Charter School Facilities Program Spring 2014 CSFP Preliminary Apportionment Filing Round

California School Finance Authority
Spring 2014

Charter School Facilities Program:

Propositions 47, 55, and 1D

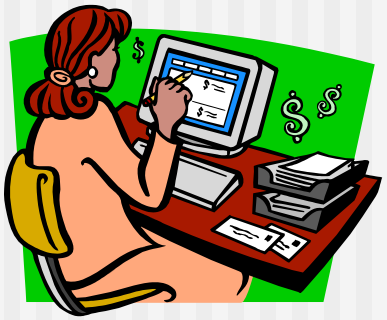
Program Overview

- State provides 50% of project cost as a grant
- Applicant is responsible for 50% of project cost (local matching share)
- Local matching share can be satisfied by lump sum payment or through funding agreement
  - Term not to exceed 30 years
  - Low fixed interest rate, approximately 2.00%
  - Payments made using the intercept mechanism
- Title to project held by school district, local governmental entity, or charter school

Program History

- 2002: AB 14 creates "pilot program" for charter facilities, Proposition 47 on ballot
  - $100 million
- 2003: SB 15 allows for advance apportionments, maximizes # of projects
- 2004: AB 16 puts Proposition 55 on ballot
  - $300 million
- 2006: AB 127 changes program, Proposition 1D on the ballot
  - $500 million

Role of CSFA



- Assess financial soundness of applicant
  - Preliminary (initial application)
  - Advance (design and site acquisition)
  - Final apportionment (all permits in place, ready to build)
- Conduct ongoing monitoring of recipients
- On behalf of the State, administer Program agreements

Required Application Materials

- ***2 Sets of Application Required (CSFA Form 03-01)***
  - Submitted simultaneously with SAB Form 50-09
- ***Part 1 - Applicant Information***
  - Applicant name and contact information
  - Legal structure/management information
  - EMO Information, if applicable

Required Application Materials

- ***Part 2 – Charter Information***
  - Description of charter curriculum
  - Description of competitive advantage
  - Charter authorizer information
  - Articles of Incorporation and By-Laws
  - Current charter/petition
  - Copy of business or strategic plan

Required Application Materials

- ***Part 2 – Charter Information (continued)***
  - MOU and agreements w/ charter authorizer
  - Enrollment data (and waiting list)
  - Student retention data
  - All student performance data (API, AYP)
  - Key staff information and resumes
  - Governing board information and resumes

Required Application Materials

- ***Part 3 – Financial Information***
  - Organization budgets for the current and future fiscal year
  - Projected income statements, balance sheets, cash flows
  - Audited financial statements for the last three years
  - Current monthly statements, with comparisons
  - Description and verification of contributions from third parties
  - Material contract information

Required Application Materials

- ***Part 4 – Proposed Project Information***
  - Project facility description and location
  - Type of project – construction, renovation, rehabilitation
  - Anticipated project costs, per OPSC's calculator
  - Anticipated dates of advances for design costs and/or site acquisition

Required Application Materials

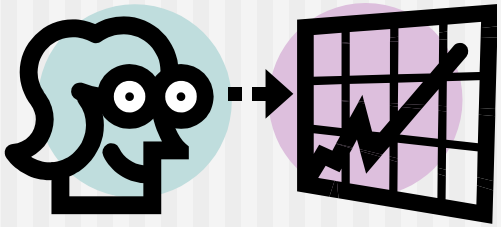
- ***Part 5 – Charter Management Experience***
  - Eligibility can be met by demonstrating previous California charter school experience
  - Information regarding CA charter experience
- ***Part 6 – Guarantor Information***
  - Demonstrate financial ability and commitment to guaranty the CSFP obligation
  - Commitment Letter
  - Legal Status Questionnaire
  - Financial and Operational Information

Program Agreements

- Agreements must be executed prior to fund release
- Pursuant to SB 592, not all agreements necessary
- Memorandum of Understanding
  - State, Charter (District or Local Governmental)
- Funding Agreement
  - State, Charter
- Facility Use Agreement, if applicable
  - Charter, District

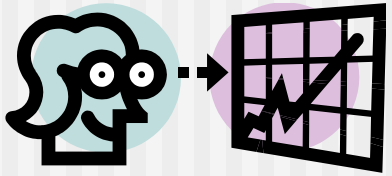
Financial Soundness Process

Financial Soundness Evaluation



- Eligibility criteria
  - Charter in place, 2 years of operations
- Ability to maintain stable financial operations
  - 1X or greater debt service coverage
- Material risks that would threaten the financial or operational viability
  - Civil or criminal disclosures, or threat of charter revocation
- Past, current, and future financial performance
  - audits, budgets, cash flow, reliance on contributions, enrollment and ADA trends and assumptions

Financial Soundness Evaluation (cont.)



- Reasonableness of projections and assumptions
  - Enrollment, ADA, retention rates, contributions
- Student performance trends
  - API scores and AYP criteria met
- Qualifications of management and personnel
  - Resumes, adequacy of expertise
- Standing with authorizer and compliance with charter
  - Good standing notification from authorizer

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