

## MEMORANDUM

**Date:** November 10, 2021

Staff Summary No. 5

**To:** Members, California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Re:** Resolution No. 21-35 -Adoption of Proposed Regulations for the Project Acceleration Notes and Credit Enhancement Alternatives Program

---

In 2017, the California School Finance Authority (Authority) applied for an \$8 million credit enhancement grant through the U.S. Department of Education's Credit Enhancement for Charter School Facilities Program (CFDA # 84.354A). The funds were requested to create the Project Acceleration Notes and Credit Enhancement Alternatives (PANACEA) Program (Program) to provide credit enhancement to facilitate the financing of the purchase, construction, and/or renovation of facilities for California public charter schools.

The Authority is requesting approval of these most recent revisions based on feedback from stakeholders and to improve Program efficiencies. Upon board approval, the changes will become part of the permanent regulations once approved by the Office of Administrative Law. These recent proposed amendments to the regulations address the following: (1) added definition of "Financing"; (2) eligibility criteria; and (3) the maximum award allocation.

Authority staff will file a Notice of Publication as required under the Regular Rulemaking Action to adopt the proposed changes into amended permanent regulations. The Authority intends to proceed with the Regular Rulemaking Action and Certificate of Compliance upon the Authority Board's approval of the following proposed amended permanent regulations:

### **Section 10200.1. Definitions.**

(i) – Add "Financing" and associated definition.

Letter former (i) through (k) to (j) through (l) due to the added definition above.

### **Section 10200.2. Applicant Eligibility Criteria.**

(b) – Remove "and throughout the term of an award" from the subsection.

### **Section 10200.3 Award Allocation and Eligible Use of Program Funds.**

(a) – Remove "\$1,000,000 per application" and add "up to maximum annual debt service per Financing, with an award dollar limit of \$2,000,000".

**Recommendation:** Staff recommends that the members adopt Resolution 21-35 approving proposed regulations for the Project Acceleration Notes and Credit Enhancement Alternatives Program. If approved, the Executive Director will initiate the rulemaking file for processing by the Office of Administrative Law and will distribute the proposed changes to interested parties for public comment.