

\$7,500,000
California School Finance Authority
School Facility Revenue Bonds
(ALTA Public Schools Project)
Series 2014A (Tax-Exempt) and Series 2014B (Taxable)

EXECUTIVE SUMMARY
RESOLUTION 14-02

Borrower/Owner:	AMPT LLC (“Borrower”)
Sole Member of Borrower:	Alta Public Schools
Project Users:	Academia Moderna (the “Charter School”)
Issuance Amount:	Not to exceed \$7,500,000 (\$6,275,000 in tax-exempt bonds, and \$285,000 in taxable bonds)
Expected Issuance:	March 13, 2014
Project:	The bond proceeds will be used by the Borrower to finance the acquisition and renovation of educational facilities for the benefit of the Charter School
Bond Type:	School Facility Revenue Bonds (the “Bonds”)
Project Location:	2410 Broadway, Huntington Park, California
County:	Los Angeles
District in which Project is Located:	Los Angeles Unified School District
Charter Authorizer:	Los Angeles Unified School District
Est. Annual Payment:	Approximately \$550,000
Expected Rating:	Nonrated
Structure:	Term Bonds expected to have a final maturity of 2045
Sale Method:	Limited Public Offering
Underwriter:	Piper Jaffray & Co.
Bond Counsel:	Orrick, Herrington and Sutcliffe LLP

I. Background and Project

The Project to be financed with proceeds of the Bonds is the acquisition and renovation of educational facilities located at 2410 Broadway, Huntington Park, California (the "Facility"), which constitutes the existing campus of Academia Moderna. Academia Moderna already operates at the Facility. In connection with the issuance of the Bonds, the Borrower will acquire the fee simple title from the current owner. The Facility was originally built in 1974 and expanded in 1999 to its current size. The building is currently a 16,300 square foot, single-story former commercial building located on approximately 1.034 acres of land. The Facility currently comprises 8 classrooms, a conference room, 2 administrative offices, 1 break rooms, a reception area, 1 multipurpose room, a telecommunications room, a food service gallery, a library and a computer laboratory.

The Facility has an existing capacity to serve a total of approximately 250 students. The renovations, which are expected to be completed by August 2014, will double this capacity by adding a second story to the existing structure to create 15 new classrooms, a library, staircase, elevator and new façade.

The Authority proposes to issue its School Facility Revenue Bonds (Alta Public Schools Project), Series 2014A and Series 2014B (Taxable) (the "Bonds") in an amount not-to-exceed \$7,500,000. The proceeds of the Bonds shall be used to finance the costs of the acquisition and renovation of the charter school facilities.

II. The Borrower and the Lessee

The proceeds of the Bonds will be loaned to the Borrower, the sole member of which is Alta Public Schools, a California nonprofit public benefit corporation ("Alta Public Schools"), pursuant to a Loan Agreement (the "Loan Agreement") between the California School Finance Authority (the "Authority") and the Borrower. The Facility will be leased to Alta Public Schools, (the "Lessee"), pursuant to a Lease Agreement (the "Lease Agreement") between Alta Public Schools and the Borrower.

Alta Public Schools is a California nonprofit public benefit corporation formed in 2011 and headquartered in Los Angeles, California. Alta Public Schools has received a determination letter from the Internal Revenue Service recognizing it as an organization described in Section 501(c)(3) of the Code. Alta Public Schools operates the Schools and is the initial sole member of the Borrower. Alta Public Schools will lease the Facility as lessee under the Lease Agreement for use and occupancy by the Charter School; however, Alta Public Schools is not a party to the Loan Agreement and has no any liability thereunder in respect of repayment of the Loan and the Bonds.

Alta Public Schools established Academia Moderna as its first charter school in 2009. Since then, Alta Public Schools has established another charter school, Prepa Tec, which is in its first year of operation. The charter for Academia Moderna will be considered for renewal by LAUSD for a new five year term in the second week of February 2014. Alta Public Schools plans to establish additional charter schools in the future; however no additional charter petitions for any additional schools have been filed at this time.

III. Financial Structure

The California School Finance Authority School Facility Revenue Bonds (Alta Public Schools Project), Series 2014A and 2014B (Taxable), in the aggregate principal amount of not to exceed \$7,500,000 (the "Bonds") will be issued by the Authority pursuant to an Indenture of Trust (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Authority will loan the proceeds of the Bonds to the Borrower. Interest on the Bonds is expected to be payable semi-annually on the first day of each March and September commencing September 1, 2014.

IV. Security and Sources of Payment

The Bonds will be payable through an intercept pursuant to California Education Code Section 17199.4(a) of funds allocated to the Charter School and a pledge of the gross revenues of the Borrower. In addition, the property will be subject to a deed of trust to secure the Bonds. No other revenues, nor any interest in separate facilities, will be used to support the Bonds.

V. Preliminary Sources and Uses

Sources and Uses of Funds

California School Finance Authority
 School Facility Revenue Bonds
 (Alta Public Schools Project)
 Series 2014 A&B

Sources:	Tax-Exempt	Taxable	Total
Bond Proceeds			
Par Amount	6,275,000.00	285,000.00	6,560,000.00
	6,275,000.00	285,000.00	6,560,000.00
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Uses:	Tax-Exempt	Taxable	Total
Project Fund Deposits:			
Project Fund	5,384,748.00		5,384,748.00
Other Fund Deposits:			
Debt Service Reserve Fund	549,737.50		549,737.50
Capitalized Interest Fund	214,019.99	9,720.43	223,740.42
	763,757.49	9,720.43	773,477.92
Delivery Date Expenses:			
Underwriter's Discount	125,500.00	22,100.00	147,600.00
Cost of Issuance		250,000.00	250,000.00
	125,500.00	272,100.00	397,600.00
Other Uses of Funds:			
Additional Proceeds	994.51	3,179.57	4,174.08
	6,275,000.00	285,000.00	6,560,000.00

VI. Borrower Financial Data

The Borrower is a limited liability company, the sole member of which is Alta Public Schools. Alta Public Schools has received a determination letter from the Internal Revenue Service recognizing it as an entity described in Section 501(c)(3) of the Code. The Borrower is a single purpose entity with no assets other than the Facility and its rights under the Lease, which have been assigned to the Trustee. The Borrower was recently formed for the purpose of owning the Facility and is not expected to have any other assets or revenue available to it to make payments due under the Loan Agreement. Attached as Exhibit A is a schedule of Academia Moderna's 5-year budget.

VII. Due Diligence Undertaken to Date

No information was disclosed that questions the financial viability or legal integrity of the Borrower. Standard opinions of counsel to the Borrower (i.e., that the borrowing entity has been duly organized, is in good standing, has the full authority to enter into all documents which are valid and binding, etc.) will be delivered at closing.

VIII. Bond Sales Restrictions

Per Bond Issuance Guidelines adopted by the CSFA board, the following sales restrictions may apply to Alta Public Schools Project financing: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>. Given that the transaction is non-rated, the following sales restrictions are in place for this financing. Piper has selected the highlighted sales restriction in item #7.

1. Bonds will be in minimum denominations of \$100,000; and
2. Bonds will be privately placed or publicly offered initially to QIBs and AIs; and
3. Bonds purchases will be required to execute an initial Investor Letter; and
4. Subsequent transfers of bonds will be limited to QIBs and AIs; and
5. Sales restrictions conspicuously noted on bond and described in detail in offering materials, if any, as well as in the bond documents
6. Bond payments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code; and
7. One or more of the following will be required depending on the transaction, as requested by the financing team and approved by the Authority:
 - a. Traveling Investor Letter; or
 - b. Higher minimum denominations of \$250,000; 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.

IX. Staff Recommendation

Staff recommends CSFA approve Resolution Number 14-02 in an amount not to exceed \$7,500,000 for AMPT LLC.

Exhibit A 5 Year Budget Projections (Academia Moderna)

Academia Moderna 5 Year Profit & Loss Projection



	2012-13 Audited Actuals	2013-14 Forecast	2014-15 Forecast	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast
<i>COLA</i>			2.00%	2.00%	3.00%	4.00%
<i>ADA</i>	323	404	454	454	454	454
Revenues						
Revenue Limit Sources						
State Apportionment	1,385,551	1,986,358	2,610,931	2,833,035	3,055,139	3,277,243
In-Lieu of Property Taxes	484,704	565,832	636,561	636,561	636,561	636,561
Federal Revenue	359,476	388,038	436,543	436,543	436,543	436,543
State Revenue	914,368	644,569	627,324	627,324	627,324	627,324
Local Revenues	116,988	113,000	37,125	37,125	37,125	37,125
Total Revenues	3,261,087	3,697,797	4,348,484	4,570,588	4,792,692	5,014,795
Expenses						
Program Services						
Salaries and Benefits	1,167,408	1,418,311	1,844,335	1,881,222	1,937,659	2,015,165
Other Student Services	157,077	138,800	169,273	172,658	177,838	184,952
Student Supplies	76,441	85,540	118,157	120,520	124,136	129,101
Student Nutrition	261,766	260,000	298,350	304,317	313,447	325,984
Special Education Fee	103,270	119,221	136,806	139,542	143,728	149,478
Depreciation	29,776	40,578	41,355	42,147	42,955	43,779
Subtotal	1,795,738	2,062,450	2,608,276	2,660,407	2,739,763	2,848,459
Management and General						
Salaries and Benefits	472,823	738,607	840,517	857,327	883,047	918,369
District Supervisory Fee	62,838	25,522	32,475	34,696	36,917	39,138
Occupancy	260,165	403,878	382,659	557,549	576,420	576,315
Insurance	190,065	56,000	64,260	65,545	67,512	70,212
Interest	36,065	51,430	12,539	-	-	-
Operating Expenses	283,467	264,168	313,581	319,853	329,448	342,626
Subtotal	1,305,423	1,539,605	1,646,030	1,834,970	1,893,343	1,946,660
Total Expenses	3,101,161	3,602,055	4,254,306	4,495,377	4,633,106	4,795,119
Change in Net Assets	159,926	95,742	94,178	75,211	159,586	219,676
Add Back:						
Lease Payments	260,165	388,878	354,216	528,538	546,538	545,238
Depreciation	29,776	40,578	41,355	42,147	42,955	43,779
Surplus Available for Debt Service	449,867	525,198	489,748	645,896	749,079	808,694