Through its demonstrated success in administering a broad portfolio of charter facilities financing programs, including having successfully implemented its 2009 Credit Enhancement for Charter School Facilities Program award of $8.3 million, the California School Finance Authority (CSFA) has the experience, infrastructure, and regulatory and statutory authority to successfully implement a new credit enhancement Grant Project (PANACEA). Since the creation of CSFA through enabling legislation in 1985, the CSFA Act and its subsequent amendments, CSFA has employed its portfolio of grant, loan, and bond financing programs, to promote: 1) access to charter school facilities financing; 2) growth of charter schools overall in California; 3) targeting of high performing charter schools in communities having the most need; and 4) the infusion of public and private funds for capital improvements and new construction of charter school facilities. Since 2002, CSFA has disbursed over $2.5 billion to California charter schools, primarily to meet facility needs.

**Competitive Preference Priority and Invitational Priority:** CSFA is confident in its ability to structure the PANACEA Program selection criteria to meet the Competitive Preference Priority. CSFA has put forth a plan for: 1) targeting moderate to high-performing charter schools in areas with a large proportion of schools under program improvement; 2) targeting the facility improvement needs of charter schools; and 3) targeting schools serving low-income students. CSFA anticipates the development of one or more partnerships (e.g., with state or local entities, financial institutions, pension funds, money market funds, bond mutual funds, or high-net-worth individuals) that will leverage issuance or purchase by such partners of the Transactions participating in the newly created PANACEA Program. The PANACEA Program also will leverage future state GO Bonds and "recycle" the guarantees funded by the Federal Grant funds once each Transaction is repaid.

**Quality of Project Design and Significance:** The PANACEA Program set forth by CSFA will increase access to financing for charter schools at better rates and terms, will assist charter schools to realize new or improved facilities sooner, and will leverage funds at a ratio of 6.25:1 for the first five years by assisting with pre-construction costs for Charter School Facilities Program (CSFP) awardees waiting on award apportionment funds. This assumes these critical pre-construction costs represent, on average, 10 percent of the total funding for a given project. The ratio could double once all grant funded-guarantees are released and recycled to enhance new transactions. The project design’s timeline, goals, and objectives have been set forth with measurable objectives and benchmarks. Given that the CSF Program requires completion of pre-construction milestones in order to receive apportionments for the facility cost, many charter school operators must choose high rate loans or budgetary cuts in order to meet these milestones. Beyond the CSF Program, charter school operators face similar obstacles and expenses when developing and building a facility to reach similar self-imposed benchmarks. This Grant will allow for charter schools to affordably reach these milestones and complete their facilities sooner without incurring high rate debt or dramatic budgetary cuts.

**Quality of Project Services:** As a result of CSFA’s development of streamlined procedures, regulatory framework, and partnerships with finance teams and charter school stakeholders within its current programs, the PANACEA Program will be able to provide low-cost financing within months of applicants being awarded access to CSF funds. This will save invaluable time and costs charter schools normally have to bear in the pre-construction stages for facilities. As the program’s criteria gives preference to applicants demonstrating the highest needs, CSFA will assist in the completion of more charter school facilities for a variety of charter schools operators.

**Capacity:** The unsurpassed charter school expertise of CSFA allows us to carry out project activities in a manner that mitigates unwarranted risk while providing access to low-cost financing for charter schools. The support of the State Treasurer’s Office accounting, legal and administrative resources, CSFA’s own financial stability, and California’s strong conflict of interest laws allow CSFA to craft all its programs to be sound, and based on the needs of CSFA’s constituents.

**Quality of Project Personnel:** CSFA has a program team with unsurpassed experience and expertise in creating, implementing and disbursing funds through funding programs. CSFA will continue to collaborate with charter schools and their advocates, private sector leaders, and legal experts to ensure the successful implementation and growth of the PANACEA Program.