

**RESOLUTION NO. 16-06**

**CONSIDERATION OF POLICY FOR TWELVE-MONTH CERTIFICATION FOR  
FINANCIAL SOUNDNESS UNDER THE CHARTER SCHOOL FACILITIES PROGRAM  
(ACTION ITEM)**

**March 9, 2016**

**WHEREAS**, the Charter School Facilities Program (Program) was established (Statutes of 2002) for the purpose of providing charter schools with funding to construct new facilities and modernize old facilities; and

**WHEREAS**, modeled after the State's School Facilities Program, the Program funds 50 percent of facilities project costs as a grant from the State, and 50 percent as a local match, which the charter school is responsible for repaying to the State; and

**WHEREAS**, the California School Finance Authority (Authority) and the State Allocation Board (Board), staffed by the Office of Public School Construction, are jointly designated to administer this per-pupil facilities aid Program, and the Authority is authorized by Education Code section 17078.57 to determine whether applicants to the Program are financially sound for purposes of the Program at the time of Preliminary, Advance, and Final Apportionment; and

**WHEREAS**, at its July 30, 2009, the Authority adopted a six-month certification for financial soundness based on the then economic factors impacting the issuance of bonds to fund Program-eligible charter schools, resulting in the need to conduct redundant reviews, and the lack of a formal guideline regarding the timeframe for which a financial soundness determination should be considered effective; and.

**WHEREAS**, the Authority has evaluated its vetting process based on the six-month certification and determined that a twelve-month certification timeframe would be sufficient for purposes of ensuring the creditworthiness of applicant and Program-eligible charter schools; and

**WHEREAS**, the adoption of a twelve-month certification for financial soundness shall be applicable to financial soundness determinations for the previous twelve months, as adopted by the Authority; and

**WHEREAS**, the adoption of a twelve-month certification for financial soundness shall relate to Preliminary, Advance, and Final Apportionment and assumes no financial, operational, or legal material findings within this time period.

**NOW, THEREFORE, BE IT RESOLVED** by the California School Finance Authority as follows:

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**Section 1.** The Authority hereby approves that: (1) a determination of financial soundness under the Program shall be in effect for twelve months from the date of its adoption by the Authority (Twelve-Month Certification); (2) financial soundness determinations adopted during the prior twelve months shall be deemed effective under this Twelve-Month Certification; (3) the Twelve-Month Certification shall apply to Preliminary, Advance, and Final Apportionment; and (4) the Twelve-Month Certification assumes no financial, operational, or legal material findings within this time period.

**Section 2.** Upon its adoption, the Executive Director of the Authority shall immediately notify the State Allocation Board and Office of Public School Construction of the Twelve-month Certification for financial soundness under the Program. .

**Section 3.** This resolution shall take effect immediately upon its approval.

Date of Adoption: March 9, 2016