

\$45,000,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY (AUTHORITY)
CHARTER SCHOOL REVENUE REFUNDING BONDS
(MAGNOLIA PUBLIC SCHOOLS - OBLIGATED GROUP) SERIES 2025
\$44,000,000 (TAX-EXEMPT) AND 2025B \$1,000,000 (TAXABLE)
ITEM #5 RESOLUTION #25-03
STAFF SUMMARY

Executive Summary

Applicant/Borrower:	Magnolia Properties Management, Inc.
Par Amount Requested:	Not-to-Exceed * \$45,000,000
Financing Term:	Fixed rate, up to 40-year financing, 10-year par call, with taxable bonds amortized first
Projected Interest Rate:	5.75%
Applicant Description:	Magnolia Educational & Research Foundation dba Magnolia Public Schools is a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 that operates charter schools. Magnolia Properties Management, Inc., a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Code, will be the borrower (Borrower). The Borrower was formed for the specific purposes of supporting Magnolia Public Schools, which will be the Lessee or school loan borrower.
Type of Financing:	Tax-Exempt and Taxable Revenue Refunding Bonds
Project User:	Magnolia Science Academy 1; Magnolia Science Academy San Diego; Magnolia Science Academy Santa Ana
County Served:	Los Angeles County; San Diego County; Orange County
District in Which Project is Located:	Los Angeles Unified School District; San Diego Unified School District; Santa Ana Unified School District
Charter Authorizer:	Los Angeles County Office of Education; San Diego Unified School District; State Board of Education
Financing Description:	Proceeds will be used to refinance the cost of acquisition, construction, expansion, remodeling, improvement, installation, furnishing and/or equipping of educational facilities located in Los Angeles, San Diego and Orange Counties, CA, as well as an outstanding loan; fund a debt service reserve fund; and pay certain costs of issuance.
Project Site:	1) 18220-18224-18238 Sherman Way, Reseda, CA 91335 & 18242-18244 Sherman Way, Reseda, CA 91335; 2) 6525 Estrella Ave. San Diego, CA 92120; and 3) 2840 W 1 st Street, Santa Ana, CA 92703.
Financing Details:	Type of Issue: Charter School Revenue Refunding Bonds Tax Status: Tax-Exempt & Taxable Maturity: Not to exceed 2065 Credit Enhancement: Yes Credit Rating: BB+/Ba1 (projected) Fees: See Costs of Issuance Table
Financing Team:	Bond Counsel: Orrick, Herrington & Sutcliffe LLP Underwriter: Stifel, Nicolaus & Company Incorporated Borrower's Counsel: Stradling, Yocca, Carlson & Rauth LLP Issuer's Counsel: Office of the Attorney General Financial Advisor: Buck Financial Bond Trustee: UMB Bank, National Association
CSFA Analyst:	Robby Biegler
Date of Staff Report:	February 20, 2025
Date of CSFA Board Meeting:	February 27, 2025
Resolution Number:	25-03

Staff Recommendation: Staff recommends the Authority Board approve Resolution Number 25-03 authorizing the issuance of Revenue Refunding Bonds in an amount not to exceed \$45,000,000 to refinance the acquisition, construction, expansion, remodeling, improvement, installation, furnishing, and/or equipping of certain educational facilities located in Los Angeles, San Diego and Orange Counties, as well as an outstanding loan, for use by Magnolia Educational & Research Foundation dba Magnolia Public Schools.

Background and History

Magnolia Educational & Research Foundation dba Magnolia Public Schools (MPS) is a charter management organization that operates ten campuses in Los Angeles, Orange and San Diego Counties. MPS opened its first campus, Magnolia Science Academy 1 (MSA1) in Reseda in 2002 and has operated for more than two decades in California, with most of its schools in the greater Los Angeles area. Currently student population at the ten campuses is 3,794. The MPS curriculum emphasizes science, engineering, technology and math.

Magnolia Properties Management, Inc. (MPM) is a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Code that was formed for the specific purposes of supporting MPS. This will be the third California School Finance Authority (CSFA or Authority) issuance on behalf of MPS. In 2014 CSFA issued \$6,020,000 in bonds for the MSA1 campus. In 2017 CSFA issued \$25,000,000 in bonds for the MSA1, Magnolia Science Academy San Diego (MSSD) and Magnolia Science Academy Santa (MSSA) Campuses. This proposed financing will refinance the outstanding amounts on both of those bonds as well as a separate loan for MSA1. As such the obligated group established under the original Master Trust Indenture will not change with this financing. As each lease or school loan agreement is payable from all MPS revenues, technically all schools in the MPS network are part of the obligated group however only the three campuses referenced are part of the financing. Network and obligated group charter term, demographic and enrollment details are below.

Student Demographics 24-25

School	Total Students	% FRPM	% ELL	% Latino	% African American	% White
Financed Schools						
MSA-1	746	86.2%	25.2%	88.6%	0.9%	3.9%
MSA-SD	464	36.2%	2.6%	33.8%	3.7%	36.9%
MSA-SA	524	79.8%	26.1%	81.1%	1.3%	13.7%
MSA-5	218	83.5%	28.4%	83.9%	1.8%	6.0%
Non-financed Schools						
MSA-2	514	92.6%	17.5%	91.1%	3.1%	3.1%
MSA-3	411	72.3%	4.6%	54.5%	42.3%	0.2%
MSA-4	132	89.4%	16.7%	85.6%	6.1%	5.3%
MSA-6	128	93.0%	16.4%	89.1%	5.5%	1.6%
MSA-7	272	83.1%	30.5%	69.1%	5.1%	14.0%
MSA-8	385	79.5%	17.1%	93.5%	0.3%	4.9%
Total	3,794	77.8%	18.4%	76.2%	67.0%	9.7%

Student Enrollment

School	Grades Served	2023-24 Enrollment	2024-25 Enrollment	1st School Year	Charter Expiration	Charter Authorizer
Financed Schools						
MSA-1	6-12	714	746	2002	6/30/2030	LACOE
MSA-SD	6-8	439	464	2005	6/30/2028	SDUSD
MSA-SA	TK-12	504	524	2008*	6/30/2027	SBE
MSA-5	9-12	218	218	2008	6/30/2026	LACOE
Subtotal - Financed Schools		1,875	1,952			
Non-financed Schools						
		-	-	-	-	-

MSA-2	6-12	532	514	2007	6/30/2030	LACOE
MSA-3	6-12	389	411	2008	6/30/2025**	LACOE
MSA-4	6-12	124	132	2008	6/30/2026	LAUSD
MSA-6	6-8	111	128	2009	6/30/2027	LAUSD
MSA-7	TK-5	280	272	2010	6/30/2027	LAUSD
MSA-8	6-8	404	385	2010	6/30/2028	LAUSD
Subtotal - Non-financed Schools		1,840	1,842			
Total Network		3,715	3,794			

*Financed in separate Grant Anticipation Notes (GANs) transaction.

The historical, current, and projected enrollment for MPS include:

School	Historical	Current	Projected				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Financed Schools							
MSA-1	714	746	767	800	820	820	870
MSA-SD	439	464	465	474	484	493	503
MSA-SA	504	524	528	545	575	600	650
MSA-5*	218	218	220	350	460	460	510
Subtotal - Financed Schools	1,875	1,952	1,980	2,169	2,339	2,373	2,533
Non-financed Schools							
MSA-2	532	514	513	513	600	664	664
MSA-3	389	411	420	435	455	475	500
MSA-4	124	132	134	136	139	142	145
MSA-6	111	128	160	200	240	280	300
MSA-7	280	272	287	362	470	470	470
MSA-8	404	385	382	410	430	450	470
Subtotal - Non-financed Schools	1,840	1,842	1,896	2,056	2,334	2,481	2,549
Total	3,715	3,794	3,876	4,225	4,673	4,854	5,082

According to information provided by the borrower, MPS is projecting enrollment growth in the next six or so years attributable to a few factors:

1. Four new MPS school sites to be opened in greater Orange County, servicing the Placentia-Yorba Linda Unified School District; Orange Unified School District; Irvine Unified School District; Saddleback Unified School District; and Anaheim Unified School District.
2. The awarding of \$11 million through the Federal Expansion & Replication of High-Quality Charter Schools Grant for a five-year program supporting 2,676 new students.
3. MPS's ongoing partnership with the Charter School Growth Fund.
4. Grade level additions and facility expansion, including the CSFP facility for Magnolia Science Academy
- 5.

Additionally, MPS has provided a second set of financials (the second table in Exhibit B) reflecting a zero growth scenario for the schools being financed by this transaction. In that scenario coverage ratios remain stable.

Project Description

The proceeds of the bonds will be used to: (1) refinance the acquisition, construction, expansion, remodeling, improvement, installation, furnishing and/or equipping of certain educational facilities for MPS, located at: 18220-18224-18238 Sherman Way, Reseda, CA 91335; 18242-18244 Sherman Way, Reseda, CA 91335; 6525 Estrella Ave. San Diego, CA 92120; and 2840 W 1st Street, Santa Ana, CA 92703, as well as refinance an outstanding

loan; (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 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 a grant pursuant to 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/School Loan Lender	Location	Purpose	Amount
MSA-1	MPM Sherman Way LLC	18220-18224-18238 Sherman Way Reseda, 91335	Bond Refunding	\$26,540,000
MSA-SD	MPM San Diego LLC	6525 Estrella Ave. San Diego, 92120	Bond Refunding	
MSA-SA	MPM Santa Ana LLC	2840 W 1 st Street Santa Ana, 92703	Bond Refunding	
MSA-5	MPM Sherman Winnetka LLC	18242-18244 Sherman Way Reseda, 91335	Loan Refinancing	\$3,400,000
Total Estimated Project Costs				\$29,940,000

In 2014, CSFA issued \$6,020,000 in bonds on behalf of MPS to finance construction of the MSA-1 campus. Those bonds were scheduled to fully mature on July 1, 2044 and currently have \$5,015,000 outstanding. In 2017, CSFA issued \$25,000,000 in bonds on behalf of MPS to financing construction of the MSSD and MSSA campuses. Those bonds were also scheduled to fully mature on July 1, 2044, and currently have \$21,440,000 outstanding. Additionally in 2022 MPS received a \$3,466,576.39 loan from CLI Capital to finance construction of a gym on the MSA1 campus. That loan was received in two cycles. The first advance was for \$3,250,000 in August 2022, and the second advance was for \$216,576.39 in June 2023. They advised that this second advance of \$216,576.39 represents capitalized interest from August 2022 through June 2023. There is currently approximately \$3,400,000 outstanding on that loan.

According to the borrower, the proposed financing will combine all three outstanding amounts into one streamlined sum.

Financing

Borrower: Magnolia Properties Management, Inc. will be the Borrower. Magnolia Properties Management, Inc. as representative of an Obligated Group of which MPM Sherman Way LLC, MPM San Diego LLC, and MPM Santa Ana LLC, along with MPM Sherman Winnetka LLC, each of which is a California limited will be members whose sole member at the time of the issuance of the Bonds will be Magnolia Properties Management, Inc, will be the members.

Security and Source of Payment: The Series 2025 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. MPM Sherman Way LLC will enter into a Deed of Trust encumbering its fee simple interest in the MSA1 campus, and a Reserve Account will be established under the Indenture. MPM San Diego LLC will enter into a Security Agreement encumbering its interest in the buildings on the MSSD campus. MPM Santa Ana LLC will enter into a Security Agreement encumbering its interest in a loan (the school loan) made by MPM Santa Ana LLC to Magnolia Public Schools. Magnolia Public Schools, as the lessee or school loan borrower, is required to maintain certain financial covenants under its lease agreements with the MPM Sherman Way LLC and MPM San Diego LLC and its loan agreement with MPM Santa Ana LLC. As additional security and in connection with the issuance of the bonds, Magnolia Public Schools 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 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 Bonds. Under the laws of the State of California, no party, including Magnolia Public Schools, 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 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 board consideration. 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 and Uses

Sources:	Series 2024A (Tax-Exempt)	Series 2024B (Taxable)	Enhancement Grant	Total
Bond Proceeds				
Par Amount:	\$28,020,000	\$220,000		\$28,240,000
2014 Bond Principal on Hand	\$112,500			\$112,500
2017 Bond Principal Reserve	\$1,786,837			\$1,786,837
2017 Bond Principal on Hand	\$583,333			\$583,333
Other Sources:				
Enhancement Grant	\$0.00	\$0.00	\$2,000,000	\$2,000,000
Total:	\$30,502,670.33	\$220,000	\$2,000,000	\$32,722,670.33
Uses:	Series 2024A (Tax-Exempt)	Series 202B (Taxable)	Enhancement Grant	Total
Project Fund Deposit				
2014/17 Refinancing	\$26,545,979.65	\$0		\$26,545,979.65
CLI Loan Refinancing	\$3,400,000	\$0		\$3,400,000
Cost of Issuance	\$435,991.14	\$172,364.86		\$608,356
Underwriter Discount	\$119,408.86	\$47,207.14		\$166,616
Debt Service Reserve Fund/Addtl Proceeds	\$1,290.68	\$428	\$2,000,000	\$2,001,718.68
Total	\$30,502,670.33	\$220,000	\$2,000,000	\$32,722,670.33

Total Costs of Issuance*

Expense	Amount
Issuer Fee	\$24,120
Annual Admin Fee	4,236
Agent-for-Sale Fee	6,500
CDLAC Fee	5,000
Issuer's Counsel Fee	25,000
Bond Counsel Fee	125,000
Borrower's Counsel Fee	100,000
Financial Advisor Fee	90,000
S&P Rating Fee	52,500
Underwriters/Disclosure Counsel Fee	65,000
Trustee/Trustee Counsel Fee	8,500

Financial Printer & Roadshow Fee	5,000
Underwriter's Discount	166,616
Appraisal Fee	10,000
Verification Agent	2,500
Title Insurance Fee	50,000
Contingency Budget	40,000
Total	\$774,972

**Estimates based on principal amount of \$45,000,000.*

Credit Enhancement: There will be a not-to-exceed \$2,000,000 credit enhancement award for the Borrowers, for the benefit of Magnolia Public Schools, for this financing that will be before the Authority Board as a subsequent agenda item at the February 27, 2025, meeting. 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 Borrowers. *The actual award amount will be finalized at the pricing of the bonds.*

Additionally, a previous credit enhancement award of \$446,562.50 attached to the 2014 financing will be returned to CSFA as part of this transaction. While awards from refinanced transactions are sometimes recycled to supplement the debt service reserve fund on the new transaction there is not the capacity in the 2014 grant award.

Sales Restrictions

As the rating may be either a Ba1 or BB+, the following sales restrictions include:

The Bonds are expected to be rated either Ba1 or BB+. In such event (or if the rating is lower or if the bonds are unrated), bonds will be in minimum denominations of \$100,000, and 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
- f. Bond payments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code.

If the Bonds receive a rating of at least BBB-, the following sales restrictions would apply to the financing:

1. Bonds will be in minimum denominations of \$25,000 (BBB-);
2. Bonds may be publicly offered or privately placed;
3. Bonds will be sold initially only to Qualified Institutional Buyers (QIB) and Accredited Investors (AI);
4. Subsequent transfers of bonds are limited to QIBs and Ais;
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.

Other Project Data

Tax Equity and Fiscal Responsibility Act (TEFRA): The TEFRA Notice was published on the Authority's Webpage on February 20, 2025. The TEFRA hearing will take place on February 27, 2025, 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, Magnolia Public Schools 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 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: Magnolia Properties Management Inc.'s affiliated LLCs, MPM Sherman Way LLC, MPM San Diego LLC, MPM Santa Ana LLC, and MPM Sherman Winnetka LLC will operate as single purpose entities of which Magnolia Properties Management Inc. will be the sole member at the time of issuance of the Bonds, with no assets other than the Facilities owned or leased by them or, in the case of MPM Santa Ana LLC, the school loan agreement, it and its rights under the respective leases and school loan agreement, which will be assigned to the Trustee. Magnolia Properties Management Inc. was formed for the purpose supporting Magnolia Public Schools, 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, Magnolia Public Schools, 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 25-03 authorizing the issuance of revenue bonds in an amount not to exceed \$45,000,000 to refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located in Los Angeles, San Diego, and Orange Counties for use by Magnolia Public Schools.

1. **Applicant / Borrower:** Magnolia Properties Management, Inc.
2. **Project:** Refunding outstanding debt
3. **Amount of Financing:** Not to exceed \$45,000,000
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:** 5.75%
7. **Preliminary Cost of Issuance:** The preliminary Costs of Issuance is \$774,972
8. **Not an Unconditional Commitment:** The Authority resolution shall not be construed as 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.

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
Alfredo Rubalcava	Chief Executive Officer
Erdinc Acar	Deputy Superintendent
Brenda Olivares	Chief Impact Officer
Cori Tate Ravare	Chief Schools Officer
Gokhan Serce	Chief Academic Officer
Patrick Ontiveros	General Counsel & Director of Facilities
Steve Budhreja	Chief Financial Officer
Suat Acar	Chief Operations Officer

Board of Directors

Member
Mekan Muhammedov, Chair
Sandra Covarrubias, Vice Chair
Umit Yapanel, Member
Salih Dikbas, Member
Diane Gonzalez, Member
Naim Bayraktar, Member

APPENDIX B: BUDGET PROJECTIONS

MAGNOLIA PUBLIC SCHOOLS

Five Year Forecast

BASE CASE ENROLLMENT SCENARIO

FY	Projected				
	2025	2026	2027	2028	2029
Enrollment	3,800	4,350	4,905	5,407	5,654
ADA	3,536	4,048	4,564	5,031	5,261
Financed Schools Enrollment (MSA-1, MSA-SA, MSA-SD)	1,738	1,786	1,859	1,913	1,973
Financed Schools Enrollment (MSA-5)	220	220	350	460	460
Non-Financed Schools Enrollment	1,842	1,924	2,076	2,354	2,501
New OC Schools Enrollment	0	420	620	680	720

REVENUES

LCFF Entitlement	\$ 53,070,204	\$ 61,621,371	\$ 72,370,694	\$ 81,778,900	\$ 88,146,938
Federal Revenue	3,471,115	4,581,299	6,219,485	6,712,678	6,533,288
Other State Revenue	17,744,619	18,865,163	21,278,197	25,427,979	27,352,842
Local Revenue	1,632,259	1,995,935	2,022,893	2,326,597	2,508,287
Fundraising & Grants	490,211	1,140,211	890,211	440,211	540,211
TOTAL REVENUE	\$ 76,408,408	\$ 88,203,979	\$ 102,781,480	\$ 116,686,365	\$ 125,081,565

EXPENSES

1000- Certified Salary	\$ 25,192,506	\$ 28,354,046	\$ 33,051,771	\$ 37,423,548	\$ 40,395,512
2000- Classified Salary	9,279,728	10,140,052	11,739,348	13,292,599	14,416,555
3000- Benefits	12,650,286	14,358,743	16,129,602	18,003,670	19,249,468
4000- Book Supplies	2,995,077	4,118,056	4,594,996	5,225,280	5,590,093
5000-Services and Other Operating Expenses					
Operating Expenses	\$ 10,322,115	\$ 10,981,055	\$ 11,647,555	\$ 12,418,010	\$ 12,812,510
Facility Expenses	1,646,698	1,785,418	1,821,594	1,833,164	1,844,964
CMO Fee	5,311,421	7,501,722	9,297,984	10,137,649	10,501,742
Total Debt Service and Lease Payments	5,273,191	5,711,293	7,032,223	9,726,272	10,431,796
Total of 5000 Expenses	\$ 22,553,426	\$ 25,979,488	\$ 29,799,357	\$ 34,115,095	\$ 35,591,013
6000- Capital Outlay					
Site Improvement and Equipment	\$ 75,241	\$ 441,884	\$ 1,541,573	\$ 1,566,573	\$ -
Total of 6000 Expenses	\$ 75,241	\$ 441,884	\$ 1,541,573	\$ 1,566,573	\$ -
TOTAL CASH EXPENSES	\$ 72,746,263	\$ 83,392,269	\$ 96,856,647	\$ 109,626,766	\$ 115,242,640

Cash Basis Net income/Loss	\$ 3,662,144	\$ 4,811,710	\$ 5,924,833	\$ 7,059,599	\$ 9,838,926
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Non-Cash Adjustments

(+ Capital Outlays	\$ 75,241	\$ 441,884	\$ 1,541,573	\$ 1,566,573	\$ -
Depreciation	\$ (1,157,042)	\$ (1,207,042)	\$ (1,207,042)	\$ (1,207,042)	\$ (1,207,042)
Accrual Basis Net Income/ (Loss)	\$ 2,580,344	\$ 4,046,552	\$ 6,259,364	\$ 7,419,130	\$ 8,631,884

Lease payment for MSA-2 and MSA-7	\$ -	\$ -	\$ 1,504,463	\$ 4,420,188	\$ 4,420,188
MTI Lease/Loan Payments (MSA-1,MSA-SA,MSA-SD)	2,322,015	1,964,238	1,964,238	1,964,238	1,964,238
Subordinated CLI debt payments (2025 only)	1,227,335	-	-	-	-
Prop 39 leases (MSA-3,4,5,6,8, and OC schools)	1,723,841	3,747,055	3,563,523	3,341,846	4,047,370
Estimated Total Facility Payments	\$ 5,273,191	\$ 5,711,293	\$ 7,032,223	\$ 9,726,272	\$ 10,431,796

Net Income Available, Prior to MTI Payments	\$ 6,129,694	\$ 6,010,790	\$ 9,728,064	\$ 13,803,556	\$ 15,016,310
Plus: Depreciation	\$ 1,157,042	\$ 1,207,042	\$ 1,207,042	\$ 1,207,042	\$ 1,207,042
Net Income Available, Prior to MTI Payments & Depreciation	\$ 7,286,735	\$ 7,217,832	\$ 10,935,106	\$ 15,010,598	\$ 16,223,352
Plus: CMO fees	\$ 5,311,421	\$ 7,501,722	\$ 9,297,984	\$ 10,137,649	\$ 10,501,742
Net Income Available, Prior to MTI Facility Payments & Depr. & CMO fee	\$ 12,598,156	\$ 14,719,554	\$ 20,233,090	\$ 25,148,247	\$ 26,725,094
MTI Lease/Loan Payments (MSA-1,MSA-SA,MSA-SD)	\$ 2,322,015	\$ 1,964,238	\$ 3,468,701	\$ 6,384,426	\$ 6,384,426
Coverage of MTI Lease/Loan Payments	5.43	7.49	5.83	3.94	4.19

MAGNOLIA PUBLIC SCHOOLS

Five Year Forecast

NO GROWTH AT MSA-1, MSA-SA, & MSA-SD SCENARIO

FY	Projected				
	2025	2026	2027	2028	2029
Enrollment	3,800	4,302	4,784	5,232	5,419
ADA	3,536	4,003	4,451	4,866	5,040
Financed Schools Enrollment (MSA-1, MSA-SA, MSA-SD) [NO GROWTH]	1,738	1,738	1,738	1,738	1,738
Financed Schools Enrollment (MSA-5)	220	220	350	460	460
Non-Financed Schools Enrollment	1,842	1,924	2,076	2,354	2,501
New OC Schools Enrollment	0	420	620	680	720

REVENUES

LCFF Entitlement	\$ 53,070,204	\$ 60,925,574	\$ 70,559,195	\$ 79,074,694	\$ 84,422,743
Federal Revenue	3,471,115	4,543,131	6,121,676	6,566,627	6,334,221
Other State Revenue	17,744,619	18,672,766	20,781,251	24,678,482	26,278,418
Local Revenue	1,632,259	1,984,189	1,992,300	2,281,471	2,448,954
Fundraising & Grants	490,211	1,140,211	890,211	440,211	540,211
TOTAL REVENUE	\$ 76,408,408	\$ 87,265,870	\$ 100,344,633	\$ 113,041,484	\$ 120,024,547

EXPENSES

1000- Certified Salary	\$ 25,192,506	\$ 28,044,249	\$ 32,245,131	\$ 36,217,387	\$ 38,721,131
2000- Classified Salary	9,279,728	10,026,902	11,437,886	12,842,185	13,783,653
3000- Benefits	12,650,286	14,253,964	15,853,099	17,584,044	18,664,042
4000- Book Supplies	2,995,077	4,082,358	4,504,017	5,090,195	5,403,901
5000- Services and Other Operating Expenses					
Operating Expenses	\$ 10,322,115	\$ 10,947,451	\$ 11,560,137	\$ 12,288,631	\$ 12,633,955
Facility Expenses	1,646,698	1,785,418	1,821,594	1,833,164	1,844,964
CMO Fee	5,311,421	7,437,459	9,132,208	9,892,189	10,176,735
Total Debt Service and Lease Payments	5,273,191	5,711,293	7,032,223	9,726,272	10,431,796
Total of 5000 Expenses	\$ 22,553,426	\$ 25,881,620	\$ 29,546,163	\$ 33,740,256	\$ 35,087,450
6000- Capital Outlay					
Site Improvement and Equipment	\$ 75,241	\$ 441,884	\$ 1,541,573	\$ 1,566,573	\$ -
Total of 6000 Expenses	\$ 75,241	\$ 441,884	\$ 1,541,573	\$ 1,566,573	\$ -
TOTAL CASH EXPENSES	\$ 72,746,263	\$ 82,730,978	\$ 95,127,869	\$ 107,040,639	\$ 111,660,178

Cash Basis Net income/Loss	\$ 3,662,144	\$ 4,534,892	\$ 5,216,764	\$ 6,000,844	\$ 8,364,369
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Non-Cash Adjustments

(+) Capital Outlays	\$ 75,241	\$ 441,884	\$ 1,541,573	\$ 1,566,573	\$ -
Depreciation	\$ (1,157,042)	\$ (1,207,042)	\$ (1,207,042)	\$ (1,207,042)	\$ (1,207,042)
Accrual Basis Net Income/ (Loss)	\$ 2,580,344	\$ 3,769,735	\$ 5,551,295	\$ 6,360,376	\$ 7,157,328

Lease payment for MSA-2 and MSA-7	\$ -	\$ -	\$ 1,504,463	\$ 4,420,188	\$ 4,420,188
MTI Lease/Loan Payments (MSA-1,MSA-SA,MSA-SD)	2,322,015	1,964,238	1,964,238	1,964,238	1,964,238
Subordinated CLI debt payments (2025 only)	1,227,335	-	-	-	-
Prop 39 leases (MSA-3,4,5,6,8, and OC schools)	1,723,841	3,747,055	3,563,523	3,341,846	4,047,370
Estimated Total Facility Payments	\$ 5,273,191	\$ 5,711,293	\$ 7,032,223	\$ 9,726,272	\$ 10,431,796

Net Income Available, Prior to MTI Payments	\$ 6,129,694	\$ 5,733,972	\$ 9,019,995	\$ 12,744,801	\$ 13,541,753
Plus: Depreciation	\$ 1,157,042	\$ 1,207,042	\$ 1,207,042	\$ 1,207,042	\$ 1,207,042
Net Income Available, Prior to MTI Payments & Depreciation	\$ 7,286,735	\$ 6,941,014	\$ 10,227,037	\$ 13,951,843	\$ 14,748,795
Plus: CMO fees	\$ 5,311,421	\$ 7,437,459	\$ 9,132,208	\$ 9,892,189	\$ 10,176,735
Net Income Available, Prior to MTI Facility Payments & Depr. & CMO fee	\$ 12,598,156	\$ 14,378,473	\$ 19,359,245	\$ 23,844,033	\$ 24,925,530
MTI Lease/Loan Payments (MSA-1,MSA-SA,MSA-SD)	\$ 2,322,015	\$ 1,964,238	\$ 3,468,701	\$ 6,384,426	\$ 6,384,426
Coverage of MTI Lease/Loan Payments	5.43	7.32	5.58	3.73	3.90