

PROJECT ABSTRACT

Project Title: Charter Access to Bank Loan Enhancement (Charter ABLE) Program (CDFA #84.354A)
Organization: California School Finance Authority

[REDACTED]

The California School Finance Authority (CSFA) has the proven experience, infrastructure, and regulatory and statutory authority to successfully implement a new credit enhancement grant project -- Charter ABLE. CSFA's capabilities are demonstrated through its success in administering a broad portfolio of charter school facilities financing programs, including having successfully implemented its 2009 Credit Enhancement for Charter School Facilities Program award of [REDACTED] and having launched its 2017 Project Acceleration Notes And Credit Enhancement Alternatives (PANACEA) Program with an award of \$ [REDACTED]. 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 awarded over \$ [REDACTED] to California charter schools, primarily to meet facility needs.

Competitive Preference Priority and Invitational Priority: CSFA is confident in its ability to structure the Charter ABLE Program selection criteria to meet the Competitive Preference Priority. CSFA has put forth a plan to target: 1) moderate to high-performing charter schools in areas with a large proportion of schools under program improvement; 2) moderate to high-performing schools in areas with a high proportion of schools below proficient on standardized tests; and 3) schools serving low-income students. CSFA is also certain in its ability to structure the Charter ABLE Program selection criteria to meet Invitational Competitive Preference Priority 1 by developing criteria that encourages investment in Qualified Opportunity Zones. California's current mechanisms and laws relating to charter schools provide the state support that is described in Invitational Competitive Preference Priority 2.

Quality of Project Design and Significance: The Charter ABLE Program set forth by CSFA will create a new program to provide credit enhancement on bank loans made for charter school facility projects. This Program 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 an expected ratio of 16:1 over the first seven years by assisting with construction and renovation projects. The ratio is expected to increase to 32:1 after year eight when all grant funded-guarantees are released and recycled to enhance new loans. This grant will allow charter schools to affordably 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, partnerships with finance teams, and current charter school programs stakeholders, the Charter ABLE Program will enable lower-cost financing and expedited access to the capital markets. This will save invaluable time and costs for California charter schools.

Capacity: The unsurpassed charter school expertise of CSFA allows us to carry out project activities in efficient and effective manner as demonstrated in CSFA's success in operating nine funding programs, which includes three federal funded programs. CSFA's staff and support team's experience allow CSFA to perform 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 to charter schools through a diversity of programs. Team members are drawn from state agencies, including senior professionals from the Authority, the State Attorney General's Office, and the Public Finance Division of the State Treasurer's Office, as well as highly experienced advisory and bond counsel firms. 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 CE program.