

**\$27,000,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY (AUTHORITY)**  
**CHARTER SCHOOL REVENUE BONDS**  
**(ORANGE SPRINGS OBLIGATED GROUP)**  
**SERIES 2026A \$26,000,000 (TAX-EXEMPT) AND 2026B \$1,000,000 (TAXABLE)**  
**ITEM #5 RESOLUTION 26-02**  
**STAFF SUMMARY**

**Executive Summary**

<b>Applicant/Borrower:</b>	Orange Springs Facilities LLC
<b>Par Amount Requested:</b>	Not-to-Exceed \$27,000,000*
<b>Financing Term:</b>	Fixed rate, up to 40-year financing, 10-year par call, with taxable bonds amortized first
<b>Projected Interest Rate:</b>	6.55%*
<b>Applicant Description:</b>	Orange Springs Facilities LLC, a California limited liability company, is the Borrower. The Borrower was formed for the specific purpose of supporting its sole member, Citrus Springs Charter School, Inc., a California nonprofit corporation and organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
<b>Type of Financing:</b>	Tax-Exempt and Taxable Charter School Revenue Bonds
<b>Project User:</b>	Citrus Springs Charter School, Inc.
<b>County Served:</b>	Orange County
<b>District in Which Project is Located:</b>	Santa Ana Unified School District
<b>Charter Authorizer:</b>	Orange County Board of Education
<b>Financing Description:</b>	Proceeds will be used to finance and/or refinance the cost of acquisition, construction, expansion, rehabilitation, renovation, furnishing and/or equipping of certain educational facilities located in Santa Ana, CA; pay capitalized interest; fund related working capital and a debt service reserve fund, and/or a repair and replacement fund; and pay certain costs of issuance.
<b>Project Site:</b>	1) 1821-1823 N. Grand Ave., Santa Ana, CA 92705
<b>Financing Details:</b>	<b>Type of Issue:</b> Charter School Revenue Bonds <b>Tax Status:</b> Tax-Exempt & Taxable <b>Maturity:</b> Not to exceed 2066 <b>Credit Enhancement:</b> Yes <b>Credit Rating:</b> Unrated <b>Fees:</b> See Costs of Issuance Table
<b>Financing Team:</b>	<b>Bond Counsel:</b> Stradling Yocca Carlson & Rauth LLP <b>Underwriter:</b> Stifel, Nicolaus & Company Incorporated <b>Underwriter's Counsel:</b> Kutak Rock LLP <b>Borrower's Counsel:</b> Young, Minney & Corr LLP <b>Issuer's Counsel:</b> Office of the Attorney General <b>Financial Advisor:</b> Key Charter Advisors, LLC <b>Bond Trustee:</b> U.S. Bank Trust Company, N.A.
<b>CSFA Analyst:</b>	Robby Biegler
<b>Date of Staff Report:</b>	January 22, 2026
<b>Date of CSFA Board Meeting:</b>	January 29, 2026
<b>Resolution Number:</b>	26-02

\*Preliminary, subject to change.

**Staff Recommendation:** Staff recommends the Authority Board approve Resolution Number 26-02 authorizing the issuance of Charter School Revenue Bonds in an amount not to exceed \$27,000,000 to finance and/or refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing, and/or equipping of certain educational facilities located in Orange County for use by Citrus Springs Charter School, Inc.

## **Background and History**

Citrus Springs Charter School, Inc. (CSCS or the Lessee), a California nonprofit public benefit corporation, operates two charter schools, Citrus Springs Charter School (CSCS) and Orange Springs Charter School (OSCS). CSCS and OSCS are part of the broader Springs Charter Schools network, which includes River Springs Charter School (RSCS) and Harbor Springs Charter School (HSCS), both of which have previously borrowed the proceeds of conduit obligations issued by CSFA. Whereas RSCS serves the Inland Empire and HSCS serves San Diego County, CSCS serves Orange County. As with the other schools within the network, CSCS is focused on a hybrid model of both at-home and in-person education.

CSCS was formed in 2016, and Citrus Springs began operation in the 2016-17 school year. CSCS is chartered by the Orange County Board of Education (OCBOE) on an appeal of a charter originally submitted to the Santa Ana Unified School District (SAUSD), and so the classroom-based programs under CSCS are constrained to the geographic boundaries of SAUSD. To expand its classroom-based program options throughout Orange County, CSCS submitted a new countywide benefit petition directly to OCBOE in 2024. OSCS was approved in 2024 by OCBOE as a countywide benefit charter, allowing OSCS to serve both classroom-based and nonclassroom-based students throughout Orange County. OSCS currently offers a classroom-based program in Santa Ana at a nearby leased location, which will be expanded with this new facility acquisition, and also plans to open new classroom-based programs in leased facilities in Saddleback Valley and Anaheim within the next three years.

Going forward, OSCS will serve a combination of both classroom-based and nonclassroom-based students, while CSCS will serve only nonclassroom-based students through Connections Academy (a sub-program under CSCS) program. The Orange Springs Obligated Group (Obligated Group) will include both OSCS and CSCS, and revenues from both OSCS and CSCS are available to pay base rent that will be allocated to debt service. However, currently all Base Rent to support repayment of the proposed 2026 Revenue Bonds is projected to be paid by OSCS and does not rely on enrollment at Connections Academy. For the first three years of the financing (FY2026-27 through FY 2028-29), CSCS will be subleasing a portion of the Facility to Navigator Schools to incubate its new Orange County Prep school in its first years of operation. Navigator Schools will not be part of the Obligated Group, and revenue from the Navigator Schools sublease is not required to make debt service payments and is not included in the financial projections. Lessee is the sole member of Orange Springs Facilities LLC, which will serve as the borrower for the bond issue. The Lessee will lease the financed facilities for the operation of the OSCS Obligated Group.

The Orange County Board of Education (OCBOE) approved a 5-year renewal for the CSCS charter in 2020. The CSCS charter will continue to operate in 2026-27 and beyond alongside the new OSCS charter, serving nonclassroom-based students only.

Charter terms for the schools include:

School	Authorizer	Grades Served	School Year Established	Original Petition Approved	# of Renewals	Most Recent Renewal	Charter Expiration
<b>Obligated Group Schools</b>							
Citrus Springs Charter School	OCBOE	TK-12	2016	2016	1	2020	6/30/2027
Orange Springs Charter School	OCBOE	TK-12	2025	2024	0	n/a	6/30/2030

Current enrollment projections are included below and reflect the proposed move of the Homeschool and Montessori Voyage nonclassroom-based programs from CSCS to OSCS in 2026-27. Combined enrollment between Orange Springs and Citrus Springs is expected to grow from 1,108 in 2025-26 to 1,821 in 2029-30. This growth is due to gradual expansion of the classroom-based programs at OSCS over this period.

	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Orange Springs</b>					
Santa Ana current site (classroom-based)	75				
<b>Santa Ana - proposed site (classroom-based)</b>		314	342	370	418
Anaheim (classroom-based)				215	243
Saddleback Valley (classroom-based)					134
Homeschool/Voyage (nonclassroom-based)	12	458	486	513	526
<b>Orange Springs Total Enrollment</b>	<b>87</b>	<b>772</b>	<b>828</b>	<b>1,098</b>	<b>1,321</b>
<b>Citrus Springs</b>					
Citrus Homeschool (nonclassroom-based)	341				
Montessori Voyage (nonclassroom-based)	230				
Connections Academy (nonclassroom-based)	450	500	500	500	500
<b>Citrus Springs Total Enrollment</b>	<b>1,021</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Total CSCS Enrollment (Both Charters)</b>	<b>1,108</b>	<b>1,272</b>	<b>1,328</b>	<b>1,598</b>	<b>1,821</b>

While a 64% increase in enrollment over five years is projected, CSCS is projected to maintain strong debt service coverage and liquidity metrics even at a lower enrollment of 891, a 20% drop from current 25-26 enrollment. CSCS will reduce its salary and other expenses commensurately if enrollment does not meet projections.

#### Stress Test Scenario at Lower Enrollment

Orange Springs Obligated Group Combined Charters	2025-26 Projection	2026-27 Projection	2027-28 Projection	2028-29 Projection	2029-30 Projection
<b>Enrollment</b>	<b>1,108</b>	<b>816</b>	<b>816</b>	<b>849</b>	<b>891</b>
<b>ADA</b>	<b>1,078.58</b>	<b>783.20</b>	<b>783.20</b>	<b>814.55</b>	<b>854.45</b>
<b>Total Revenue</b>	<b>\$ 17,172,181</b>	<b>\$ 12,540,324</b>	<b>\$ 13,581,221</b>	<b>\$ 13,350,811</b>	<b>\$ 14,572,601</b>
<b>Total Expenses</b>	<b>\$ 15,203,413</b>	<b>\$ 11,747,835</b>	<b>\$ 12,560,515</b>	<b>\$ 12,976,700</b>	<b>\$ 14,404,526</b>
<b>Surplus/(Deficit)</b>	<b>\$ 1,968,768</b>	<b>\$ 792,489</b>	<b>\$ 1,020,706</b>	<b>\$ 374,112</b>	<b>\$ 168,075</b>
Add Back: Depreciation	16,500	-	-	-	-
Add Back: Base Rent (2026 Bonds)	479,261	1,681,925	1,683,275	1,683,650	1,683,650
<b>Net Income Available for Base Rent</b>	<b>2,464,529</b>	<b>2,474,414</b>	<b>2,703,981</b>	<b>2,057,762</b>	<b>1,851,725</b>
<b>Base Rent Coverage Ratio</b>	<b>5.14x</b>	<b>1.47x</b>	<b>1.61x</b>	<b>1.22x</b>	<b>1.10x</b>
<b>Ending Cash Balance</b>	<b>6,004,924</b>	<b>7,713,250</b>	<b>8,754,905</b>	<b>9,124,506</b>	<b>9,281,940</b>
<b>Days Cash on Hand</b>	<b>144 days</b>	<b>240 days</b>	<b>254 days</b>	<b>257 days</b>	<b>235 days</b>

While RSCS has issued four bonds and one restructuring through CSFA, because this is a different set of schools with different charters, this issuance will mark the beginning of the OSCS obligated group (similar to the Harbor Springs Charter School obligated group).

#### Project Description

The proceeds of the bonds will be used to: (1) finance the acquisition, construction, expansion, rehabilitation, renovation, furnishing and/or equipping of certain educational facilities for CSCS, located at: 1821-1823 N. Grand Ave. Santa Ana, CA 92705; (2) to pay certain expenses incurred in connection with the issuance of the Bonds, and (3) to fund all or a portion of a debt service reserve fund in connection with the Bonds.

A deposit to the Reserve Account for the Series 2026 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.

## Facilities Information

Site	Landlord/School Loan Lender	Location	Purpose	Amount
CSCS	Orange Springs Facilities LLC	1821-1823 N. Grand Ave. Santa Ana, CA 92705	Acquisition	\$19,000,000
CSCS	Orange Springs Facilities LLC	1821-1823 N. Grand Ave. Santa Ana, CA 92705	Improvement	\$3,000,000
<b>Total Estimated Project Costs</b>				<b>\$22,000,000</b>

CSCS is purchasing a facility from Scholarship Prep Public Schools (SPPS). SPPS has made two financings through CSFA, including the Series 2020 Bonds that financed the acquisition of the facility. SPPS's 2020 Bonds will be defeased from the proceeds of the 2026 Bonds. The 17,000 square-foot facility includes 17 classrooms on 0.9 acres. The proposed improvement costs will be used to upgrade existing amenities and personalize for the CSCS student body.

### Financing

**Borrower:** The Borrower is Orange Springs Facilities LLC, a California limited liability company. The Borrower was formed for the specific purpose of holding real property for the benefit of CSCS, its sole member.

**Security and Source of Payment:** The Series 2026 Bonds and the interest thereon are secured by and payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 1 issued by the Borrower, as representative of the Obligated Group, from certain funds and account established under the Indenture and the Borrower's Deed of Trust pledging its fee interest in the CSCS campus. CSCS, as the lessee, is required to maintain certain financial covenants under its lease agreements with the Borrower. As additional security and in connection with the issuance of the bonds, CSCS will provide instructions to the State Controller's Office to make an apportionment in the amounts, and on the dates provided, in a written notice sufficient in the aggregate to repay the bonds and pay necessary and incidental costs (the "Intercept").

Funds received by the Trustee pursuant to the Intercept will be applied solely for the uses and purposes set forth in the Indenture, including the payment of debt service on the Bonds. Under the laws of the State of California, no other party, including CSCS, the Borrower, or any of their respective creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the State Controller's Office pursuant to the Intercept.

**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:	Series 2026A (Tax-Exempt)	Series 2026B (Taxable)	Enhancement Grant	Total
<b>Bond Proceeds</b>				
Par Amount:	\$22,425,000	\$490,000		\$22,935,000
Other Sources:				
Enhancement Grant	\$0.00	\$0.00	\$1,688,000	\$1,688,0000
<b>Total:</b>	<b>\$22,425,000</b>	<b>\$490,000</b>	<b>\$1,688,000</b>	<b>\$24,623,000</b>
Uses:	Series 2026A (Tax-Exempt)	Series 2026B (Taxable)	Enhancement Grant	Total
<b>Project Fund Deposit</b>				
Acquisition	\$19,000,000	\$0		\$19,000,000
Improvements	\$3,000,000	\$0		\$3,000,000
Cost of Issuance	\$224,712	\$245,546		\$470,258
Underwriter Discount	\$219,188	\$239,512		\$458,700
Contingency	\$1,100	\$4,942		\$6,042
Additional Proceeds			\$1,688,000	\$1,688,000
<b>Total</b>	<b>\$22,445,000</b>	<b>\$490,000</b>	<b>\$1,688,000</b>	<b>\$24,623,000</b>

\*Preliminary, subject to change.

Total Costs of Issuance*	
Expense	Amount
<b>Issuer Fee</b>	\$21,468
<b>Annual Admin Fee</b>	3,440
<b>Agent-for-Sale Fee</b>	6,500
<b>CDIAC Fee</b>	5,000
<b>Issuer's Counsel Fee</b>	25,000
<b>Bond Counsel Fee</b>	100,000
<b>Borrower's Counsel Fee</b>	65,000
<b>Underwriter/Disclosure Counsel Fee</b>	65,000
<b>Financial Advisor Fee</b>	70,000
<b>Trustee/Trustee Counsel Fee</b>	9,250
<b>Title Fees &amp; Charges, Endorsements</b>	25,100
<b>Underwriter's Discount</b>	458,700
<b>Printer &amp; Roadshow Fee</b>	5,000
<b>Contingency Budget</b>	7,500
<b>Total</b>	<b>\$928,958</b>

\*Estimates based on principal amount of \$22,935,000.

**Credit Enhancement:** There will be a not-to-exceed \$2,000,000 credit enhancement award for the Borrowers, for the benefit of CSCS, for this financing that will be before the Authority Board as a subsequent agenda item at the January 29, 2026, meeting. If approved, the enhancement awards will fund up to \$2,000,000 of the financing's debt service reserve fund, reducing the overall borrowing cost for the Borrower.

## **Sales Restrictions**

The following sales restrictions will apply to the financing given the likely below-investment-grade rating.

1. Bonds will be in minimum denominations of \$250,000;
2. Bonds will be privately placed or publicly offered initially to Qualified Institutional Buyers (QIBs) and Accredited Investors (AIs);
3. Initial Bond purchasers will be required to execute an Investor Letter;
4. Subsequent transfers of Bonds will be limited to QIBs and AIs;
5. Sales restrictions will be conspicuously noted on the bond and described in detail in offering materials, if any, as well as in the bond documents;
6. One or more of the following will be required depending on the transaction, as requested by the financing team and the Authority grants the Executive Director discretion to select any of the following:
  - a. Traveling Investor Letter; or
  - b. Higher minimum denominations than \$250,000 referenced above; or
  - c. Physical Delivery; or
  - d. Limited initial sale to QIBs, with subsequent transfers limited to QIBs as well; or
  - e. Other investor protection measures
7. Bond payments will be made via the intercept mechanism outlined in Education Code section 17199.4.

## **Other Project Data**

**Tax Equity and Fiscal Responsibility Act (TEFRA):** The TEFRA Notice was published on the Authority's Webpage on or prior to January 22, 2026. The TEFRA hearing will take place on January 29, 2026, prior to the Board meeting, and no comments are anticipated. If any are received, they will be reported at the meeting.

**Due Diligence Undertaken to Date:** The financial, operating, and other information concerning the Borrower, the Project, and related matters presented in this Staff Summary were provided by the Borrower, Citrus Springs Charter School and the Underwriter. The information contained herein was prepared by Authority staff for the limited purpose of determining financial feasibility pursuant to Education Code section 17183.5 and providing the Authority Board with information concerning certain aspects of the Project and financing. The review undertaken by Authority staff, the recommendation of Authority staff to the Authority Board to approve the financing, or any approval by the Authority Board, is 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:** Orange Springs Facilities LLC will operate as a single-purpose entity of which CSCS will be the sole member at the time of issuance of the Bonds, with no assets other than the Facilities owned by it and its rights under the lease, which will be assigned to the Trustee. The LLC was formed for the purpose of supporting CSCS, including by owning facilities, and is not expected to have any other assets or revenue available to make payments due under the Loan Agreement. The Lessee, CSCS, is a California nonprofit public benefit corporation and organization as described in Section 501(c)(3) of the Code.

## **Staff Recommendation**

Staff recommends the Board adopt Resolution 26-02 authorizing the issuance of revenue bonds in an amount not to exceed \$27,000,000 to refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing, furnishing, and/or equipping of certain educational facilities located in Orange County for use by CSCS.

1. **Applicant / Borrower:** Orange Springs Facilities LLC
2. **Project:** Facility Acquisition and Improvement
3. **Amount of Financing:** Not to exceed \$27,000,000
4. **Maturity:** 40 years (Not-to-exceed 40 years)
5. **Repayment/Security:** Intercept of Lease Payments and Deed of Trust on Real Property
6. **Preliminary Interest Rate:** 6.55%
7. **Preliminary Cost of Issuance:** The preliminary Costs of Issuance is \$928,957.75

8. **Not an Unconditional Commitment:** The Authority resolution shall not be construed as an 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.
9. **Limited Time:** The Board's approval expires 12 months from the date of its adoption. Thus, CSFA must issue the bonds 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**

<b>Member</b>	<b>Position</b>
<b>Kathleen Hermsmeyer</b>	Superintendent
<b>Amy Podratz</b>	Administrative Operations
<b>Tanya Rogers</b>	Business and Finance Officer
<b>Vivian Price</b>	Education and Personalized Learning

**Board of Directors**

<b>Member</b>
Jessica Large, Chair
Michael Solomon, Vice Chair
Cheryl LaCount, Secretary
Pam Rivas, Treasurer
Dr. Eugene Dokes, Director
Todd Franklin, Director
Kellie Caldwell-Woodson, Director

**APPENDIX B:**  
**BUDGET PROJECTIONS**

Orange Springs Obligated Group Combined Charters	2025-26 Projection	2026-27 Projection	2027-28 Projection	2028-29 Projection	2029-30 Projection
<b>Enrollment</b>	<b>1,108</b>	<b>1,272</b>	<b>1,328</b>	<b>1,598</b>	<b>1,821</b>
<b>ADA</b>	<b>1,078.58</b>	<b>1,220.07</b>	<b>1,274.93</b>	<b>1,530.00</b>	<b>1,745.06</b>
<b>Revenue</b>					
Local Control Funding Formula	\$ 14,817,337	\$ 16,374,591	\$ 17,620,626	\$ 21,809,149	\$ 25,523,983
Other Federal Revenue	324,718	586,718	638,347	821,561	989,640
Other State Revenue	890,916	1,196,308	1,960,620	961,578	1,383,828
Other Local Revenue <sup>1</sup>	1,139,210	1,206,334	1,275,093	1,601,415	1,901,756
<b>Total Revenue</b>	<b>\$ 17,172,181</b>	<b>\$ 19,363,951</b>	<b>\$ 21,494,686</b>	<b>\$ 25,193,703</b>	<b>\$ 29,799,207</b>
<b>Expenditures</b>					
Certificated Salaries	\$ 5,369,564	\$ 5,141,032	\$ 5,676,015	\$ 6,327,323	\$ 7,806,216
Non-Cert Salaries	866,270	2,099,850	2,468,403	3,097,965	3,623,990
Employee Benefits	2,206,813	2,454,498	2,756,372	3,182,795	3,855,447
Books & Materials	1,245,704	2,994,300	3,252,018	4,266,776	5,205,945
Services & Ops (ex Rent)	5,007,801	3,904,747	4,104,046	5,046,563	5,846,230
Depreciation	16,500	20,594	20,594	20,594	20,594
Other <sup>1</sup>	11,500	-	-	-	-
<b>Base Rent (2026 Bonds)</b>	<b>479,261</b>	<b>1,681,925</b>	<b>1,683,275</b>	<b>1,683,650</b>	<b>1,683,650</b>
<b>Total Expenses</b>	<b>\$ 15,203,413</b>	<b>\$ 18,296,946</b>	<b>\$ 19,960,723</b>	<b>\$ 23,625,666</b>	<b>\$ 28,042,072</b>
<b>Surplus/(Deficit)</b>	<b>\$ 1,968,768</b>	<b>\$ 1,067,005</b>	<b>\$ 1,533,963</b>	<b>\$ 1,568,037</b>	<b>\$ 1,757,136</b>
Add Back: Depreciation	16,500	20,594	20,594	20,594	20,594
Add Back: Base Rent (2026 Bonds)	479,261	1,681,925	1,683,275	1,683,650	1,683,650
<b>Net Income Available for Base Rent</b>	<b>2,464,529</b>	<b>2,769,524</b>	<b>3,237,832</b>	<b>3,272,281</b>	<b>3,461,379</b>
<b>Base Rent Coverage Ratio</b>	<b>5.14x</b>	<b>1.65x</b>	<b>1.92x</b>	<b>1.94x</b>	<b>2.06x</b>
Beginning Cash Balance	3,752,098	6,004,924	7,486,976	9,011,916	10,402,820
Plus: Surplus/(Deficit)	1,968,768	1,067,005	1,533,963	1,568,037	1,757,136
Plus: Depreciation	16,500	20,594	20,594	20,594	20,594
Other Net Cash Flow - Oper. Act.	267,558	394,453	(29,617)	(197,727)	(162,677)
<b>Ending Cash Balance</b>	<b>6,004,924</b>	<b>7,486,976</b>	<b>9,011,916</b>	<b>10,402,820</b>	<b>12,017,873</b>
Total Expenses	15,203,413	18,296,946	19,960,723	23,625,666	28,042,072
Less: Depreciation	16,500	20,594	20,594	20,594	20,594
<b>Operating Expenses</b>	<b>15,186,913</b>	<b>18,276,352</b>	<b>19,940,129</b>	<b>23,605,072</b>	<b>28,021,478</b>
<b>Average Daily Expenses</b>	<b>41,608</b>	<b>50,072</b>	<b>54,630</b>	<b>64,671</b>	<b>76,771</b>