

Exhibit A.1	
Preliminary Terms of the Charter FINE Program	
Security for Authority Loans	Authority Loans are secured by a gross pledge of a Borrower’s ongoing revenues from all sources and liquid assets. Borrower consent to use of the State Controller’s intercept mechanism to repay an Authority Loan is mandatory. Approved Financings will be further secured by the Charter FINE Reserve.
Proposed Timeline	Receive Award Notification Fall 2021 Produce First Draft of Regulations Nov – Dec 2021 Produce Final Draft of Regulations Jan – Feb 2022 Conduct Demand Surveys Feb – Apr 2022 Authority Board Approves Regulations Feb – Mar 2022 Program Agreement Approval..... Mar – Apr 2022 Regulations Implemented Apr 2022 Application Posted to Authority Website Apr 2022 Information & Technical Workshops Apr 2022 Applications Due to Authority June 2022 Staff Recommendations..... Summer 2022* Authority Board Decision on Applications Early Fall 2022* Inaugural Grant Award.....Fall 2022*

* In the event that approved applications are below the capacity of the Charter FINE Program, the application process will be continuously open until program capacity is met.

III. Anticipated Benefits of Charter FINE Program

Improving Access to Financings for Charter Schools: Access to the Charter FINE Reserve expands the potential lender and/or investor pool by reducing the perceived risk of lending to a Borrower because the Charter FINE Reserve will be in place to “back-stop” the Borrower’s intercepted monthly state aid used to repay the Approved Financing.

Increasing Access to Lower Cost Financing: Access to a guarantee from the Charter FINE Program is expected to reduce the interest rates required by the lenders and/or investors as they will value the reduction of risk resulting from the grant-funded reserve fund. Lenders see value in the Authority’s intercept mechanism whereby the specified portion of a Borrower’s monthly state aid will be intercepted by the State Controller to pay scheduled debt service, rather than requiring requisition by the lender. By receiving this federal grant, the Authority will continue to increase access to cost-effective financing

opportunities for those potential Borrowers in California that have not yet secured the lender approvals and/or desired terms.

The credit enhancement provided by the Charter FINE Program also is expected to reduce the borrowing cost of the financings. The impact could vary widely, depending on the underlying credits and the then-current market conditions. Currently, the market interest rates are at historical lows, which also compresses the credit spreads. For instance, as of July 20, 2021, the average difference between Aa/AA-rated transactions and A-rated transactions is 0.12% (12 basis points), while the difference between Aa/AA-rated and Baa/BBB-rated transactions is nearly 4 times this level, at 0.42% (42 basis points). Both of these illustrative credit spreads are low by historical standards.

Municipal Market Data General Obligation Yields*

	Aaa/AAA	Aa/AA	Insured	A	Baa/BBB
2022	0.06	0.08	0.13	0.14	0.32
2023	0.1	0.12	0.19	0.21	0.43
2026	0.39	0.44	0.49	0.55	0.81
2031	0.81	0.94	0.99	1.06	1.44
2036	0.98	1.13	1.16	1.28	1.61
2041	1.12	1.27	1.31	1.42	1.75
2046	1.27	1.42	1.46	1.57	1.9
2051	1.32	1.47	1.51	1.62	1.95

* Figures are as of 3pm Eastern time **Jul. 20, 2021**. Yields represent the fair market offer side for most liquid and available credits in each ratings category as determined by MMD. "Insured" primarily represents bonds with the strongest available enhancement available assuming an "A" rated underlying. The above data provided by Thomson Reuters Municipal Market Data [REDACTED] is the copyright property of Thomson Reuters and distribution is strictly prohibited. Visit www.tm3.com.

Credit Savings**	Term	Aa/AA vs A	Ins vs A	A vs Baa/BBB	Aa/AA vs Baa/BBB
2022	1	-0.06	-0.01	-0.18	-0.24
2023	2	-0.09	-0.02	-0.22	-0.31
2026	5	-0.11	-0.06	-0.26	-0.37
2031	10	-0.12	-0.07	-0.38	-0.5
2036	15	-0.15	-0.12	-0.33	-0.48
2041	20	-0.15	-0.11	-0.33	-0.48
2046	25	-0.15	-0.11	-0.33	-0.48
2051	30	-0.15	-0.11	-0.33	-0.48
Average Savings*		-0.12	-0.08	-0.3	-0.42

*** The rate for the lower rated credit is subtracted from the rate for the higher rated credit, so negative figures reflect savings*

Designed to Be Replicable: Because the Charter FINE Program is designed to enable the reserve funded by the federal grant to be released as each Approved Loan is repaid (or sooner under conditions discussed above), the grant funds will be recycled to support the next “generation” of Approved Financings. In this manner, the Charter FINE Program is designed to replicate itself.

The Authority will work with lenders/investment banks to increase the number that participate in the Charter FINE Program. Furthermore, the strength of the Authority’s expertise and institutional capacity will enable the Charter FINE 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. The Authority’s Charter FINE Program has been structured in a manner that addresses the Selection Criteria cited in the Notice. Exhibit A.1, above, and Part G present information regarding the manner in which the Authority will address these Selection Criteria in the program design, application process and ranking process for the Charter FINE Program.

The Authority will work with the charter school community and other stakeholders as it 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 the Authority, the Charter FINE 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.

IV. Anticipated Performance Measures

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

banker and financial advisor for nearly a decade, and has been with the Authority for nearly 21 years. During her tenure with the Authority, Ms. Johantgen has been instrumental in creating and expanding financing opportunities for California charter schools. Most notably, Ms. Johantgen has overseen the Authority's programs, policies, and procedures underlying [REDACTED] funding awarded to assist California charter schools and school districts with development, facility financing, and operation. The financing, policymaking, portfolio monitoring, financial management and risk mitigation expertise of Ms. Johantgen ensures this federal enhancement grant is administered consistent with federal guidelines and policy objectives. Ms. Johantgen oversees the administration of six federal grants therefore she possesses a keen understanding of federal compliance and monitoring, reporting, audit procedures, match requirements, and investment guidelines. Through the administration of these successful programs in California, Ms. Johantgen has developed strong working relationships with the team with the United States Department of Education.

Ms. Johantgen will direct and work with Authority staff, which is comprised of 10 professionals and two support staff, to implement the Charter FINE program. General Counsel to the State Treasurer, Ravinder Kapoor, works closely with the Authority to ensure program compliance with federal and state law and regulations. Mr. Kapoor has provided legal and program financing advice to the Authority since January 2019, and will be an integral part of the successful implementation of the new Charter FINE Program. Mr. Kapoor played a vital role with the Authority's most recent CE program, Charter ABLE, as well as the two Tax and Revenue Anticipated Note Program, State Aid Intercept Note (SAIN) and Advances on State Aid Payments (ASAP) Programs, which provided vital funding for schools during the pandemic-induced fiscal crisis faced by California local educational agencies. Mr. Kapoor has served various roles as an attorney with the United States Air Force and the State of California since 2005.

Along with the Executive Director, the Authority's support team has acquired a significant amount of experience and knowledge about the Authority and California's charter school system and will be actively involved in the administration of the Charter FINE Program. Ms. Johantgen will serve as Project Director for Charter FINE and will be supported by Thomas Dear, Shannon McEuen and the individuals noted below. Mr. Dear has over 20 years of lending experience, both in public and private sectors and directly worked in the STO's Cal Cap program prior to joining the Authority. He is currently the Authority's Staff Services Manager II and has been in the position since April of 2019. Ms. McEuen, Staff Service Manager I, has been with Authority since September of 2020. She has extensive prior experience with board meetings, program management as well as training in the states regulatory process through the Office of Administrative Law and assisting with the Authority's overall goals.

The Authority's *Project Staffing and Implementation Plan* will enable initial funds under Charter FINE to be disbursed by summer 2022, assuming a fall 2021 award notification. Authority staff will focus its primary attention on program regulations and charter community outreach regarding the new program as an initial

step. See Part B – Charter School Involvement, for additional details. The Authority already established three CE grant and the same core team will also administer Charter FINE; therefore, the learning curve and timing of implementing the program will be expedited.

II. The California State Attorney General's Office

The California State Attorney General's (AG's) Office will be involved with the implementation of Charter FINE Program given that the AG's Office serves as issuer's counsel to the Authority. The AG is the State's top lawyer and law enforcement official, protecting and serving the people and interests of California through a broad range of duties. The AG's responsibilities include safeguarding the public from violent criminals, preserving California's spectacular natural resources, enforcing civil rights laws, and helping victims of identity theft, mortgage-related fraud, illegal business practices, and other consumer crimes. The AG's Office participates in the administration of programs that fulfill the fiduciary responsibilities of the State Treasurer, including, but not limited to, issuance of State of California general obligation bonds, revenue anticipation notes, specific revenue bonds, and other transactions for state authorities, boards and commissions, which includes The Authority.

III. State Treasurer's Office – Public Finance Division

The STO Public Finance Division (PFD) also will be actively involved in the implementation of Charter FINE. PFD administers programs that carry out the fiduciary responsibilities of the State Treasurer, including, but not limited to, issuance of State of California General Obligation (GO) Bonds, revenue anticipation notes, certain revenue bonds, and other transactions for state authorities, boards and commissions, including the Authority's. PFD also directs compliance with federal tax laws applicable to state debt. Additionally, PFD has extensive responsibilities and experience in performing the functions of Agent for Sale for conduit and other state bond financings including but not limited to the following: 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 June 1, 2021, ██████████ in California GO Bonds remain outstanding. Another ██████████ of G.O. Bonds have been authorized by voters but not yet issued as of this same time.

IV. Stakeholders and Advisors

The Authority has assembled a team of advisors to assist in the implementation of Charter FINE. 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.

a. 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. CCSA's mission statement is "to meet parent, educator, and community need for great public school options by supporting and advocating for high quality non-profit charter schools and sharing their success throughout California's public schools." Myrna Castrejón, President and Chief Executive Officer, has managed the membership organization representing California's public charter schools since January 2019. Prior to assuming the role of President and CEO, she served for nearly three years as the Founding Executive Director of Great Public Schools Now, an organization created in 2015. As the Executive Director, Myrna led Great Public Schools Now's strategy to transform public education in Los Angeles by expanding high-quality public schools of diverse governance models in the areas most in need of support. Before that assignment, Myrna worked at the California Charter Schools Association (CCSA) in various key leadership roles since its founding in late 2003, leading the government affairs, local advocacy, quality, school development, and research and evaluation portfolios at various times. Her work with CCSA was preceded by a decade in school reform efforts in Texas and Los Angeles.

b. Charter Schools Development Center

Founded in 1992, the Charter Schools Development Center (CSDC) is the nation's oldest charter support organization and remains the most comprehensive leadership training and resource center for charter schools anywhere in the country. CSDC's leadership training programs, resources, publications, consulting, and membership program offer California charter schools nearly 30 years of experience in charter school development, operational support, and advocacy. CSDC is recognized as the leading expert in California charter school policy, finance, operations, governance, accountability, and development.

CSDC's Executive Director and Founder, Eric Premack, 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 helped to draft and implement chartered schools legislation and policies 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 (Helping Others Pursue Excellence) Public Schools. Prior to founding CSDC, Eric 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.

c. Montague DeRose and Associates, LLC

The Authority has engaged the services of Montague DeRose and Associates, LLC (MDA), a municipal financial advisor, to assist in the implementation of its Charter FINE Program. Founded in 1995, MDA is a full-service, California-based, independent financial advisory firm committed solely to public finance, with offices in Westlake Village and Walnut Creek. Since inception, MDA has advised on the issuance of [REDACTED] [REDACTED] of tax-exempt and taxable debt financings, and serves as municipal advisor to some of the largest and most complex issuers of municipal debt in the country. In 2020, MDA ranked 9th in the nation for both short-term [REDACTED]) municipal advisory transactions. MDA is registered as a Municipal Advisor with both the Securities and Exchange Commission (SEC File No. 867-00281 & CIK No. 0001614281) and the Municipal Securities Rulemaking Board (MSRB Number K0361).

Mr. Michael D. Kremer, Managing Director, 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. He has over 25 years of experience in municipal finance through his roles as municipal advisor, investment banker and credit analyst. Mr. Kremer 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. Mr. Kremer has served as a financial advisor to the Authority since April 2003 when Proposition 47 bond proceeds were first apportioned to charter schools under the Charter Schools Facilities Program (CSFP). He served as program manager for the Charter School Working Capital Program in 2012 and 2013 which provided cash flow loans to California charter schools from working capital notes issued by the Authority. In 2017 and 2018, Mr. Kremer assisted with the Authority's PANACEA credit enhancement grant program by advising on regulations and facilitating lenders for the short-term CSFP financings. Mr. Kremer also has assisted Authority staff with administration of the Charter School Revolving Loan Fund Program by updating the financial model used to assess the creditworthiness of loan applications and by refining loan repayment schedules and processes to keep loan losses at acceptable levels.

Most recently, Mr. Kremer assisted the Authority and the State Treasurer's Office with development of the Advances on State Aid Payments (ASAP) Program Notes in response to the State principal apportionment deferrals imposed on charter schools in fiscal year 2020-21. The ASAP Program Notes financed the principal apportionment deferrals of 62 non-profit charter schools operating as 40 distinct borrowers located in 22 California counties. The Notes were secured by (1) each borrower's pledge of its financed

apportionment deferrals; (2) reserve funds from ██████████ of CSFA's 2019 federal credit enhancement grant and a portion of Note proceeds; and (3) irrevocable letters of credit issued by Citibank, N.A. and Royal Bank of Canada (RBC). The \$ ██████████ Notes were issued on March 30, 2021 and mature on December 30, 2021.

d. IMPACTS USA Advisory Services

IMPACTS USA Advisory Services: IMPACTS USA (IMPACTS) is a network of excellent advisors crafting management and financial solutions for leaders of governmental, non-profit, and development organizations. IMPACTS focuses on issues at the nexus of public policy, infrastructure, social impacts and the capital markets. Barbara A. Lloyd, Founder and Chief Executive Officer of IMPACTS, is a veteran of government, public finance, infrastructure, and capital markets. Ms. Lloyd assisted the Authority with the 2017 New Enhancement/Incentives Grant application, including design of the Authority's PANACEA Program as well Charter ABLE. Her 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. Ms. Lloyd is known for her ability to structure complex transactions in the public interest. Her company's current and past educational engagements, in addition to The Authority, include projects for the University of California, Davis; College of the Desert; University of California, Riverside (UCR); Cal Poly Pomona; and the University of Kansas. Additional members of the IMPACTS Team available to the Authority include Jeanne Peterson, a national expert on affordable housing; Joshua Ramirez, who managed our procurement support services for UCR; and Chris Margaronis, who managed our real estate strategies support services for UCR.

PART D - LEVERAGING MULTIPLE FORMS OF ASSISTANCE

It is possible for Borrowers to obtain multiple forms of financial assistance through the Authority's various programs, with different programs addressing a range of needs and maturity levels of the participating charter schools. For instance, the proposed Charter FINE Program will be developed with goal of a minimum leverage of approximately 10:1 (assuming a Reserve is not more than 10 percent of the loan amount).

The Charter FINE Program also will leverage the existing knowledge and institutional infrastructure of the Authority and other offices within the STO, which will facilitate Charter FINE to become operational quickly. It is anticipated the regulatory approval process for Charter FINE could be completed in late 2021 so eligible Charter Schools could submit applications in late spring 2022. Award approval and funding would be expected to begin in summer 2022. Furthermore, the Authority will continue its work with public and private lenders as well as other funders to develop compatible funding and financing mechanisms for charter school facility projects. Lastly, the strengths of the Authority's experience and institutional knowledge would enable the Charter FINE program to "scale upward" readily in the event that additional

grant funds are made available, whether from federal, state, local, or private sources.

PART E - THE AUTHORITY'S EXPERTISE IN EDUCATION AND CHARTER SCHOOLS FACILITIES

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

I. Authority Background

The Authority was created in 1985 to provide facility and working capital financing to California school districts and community college districts. The Authority consists of three Board Members: Fiona Ma, California State Treasurer, serving as Chair; Tony Thurmond, Superintendent of Public Instruction, overseeing the California Department of Education (CDE); and Keely Martin Bosler, Director of Finance. The Authority maintains offices in Sacramento and Los Angeles, enabling The Authority staff to provide services more effectively 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 2020-21 school year, CDE reported that more than 1,250 charter schools serve over 690,000 California public school students. Since its inception, the Authority has implemented several financing programs to address the needs of its stakeholders. Recognizing that charter schools need access to low-cost, tax-exempt financing for facilities and working capital – as do their traditional public-school counterparts – Authority staff spearheaded a legislative amendment to its statute to provide financing opportunities to charter schools. Assembly Bill 2717 (Walters) was signed into law on September 18, 2006. Effective January 1, 2007, the Authority was authorized to issue debt on behalf of charter schools. This authorization supported establishment of the Authority's Bank Loan Program in 2018, which encourages banks and other financial institutions to make low-cost loans to charter schools seeking financing for working capital, permanent facility acquisition or renovations.

II. Management Experience and Track Record with Other Federal Programs

In 2004, 2009, and 2014, the Authority applied for and was awarded federal grants under the United States Department of Education's State Charter School Facilities Incentive Grants Program (Incentive Grant Program) to assist charter schools in meeting their facility needs. To date, the Incentive Grant Program has awarded more than \$ [REDACTED] 15 rounds, assisting over 430 schools and serving approximately 177,000 students. The Incentive Grant Program is designed to fund those charter schools that demonstrate the most need. The Authority designed a 110-point preference point matrix based around 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. Round 15 remains to be completed, with the current Grant to be disbursed by August 31, 2022.

Since 2009, the Authority has administered an [REDACTED] grant under the Charter School Facilities Enhancement Grant Program. The Authority has exceeded its leverage goal of 10:1 set out in our performance agreement, with an actual leverage ratio of 17:1, enhancing [REDACTED] financings, and assisting 35 schools serving more than 17,700 students. The Authority also won an [REDACTED] for credit enhancement known as the Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program that officially launched in late 2018. PANACEA is intended to enhance interim financing for planning, purchase, or predevelopment construction while charter schools are awaiting release of funds from the Charter School Facilities Program or Conduit Financing Program. Most recently, the Authority applied and was awarded a [REDACTED] for the Charter ABLE program. These funds are intended to enhance interim financing for planning, purchase, or predevelopment construction through the Authority's Bank Loan Program. With the approval of the Department of Education, the Authority used funds from Charter ABLE to provide much need aid to both traditional and charter school during the budgetary issues that called for temporary deferral payments to all schools due to the far-reaching impact of the COVID-19 pandemic.

The Authority's most recent annual performance report is included as Attachment F.

III. Standards of Conduct

As stewards of state and federal funds, the Authority'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 G. 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

The Authority does not have a credit rating, and conduit financings of the Authority have been rated based on the credit quality of the borrower and the security provisions of the individual financings. Because 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 Authority Loans. The State of California's recent long-term General Obligation (GO) bonds ratings are "Aa2" from Moody's Investor Service, "AA" from Fitch Ratings and "AA-" from Standard and Poor's. Copies of the State's most recent long-term credit rating reports have been attached as Attachment H.1, H.2, and H.3 for your consideration.

V. Financial Stability and Financial Statements

The Authority receives revenues from state and federal sources, as well as generates revenue via bond application and issuance fees. The Authority'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. The Authority receives an annual appropriation from the state legislature to fund program administrative costs to ensure adequate resources. The Authority's financial stability, and that of the Charter FINE program, are demonstrated within the Authority's annual audits and the Financial Projections (pro forma cash flow) provided with this Application, respectively. As a related entity to the State of California, the Authority is subject to an annual Single Audit. The Authority's Audited Financial Statements for FY 2018, FY 2019 and FY 2020 are found as attachments to the application for your consideration. The Authority's audits are free from any material findings. These audits are provided as Attachment I.1, I.2, and I.3, respectively. The program Financial Projections (pro forma cash flow) is provided as Attachment J.

VI. Enabling Statutes and Current Regulations

The Authority's enabling statute, Education Code Sections 17170 through 17199.6, has been provided as Attachment K to the application. The Authority's enabling statute also establishes the Authority's Conduit Bond and Note Program. Approval of new regulations for the Charter FINE Program would follow the process described in Part B – Involvement of Charter Schools, above.

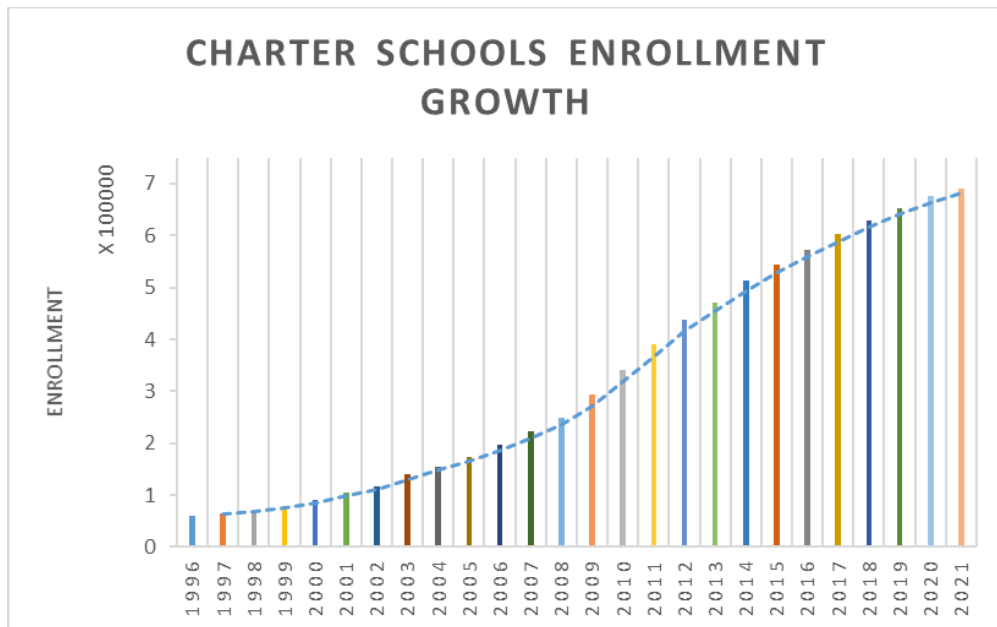
PART F - STATE ACTIONS TO PROVIDE ADEQUATE CHARTER SCHOOL FACILITIES

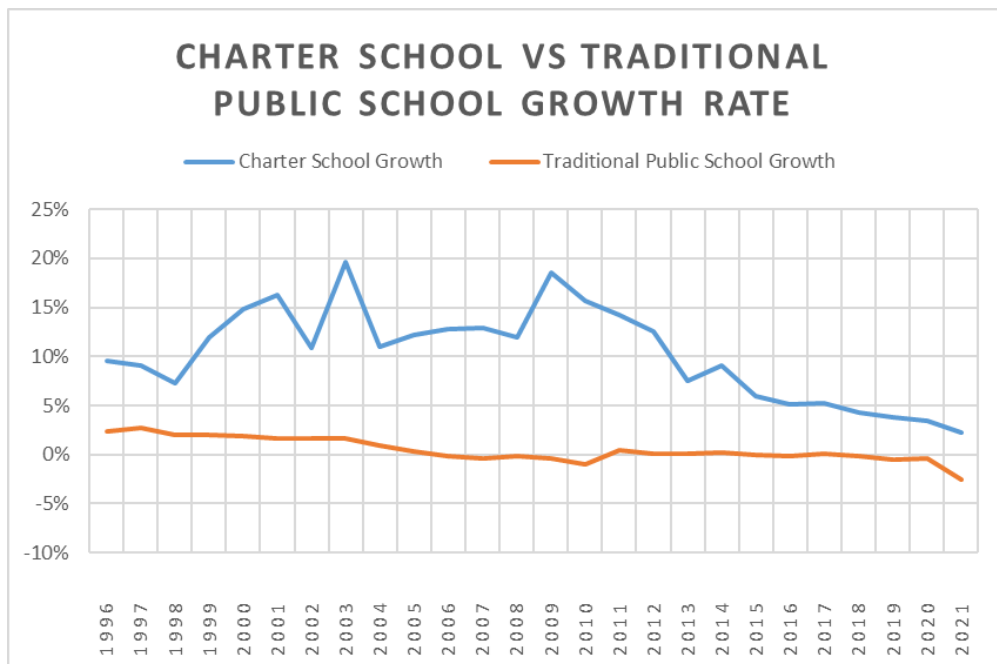
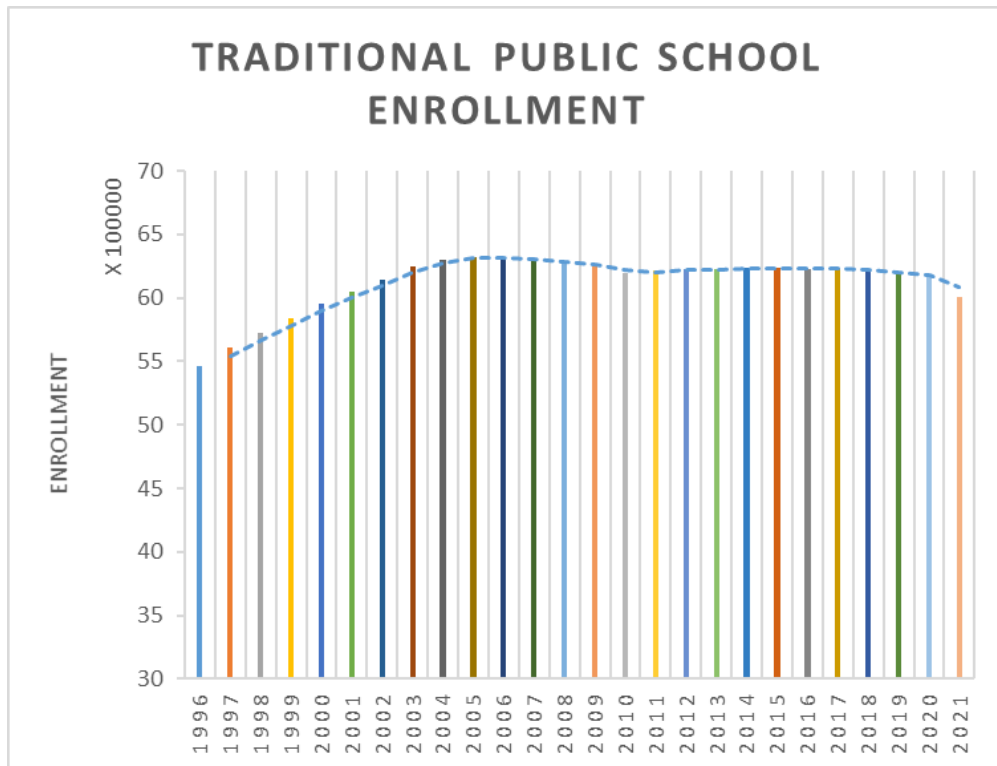
I. General Funding of Charter Schools in California

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 2020-21 school year (FY 2021), there were 1,292 charter schools educating approximately 690,000 students in California, compared to the roughly 10,660 traditional schools serving approximately 6.85M children. As a percentage of the total student population, charter school enrollment has increased

from 0.96 percent in FY 1996 to 5.51 percent in FY 2010 to 11.51 percent in FY 2021, which is equivalent to an annual average growth rate of 10 percent over the 25-year period and 6 percent in the last ten years.

Enrollment at traditional schools averaged annual growth of 0.49 percent over the same 25-year period. In FY 2021, charters averaged about 535 students per school relative to an average of 647 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. The schools 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	2019-20 Base Grant / ADA	2020-21 Base Grant / ADA	Supplemental Grant for Low Income and English Learners	Concentration Grant for Low Income and English Learners
K-3			Additional 20 percent augmentation to amounts for high-need pupil count that does not exceed 55 percent	Additional 50 percent augmentation to amounts for high-need pupil count in excess of 55 percent
4-6				
7-8				
9-12				

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 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 [REDACTED] 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 its facility needs, it must raise the funds from philanthropic sources or borrow funds at costly rates with financially restrictive terms, when and 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 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 Senate Bill (SB) 15 and AB 16. CSFP has been funded through Proposition 47 [REDACTED]

[REDACTED] now has been awarded 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. CSFP provides low-cost financing for charter school facilities (50% grant, 50% matching share), and is jointly administered by the Authority and the Office of Public School Construction (OPSC). The primary role of the Authority 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. To date, the program has awarded [REDACTED] to 91 charter schools for 120 facility projects, housing more than 57,000 students.

Charter School Bank Loan Program: This program was established in 2018 to encourage banks and other financial institutions to fund low-cost loans to charter schools seeking financing for working capital, permanent facility acquisition or renovations. The Authority worked with banks, schools, and other stakeholders to develop and promote CSBLP’s product offerings. The Authority’s first transaction through the CSBLP took place in July 2018. To date, the Authority has issued approximately [REDACTED] six charters schools. The Authority expects to issue a few more of these low-cost loans before the end of 2021. As stated in Section A, the Authority plans to use the federal grant to enhance renovation and construction related Authority Loans issued through this program.

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 other public school 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 School Facilities Grant Program (SB 740): 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 per unit of ADA, but no more than 75 percent of their total annual facilities rent and lease costs. The amount provided per unit of ADA is [REDACTED] increases in conjunction with the annual Cost of Living Allowance increase each year as statutorily prescribed.

This program is targeted toward schools serving 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. The determination of free or reduced-price lunches is made by the California Department of Education and is consistent with the U.S. Department of Agriculture Eligibility Manual for School Meals. Since assuming Program administration in 2013, the Authority has taken significant steps to improve the quality and participation of the Program. The Authority's administration of the Charter School Facility Grant Program has resulted in an increase of funding to charter schools from [REDACTED] 2013, the Program has seen a 52% increase in Awardees, from 264 awardees in 2013 to 402 awardees in 2021, serving approximately 162,000 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 [REDACTED] to new charter schools to assist meeting the purposes of the school's approved charter. The interest rate of 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 Authority. Since the transfer of the Program, the Authority has lent more than \$55.8M to 234 charter schools.

State Charter School Facilities Incentive Grants Program: In 2004, the Authority was awarded a \$ [REDACTED] 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 award additional grants in 2009 [REDACTED]). To date, 15 funding rounds have been conducted and over 430 charter schools, serving approximately 177,000 students, have been awarded more than [REDACTED]. The final funding round will be completed by August 31, 2022.

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 capital 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, these lenders 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 the Authority’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 acts as a form of credit enhancement, which may be used as either a standby in the case of non- payment by the district, or as an automatic schedule of payments. The Authority now serves as a very active conduit issuer on behalf of nonprofit charter schools to provide them access to the capital markets. The Authority’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 the Authority the issuer of choice for creditworthy charter schools

throughout the State. Since 2010, the Authority has issued more than ██████ in bonds to provide low-cost, fixed rate financing through July 2021.

Project Acceleration Notes and Credit Enhancement Alternatives Program: This program is a federally funded grant program for which the Authority received an award in 2017 providing a total of \$█████ in credit enhancement grants to fund interim financing for planning, purchase, or predevelopment construction while charter schools are awaiting release of funds from the Charter School Facilities Program or Conduit Financing Program. The program officially launched in late 2018. The Authority is currently working with banks, schools, and other stakeholders to promote this program's benefits and expect the initial award to be made this year.

Qualified Public Education Facility (QPEF) Bond Program: This program provides tax-exempt, private activity bond allocation to state and local bond-issuing agencies to provide public elementary and secondary schools with financing for the construction or improvement of their facilities. These bonds are designed to provide tax- exempt conduit financing for turnkey private development of public elementary and secondary school facilities. The Authority serves as the issuer and facilitator of QPEF Bond Program bonds in California, with the authority to allocate a portion to other parties.

Charter ABLE: This program is a federally funded grant program for which the Authority received an award in 2019, providing a total of ██████ in credit enhancement grants to fund interim financing for planning, purchase, or predevelopment construction financed through the CSBLP. The program officially launched in 2020. The Authority was able to work with Department of Education to use Charter ABLE funds to establishes the two programs below. This was due to financial fallout from COVID-19 that significantly affected schools and districts.

Advanced on State Aid Payments: In September 2020, the Advances on State Aid Payments (ASAP) program was launched to provide charter schools and charter management organizations with lower cost, timely and fully transparent access to the capital markets. The online application and streamlining enabled schools to apply with no cost. On September 17, 2020, in coordination with the California Debt Investment Advisory Committee (CDIAC), the Authority hosted a webinar that briefed schools on aspects of the State's FY 2020-21 budget related to cash flow management; presented the short-term borrowing options available to charters; and described the Authority's ASAP Program. To date, all ASAP has issued a total of approximately ██████ for 62 charter schools.

State Aid Intercept Note Program: California schools received only 64% of their state apportionment payments in fiscal year 2020-21, due to education funding deferrals that began in February 2021 and continued through June 2021. The Authority created the State Aid Intercept Note (SAIN) Program to offer traditional public school districts, community college districts, and county offices of education a lower cost

alternative to weather the state deferrals. To date, all SAIN notes have been priced and issued, a total of [REDACTED] for 40 elementary, high school, and community college districts.

PART G - SELECTION CRITERIA – APPLICATION CROSS REFERENCES

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
(a) Quality of project design and significance.	
(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;	<ul style="list-style-type: none"> ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ A.III. Anticipated Benefits of Charter FINE Program
<p>Criteria (a)(1) Synopsis: The Loan Loss Reserve Fund structure of the Charter FINE Program is designed to lower total borrowing amounts and/or improve the creditworthiness of transactions undertaken for Charter School Borrowers, thereby lowering the cost of borrowing compared to alternatives. The Authority also will ensure that transaction costs, interest rate spreads and other fees earned by Participating Lenders and other parties are reasonable, utilizing data on comparable transactions issued by the Authority and other issuers for which the State Treasurer’s Office is Agent for Sale to negotiate terms, rates and fees for the Charter FINE Program.</p>	
(2) The extent to which the project goals, objectives, and timeline are clearly specified, measurable, and appropriate for the purpose of the program;	<ul style="list-style-type: none"> ✓ A.I. Proposed Use of Credit Enhancement Grant Funds ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ A.III. Anticipated Benefits of Charter FINE Program ✓ A.IV. Anticipated Performance Measures (Exhibit A.2)

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
<p>Criteria (a)(2) Synopsis: The stated goals of the Charter FINE Program include the following: (1) Meet Demonstrated Need; (2) Provide Cost-effective Program; (3) Serve Charter Schools with a Likelihood of Success; and (4) Serve High-need Charter Schools. The demand will be surveyed during development of the regulations, the cost-effectiveness will be assessed as compared to other financing programs available to charter schools, the charter schools’ likelihood of success and status as high-need will be considered using criteria utilized for other Authority programs.</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>	<ul style="list-style-type: none"> ✓ A.I. Proposed Use of Credit Enhancement Grant Funds ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ A.IV. Anticipated Performance Measures (Exhibit A.2)
<p>Criteria (a)(3) Synopsis: The Authority’s past experience with implementing prior credit enhancement grant programs with experienced team members serving in the same key roles informs its plans for the proposed Charter FINE program timeline. If a grant is awarded in fall 2021, we expect to complete the regulatory process and open the application process by spring 2022, including outreach and technical assistance workshops, and receive applications starting in June 2022. We would expect Authority Board decisions on inaugural grant awards in early fall 2022. This timeline and the enhanced financings that will occur are the key measurable objectives to be achieved by the program.</p>	
<p>(4) The extent to which the project is likely to produce results that are replicable;</p>	<ul style="list-style-type: none"> ✓ A.III. Anticipated Benefits of Charter FINE Program

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
<p>Criteria (a)(4) Synopsis: The Charter FINE Program is modeled after precedent programs in California that have been successful over many years, thereby demonstrating the ability to replicate the results in California, where the largest number of charter schools are operating, with the largest population of students enrolled.</p>	

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
<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>	<ul style="list-style-type: none"> ✓ A.I. Proposed Use of Credit Enhancement Grant Funds ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ A.III. Anticipated Benefits of Charter FINE Program
<p>Criteria (a)(5) Synopsis: Awards under the Charter FINE Program will include an assignment of preference points based on relevant criteria developed through a transparent regulatory process that involves charter schools and chartering agencies in the design of the program parameters. Precedent criteria include: (1) Traditional schools identified for improvement, corrective action or restructuring under Title I of ESEA as amended by the Every Student Succeeds Act in the geographic region of the applicant; (2) State academic assessments of students compared to those attending traditional schools in the geographic region of the applicant; (3) Number of low-income students qualifying for Free and Reduced-Price Meals.</p> <p>Type of assistance will include: Loan Loss Reserve grants for the applicable type of loan to be undertaken by the Charter School Borrower (e.g., an Authority Loan or other Approved or other Loan by a Participating Lender).</p>	

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
<p>(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;</p>	<ul style="list-style-type: none"> ✓ A.I. Proposed Use of Credit Enhancement Grant Funds ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ A.IV. Anticipated Performance Measures (Exhibit A.2) ✓ D. Leveraging Multiple Forms of Assistance
<p>Criteria (a)(6) Synopsis: The Charter FINE Program structure is designed to significantly leverage private-sector lending, most likely on a ratio of 10:1 (i [REDACTED] Reserve Grant). Other public funding or financing could provide further leverage. For instance, it is possible for PCS Borrowers to obtain multiple forms of financial assistance through the Authority’s various programs, with different programs addressing a range of needs and maturity levels of the PCS Borrowers. Charter FINE also will leverage the existing knowledge and institutional infrastructure of the Authority and other offices within the STO to become operational quickly. Furthermore, by lowering the overall borrowing amount needed to achieve prudent structural reserves, the Charter FINE program will increase the number and/or size of loans that private lenders can make for charter schools with their given available lending capacity.</p>	
<p>(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</p>	<ul style="list-style-type: none"> ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
<p>Criteria (a)(7) Synopsis: In 1992 California became the second state to authorize charter schools.</p> <p>There has been steady growth of charter school enrollment in California. The State now has the largest charter school segment in the US, both in the number of schools and charter school students enrolled. At the close of the 2020-21 school year (FY 2021), there were 1292 charter schools educating approximately 690,000 students in California. As a percentage of the total student population, charter school enrollment has increased from 0.96 percent in FY 1996 to 5.51 percent in FY 2010 to 11.51 percent in FY 2021, which is equivalent to an annual average growth rate of 10 percent over the 25-year period and 6 percent in the last ten years. The State of California allows Charter Schools to be authorized by a Local Education Agency (LEA), a County Offices of Education (COE) or the State Board of Education (SBE). California law allows a charter applicant denied by a local school board to appeal to a COE and then to the SBE.</p>	

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
<p>(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.</p>	<ul style="list-style-type: none"> ✓ A.I. Proposed Use of Credit Enhancement Grant Funds ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ A.III. Anticipated Benefits of Charter FINE Program ✓ A.IV. Anticipated Performance Measures (Exhibit A.2)
<p>Criteria (a)(8) Synopsis: The Authority’s request for [REDACTED] is reasonable, enabling an expansion of 50 percent over our existing credit enhancement services to facilitate charter school financing from banks and other lenders (i.e., the [REDACTED] ABLE program). The anticipated results would be enhancement of additional charter school financings of roughly [REDACTED]</p>	
<p>(b) Quality of project services</p>	
<p>(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>	<ul style="list-style-type: none"> ✓ A.I. Proposed Use of Credit Enhancement Grant Funds ✓ A.II. Proposed Preliminary Terms of the Charter ABLE Program ✓ A.III. Anticipated Benefits of Charter FINE Program
<p>Criteria (b)(1) Synopsis: The track record of the Authority programs in creating and expanding financing opportunities for California’s charter schools has been consistent and effective, as a result of early and thorough engagement with the charter community on program criteria and design. To date, the Authority has developed seven programs from the ground up. The success of the Authority is a direct result of the high level of involvement that the charter school community has had in program creation and implementation. The Authority will continue this engagement for the Charter FINE Program, so that the services to be provided will build on the success of prior programs in meeting the facilities financing needs of California’s charter schools.</p>	

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
<p>(2) The extent to which charter schools and chartering agencies were involved in the design of, and demonstrate support for, the project;</p>	<ul style="list-style-type: none"> ✓ B. Involvement of Charter Schools ✓ B.II. Support from the California Charter School Community ✓ C.I. California School Finance Authority ✓ C.IV. Stakeholders and Advisors
<p>Criteria (b)(2) Synopsis: As also noted in response to selection criteria (a)(5), the regulations to implement the Charter FINE Program will be developed through a transparent regulatory process that involves charter schools and chartering agencies in the design of the program parameters.</p> <p>Furthermore, the Authority’s application is being supported by multiple charter school stakeholders, as evidenced by their letters of support.</p>	
<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>	<ul style="list-style-type: none"> ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ A.III. Proposed Preliminary Terms of the Charter FINE Program ✓ C.I. California School Finance Authority ✓ C.IV. Stakeholders and Advisors

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria & Synopsis	Application Sections
<p>Criteria (b)(3) Synopsis: The Authority has disbursed [REDACTED] school funding since 2002. The level of experience of staff and consultants working with the Authority is extensive. The individuals include experts in finance as well consultants who have been involved in the charter school movement since its inception and 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 Authority and its team members consistently demonstrate success in lowering costs to charter schools, and ensuring fees and terms are reasonable and more cost-effective than alternative facilities financing available to the charter schools absent the Authority's credit enhancement programs.</p>	

Charter Financing Enhancement (Charter FINE) Program	
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>	<ul style="list-style-type: none"> ✓ A.I. Proposed Use of Credit Enhancement Grant Funds ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ A.III. Anticipated Benefits of Charter FINE Program ✓ A.IV. Anticipated Performance Measures (Exhibit A.2)

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria	Application Sections
<p>Criteria (b)(4) Synopsis: The anticipated performance measures for the program will be structured to track the Charter FINE Program’s success at achieving the desired outcomes and benefits:</p> <ul style="list-style-type: none"> • Meet Demonstrated Need • Provide a Cost-effective Program • Serve Charter Schools with a Likelihood of Success • Serve High-need Charter Schools <p>Details for the Authority’s typical criteria for assessing a charter school’s likelihood of success are described in part A.IV. (Exhibit A.2). See also the Criteria (c)(4) Synopsis, below.</p> <p>It also is anticipated that the Charter FINE program regulations will recognize the importance of school choice for schools that are located in or near an area where 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.</p>	
(c) Capacity	
<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>	<ul style="list-style-type: none"> ✓ C.I. California School Finance Authority ✓ E.I. Authority Background ✓ E.II. Management Experience and Track Record with Other Federal Programs

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria	Application Sections
<p>Criteria (c)(1) Synopsis: The Authority provides tax-exempt, low-cost financing and credit enhancement to charter schools, school districts, and community college districts for the repair and construction of school facilities, as well as provides working capital financing; these have been the Authority’s primary areas of focus since 2002. The Authority is seeking its fourth federal grant to facilitate the enhancement of debt instruments that will provide much needed funds for the construction and renovation of permanent charter school facilities throughout the State of California.</p> <p>The Authority’s first grant received from the U.S. Department of Education in 2009 [REDACTED] used to create the Charter School Facilities Credit Enhancement Grant Program. In 2017, the Authority was awarded [REDACTED] create the Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA). In 2019, a third grant was awarded to the Authority, for [REDACTED] [REDACTED] which was used to create the Charter Access Bank Loan Enhancement (Charter ABLE) program. The Authority’s same core team for these prior grants also stands ready to administer Charter FINE, assuring that vital institutional knowledge and critical program administrative infrastructure will be employed.</p>	<p>✓ E.V. Financial Stability and Financial Statements</p> <p>✓ Attachments H.1, H.2, and H.3</p>
<p>(2) The applicant's financial stability;</p>	<p>Criteria (c)(2) Synopsis: The Authority receives revenues from state and federal sources, as well as generates revenue via bond application and issuance fees. The Authority also receives an annual appropriation from the state legislature to fund program administrative costs to ensure adequate resources. Many of the Authority’s local assistance funds, which are disbursed through its programs, are continuously appropriated through the State’s annual budget and without the need for additional legislative approval. As a related entity to the State of California, the Authority is subject to an annual Single Audit. The Authority’s Audited Financial Statements for FY 2018, FY 2019 and FY 2020 can be found as attachments to the application for your consideration. The Authority’s audits are free from any material findings. These audits and are provided as Attachments H.1, H.2, and H.3, respectively.</p>

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria	Application Sections
<p>(3) The ability of the applicant to protect against unwarranted risk in its loan underwriting, portfolio monitoring, and financial management;</p>	<ul style="list-style-type: none"> ✓ A.II. Proposed Preliminary Terms of the Charter FINE Program ✓ C.I. California School Finance Authority ✓ C.III. State Treasurer’s Office – Public Finance Division ✓ E.I. Authority Background
<p>Criteria (c)(3) Synopsis: As an experienced lender and program manager for charter school financing programs, the Authority has robust policies and procedures to assess and mitigate risk, while still extending financing to charter schools that otherwise may face obstacles in obtaining financing at reasonable costs and terms from other sources. The Authority is adept at analyzing the financial soundness of charter schools, having undertaken these activities since 2002. The financing, policymaking, portfolio monitoring, financial management and risk mitigation expertise of the Authority and its team will ensure administration of the federal credit enhancement grant is consistent with prudent financial management, as well as federal guidelines and policy objectives.</p>	
<p>(4) The applicant's expertise in education to evaluate the likelihood of success of a charter school;</p>	<ul style="list-style-type: none"> ✓ E.I. Authority Background
<p>Criteria (c)(4) Synopsis: The Authority is adept at analyzing the financial soundness of charter schools, having undertaken these activities since 2002. Its criteria typically includes, among others: At least two academic years of instructional operations of a charter school or evidence of its educational plan, financial resources, facilities expertise, and management expertise; Management expertise of at least two academic years by key personnel (e.g., Chief Executive Officer, President, Operations Manager, Chief Financial Officer, Principal, etc.); Evidence the charter school has complied with the terms of its charter agreement and is in good standing with its Chartering Authority; Evidence the Charter School is in not in imminent danger of having its charter revoked or not renewed; Evidence the Applicant’s or Obligor’s audited financial statements are free of material exceptions and “going concern” issues; and Evidence the financial results and projections demonstrate the Applicant’s or Obligor’s ability to operate at least on a break-even basis.</p>	

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria	Application Sections
<p>(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;</p>	<ul style="list-style-type: none"> ✓ E.I. Authority Background ✓ E.III. Standards of Conduct ✓ Attachment G – State Political Reform Act
<p>Criteria (c)(5) Synopsis: As stewards of state and federal funds, the Authority and its management personnel must comply with the State’s Political Reform Act, which 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.</p>	
<p>(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</p>	<ul style="list-style-type: none"> ✓ C.II. The California State Attorney General’s Office ✓ C.III. State Treasurer’s Office – Public Finance Division ✓ C.IV. Stakeholders and Advisors
<p>Criteria (c)(6) Synopsis: The Authority will work closely with multiple offices of the State of California, and be supported for specific services by the identified stakeholders and advisors described in the application. The selected team members have worked together previously on comparable programs.</p>	

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria	Application Sections
<p>(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</p>	<ul style="list-style-type: none"> ✓ 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
<p>Criteria (c)(7) Synopsis: 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. These programs, most of which involve the Authority in their administration, are described in part F.II. Notwithstanding these comprehensive commitments, most of these programs have traditionally been oversubscribed, and charter schools in California continue to face significant hurdles to securing facilities.</p>	
<p>(8) For previous grantees under the charter school facilities programs, their performance in implementing these grants.</p>	<ul style="list-style-type: none"> ✓ E.II. Management Experience and Track Record with Other Federal Programs ✓ Attachment F – Performance Report

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria	Application Sections
<p>Criteria (c)(8) Synopsis: Since 2009, the Authority has administered an [REDACTED] under the Charter School Facilities Enhancement Grant Program. The Authority has exceeded its leverage goal of 10:1 set out in our performance agreement, with an actual leverage ratio of 17:1, enhancing [REDACTED] financings, and assisting 35 schools serving more than 17,700 students. Most recently, the Authority applied and was awarded [REDACTED] for the Charter ABLE program. These funds are intended to enhance interim financing for planning, purchase, or predevelopment construction through the Authority's Bank Loan Program. With the approval of the Department of Education, the Authority used funds from Charter ABLE to provide much need aid to both traditional and charter school during the COVID-19 pandemic. Our most recent annual performance report is included as Attachment F.</p>	
<p>(d) Quality of project personnel.</p> <p>(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</p>	<ul style="list-style-type: none"> ✓ C.I. California School Finance Authority ✓ C.II. The California State Attorney General's Office ✓ C.III State Treasurer's Office – Public Finance Division ✓ C.IV. Stakeholders and Advisors
<p>Criteria (d)(1) Synopsis: The level of experience of staff and consultants working with the Authority is extensive. The individuals include experts in finance as well consultants who have been involved in the charter school movement since its inception and 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 Authority and STO staff members who will be working on this program each have 10 – 20 years of experience, are 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.</p>	

Charter Financing Enhancement (Charter FINE) Program	
Selection Criteria	Application Sections
(2) The staffing plan for the grant project.	<ul style="list-style-type: none"> ✓ B. Involvement of Charter Schools ✓ C.I. California School Finance Authority ✓ C.II. The California State Attorney General’s Office ✓ C.III State Treasurer’s Office – Public Finance Division ✓ C.IV. Stakeholders and Advisors
<p>Criteria (d)(2) Synopsis: The Authority’s Project Staffing and Implementation Plan builds on its successful establishment of three CE grant programs, with the same core team also ready to administer the new Charter FINE program. Therefore, implementation of the program will be expedited, with initial funds from Charter FINE anticipated to be disbursed by summer 2022, assuming a fall 2021 award notification. As an early step Authority staff will focus its primary attention on program regulations and charter community outreach regarding the new program. See <i>Part B. Involvement of Charter Schools</i>, for additional details of collaboration plans.</p>	