on their experience with existing schools with a combined enrollment of 1,796. This includes 1,562 Hispanic/Latino students, socioeconomically disadvantaged, English Learner, and Students with Disabilities populations.

**School Description**

VLGA is a new charter school being opened by VCPS in Lake Elsinore initially serving students from TK to 9th grade and expanding to 12th in coming years. The school is projected to open in 2025-2026 with 170 students in grades TK through 9th, with a planned growth to a full capacity of 1,200 students served across grades TK through 12th. VLGA aims to serve the educational needs and challenges of its target student population, including high rates of poverty by providing a supportive and engaging learning environment designed to prepare students for college and career. VLGA will be connecting with institutions of higher learning across Southern California to expanded learning opportunities for students. Additional resources will be made available to support students and families by non-profits partnering with VLGA. VCPS has existing relationships with these organizations which it will leverage to enhance the educational offerings and capabilities of VLGA.

### **Student Enrollment**

VLGA will provide families across Lake Elsinore Unified School District and surrounding districts in Riverside County with an alternative to the district's existing elementary, middle, and high schools by providing a single TK through 12<sup>th</sup> grade charter academy. VLGA intends to draw students from an area with schools attended by high percentages of socioeconomically disadvantaged students, English Learners, and Foster Youth.

VLGA is projecting substantive growth for the second 2026-27 and third 2027-28 years of operations with continued upward trend as the school reaches full capacity. The increase in enrolled students year on year reflects an additional grade of instruction being offered in each of the first four years of operations. This enrollment trend is further supported by the number of students in each established grade, increasing in each subsequent year. If applications exceed capacity, admission will be determined by a public random lottery. Preferences will be given to current students, siblings of already enrolled students, and students residing in the Lake Elsinore Unified School District.

#### **Enrollment Summary**

<b>Grade</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
<b>TK</b>	10	20	30	40
<b>K</b>	20	40	60	75
<b>1</b>	10	30	50	70
<b>2</b>	10	20	40	60
<b>3</b>	10	20	30	50
<b>4</b>	10	20	30	40
<b>5</b>	10	20	30	40
<b>6</b>	25	50	75	100
<b>7</b>	20	30	55	85
<b>8</b>	20	25	35	60
<b>9</b>	25	50	75	100
<b>10</b>	0	35	60	85
<b>11</b>	0	0	45	70
<b>12</b>	0	0	0	55
<b>Total</b>	<b>170</b>	<b>360</b>	<b>615</b>	<b>930</b>

### **Existing Debt**

On March 20, 2024, a promissory note between VLGA and Palm Lane Global Academy (PLGA) to borrow \$500,000 was executed. PLGA is one of six charter schools operated by VCPS. The note carries no interest and repayment of principal due on June 30, 2026. VCPS, as the charter management organization for both VLGA and PLGA stated there is flexibility in repayment of the principal based on VLGA's cashflow and other debt service obligations, such as for this proposed loan.

### **Staff Recommendation**

Staff recommend that the Board adopt Resolution No. 25-20, approving a loan to VCPS in the amount not to exceed \$250,000 for VLGA. The staff's recommendation is based on the

methodology outlined in Exhibit A of this staff summary. Once approved, staff will notify the organization of the conditional loan approval, confirm the school meets all funding criteria before releasing funds, distribute and execute the loan agreement, and carry out all other necessary steps to disburse funds to this charter school.

1. **Applicant/Borrower:** Vista Charter Public Schools
2. **Loan Term:** Five years
3. **Repayment/Security:** Loan Payments through intercept of schools State Apportionment payments
4. **Interest Rate:** Projected 4.27%
5. **Not an Unconditional Commitment:** The CSFA resolution shall not be construed as unconditional commitment to finance the loan, but rather CSFA's approval pursuant to the resolution conditioned upon entry by CSFA and the Borrower into a loan agreement, in form and substance satisfactory to CSFA and its counsel.
6. **Limited Time:** The Board's approval expires at the end of the 2025-26 Fiscal Year. Thus, CSFA must enter into the loan agreement no later than June 30, 2026. Once the approval has expired, the item must return to the Board for new approval.

## **EXHIBIT A:**

### **Loan Information**

The California School Finance Authority (Authority) opened the application period for the 2024-25 Funding Round of the Charter School Revolving Loan Fund Program (Program) in August 2024. The Program has approximately \$26 million available to award for this funding round. The Authority has received six (6) applications, thus far, with a funding request totaling \$1.5 million.

Authority staff have assessed the application from the VLGA in accordance with the framework established by statute and regulations. VLGA is a Priority One School that opens in August 2025.

### **Loan Overview**

In an effort to reduce losses to the Program, Staff will continue to reduce loan defaults by (1) increasing the frequency of attendance monitoring in the year of loan award, and (2) limiting loan disbursements to borrowers with attendance certified at levels consistent with previously submitted projections. For any loan amount approved by the board for lower risk applicants, the first of two potential loan disbursements would occur after loan documents are executed, up to a maximum amount of 40% of loan amount. A subsequent disbursement of the remaining 60% will occur once CDE certifies the applicant's attendance, typically in mid to late December. Borrowers reporting attendance at levels which are not adequate to repay the loan will have future disbursements downsized or eliminated.

For your review and consideration, Staff provides summary findings for each recommended school in the attached Exhibit B – RLF Board Matrix. In order to receive funding through the Program, schools must meet the following criteria, once approved by the Authority board:

- Continue to meet all eligibility criteria;
- Have an approved charter in place;
- Have a Charter Number from CDE;
- Have been assigned a County-District-School Code from CDE; and
- Provide an executed loan agreement and related governing board resolution to the Authority.

### **Application Review**

1. **Application Eligibility & Package Review:** Confirmed the submittal complied with application terms such as:
  - Met application deadline;
  - Eligibility requirements set forth in regulations (Section 10170.18);
  - Submitted required documentation with signatures, where applicable;
  - Requested a loan amount equal to or less than \$250,000; and
  - Requested a loan repayment period of five years or less.

2. **Operational Analysis:** Determined whether minimum qualifications were met such as:
- Articles of Incorporation are in place;
  - Approved charter is in place or is in process;
  - Projected enrollment and ADA are supported by student enrollment and/or waiting lists;
  - Student population was deemed representative of the demographic in the school's proposed location; and
  - A facility has been secured or is in the process of being secured.
3. **Financial Analysis:** Conducted fiscal evaluation based on a variety of indicators and critically analyzed financial data and ratios against benchmarks and industry practice using an internally created financial model to identify fiscal strengths and weaknesses such as:
- Availability of other sources of funding;
  - Reasonableness of budget assumptions (Staff applied uniform LCFF funding rates to all applicants);
  - Alignment of revenue and expenditure projections with comparable data available from the California Department of Education (CDE);
  - Consideration of sale of apportionments to third parties ("factoring"); and
  - Adequacy of debt service coverage (DSC) metrics relative to threshold levels, with and without net assets.

Staff's financial analysis utilizes three DSC metrics: (1) DSC from total state aid subject to CSFA intercept; (2) DSC from net revenues; and (3) DSC from net revenues plus beginning net assets. Threshold levels are set for each of these three metrics. If the applicant attains these threshold levels during the years of loan repayment, then a maximum 70 points are recorded. The applicant may receive up to an additional 30 points, for a maximum score of 100 points, if the DSC threshold levels are attained under a scenario wherein projected attendance levels are reduced by 25% (the stress test). Applicants that meet or exceed the 50-point threshold qualify as passing in the context of the Program's loan underwriting standards. Staff also reduced loan amounts for applicants that do not otherwise meet the threshold underwriting DSC standards, with a minimum \$100,000 loan.

The financial model also determines the risk profile of an applicant with a passing score. Applicants with scores ranging from 50.0 to 75.0 are viewed as "higher risk", while applicants with scores ranging from 74.9 to 89.9 are deemed "medium risk", and applicants with scores ranging from 90.0 to 100.0 are considered "lower risk". Schools assessed as medium risk and lower risk have attained DSC threshold levels in some or all years under the stress test scenario. Additionally, any application, which includes a loan guarantee from an affiliated organization deemed credible by Staff, has its risk profile improved by one level, to "higher risk" from "medium risk".

4. **Amount and Term:** Furthermore, Staff used Section 10170.21(b)(1) of the Program regulations to identify the recommended loan amount and repayment period of each loan. The regulations state the Authority shall consider the term of the charter as well as the loan amount in determining the repayment period.

## **EXHIBIT B**

**RLF Board Matrix**

No.	School (Obligor)	Affiliated Organization (Guarantor)	Chartering Authority	County	Priority (1 or 2)	Approved Loan Amount	First Disbursement Amount	Loan Term (Years)	Total Points (Out of 100)	Risk Level	Risk Level Improvement
1	Vista Lago Global Academy	Vista Charter Public Schools	Riverside County Board of Education	Riverside	1	\$250,000	\$250,000	Five	71.7	Higher Risk	Medium
1	Academy of Creative Technologies - Antelope Valley	CreateTech Charter Schools	Antelope Valley Union High	Los Angeles	1	\$250,000	\$100,000	Three	91.7	Lower Risk	Lower Risk
		Number of Schools Approved	2	Total		\$500,000				Any application, which includes a loan guarantee from an affiliated organization deemed credible by staff, has its risk profile improved by one level, such as from "higher risk" to "medium risk".	
* All staff recommendations are continent upon complete verification of all legal documents, including but not limited to: loan agreement, lease agreement(s), an affirmative Good Standing Letter, etc.										RISK PROFILE	
										Pass	Minimum score of 50.0 out of 100
										Higher Risk	Score ranges from 50.0-75.0
										Medium Risk	Score ranges from 75.1-90.0
										Lower Risk	Score ranges from 90.1-100