CALIFORNIA SCHOOL FINANCE AUTHORITY (CSFA)
CHARTER SCHOOL REVOLVING LOAN FUND PROGRAM
ALLEGIANCE STEAM ACADEMY – THRIVE, FONTANA RESOLUTION 25-20
STAFF SUMMARY – ITEM #4

Executive Summary

Applicant/Borrower:	Allegiance STEAM Academy – Thrive, Inc.
Par Amount Requested:	Not-to-Exceed $250,000
Loan Term:	Five Years (Maximum of 5 years)
Projected Interest Rate:	Projected 4.26%
Affiliated Organization Description:	Allegiance STEAM Academy – Thrive, Inc., a California nonprofit public benefit corporation described under section 501(c)(3) of the Internal Revenue Code.
Type of Financing:	Loan
Loan Recipient:	Allegiance STEAM Academy – Thrive, Fontana
County Served:	San Bernardino
District in Which Project is Located:	Fontana Unified School District
Charter Authorizer:	Fontana Unified School District
School Site:	7930 Locust Avenue, Fontana, CA 92336
Analyst:	Steve Theuring
Date of CSFA Board Meeting:	August 28, 2025
Resolution Number:	25-20

Staff Recommendation: Staff recommend the Board adopt Resolution No. 25-20, approving Allegiance STEAM Academy - Thrive, Inc. (Borrower), a California nonprofit public benefit corporation, for its Allegiance Steam Academy – Thrive, Fontana (ASAF), in the amount of $250,000. Once approved, staff will notify the Borrower of the conditional loan approval, confirm the school meets all funding criteria and Program requirements before entering into a contract and/or releasing funds, distribute and execute the loan agreement, and carry out all other necessary steps to disburse funds.

Background and History

ASAF is located in Fontana, California, and is authorized to operate via a charter with the Fontana Unified School District (FUSD). The charter was approved in August 2022, and students began attending classes at ASAF on August 14, 2023. ASAF is in good standing with FUSD. ASAF enrolls students from Transitional Kindergarten through 8th grade and utilizes a STEAM-focused instructional program aligned with state standards.

According to information provided by the borrower, ASAF utilizes a standards-based, STEAM-focused instructional program aiming to foster student engagement with hands-on, project-based learning and the integration of the engineering process across all subjects. Including instruction objectives incorporating personalized teaching methods and a continuous focus on developing critical thinking, problem-solving, and communication skills of students. This teaching style is supported by specialized educators who engage families in addition to students as partners in education. and utilizes a STEAM-focused instructional program aligned with state standards.

School Description

ASAF relocated from its original location in Fontana to second site owned by FUSD in 2025-26. The site, a former high school, will provide expanded facilities not previously available. The move was completed prior to the 2025-26 academic year and will enable ASAF to better serve students and accommodate a larger enrollment. The charter for ASAF expires in June 2027. The school has been operating for two years with growing enrollment.

Student Enrollment

Based on certification from the school, ASAF's actual enrollment for 2025-26 is 355 students and their projections going forward show they will hold enrollment at or near 360 students thereafter.

Enrollment Summary

Grade	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
TK	18	20	40	35	40	35	27
K	28	27	38	40	35	40	35
1st	22	28	36	38	40	36	40
2nd	15	24	48	36	38	40	36
3rd	17	21	30	48	36	38	40
4th	21	23	30	30	48	36	38
5th	23	25	29	30	30	48	36
6th	18	29	31	29	30	30	48
7th	22	25	43	31	29	30	30
8th	21	23	30	43	34	30	30
Total	205	245	355	360	360	363	360

Interorganizational Loan

Financially, revenue generated by ASAF is linked to an assumed average daily attendance (ADA) rate of 95%. To provide initial capitalization, the Borrower made an intraorganizational loan of $586,026 to ASAF from excess reserve funds generated by Borrower's school in Chino in September 2021. Monthly repayments from ASAF's revenues began in August 2025 and will continue until May 2029. Per the Borrower, the repayment terms are flexible and may be revised should ASAF's revenues are not sufficient to repay CSFA's proposed loan and the interorganizational loan. Given the use of the intercept to make RLF Program payments, the loan repayment will be senior to the interorganizational loan.

Staff Recommendation

Staff recommend the Board adopt Resolution No. 25-20, approving loan to the Borrower for the ASAF in the amount of $250,000. ASAF will repay the Program loan no later than June 2031. ASAF is in Good Standing with their authorizer, Fontana Unified School District. The debt service coverage for funds available to be intercepted is strong.

Staff's recommendation is based on the methodology outlined in Exhibit B of this staff summary. Once approved, staff will notify the Borrower of the conditional loan approval, confirm the school meets all funding criteria and Program regulation requirements before entering a contract and/or releasing funds, distribute and execute the loan agreement, and carry out all other necessary steps to disburse funds.

1. **Applicant/Borrower:** Allegiance STEAM Academy, Inc.
2. **Amount of Loan:** Not–to-exceed $250,000
3. **Loan Term:** 5 Years
4. **Repayment/Security:** Loan Payments
5. **Interest Rate:** Projected 4.26%
6. **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.
7. **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 be returned 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 Allegiance STEAM Academy – Thrive, Fontana in accordance with the framework established by statute and regulations. For a new charter school, a Program loan term may not exceed the school's approved charter period. ASAF has been operating since August 14, 2023, and is a Priority Two School that is neither new nor required to complete repayment within the present charter term. As repayment of a Program loan cannot exceed five years, ASAF will complete repayment the Program loan no later than June 2031. Debt service coverage of the proposed loan to ASAF is aligned with Program underwriting standards.

Loan Overview

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. 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 74.9 are viewed as "higher risk", while applicants with scores ranging from 75.0 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 Disbursment Amount	Loan Term (Years)	Total Points (Out of 100)	Risk Level	Risk Level Improvement
1	Allegiance STEAM Academy - Thrive, Fontana	Allegiance STEAM Academy – Thrive, Inc.	Fontana Unified School District	San Bernardino	2	$250,000	$250,000	5	65	Higher Risk	None
1											
		Number of Schools Approved	1		Total	$250,000				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 50.0-74.9
Medium Risk	Score ranges from 75.0-89.9
Lower Risk	Score ranges from 90.0-100