

## MEMORANDUM

## Staff Summary No. 8

**Date:** July 25, 2024

**To:** Members of the California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Subject:** Resolution No. 24-29 – Approving the Charter School Facilities Credit Enhancement Grant Program (CDFA #84.354A) Award in an Amount Not to Exceed \$1,100,000 to 330 W Broadway LLC, on behalf of Vibrant Minds Charter School, located in Orange County

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**Background:** The California School Finance Authority (Authority) received a grant award in 2024 under the U.S. Department of Education’s Expanding Quality Charter Schools Program – Credit Enhancement (CE) for Charter Schools Facilities (CFDA # 84.354A), which, for purposes of the Authority’s implementation, has been permitted early access funds to the Credit Enhancement Grant Program. This federal grant, authorized under Title IV, Part C, Section 4304 of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), and will provide \$20,000,000 to support financing to charter schools that have received a reservation of funds through the Charter School Facilities Program or for long-term debt through the Authority’s Conduit Bond and Note Financing Program.

Currently, the Authority has been granted access to \$5,000,000 of the \$20,000,000 while the Performance Agreement is undergoing review with the Department of Education, and Program Regulations are currently in process. We have no indication when the Performance Agreement will be executed. The program regulations are nearing their completion with the Office of Administrative Law and should be finalized in early to mid-August.

**Application:** On behalf of Vibrant Minds Charter School, 330 W Broadway LLC, is applying for an enhancement award in the amount not to exceed \$1,100,000. The final award amount will be finalized at the time the bonds are priced and sold. According to information provided by the Borrower, by helping to finance a debt service reserve fund that would otherwise be financed with bond proceeds, the CE Grant allows the Borrower to reduce its borrowing costs. Additionally, the Grant will reduce the overall lease and school expense costs for Vibrant Minds Charter School.

**Eligibility Requirements:** The applicant meets and has demonstrated all eligibility and evaluation requirements of the Program, including without limitation:

- Good Standing – Good standing from the Authorizer is on file with the Authority;
- Applicant (1) is located 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 located 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; and/or
- Ability to secure 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.

Resolution 24-29

Vibrant Minds Charter School – Credit Enhancement Grant

July 25, 2024

**Recommendation:** Staff recommends the Board adopt Resolution No. 24-29, awarding the Borrower, on behalf of the operator of Vibrant Minds Charter School, a Charter Finance Enhancement Program (CDFA #84.354A) Award in a not-to-exceed amount of \$1,100,000. This recommendation is contingent on Program regulations being in effect.