M E M O R A N D U M **Staff Summary No. 8**

Date: September 24, 2026

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution No. 26-26 – Approval of a Charter School Facilities Credit Enhancement Grant Program Award in an Amount Not to Exceed $2,000,000 to Magnolia Properties Management Inc., on behalf of Magnolia Research and Education Foundation dba Magnolia Public Schools, located in Los Angeles and Orange Counties

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Background: Since 2009, the California School Finance Authority (Authority) applied for and has been awarded five Charter School Facility Grants, including 1) Credit Enhancement for Charter School Facilities Program; 2) Project Acceleration Notes and Credit Enhancement Alternatives Program; 3) Charter Access to Bank Loans Program; 4) Charter Finance Enhancement Program; and 5) Charter School Facilities Credit Enhancement Grant Program (collectively Federal Grant Awards).

Pursuant to Title 4 of Division 15 of the California Code of Regulations sections 10192 through 10199, the Authority administers the Charter School Facilities Credit Enhancement Grant Program (CE Program) pursuant to which it manages and awards grant funds to California charter schools, and educational management organizations on behalf of California Charter schools, to fund the primary debt service reserve requirement for debt issued by or through the Authority to finance or refinance the acquisition, construction, and/or renovation or charter schools facilities.

Application: On behalf of Magnolia Research and Education Foundation dba Magnolia Public Schools (MPS or the Charter School Network), Magnolia Property Management Inc. (MPM) is applying for an enhancement award in an amount not to exceed $2,000,000. *The final award amount will be finalized at the time the bonds are priced and sold.*

According to information provided by the Applicant, by financing a debt service reserve fund that would otherwise be financed with bond proceeds, the CE Grant will reduce the overall lease expense costs for MPS.

Eligibility Requirements: The applicant school meets and has demonstrated all eligibility and evaluation requirements of the Federal Grant Awards, including without limitation:

- The Authority has confirmed the school is in good standing with its relevant authorizer and that confirmation is on file with the Authority.
- Ability to secure private placement of its debt with an investor(s), secure 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
- Applicant (1) is in a school district and/or county where at least 50% of students do not meet the State standard for proficiency in either math or language on the state

assessment, or (2) is in a school district and/or county with more than 50% of the student population eligible for free or reduced-price lunch, or (3) has more than 50% of current or projected student enrollment who are eligible for free or reduced-price lunch.

Recommendation: Staff recommends the Board adopt Resolution No. 26-26, awarding the Applicant, on behalf of the operator of Magnolia Research and Education Foundation dba Magnolia Public Schools, a grant of up to $2,000,000 under the Authority's Charter School Credit Enhancement Grant Program to be funded from any of the Federal Grant Awards.