



# Camino Nuevo Charter Academy

## CNCA Finance Committee Meeting

Published on February 6, 2023 at 2:39 PM PST

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### Date and Time

Thursday February 9, 2023 at 2:30 PM PST

### Location

Esperanza Bacilio is inviting you to a scheduled Zoom meeting.

Topic: CNCA Finance Committee Meeting

Time: Feb 9, 2023 02:30 PM Pacific Time (US and Canada)

Join Zoom Meeting

<https://caminonuevo-org.zoom.us/j/97465491802?pwd=aGZvN3VBOElab0xpZGMxVV RtOGhUZz09>

Meeting ID: 974 6549 1802

Passcode: 7RZH2J

One tap mobile

+16694449171,,97465491802#,,,,\*826363# US

+16699009128,,97465491802#,,,,\*826363# US (San Jose)

Dial by your location

+1 669 444 9171 US

+1 669 900 9128 US (San Jose)

+1 346 248 7799 US (Houston)

+1 719 359 4580 US

+1 253 205 0468 US

+1 253 215 8782 US (Tacoma)

+1 312 626 6799 US (Chicago)

+1 360 209 5623 US

+1 386 347 5053 US

+1 507 473 4847 US

+1 564 217 2000 US

+1 646 558 8656 US (New York)

+1 646 931 3860 US

+1 689 278 1000 US

+1 301 715 8592 US (Washington DC)

+1 305 224 1968 US

+1 309 205 3325 US

Meeting ID: 974 6549 1802

Passcode: 826363

Find your local number: <https://caminonuevo-org.zoom.us/j/ac9z8T7WhT>

Join by SIP

97465491802@zoomcrc.com

Join by H.323

162.255.37.11 (US West)

162.255.36.11 (US East)

115.114.131.7 (India Mumbai)

115.114.115.7 (India Hyderabad)

213.19.144.110 (Amsterdam Netherlands)

213.244.140.110 (Germany)

103.122.166.55 (Australia Sydney)

103.122.167.55 (Australia Melbourne)

149.137.40.110 (Singapore)

64.211.144.160 (Brazil)

149.137.68.253 (Mexico)

69.174.57.160 (Canada Toronto)

65.39.152.160 (Canada Vancouver)

207.226.132.110 (Japan Tokyo)

149.137.24.110 (Japan Osaka)

Meeting ID: 974 6549 1802

Passcode: 826363

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In accordance with Mayor Garcetti's "Safer at Home" City Order ([Link](#)) and Governor Newsome's State Executive Order( [Link](#)) CNCA will be holding Board Meetings via ZOOM video conference and telephone. No physical CNCA school locations will be open to the public.

This meeting is open to the public through the telephone 1 (669) 900-9128 (US Toll) and [ZOOM](#) video conference. To ensure meeting safety, there will be an online ZOOM waiting room set up for participants 10 minutes prior to the meeting. Attendees will be welcomed in prior to the start of the meeting at 3:00 pm. The waiting room will be checked regularly so that anyone joining the meeting late can still join.

[Zoom Link](#)

Members of the public who wish to address the Board regarding items on this agenda or who need special accommodations should contact Esperanza Bacilio in the Chief Executive Officer's office at 213-417-3400 ext. 1401 or

[Esperanza.Bacilio@pueblonuevo.org](mailto:Esperanza.Bacilio@pueblonuevo.org). Speakers are limited to no more than 2 minutes each. Speakers may also sign up in person the day of the meeting.

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## Agenda

	Purpose	Presenter	Time
<b>I. Opening Items</b>			<b>2:30 PM</b>
A. Record Attendance		Gil Flores	2 m
B. Call the Meeting to Order		Gil Flores	2 m
<b>II. Approve Minutes</b>			<b>2:34 PM</b>
A. September 08, 2022, 2021 Finance Committee Meeting	Approve Minutes	Gil Flores	2 m
<b>III. Public Comment</b>			<b>2:36 PM</b>
A. Public Comment	Discuss	Gil Flores	2 m
<b>IV. FY22-23 Financials</b>			<b>2:38 PM</b>
A. February 2023 Financials	Discuss	Sonia Oliva	30 m
B. Bond Loan Updates	Discuss	John Phan	20 m
<b>V. Closing Items</b>			<b>3:28 PM</b>
A. Adjourn Meeting	Vote	Gil Flores	2 m

# Coversheet

## September 08, 2022, 2021 Finance Committee Meeting

**Section:** II. Approve Minutes  
**Item:** A. September 08, 2022, 2021 Finance Committee Meeting  
**Purpose:** Approve Minutes  
**Submitted by:**  
**Related Material:** 2022\_09\_08\_finance\_committee\_meeting\_minutes.pdf

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# Camino Nuevo Charter Academy

## Minutes

### Finance Committee Meeting

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#### Date and Time

Thursday September 8, 2022 at 3:00 PM

#### Location

Topic: CNCA Finance Committee Meeting

Time: Sep 8, 2022 03:00 PM Pacific Time (US and Canada)

Join Zoom Meeting

[https://caminonuevo-org.zoom.us/j/91954546197?](https://caminonuevo-org.zoom.us/j/91954546197?pwd=a3ZoWGRQcnpsMHVpcmo2VUI2U3JrUT09)

[pwd=a3ZoWGRQcnpsMHVpcmo2VUI2U3JrUT09](https://caminonuevo-org.zoom.us/j/91954546197?pwd=a3ZoWGRQcnpsMHVpcmo2VUI2U3JrUT09)

Meeting ID: 919 5454 6197

Passcode: xG2B6w

One tap mobile

+16699009128,,91954546197#,,,,\*846639# US (San Jose)

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+1 719 359 4580 US

+1 564 217 2000 US

+1 646 558 8656 US (New York)

+1 646 931 3860 US

+1 301 715 8592 US (Washington DC)

+1 309 205 3325 US

+1 312 626 6799 US (Chicago)

+1 386 347 5053 US

Meeting ID: 919 5454 6197

Passcode: 846639

Find your local number: <https://caminonuevo-org.zoom.us/u/aBn4rTaRs>

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ZOOM video conference and telephone. No physical CNCA school locations will be open to the public.

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#### **Committee Members Present**

C. Smet (remote), G. Flores (remote)

#### **Committee Members Absent**

J. Ortega

#### **Guests Present**

D. Gidlow (remote), R. Rodriguez (remote)

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### **I. Opening Items**

#### **A. Record Attendance**

#### **B. Call the Meeting to Order**

G. Flores called a meeting of the Finance Committee of Camino Nuevo Charter Academy to order on Thursday Sep 8, 2022 at 3:04 PM.

### **II. Approve Minutes**

#### **A. May 31, 2022, 2021 Finance Committee Meeting**

C. Smet made a motion to approve the minutes from 05-31-22 Finance Committee Meeting on 05-31-22.

G. Flores seconded the motion.

The committee **VOTED** to approve the motion.

### **III. Public Comment**

#### **A. Public Comment**

There was no public comments.

### **IV. FY21-22 Financials**

#### **A.**

### **FY21-22 Budget Updates**

Sonia Oliva shared the unaudited actuals for FY21-22 with net losses at all sites except Cisneros. The timing of the application of Hold Harmless relief from the State, FY21-22 or FY22-23, is still pending, but the working assumption is that it will be applied to FY22-23. If that changes, there will be an adjustment to the actuals for FY21-22 to add in the Hold Harmless money and move the application of some ESSER funds forward to FY22-23.

## **V. FY22-23 Financials**

### **A. FY22-23 Budget Updates**

Sonia Oliva, VP ExED, shared the updated financials and budget for FY22-23. Net losses were reflected for some of the charters due to reduced enrollment, but as mentioned above, FY21-22 Hold Harmless implications are still pending. Once Hold Harmless is confirmed, the budget for FY22-23 will need to be amended to include Hold Harmless funds or some newly freed-up ESSER funds.

## **VI. Closing Items**

### **A. Adjourn Meeting**

G. Flores made a motion to Adjourn Meeting.

C. Smet seconded the motion.

The committee **VOTED** to approve the motion.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 3:36 PM.

Respectfully Submitted,  
G. Flores

# Coversheet

## Bond Loan Updates

**Section:** IV. FY22-23 Financials  
**Item:** B. Bond Loan Updates  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** Camino Nuevo Finance Committe Meeting (2-9-23)vF.pdf  
Pro Forma Term Sheet (Camino Nuevo).pdf

# Presentation to



**Camino  
Nuevo  
Charter  
Academy**

February 2023



# Background

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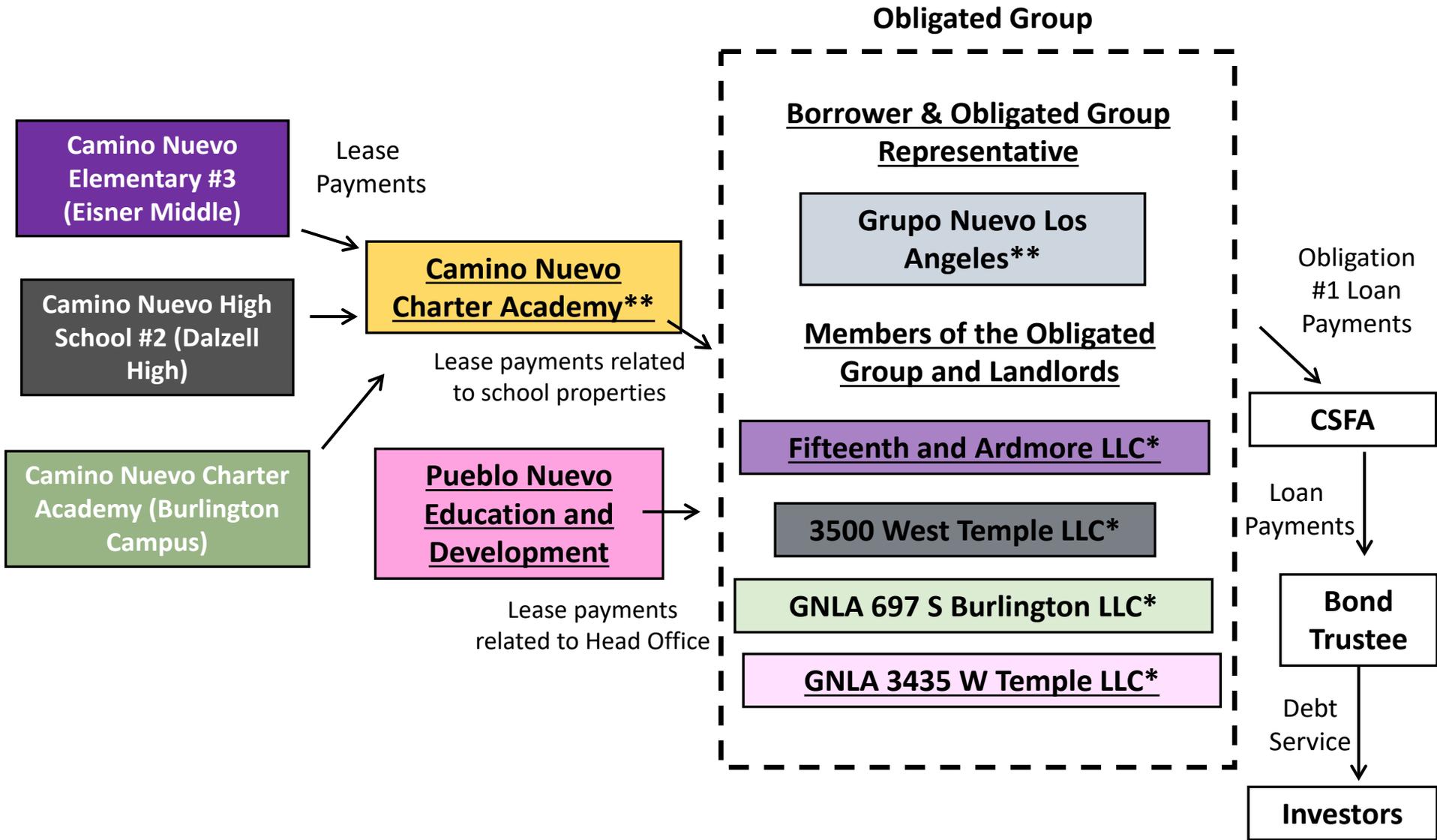
- Camino Nuevo currently has 5 loans outstanding with Wells Fargo totaling approximately \$12.3 million
- Four of the five loans outstanding totaling \$11.3 million are supported by state charter school revenues and could be prepaid without penalty
  - \$1.2 million loan for the Jane B. Eisner Middle School that matured on 12/31/2022 (extension received) and requires a cash collateral
  - \$700K loan for Grupo Nuevo head office that matures on 2/1/2023 (extension received)
  - \$5.0 million loan for Dalzell Lance High School that matures on 1/1/2024
  - \$4.3 million loan for the Burlington Schools that matures on 6/1/2027
- The four loans referenced above have annual payment requirements of approximately \$1.117 million

# Executive Summary

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- Camino Nuevo is seeking approval to refinance the 4 outstanding loans with tax-exempt bonds to:
  - Refinance the Eisner and Grupo loans before they mature
  - Avoid time/costs of required amendments to the Lance and Burlington loans
  - Remove the cash collateral requirement related to the Eisner loan
  - Lower the annual payments
  - Remove interest rate risk (lock-in long-term fixed rates)
- Camino Nuevo has applied for a financing facilities grant from California School Finance Authority
- A refinancing of the 4 outstanding loans would produce annual savings of over \$300K

# Flow of Funds/Structure



\*Sole Member is Grupo Nuevo Los Angeles

\*\*Sole Member is Pueblo Nuevo Education and Development

# Security and Financial Covenants

# Primary Security Features and Financial Covenants

	<b>Wells Fargo Loans</b>	<b>2023 Refinancing Bonds</b>
<b>Security</b>	<ol style="list-style-type: none"> <li>1. GNLA Guaranty</li> <li>2. Pueblo Nuevo Guaranty</li> <li>3. Camino Nuevo (all schools)</li> <li>4. Deed of Trust of financed properties</li> </ol>	<ol style="list-style-type: none"> <li>1. Financed schools (CNCA#1, CNCA#3, CNHS#2)</li> <li>2. Deed of Trust of financed properties</li> </ol>
<b>Reserve Fund</b>	\$1 million cash collateral	~\$800K funded by grant
<b>Financial Covenants</b>	1. 25x debt service coverage	<ol style="list-style-type: none"> <li>1. 1.10x payment coverage</li> <li>2. 45 days cash on hand</li> </ol>

# Terms and Interest Rates

# Terms and Interest Rates Comparison

Loan/Bond	Principal	Annual Loan Payments	Interest Rate	Term/ Amortization	Maturity
<b><u>Wells Fargo Loans</u></b>					
Eisner	1,223,814	218,928	4.25%	3/9	4/3/2023
Head Office	701,225	60,509	4.30%	10/25	4/3/2023
Dalzell Lance	5,006,755	533,329	80.4%(1mL) + 1.90815% Currently at [4.21%]	10/25	1/1/2024
Burlington	4,367,551	303,440	(66.8(1mL) + 1.57%*1.215383 Currently at [3.72%]	10/20	6/1/2027
<b>Total</b>	<b>11,299,345</b>	<b>1,116,206</b>			
<b><u>Refinancing Bonds</u></b>					
Option 1: Bonds (30 Years)	12,000,000	780,685	4.95%*	30/30	6/1/2053
Option 2: Bonds (34 Years)	12,000,000	746,608	5.05%*	34/34	6/1/2057

*\*Indicative interest rates based on BB+ rating*

# Sources & Uses and Estimated Payments

# Estimated Sources/Uses and Costs of Issuance

Sources	
Principal	12,000,000
CSFA Grant	780,685
<b>Total</b>	<b>12,780,685</b>
Uses	
Refinancing	
Grupo Nuevo	701,225
3500 W. Temple	5,006,755
GNLA 697 Burlington	4,367,551
15th and Admore	1,223,814
Reserve Fund	780,685
Underwriting Fee	165,000
Costs of Issuance	533,300
Contingency	2,355
<b>Total</b>	<b>12,780,685</b>

## Costs of Issuance

Role	Organization	Fee
Issuer	CSFA	16,000
Issuer Annual Fee	CSFA	1,800
Agent for sale	State Treasurer	8,000
Regulatory Fee	CDIAC	3,000
Issuer's Counsel	AG's Office	10,000
Financial Advisor	Campanile	85,000
Bond Counsel	Kutak	120,000
Borrower's Counsel	Musick Peeler	90,000
Underwriter's Counsel	Orrick	85,000
Rating	S&P	40,000
Trustee	US Bank	7,500
Trustee's Counsel	Dorsey	1,500
Printer	TBD	5,000
Title	First American	35,000
Appraisal	Integrity	20,000
Dissemination Agent	Campanile	5,500
	<b>Total</b>	<b>533,300</b>

# Estimated Payments

## 30-Year Option

Period Ending	Principal	Interest	Total
	A	B	C=A-B
6/1/2024	180,000	594,000	774,000
6/1/2025	190,000	585,090	775,090
6/1/2026	205,000	575,685	780,685
6/1/2027	210,000	565,538	775,538
6/1/2028	220,000	555,143	775,143
6/1/2029	235,000	544,253	779,253
6/1/2030	245,000	532,620	777,620
6/1/2031	255,000	520,493	775,493
6/1/2032	265,000	507,870	772,870
6/1/2033	280,000	494,753	774,753
6/1/2034	295,000	480,893	775,893
6/1/2035	310,000	466,290	776,290
6/1/2036	325,000	450,945	775,945
6/1/2037	345,000	434,858	779,858
6/1/2038	360,000	417,780	777,780
6/1/2039	375,000	399,960	774,960
6/1/2040	395,000	381,398	776,398
6/1/2053	740,000	36,630	776,630
<b>TOTAL</b>	<b>12,000,000</b>	<b>11,281,050</b>	<b>23,281,050</b>

## 34-Year Option

Period Ending	Principal	Interest	Total
	A	B	C=A-B
6/1/2024	140,000	606,000	746,000
6/1/2025	145,000	598,930	743,930
6/1/2026	155,000	591,608	746,608
6/1/2027	160,000	583,780	743,780
6/1/2028	170,000	575,700	745,700
6/1/2029	175,000	567,115	742,115
6/1/2030	185,000	558,278	743,278
6/1/2031	200,000	548,935	748,935
6/1/2032	210,000	538,835	748,835
6/1/2033	220,000	528,230	748,230
6/1/2034	230,000	517,120	747,120
6/1/2035	240,000	505,505	745,505
6/1/2036	250,000	493,385	743,385
6/1/2037	265,000	480,760	745,760
6/1/2038	275,000	467,378	742,378
6/1/2039	290,000	453,490	743,490
6/1/2040	305,000	438,845	743,845
6/1/2057	710,000	35,855	745,855
<b>TOTAL</b>	<b>12,000,000</b>	<b>13,362,048</b>	<b>25,362,048</b>

# Next Steps

# Next Steps

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- Due diligence - Ongoing
- Update and revise documents - Ongoing
- CSFA board approval – February 23
- Receive credit rating – Late February
- Market bonds to investors – Early March
- Sell bonds (lock-in interest rates) – Mid March
- Close bonds – April 3

## **IMPORTANT INFORMATION: PLEASE REVIEW**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, as a municipal advisor, Campanile Group, Inc (“Campanile Group”) have important duties to clients with respect to the municipal advisory services we provide. Under Municipal Securities Rulemaking Board Rules G-42(b), we are providing these disclosures to you which include a description of actual or potential conflicts of interest, and a description of how to access our SEC Form MA and the Forms MA-I for our professionals.

### **Representations and Conflict of Interest**

MSRB Rule G-42 requires that municipal advisors provide disclosures relating to all material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. To the extent any material conflicts of interest arise after the date of this disclosure, Campanile Group will provide information with respect to such conflicts in writing. Campanile Group makes the following representations with regard to any advice provided in these materials:

A conflict may arise to the extent that any compensation to be paid to Campanile Group is based on the size of the project or financing and/or is contingent on the completion of the project or financing. While this form of compensation is customary in the market for municipal advisory services, this may present conflict of interest as we would have an incentive to recommend to our client a project or financing that is unnecessary or provides insufficient benefit or an incentive to advise our client to increase the size of the project or financing. This potential conflict is mitigated by Campanile Group’s duties to our clients.

A conflict may arise to the extent that a client of Campanile Group has been employed to provide services to a client in addition to its municipal advisory services. This has the potential to result in a conflict of interest by creating an incentive for Campanile Group to recommend to our client a course of action that would increase the client’s need for the additional services or conversely that would discourage a course of action that would decrease the client’s need for the additional services. The conflict is mitigated by Campanile Group’s duties to our clients. Moreover, if Campanile Group makes a recommendation that could influence the level of other services that we provide to the client, Campanile Group will consider alternatives to the recommendation, which will be disclosed to our client.

### **Information Regarding Legal Events and Disciplinary Actions**

MSRB Rule G-42 requires that municipal advisors provide their clients disclosures of legal or disciplinary events material to the evaluation of the municipal advisor or the integrity of the municipal advisor’s management or advisory personnel. Campanile Group sets out required disclosures and related information below:

- A. There are no legal or disciplinary events material to a potential client’s evaluation of Campanile Group or the integrity of Campanile Group’s management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I with the Securities and Exchange Commission (the “SEC”).
- B. Campanile Group’s most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC’s EDGAR system at <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001803185>



# EXPLORATORY TERM SHEET

Preliminary, subject to change. This Term Sheet (Term Sheet) has been prepared for convenience of discussion and reference purposes only. This Term Sheet is not an exhaustive description of the terms and conditions that RBC Capital Markets, LLC (RBCCM or the Underwriter) may reasonably require and RBCCM reserves the right, in its sole discretion, to modify or supplement terms considered reasonable and customary for transactions of this nature. This Term Sheet is not a commitment to underwrite bonds or a commitment to extend credit, make a loan or otherwise fund the bonds or project. Any transaction that results from this Term Sheet is subject to credit, legal, risk and business approvals. Any commitment will only occur upon the negotiation of mutually agreeable terms and the completion of customary documentation and opinions. In the event of a conflict between this Term Sheet and transaction documents, the latter shall govern.

**\$12,000,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY**  
**CHARTER SCHOOL REVENUE BONDS**  
**(CAMINO NUEVO CHARTER ACADEMY - OBLIGATED GROUP)**  
**SERIES 2023A&B**

**We have based the below terms and covenant levels based on market standards but these are generally negotiated during the marketing period and finalized at pricing which is currently expected the week of March 9, 2023.**

*See offering document for additional details and definitions.*

<b>Par Amount:</b>	Approximately \$12,000,000*
<b>Use of Proceeds:</b>	<ul style="list-style-type: none"> <li>i. Refinance existing debt related to the costs of the acquisition and construction to (A) Eisner Middle Campus, (B) Head Office Facility, (C) Dalzell High Campus and (D) Burlington Campus</li> <li>ii. Finance certain capital improvements to the Facilities</li> <li>iii. Fund a debt service reserve fund with respect to the Series 2023 Bonds</li> <li>iv. Pay certain expenses incurred in connection with the issuance of the Series 2023 Bonds (collectively, the "Project")</li> </ul>
<b>Financing Structure:</b>	Long-term, fixed-rate Charter School Revenue Bonds
<b>Bond Rating</b>	BB+ estimated
<b>Tax Status:</b>	Tax-exempt and taxable
<b>Maturity:</b>	30-34 years
<b>Security:</b>	<ul style="list-style-type: none"> <li>Pledge of Gross Revenues</li> <li>Assignment of Leases</li> <li>Deeds of Trust</li> <li>Debt Service Reserve Fund to be funded by CSFA grant funds</li> <li>Repair and Replacement Fund</li> </ul>
<b>Covenants:</b>	<p><b>Debt Service Coverage Ratio Test*:</b> 1.10x Consolidated Payment Obligations Coverage</p> <p><b>Days Cash on Hand Requirement*:</b> 45 days</p> <p><b>Additional Bonds Test*:</b></p> <ul style="list-style-type: none"> <li>i. 1.10x Consolidated Payment Obligations Coverage for most recently audited fiscal year; and</li> <li>ii. 1.20x Consolidated Payment Obligations Coverage including proposed additional debt in the year following the completion of the Construction Project</li> </ul>
<b>Estimated Timing:</b>	<p>Public bond sale expected week of 3/9</p> <p>Financing closing expected on 4/3</p>

*\*Preliminary and subject to change*

01/27/2023

<b>Method of Sale:</b>	Public bond sale
<b>Investor Qualifications:</b>	Qualified Institutional Buyers or Accredited Investors
<b>Debt Service Payments:</b>	Principal will be payable annually on each July 1 Interest will be payable semiannually on each January 1 and July 1
<b>Base Rent Payments:</b>	Borrower will be obligated to pay monthly debt service payments in an amount equal to (1/6th) of the interest and (1/12th) of the principal coming due on the bonds on the next interest or principal payment date
<b>Denominations:</b>	Minimum denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof
<b>Financing Team Summary:</b>	Borrower's Counsel - Musick, Peeler & Garrett LLP Bond Counsel - Kutak Rock LLP Municipal Advisor/Dissemination Agent - Campanile Group, Inc. Underwriter's Counsel - Orrick, Herrington & Sutcliffe LLP

**Disclaimer for Underwriter:**

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