

**PMC Support Corporation
Ednovate Inc.**

Los Angeles, California

\$23,130,000 EFF Financing / Closed: October 31, 2024 / Final Maturity: November 1, 2059

Obligor Overview

Founded and opened in 2012, Ednovate Inc. (“Ednovate”), is a California nonprofit benefit corporation that operates seven charter schools across seven Los Angeles County campuses. As of FY25, the network serves 2,738 students in grades 9-12 while the four-school obligated group¹ (“OG”) serves 1,979 students.

Ednovate’s Mission: *“to create Positive Multigenerational Change by providing college-prep, tuition-free education, with a focus on first-generation, college-bound high schoolers across Southern California.”*

The legal borrower will be PMC Support Corporation (“PMC”), a California nonprofit benefit corporation that operates exclusively for charitable and educational purposes by conducting or supporting activities for Ednovate. PMC is the sole member of four limited liability companies that were formed for the purpose of holding property for Ednovate.

Charter Contract – OG Schools

School	Opened	Authorizer	Charter Expiration Date	Previous Renewals
Hybrid	2012	Los Angeles Unified School District (LAUSD)	June 30th, 2025	1
Esperanza	2017	Los Angeles Unified School District (LAUSD)	June 30th, 2025	0
Brio	2017	Los Angeles Unified School District (LAUSD)	June 30th, 2025	0
Legacy	2016	Orange County Department of Education (OCDE)	June 30th, 2027	1

The OG schools operate under four charter agreements, three with the LAUSD and one with OCDE. Hybrid, Esperanza, and Brio received their most recent renewal in June 2017 and Legacy received its most recent renewal in June 2021.

Management & Governance

Ednovate is governed by a 10-member board of directors with experience in education, academic programming, finance, management consulting, and real estate development.

Senior leadership includes the chief executive officer, chief operating officer, chief financial officer, chief of staff, chief of schools, senior director of principal leadership, and senior director of family engagement and strategy.

Board members and minutes can be found on the [Ednovate website](#).

¹ Obligated Group Schools = USC Hybrid High College Prep (Hybrid), Esperanza College Prep (Esperanza), Brio College Prep (Brio), and Legacy College Prep (Legacy).

Enrollment & Student Information

Ednovate’s grades 9-12 student count for the OG schools for the past five fiscal years is as follows:

Ednovate OG Schools Historical Student Enrollment FY21 - FY25

<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>
1,776	1,864	1,871	1,949	1,979

From FY21 to FY25, student retention for the OG schools averaged 93%; FY25 student retention was 95%. The OG schools waitlist as a percentage of enrollment between FY21 and FY25 averaged 87%; FY25 waitlist as a percentage of enrollment was 92%; The OG schools’ applications as a percentage of enrollment between FY21-FY25 averaged 143%; FY25 applications as a percentage of enrollment was 145%.

In FY24, the OG schools socioeconomically disadvantaged and English learner populations were approximately 88% and 13%, respectively, and 99% of students identified as students of color.

Academic Program & Results

Ednovate’s academic model includes four key components – 1) annual college readiness indicators; 2) operational excellence; 3) caring and accountable culture; and 4) talent and teamwork. These components are designed to provide students with a personalized learning experience, develop a sense of purpose, and the ability to build strong, safe relationships.

The OG schools spring 2023 academics (the last publicly available data) were evaluated based on high school subgroups results on smarter balanced summative assessments. For Hispanic/Latino students, the OG schools outperformed the district in ELA with an average ratio of ~112% and performed similarly in math with an average ratio of ~91%. For socioeconomically disadvantaged students, the OG schools outperformed the district in ELA with an average ratio of ~110%, however, underperformed in math with an average ratio of ~83%.

The Project

This financing will be used to: 1) refinance a loan as part of Hybrid’s NMTC unwind; 2) refinance two loans for Esperanza; 3) refinance one loan for Legacy; and 4) pay cost of issuance associated with the transaction. The facilities for Hybrid and Legacy are owned by Vermont LLC and PMC 17th Street LLC and leased to Ednovate. The facility for Esperanza is owned by a third-party landlord and leased to PMC, who then subleases the facility to Ednovate.

Financial Information

Certain historical financial information on the OG schools is listed below.

Metric	FY21	FY22	FY23
Total Revenue (TR)	27,411,415	33,524,431	35,676,483
DS Coverage Ratio	3.08	2.11	1.65
Debt Burden (% of TR)	10.2%	8.8%	11.1%
Days Cash on Hand	98.6	170.9	237.0

S&P Rating: TBD

Website <https://www.ednovate.org/>

**Ednovate
Security and Loan Covenants**

Security	Secured by an Obligation issued pursuant to an existing Master Trust Indenture, including a pledge of gross revenues of the Landlord and mortgages on financed real property interests naming Master Trustee as mortgagee. The Lease with Tenant is subject to Intercept. All payments subject to the Intercept shall only be transferred to Lender for Loan issued by the California School Finance Authority. If the Tenant has not engaged a separate manager with respect to the School, the Tenant agrees that it shall not apply any Gross School Revenues to costs and expenses of management unless and until all Rent is fully paid and the Loan is not in default.
Lease Payment Coverage Ratio	1.10x
Additional Debt	1.20X
Liquidity Covenant	60 days cash on hand
Academic Covenant	<p>Commencing the 2025-26 academic year and each year thereafter, the Lessee covenants that the Obligated Group Schools shall:</p> <ol style="list-style-type: none"> I. Each year maintain a weighted average 4-year high school graduation rate for socio-economically disadvantaged students that exceeds that of the Santa Ana Unified School District and LA Unified School District. II. Each year maintain a weighted average of at least 95% of graduates accepted into 2 year or 4-year college or postsecondary program. III. Each year the average proficiency rate² for all socio-economically disadvantaged students, calculated separately for each school, in English Language Arts, shall exceed 100% of its respective district's average³ for all socio-economically disadvantaged students. IV. Each year the average proficiency rate for all socio-economically disadvantaged students, calculated separately for each school, in Math, shall exceed 100% of its respective district's average for all socio-economically disadvantaged students OR the weighted average proficiency rate for all socio-economically disadvantaged students, shall increase a minimum of 2.5% from that of the prior year's average proficiency.

² SBAC results from CAASPP

³ Ednovate Legacy Campus will be compared with Santa Ana Unified District rather than Orange County Department of Education, for ELA and Math.

Enrollment Covenant	Enrollment requirement based on fall testing date as follows:	
	Fall Testing Date	Enrollment Requirement
	2025 (FY26) and beyond	1,728