

---

## Enhancement grant:

### Introduction

Texas remains at the forefront of integrating charter schools into the state's public education strategy. Since 1995 when the Texas Legislature passed the first charter school law, charter schools have become an indispensable component of the public education system. The metrics indicate the intrinsic value of charter schools to serve students who may be at-risk.

- Texas Open Enrollment Charter Schools serve a student population of which 67.5% is economically disadvantaged compared to 59% of the population in the traditional public school system (Independent School Districts or ISDs).
- 19% percent of charter school students exhibit limited English proficiency compared to 9% in ISDs.
- Hispanic and African American student populations make up 51% and 23% of charter school populations respectively, compared to 40% and 7% for ISDs.

Even though charter schools educate only 6% of public school students in Texas, they make up more than 20% of the A-rated districts in the state. Further, charter schools serve a unique population of students, many of whom might otherwise fail to complete a high school education. All public schools in Texas, including charter schools, receive state funds based on the average daily attendance of students. The state's Foundation School Program<sup>1</sup> is the source for these funds and the process is the same for open-enrollment charter schools as it is for ISDs. Texans also

---

<sup>1</sup> The Foundation School Program is a formula-driven mechanism to distribute constitutionally dedicated funds, in combination with state general revenue, to ISDs and charter schools on a biennial basis. The formula is established by statute and the funds are appropriated via the state's general appropriations act.

recognize that schools need broad access to capital markets, particularly when investment is required in facilities and other capital assets. To facilitate this access, the Legislature established the Texas Bond Guarantee Program. The Bond Guarantee Program, using the corpus of the Permanent School Fund (PSF), guarantees bonds issued by charter schools as well as ISDs. The PSF guarantee has received “AAA” ratings from the major bond rating services and replaces the need for private bond insurance. The amount available to school districts for this guarantee fluctuates from month to month and is based upon a mathematical formula. Charter schools receive pro-rata access to this corpus. School districts issuing bonds backed by the PSF enjoy lower borrowing costs and avoid the need for debt service coverage reserves that tie up valuable cash that might otherwise be available to fund operations. As of the end of fiscal year 2018, the PSF Bond Guarantee Program was guaranteeing over \$1.4 billion in outstanding charter school issues. Whether excluded from the bond guarantee program due to timing of the issue and the calculus of funds availability, or due to performance/credit quality of the district itself, many charter school districts find non-guaranteed bond-financing to be cost-prohibitive.

The Texas Public Finance Authority Charter School Finance Corporation, in consortium with the Texas Education Agency and the Texas Charter School Association (the Consortium), has historically been a potential alternative for these schools. In 2005, the Consortium applied for and received a grant from the U.S. Department of Education (the “Department”) to assist charter schools with facilities financing by providing credit enhancement. The consortium received a \$10,000,000 grant for its Texas Credit Enhancement Program (TCEP) through the Credit Enhancement for Charter School Facilities program of the U.S. Department of Education. Charter districts that are not otherwise eligible for PSF guarantees, may apply for the Texas Credit Enhancement

Program. While the credit enhancement available through this alternative program may not result in AAA or equivalent rating on the bonds, it does “stand in” for debt service coverage reserves.

By freeing cash from a debt service reserve fund, the Consortium’s credit enhancement program:

- Expands liquidity of the charter school
- Delivers needed cash to fund current operations
- Improves the school’s ability to timely make service its debt

Charter districts may apply for credit enhancement in preparation for a near-future bond issue or on bonds that have already been issued. TCEP guarantees are available irrespective of whether the CSFC is the conduit issuer. The benefits are the same with any of these strategies.

TCEP plays a critical niche role in the funding strategy for charter district facilities financing. Increasing demand over the past two years has pushed the program close to capacity, as will be discussed in more detail below. A grant of an additional \$10 million will assure continued, uninterrupted support of the Texas charter community's facility financing needs.

(a) Quality of project design and significance (35 points):

As mentioned in the introduction, with the 2005 Federal Grant award of \$10 million the Texas Public Finance Authority (the “TPFA”) established the Texas Credit Enhancement Program (TCEP) which has been in continuous operation since that date. Since the TCEP was created, the program has provided TCEP allocations for credit enhancement to eligible charter schools throughout the state of Texas. This is accomplished by dedicating funds in the TCEP’s trust fund to supplant required debt service reserve funds for charter school bond issues. As demonstrated in

greater detail in this application, the TCEP program has been quite successful. The timing of this federal grant availability is opportune, as the TCEP program is expected to reach its maximum capacity during calendar year 2019 (i.e. all funds fully committed). Additional grant funds would be required to provide continued availability of the TCEP program to Texas charter schools. For these reasons, TPFA, on behalf of the Consortium, is applying for an additional award from the Credit Enhancement for Charter School Facilities Grant program.

- (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;

The value proposition of the TCEP program is that the TPFA offers a “one-stop shop” for open-enrollment charter schools, whereby revenue bonds can be issued by the CSFC simultaneous with a TCEP credit enhancement guarantee. TCEP allocations are designed to take the place of debt service reserve funds for bonds issued by charter schools. The TCEP allocation allows charters to use funds that would have been locked in a reserve fund for other purposes, such as construction projects, equipment purchases, or operating costs which will have a positive financial impact on the campus and student body.

The TCEP allocation allows a charter school to reduce its borrowing costs by freeing up cash otherwise committed to debt service reserves, increasing the potential loan-to-value of a bond financing, as well as reducing the amount a charter school or district would be required to borrow in order to undertake planned projects.

This approach has proven to be very successful and, as mentioned earlier, the initial \$10 million grant from the Department is almost fully allocated at this time. At least two new TCEP

---

applications are anticipated to be filed in the fall of 2019 which, if approved, would completely utilize the remaining unallocated grant funds.

- (2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;

The primary goal of the TCEP is to provide the Department grant funds to eligible charter schools so that schools can position themselves to better serve students and families in Texas. In addition, the CSFC also has the goal of providing awards to charter schools which serve diverse student populations, including economically disadvantaged populations, while minimizing financial risk to the corpus of the credit enhancement fund. To date, the TCEP program has incurred zero losses and through interest earnings, the fund corpus has grown to over \$12 million.

As a result of the previously received grant award in 2005, the TPFA has in place a "Performance Agreement" with the Department. This agreement establishes guidelines related to the permissible use of the grant. The intent is to operate under the current federal guidelines in administering the requested grant.

Language from the agreement is as follows:

*"An eligible entity receiving a grant must use the funds deposited in the reserve account to assist one or more charter schools to access private-sector capital to accomplish one or more of the following objectives:*

- (1) 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.*

- (2) *The construction of new facilities, or the renovation, repair, or alteration of existing facilities, necessary to commence or continue the operation of a charter school.*
- (3) *The predevelopment costs required to assess sites and to commence or continue the operation of a charter school.*

#### ***Permissible Uses of Reserve Account Funds***

- (1) *Guaranteeing, insuring, and reinsuring bonds, notes, evidences of debt, loans, and interests therein.*
- (2) *Guaranteeing and insuring leases of personal and real property.*
- (3) *Facilitating financing by identifying potential lending sources, encouraging private lending, and other similar activities that directly promote lending to, or for the benefit of, charter schools.*
- (4) *Facilitating the issuance of bonds by charter schools, or by other public entities for the benefit of charter schools, by providing technical, administrative, and other appropriate assistance (including the recruitment of bond counsel, underwriters, and potential investors and the consolidation of multiple charter school projects within a single bond issue)."*

As mentioned in the response to question (1), the Texas Credit Enhancement Program (TCEP) has been in operation since 2005 when the TPFA was awarded a \$10 million grant from the U.S. Department of Education Credit Enhancement for Charter School Facilities Grant program. The Texas Education Agency provided matching funds in the amount of \$100,000 to the initial grant. The TCEP program was created by the TPFA and has been under the direction of the CSFC Board of Directors. Since the award in 2005, the TCEP program has provided 26 awards to 19 different

charter schools in the amount of \$20,120,296.47. Over the life of the program, several awards have been cancelled due to bonds being refunded. As of June 30<sup>th</sup>, 2019, there are 10 awards allocated in the amount of \$9,075,556.21, with 2 awards pending (not closed) in the amount of \$1,452,040. The TCEP program will target a leverage ratio of at least 11:1 for all awards.

With respect to the 2005 grant award, TPFA established a goal in its performance agreement with the Education Department to Expand the Supply of Lendable Funds. As Grantee, TPFA committed to leveraging funds at a rate of 11.8:1 through the initial financing guaranteed. In actual performance the leverage ratio since 2005 has been 15.98:1. Further, TPFA committed to leveraging \$119 million in financing within three years. The actual dollars leveraged has been \$145 million although this was not accomplished within the three-year target.

The accounting of the current TCEP fund balance is below:

10,000,000.00	2005 Federal Grant
100,000.00	2005 TEA Matching Funds
	Interest Earnings (as of 6/30/19)
<u>12,278,596.92</u>	Available Fund Balance
<u>(20,120,296.47)</u>	TCEP Allocations Committed
(7,841,699.55)	Unallocated Fund Balance
<u>9,592,700.26</u>	Cancelled/Forfeited allocation
<u><b>1,751,000.71</b></u>	<b>Adjusted Fund Balance (As of 6/30/19)</b>

As shown in the above chart, \$1,751,000.71 was available in the TCEP fund as of June 30, 2019. There are currently 4 charter schools that have expressed intent to submit TCEP applications related to pending or existing bond issues. These anticipated requests would likely use up the remaining unallocated fund balances. TPFA staff has also been in discussion with various financial advisors representing charter schools that indicate that the existence of four additional potential

TCEP applicants in the near future. While some of these bond guarantees may be provided the TEA's guaranty program, several may find themselves looking to the TCEP program as a back-up. In order to meet this growing demand, new funding is imperative.

With additional grant funds, TPFA staff and the Consortium partners will continue to market and promote the TCEP program to potential applicants, and staff expects that the demand for the TCEP program will continue and may even increase due the charter school market continuing to mature. The environment for Texas charter schools continues to improve, an example of which can be found in recent legislation which helps promote charter schools, namely House Bill 3, approved by the Texas legislature in 2019. This bill increased the per annum state funding for charter schools by \$767 per student.

### **Timeline**

TPFA staff anticipates that the requested \$10 million grant from the U.S. Department of Education Credit Enhancement for Charter School Facilities Grant program could be committed within 4 years. Any new funds awarded to TPFA will be made immediately available to eligible charter schools and districts.

- (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;

The implementation plan for the new grant award is based on the current successful model with enhanced marketing efforts targeting new and developing charter holders who may not be aware of the TCEP opportunity. The TPFA and our partners will immediately publicize to the charter school community the availability of additional TCEP funding, eligibility criteria and application

requirements. As a Consortium partner, the Texas Charter School Association can and will provide valuable assistance in this endeavor.

As mentioned previously, TPFA staff have been in contact with financial advisors representing various Texas charter schools, and there is definite interest in the program that will exceed the current capacity of the existing grant funds. The interest in the program has been consistent for the past several years due to the maturing Texas charter school community (charts demonstrating this growth environment are shown in response to question (a)(7)) as well as TCEP modifications to help streamline the application process. This factor strongly indicates an increasing demand for the financing of charter school facilities, thus creating a need for an additional \$10 million from the U.S. Department of Education Credit Enhancement for Charter School Facilities Grant program. Some steps that the CSFC has taken recently to improve and streamline the application process:

- Over-hauled the TCEP application to incorporate the latest Texas Education Agency accountability guidelines and ratings for charter schools at both the district and campus level and to collect all necessary data from a TCEP applicant necessary to make a complete presentation to the CSFC board for their consideration and action.
- In 2017, the CSFC Board of Directors voted to remove a \$1 million cumulative cap on TCEP awards.
- Transitioned from pre-set application deadlines to an open application period to provide flexibility for charter schools to complete the application and all requirements necessary to apply for an award from the TCEP program.
- Created a new 'dashboard' presentation template for CSFC board presentations, which collects all the data from a TCEP application and presents the information in a clear and concise way to CSFC board members.

(4) The extent to which the project is likely to produce results that are replicable;

The Texas Credit Enhancement Program has been in operation since 2005. Since the program was started, TPFA staff and board members have cultivated the TCEP program into an effective, efficient, and consistent credit enhancement fund. As the charter school sector continues to grow and mature in Texas, TPFA staff believe that the demand for the TCEP program will be strong, so long as there are funds available to award to charter schools. Cumulatively, the prior TCEP awards total approximately \$20.1 million, of which \$1.4 million are in progress as of June 30, 2019 (note that some of the funds have been allocated and re-allocated as the credit enhanced bonds are refunded).

The results that have been produced since the program was established are highly replicable and can be reproduced continuously and reliably. The nature of the program – the replacement of a debt service reserve fund with a guaranty from the TCEP program is very effective in Texas' growing charter school market, serving the segment of the charter school industry that would not otherwise be eligible for a similar guaranty from the Texas Education Agency. TCEP solves this problem and gives charter schools access to capital that would otherwise be unavailable. The TCEP program will target a leverage ratio of at least 11:1 for all awards but has often exceeded this amount by a significant margin as indicated by the program's historical leverage attainment of 15.98:1.

(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;

TCEP is unique among awardees of U.S. Department of Education's credit enhancement grant program in that its activities are focused exclusively on bonded indebtedness by Charter Districts. Because charter schools must negotiate directly with underwriters or private placement

---

investors, much of the credit due diligence will have been performed before the CSFC receives an application. Charter schools with poor performance records or poor financial management strategies would likely find it difficult to find lenders capable of underwriting their facilities bonds. Furthermore, the TCEP application process and eligibility standards carefully mirror Texas Education Agency oversight and performance grading of charter schools.

In order to be eligible for a TCEP award, an applicant must: (1) meet the federal definition of a “charter school” (see Appendix A); (2) have earned an academic accountability rating of “A”, “B”, “C”, or “D”, or in the alternative, either “Met Standard” or “Met Alternative Standard”, at the district level and for each campus for the two most recent years as reported by TEA; (3) hold the status of “Accredited” as defined in the Texas Administrative Code (19 TAC §97.1055), and (4) have earned a financial accountability rating (“School FIRST”) of at least a “Meets Standard” for the most recent year as reported by TEA. The CSFC board may waive one or more of the above stated eligibility requirements if such waiver would further the objectives of the TCEP program.

The amount of a TCEP guaranty that can be awarded to a charter school is determined based on the applicant’s maximum annual bond debt service, the average annual bond debt service, or the debt service reserve requirement for the bonds that are the subject of the requested TCEP guaranty.

In addition to the above, if the charter holder plans to use the TCEP award for expansion of a charter, the charter holder must meet the TEA’s eligibility requirements for an expansion amendment.

TCEP awards are accepted in lieu of cash otherwise required for debt service reserves. By the nature of the program, awards are scaled with need. The TCEP program improves liquidity positions of awardees by freeing restricted cash. This improvement in liquidity also serves to

improve the credit position of the borrower when the TCEP application is awarded for a new and pending bond issue.

- (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;

All public schools in Texas, including charter schools, receive state funds based on students average daily attendance. The Foundation School Program (FSP) is the primary source for these funds and the basic allotment funding process is the same for open-enrollment charter schools as it is for traditional school districts. Texas also recognizes that schools need broad access to capital markets, particularly when investment is required in facilities and other capital assets. To facilitate this access, the Legislature established the Texas Bond Guarantee Program. The Bond Guarantee Program, using the corpus of the Permanent School Fund (PSF), guarantees bonds issued by Texas school districts or by charter schools. The PSF guarantee has received “AAA” ratings from the major bond rating services and replaces the need for private bond insurance. The amount available to school districts for this guarantee fluctuates from month to month and is based upon a mathematical formula. Charter schools receive pro-rata access to this corpus. All schools issuing bonds backed by the PSF enjoy lower borrowing costs and avoid the need for debt service coverage reserves that tie up valuable cash that might otherwise be available to fund operations. As of the end of fiscal year 2018, the PSF Bond Guarantee Program was guaranteeing over \$1.4 billion in outstanding charter school obligations.

Unfortunately, the PSF guarantee cannot be made available for every bond issue. Whether excluded from the program due to timing of the issue and the calculus of funds availability, or due to performance/credit quality of the district itself, many charter school districts find non-guaranteed

---

bond-financing to be cost-prohibitive. The Texas Public Finance Authority Charter School Finance Corporation, in consortium with the Texas Education Agency and the Texas Charter School Association (the Consortium), has historically been a potential alternative for these schools. In 2005, the Consortium applied for and received a grant from the U.S. Department of Education to assist charter schools with facilities financing by providing credit enhancement. The consortium received a \$10,000,000 grant for its Texas Credit Enhancement Program through the Credit Enhancement for Charter School Facilities program of the U.S. Department of Education. Charter schools that are not otherwise eligible for PSF guarantees, may apply for a guaranty under the Texas Credit Enhancement Program. While the credit enhancement available through this alternative program may not result in AAA or equivalent rating on the bonds, it does “stand in” for debt service coverage reserves. By freeing that cash, the program:

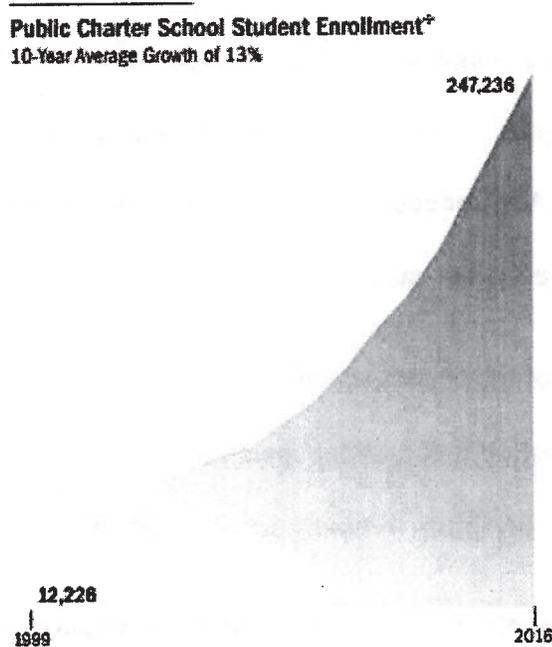
- Expands liquidity of the charter school
- Delivers needed cash to fund current operations
- Improves the school’s ability to timely service its debt

Charter districts may apply for credit enhancement in preparation for a near-future bond issue or on bonds that have already been issued. TCEP awards are available irrespective of whether the CSFC is the conduit issuer or not. The benefits are the same with any of these strategies.

- (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

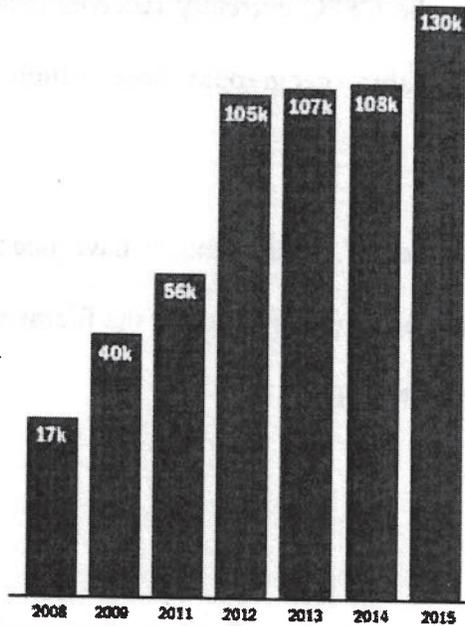
For the 2017-18 school year, Texas had 296,323 students enrolled in 770 state-approved charter schools. 67.5% of those students are considered economically disadvantaged, compared with 59% of Texas public school students statewide (source: Texas Education Agency). The trend

is that the student population in charter schools is increasing between 8-13% year over year for the previous 5 school years. This consistent increase along with a reported 130,000 (as of the end of 2016 and likely much larger now) students on a waitlist to attend a charter school indicates that the demand is high for school choice and the trend is that charter schools will continue to grow in Texas. Financial assistance programs such as the TCEP program help to foster this growth and make it sustainable.



SCHOOL YEAR	STUDENT ENROLLMENT	PERCENTAGE GROWTH	STUDENT INCREASE
1999	12,226	--	--
2000	25,687	110%	13,461
2001	37,978	48%	12,291
2002	46,979	24%	9,001
2003	53,156	13%	6,177
2004	60,748	14%	7,592
2005	66,073	9%	5,325
2006	70,861	7%	4,788
2007	80,629	14%	9,768
2008	89,829	11%	9,200
2009	102,903	15%	13,074
2010	119,597	16%	16,694
2011	133,697	12%	14,100
2012	154,278	15%	20,581
2013	178,826	16%	24,548
2014	202,972	14%	24,146
2015	227,827	12%	24,855
2016	247,236	9%	19,409
10-Year Avg. Growth		13%	

**TX Public Charter School Students On a Waitlist\***



*Graphs obtained through Texas Charter School Association (TCSA) sources*

The Texas Legislature convened on January 8<sup>th</sup>, 2019 and school finance was one of the main priorities as set by the governor. There were several bills filed which directed towards making major changes to the school finance system in the state of Texas. House Bill 3 was a major school

finance overhaul bill which, among other things, raised the amount of funding a Charter School receives from the state per enrolled student by (on average) \$767. This is an increase from \$8,889 and means an 8.6% increase in per student funding. This is a significant increase in funding for charter schools which will further spur growth for many charter schools and districts around Texas, and potentially increase the borrowing capacity for Texas charter schools. This could likely drive an increase in the demand for a TCEP allocation. The takeaway from the 86<sup>th</sup> Texas Legislative session is that the state of Texas continues to support school choice and continues to foster a welcoming environment for charter schools.

The Consortium would like to help all Texas charter schools secure suitable school facilities. In reviewing TCEP applications, the CSFC currently receives data that would allow it to give preference to charter schools within geographic area which demonstrate the following characteristics:

- (1) a large proportion or number of public schools have been identified for improvement, corrective action, or restructuring under Title I of the Elementary and Secondary Education Act of 1965, as amended by NCLB;<sup>2</sup>

---

<sup>2</sup> Title I, Part A – Improving Basic Programs Operated By Local Educational Agencies—of the Elementary and Secondary Education Act (ESEA), as amended by the Every Student Succeeds Act (ESSA) of 2015, provides supplemental funding to state and local educational agencies to acquire additional education resources at schools serving high concentrations of students from low-income homes. These resources are used to improve the quality of education programs and ensure students from low-income families have opportunities to meet challenging state assessments.

Title I, Part A schools implement either a Schoolwide program or a Targeted Assistance program. Both Title I, Part A models — Schoolwide and Targeted Assistance — use evidence-based methods and instructional strategies.

---

(2) a large proportion of students perform below proficient on the Texas Assessment of Knowledge and Skills; and/or

(3) a large proportion of students are from low-income families.

The CSFC, which will ultimately make the decision as to which charter schools are awarded access to the credit enhancement funds provided by this grant, reviews applicant data related to the three criteria above and is dedicated to helping to provide school choice to students who may find greater success than in a traditional public school.

(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.

As demonstrated, TPFA and the CSFC have a strong history of supporting charter schools in Texas. With the increased attention and growth of charter schools in Texas, and an ever-increasing wait list of students looking to attend those charter schools, Texas is poised for continued growth in the charter school sector.

The current pipeline of potential new awards through the TCEP program should quickly deplete all remaining funds from the 2005 Department of Education Credit Enhancement for Charter School Facilities Grant by the end of calendar year 2019. With a new Department of Education Credit Enhancement for Charter School Facilities Grant award, the TCEP program can continue to provide this excellent service to charter schools in Texas. Additional funds would allow the CSFC to continue to provide awards to charter schools in Texas to expand their capacity to meet this growing demand for school choice, as well as increase the quality and scope of the education that these schools provide to the population.

TPFA staff believes that a \$10 million new grant from the Department will ensure that the TCEP program will remain relevant and useful for charter schools as they seek to grow and expand. In addition, the very low project cost of operating the TCEP program means that all of the grant funds will be used to assist charters. The CSFC and the TCEP program are supported by TPFA staff, which are all already in place, no costs of operating the TCEP program will be paid for from any grant funds provided by the Department.

(b) Quality of project services (15 points):

- (1) The extent to which the services to be provided by the project reflect the identified needs of the charter schools to be served;

Since the TCEP program was established in 2005, the typical applicants have been small to medium sized charter schools or districts relative to some of the large conglomerate charter operators in Texas. The typical applicant does not have a high credit rating, or most often does not have a credit rating at all and does not have equal access to capital markets when compared to their ISD counterparts. In order for these schools to issue debt, since they are not highly rated, they must offer other forms of security to bond holder such as debt service reserve funds or issue subordinated debt. The TCEP program is designed specifically to free up the funds tied up in debt service reserve accounts. The funds that are freed up by the TCEP program could have a large impact on these smaller schools to undertake much needed projects at their campuses in order to enhance their student enrollment, involvement, and educational experience.

Typically, TCEP applicants are charter schools which have a high percentage of economically disadvantaged students, some of which are even defined as “alternative education” schools, and typically have a student body which consists of students who are at-risk of not

---

completing a high school level education or becoming wards of the criminal justice system. The TCEP program allows these schools access to capital which would otherwise be unavailable and improves their position to provide their service to students around the state.

As mentioned previously, the TCEP program was established in 2005, and since then, the primary beneficiaries of the program have been small to medium sized charter schools. The program has garnered a great deal of interest with charter schools all over the state. With the TCEP program running low on funds from the initial 2005 grant, there would be an adverse impact to Texas charter schools to not have the TCEP program available for new awardees.

With this new award, the TCEP program would continue to provide for and meet the needs of charter schools around the state.

- (2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;

The initial application for the 2005 Department of Education Credit Enhancement for Charter School Facilities Grant was submitted by a consortium of two state entities and one 501(c)(3) nonprofit corporation. The Texas Public Finance Authority (TPFA), the Texas Education Agency (TEA), and the nonprofit Texas Charter School Association (TCSA) (formerly Resource Center for Charter Schools) joined together to offer their different strengths to the (at the time) proposed program. As demonstrated in other sections of the narrative, the consortium has been operating the TCEP program efficiently since 2005.

The consortium agreement is still in place today, and this application is being submitted again as a consortium between the TPFA, TEA, and TCSA. For each applicant, each party is given the opportunity to provide input on the charter school who is requesting a TCEP award.

In addition, throughout the application process for each charter school, TPFA staff have taken feedback on the application process to make sure that it is intuitive and can be completed timely within the resources of the applicant. In addition, within the past 2 years, changes have been made as a result of this feedback to move from an application round system which had specific time frames, to an open application where a charter school may apply at any time. This is to cater to the schedules school administrators face, and the limited time that they may have to put together the necessary materials for a TCEP application. Since instituting these changes, the TCEP program has seen increased activity in applications.

- (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

TPFA is one of largest issuers of public debt in the state. The agency currently manages over \$3 Billion in fixed rate obligations, and \$600 Million in commercial paper capacity. This expertise and the CSFC's role as one of the lowest cost conduit debt issuers in the state makes TPFA a valuable resource to any member of the charter school community wishing to issue bonds. Additionally, the Texas Education Agency maintains many resources aimed at encouraging the successful integration of Charter Schools into the Texas education strategy. Direct funding provides a basis upon which Charter Districts may fund operations. Facilities funding through the issuance of bonds may be enhanced either through Permanent School Fund Guarantees or, when unavailable, through the Texas Credit Enhancement Program. Further, the Texas Charter School Association provides numerous resources to charter schools and assists the consortium in the dissemination of information regarding the TCEP program.

- 
- (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.

TCEP is unique among awardees of CEP grants in that its activities are focused exclusively on bonded indebtedness by charter schools. Because charter schools must negotiate directly with underwriters or private placement investors, much of the credit due diligence will have been performed before the CSFC ever see an application. Charter schools with poor performance records or poor financial management strategies will likely find it difficult to find lenders capable of underwriting their facilities bonds. Furthermore, the TCEP application process and eligibility standards carefully mirror Texas Education Agency oversight and performance grading of charter schools.

By the very nature of the program, awards are scaled with need. TCEP awards/guarantees are accepted in lieu of cash balances otherwise required for debt service reserves. The larger the bond issue, the larger the required reserves typically are. The TCEP program improves the liquidity positions of awardees by freeing restricted cash. This improvement in liquidity also serves to improve the credit position of the borrower when the TCEP application is awarded for a new and pending bond issue.

(c) Capacity (35 points):

- (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:

The Texas Public Finance Authority Charter School Finance Corporation (CSFC) was the recipient of the Department of Education's FY2005 Credit Enhancement for Charter School

Facilities Program grant in the amount of \$10 million. This \$10 million award was used to create the Texas Credit Enhancement Program (TCEP), which operates under the purview of the CSFC. During the tenure of the TCEP program, valuable experience has been gained on how to effectively operate a credit enhancement program for charter schools. TPFA staff have also developed and maintained a good working relationship with the U.S. Department of Education (the "Department"). This relationship includes taking place in routine compliance teleconferences, annual performance reporting, attending webinars presented by the Department, and working with the Department to run the TCEP program effectively. The Department has been an excellent partner since the Credit Enhancement for Charter School Facilities Program grant was awarded in 2005. TPFA looks forward to the continuation of this relationship.

TPFA staff have developed relationships with professionals around the state in order to garner a pipeline of applicants for the TCEP program. This includes producing webinars, discussing the program with interested parties, and working the Texas Charter School Association and the Texas Education Agency to promote interest in the TCEP program.

TPFA staff, having developed the TCEP program initially in 2005, and operated it continuously since that time, have become experienced and proficient in marketing and discussing the TCEP program with stake holders. Staff members have been cross-trained in how to operate and manage the TCEP program, as well as how to maintain compliance with all Department guidelines and regulations regarding the Credit Enhancement for Charter School Facilities Program grant which was awarded in 2005.

In addition, the CSFC Board of Directors is comprised of several industry professionals, including Directors who have been involved in municipal finance, charter school administration,

---

public finance law, and other diverse backgrounds, which brings great insight and discussion to the TCEP program administration. The Board is excited about the opportunity to apply for additional grant funding for the TCEP program and are excited to have more resources to provide to charter schools in need.

(2) The applicant's financial stability

The entity applying for the Credit Enhancement for Charter School Facilities Program grant is the Texas Public Finance Authority (TPFA). TPFA is a Texas state agency that regularly issues debt for other state agencies, institutions of higher education and other entities as designated by the state legislature for various projects around the state as directed by the Texas Legislature. The CSFC is a non-profit corporation created by the Board of Directors of the Texas Public Finance Authority, a state agency, pursuant to section 53.351 of the Texas Education Code. The Corporation website <http://www.tpfa.texas.gov/csfc/> provides more information about the CSFC. TPFA provides administrative and staff support for the CSFC. The CSFC is the entity responsible for awarding a TCEP credit enhancement allocation. TPFA's continuance is subject to the Texas sunset statute and will be reviewed next in 2023. The CSFC has a very low cost of operation, with the vast majority of legal contracts, guarantee agreements, credit enhancement underwriting, outreach, etc. being performed by TPFA staff.

The State of Texas holds the highest credit rating given by all three major credit rating agencies. In addition, the TPFA is charged with highly technical functions involving billions of public dollars. Further, protection of the State's credit requires personnel with extensive expertise in finance, accounting, budgeting, information systems and legal matters such as municipal bond and public finance laws, federal regulatory laws, contract administration and employment law.

- (3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;

Since the Department of Education grant was awarded to TPFA in 2005, there have been no draws on the TCEP credit enhancement fund. The CSFC board, as well as the staff which are involved with the TCEP program, have demonstrated in its almost 15-year history that it is prudent in protecting the funds from unwarranted risk. The TPFA has experienced personnel with diverse backgrounds in various fields of finance, a Board of Directors that are well versed in public finance, school administration, and law, as well as established policies and procedures to protect the TCEP program from risk. In addition, TPFA staff is uniquely positioned to utilize the Texas Education Agency's (TEA) expertise and vast amount of data that TEA collects on each charter school or district. The TEA administers several scoring programs which track academic performance, financial performance, as well as administrative efficiency of each charter school (and ISD) in the state. Data from the TEA is invaluable in analyzing a charter school for viability and credit worthiness, as it is an unbiased source for data, and together with the documentation requested of each applicant, TPFA staff can make an informed recommendation to the Board of Directors for each applicant. The stages that each applicant must go through:

- Initial Contact – TPFA staff field phone calls or e-mails from prospective clients (consultants or school administrators). At this stage, staff explains the application process, sets expectations, and confirms that the applicant meets the standards that are required (addressed in question (C)(4)) in order for the charter school to be eligible to apply.
- Application – An application is completed by the charter school and is submitted to the CSFC. The application must contain all the information required as well as numerous attachments about the applicant's history.

- 
- **Due Diligence** – Once a complete application is submitted to the TPFA, staff begins performing its due diligence on the applicant. This includes, but is not limited to:
    - Reviewing financials for the previous 3 years and calculating several financial ratios which can gauge the financial strengths and weaknesses of the applicant;
    - Reviewing any audit findings;
    - Student enrollment trends and funding sources;
    - Assessing the applicant’s risk of non-renewal of its charter;
    - TPFA staff will summarize all the findings in to a due diligence report that is presented to the CSFC Board of Directors prior to Board action on the application.
  - **Discussion with Client** – TPFA staff will conduct conference calls and/or meetings with any applicants about materials that have been submitted. At this point in the process a determination can be made on whether the applicant qualifies for an award.
  - **Board Meeting** – The application and Due Diligence Report are presented in an open meeting to the CSFC Board of Directors. Each charter school being presented has a chance to attend and to speak directly to Board members to answer any questions or concerns they may have about the charter school.
  - **Closing an Award** – After the Board of Directors approves an award, the TPFA General Counsel begins to prepare the legal documents for the award, and the award will close as soon as all parties are signed off on the guarantee agreement.
  - **Monitoring** – TPFA staff continuously monitors all the awardees for any school closures or bond refundings.

The proceeds from the initial grant have been deposited in a trust fund established by the Texas Comptroller of Public Accounts at the Texas Treasury Safekeeping Trust Company-. The

comptroller is responsible for holding and investing state funds and other funds as required by law. The comptroller invests funds authorized by Texas statute, and it abides by the Texas State Comptroller Investment Policy. Similarly, any new awards from the Department will be treated the same.

The Comptroller of Public Accounts is the sole director, officer, and shareholder of the Texas Treasury Safekeeping Trust Company (Trust Company). The Trust Company was established to provide direct access to the services of the Federal Reserve System and to enable the comptroller to manage and invest public funds and securities more efficiently and economically. The Trust Company also enters into contracts to provide funds management services to state agencies and local governments.

Based on projections provided by the State Comptroller of Public Accounts and the Texas Public Finance Authority, this grant application assumes that the grant proceeds will earn an interest rate of 2.5% in the first and second years of the program, and 3% thereafter. Using these rates, the fund would contain \$11,480,463.04 at the end of Project Year 5 (not included the current funds balance from the prior grant), and it would continue to grow.

- (4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;

Over the past twenty-four years of charter school operation in Texas, state policy makers have found that the long-term viability of charter schools varies widely. In order to ensure appropriate and effective allocation of the funds provided by this grant, the consortium will require a charter school to satisfy several criteria (referenced below) before being considered eligible to apply for

---

access to the guarantee fund: the school must perform acceptably in both the state student performance accountability system and the state financial integrity system.

As mentioned in question (a)(5), in order to be eligible to apply for a TCEP award, a charter must:

1. Meet the federal definition of a “charter school”;
2. Have earned an academic accountability rating of “A”, “B”, “C”, or “D”, or in the alternative, either “Met Standard” or “Met Alternative Standard”, at the district level and for each campus for the two most recent years as reported by TEA;
3. Hold the status of “Accredited” as defined in the Texas Administrative Code (19 TAC §97.1055), and
4. Have earned a financial accountability rating (School FIRST) of at least a “Meets Standard” for the most recent year as reported by TEA. The CSFC board may waive one or more of the above stated eligibility requirements if such waiver would further the objectives of the TCEP program.

After the applicant is deemed eligible to apply for a TCEP award, they must submit a formal application which includes three years’ worth of financial information, enrollment information, and other quantitative and qualitative information which is used in the analysis of the applicant. The information is then collected in a due diligence report which is presented to the CSFC Board of Directors, which makes a final determination of whether the applicant will receive the award or not.

A TCEP credit enhancement will be awarded based on a combination of elements, including a complete and correct application, agency staff recommendations, and other criteria determined by the CSFC board. The CSFC will vote on TCEP applications at one or more public meetings. Applicants will be notified of the date, time, and location of these meetings. Applications will be

evaluated across major categories such as the charter holder's mission, governance and performance, students served, use of bond funds, and financial strength.

Award recipients will forfeit access to the allocation of guarantee funds if the proposed financing does not close within 12 months after the award of access to the TCEP fund and no request for extension has been requested and granted. A request for an extension must be submitted within 60 days of the expiration of the twelve (12) month period and must state the reason that the financing has not closed. If granted, an extension will not exceed 90 days from the end of the original twelve (12) month period. A TCEP award recipient that has forfeited access to the allocation of guarantee funds is not prohibited from applying for a subsequent award.

The TCEP program in its almost 15-year history has not experienced any defaults or draws on the guarantee fund. The track record is impeccable and the policies and practices of the TCEP program ensure that the fund will continue to operate with high standards and will meet all the goals of the federal grant.

The TPFA has several staff members with backgrounds in public municipal bond finance, corporate finance, loan underwriting, and private sector lease financing which evaluate each applicant for credit worthiness.

(5) The ability of the applicant to prevent conflicts of interest

The Texas Public Finance Authority recognizes that access to current market information and information relating to industry practices has value for the efficient and effective operation of the agency. Furthermore, the Authority has determined that it is in the best interest of the State that each Board member, employee, and Vendor avoid contacts relating to the business of the Authority that could create the appearance of undue influence or conflict of interest, so that each may represent

---

the organization in a positive and ethical manner. Therefore, the Authority intends that its policy regarding agency-related vendor contacts will allow for meaningful communication and information sharing among employees, Board members, vendors, and other state offices while maintaining the transparency that fosters fairness in the selection and award of agency procurement opportunities.

Furthermore, the state legislature has set a policy that prohibits an employee from engaging in conduct which conflicts with the proper performance of his or her duties. It is the policy of the TPFA that employees shall not have any interest, financial or otherwise, direct or indirect, or engage in any business transaction or professional activity or incur any obligations of any nature which is in substantial conflict with the proper discharge of their duties in the public interest.

A conflict of interest exists when an employee's private interest conflicts or raises a reasonable question of conflict (i.e., appearance) with the employee's public duties and responsibilities.

Examples of conflict of interest are:

- accepting a gift, a service, a job or professional activity which could appear to influence job performance or disclose confidential information,
- receiving a consideration for procuring a contract with the State of Texas,
- receiving or agreeing to receive compensation for services rendered in relation to a contract or other matters involving the TPFA,
- engaging in official activities where family members or other closely related individuals are involved,
- using or attempting to use one's position for advantage in a personal matter,

- participating in any measure, proposal or decision in which such state employee has a personal or private interest. A person does not have a personal or private interest in a measure, proposal or decision if the person's interest is the same as all others similarly situated.

(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

The TPFA is applying for a \$10 million award on behalf of a consortium. The parties involved (in addition to TPFA) are the Texas Charter School Association (TCSA), formerly known as the Resource Center for Charter Schools, and the Texas Education Agency (TEA). This consortium has proven to be very valuable since the inception of the TCEP program. The division of duties are as follows:

#### **Texas Public Finance Authority**

The Authority agrees to perform the following duties as part of the Texas Credit Enhancement Program:

- 1) Provide information, legal advice, and administrative support to the Texas Public Finance Authority Charter School Finance Corporation throughout the TCEP;
- 2) Perform the work conducted in the issuance of bonds, including: assembling the finance team; preparing legal documents such as the bond resolution and offering document; performing the financial analysis to size and structure the bond issue, including amortization schedules, size of the reserve fund, interest rate, and cost of issuance; negotiating the interest rate and purchase price with underwriters and potential investors; and, if appropriate, discussing with rating agencies the ratings for the bonds;

- 
- 3) Prepare and submit all the reports required by the federal grant;
  - 4) Provide advice to the Agency staff as they develop the charter school application for the TCEP.
  - 5) Provide assistance and services to the Texas Public Finance Authority Charter School Finance Corporation in carrying out the purposes of the TCEP pursuant to an agreement between the Authority and the Texas Public Finance Authority Charter School Finance Corporation

#### **Texas Education Agency**

The Texas Education Agency agrees to perform the following duties as part of the Texas Credit Enhancement Program:

- 1) Develop, with the advice from the Authority and the TCSA, the charter school application to the TCEP.
- 2) Provide information and advice, as needed, to the TPFA Charter School Finance Corporation.
- 3) Assist, when necessary, the Authority staff as they prepare reports required by the federal grant.

#### **Texas Charter School Association**

The Texas Charter School Association (formerly the "Charter School Resource Center") agrees to perform the following duties as part of the Texas Credit Enhancement Program

- 1) Provide information and advice, as needed, to the TPFA Charter School Finance Corporation;
  - 2) Provide advice to the Agency staff as they develop the charter school application to the TCEP;
  - 3) Provide outreach and assistance to charter schools eligible to receive for assistance from the TCEP.
- (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

Texas recognizes that schools need broad access to capital markets, particularly when investment is required in facilities and other capital assets. To facilitate this access, the Legislature established the Texas Bond Guarantee Program. The Bond Guarantee Program, using the corpus of the Permanent School Fund (PSF), guarantees bonds issued by Texas school districts or charter schools. The PSF guarantee has received “AAA” ratings from the major bond rating services and replaces the need for private bond insurance. The amount available to school districts for this guarantee fluctuates from month to month and is based upon a mathematical formula designed to preserve the integrity of the corpus. Charter schools receive pro-rata access to this corpus. All schools issuing bonds backed by the PSF enjoy lower borrowing rates and avoid the need for debt service coverage reserves that tie up valuable cash that might otherwise be available to fund operations. As of the end of fiscal year 2018, the PSF Bond Guarantee Program was guaranteeing over \$1.4 Billion in outstanding Charter School obligations.

Whether excluded from the program due to timing of the issue and the calculus of funds availability, or due to performance/credit quality of the district itself, many charter school districts find non-

---

guaranteed bond-financing to be cost-prohibitive. The Texas Credit Enhancement Program acts, to some degree, as a safety net in these situations. Charters that are not otherwise eligible for PSF guarantees, may apply for the Texas Credit Enhancement Program, enjoying many of the same benefits such as the elimination of debt service reserve requirements and potentially lower rates due to improved credit quality of the issue.

- (8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.

The Texas Public Finance Authority Charter School Finance Corporation (CSFC) was the recipient of the Department of Education's FY2005 Credit Enhancement for Charter School Facilities Program grant in the amount of \$10 million, and TPFA subsequently created the TCEP program. As mentioned in previous questions, the initial \$10 million grant was applied for as a consortium.

The TCEP program was initially implemented with input from the Texas Education Agency and the Texas Charter School Association and has been updated throughout the years as new needs arise or the charter school environment in Texas evolves. TCEP has been developed into an efficient and well-run program that serves the charter school community in Texas. As demonstrated in previous responses, the TCEP application process has been refined and streamlined in recent years to better facilitate applications from charter schools. This was done with feedback from charter school administrators and other industry professionals.

The track record of the program speaks for itself – TCEP has not experienced any defaults or draws on the corpus of the program trust fund. In addition, the funds are almost fully allocated to charter schools in Texas, and the program has further funding needs that are expected in the near future.

- The TCEP program has served 20 charter schools

- TCEP has allocated \$10,527,596 in grant awards
- TCEP has leveraged \$145,020,000 in charter school facilities bond financing

(d) Quality of project personnel (15 points):

- (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

The TPFA has a diverse and experienced work force, along with a Board of Directors that is made up of industry professionals. Each appointment to the board of directors is subject to the approval of the Governor. The bios of Board Members and TPFA executive staff are below.

### **Board Members**

#### **Paul Jack, President**

Paul Jack has served on the CSFC Board of Directors since 2010. Mr. Jack has over 22 years of experience in the structuring and issuance of debt obligations for political entities in Texas and the U.S. Mr. Jack received a master's degree from the University of Texas LBJ School of Public Affairs. Mr. Jack served as an adjunct professor at The University of Texas LBJ School of Public Affairs, teaching Public Financial Management. He also served on Transaction Review Committees providing guidance and quality control review on structuring tax-exempt and taxable municipal bond issues and derivative products for clients. In addition, Mr. Jack managed the execution of the bond issuance process, including work with the Texas Bond Review Board, Texas Municipal Advisory Council, Issuer Bond Counsels, Tax Counsels, Underwriters' Counsels, Financial Advisors, and Trustees. Mr. Jack is a former U.S. Naval Officer.

---

**David Miller, Vice-President**

David Miller has served on the CSFC Board of Directors since 2015. Mr. Miller graduated from Texas Tech University with a doctor of juris prudence and an MBA. Mr. Miller is CEO of PaveTex Engineering & Testing, Inc. He is a Board Member of Parkridge and President of Little Pencil Properties. Mr. Miller is an adjunct professor at Rawls College of Business at Texas Tech University.

**Steve West, Secretary/Treasurer**

Steve West has served on the CSFC Board of Directors since 2018. Mr. West is a graduate of Lamar University and holds a degree in accounting. Before retiring, he served as CFO in various Texas public school districts. He is currently self-employed providing financial consulting to school districts.

**Dr. Nancy Grayson, Member**

Dr. Grayson has served on the CSFC Board of Directors since 2014. Dr. Grayson holds a PhD in Developmental Psychology. From 1998-2011, Dr. Grayson was the founder and superintendent at Rapoport Academy Public School, a public charter school for economically disadvantaged children, now currently operating three campuses: elementary, middle school and high school. Dr. Grayson has served as an adjunct professor at McLennan Community College, teaching Introductory Psychology and Social Psychology, as has published several articles on psychology. Dr. Grayson has served on many boards related to charter schools, including the Texas Association of Charter Schools and the Association of Charter Educators. Dr. Grayson is active in her local community and is currently operating a bakery and coffee shop in downtown Waco.

### **Monty Humble, Member**

Monty Humble has served on the CSFC Board of Directors since 2017. Mr. Humble is co-founder of High Road Clean Energy, a private investment firm which develops utility scale solar and wind projects. Mr. Humble graduated from the University of Texas School of Law, JD with honors. Mr. Humble's tenure in the field of law includes the following awards and memberships: Phi Delta Phi Legal Honors Fraternity, Junior Fellow of the University, Phi Beta Kappa, National Merit Scholarship, Dallas Bar Fellow, Texas Bar Fellow, American College of Bond Counsel Fellow, Texas Super Lawyer, and Best Lawyers in America. Mr. Humble is a past president of the National Association of Bond Lawyers.

### **TPFA Executive Staff:**

#### **Lee Deviney, Executive Director**

The TPFA Board appointed Mr. Deviney as the Executive Director of the Texas Public Finance Authority on June 5, 2014. Mr. Deviney previously served as the Chief Financial Officer of the Texas Economic Development and Tourism Office within the Office of the Governor since September 1, 2011. He has previously held similar positions at the Texas Lottery Commission and the Texas Education Agency and he previously served as Assistant Commissioner for Finance and Agribusiness Development for the Texas Department of Agriculture ("TDA"). Prior to his appointment as an Assistant Commissioner at TDA, Mr. Deviney served as Interim Executive Director and Director of Operations for the Texas Public Finance Authority and he was a Budget Examiner for the Texas Legislative Budget Board. Mr. Deviney has a Bachelor's degree in Economics from The University of Texas at Austin and a Master's degree in Business Administration from St. Edwards University.

---

**John Hernandez, Deputy Director**

Mr. Hernandez leads the Finance and Accounting Team, which is responsible for debt service budgeting, arbitrage rebate compliance, the State of Texas Master Lease Program, general ledgers, financial reporting, and information technology. Mr. Hernandez and his team also provide support for new debt issuance of fixed rate and variable rate debt. Mr. Hernandez holds a bachelor's degree in Finance from St. Edwards University in Austin.

**Pamela Scivicque, Director, Business Administration**

Ms. Scivicque joined the staff of the Authority in 1990. She is currently responsible for legislative reporting, procurement, accounting, budgeting and risk and property management. Ms. Scivicque attended Texas State University, Texas Tech's Southwest School of Governmental Finance, the Texas Fiscal Officers' Academy ("TFOA") and the Governor's Executive Development Program. She has served on numerous statewide committees, including TFOA's curriculum committee, and is a member of the Texas State Business Administrators' Association where she previously served as President in 2006.

**Kevin Van Oort, General Counsel**

Mr. Van Oort was hired as the Authority's General Counsel on September 2, 2014. Previously, Mr. Van Oort served as Senior Tax Counsel for the Office of the Texas Attorney General, Deputy General Counsel for the Texas Comptroller of Public Accounts and General Counsel for the Texas Legislative Budget Board. Mr. Van Oort took his bachelor's degree in Economics at the University of Nebraska and his J.D. at The University of Texas.

(2) The staffing plan for the grant project.

The staffing plan for the new grant will be to maintain the current practices. TPFA staff will be responsible for the day to day management of the TCEP program, as well as soliciting new applications for TCEP awards. Staff will conduct all due diligence on all applicants and will call board meetings when necessary to conduct business. Board meetings are typically called on a quarterly basis but can be called at any time to deal with business as it arises. The majority of legal work, including guarantee agreements between the CSFC and charter school awardees are performed by the TPFA General Counsel. The current General Counsel, Kevin Van Oort has been working with TCEP clients since 2014. In addition, should the need arise, TPFA has access to financial advisors and outside counsel. However, the use of outside counsel or a financial advisor is rare and is one of the reasons why the TCEP program is so efficient – all the staff are already in place and are paid from the TPFA budget. This means that no reimbursement of any costs are taken out of the Department of Education grant funds. The way the TCEP program operates is specifically designed to maximize the effectiveness and efficient use of the federal grant.

Additionally, prior to an application for a TCEP allocation award being presented to the Board of Directors, TPFA staff seek input on the applicant from the other members of the consortium – the Texas Education Agency (TEA) as well as the Texas Charter School Association (TCSA). If any objections or concerns are reported, this is taken in to account prior to the approval of an award.