$10,000,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(ORANGE SPRINGS OBLIGATED GROUP)
SERIES 2026C $9,000,000 (TAX-EXEMPT) AND 2026D $1,000,000 (TAXABLE)
ITEM # RESOLUTION 26-23
STAFF SUMMARY

Executive Summary

Issuer:	California School Finance Authority (CSFA)
Applicant/Borrower:	Orange Springs Facilities II LLC
Par Amount Requested:	Not-to-Exceed $10,000,000*
Financing Term:	Fixed rate, up to 40-year financing, 9-year par call, with taxable bonds amortized first
Projected Interest Rate:	6.55%* (Blended Tax Exempt/Taxable Rate)
Applicant Description:	Orange Springs Facilities II 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.
Type of Financing:	Tax-Exempt and Taxable Charter School Revenue Bonds
Project User:	Citrus Springs Charter School, Inc.
County Served:	Orange County
District in Which Project is Located:	Fullerton School District
Charter Authorizer:	Orange County Board of Education
Financing Description:	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 Fullerton, 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.
Project Site:	3401 N. Harbor Blvd., Fullerton, California 92835
Financing Details:	**Type of Issue:** Charter School Revenue Bonds **Tax Status:** Tax-Exempt & Taxable **Maturity:** Not to exceed 2066 **Credit Enhancement:** Yes **Credit Rating:** BB+ **Fees:** See Costs of Issuance Table
Financing Team:	**Bond/Disclosure Counsel:** Stradling Yocca Carlson & Rauth LLP **Underwriter:** Stifel, Nicolaus & Company Incorporated **Underwriter's Counsel:** Kutak Rock LLP **Borrower's Counsel:** Young, Minney & Corr LLP **Issuer's Counsel:** Office of the Attorney General **Financial Advisor:** Key Charter Advisors, LLC **Bond Trustee:** U.S. Bank Trust Company, N.A.
CSFA Analyst:	Robby Biegler
Date of CSFA Board Meeting:	September 24, 2026
Resolution Number:	26-23

**Preliminary, subject to change.*

Staff Recommendation: Staff recommends the Authority Board approve Resolution Number 26-23 authorizing the issuance of Charter School Revenue Bonds in an amount not to exceed $10,000,000 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. and Orange Springs and Citrus Springs Charter Schools.

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 (Citrus Springs) and Orange Springs Charter School (Orange Springs). Citrus Springs and Orange Springs 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—as well as schools in Northern California and San Bernardino County. Whereas RSCS serves Riverside County and HSCS serves San Diego County, Citrus Springs and Orange Springs serve Orange County. As with the other schools within the network, Citrus Springs is focused on a hybrid model combining at-home and in-person education, while Orange Springs offers both classroom-based and homeschool education. Citrus Springs also offers a virtual online education option through its Connections Academy program.

CSCS was formed in 2016, and Citrus Springs began operation in the 2016-17 school year. Citrus Springs 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 Citrus Springs 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. Orange Springs was approved in 2024 by OCBOE as a countywide benefit classroom-based charter, which was later revised to also allow nonclassroom-based education, allowing Orange Springs to serve both classroom-based and nonclassroom-based students throughout Orange County. Orange Springs currently offers a classroom-based program in Santa Ana, financed through the Authority's 2026AB Bonds for the Orange Springs Obligated Group. With the proposed acquisition, Orange Springs will expand its classroom-based operations to Fullerton, with plans to expand to Saddleback Valley in the next 3 years.

OCBOE approved a 5-year renewal for the Citrus Springs charter in 2020. With a two-year statutory extension, its charter currently expires on June 30, 2027, and a renewal petition will be submitted later this year. 2025-26 was the first year of operation for Orange Springs, whose charter term goes to June 30, 2030. A summary is included below.

School	Authorizer	Grades Served	School Year Established	Original Petition Approved	# of Renewals	Most Recent Renewal	Charter Expiration
Obligated Group Schools							
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. Combined enrollment between Orange Springs and Citrus Springs is expected to grow from 1,405 in 2026-27 to 2,040 in 2030-31. This growth is largely due to the gradual addition and expansion of the classroom-based programs at Orange Springs over this period.

	PROJECTED				
Grade	2026-27	2027-28	2028-29	2029-30	2030-31
TK	77	89	98	121	127
K	143	175	191	227	238
1	129	121	138	171	180
2	118	140	129	163	178
3	114	131	148	156	171
4	122	135	150	185	175
5	115	135	147	178	193
6	115	113	124	143	153
7	114	113	117	143	151
8	115	111	116	135	149
9	75	78	79	80	82
10	68	72	78	79	81
11	60	66	73	79	81
12	40	59	68	75	81
Total	**1,405**	**1,538**	**1,656**	**1,935**	**2,040**

While a 45% increase in enrollment from 1,405 to 2,040 over five years is projected, CSCS is projected to maintain sufficient debt service coverage and strong liquidity metrics even at a lower 2030-31 enrollment of 995, a 29% drop from currently anticipated 2026-27 enrollment (see Enrollment Sensitivity Analysis below). CSCS will reduce its salary and other expenses commensurately if enrollment does not meet projections.

Enrollment Sensitivity Analysis

Orange Springs Obligated Group Combined Charters	2026-27 Projection	2027-28 Projection	2028-29 Projection	2029-30 Projection	2030-31 Projection
Enrollment	***685***	***750***	***807***	***943***	***995***
ADA	*664.58*	*723.33*	*778.71*	*908.79*	*958.36*
Total Revenue	**$ 11,873,568**	**$ 12,704,638**	**$ 13,304,906**	**$ 15,978,547**	**$ 17,308,254**
Total Expenses	**$ 10,317,753**	**$ 11,746,908**	**$ 12,966,689**	**$ 15,794,754**	**$ 16,928,226**
Surplus/(Deficit)	**$ 1,555,814**	**$ 957,730**	**$ 338,217**	**$ 183,793**	**$ 380,028**
Add Back: Depreciation	16,500	16,500	16,500	16,500	16,500
Add Back: Base Rent (The Bonds)	1,865,663	1,994,700	1,998,913	1,999,650	1,995,250
Net Income Available for Base Rent	**3,437,977**	**2,968,930**	**2,353,629**	**2,199,943**	**2,391,778**
Base Rent Coverage Ratio	**1.84x**	**1.49x**	**1.18x**	**1.10x**	**1.20x**
Ending Cash Balance	**5,369,501**	**6,261,552**	**6,538,788**	**6,559,377**	**6,886,530**
Days Cash on Hand	**190 days**	**194 days**	**184 days**	**151 days**	**148 days**

RSCS has issued four bonds and one restructuring through CSFA, and HSCS has issued one bond in 2024 through CSFA. OSCS first issued bonds through CSFA this past spring, with $21,085,000 in 2026AB bonds that closed in April 2026. No additional entities will be added to the obligated group with this financing, but all documents will reflect the Master Trust Indenture and other documents established with the first issuance.

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 the Lessee, located at: 3401 N. Harbor Blvd., Fullerton, CA 92835; (2) pay certain expenses incurred in connection with the issuance of the Bonds, and (3) fund all or a portion of a debt service reserve fund in connection with the Bonds to the extent not funded via credit enhancement (see below).

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 II LLC	3401 N. Harbor Blvd. Fullerton, CA 92835	Acquisition	$5,550,000
CSCS	Orange Springs Facilities II LLC	3401 N. Harbor Blvd. Fullerton, CA 92835	Improvement	$2,500,000
			Total Estimated Project Costs	**$8,050,000**

The facility consists of four classroom buildings and one storage/restroom building, ranging in size from 1,484 to 3,750 square-feet (12,745 square-feet total) surrounding a centralized playground area. The campus was previously used as a K-5 private school called Stepping Stones Academy. The four buildings have a total of 11 classrooms with student capacity estimated at 220 students. The campus is located on a 1.30 acre parcel with 27 parking spots.

The original Orange Springs countywide charter petition contemplated future sites in Anaheim and Saddleback Valley, but not Fullerton. Consequently, Orange Springs presented a material revision to their charter to the OCBOE at their August 4, 2026, meeting, which would allow them to also serve students in Fullerton. That approval was confirmed on September 12, 2026.

Financing

Borrower: The Borrower is Orange Springs Facilities II 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 2026CD 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. 2 issued by Orange Springs Facilities LLC, as representative of the Obligated Group, from certain funds and accounts established under the Indenture, and from the Borrower's Deed of Trust pledging its fee interest in the Fullerton campus. CSCS, as the lessee, is required to maintain certain financial covenants under its lease agreements with the Borrower. 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.

Preliminary Sources and Uses and 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 after the Board packets are distributed and are 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
Bond Proceeds				
Par Amount:	$8,235,000.00	$475,000.00		$8,710,000.00
Bond Discount	-$68,114.25			-$68,114.25
Other Sources:				
Enhancement Grant	$0.00	$0.00	$1,000,000.00	$1,000,000.00
Total:	**$8,166,885.75**	**$475,000.00**	**$1,000,000.00**	**$9,641,885.75**
Uses:	**Series 2026A (Tax-Exempt)**	**Series 2026B (Taxable)**	**Enhancement Grant**	**Total**
Project Fund Deposit				
Acquisition	$5,500,000.00	$0.00		$5,500,000.00
Improvements	$2,500,000.00	$0.00		$2,500,000.00
Transfer Tax	$6,050.00.00	$0.00		$6,050.00.00
Cost of Issuance	$116,573.45	$344,062.30		$460,635.75
Underwriter Discount	$44,262.30	$130,937.70		$175,200.00
Additional Proceeds			$1,000,000.00	$1,000,000.00
Total	**$8,166,885.75**	**$475,000.00**	**$1,000,000.00**	**$9,641,885.75**

**Preliminary, subject to change.*

Total Costs of Issuance*

Expense	Amount
Issuer Fee	$14,380
Annual Admin Fee	1,314
Agent-for-Sale Fee	6,500
CDIAC Fee	2,000
Issuer's Counsel Fee	25,000
Bond Counsel Fee	75,000
Borrower's Counsel Fee	65,000
Disclosure Counsel Fee	55,000
Financial Advisor Fee	67,500
Trustee/Trustee Counsel Fee	10,800
Title Fees & Charges, Endorsements	20,000
Underwriter's Discount	175,200
Underwriter's Counsel	65,000
Rating Agency Fee	35,000
Printer & Roadshow Fee	5,000
Contingency Budget	13,141.75
Total	**$635,835.75**

**Estimates based on principal amount of $10,000,000*

Relative to Cost of Issuance, Stradling will be acting as both bond counsel and disclosure counsel and consequently there are two separate line items for those fees. Kutak will be serving as underwriter's counsel.

Credit Enhancement: A not-to-exceed $1,000,000 credit enhancement award for the Borrower, for the benefit of CSCS, for this financing will be before the Authority Board as a subsequent agenda item at the September 24, 2026, meeting. If approved, the enhancement award will fund up to $1,000,000 of the financing's debt service reserve fund, reducing the overall borrowing cost for the Borrower.

Sales Restrictions

The sales restrictions were adjusted in a previous agenda item to reflect new, uniform STO bond issuance guidelines as of September 24, 2026. The following sales restrictions will apply to the financing given the likely below-investment-grade rating.

1. Bonds must be sold in either a limited public offering or a private placement.
2. Bonds must be initially purchased by either (1) Qualified Institutional Buyers as defined under Rule 144A of the Securities Act of 1933 ("QIBs"); or (2) Institutional Accredited Investors as defined under Section 501(a) of Regulation D falling under the following paragraphs of such definition: (1), (2), (3), (7), (8), (9), or (12). ("Qualified AIs").
3. Bonds must be purchased in minimum denominations of at least $100,000, and $5,000 in excess thereof.
4. Each initial bond purchaser will be required to execute and submit a Sophisticated Investor Letter in form and content satisfactory to CSFA.
5. Appropriate Bond documents, including the Indenture and the face of each Bond, must contain a provision that prohibits initial sales and subsequent transfers of Bonds unless the initial purchaser or transferee is a QIB or a Qualified AI and in minimum denominations of at least $100,000, and $5,000 in excess thereof.
6. Initial purchaser restrictions and transfer restrictions must be prominently displayed and described in detail on the cover of any offering materials/disclosure document.
7. Bond payments must be made via the intercept mechanism outlined in Section 17199.4 of the Education Code.

Other Project Data

Tax Equity and Fiscal Responsibility Act (TEFRA): The TEFRA Notice was published on the Authority's Webpage on or prior to August 20, 2026. The TEFRA hearing will take place on August 27, 2026, prior to the Board meeting, and no comments were received.

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 Inc., and the Underwriter. The analysis 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. 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 are 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.

Potential investors are advised to read the entire Preliminary Official Statement, or Preliminary Limited Offering Memorandum, as applicable, with respect to the Bonds to obtain information essential to the making of any investment decision.

Borrower Financial Data: Orange Springs Facilities II LLC will operate as a single-purpose entity of which the Lessee, 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 the Lessee, 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 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 26-23 authorizing the issuance of revenue bonds in an amount not to exceed $10,000,000 to refinance the acquisition, construction, expansion, rehabilitation, renovation, furnishing, and/or equipping of certain educational facilities located in Orange County for use by CSCS. This approval is contingent upon the approval of a material revision to the CSCS's charter allowing the school to operate within Fullerton.

1. **Applicant / Borrower**: Orange Springs Facilities II LLC
2. **Project:** Facility Acquisition and Improvement
3. **Amount of Financing:** Not to exceed $10,000,000
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 $635,835.75
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

Member	Position
Kathleen Hermsmeyer	Superintendent
Amy Podratz	Administrative Operations
Trevor Johnson	Senior Director of Business
Vivian Price	Education and Personalized Learning

Board of Directors

Member
Michael Solomon, Chair
Kellie Caldwell-Woodson, Vice Chair
Dr. Eugene Dokes, Secretary
Todd Franklin, Treasurer
Dianne Mendez, Director
Jessica Large, Director

APPENDIX B:
BUDGET PROJECTIONS

Combined Charters	2026-27 Projected	2027-28 Projected	2028-29 Projected	2029-30 Projected	2030-31 Projected
Enrollment	***1,405***	***1,538***	***1,656***	***1,935***	***2,040***
ADA	*1,363.18*	*1,483.70*	*1,597.30*	*1,864.11*	*1,965.80*
Revenue					
Local Control Funding Formula	$ 18,710,286	$ 20,925,226	$ 23,411,488	$ 28,024,472	$ 30,396,720
Federal Revenue	289,277	309,295	329,543	366,139	388,512
SB740 Facility Grant	390,589	622,388	758,104	1,159,301	1,343,110
Other State Revenue	1,684,752	887,833	982,724	1,177,327	1,277,468
Navigator Sublease[(1)]	774,307	774,761	-	-	-
Other Local Revenue	1,691,924	1,725,846	1,809,192	2,047,990	2,096,918
Total Revenue	**$ 23,541,134**	**$ 25,245,349**	**$ 27,291,051**	**$ 32,775,229**	**$ 35,502,728**
Expenditures					
Certificated Salaries	$ 5,314,863	$ 6,092,335	$ 6,895,568	$ 8,344,566	$ 9,127,742
Non-Cert Salaries	1,703,520	1,981,950	2,268,617	2,824,370	3,118,308
Employee Benefits	2,497,133	2,864,925	3,244,818	3,933,437	4,305,080
Books & Materials	1,891,136	2,215,392	2,548,781	3,213,102	3,561,670
Santa Ana LC Rent (2121 N. Grand)[(2)]	411,420	421,706	432,249	443,055	497,020
Rent at Saddleback LC[(3)]	-	-	-	450,000	450,000
Services & Ops (ex Rent)	5,052,544	5,950,299	6,618,867	7,794,616	8,541,378
Depreciation	16,500	16,500	16,500	16,500	16,500
Other Outgo	-	-	-	-	-
LLC Base Rent:					
LLC: 2026AB Bonds (Santa Ana)	1,405,275	1,406,100	1,405,913	1,407,950	1,405,200
LLC II: 2026CD Bonds (Fullerton)	460,388	588,600	593,000	591,700	590,050
Total Expenses	**$ 18,752,779**	**$ 21,537,807**	**$ 24,024,313**	**$ 29,019,296**	**$ 31,612,948**
Surplus/(Deficit)	**$ 4,788,356**	**$ 3,707,542**	**$ 3,266,738**	**$ 3,755,933**	**$ 3,889,780**
Add Back: Depreciation	16,500	16,500	16,500	16,500	16,500
Add Back: Base Rent (The Bonds)	1,865,663	1,994,700	1,998,913	1,999,650	1,995,250
Net Income Available for Base Rent	**6,670,518**	**5,718,742**	**5,282,151**	**5,772,083**	**5,901,530**
Consolidated Payment Obligations Coverage Ratio	**3.58x**	**2.87x**	**2.64x**	**2.89x**	**2.96x**
Cons. Payment Obligations Coverage Ratio (ex. Navigator Sublease)[(4)]	**3.16x**	**2.48x**	**2.64x**	**2.89x**	**2.96x**
Beginning Cash Balance	6,854,016	11,249,026	14,804,503	17,928,812	21,332,635
Plus: Surplus/(Deficit)	4,788,356	3,707,542	3,266,738	3,755,933	3,889,780
Plus: Depreciation	16,500	16,500	16,500	16,500	16,500
Other Net Cash Flow - Operating Account	(409,846)	(168,565)	(158,928)	(368,610)	(142,302)
Ending Cash Balance	**11,249,026**	**14,804,503**	**17,928,812**	**21,332,635**	**25,096,612**

Total Expenses	18,752,779	21,537,807	24,024,313	29,019,296	31,612,948
Less: Depreciation	(16,500)	(16,500)	(16,500)	(16,500)	(16,500)
Operating Expenses	**18,769,279**	**21,554,307**	**24,040,813**	**29,035,796**	**31,629,448**
Average Daily Expenses	**51,423**	**59,053**	**65,865**	**79,550**	**86,656**
Consolidated Days Cash on Hand	**219 days**	**251 days**	**272 days**	**268 days**	**290 days**

(1) The Navigator Sublease revenue is based on a pro-rata portion of Base Rent. Sublease revenue is not required to meet 1.10x coverage.

(2) The Santa Ana Learning Center is used for Orange Springs' Homeschool programs.

(3) The Saddleback LC location will be leased from third parties and will house 100% classroom-based programs of Orange Springs.

(4) Consolidated Payment Obligations Coverage Ratio assuming no projected sublease revenues under the Navigator Sublease.