

**M E M O R A N D U M**

**Date:** December 15, 2022

Staff Summary No. 10

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

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

**Re:** Resolution No. 22-58 Adoption of Proposed Regulations for the Charter Finance Enhance (Charter FinE) Program

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**Background:** In 2021, the California School Finance Authority (Authority) applied for a \$10 million credit enhancement grant through the U.S. Department of Education's (DOE) Credit Enhancement for Charter School Facilities Program (CFDA # 84.354A). The funds were requested to create the Charter **Finance Enhancement** (Charter FinE) 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 was notified of the grant award in the fall of 2021. Authority staff has worked with various charter school stakeholders to craft a program that best meets the needs of California charter schools.

**Issue:** The Authority Board approved emergency regulations at the September 2022 meeting. At the time, Staff was concerned with remaining enhancement funds in the other credit enhancement programs as well as a possibly robust number of financings after September. As these funds are integral in lowering costs and alleviating financial stress for borrowers, CSFA wanted to be best prepared. Upon further analysis and forecasting, Staff no longer foresee concerns related to Conduit deadlines. Staff believe the regular/permanent rulemaking process would be the best process to undertake to ensure timely approval with full public participation. The proposed permanent regulations and program application are attached.

**Implementation:** Given the Office of Administrative Law's time requirements for regular rulemaking, the Authority anticipates posting a notice announcing the Charter FinE Program and an application form on the CSFA website in December 2022 and begin accepting applications for review by February 2023.

**Recommendation:** Staff recommends that the members adopt Resolution 22-58 approving regular rulemaking for the proposed regulations for the Charter Finance Enhancement (Charter FinE) Program. If approved, the Executive Director will initiate the rulemaking process as required by the Office of Administrative Law and will distribute the proposed changes to interested parties as well as post them on the Authority's website for public comment.