

Presentation to



**Camino
Nuevo
Charter
Academy**

February 2023



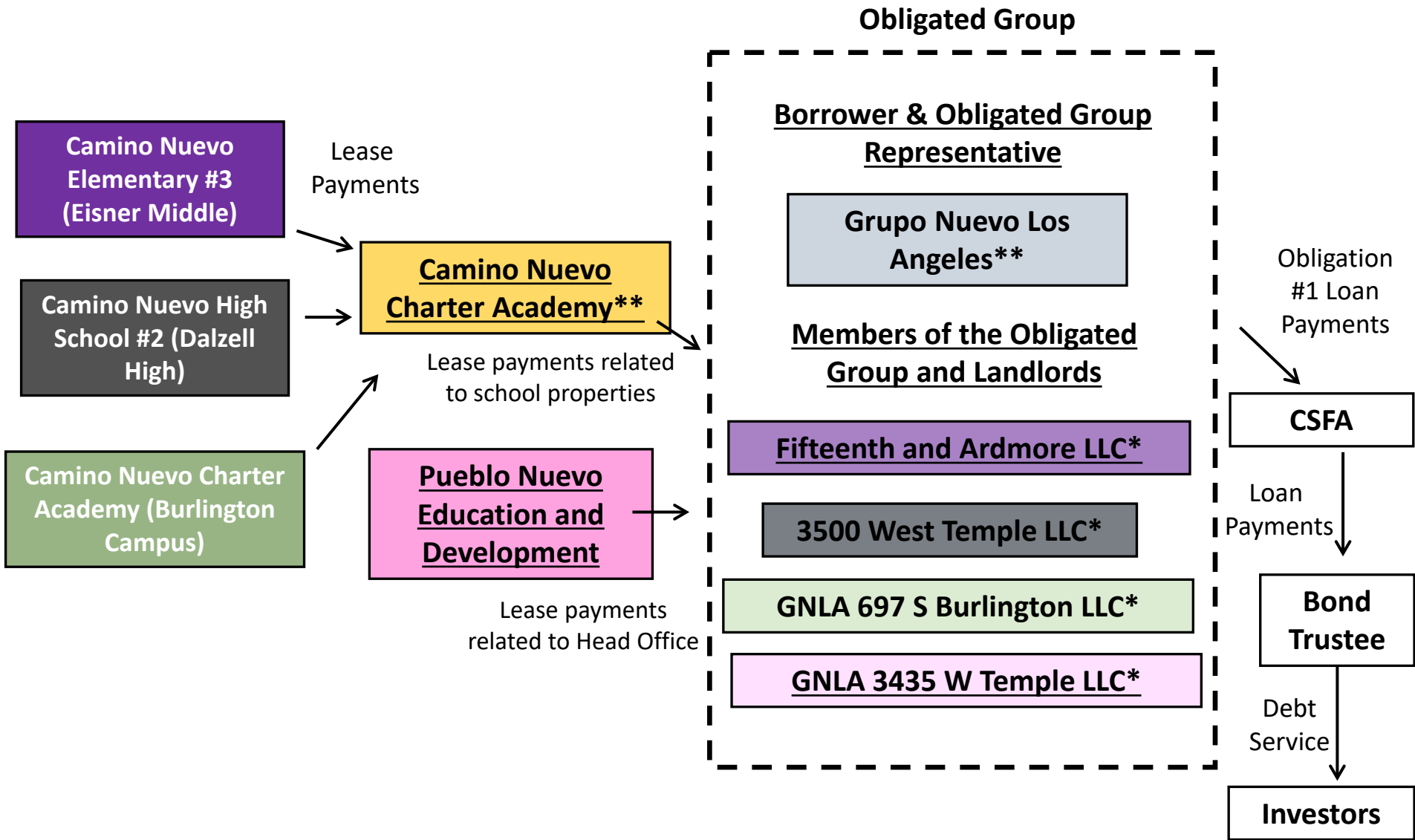
Background

- 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

- 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

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

Terms and Interest Rates

Terms and Interest Rates Comparison

Loan/Bond	Principal	Annual Loan Payments	Interest Rate	Term/ Amortization	Maturity
<u>Wells Fargo Loans</u>					
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
Total	11,299,345	1,116,206			
<u>Refinancing Bonds</u>					
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
Total	12,780,685
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
Total	12,780,685

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
	Total	533,300

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
TOTAL	12,000,000	11,281,050	23,281,050

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
TOTAL	12,000,000	13,362,048	25,362,048

Next Steps

Next Steps

- 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>