



RIVER CHARTER SCHOOLS SUMMARY AND RECOMMENDATIONS

Applicant:	Leaders & Scholars, LLC, Leaders & Scholars Two, LLC
Action:	Final Resolution
Amount:	\$18,000,000
Purpose:	Finance the Cost of the Acquisition, Construction, Renovation and Equipping of Educational Facilities Located in the Census Designated Place of Clarksburg and the City of West Sacramento, Yolo County, California
Activity:	Charter School
Meeting:	January 12, 2018

Background:

Leaders & Scholars Two, LLC (the "Borrower") is a California limited liability company, whose sole member is Leaders & Scholars Inc., incorporated for the sole purpose of furthering the purposes of River Charter Schools (the "Corporation") is a California nonprofit public benefit corporation which was incorporated on April 11, 2006, formerly known as Friends of Clarksburg Schools. The Borrower's primary purpose is to own and improve the land located at the commonly known addresses of 899 Bryte Avenue, West Sacramento, California, and 36230 North School Street, Clarksburg, California, and lease each parcel to the Corporation.

The Corporation is an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation operates Delta Elementary Charter School in Clarksburg, California ("DECS") and Lighthouse Charter School in the West Sacramento, California (the "Lighthouse" and, collectively with DECS, the "Schools"). The Schools operate pursuant to their respective charters authorized and approved by (i) the River Delta Unified School District ("RDUSD"), in the case of DECS, and (ii) Washington Unified School District ("WUSD").

River Charter Schools (the "School") established its first School, Delta Elementary Charter School ("DECS") in the small rural community of Clarksburg, California. The School believes that it is important to provide students with a strong commitment to academics, music, art, project based learning, learning garden, accelerated reader and technology. When the RDUSD announced

its plans to close Clarksburg Elementary School at the end of the 2005-2006 school year, a group of interested citizens initiated a course of action that led to the creation of DECS. After a year of deliberation, planning, and hard work, the School opened DECS on August 22, 2007, with an enrollment of 95 students and five teachers. By 2016, DECS had over 400 students. At DECS, the School serves students in grades TK-6, the majority of whom reside in the West Sacramento area.

The School subsequently opened Lighthouse in 2015. The School established this additional school at the request of parents in West Sacramento. These parents approached the School to replicate the DECS "model" in their area for their children.

The goal of the School is to provide in each school a multiethnic, student-centered learning environment that focuses on student achievement on an individual basis. The School's educational program is based on Common Core State Standards within an educational experience that includes technology, fine arts, athletics, and project based learning to support the intellectual, social, physical, and emotional development of the student.

The Project:

The proceeds of the Bonds will be used for a plan of finance consisting of financing and/or refinancing the following: (1) of the acquisition, construction, renovation and/or equipping of educational facilities located at 36230 N. School St., Clarksburg, California 95612 and at 841 Bryte Avenue, West Sacramento, California, each located within the geographical boundaries of the County; (2) capitalized interest, if necessary, with respect to the Bonds; (3) a reserve fund, if necessary, with respect to the Bonds; (4) refinancing existing debt secured by the facility at 36230 N. School St., Clarksburg, California 95612; (5) working capital, if necessary, with respect to the Bonds and (6) certain expenses incurred in connection with the issuance of the Bonds, including any applicable credit enhancement costs for the Bonds.

The City of West Sacramento and the County of Yolo:

The City of West Sacramento is a member of the CMFA and is scheduled to hold a TEFRA hearing on January 17, 2018. The County of Yolo is a member of the CMFA and is being asked to approve the financing. Upon closing, the City and County are expected to share approximately \$8,000 as part of the CMFA's sharing of Issuance Fees.

Proposed Financing:

Sources of Funds:

Tax-Exempt Bonds:	\$ 17,000,000
Taxable Bonds:	<u>\$ 1,000,000</u>
Total Sources:	\$ 18,000,000

Uses of Funds:

Land Acquisition:	\$ 750,000
Building Acquisition:	\$ 6,620,000
New Construction:	\$ 6,280,000
Architectural & Engineering:	\$ 500,000

Entitlements:	\$ 1,050,000
Refinance:	\$ 500,000
Capitalized Interest:	\$ 750,000
Debt Service Reserve Fund:	\$ 1,050,000
Costs of Issuance:	\$ 500,000
Total Uses:	\$ 18,000,000

Terms of Transaction:

Amount:	\$18,000,000
Maturity:	February 2048
Collateral:	Deed of Trust on Property
Bond Purchasers:	Limited Offering
Estimated Closing:	February 2018

Public Benefit:

River Charter Schools operates two site-based, traditional calendar public charter schools: 1) Delta Elementary Charter School (TK-6), and 2) Lighthouse Charter School (TK-8). With a total enrollment of 613 students, the schools provide family-oriented, community-based intimate learning environments that are devoted to the academic, social, linguistic, and personal success of each child. The schools have the primary objective of enabling its students to become self-motivated, competent, and lifelong learners.

Finance Team:

Underwriter:	Robert W. Baird & Co.
Bond Counsel:	Kutak Rock LLP
Issuer Counsel:	Jones Hall APLC
Underwriter Counsel:	Quarles & Brady LLP
Borrower Counsel:	Mary K. Norvell, Attorney at Law
Financial Advisor:	Buck Financial Advisors LLC

Recommendation:

The Executive Director recommends that the CMFA Board of Directors approve a Final Resolution of \$18,000,000 for the River Charter Schools project located in the census designated place of Clarksburg and the City of West Sacramento, County of Yolo, California.

The information mandated by California Government Code Section 5852.1 is attached to this report.