

\$37,000,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY (AUTHORITY)
CHARTER SCHOOL REVENUE BONDS
(SYCAMORE CREEK COMMUNITY CHARTER SCHOOL PROJECT)
SERIES 2025A \$35,000,000 (TAX-EXEMPT) AND SERIES 2025B \$2,000,000 (TAXABLE)
ITEM #5 RESOLUTION 24-50
STAFF SUMMARY

EXECUTIVE SUMMARY

Applicant/Borrower:	SCCCS Facilities LLC	Par Amount Requested:	Not-to-Exceed * \$37,000,000
----------------------------	----------------------	------------------------------	---------------------------------

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: SCCCS Facilities LLC is a California limited liability company, the sole member of which will be, at the time of issuance, Sycamore Creek Community Charter School, a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. The Borrower was formed for the specific purpose of supporting Sycamore Creek Community Charter School.

Type of Financing: Tax-Exempt and Taxable Revenue Bonds

Project User:	Sycamore Creek Community Charter School	County Served:	Orange
----------------------	---	-----------------------	--------

District in Which Project is Located:	Cypress Elementary School District & Anaheim Union High School District	Charter Authorizer:	Orange County Board of Education
--	---	----------------------------	----------------------------------

Financing Description: Proceeds will be used to finance and refinance the cost of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of educational facilities located in Cypress, California; pay capitalized interest; fund-related working capital and a debt service reserve fund, if necessary; and pay certain costs of issuance.

Project Site: 4321 W Cerritos Avenue, Cypress, California 90630

Financing Team:		Financing Details:	
Bond Counsel:	Orrick Herrington & Sutcliffe LLP	Type of Issue:	Charter School Revenue Bonds
Underwriter:	Raymond James	Tax Status:	Tax-Exempt & Taxable
Borrower's Counsel:	Young Minney & Corr LLP	Maturity:	Not to exceed 2065
Underwriter's Counsel:	Ballard Spahr LLP	Credit Enhancement:	Yes
Issuer's Counsel:	Office of the Attorney General	Credit Rating:	Unrated
Developer:	Red Hook	Fees:	See Costs of Issuance Table
Bond Trustee:	UMB Bank, NA		

CSFA Analyst: Robby Biegler	Date of Staff Report: November 8, 2024
------------------------------------	---

Date of CSFA Board Meeting: November 18, 2024	Resolution Number: 24-50
--	---------------------------------

Staff Recommendation: Staff recommends the Authority Board approve Resolution Number 24-50 authorizing the issuance of revenue bonds in an amount not to exceed \$37,000,000 to finance and refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of certain educational facilities located in Orange County for use by Sycamore Creek Community Charter School.

BACKGROUND AND HISTORY

Sycamore Creek Community Charter School (SCCCS) is a tuition-free public charter school that specializes in Public Waldorf Education, integrating the arts into all academic disciplines. SCCC currently educates students TK-8 in Orange County, California. SCCC opened in 2019 and now operates on a charter contract authorized by the Orange County Board of Education (OCBOE). SCCC sought OCBOE authorization so that it could operate a countywide charter and serve as a primary Waldorf TK-12 charter school for all of Orange County.

The charter has a 5-year term that is active from July 1, 2024 – June 30, 2029. With the 2024 renewal SCCC expanded their service to all of Orange County and maximum countywide enrollment to up to 1,500 students (however the proposed facility currently has a 720-student cap so enrollment projections will mirror that). SCCC's current facility does not provide room for growth. The proposed campus acquisition will allow the school to expand to serve grades TK-12 over the next five years. Demographics include:

Sycamore Creek Demographics (23-24)	
Free-Reduced Price Meals	30.9%
Students with Disabilities	9.3%
English-Language Learners	6.2%
Socio-Economically Disadvantaged ⁽¹⁾	30.9%
Hispanic or Latino	35.2%
White	37.7%
Two or More Races	16.0%

Student Retention			
2021/2022	2022/2023	2023/2024	2024/2025
76% (105/139)	81% (113/141)	87% (125/152)	92% (138/151)

Student Attendance			
2020/2021	2021/2022	2022/2023	2023/2024
97%	91%	93%	94%

The school's historical, current, and projected enrollment are highlighted below:

Grade	Historical					Projected					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
TK	0	0	0	0	9	11	48	48	48	48	48
K	11	21	20	23	15	21	24	48	48	48	48
1	11	19	18	22	23	15	52	56	56	56	56
2	13	20	11	26	25	26	28	56	56	56	56
3	13	23	20	14	23	26	28	56	56	56	56
4	9	14	22	20	15	13	28	28	56	56	56
5	5	14	12	17	17	13	28	28	28	56	56
6	4	9	15	11	11	16	28	28	28	28	56
7	0	9	12	13	9	6	28	28	28	28	28
8	0	0	9	11	15	10	28	28	28	28	28
9	0	0	0	0	0	0	0	28	28	28	28
10	0	0	0	0	0	0	0	0	28	28	28
11	0	0	0	0	0	0	0	0	0	28	28
12	0	0	0	0	0	0	0	0	0	0	28
Total	66	129	139	157	162	157	320	432	488	544	600

Enrollment Growth: According to information provided by the Borrower, SCCCS has implemented an aggressive enrollment program designed to educate and inform potential students and their families about the instructional program and to ensure that all Orange County residents are given an equal opportunity to enroll their children at the SCCCS. SCCCS believes that this will ensure that they reach capacity. In addition, SCCCS has established an enrollment timeline for broad-based recruiting and application process that is aligned with the composition of the diverse prospective population. Sycamore Creek's budget includes financial resources allocated to outreach efforts.

PROJECT DESCRIPTION

The proceeds of the bonds will be used to (1) finance and refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of certain charter school educational facilities for SCCCS, located at 4321 West Cerritos Ave, Cypress 90630; (2) to pay certain expenses incurred in connection with the issuance of the Bonds; and (3) to fund all or a portion of a debt service reserve fund, capitalized interest and related working capital in connection with the Bonds.

A deposit to the Reserve Account for the Series 2025 Bonds in an amount of the Reserve Account Requirement is expected to be funded in whole or in part by proceeds of an award 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
Sycamore Creek Community Charter School	SCCCS Facilities LLC	4321 West Cerritos Ave Cypress, 90630	Purchase	\$11,325,000
Sycamore Creek Community Charter School	SCCCS Facilities LLC	431 West Cerritos Ave Cypress, 90630	Renovation	\$15,988,710.23
Total Estimated Project Costs				\$27,313,710.23

SCCCS Facilities LLC intends to acquire an approximately three-acre, five-building, 25,000-square-foot property currently owned by Holy Cross Lutheran Church (HCLC) and lease the facility to SCCC.

Relative to the sizable renovation portion of the transaction the future SCCC site is currently partially improved with four permanent one-story buildings (an administration building, two classroom buildings and a multi-purpose building) comprising a total of 20,590 square feet, as well as a modular classroom, various outbuildings and surface improvements, which are currently used by the HCLC to operate a preschool, as well as vacant land. The renovation costs will update existing buildings, make additional site improvements, facilitate development of a traffic loop and a parking lot, development of a play field and other recreational improvements, and the purchase and installation of eight modular classroom buildings totaling an additional 13,390 square feet.

As completed, the Facility will include 27 classrooms, a multipurpose room and administrative offices, and accommodate a total enrollment of 720 students in TK through grade 12.

FINANCING

Borrower: SCCC Facilities LLC, a California limited liability company whose sole member is SCCC, is the Borrower. The Borrower was formed for the specific purpose of holding real property for the benefit of SCCC as its sole member.

Security and Source of Payment: The Series 2025 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. 1 issued by the Borrower, as representative of the Obligated Group, from certain funds and account established under the Indenture, and the Borrower's Deed of Trust pledging its fee interest in the SCCC campus. SCCC, as the lessee, is required to maintain certain financial covenants under its lease agreements with the Borrower. As additional security and in connection with the issuance of the bonds, SCCC 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 under the Intercept will be applied solely for the uses and purposes outlined in the Indenture, including the payment of debt service on the Bonds. Under the laws of the State of California, no party, including SCCC, 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 under the Intercept.

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 the Authority Board's consideration. Please note these figures are subject to change between the time the Board packets are distributed and final pricing. Members will be provided updated figures should significant changes occur before the Board meeting date.

Sources and Uses*

Sources:	Series 2025 A	Series 2025 B	CE Grant	Total
Bond Proceeds				
Par Amount:	\$30,685,000.00	\$555,000.00		\$31,235,000.00
Original Issue Discount	(\$405,418.75)			(\$405,418.75)
Other Sources:				
Enhancement			\$2,000,000.00	\$2,000,000.00
Total:	\$30,279,581.25	\$555,000.00	\$2,000,000.00	\$32,829,581.25
Uses:	Series 2025		CE Grant	Total
Project Fund Deposit				
Acquisition/Renovation	\$27,313,710.23			\$27,313,710.23
Cost of Issuance	\$613,700.00	\$511,000.00		\$1,124,000.00
Capitalized Interest Fund	\$2,048,398.37	\$36,715.63		\$2,085,114.00
Debt Service Reserve Fund	\$303,662.50		\$2,000,000.00	\$2,303,662.50
Contingency	\$110.15	\$2,284.37		\$23,394.52
Total	\$30,279,581.25	\$555,000.00	\$2,000,000.00	\$32,829,581.25

Costs of Issuance*

Expense	Amount
Issuer Fee	\$27,115.00
Annual Admin Fee	4,685.25
Agent-for-Sale Fee	6,500.00
CDIAC Fee	7,808.75
Issuer's Counsel Fee	20,000.00
Bond Counsel Fee	150,000.00
Borrower's Counsel Fee	70,000.00
Underwriters/Disclosure Counsel Fee	95,000.00
Trustee/Trustee Counsel Fee	8,000.00
Financial Printer Fee	5,000.00
Underwriter's Discount	624,700.00
Title Insurance Fee	60,000.00
Appraiser Fee	6,000.00
Contingency Budget	39,788.50
Total	\$1,124,600.00

**Estimates based on principal amount of \$31,235,000.*

Credit Enhancement: There will be a not-to-exceed \$2,000,000 credit enhancement award for the Borrower, on behalf of SCCCS, for this financing that will be before the Authority Board. If approved, the enhancement awards will fund up to \$2,000,000 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 time of pricing of the bonds.*

SALES RESTRICTIONS

The following sales restrictions will apply to the financing given the likely below-investment-grade rating.

1. Bonds will be in minimum denominations of \$250,000;
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 the 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 October 22, 2024. The TEFRA hearing took place on October 29, 2024, before 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, SCCCS, 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 was 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.

Borrower Financial Data: SCCCS Facilities LLC will operate as a single-purpose entity of which SCCCS 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 SCCCS, 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, SCCCS, 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 24-50 authorizing the issuance of revenue bonds in an amount not to exceed \$37,000,000 to finance and/or refinance the acquisition, construction, expansion, renovation, furnishing, and equipping of certain educational facilities located in Orange County for use by Sycamore Creek Community Charter School.

1. **Applicant / Borrower:** SCCCS Facilities LLC
2. **Project:** Acquisition, renovation and construction of Facility and related costs
3. **Amount of Financing:** Not to exceed \$37,000,000
4. **Maturity:** 35 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 \$1,124,600
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, the Authority 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
Sara Bach	Executive Director
Kimberly Telfer-Radzat	Principal

Board of Directors

Member	Role
Alisha Walker	Board President
Vyctoria Luon	Founder and Incumbent
Juliet Santa Cruz	Founder and Outgoing Officer/Treasurer
Lisbeth Thompson	Member
Lisa Umeda	Member

**APPENDIX B:
HISTORICAL FINANCIALS AND BUDGET PROJECTIONS**

	AUDITED 2022-23	UNAUDITED 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30
Revenue								
LCFF Entitlement	1,561,307	1,777,585	1,738,031	3,702,332	5,182,228	6,053,009	6,974,817	7,950,566
Federal Revenue	140,298	89,747	69,648	131,639	174,098	195,328	216,558	237,787
Other State Revenues	390,729	352,415	656,201	589,582	848,734	997,107	1,107,569	1,218,198
Local Revenues	277,476	120,478	6,560	6,560	6,560	6,560	6,560	6,560
Fundraising and Grants	6,472	-	-	-	-	-	-	-
Total Revenue	2,376,283	2,340,225	2,470,441	4,430,113	6,211,620	7,252,004	8,305,504	9,413,112
Expenses								
Compensation and Benefits	1,160,909	1,363,076	1,533,089	2,145,002	2,735,144	3,164,885	3,556,060	3,897,822
Books and Supplies	118,346	119,094	216,244	404,415	353,969	366,199	402,847	437,222
Services and Other Operating Expenditures	508,201	934,255	667,961	1,197,349	2,551,258	2,755,538	3,163,828	3,230,224
Depreciation Other Outflows & Amortization	138,231	-	-	-	-	-	-	-
	54,931	(13,965)	571	102	-	-	-	-
Total Expenses	1,980,619	2,402,460	2,417,864	3,746,868	5,640,371	6,286,623	7,122,735	7,565,268
Operating Income	395,663	(62,235)	52,576	683,245	571,249	965,381	1,182,769	1,847,843
Operating Income								
Operating Income	395,663	(62,235)	52,576	683,245	571,249	965,381	1,182,769	1,847,843
Rent/Debt Service	158,766	160,984	168,102	600,000	1,825,275	1,961,738	2,301,738	2,299,538
Available for Debt Service	554,429	98,749	220,678	1,283,245	2,396,524	2,927,119	3,484,506	4,147,381
Debt Service Coverage Ratio	3.49	0.61	1.31	2.14	1.31	1.49	1.51	1.8
Cash and Cash Equivalents								
Cash and Cash Equivalents	1,171,912	1,181,820	928,844	1,563,816	2,113,950	3,072,953	4,241,874	6,075,908
Days Cash on Hand	232	180	140	152	137	178	217	293