

INTRODUCTION

Through the passage of Propositions 47, 55, 1D, and most recently, Proposition 51, \$1.4 billion has been made available to charter schools for construction of permanent new facilities or rehabilitation of existing school district facilities. The Charter School Facilities Program (CSFP) provides 100% of project costs, and awardees repay 50% of project costs through a lump sum payment or a 30-year, low-cost loan from the state. Schools are granted a Preliminary Apportionment, or a reservation of funds, to commence charter school projects. Schools receive program funds at the time of an Advance Apportionment to pay for pre-development costs. However, due to the lack of liquidity at the state level, funds available for early pre-development costs are no longer available. Schools, both public and charter, are placed on “unfunded” approval lists and must wait for the state to issue general obligation bonds (GO Bonds). Depending on overall demand, schools and other projects can wait from six to twelve months to receive cash to pay for costs at Advance and Final Apportionment. These delays cost charter schools, which often operate with few reserves and limited liquidity, time and money. Schools are typically forced to borrow to pay for these pre-development costs at very high interest rates, or wait on the unfunded list until cash becomes available, resulting in opportunity costs, and frequently, schools not able to acquire desired sites due to lack of available funding.

The California School Finance Authority (CSFA or Authority) is submitting this Application for a grant under the Expanding Opportunity Through Quality Charter Schools Program - Credit Enhancement for Charter School Facilities Grants Program (CFDA#: 84.354A). The Application is organized around the six relevant elements (A through F) specified in Part 2.a. Content and Form of Application Submission, in Section IV. Application and Submission Information, in the Application Package and Notice Inviting Applications for New Awards for Fiscal Year (FY) 2017 (Notice). CSFA has a demonstrated track record of efficiently and prudently optimizing federal grant awards to benefit California’s charter school community through state matches, leverage

opportunities, and instituting programmatic safeguards, and will implement the same strategy for its proposed Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) program described herein.

An \$8 million grant award will enable CSFA to leverage \$500 million in General Obligation (GO) Bonds designated for CSFP, and continue its success in facilitating financing of new and refurbished permanent facilities for quality charter schools in California. As the leading provider of financial assistance for charter school facilities in California, this grant would enable CSFA to further its mission and establish the new PANACEA program. Transactions guaranteed under the PANACEA program would provide interim financing to CSFP charter schools to accelerate completion of key pre-construction milestones that must be met to receive their final project funding from state GO Bonds. Accelerating funding to projects that demonstrate readiness and need will allow CSFA, through the PANACEA program, to dramatically reduce bridge financing costs as well as mitigate opportunity costs associated with long delays that CSFP charter schools have experienced in receiving proceeds from GO Bond sales.

PART A - PROGRAM DESIGN AND ACTIVITIES

I. Proposed Use of Credit Enhancement Grant Funds

Guaranteeing New Interim Financing Transactions for Charter Schools: Eight million in grant funds will be deposited in a Reserve account, invested in accordance with the grants requirements, and pledged as guarantee for payment of principal, interest, and related costs of notes, bonds, certificates of participation, or other transactions (anticipated to be issued by CSFA or private financial institutions) (Transactions) to provide interim financing for Charter Schools to meet the conditions for receipt of long-term funding from future proceeds of State General Obligation Bonds (GO Bonds). The Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) program will guarantee participating Transactions issued to purchase (or finance the purchase of) apportionments to the selected Charter Schools from future proceeds

of GO Bonds. Such apportionments have been awarded to a pool of Charter Schools, through the Charter Schools Facilities Program (CSFP); these CSFP apportionment recipients (CSFP Charter Schools) would be the only eligible applicants to the PANACEA program. Now a \$1.4 billion program, CSFP provides low-cost financing for charter school facilities through funding comprised of 50% grant and 50% loan. This money is used to finance the construction of new, permanent school facilities, or the rehabilitation of existing school district facilities, for charter schools throughout the State. The state-funded program is jointly administered by CSFA and the Office of Public School Construction (OPSC). CSFA directs the financial soundness review process and provides certification of financial soundness at various apportionment intervals.

These CSFP Charter Schools will receive the GO Bond proceeds as an Advance or Final Apportionment upon satisfaction of additional administrative and regulatory requirements that are conditions to receive funds. The CSFP Charter Schools need to undertake a variety of pre-construction or pre-renovation activities to meet these conditions, and often face significant cash flow challenges that can affect their ability to complete these activities efficiently.

Purchase of a selected CSFP Charter School's future Advance or Final Apportionment would provide funds to a selected CSFP Charter School to accelerate time-sensitive pre-construction or pre-renovation activities, such as design, site control, planning, permitting, and environmental clearance, among others, that are critical to meeting statutory and regulatory conditions for receipt of CSFP apportionments from the GO Bonds.

Repayment of PANACEA Transactions: Repayment of the Transactions participating in the PANACEA program would come from the Advance or Final Apportionment to a CSFP Charter School, which are funded from future GO Bonds. These GO Bonds will be issued by the State Treasurer's Office (STO). Short-term GO Commercial Paper is issued periodically to meet the cash flow needs of state facilities projects funded with voter-approved GO Bonds. Long-term GO Bonds are issued approximately four to six times a year to provide proceeds to refund existing debt and GO Commercial Paper and provide additional "new money" funding for the approved

projects. Following issuance of the GO Bonds for a selected Charter School’s projects, proceeds representing a previously-specified portion of the CSFP allocation would be applied to repay the PANACEA financing. The repayment will allow a “release” of the pledged guarantee funds in the Reserve, allowing them to be pledged to guarantee a future Transaction for the same purpose, thereby creating additional “leverage” in the PANACEA program. If there were an unanticipated delay in receipt of the GO Bond proceeds, the guarantee funds would be available to repay the participating Transaction. When the delay was “cured” and GO Bond proceeds were available, they would be used to replenish any guarantee funds already used to repay the Transaction.

II. Proposed Preliminary Terms of the PANACEA Program

The table in Exhibit A.1, below summarizes the proposed preliminary terms of the PANACEA Program, including how the Program will align its evaluation and award process to the priorities cited in the Notice.

Exhibit A.1 Preliminary Terms of Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Incorporating Federal Enhancement Grant)	
Issuing Authority / Program Sponsor	The California School Finance Authority (CSFA) or a participating private financial institution.
Governing Statutes	Education Code sections 17078.52 through 17078.66 (CSFP), and 17170 through 17199.5 (CSFA Act).
Governing Regulations	CCR, Title 4, Division 15, Article 1.5
Agent for Sale	State Treasurer’s Office, Public Finance Division (for CSFA-issued Transactions only).

Exhibit A.1 Preliminary Terms of Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Incorporating Federal Enhancement Grant)	
Beneficiaries	Eligible CSFP applicants, which all previously have been verified to meet the definition of “charter school” in Section 4310 of the ESEA.
Charter School Threshold Eligibility Requirements	Must be eligible for CSFP through regulations adopted by OPSC and CSFA.
PANACEA Proposed Preference Priority	<p>CSFA’s awards under the PANACEA Program will include an assignment of preference points to eligible CSFP Charter School applicants based on:</p> <ul style="list-style-type: none"> (1) Traditional schools identified for improvement, corrective action or restructuring under Title I of ESEA as amended by the NCLB Act of 2001 in the geographic region of the applicant <ul style="list-style-type: none"> - addresses Federal Competitive Preference Priority 1; (2) State academic assessments of students compared to those attending traditional schools in the geographic region of the applicant <ul style="list-style-type: none"> - addresses Federal Competitive Preference Priority 2; (3) Number of low-income students qualifying for Free and Reduced Price Meals <ul style="list-style-type: none"> - addresses Federal Competitive Preference Priority 3;

Exhibit A.1 Preliminary Terms of Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Incorporating Federal Enhancement Grant)	
	<p>(4) Amount of student overcrowding in traditional schools in the geographic region of the applicant;</p> <p>(5) Available net working capital in first three years of project.</p>
<p>Alignment with Federal Invitational Priority</p>	<p>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.</p>
<p>Purpose of Participating Transactions</p>	<p>Federal Grant funds would be deposited in a Reserve account, and pledged as guarantee for payment of principal, interest, and related costs of notes, bonds, certificates of participation, or other transactions, and available for the following:</p> <ul style="list-style-type: none"> ▪ Financing the acquisition (by purchase, lease, donation, or otherwise) of an interest (including an interest held by a third party for the benefit of a charter school) in improved or unimproved real property that is necessary to commence or continue the operation of a charter school.

Exhibit A.1 Preliminary Terms of Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Incorporating Federal Enhancement Grant)	
	<ul style="list-style-type: none"> ▪ Financing construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school. ▪ Financing predevelopment costs required to assess sites and to commence or continue the operation of a charter school.
Term of Repayment	<p>Up to 5 years (Aligned with the period allowed for a Final Apportionment; standard is 4 years, with a discretionary extension of 1 year, provided by OPSC, for a total of 5 years).</p> <p>Interest rates and transaction costs would vary based on underlying market conditions, the credit rating(s) of the Transaction, the size and duration of the Transaction, and type of issuance, among other factors. Any fees would be reasonable, designed to offset costs, and within or below existing ranges for similar programs based on standards adopted in regulations.</p>
Source of Repayment	<p>Repayment of the Transactions participating in the PANACEA program would come from the Final Apportionment to a Charter School, which are funded from future GO Bonds issued by the State Treasurer’s Office.</p>
Security for Notes	<ul style="list-style-type: none"> ▪ Pledge of Charter School’s future apportionment, with intercept mechanism applied to GO Bond proceeds provided by the State, but not local sources.

Exhibit A.1 Preliminary Terms of Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Incorporating Federal Enhancement Grant)	
	<ul style="list-style-type: none"> ▪ Debt service reserve / guarantee funded by the Federal Enhancement Grant. ▪ Security interest in the Advance and/or Final Apportionment.
Proposed Timeline	Receive Award Notification.....July 2017 Produce First Draft of Regulations.....Early August 2017 Produce Final Draft of Regulations .. September 2017 CSFA Board Approves Regulations..... September 2017 Program Agreement ApprovalNovember 2017 Regulations Implemented..... December 2017 Application Posted to CSFA Website..... December 2017 Information & Technical Workshops.....December 2017 Applications Due to CSFALate January 2018 Staff Recommendations.....Early February 2018 CSFA Board Decision on Applications..... Early February 2018 Inaugural Grant Award.....February 2018

III. Anticipated Benefits of PANACEA Program

Accelerating Completion of Critical Project Milestones: The primary benefits of CSFA’s Proposal relate to accelerating pre-construction and pre-renovation activities by approved Charter Schools, and thereby improving their ability to meet the conditions for Advance or Final Apportionment and receipt of long-term GO Bond proceeds (as well as any other financing applicants may need to meet any local matching funds requirement, if applicable). The acceleration also mitigates construction inflation costs, and limits disruption in student class-time,

as these funds enable projects to be completed in time for the start of a new academic session. Lastly, it dramatically reduces bridge financing and opportunity costs that have historically been incurred by CSFP awardees.

Increasing Access to Cost-Effective Financing: Access to a guarantee for the PANACEA program also widens the potential investor interest, and reduces the likely interest rates demanded by investors (e.g., state or local entities, financial institutions, pension funds, money market funds, bond mutual funds, or high-net-worth individuals). Investors may see additional value in CSFA's ability to utilize an intercept mechanism, whereby the specified portion of proceeds from future GO Bonds will be directed to CSFA by the State Controller to pay debt service, rather than requiring requisition by the Charter School.

By securing this federal grant, CSFA will continue to increase access to cost-effective financing opportunities for those California Charter Schools that have successfully navigated the highly-competitive CSFP grant application process, and been awarded a Preliminary Apportionment. These CSFP Charter Schools have demonstrated consistent academic and financial performance and alignment with the CSFP selection criteria (found in Attachments A & B). Even when these well-qualified CSFP Charter Schools have achieved this milestone, they still face cash flow challenges to meet all the conditions for receipt of Advance or Final Apportionment. By providing much-needed, low-cost interim financing, this award will support CSFP Charter Schools that already have succeeded in obtaining a competitive and highly-coveted Preliminary Apportionment to cost-effectively plan, execute and complete their CSFP-funded projects in a timely manner. CSFP Charter Schools are faced with high borrowing costs from private lenders, or waiting until cash becomes available from bond proceeds. In 2016, a charter school was compelled to borrow \$18.5 million, with \$3.4 million in borrowing costs, including interest, cost of issuance and underwriter's discount, in order to acquire an ideal site to construct its CSFP facility. Had the PANACEA program been available, the school could have incurred all-in borrowing costs of only \$1.6 million over three years, assuming a 3.00% interest rate.

PANACEA Program is Designed to Be Replicable: Because the PANACEA program is designed to enable the guarantee funded by the Grant to be released as each PANACEA Transaction is repaid, the Grant funds will be able to be recycled to support the next “generation” of PANACEA Transactions. In this manner, the program is designed to replicate itself. CSFA will evaluate the ability to expand the grant’s use outside of the CSFP program once all CSFP schools are complete. CSFA will work with public and private lenders and other funders to create similar funding mechanisms for non-CSFP charter school facility projects, while maintaining the program criteria established in our Performance Agreement. Furthermore, the strength of CSFA’s expertise and institutional capacity would enable the PANACEA program to “scale up” readily in the event that additional grant funds are made available, whether from federal, state, local, or private sources.

Assisting Schools with the Greatest Need: The Notice for this Credit Enhancement grant makes clear the importance of assisting charter schools that serve students with the greatest need. CSFA’s PANACEA Program has been structured in a manner that complies with the Competitive Preference Priority and the Invitational Priority cited in the Notice. Exhibit A.1, above, presents information regarding the manner in which CSFA will address this Competitive Preference and Invitational Priority in the application process and ranking process for its PANACEA Program.

CSFA will work with the charter school community and other stakeholders as CSFA develops program regulations that are consistent with the criteria outlined in this Application. As is the case with all charter school financial assistance programs administered by CSFA, the PANACEA program regulations will recognize the importance of school choice for schools that are located in or near an area in which a large proportion of schools are: 1) identified for program improvement, corrective action or restructuring; 2) serving students performing below proficient on state testing; and 3) serving low-income students. CSFA also has begun developing one or

more partnerships that will leverage new sources of non-Federal funding in order to meet the Invitation Priority as outlined in 34 CFR 75.105(c)(1).

Furthermore, the existing CSFP selection criteria for the pool of eligible CSFP Charter Schools already allots more preference points towards schools that serve a large population of low-income students eligible for free or reduced priced meals; schools located in districts with overcrowding; and schools determined as needing improvement based on student performance measures. (See Attachment B)

IV. Anticipated Performance Measures

The anticipated Performance Measures will be structured to track the PANACEA program’s success at achieving the desired outcomes and benefits. These are summarized in the table in Exhibit A.2, below.

Exhibit A.2 Anticipated Performance Measures of Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Incorporating Federal Enhancement Grant)	
Program Need	Will be measured by tracking actual demand for the program, in terms of number of applicants and total volume of financial assistance requested by the applicants. Initial measurement will be made at the time of the first round of available financial assistance. In the case of second or subsequent rounds (if less than all available assistance is awarded, and/or as funds are “recycled”) the measurements will be made again.
Accelerated Achievement of Critical Project Milestones-	Will be measured by obtaining each applicant’s self-reported planned schedule for critical project milestones for reaching Advance and/or Final Apportionment in the absence of the

Exhibit A.2 Anticipated Performance Measures of Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Incorporating Federal Enhancement Grant)	
	<p>PANACEA program and comparing the selected applicant's response to the actual timing of milestones achieved with use of the PANACEA program.</p>
<p>Cost-effectiveness of Program</p>	<p>Will be measured by tracking PANACEA program costs, transaction fees, and interest costs and comparing to alternative forms of interim and/or bridge financing of similar size and duration of financing.</p>
<p>Serving High-need Charter Schools</p>	<p>Will be measured by the degree to which selected applicants score highly in the PANACEA program's preference points designed to prioritize school choice in the areas of greatest need.</p>
<p>Partnerships</p>	<p>Will be measured initially by tracking participation of charter schools and stakeholders in the review of draft regulations for the PANACEA program. Will be measured on an on-going basis by tracking the participation of other financial institutions and other types of partners in structuring, marketing, purchasing and/or providing additional credit enhancement of PANACEA Transactions.</p>

PART B - INVOLVEMENT OF CHARTER SCHOOLS

I. Demonstrated Understanding of the Needs of California Charter Schools

Since 2002 and the inception of CSFP, CSFA has proven itself to be an extremely capable entity and has played a crucial role in establishing several robust programs that support charter schools in their efforts to secure adequate school facilities in California. The charter school programs that CSFA oversees have enabled the charter school community's to expand educational opportunities in traditionally underserved communities of California. CSFA will utilize the same approach when implementing the PANACEA program that it has when developing its other programs. CSFA collaborates with charter school constituents, stakeholders, legal and finance experts as we develop regulations, and provide all stakeholders an opportunity to comment on the proposed program criteria prior to finalizing regulations. Once the CSFA board has approved regulations, they are distributed to interested parties for a 45-day public comment period. Based on an assessment of all public comments and potential revisions to the proposed regulatory language, the rulemaking file may be re-distributed for an additional 15-day public comment period before CSFA members adopt the final version of the text. This process ensures consensus from the charter school community and the schools we serve.

II. Support from the California Charter School Community

The success of CSFA in creating and expanding financing opportunities for California's charter schools is a direct result of the high level of involvement that the charter school community has had in the program creation and implementation process. CSFA, lawmakers, charter school stakeholders, and capital market participants work collaboratively as programs are developed and refined, and funds are disbursed. CSFA staff will continue this level of engagement as it implements the PANACEA Program.

CSFA has disbursed over \$2.5 billion in charter school funding since 2002 through the following programs: 1) the State's \$1.4 billion Charter School Facilities Program; 2) the \$150

million federally-funded State Charter School Facilities Incentive Grants Program; 3) the \$8.3 million Charter School Facilities Credit Enhancement Grant Program; 4) the \$100 million (annual) Charter School Facility Grant Program; 5) the \$12 million (annual) Charter School Revolving Loan Fund; and 6) the Conduit Bond and Note Program, which has issued approximately \$900 million in tax-exempt and taxable bonds. The development of CSFA programs has been consistent and effective, as a result of early and thorough engagement with the charter community on program criteria and design. CSFA has provided support letters from the California State Treasurer's Office, the State Board of Education, Charter Schools Development Center, and the California Charter School Association. CSFA also provided support letters from the management of three high-quality charter schools organizations: KIPP, Aspire, and Alliance Schools. All are provided as Attachments C through I.

PART C - CSFA EXPERTISE & CAPACITY IN FINANCING AND GUARANTEE PROGRAMS

CSFA has assembled a team of professionals that bring a wide range of expertise in the area of capital market financing, with specific and unique charter school facilities financing experience. Team members are drawn from state agencies, including senior professionals from CSFA and the Public Finance Division of the State Treasurer's Office, as well as highly-experienced advisory and bond counsel firms. As with all CSFA programs, members of California's charter school community, legislature, and associations also will provide input as CSFA rolls out its PANACEA Program, including its policies and procedures for: evaluating creditworthiness of program participants; criteria for receipt of program guarantees; risk rating and monitoring; debt work-outs; and internal financial management and risk mitigation processes.

The level of experience of staff and consultants working with CSFA is unparalleled. The individuals include experts in finance as well consultants who have been involved in the charter school movement since its inception and who are knowledgeable about all aspects of charter schools, including financing, construction, and operating issues, as well as federal and state

policies and procedures, and prudent investment, debt, and risk management. The principal CSFA and State Treasurer's Office staff members who will be working on this program have greater than 100 years of combined experience, and are very familiar with education finance, charter school facilities, and charter school policy issues in general, as well as financial management, portfolio monitoring, investment of public funds, and risk mitigation processes and practices, to name a few. Summaries of team members' expertise appear below, and résumés of key program team members are in Attachment R.

I. California School Finance Authority

CSFA provides tax-exempt, low cost financing to charter schools, school districts, and community college districts for use in the repair and construction of school facilities as well as provide financing for working capital purposes. Since 2002, CSFA's primary focus has been providing charter schools with facilities and working capital financing. CSFA's Executive Director, Katrina Johantgen, has nearly 25 years of municipal finance experience, having served as an investment banker and financial advisor for over eight years, and has been with CSFA for over 16 years. During her tenure with CSFA, Ms. Johantgen has been instrumental in creating and expanding financing opportunities for California charter schools. Most notably, Ms. Johantgen has overseen the CSFA's programs, policies, and procedures underlying \$2.5 billion in funding awarded to assist California charter schools with development, facility financing, and operation. The financing, policy-making, portfolio monitoring, financial management and risk mitigation expertise of Ms. Johantgen will ensure that the federal enhancement grant is administered consistent with federal guidelines and policy objectives. Ms. Johantgen will work with Authority staff, which is comprised of 12 professionals and three support staff, to implement the PANACEA program. Mark Paxson, General Counsel to the State Treasurer, will work closely with CSFA to ensure the program's compliance with federal and state law and regulations, as he has done with CSFA since 2002. Mr. Paxson was an integral part of the successful launch of the CSFA's conduit

bond program, which has financed over \$925 million in notes and bonds towards charter school facilities. Mr. Paxson will also be an integral part in the development of the PANACEA Program. Ms. Johantgen will serve as Project Director for the PANACEA Program, and will be supported by individuals noted below. CSFA's *project staffing and implementation plan* will ensure that funds under the PANACEA program will be disbursed by February 2018, assuming a July 2017 award notification. Given that the PANACEA program will be augmenting an established CSFA program, CSFA's team will focus its primary attention on program regulations, and charter community outreach about the new program. See Part B – Charter School Involvement, for additional details. CSFA's CSFP team also will administer the PANACEA; therefore the learning curve and timing of implementing the program will be expedited.

II. Office of Public School Construction

The Office of Public School Construction (OPSC) has administered CSFP with the CSFA since its inception. OPSC administers a \$42 billion voter-approved school facilities construction program, which includes CSFP. Its responsible for assisting school districts throughout the life cycle of a school facilities construction project; auditing school facility construction project expenditures; and accounting and reconciliation functions in addition to awarding facility related funding. OPSC is under the authority of the state of California's Department of General Services and the director is a member of the State Allocation Board (SAB), which meets monthly to apportion funds to the school districts, act on appeals, and adopt relative policies and regulations.

III. State Treasurer's Office – Public Finance Division

The State Treasurer's Office (STO) Public Finance Division (PFD) also will be actively involved in the implementation of the PANACEA Program. The Public Finance Division administers programs that carry out the fiduciary responsibilities of the State Treasurer, including, but not limited to, issuance of State of California general obligation bonds, revenue anticipation notes, certain revenue bonds, and other transactions for state authorities, boards and commissions, such as CSFA. The Public Finance Division also directs compliance with federal

tax laws applicable to state debt. The Public Finance Division has extensive responsibilities and experience in performing agent for sale functions for conduit and other state bond financings, disseminating financial information to the investment community, providing on-going communication with investors, and researching and responding to inquiries from investors. As Agent for Sale for all State of California Bonds, the STO is consistently among the highest volume bond issuers in the nation. For example, as of April 1, 2017, roughly \$74 billion in California General Obligation Bonds remain outstanding.

IV. Stakeholders and Advisors

CSFA has assembled a team of advisors to assist in the implementation of the PANACEA Program. The team is comprised of seasoned professionals from both the advisory and legal fields, including a former Chief Deputy State Treasurer, a long-serving municipal financial advisor to the Authority, as well as attorneys with the State's leading bond and tax counsel firm.

California Charter Schools Association: The California Charter Schools Association (CCSA) advances the charter school movement through state and local advocacy, leadership on accountability, and resources for member schools. CCSA is a trusted source of data and information on California's charter schools for parents, authorizers, legislators, the press and other interested groups. CCSA runs a comprehensive portfolio of programs and services for operating charter schools, charter development teams, charter support organizations, charter-friendly businesses, and charter professionals. Nicolas Watson, Senior Advisor for Facilities, leads CCSA's facilities policy and advocacy work across the state. Prior to joining CCSA, Nicolas worked as an attorney in private practice for 11 years, with a focus on transactional real estate and land use matters, including real property acquisitions, dispositions, and development. Prior to attending law school, Nicolas worked as a legislative aide to United States Senator Richard H. Bryan, where he worked on public policy matters such as housing and urban development and banking and finance. Nicolas is a graduate of the University of San Diego, and the University Of

San Diego School Of Law. He also served as a Museum School of San Diego Governance Board member for the past nine years.

Charter Schools Development Center: Charter Schools Development Center (CSDC) is the nation's oldest charter support organization, and remains the most comprehensive resource center for charter schools anywhere in the country. CSDC's leadership trainings, publications, consulting, and membership program offer our clients over 20 years of experience in charter school start-up, operational support, and advocacy. CSDC is recognized as the leading experts in charter school law, policy, finance, school design, authorizing, governance, and personnel. CSDC staff has assisted with the drafting of charter laws in over 25 states across the county and has played a prominent role in the decision making of school reform policy at both the state and national levels. Eric Premack, Founder and Executive Director, has played a leading role in the development and spread of the chartered schools concept since its inception in his native Minnesota in the 1980s. Eric has helped to draft and implement chartered schools legislation in over 25 states, at the federal level, and overseas. Premack was a co-founder of the Charter Friends National Network, a founding board member of the California Network of Educational Charters, served on the California State Superintendent's Charter School Advisory Committee, serves on the board of Civicorps Inc., and served as founding vice-chair of the board of St. HOPE Public Schools. Prior to founding CSDC, Premack provided consulting services to hundreds of California school districts at School Services of California, Inc., and was a non-partisan education policy analyst for the California Legislature's Office of the Legislative Analyst.

Montague DeRose and Associates, LLC: CSFA has engaged the services of Montague DeRose and Associates as its municipal financial advisor to assist in the implementation of its PANACEA Program. Montague DeRose and Associates has provided financial advisory services to public agencies since 1995. Mr. Michael D. Kremer, Senior Vice President, has an extensive amount of education finance experience, including providing investment banking and financial advisory services on numerous debt issues for educational agencies in California, including

CSFA. He has 22 years of experience in municipal finance through his roles as financial advisor, investment banker and credit analyst. Mike has particular expertise with K-14 schools and other local agencies throughout the State of California. He specializes in preparing debt capacity/affordability reports and financial feasibility analyses, developing financing plans for large scale, multi-year capital improvement plans, and preparing debt policies and credit presentations for his municipal advisory clients.

IMPACTS USA Advisory Services: IMPACTS USA (IMPACTS) is a network of world-class advisors crafting management and financial solutions for leaders of governmental, non-profit, development, and investment organizations. IMPACTS focuses on issues at the nexus of public policy, infrastructure, social impacts, and the capital markets. IMPACTS currently is assisting the Authority with the PANACEA Program's design. Barbara A. Lloyd, Founder and Chief Executive Officer of IMPACTS, is a veteran of government, public finance, infrastructure, and capital markets. Ms. Lloyd's strengths include new program development and management; innovative financing strategies and solutions; state and local capital finance transactions; policy analysis and decision-making; and organizational leadership and communication. She is known for her ability to structure complex transactions in the public interest. Her recent and current educational engagements, in addition to CSFA, include projects for the University of California, Riverside; Cal Poly Pomona; and Kansas University. In addition to founding IMPACTS, Barbara is a registered Municipal Advisor with the SEC and MSRB, doing business as Barbara A. Lloyd, Municipal Advisory Services.

PART D - LEVERAGING MULTIPLE FORMS OF ASSISTANCE

As described in Part A of this Application, the PANACEA program would work alongside the existing CSFP funding and financing sources. CSFP provides GO Bonds for 50 percent of a selected Charter School's facility construction or renovation costs, and requires the Charter School to finance the other 50 percent (either through a lease financing within the CSFP program

or through external financing). The relatively small portion of project costs financed by a PANACEA Transaction will be critical to enabling a selected Charter School to achieve these other, much larger, CSFP funding and financing sources. The design of the PANACEA program also inherently achieves leverage by “recycling” the guarantee, over time, from one eligible project to another. Once a guaranteed PANACEA Transaction is repaid upon issuance of the respective GO Bonds, the portion of the grant reserved for that guarantee is released and available to be used to guarantee a future PANACEA Transaction.

The PANACEA program also leverages the existing knowledge and institutional infrastructure of the CSFP, which will enable the PANACEA program to become operational very quickly. It is anticipated that the regulatory approval process for the PANACEA program could be completed in Fall of 2017 so that eligible Charter Schools could submit applications in early 2018. Additional leverage of the grant funds awarded to the PANACEA program can be achieved to the extent an eligible Charter School has received or will receive other forms of financial assistance through another CSFA Program, which are described in Part E of this Application. Lastly, CSFA will work with public and private lenders and other funders to create similar funding mechanisms for non-CSFP charter school facility projects. Furthermore, this would enable the PANACEA program to “scale up” readily in the event that additional grant funds are made available, whether from federal, state, local, or private sources.

PART E - CSFA’S EXPERTISE IN EDUCATION AND CHARTER SCHOOLS FACILITIES

CSFA has the expertise and capacity to immediately implement the PANACEA Program set forth in this Application. Below we have highlighted the strengths and abilities of the CSFA that demonstrate its ability to execute a successful federal credit enhancement program for charter schools.

I. Authority Background

CSFA was created in 1985 to provide facility and working capital financing to California school districts and community college districts. CSFA consists of three Board Members: John Chiang, California State Treasurer, serving as Chair; Tom Torkakson, Superintendent of Public School Instruction, overseeing the California Department of Education; and Michael Cohen, Director of Finance. CSFA maintains offices in Sacramento and Los Angeles, enabling CSFA staff to more effectively provide services to constituents throughout the State.

With the passage of California’s Charter School Act of 1992, charter schools have become a viable option for parents, students, and educators seeking choice in education. As of the 2016-17 school year, approximately 1,253 charter schools serve 603,630 California public school students. Since its inception, CSFA has implemented several financing programs to address the needs of its stakeholders. Recognizing that charter schools should be eligible to access low-cost, tax-exempt facilities and working capital financing – like their traditional public school counterparts – CSFA staff spearheaded a legislative amendment to its statute to provide financing opportunities to charter schools. In collaboration with the California Charter Schools Association, CSFA worked with Assembly member Mimi Walters for the successful passage of Assembly Bill 2717, which was signed into law on September 18, 2006. Effective January 1, 2007, CSFA has the ability to issue debt on behalf of charter schools. Since 2002, one of the CSFA’s primary functions has been to administer the CSFP. CSFA’s responsibilities as they relate to CSFP include: determining which charter school applicants are creditworthy; conducting ongoing monitoring and due diligence of applicants’ financial soundness; and developing and negotiating Program agreements on behalf of the State. CSFA jointly oversees CSFP with the Office of Public School Construction (OPSC) (Education Code sections 17078.52 through 17078.66). To date, CSFP has made preliminary apportionments of \$900 million in funding to charter schools throughout the State, and is preparing to award an additional \$500 million, pursuant to the passage of Proposition 51 in November 2016.

II. Management Experience and Track Record with Other Federal Programs

In 2004, 2009, and 2014, CSFA applied for and was awarded a federal grant under the United States Department of Education's State Charter School Facilities Incentive Grants Program (Federal Grant Program) to assist charter schools in meeting their facility needs. To date, the Federal Grant Program has awarded more than \$110 million over 12 twelve rounds to over 350 schools serving approximately 147,800 students. The Federal Grant Program is designed to fund those charter schools that demonstrate the most need. CSFA designed a 110-point preference point matrix based on the following: (1) the number of low-income students at the school who are eligible for free and/or reduced priced meals; (2) the level of overcrowding the charter school's district is experiencing; (3) whether the charter school is being operated by a non-profit entity; and (4) whether the charter school met student performance standards. Charter schools may use the grant funds to pay a portion of their rent, lease or debt service payments, or to fund the cost of acquiring, renovating or constructing new facilities. Rounds 13, 14 and 15 remain with the current Grant being disbursed by August 30, 2023. CSFA intends to apply for a fourth grant under this Program in 2020, if available.

Since 2009, CSFA has administered an \$8.3 million grant under the Charter School Facilities Enhancement Grant Program. CSFA has exceeded its leverage goal of 10:1 set out in our performance agreement, with an actual leverage ratio of 17:1, enhancing \$148 million in bond financings, and assisting 35 schools serving more than 17,700 students. Our annual performance report is included as Attachment J.

III. Standards of Conduct

As stewards of state and federal funds, CSFA's standards of conduct, including avoidance of conflicts of interest, are adhered to closely. As a California state agency, the Authority and its management personnel must comply with the State's Political Reform Act, a copy of which has been provided as Attachment K. Briefly, the Act requires that all governmental officials involved in governmental decision-making must disclose all sources of income, investments, and gifts and

prohibits such officials from participating in, making, or attempting to influence decisions in which they have a financial interest. The Act also provides for civil and criminal penalties in the case of a violation.

IV. Credit Ratings

CSFA does not have a credit rating, and conduit financings of CSFA have been rated based on the credit quality of the borrower and the security provisions of the individual financings. As discussed in the Program Design and Activities section of this application, charter schools participating in the PANACEA Program will be required to pledge an intercept of their Advance or Final Apportionment from GO Bonds to guarantee the PANACEA Transaction. Because the debt service will be secured by intercepted funds coming directly from the State, rating agencies are expected to have confidence in timely repayment and therefore offer strong credit ratings. The anticipated investment grade credit ratings will offer lower borrowing costs on participating Transactions. The State of California’s recent long-term General Obligation (GO) bonds ratings are “Aa3” from Moody’s Investor Service, and “AA-” from Standard and Poor’s. Because the PANACEA Transactions will be repaid by GO Bond proceeds, rating agencies may consider the State’s rating in assigning ratings to the PANACEA Transactions. Copies of the State’s most recent long-term credit rating reports have been attached as Attachment L and M for your consideration.

V. Financial Stability and Financial Statements

CSFA receives revenues from state and federal sources, as well as generates revenue via bond application and issuance fees. CSFA’s local assistance funds, those that are disbursed through its programs, are continuously appropriated; therefore, there is no interruption in the availability or amounts awarded to charter schools. This distinction allows for consistent outflows of critical funding without the need for annual legislative approval. CSFA receives an annual appropriation from the state legislature to fund program administrative costs to ensure adequate resources. CSFA’s financial stability, and that of the PANACEA program, is demonstrated within

CSFA's annual audit and the Financial Projections pro forma cash flow provided with this Application. As a related entity to the State of California, CSFA is subject to an annual Single Audit. CSFA's Audited Financial Statements for FY 2014, FY 2015 and FY 2016 can be found as attachments to the application for your consideration. CSFA's audits are free from any material findings. These audits and program pro forma are provided as Attachments N, O, P, and Q, respectively.

VI. Enabling Statutes and Current Regulations

CSFA's enabling statute, Education Code Sections 17170 through 17199.5, has been provided as Attachment T to the application. The statute that governs the CSFP, Education Code Sections 17078.52 through 17078.66, also can be found as Attachment S. In addition, current CSFP and Credit Enhancement program regulations that would provide a foundation for new PANACEA program regulations appear in Attachment A and U, respectively. Approval of new regulations would follow the process described in Part B – Involvement of Charter Schools, above.

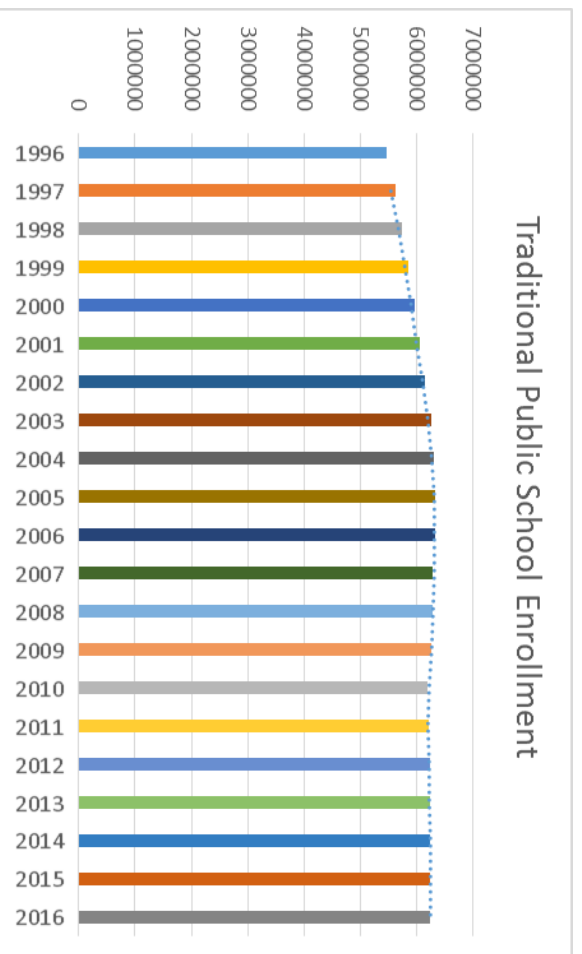
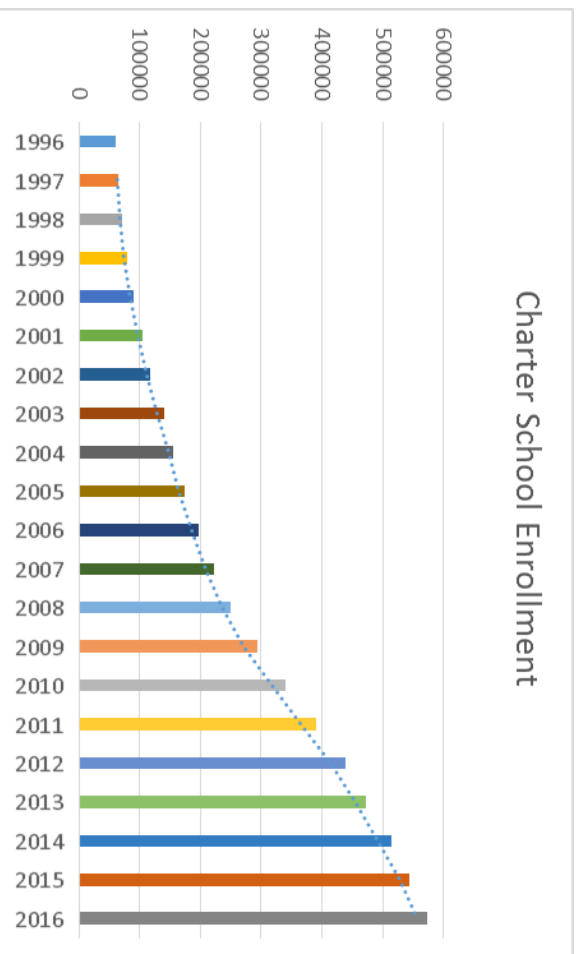
PART F - STATE ACTIONS TO PROVIDE ADEQUATE CHARTER SCHOOL FACILITIES

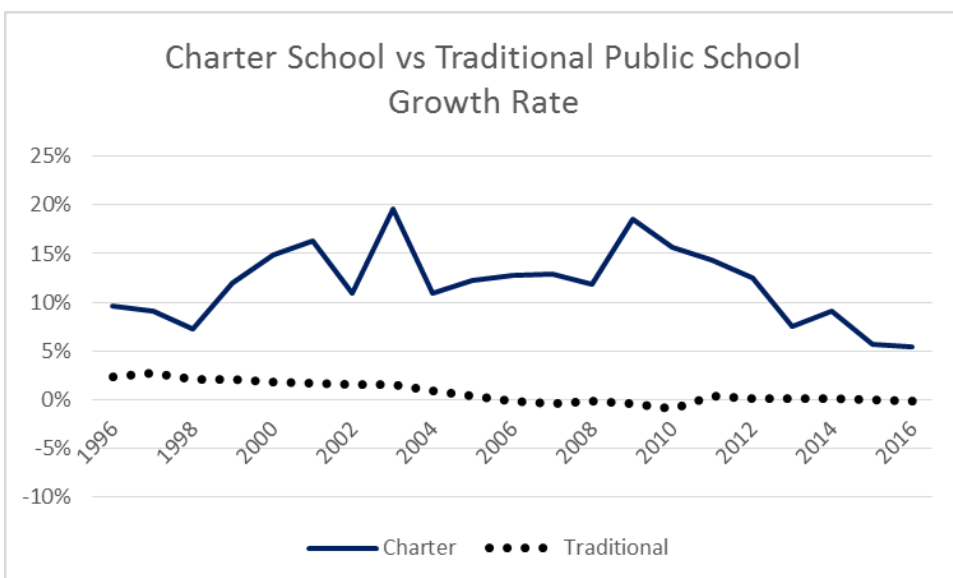
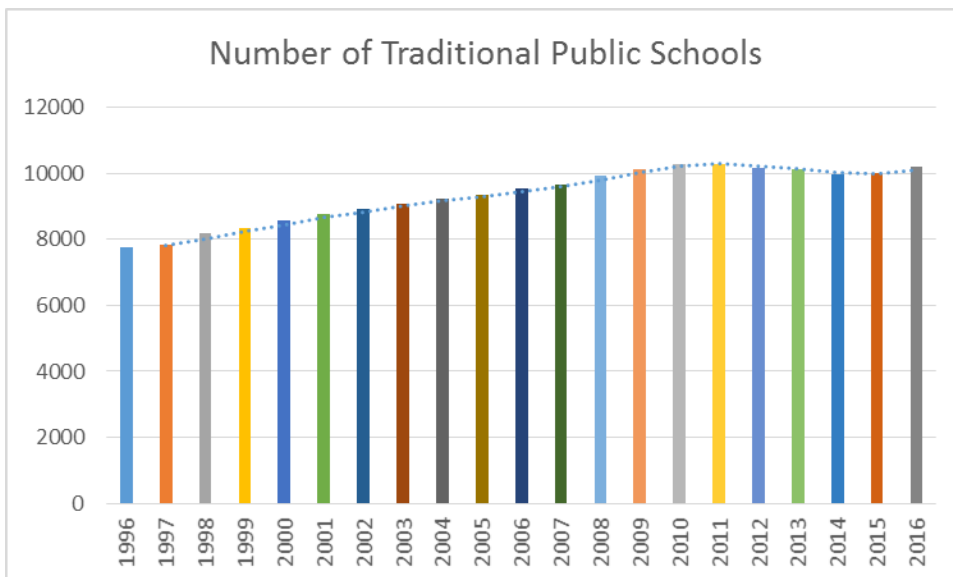
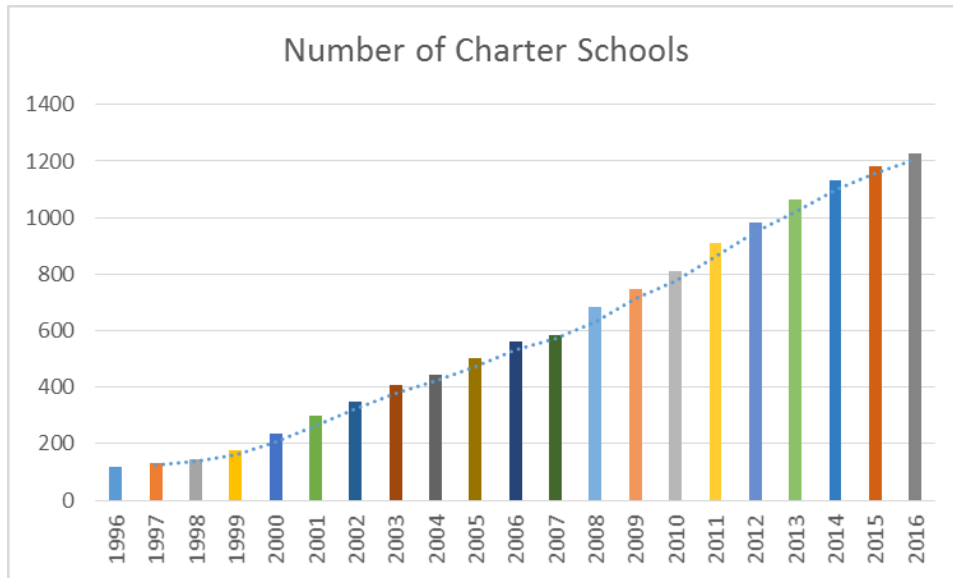
I. General Funding of Charter Schools in California

California adopted its charter school legislation in 1992, becoming the second state in the nation to do so. Since California's charter school law was passed, charter schools have rapidly grown in popularity. At the close of the 2015-16 school year (FY 2016), there were 1,228 charter schools educating over 570,000 students in California, compared to close to 10,500 traditional schools teaching approximately 6.25 million children. As a percentage of the total student population, charter school enrollment has increased from 1.81 percent in FY 1996 to 5.49 percent in FY 2006 to 8.42 percent in FY 2016, which is equivalent to an annual average growth rate of 10 percent over the 20-year period.

Enrollment at traditional schools averaged annual growth of 0.8 percent over the same period. In FY 2016, charters averaged 466 students per school relative to an average of 595 students for

each per traditional school. The charts below and on the following page illustrate rapid growth of charter schools versus the static-to-declining enrollment at traditional schools. It comes as no surprise to California educators that charter schools' access to suitable facilities has been a challenge in light of such rapid expansion.





California's charter schools are funded much like other non-charter California public schools. They receive funding from local property taxes, state education aid programs, the California Lottery, the federal government, fundraising, and other sources. They are prohibited from charging tuition, and may only charge fees for a short list of items to the same extent as non-charter public schools may. The following table illustrates the primary elements of California's Local Control Funding Formula funding system.

Grade Span	2016–17 Base Grant per ADA	Supplemental Grant for Low Income and English Learners (20% of Base)	Concentration Grant for Low-Income and English Learners
K-3	\$7,820	\$1,564	Additional 50 percent augmentation to base amounts for high-need pupil count in excess of 55 percent
4-6	\$7,189	\$1,438	
7-8	\$7,403	\$1,481	
9-12	\$8,801	\$1,760	

This funding approach greatly simplifies charter schools' financial affairs and provides the schools with a largely-deregulated "no strings attached" share of state aid that is very comparable with funding for non-charter public schools. In addition to these basic funding entitlements, charter schools may (1) apply for funding from federal education aid programs, (2) receive a proportionate share of funding from the California Lottery, and (3) apply for funding from several special state sources, that are not included in the above-referenced block grants, which could increase revenue per average daily attendance (ADA) by an additional \$500 or more.

California has taken care to ensure that charter schools have a high degree of fiscal autonomy and flexibility. Charter schools may opt to apply for and receive their state and federal funding either in partnership with their local school district (local/indirect funding) or independently (direct funding). California has also designed a special advance apportionment process to ensure that new and growing charter schools receive their funding early in the school year to reduce the need for costly short-term borrowing.

II. Facility Funding of Charter Schools in California

Currently, most of California's charter schools have no readily available source of facility funding, which has proven to be one of the largest obstacles to starting a charter school. Like traditional public schools, if charter schools want to raise capital beyond state and local operational funding levels to meet their facilities needs, they must raise the funds from philanthropic sources or borrow funds at costly rates with financially restrictive terms, if willing lenders can even be found. However, unlike their school district counterparts, charter schools are not permitted to finance facilities by seeking voter approval for the issuance of tax-exempt debt repaid from increased taxes, and must use operational funding to pay for debt service or lease payments on facilities occupied but not owned. Additionally, school districts in California can seek voter approval for non-ad valorem taxes (parcel taxes) to fund operating costs. In most cases, voter approval is not required for school districts to levy so-called “developer fees” on new residential and commercial construction to offset the cost of school facilities for new communities or to issue debt in the form of lease-backed obligations (lease revenue bonds and certificates of participation). These mechanisms are generally not available to charter schools. Despite “boom-and-bust” state budget cycles over the last two decades, and a state constitution that severely restricts the ability of state and local agencies to levy additional taxes, the State Legislature and the voters of California have adopted/endorsed a multi-faceted approach to assist charter schools in meeting their facilities needs in the form of grant, loan and bond financing programs. Whereas California’s commitment to funding charter schools is arguably one of the most comprehensive efforts in the nation, most of these programs have traditionally been oversubscribed, and charter schools continue to face significant hurdles to securing facilities. Below we have highlighted the authorizing legislation and programs providing funds for charter school facilities in the State of California. The California School Finance Authority fulfills a critical role in each of these programs.

Charter School Facilities Program (CSFP): The state-funded Charter School Facilities Program (CSFP) was enacted in 2002 by Assembly Bill (AB) 14, and amended by SB 15 and AB

16. CSFP has been funded through Proposition 47 (\$100 million), Proposition 55 (\$300 million), Proposition 1D (\$500 million), and, most recently, Proposition 51 (\$500 million). A total of \$1.4 billion is now available for construction of new facilities or rehabilitation of existing school district facilities for charter schools throughout the state, with the eligibility for funding being determined on a per-pupil basis. To date, the program has awarded \$900 million to 59 charter schools, housing more than 17,000 students. Early estimates indicate the Proposition 51 funding round will be oversubscribed, as over 80 applications are expected. CSFP provides low-cost financing for charter school facilities (50% grant, 50% loan), and is jointly administered by the CSFA and the OPSC. The primary role of CSFA is to direct the financial soundness review process for the CSFP and provide certification of financial soundness for purposes of Preliminary, Advance, and Final Apportionments. Under CSFP, the State provides funding for charter school facility project costs, with 50 percent of the costs awarded as a grant, and the charter school responsible for repaying the State for the 50 percent balance. The charter school may elect to repay the State through a funding agreement, or pay its matching share through a lump sum payment. Charter schools receiving Preliminary Apportionments from the CSFP have up to five years to convert their project to a Final Apportionment before the reservation of funding is returned to the State. The charter school or local school district, for the benefit of the public education system, holds title to facilities funded through CSFP.

To ensure that a variety of project types are funded by the CSFP, applications are evaluated based on both preference points and funding category. Preference points are calculated by OPSC based on the following four categories, each with a maximum of 40 points: (1) the percentage of overcrowding for the school district where the project will be located; (2) the percentage of low-income pupils in the school district or in the existing charter school; (3) whether or not the school is a non-profit entity; and (4) whether the charter school is rehabilitating facilities owned by the school district. After the preference points have been calculated for each application, the application with the highest number of points is funded in each of three primary categories and

three or four ranked sub-categories, in the priority order described as follows and in Attachment B: (1) Geographical Region of the State: Geographical Region One, Two, Three, or Four (defined in SFP Regulation Section 1859.2); (2) Urban, Rural or Suburban area type: Urban, Rural, or Suburban areas (based on locale code number defined in SFP Regulation Section 1859.2); (3) Size of the charter school: Large, Medium, or Small Charter Schools (defined in SFP Regulation Section 1859.2); and (4) Grade levels served by the project: K-6, 7-8, or 9-12 grade levels (based on highest grade served in project).

Other programs providing funds for charter school facilities are described below.

Proposition 39 Facilities: This proposition, adopted by voters in November 2000, requires school districts to provide charter schools having a projected average daily attendance of at least 80 students with reasonably equivalent facilities to those provided to students in the area where the charter school students reside. This measure took effect on November 8, 2003, generally requiring all California school districts to provide facilities to charter schools that meet the requirements of the regulations. To qualify for Prop 39 facilities a charter school must be "operating in the school district," which is defined as either (1) currently providing education to in-district students or (2) having identified 80 students who are meaningfully interested in enrolling in the charter school for the following year. The school district may charge the charter school a pro-rata share of the district's facilities costs which are paid with unrestricted general fund revenues, based upon the ratio of space the charter school uses divided by the total space of the district.

Charter Facilities Grant Program (SB740): This funding program was enacted by Senate Bill 740 (Chapter 892, Statutes of 2001, Education Code Section 47614.5) for the purpose of providing per-pupil facilities funding for charter schools in low-income areas. Eligible charter schools may receive reimbursement for facilities rent and lease costs in an amount of up to \$750 per unit of ADA, but no more than 75 percent of their total annual facilities rent and lease costs. This program is targeted toward schools serving exceptionally high proportions of economically-

disadvantaged students. Only schools that either serve a student population with a high proportion (55 percent or higher) of free/reduced price meal-eligible students or are physically located in the attendance area of a public elementary school in which 55 percent or more of pupil enrollment is eligible for free or reduced price lunches are eligible for funding from this lease aid program. Since assuming Program administration in 2013, CSFA has taken significant steps to improve the quality and participation of the Program. CSFA is continually striving to streamline operations, in 2016, successfully launched an online application. Since 2013, the Program has seen a 26% increase of Awardees, with 392 charter schools currently participating and serving 163,856 students throughout California.

Charter School Revolving Loan Fund Program: This Program was enacted by Senate Bill (SB) 1759. Pursuant to California Education Code sections 41365, 41366.5, 41366.7 and 41367, the Program provides low-interest loans of up to \$250,000 to new charter schools to assist them with meeting the purposes of the school's approved charter. The interest on the loan is set at the earning rate of California's Pooled Money Investment Account (PMIA) on the date of loan disbursement. The Program is available to any charter school that is not a conversion of an existing public school, and that has not yet completed the full term of its initial charter. In the 2013-14 fiscal year, the Program administration was transferred from the California Department of Education (CDE) to the California School Finance Authority (CSFA). Since the transfer of the Program, CSFA has loaned up to \$29,300,000 to 118 charter schools.

State Charter School Facilities Incentive Grants Program: In 2004, the Authority was awarded a \$49.25 million federal grant under the United States Department of Education's State Charter School Facilities Incentive Grants Program (Federal Grant Program) to assist charter schools in meeting their facility needs. The Federal Grant Program is designed to fund those charter schools that demonstrate the most need. The Authority designed a 110-point preference point matrix based on the following: (1) the number of students at the school who are eligible for free and/or reduced priced meals; (2) the level of overcrowding the charter school's district is

experiencing; and (3) whether the charter school is operated by a non-profit entity. Charter schools may use the grant funds to pay a portion of their rent, lease or debt service payments, or to fund the cost of acquiring, renovating or constructing new facilities. Following the successful implementation and completion of the 2004 Federal Grant Program, the Authority applied and was awarded the grant in 2009 and 2014. To date, twelve funding rounds have been conducted and 365 charter schools, serving 147,800 students, have been awarded more than \$113 million. The fifteenth and final funding round will be completed by June 30, 2023.

Authority's "Smart Bond" Financing Programs: The California School Finance Authority was created in 1985 to provide tax-exempt, low-cost capital and working capital financing to school districts and community college districts for use in the repair and construction of school facilities, as well as for working capital purposes. Since its inception, the Authority has issued a series of financings on behalf of school districts under the Smart Bonds School Facility Financing Program. Interim financing transactions for school districts were issued in 1999 and 2000 that are comparable to those proposed for the PANACEA Program for charter schools. At that time, the Authority issued three pooled financing notes for 14 school districts to provide bridge financing in anticipation of Proposition 1A apportionments. The PANACEA Program would build on the success of these earlier interim financing transactions.

Conduit Financing Programs Available for Charter Schools: Due to their corporate structure and low amounts of discretionary operating revenues, charter schools have had difficulty raising funds to finance facilities. Charter schools have generally relied upon a small number of private lenders that understand the inherent credit issues faced by charter schools, such as comparatively smaller enrollment, charter renewal risk and the limited financial flexibility to fund unforeseen costs. While the interest rates charged by these lenders are significantly higher than the interest rates paid by traditional public schools, they offer an alternative considered by some charter schools, since the capital needs of charter schools in California continue to far exceed the supply of funds made available by the state programs previously described.

Charter schools operated by nonprofit public benefit corporations organized as 501(c)(3) nonprofit corporations may legally borrow the proceeds of a tax-exempt financing issued by a governmental entity or special authority. Charter schools participating in CSFA’s California Charter School Conduit Financing Program (Conduit Financing Program), are required to pledge an intercept of a portion of their per-pupil revenue from the State, but not local sources, in order to secure the school’s share of debt service due on the Authority’s conduit debt. The intercept mechanism may be used as either a standby in the case of non-payment by the district, or as an automatic schedule of payments.

CSFA now serves as a very active conduit issuer on behalf of nonprofit charter schools to provide access to the capital markets. CSFA’s low-cost fee structure, its intercept mechanism, and its no-cost, state-level Tax Equity and Fiscal Responsibility Act (TEFRA) hearing process has made CSFA the issuer of choice for creditworthy charter schools throughout the State. Since 2010, CSFA has issued more than \$919 million in bonds to provide low-cost, fixed rate financing.

PART G - SELECTION CRITERIA – APPLICATION CROSS REFERENCES

Selection Criteria – Application Cross References	
Selection Criteria	Application Sections
(a) Quality of project design and significance. (35)	
1. The extent to which the grant proposal would provide financing to charter schools at better rates and terms than they can receive absent assistance through the program;	A.II. Proposed Preliminary Terms of the PANACEA Program A.III. Anticipated Benefits of PANACEA Program

Selection Criteria – Application Cross References	
Selection Criteria	Application Sections
<p>2. The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;</p>	<p>A.I. Proposed Use of Credit Enhancement Grant Funds</p> <p>A.II. Proposed Preliminary Terms of the PANACEA Program</p> <p>A.III. Anticipated Benefits of PANACEA Program</p> <p>A.IV. Anticipated Performance Measures</p>
<p>3. The extent to which the project implementation plan and activities, including the partnerships established, are likely to achieve measurable objectives that further the purposes of the program;</p>	<p>A.I. Proposed Use of Credit Enhancement Grant Funds</p> <p>A.II. Proposed Preliminary Terms of the PANACEA Program</p> <p>A.IV. Anticipated Performance Measures</p>
<p>4. The extent to which the project is likely to produce results that are replicable;</p>	<p>A.III. Anticipated Benefits of PANACEA Program</p>
<p>5. The extent to which the project will use appropriate criteria for selecting charter schools for assistance and for determining the type and amount of assistance to be given;</p>	<p>A.I. Proposed Use of Credit Enhancement Grant Funds</p> <p>A.II. Proposed Preliminary Terms of the PANACEA Program</p>

Selection Criteria – Application Cross References	
Selection Criteria	Application Sections
	A.III. Anticipated Benefits of PANACEA Program
6. The extent to which the proposed activities will leverage private or public-sector funding and increase the number and variety of charter schools assisted in meeting their facilities needs more than would be accomplished absent the program;	A.I. Proposed Use of Credit Enhancement Grant Funds A.II. Proposed Preliminary Terms of the PANACEA Program A.IV. Anticipated Performance Measures D. Leveraging Multiple Forms of Assistance
7. The extent to which the project will serve charter schools in States with strong charter laws, consistent with the criteria for such laws in section 4303(g)(2) of the ESEA; and	A.II. Proposed Preliminary Terms of the PANACEA Program
8. The extent to which the requested grant amount and the project costs are reasonable in relation to the objectives, design, and potential significance of the project.	A.I. Proposed Use of Credit Enhancement Grant Funds A.II. Proposed Preliminary Terms of the PANACEA Program A.III. Anticipated Benefits of PANACEA Program A.IV. Anticipated Performance Measures

Selection Criteria – Application Cross References	
Selection Criteria	Application Sections
(b) Quality of project services. (15)	
1. The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;	<p>A.I. Proposed Use of Credit Enhancement Grant Funds</p> <p>A.II. Proposed Preliminary Terms of the PANACEA Program</p> <p>A.III. Anticipated Benefits of PANACEA Program</p>
2. The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;	<p>B. Involvement of Charter Schools</p> <p>B.II. Support from the California Charter School Community</p> <p>C.I. California School Finance Authority</p> <p>C.IV. Stakeholders and Advisors</p>
3. The extent to which the technical assistance and other services to be provided by the proposed grant project involve the use of cost-effective strategies for increasing charter schools’ access to facilities financing, including the reasonableness of fees and lending terms; and	<p>A.II Proposed Preliminary Terms of the PANACEA Program</p> <p>C.I. California School Finance Authority</p> <p>C.IV. Stakeholders and Advisors</p>

Selection Criteria – Application Cross References	
Selection Criteria	Application Sections
<p>4. The extent to which the services to be provided by the proposed grant project are focused on assisting charter schools with a likelihood of success and the greatest demonstrated need for assistance under the program.</p>	<p>A.I. Proposed Use of Credit Enhancement Grant Funds</p> <p>A.II. Proposed Preliminary Terms of the PANACEA Program</p> <p>A.III. Anticipated Benefits of PANACEA Program</p> <p>A.IV. Anticipated Performance Measures</p>
(c) Capacity (35)	
<p>1. The amount and quality of experience of the applicant in carrying out the activities it proposes to undertake in its application, such as enhancing the credit on debt issuances, guaranteeing leases, and facilitating financing;</p>	<p>C.I. California School Finance Authority</p> <p>E.I. Authority Background</p> <p>E.II. Management Experience and Track Record with Other Federal Programs</p>
<p>2. The applicant's financial stability;</p>	<p>E.V. Financial Stability</p>
<p>3. The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio</p>	<p>A.II. Proposed Preliminary Terms of the PANACEA Program</p> <p>C.I. California School Finance Authority</p>

Selection Criteria – Application Cross References	
Selection Criteria	Application Sections
monitoring, and financial management;	C.III State Treasurer’s Office – Public Finance Division E.I. Authority Background
4. The applicant's expertise in education to evaluate the likelihood of success of a charter school;	E.I. Authority Background
5. The ability of the applicant to prevent conflicts of interest, including conflicts of interest by employees and members of the board of directors in a decision-making role;	E.I. Authority Background E.III. Standards of Conduct
6. If the applicant has co-applicants (consortium members), partners, or other grant project participants, the specific resources to be contributed by each co-applicant (consortium member), partner, or other grant project participant to the implementation and success of the grant project	C.II. Office of Public School Construction C.III. State Treasurer’s Office – Public Finance Division C.IV Stakeholders and Advisors

Selection Criteria – Application Cross References	
Selection Criteria	Application Sections
7. For State governmental entities, the extent to which steps have been or will be taken to ensure that charter schools within the State receive the funding needed to obtain adequate facilities; and	C.I. California School Finance Authority E.I. Authority Background F.I. General Funding of Charter Schools in California F.II. Facility Funding of Charter Schools in California
8. For previous grantees under the charter school facilities programs, their performance in implementing these grants.	E.II. Management Experience and Track Record with Other Federal Programs
(d) Quality of project personnel. (15)	
1. The qualifications of project personnel, including relevant training and experience, of the project manager and other members of the project team, including consultants or subcontractors; and	C.I. California School Finance Authority C.II. Office of Public School Construction C.III State Treasurer’s Office – Public Finance Division C.IV. Stakeholders and Advisors
2. The staffing plan for the grant project.	C.I. California School Finance Authority