

## **ABSTRACT**

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**Project Name: Charter School Credit Enhancement Program**

The Charter School Credit Enhancement Program (the Program) will be managed by the Massachusetts Development Finance Agency (MassDevelopment), a quasi-state agency that serves the entire Commonwealth. The Program will help charter schools obtain financing for the acquisition, construction, and/or renovation of school facilities, will target both new and mature schools and will give preference to schools meeting the competitive preference priority. Under the Program, MassDevelopment will issue guarantees on a loan or bond issued on behalf of a charter school or offer a subordinated loan to a charter school. The guarantee or subordinated loan will allow the lender and/or MassDevelopment to provide a higher level of financing and better interest rates than the financing alternatives. The \$8 million grant will provide MassDevelopment with the capital to run its existing Program, allowing it to issue new guarantees, and expand its offerings to include issuing subordinated debt and guarantees on subordinated debt.

MassDevelopment has run a highly successful credit enhancement program that we wish to continue and expand. Using the previous U.S. DOE grant awards and private funding, MassDevelopment has issued 29 guarantees to charter schools and has committed all U.S. DOE grant and private funds. Without these guarantees, these charter school facility projects would not have been possible. The Credit Enhancement that MassDevelopment currently has available is not sufficient to fund the 20+ charter schools in our Program pipeline. The requested \$8M, supplemented by private funds, would successfully meet these schools' needs.