

MEMORANDUM

Staff Summary No. 5

Date: September 25, 2025

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 25-23 – Approving the Charter School Facilities Credit Enhancement Grant Program (ALN #84.354A) Award in an Amount Not to Exceed \$1,000,000 to PMC Support Corporation, for the benefit of Ednovate, Inc. for its charter school Ednovate East College Prep, 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 enable the grantees 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: PMC Support Corporation (the “Borrower”), is applying for a CE award in an amount not-to-exceed \$1,000,000. The Borrower intends to enter into a conduit financing transaction with the Authority in conjunction with the requested CE award and use the proceeds to construct a school site it will lease to Ednovate, Inc. for its Ednovate East College Prep charter school (“East”). *The final award amount will be determined at the time of financing to the Borrower 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 Award will reduce the rate on the conduit financing by approximately twenty basis points, reducing the overall cost of operating East College Prep.

Eligibility Requirements: The Borrower, Ednovate, Inc., its charter school, East, meet and have 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).
- East is in Good Standing with the charter authorizers and charter terms have been complied with at the time of Application submission.
- East has completed at least one school year of instructional operations.
- At least eighty percent (80%) of the instructional time offered by East is at the school site, and East has attained an average daily attendance rate of at least eighty percent (80%).
- East is established pursuant to Education Code section 47600 et seq. and meets the federal definition of a 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.
- East admits students by lottery in the event more students want to attend the school

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than East can accommodate.

- The Borrower, and Ednovate, Inc., agree to use the intercept method to repay the associated financed debt, pursuant to Education Code section 17199.4(a)(4).
- The Borrower has demonstrated that Program funds are leveraged at a minimum of an 8:1 project-to-award ratio.
- The Borrower 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. 25-23, awarding the Borrower,, a Charter Schools Facilities Credit Enhancement Grant Program (ALN #84.354A) Award in a not-to-exceed amount of \$1,000,000.