

\$12,500,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY (AUTHORITY)
EDUCATIONAL FACILITIES REVENUE BONDS
(ALTA PUBLIC SCHOOLS OBLIGATED GROUP – ISSUE #3)
SERIES 2024A \$12,000,000 (TAX-EXEMPT) AND 2024B \$500,000 (TAXABLE)
ITEM # 6 RESOLUTION 24-21
STAFF SUMMARY

EXECUTIVE SUMMARY			
Applicant/Borrower:	Alta Public Schools Foundation	Par Amount Requested:	Not-to-Exceed * \$12,500,000
Financing Term: Fixed rate, up to 40-year financing, 10-year par call, with taxable bonds amortized first		Projected Interest Rate: 6.50%	
Applicant Description: Alta Public Schools Foundation, a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, is the Borrower. The Borrower was formed for the specific purpose of supporting Alta Public Schools.			
Type of Financing: Tax-Exempt and Taxable Revenue Bonds			
Project User:	Academia Moderna & Prepa Tec Middle School	County Served:	Los Angeles
District in Which Project is Located:	Los Angeles Unified School District	Charter Authorizer:	Los Angeles Unified School District
Financing Description: Proceeds will be used to finance and/or refinance the cost of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of educational facilities located in Los Angeles County, CA.; pay capitalized interest; fund-related working capital and a debt service reserve fund and repair and replacement fund, if necessary; and pay certain costs of issuance.			
Project Site: The Project will involve two Alta Public Schools campuses: 1) Academia Moderna, 2410 Broadway Ave., Walnut Park 90255; and 2) Prepa Tech Middle School, 8001 Santa Fe Ave., Walnut Park 90255			
Financing Team:		Financing Details:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP	Type of Issue:	Charter School Revenue Bonds
Underwriter:	Piper Sandler	Tax Status:	Tax-Exempt & Taxable
Borrower's Counsel:	Young, Minney and Corr LLP	Maturity:	Not to exceed 2064
Underwriter's Counsel:	Kutak Rock LLP	Credit Enhancement:	Yes
Issuer's Counsel:	Office of the Attorney General	Credit Rating:	Non-Rated
Financial Advisor:	Campanile Group	Fees:	See Costs of Issuance Table
Bond Trustee:	U.S. Bank Trust Company, National Association		
CSFA Analyst: Robby Biegler		Date of CSFA Board Meeting: May 30, 2024	
Staff Recommendation: Staff recommends the Authority Board approve Resolution Number 24-21, authorizing the issuance of Revenue Bonds in an amount not to exceed \$12,500,000 to finance and/or			

refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County, California for use by Alta Public Schools.

BACKGROUND AND HISTORY

Alta Public Schools (APS) was established in 2009 and opened its first school in that same year, Academia Moderna Charter School (AMCS), in the South Los Angeles neighborhood of Walnut Park. Academia Moderna is K-6 and currently serves 444 students; their most recent charter was renewed by LAUSD in 2019, which expires in June 2024. Since the opening of Academia Moderna, Alta has opened two additional schools, Prepa Tec Middle School (PTMS), in Huntington Park, which opened in 2013, and Prepa Tec High School (PTHS), which opened in 2016, also located in Huntington Park. PTMS currently serves 305 students in a facility financed by a 2020 CSFA bond issuance. Current charter terms and demographics for the financed schools include:

Schools	Authorizer	Grades Served	School Year Established	Original Petition Approved	Most Recent Renewal	Charter Expiration*
Academia Moderna	Los Angeles Unified School District	TK-5th	2009-10	2009	1/8/2019	6/30/2027
Prepa Tec Middle School	Los Angeles Unified School District	6-8	2013-14	2013	12/5/2017	6/30/2026

* AB 130 (2021-22) extended all charter terms set to expire between January 1, 2022, and June 30, 2025 by two years and SB 114 (2022-23 extended all charter terms set to expire between January 1, 2024, and June 30, 2027 by one additional year.

2023-24	Academia Moderna	Prepa Tec
Groups	%	%
Free-Reduced Lunch	84.0%	81.0%
English Language Learner	46.8%	28.9%
Students with Disabilities	11.2%	10.2%
Black / African American	0.2%	1.3%
American Indian / Alaska Native	0.0%	0.0%
Asian / Pacific Islander / Filipino	0.0%	0.0%
Hispanic	99.6%	98.7%
White	0.0%	0.0%
Multiracial / Unspecified	0.2%	0.0%

Sources: CalPADS

The historical, current, and projected enrollment for the financed schools are below:

	Historical*					Current*	Projected			
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	27-28
Obligated Schools										
Academia Moderna										
TK	13	12	10	12	16	23	24	24	24	24
Kinder	66	66	57	56	62	50	56	56	56	56
1st	75	78	66	71	64	58	84	84	84	84
2nd	74	84	77	68	78	68	75	84	84	84
3rd	79	83	82	81	79	81	75	84	84	84
4th	77	79	80	75	84	81	84	84	84	84
5th	<u>81</u>	<u>76</u>	<u>74</u>	<u>76</u>	<u>70</u>	<u>83</u>	<u>84</u>	<u>84</u>	<u>84</u>	<u>84</u>
Sub-Total	465	478	446	439	453	444	482	500	500	500
Prepa Tec										
6th	82	106	65	77	93	94	112	112	112	112
7th	129	109	104	91	97	117	112	112	112	112
8th	<u>136</u>	<u>137</u>	<u>99</u>	<u>105</u>	<u>101</u>	<u>94</u>	<u>112</u>	<u>112</u>	<u>112</u>	<u>112</u>
Sub-Total	347	352	268	273	291	305	336	336	336	336
Grand Total	812	830	714	712	744	749	818	836	836	836

*Enrollment as of first Wednesday of October as reported to CALPADS

Relative to the projected enrollment growth, as with many other schools APS took enrollment hits during the pandemic it is slowly growing back from, as evidenced by growth in 22-23/23-24 over 20-21/21-22. Overall projected growth tracks with that current growth. Also, the additional facility space being financed by these bonds will help accommodate that additional growth.

This is the third bond issuance for the benefit of APS; in 2014 CSFA issued \$7,600,000 in bonds to acquire and improve the AMCS campus, located at 2410 Broadway Ave, Walnut Park; in 2020 CSFA issued \$19,320,000 in bonds to construct a new facility for PTMS located at 8001 Santa Fe Ave, also in Walnut Park. The 2020 financing was the first issuance for an obligated group created and controlled by a Master Trust Indenture (MTI), of which the 2024 financing will join. Part of the proposed 2024 issuance will be used to refinance the outstanding amount of the 2014 bonds.

PROJECT DESCRIPTION

The proceeds of the bonds (the “Series 2024 Bonds”) will be used to: (1) finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of (a) the charter school educational facilities known Academia Moderna located at 2410 Broadway, Walnut Park, California; and (b) the charter school educational facilities known as Prepa Tec Los Angeles Middle School located at 8001 Santa Fe Avenue, Walnut Park, California, (2) pay certain expenses incurred in connection with the issuance of the Bonds, (3) pay capitalized interest on the Bonds, and (4) fund all or a portion of a debt service reserve fund, repair and replacement fund, and related working capital in connection with the Series 2024 Bonds.

A deposit to the Reserve Account for the Series 2024 Bonds in an amount of the Reserve Account Requirement is expected to be funded in whole or in part by proceeds of a grant under 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	Location	Purpose	Amount
Academia Moderna	AMPT LLC	2410 Broadway Ave. Walnut Park 90255	Refinancing	\$6,700,000
Academia Moderna	AMPT LLC	2410 Broadway Ave. Walnut Park 90255	Renovation	\$4,000,000
Prepa Tech	PTMS LLC	8001 Santa Fe Ave.	Renovation	\$300,000
		Walnut Park 90255		
Total Estimated Project Costs				\$11,000,000*
*An additional \$1,500,000 of authorization is a contingency for additional project costs				

In 2014 APS issued \$7,600,000 in bonds to finance the acquisition and renovations of the current AMCS campus. The renovations added a second story to the existing structure to create a total of 18 new classrooms, as well as a library/media room, multi-purpose room, staircase, elevator and new façade. The total square footage of the facilities is approximately 25,169 square feet. There is approximately \$6,570,000 still left outstanding on those bonds, which will be refinanced with this issuance.

Additionally, to accommodate planned growth, the proposed AMCS building project will include a new roof-top play area, multi-purpose/indoor gym, storage, main reception, second admin office space, and additional classroom space. The square footage of the new facilities will be approximately 10,000 square feet. PTMS plans to finance solar panels for their campus to reduce energy costs.

FINANCING

Borrower: Alta Public Schools Foundation, a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, is the Borrower. The Borrower was formed for the specific purpose of supporting APS.

Security and Source of Payment: The Series 2024 Bonds will be issued, in part to refund the 2014 Bonds and will be added to the existing Obligated Group, joining the 2020 Bonds. d. The Series 2024 Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement entered into in connection with the Series 2024 Bonds. AMPT LLC, the owner of the Academia Moderna Campus, and (as of the closing of the Series 2024 Bonds) whose sole member is the Borrower, will enter into a Deed of Trust for its fee simple interest in the Academia Moderna campus, and a Reserve Account will be established under the Indenture with respect to the Series 2024 Bonds. APS, as the lessee (“Lessee”), is required to maintain certain financial covenants under its lease agreements with the AMPT LLC. As additional security and in connection with the issuance of the Series 2024 Bonds, APS will provide instructions to the State Controller’s Office to make an apportionment from Academia Moderna in the amounts, and on the dates provided, in a written notice sufficient in the aggregate to repay the Series 2024 Bonds and pay necessary and incidental costs (the “Intercepts”).

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 Series 2024 Bonds. Under the laws of the State of California, no party, including the Lessee, 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 Intercepts.

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 based on an estimated par amount of \$12,500,000. 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:	Series 2024A (Tax-Exempt)	Series 2024B (Taxable)	Enhancement Grant	Total
Bond Proceeds				
Par Amount:	\$10,610,000	\$335,000		\$10,945,000
Prior Reserve Fund:	\$582,188	\$0		\$582,188
Other Sources:				
Enhancement Grant:	\$	\$	\$779,000	\$779,000
Total:	\$10,742,188	\$335,000	\$779,000	\$12,306,188
Uses:	Series 2024A (Tax-Exempt)	Series 202B (Taxable)	Enhancement Grant	Total
Project Fund Deposit				
2014 Academia Moderna Refinancing	\$6,677,370	\$0		\$6,677,370
Academia Moderna Renovations	\$4,000,000	\$0		\$4,000,000
Prepa Tech Renovations	\$300,000	\$0		\$300,000
Debt Service Reserve Fund	\$0	\$0	\$779,000	\$779,000
Cost of Issuance	\$39,788	\$330,563		\$370,531
Underwriter Discount	\$172,413	\$3,350		\$175,763
Contingency	\$2,618	\$1,087		\$3,705
Total	\$11,192,188	\$335,000	\$779,000	\$12,306,188

Expense	Amount
Issuer Fee	\$15,473
Financial Advisor	\$75,000
Annual Admin Fee	1,642
Agent-for-Sale Fee	6,500
CDLAC Fee	2,736
Issuer's Counsel Fee	20,000
Bond Counsel Fee	100,000
Borrower's Counsel Fee	45,000
Disclosure Counsel Fee	75,000
Trustee/Trustee Counsel Fee	9,000
Financial Printer Fee	5,000
Underwriter's Discount	175,763
Title Insurance Fee	10,000
Appraiser Fee	5,000
Total	\$370,351

**Based on a principal amount shown in estimated sources and uses.*

Credit Enhancement: There will be a not-to-exceed \$850,000 credit enhancement award for the Borrower, on behalf of APS, for this financing that will be before the Authority Board as subsequent agenda items at the May 30, 2024, meeting. If approved, the enhancement awards will fund up to \$850,000 of the financing's debt service reserve fund, reducing the overall borrowing cost for the Borrower. *The actual award amount will be finalized at the pricing of the bonds.*

SALES RESTRICTIONS

The following sales restrictions will apply to the financing given the likely below-investment-grade rating. The Authority's sales restrictions may be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

Sub-Investment Grade

1. Bonds will be in minimum denominations of \$100,000;
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 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 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
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 May 23, 2024. The TEFRA hearing will take place on May 30, 2024, 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, APS, 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 making an investment decision relating to the making of the financing by the Underwriter, and should not be relied on by any party for such purpose.

Borrower Financial Data: The Borrower, Alta Public Schools Foundation, is a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Code and was formed to support APS, by, among other things, holding title to property and managing, operating, and leasing property. AMPT LLC, the owner of the Academia Moderna campus, was formed as a single-purpose

entity of which (as of the closing date) Alta Public Schools Foundation will be the sole member with no assets other than the Facilities owned or leased by it and its rights under the Leases, which have been or will be assigned to the Trustee. The Borrower is not expected to have any other assets or revenue available to make payments due under the Loan Agreement.

The Lessee, APS, is a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Code.

STAFF RECOMMENDATION

Staff recommends the board adopt Resolution 24-21 authorizing the issuance of revenue bonds in an amount not to exceed \$12,500,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of educational facilities located in Los Angeles County, California for use by Alta Public Schools.

1. **Applicant / Borrower:** Alta Public Schools Foundation.,
2. **Project:** Financing and Refinancing of Facilities and related costs
3. **Amount of Financing:** Not to exceed \$12,500,000
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:** 6.50%
7. **Preliminary Cost of Issuance:** The preliminary Cost of Issuance is \$370,351
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
Xavier Reyes	Founder and CEO

Board of Directors

Member	Role
Eddie Martinez	Member
Samuel Cortez	Member
Greg Tanner	Member
Mary Porras	Member
Raul Carranza	Member
Azucena Chavarria	Member

**APPENDIX B:
ESTIMATED BUDGET PROJECTIONS AND ENROLLMENT**

Fiscal Year	2024-25	2025-26	2026-27	2027-28	2028-29
Revenues					
State Revenue	10,649,576	11,529,653	12,191,060	12,918,194	13,532,597
Federal Revenue	903,722	927,640	939,807	949,711	954,242
Other State Revenue	4,109,774	3,898,232	3,734,800	3,613,276	3,649,828
Other Local Revenue	-	-	-	-	-
Total Revenues	15,663,072	16,355,525	16,865,667	17,481,180	18,136,667
Expenses					
Certificated Salaries	3,805,710	3,979,949	4,059,547	4,140,738	4,223,553
Classified Salaries	1,810,580	1,746,791	1,783,727	1,821,402	1,859,830
Employee Benefits	2,473,111	2,552,058	2,620,344	2,674,728	2,723,362
Supplies	813,200	866,086	888,100	907,615	930,566
Subagreement Services	843,600	884,828	917,636	951,827	979,171
Operations and Housekeeping	574,200	614,287	638,440	663,697	682,912
Repairs and Other Leases	358,900	375,050	389,983	405,580	417,214
Lease Payments	1,725,925	1,825,925	1,875,925	2,045,925	2,046,375
Professional/Consulting Services	2,712,560	2,906,549	3,041,596	3,183,206	3,292,848
Depreciation	127,400	129,948	132,547	135,198	137,902
Total Expenses	15,245,186	15,881,470	16,347,847	16,929,916	17,293,734
Net Income	417,886	474,055	517,821	551,264	842,933
Add: Lease Payments	1,725,925	1,825,925	1,875,925	2,045,925	2,046,375
Add: Depreciation	127,400	129,948	132,547	135,198	137,902
Net Income Available for Lease	2,271,211	2,429,928	2,526,293	2,732,387	3,027,210
Lease Payment	1,725,925	1,825,925	1,875,925	2,045,925	2,046,375
Lease Coverage	1.32	1.33	1.35	1.34	1.48
Beginning Cash Balance	8,013,810	8,559,096	9,163,098	9,813,466	10,499,928
Ending Cash Balance	8,559,096	9,163,098	9,813,466	10,499,928	11,480,763
Days Cash on Hand	207	212	221	228	244