Local Initiatives Support Corporation

2014 Charter School Facility Finance Landscape

LISC
Educational Facilities Financing Center

September 2014

2014 CHARTER SCHOOL FACILITY FINANCE LANDSCAPE

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LISC
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LOCAL INITIATIVES SUPPORT CORPORATION

Local Initiatives Support Corporation (LISC) is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity—good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community-based organizations with:

- loans, grants and equity investments
- local, statewide and national policy support
- technical and management assistance

LISC is a national organization with a community focus. Our program staff are based in every city and many of the rural areas where LISC-supported community development takes shape. In collaboration with local community groups, LISC staff help identify priorities and challenges, delivering the most appropriate support to meet local needs.

LISC is ***Building Sustainable Communities*** by achieving five goals:

- Expanding Investment in Housing and Other Real Estate
- Increasing Family Income and Wealth
- Stimulating Economic Development
- Improving Access to Quality Education
- Supporting Healthy Environments and Lifestyles

Since 1980, LISC has marshaled $13.8 billion from over 3,000 investors, lenders and donors. In urban and rural communities nationwide, LISC has helped to finance the construction or rehabilitation of 313,400 affordable homes and 51 million square feet of retail, community and educational space—totaling $41.2 billion in development.

For more information about LISC, visit **www.lisc.org**.

EDUCATIONAL FACILITIES FINANCING CENTER

The Educational Facilities Financing Center (EFFC) at LISC supports high-quality public charter schools in distressed neighborhoods. LISC founded the EFFC in 2003 to intensify its national effort in educational facilities financing. The EFFC pools low-interest loan and grant funds and leverages them for investment in charter school facilities in order to create new or renovated school facilities for underserved children, families and neighborhoods nationally. Since making its first charter school grant in 1997, LISC has provided $141 million in grants, loans or guarantees for 171 schools across the country. The EFFC is supported by the Bill & Melinda Gates Foundation, the JPMorgan Chase Foundation, the U.S. Department of Education and the Walton Family Foundation.

The EFFC assembled a National Advisory Board to provide oversight and leadership of its strategic mission, resource development, public policy activity and other issues relevant to the attainment of its mission. The Advisory Board is comprised of members representing the community development, education, finance and philanthropic communities.

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2014 CHARTER SCHOOL FACILITY FINANCE LANDSCAPE

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EXECUTIVE SUMMARY

Since 2005, when LISC released its first edition of the ***Landscape***, charter school operators have shown an immense amount of **grit** in overcoming facilities challenges, political opposition, and human capital and budgetary constraints, to grow at a pace unexpected by even the most stalwart supporters. Today, there are over 6,000 public schools operating under charters, educating 2.3 million children or 5% of all public school students. However, as reflected in the one million students on charter school waiting lists nationally, this dramatic expansion of the sector has not kept pace with demand from families and communities. Although facilities challenges have recently received more national attention than ever before, funding inequities persist at every level and securing adequate and affordable facilities remains a daunting obstacle, hindering the growth of some of the country's highest performing schools. Unlike traditional school districts, charter schools do not have taxing authority and primarily rely on limited public capital funds and operating revenues to pay for their facilities. Now in its fourth edition, the ***2014 Landscape*** provides an updated snapshot of the charter school facility financing sector, including private philanthropies and nonprofit organizations active in the sector, information on charter school access to the tax-exempt bond market, federal policies supportive of charter school facilities and state policies in all 43 jurisdictions with a charter law.

During the past ten years, annual funding for the Charter Schools Program, the only federal program dedicated specifically to charter schools, has remained stagnant or declined. During the same period, the number of charter schools has doubled from 2,959 to 6,004, translating into a 46% reduction in the amount of federal funding per school. Federally subsidized tax credit programs administered by the U.S. Department of the Treasury (Treasury Department) have helped bridge the facilities financing gap, but they are not limited to charter schools or have only been temporarily available. Charter schools have been major beneficiaries of the New Markets Tax Credit (NMTC) program, but as the program matures and demand increases, it is not evident that charter schools will be able to benefit at the same levels. Additionally, the Qualified School Construction Bond (QSCB) Program authorized by the American Recovery and Reinvestment Act (Recovery Act) benefited charter schools in 11 jurisdictions throughout the country but expired in 2011.

While federal resources available to charter schools continue to shrink, too few jurisdictions have fostered expansion by passing favorable facilities access laws. Several states have passed bold new laws requiring districts and cities to provide space to charter schools, but implementation has been difficult due to local politics. Of the 43 jurisdictions with a charter law, only 16 provide per pupil funding specifically for facilities, with only three (Arizona, Minnesota and Washington, DC) providing more than $1,000 on a per pupil basis. More recently, several jurisdictions have created credit enhancement programs to support charter school facilities borrowing. In 2012, Utah passed legislation giving charter schools access to the state's moral obligation pledge, resulting in double-A ratings for charter schools that borrow with the pledge, lowering borrowing costs dramatically. Earlier in 2014, charter schools began to access the Texas Permanent School Fund (PSF). The PSF provides additional security in the form of a reserve fund that results in triple-A ratings for bonds issued by or on behalf of participating borrowers. State credit enhancement programs, such as the PSF, represent one of the most effective, and least costly options, for facilities financing available. These programs significantly reduce tax-payer dollars spent on facility debt service by effectively substituting the state's generally far superior credit rating for that of the charter school without the need for additional state appropriations.

With support from the philanthropic community and the U.S. Department of Education (ED), private nonprofit providers of charter school facilities financing have increased their level of investment in an effort to meet growing charter school demand. Today, over two dozen private nonprofit organizations provide financing for charter school facilities, and have collectively provided over $2 billion in direct financial support and another $1 billion in New Markets Tax Credit allocation. Nonprofit providers have tended to serve the charter schools that are "riskier" according to traditional credit models—those earlier in the charter school life cycle or those with little surplus cash flow or limited collateral. Despite the higher risk profile, the default rate for charter school financing provided by these organizations, as surveyed by LISC, is 1.5% measured as a percentage of originated financing, with realized losses of only 0.5%.

Private capital from traditional lenders and the tax-exempt bond market has also become more available recently after a sharp downturn between 2008 and 2010. Several national financial institutions invest significantly in the sector, and other regional commercial lenders participate on a smaller scale to finance schools in their geographic markets. In addition, older charter schools and schools with larger enrollments are able to access the tax-exempt bond market. Between 1998 and 2014, $9 billion in rated and unrated tax-exempt debt was issued to finance charter school facilities, representing over 730 distinct offerings, with 2013 setting the new single-year sector record with $1.3 billion of issuance.

Since 2010, the charter school facility finance sector has seen small wins in certain states and higher levels of activity through the private capital markets. However, access to financing is not keeping pace with the demand for charter school seats. How long will we rely on the private capital markets and shrinking federally-subsidized programs to create seats for these children when they are demanding a high-quality educational option today? It is time for states to address this fundamental inequity in serving the nation's public school children. Access to affordable capital for charter schools preserves precious public resources for use in the classroom. It is time to end this inequitable and inefficient system. In the meantime, with this publication, LISC endeavors to facilitate access to affordable financing options by compiling and disseminating information on the sector.

PRIVATE NONPROFIT ORGANIZATIONS

In the private sector, there are 29 nonprofit organizations that provide significant facilities assistance to charter schools in the form of grants, loans, guarantees, real estate development and technical assistance. Three foundations have committed to facilities financing on more than a localized basis, providing grants and program-related investments (PRI) to help finance charter school facilities. Twenty-three nonprofit organizations provide financing for charter school facilities as part of their community development or charter support missions. Four organizations provide real estate development services, including one developer that also provides credit enhancement and loan financing for charters. Seventeen of these 29 organizations have received support totaling $219 million from the ED Credit Enhancement Program, and 18 have been awarded a total of $5.9 billion in NMTC allocation by the Community Development Financial Institutions (CDFI) Fund of the Treasury Department.

These private nonprofits have collectively provided $2.1 billion in direct financial support to charter schools for their facilities needs. Of this total, $940 million, almost half, has been repaid in full. Financing provided by these organizations demonstrates a low default rate, notable given the fact that nonprofits generally serve the most risky school credits, whether because of their age, size or the limited collateral associated with their

PRIVATE NONPROFIT ORGANIZATIONS
($ in Millions)

Organization	Direct Financing as of 12/31/13	NMTC Utilization as of 6/30/14
Foundations[1]		
Bill & Melinda Gates Foundation (BMGF)	NA	NA
Daniels Fund	NA	NA
Walton Family Foundation (WFF)	NA	NA
Financing Organizations		
Boston Community Capital (BCC)	$40.2	$15.8
Building Hope	160.0	–
Capital Impact Partners (formerly NCB Capital Impact)	630.6	149.5
Charter School Growth Fund (CSGF)	21.6	–
Charter Schools Development Corporation (CSDC)	64.8	40.0
Clearinghouse CDFI	35.0	–
Community Reinvestment Fund, USA (CRF)	57.1	52.6
Enterprise Community Partners, Inc. (ECP)	12.9	49.5
ExED	6.5	146.0
Genesis LA	1.3	10.0
Hope Enterprise Corporation	–	6.0
Housing Partnership Network (HPN)	NA	NA
IFF (formerly Illinois Facilities Fund)	106.4	25.0
Innovative Schools Development Corporation (ISDC)	7.2	–
KIPP Foundation	NA	NA
Local Initiatives Support Corporation (LISC)	140.6	111.1
Low Income Investment Fund (LIIF)	242.8	117.9
New Jersey Community Capital (NJCC)	54.6	16.0
Nonprofit Finance Fund (NFF)	46.7	45.8
Nonprofits Assistance Fund (NAF)	6.4	–
Raza Development Fund, Inc. (RDF)	64.0	20.5
Self-Help (Center for Community Self-Help)	215.9	145.4
The Reinvestment Fund, Inc. (TRF)	195.9	80.4
Real Estate Developers		
Build with Purpose	NA	–
Charter Schools Development Corporation	See Above	See Above
Civic Builders	NA	15.0
Pacific Charter School Development (PCSD)	NA	–
Total	**$2,110.4**	**$1,046.5**

Source: LISC

[1] The three foundations included here provide a significant portion of their facilities support indirectly through the nonprofit financing organizations; thus, their support is not included in the tally of direct financial support.

financings. According to data reported by the organizations surveyed, charter schools have collectively defaulted on 41 loans or guarantees, meaning that the school was no longer able to make debt service payments and the lender had to litigate or foreclose for repayment. These 41 defaults represent $31 million in originated financing, or 1.5% of the $2.1 billion in total financing and 2.9% of the total number of financings. Of these defaults, 34 have resulted in actual losses to lenders of $11 million. These losses represent 0.5% of the $2.1 billion in total financing and 2.4% of the total number of financings.

In addition to direct loan, guaranty and grant financing, 18 organizations have utilized $1 billion, or 18%, of their total NMTC allocations on behalf of charter school facilities. Collectively, these 18 organizations represent 63% of the total $1.7 billion reported as utilized for charter school facility projects by 40 NMTC allocatees polled by LISC. Appendix A includes summary data regarding capital provision, portfolio performance and financing terms for the nonprofit financing organizations that have originated financing to date, as surveyed by LISC.

TAX-EXEMPT BOND MARKET

Since LISC's publication of ***Charter School Bond Issuance: A Complete History, Volume 2 (2012 Bond Study)***, charter school bond issuance has set record levels. The study included all tax-exempt charter school bond issuance between the first offering in 1998 through May 31, 2012. During the following 23 months, another 150 financings came to market representing over $2.5 billion in additional issuance. While 2007's billion-dollar issuance had previously held the sector record, 2013's volume surpassed $1.3 billion, a new sector high. In the first four months of 2014, there have been 23 charter school bond offerings totaling $470 million. If this pace continues through the year, 2014 annual volume will exceed $1.4 billion, representing another record year for the sector. The tax-exempt charter school bond sector has now grown to over 730 transactions totaling $9 billion and is poised to pierce the $10 billion threshold within 2014. A few trends are highlighted below:

- Proportion of rated issuance has increased over the past 15 years, representing 58% of the number of issues and 64% of the par amount issued over the 23 months from June 1, 2012 to May 1, 2014.
- Charter school bond par issuance (up 39% in 2012 and 18% in 2013) outpaces the broader municipal tax-exempt bond market (down 12% in 2013).
- Academic disclosure continues to be a key factor in bond underwriting and analysis with a high correlation between defaults and low academic achievement.
- Charter school bond sector is effectively served by only one rating agency—Standard & Poor's. Fitch Ratings and Moody's Investors Service have each rated one charter school bond in the 23 months ending May 1, 2014.
- Transaction size continues to rise due to higher construction and real estate costs and large charter management organizations (CMO) financing multiple facilities.

LISC conducted a partial update to the ***2012 Bond Study*** for this publication. In partnership with Charter School Advisors, LISC will release a third installment of its comprehensive study, ***Charter School Bond Issuance: A Complete History, Volume 3***. Volume 3 will include updates on the following: charter school bond issuance, including outstanding and refunded/matured transactions; pricing and spread to the benchmark triple-A Municipal Market Index (MMD); and repayment performance, including default and recovery data.

FEDERAL INITIATIVES

Seven federal programs provide varying types of assistance to, or on behalf of, charter schools for their facilities. The U.S. Department of Education provides grant funds through two programs administered by the Office of Innovation and Improvement: the Credit Enhancement for Charter School Facilities Program (Credit Enhancement Program) and the State Charter School Facilities Incentive Grants Program (State Incentive Grants Program). To date, ED has made credit enhancement grant awards to 24 public and nonprofit entities totaling $268 million that have helped leverage $3.2 billion in capital on behalf of 466 charter schools. In order to spur states to share in the public funding of charter school facilities, ED has also provided State Incentive Grants Program awards to two cohorts of grantees—five states in total. Grant awards total $141 million to date.

The Treasury Department allocates authority for four federal programs for which charter schools are eligible, including the recently authorized Community Development Financial Institutions Bond Guarantee Program, the New Markets Tax Credit Program, the Qualified School Construction Bond Program and the Qualified Zone Academy Bond (QZAB) Program.

The CDFI Bond Guarantee Program (BGP) was created by the Small Business Jobs Act of 2010, providing CDFIs with long-term capital to support investments in eligible community or economic development projects. Authorized uses for the loans made under this program include a variety of community development activities, including charter school facilities. Awards totaling $325 million were made in Fiscal Year (FY) 2013 to four CDFIs—Clearinghouse CDFI, Community Development Trust, Enterprise Community Partners and LISC—three of which are financing charter schools with their awards. A new competition for $750 million in authority was announced in 2014.

The NMTC Program was designed to stimulate private investment and economic growth in low-income communities. In order to estimate the amount of NMTC allocation utilized by allocatees for charter school facilities projects, LISC polled 67 NMTC allocatees that were either: 1) included as NMTC allocatees in the 2010 edition of this publication; or 2) reported NMTC utilization for charter school projects through 2011, according to data from Rapoza Associates, a lobbying and government relations firm specializing in federal community development policy. Reported NMTC allocation employed on behalf of charter school facilities projects for 40 of the 67 organizations polled equals $1.7 billion, representing 16% of the total $10.5 billion in closed and committed allocation for these organizations to date, 14% of their total $11.5 billion allocation awards and 4% of the $40 billion awarded in total NMTC allocation.

The QSCB Program was created by the Recovery Act to support the acquisition, construction, rehabilitation or repair of public school facilities, including charter schools. In the past several years, QSCBs have been employed on behalf of charter schools in 11 jurisdictions, according to a survey conducted by LISC. The QZAB Program has been in existence since 1997 and helps eligible public schools raise funds to rehabilitate and repair facilities, excluding new construction and land acquisition. QZABs have been employed on behalf of charter schools in ten jurisdictions. The QSCB Program expired in 2011 with the Recovery Act, but new authority under the QZAB Program is still made available annually.

There is one other federal program that charter schools can access for their facilities needs—the Community Facilities Program administered by the U.S. Department of Agriculture. This program has provided over $500 million in grants, loans and guarantees for charter school facilities in rural communities.

STATE INITIATIVES

The *2014 Landscape* also updates the state-level funding and financing programs currently authorized throughout the country. Of the 43 jurisdictions with a charter law, approximately half have authorized a grant, loan and/or credit enhancement program for charter school facilities, with program size and magnitude of support varying widely across jurisdictions. Also included are brief descriptions of charter school access to tax-exempt financing through conduit issuers and eligibility for participation in the QSCB and QZAB programs (Q-Bond Programs).

- **Eleven** jurisdictions—California, Indiana, Iowa, Maine, Maryland, Mississippi, New York, North Carolina, South Carolina, Washington and Wyoming—make district facilities available to charter schools in one of three ways: requiring districts to provide space to charter schools; requiring districts to publish a list of unused facilities for charter schools to access; or by offering right of first refusal to charter schools to lease or purchase district buildings. California and New York (New York City only) are the only jurisdictions that require school districts to provide space for charter schools.

- **Thirteen** jurisdictions—Arizona, California, Colorado, Florida, Idaho, Massachusetts, Minnesota, New Mexico, Ohio, Pennsylvania, Tennessee, Utah and Washington, DC—currently fund a per pupil stream of varying magnitude specifically for facilities. Of these 13 jurisdictions, **three** provide funding of over $1,000 per pupil, **four** provide funding of between $250 and $1,000 per pupil and **six** provide funding of under $250 per pupil. Alaska, Hawaii and Indiana are not currently funding their statutorily authorized per pupil programs.

- **Eleven** jurisdictions—California, Colorado, Connecticut, Delaware, Georgia, New Mexico, New York, Oklahoma, Rhode Island, Washington, DC and Wyoming—are currently appropriating funds for some form of capital grant funding for charter school facilities. Arkansas, Nevada, New Hampshire and Washington have authorized grant programs that are not currently funded.

- **Four** jurisdictions—Colorado, Florida, New Mexico and Washington—allow charter schools to tap into local taxing authority through mill levy provisions.

- **Ten** jurisdictions—Arizona, Arkansas, California, Illinois, Indiana, Louisiana, Massachusetts, South Carolina, Utah and Washington, DC—have authorized, active publicly-funded loan programs. Ohio has an authorized program that is not currently funded.

- **Nine** jurisdictions—Arkansas, California, Colorado, Massachusetts, Michigan, Ohio, Texas, Utah and Washington, DC—offer some form of credit enhancement program, including moral obligation provisions in Colorado and Utah and statewide credit enhancement programs in Arkansas and Texas. Massachusetts and Michigan have been included as states providing credit enhancement because their programs are either partially funded or administered by public entities.

- **Thirty-six** of the 43 jurisdictions allow charter schools to access tax-exempt debt through conduit issuers. However, actual utilization varies significantly by jurisdiction.

- **Thirty-five** jurisdictions technically allow charter schools to participate in both their QSCB and QZAB programs, and 39 jurisdictions allow charter schools to participate in one of their Q-Bond Programs. In practice, however, numerous states have prioritization criteria that effectively preclude charter schools, and others have not specifically addressed charter school eligibility although they do not prohibit it.

The table on the following page summarizes funding and financing assistance to charter schools for their facilities in the 43 jurisdictions with a charter law and includes as a reference point, the number of charter schools operating within the jurisdiction for the 2012–2013 school year.

SUMMARY OF STATE CHARTER SCHOOL FACILITY FUNDING AND FINANCING PROGRAMS
43 JURISDICTIONS WITH CHARTER SCHOOL LEGISLATION[1]

Jurisdiction	Operating Charter Schools	District Facilities Access[2]	Per Pupil Funding	Capital Grant Funding	Loan Program	Credit Enhance-ment[3]	Conduit Issuer	QZAB Eligibility	QSCB Eligibility
Alaska	27		■[4]				■	■[5]	■[5]
Arizona	534		■		■		■	■	■
Arkansas	32			■[4]	■	■	■	■[6]	■
California	1,065	■	■	■	■	■	■	■	■
Colorado	186		■	■		■	■	■[5]	■
Connecticut	17			■			■	■	■
Delaware	22			■			■	■	■
Florida	576		■				■		■
Georgia	108			■			■	■[7]	■[7]
Hawaii	32		■[4]					■	
Idaho	44		■				■	■	■
Illinois	134				■		■	■[5]	
Indiana	72	■	■[4]		■		■	■	■
Iowa	3	■						■[5]	■[5]
Kansas	15						■	■[5]	■[5]
Louisiana	105				■		■	■	■
Maine	2	■						■[6]	■[6]
Maryland	52	■					■	■[8]	■[8]
Massachusetts	77		■		■	■	■	■	■
Michigan	276					■	■	■	■
Minnesota	148		■				■	■	■
Mississippi	0	■							
Missouri	38						■	■	■
Nevada	32			■[4]			■	■	■[5]
New Hampshire	17			■[4]			■	■	■
New Jersey	86						■	■	■
New Mexico	94		■	■			■	■[5]	■[5]
New York	209	■		■			■	■	■
North Carolina	107	■					■		
Ohio	374		■		■[4]	■		■[9]	■[9]
Oklahoma	24			■			■		
Oregon	123						■	■[5]	■[5]
Pennsylvania	175		■				■	■	
Rhode Island	16			■			■	■	■
South Carolina	55	■			■		■	■[5]	■[5]
Tennessee	47		■				■	■[5]	■[5]
Texas	640					■	■	■	■
Utah	88		■		■	■	■	■	■
Virginia	4						■	■	■
Washington	0	■		■[4]				■[6]	■[6]
Washington, DC	106		■	■	■	■	■	■	■
Wisconsin	238						■	■[5]	■[5]
Wyoming	4	■		■					
Total	**6,004**	**11**	**16**	**15**	**11**	**9**	**36**	**38**	**36**

Sources: LISC; National Alliance for Public Charter Schools for number of Operating Charter Schools

1 The following eight jurisdictions do not currently have charter school legislation: Alabama, Kentucky, Montana, Nebraska, North Dakota, South Dakota, Vermont and West Virginia.

2 Only California and New York (New York City only) require a district to provide space to charter schools; other states in this category provide a right of first refusal for purchase or lease of unused district buildings or access to information on unused district facilities.

3 Credit enhancement includes moral obligation provisions in Colorado and Utah, statewide credit enhancement programs for open-enrollment charter schools in Arkansas and Texas and other loan guaranty programs in California, Massachusetts, Michigan, Ohio, Texas and Washington, DC, which are partially funded and/or administered by state entities.

4 Program not currently funded or is currently unavailable to charter schools due to pending litigation.

5 Charter schools may apply via the school district.

6 Charter school eligibility has not been specifically addressed to date; however, charter schools are not expressly prohibited from participating in the jurisdiction's QZAB or QSCB program, as applicable.

7 Eligibility is restricted to conversion charter schools.

8 Eligibility is restricted to charter schools located in district facilities.

9 Charter schools are not eligible to participate, unless a local government issues on behalf of the school.

PRIVATE NONPROFIT ORGANIZATIONS

This section includes summary descriptions of the major foundations, nonprofit financing organizations and real estate developers providing significant facilities assistance in the form of grants, loans, guarantees, real estate development and technical assistance to charter schools. Information was provided to LISC by staff from each organization.

FOUNDATIONS

While a number of foundations provide facilities financing assistance within select geographic markets, the following three provide geographically diverse assistance.

Bill & Melinda Gates Foundation

Website: http://www.gatesfoundation.org

Market: Nationwide

Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation (BMGF) works to help all people lead healthy, productive lives. In developing countries, BMGF focuses on improving people's health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, BMGF seeks to ensure that all people, especially those with the fewest resources, have access to the opportunities they need to succeed in school and life. Based in Seattle, the foundation is led by CEO Susan Desmond-Hellman and co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

BMGF has provided significant operating grant support to charter schools for a decade. In 2009, it made a $60 million grant commitment to a coalition of California CMOs to improve teacher effectiveness—four CMOs are currently funded for this work. The coalition, known as The College-Ready Promise, consists of the Alliance for College-Ready Public Schools, Aspire Public Schools, Green Dot Public Schools and Partnerships to Uplift Communities Schools, which collectively operate 88 charter schools and enroll 33,000 students, primarily in Los Angeles County.

In 2009, BMGF closed on its first investment in charter school facilities, a $30 million credit support agreement to help secure $300 million in tax-exempt bond issuance to expand high-quality CMOs in Houston, including KIPP Houston and YES Prep Public Schools. The first financing through the program was a $67 million issue that enabled KIPP Houston to access the bond market at favorable terms. In April 2010, BMGF closed on another $8 million guaranty for a $93 million bond issuance for Aspire Public Schools in California. In February 2013, as part of the District-Charter Collaboration Program, BMGF closed on a $10 million loan to Civic Builders to support a $30 million financing program to increase the number of high quality seats created under the Central Falls, RI District-Charter Collaborative Compact. In 2014, BMGF invested in Pacific Charter School Development to expand into Washington after the passage of its charter law in late 2012.

These investments, in the form of low-interest loans, loan guarantees and equity investments, leveraged BMGF's balance sheet to secure financing for organizations and programs that fall within its core focus areas: global development, global health and the U.S. program, which includes education.

Daniels Fund

Website: http://www.danielsfund.org

Market: Colorado, New Mexico, Utah and Wyoming (programs with a national impact by invitation only)

Bill Daniels established the Daniels Fund in 1997 to operate the Daniels Scholarship Program and the Daniels Grants Program in Colorado, New Mexico, Utah and Wyoming. His estate transferred to the Daniels Fund when he passed away in 2000, making it one of the largest private foundations in the Rocky Mountain region. In addition to its scholarship funding, the Daniels Fund supports nonprofit organizations in nine program areas, including K-12 education. The Daniels Fund supports education reform initiatives, such as charter schools and voucher programs, which provide greater educational opportunities for all students. It also supports programs that enhance teacher quality and student achievement. In 2007, the Daniels Fund made a $3 million grant to the Charter Schools Development Corporation for the Mountain West Charter Schools Fund to help charter schools in Colorado, New Mexico, Utah and Wyoming with their facilities needs. The fund is a revolving loan fund that can be used to help charters obtain bank financing on major capital projects. See the Charter Schools Development Corporation section of ***Financing Organizations*** for more detailed information.

Walton Family Foundation

Website: http://www.waltonfamilyfoundation.org/educationreform

Market: 38 states, with specific interest in 16 urban districts

The Walton Family Foundation (WFF) is committed to improving K-12 education in the United States at every level—in traditional public schools, charter public schools and private schools. Its core strategy is to infuse competitive pressure into America's K-12 education system by increasing the quantity and quality of school choices available to parents, especially in low-income communities. WFF believes that when all families are empowered to choose from among several quality school options, all schools will be fully motivated to provide the best possible education. Better school performance leads, in turn, to higher student achievement, lower dropout rates and greater numbers of students entering and completing college.

Through three distinct initiatives, WFF invests in efforts to shift decision-making power over where a child attends school to his or her family by:

- shaping public policy;
- creating quality schools; and
- improving existing schools.

WFF was one of the first foundations to address charter school facilities issues at scale. It provides facilities assistance to charter schools by working through financial intermediaries and real estate developers that support the facilities needs of multiple schools, with a focus in 16 urban districts: Albany, Atlanta, Boston, Chicago, Denver, Detroit, Harlem (NY), Indianapolis, Los Angeles, Memphis, Milwaukee, Minneapolis, New Orleans, Newark (NJ), Phoenix and Washington, DC. WFF has made grant and PRI commitments totaling over $125 million to organizations such as the Brighter Choice Foundation, Building Hope, Charter School Financing Partnership, Charter School Growth Fund, ExED, IFF, LISC and Pacific Charter School Development.

WFF's support has helped 350 schools across the country complete facilities projects with total project costs of $2.4 billion. The foundation does not provide facilities funding directly to individual charter schools. While much of WFF's strategy has been to help finance private supply to jump-start charter sectors in key cities, the foundation recognizes and is responding to the more sustainable goal of seeking equitable public funding and access to excess school facility capacity in traditional districts.

FINANCING ORGANIZATIONS

The 26 organizations described below are community development financial institutions and other nonprofit financing organizations that provide various forms of funding and financial support to charter schools for their facilities needs. Appendix A includes summary data for 20 of these organizations which have originated financing to date.

Boston Community Capital | Boston Community Loan Fund, Inc.

Website: http://www.bostoncommunitycapital.org

Market: Mid-Atlantic, New England and Northeast

ED Credit Enhancement Award Total: $8 million–Fiscal Years 2012 and 2013 (as a consortium with Build with Purpose and Nonprofit Finance Fund)

NMTC Allocation Total: $468 million–Second Round (2003), Fourth Round (2006), Sixth Round (2008), Seventh Round (2009), Eighth Round (2010), Ninth Round (2011) and Eleventh Round (2013)

The mission of Boston Community Capital (BCC), and of its lending affiliate Boston Community Loan Fund, Inc. (BCLF), is to build healthy communities where low-income people live and work, through socially responsible lending and investing. BCLF finances the development of community facilities for organizations including charter schools, community health centers, child care providers, youth programs, affordable housing and other community services—all of which serve low-income people and communities. Since 1984, BCLF and its affiliates have provided over $975 million to support organizations and businesses that assist underserved communities. BCLF and its affiliates have provided $54 million in financing to charter schools, including $6.1 million committed to four projects in 2013. BCLF provides comprehensive loan products that span the development cycle, including: predevelopment; acquisition; bridge; construction; permanent; and leverage loans for NMTC transactions.

In FY2012 and FY2013, a consortium consisting of BCLF, Build with Purpose and Nonprofit Finance Fund received an $8 million ED credit enhancement grant. The ED grant was used to create the Charter School Facilities Fund, which will provide credit enhancement for loans, leases and leasehold improvements to support the development of high-quality charter school facilities, with an emphasis on schools serving predominantly low-income students and schools located in communities with poorly performing traditional public schools. In addition to the ED grant, BCLF has raised other public and private credit enhancement to support community facility projects. This capital enables BCLF to offer terms that fall outside of standard commercial underwriting criteria, for example higher loan-to-value (LTV) ratios and lower equity requirements. BCLF's geographic footprint covers the Mid-Atlantic, New England and Northeast regions, with current deals in Connecticut, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, Virginia, and Washington, DC.

Building Hope

Website: http://www.buildinghope.org

Market: Florida, Idaho and Washington, DC for loan, equity, real estate development and business services programs; nationwide credit enhancement program

ED Credit Enhancement Award Total: $5 million–Fiscal Year 2002 (formerly America's Charter School Finance Corporation)

Building Hope is a private foundation established in 2003 that provides technical and financial assistance related to the planning, acquisition, renovation, construction and maintenance of school facilities. Building Hope was initially capitalized with $28 million from The Sallie Mae Fund and a $2 million federal appropriation. In 2007, Building Hope received a $9 million PRI and a $1 million grant from WFF to expand its program in the District of Columbia. In 2013, Building Hope received a $7 million commitment from the J.A. and Katherine Albertson Foundation to open an office in Idaho. Building Hope invests directly in real estate projects and also acts as project developer, leasing build-to-suit facilities with a purchase option to charter schools. Building Hope generally contributes 10% to 20% of project financing in the form of subordinate debt, with loan terms of three to five years, 25-year amortization periods and below-market interest rates ranging between 4% and 6%.

In 2006, Building Hope merged with America's Charter School Finance Corporation, through which it administers its ED credit enhancement grant. Funded with a $5 million ED grant award and an additional $2 million in credit enhancement monies from The Sallie Mae Fund, the program provides loan and lease guarantees for facilities financing and leases for charter schools nationwide. Guarantees burn off over a three- to five-year term, have an average size of $500,000, an up-front commitment fee of 1% and an ongoing annual fee of 1%. Since its inception, Building Hope has invested $123.4 million in direct loans and $37.6 million in credit enhancement for charter school facilities projects with total project costs of $853.6 million. These projects have developed over five million square feet of school space and created seats for 67,400 students.

In 2006, Building Hope forged a partnership with the District of Columbia's Office of the State Superintendent of Education (OSSE) to develop transitional, or incubator, facilities for charter schools in their first five years of operation. This public-private partnership, the Charter School Incubator Initiative, combines Building Hope's experience in developing charter school facilities and $9 million in funding from OSSE, including a $5 million ED grant. For further details see the Washington, DC section of ***State Initiatives***. To date, Building Hope has secured ten incubator sites, totaling 400,000 square feet with capacity to serve up to 5,000 students.

Building Hope also provides back office services to charter schools in Washington, DC and Florida. Business services include: 1) finance and accounting; 2) information technology; 3) e-rate services; 4) facilities maintenance and repairs; and 4) human resources.

Capital Impact Partners (formerly NCB Capital Impact)

Website: http://www.capitalimpact.org

Market: Nationwide

ED Credit Enhancement Award Total: $28 million–Fiscal Years 2002, 2003, 2004 and 2005 ($10 million in FY2002 and FY2004 grants were jointly awarded to Capital Impact Partners, The Reinvestment Fund, Inc. and FOUNDATIONS, Inc.; $10 million FY2005 grant was jointly awarded to Capital Impact Partners and the California Charter Schools Association.)

NMTC Allocation Total: $492 million–Second Round (2003), Fourth Round (2006), Fifth Round (2007), Sixth Round (2008), Seventh Round (2009), Tenth Round (2012) and Eleventh Round (2013)

Capital Impact Partners provides technical assistance and access to capital for low- and moderate-income communities. Since 1995, Capital Impact Partners has originated $660 million in facilities financing to 171 charter schools in 16 states and the District of Columbia. The organization provides loans for the acquisition, renovation, construction and leasehold improvement of charter school facilities, as well as technical assistance to charter school developers. Capital Impact Partners has also utilized $149.5 million in NMTCs for charter school facilities.

In 2002, Capital Impact Partners partnered with The Reinvestment Fund, Inc. and FOUNDATIONS, Inc. to create the Charter School Capital Access Program (CCAP), which financed facilities for charter schools in the Mid-Atlantic region, including Delaware, New Jersey, New York, Pennsylvania and Washington, DC. Capital Impact Partners, as administrator of the fund, utilized the jointly awarded $10 million in ED grant funds to serve as a loan loss reserve for this $45 million local fund, which provided fixed-rate loans ranging between $500,000 and $4.5 million. However, this program is no longer originating new transactions, and unallocated credit enhancement dollars are being used for other charter schools transactions in the same geographic footprint. Capital Impact Partners and The Reinvestment Fund are using the remaining $3.6 million of this grant to support on-balance sheet construction lending to charter schools.

In 2005, Capital Impact Partners used $6 million of an $8 million ED grant to establish The Enhancement Fund (TEF), in partnership with a major pension fund. This $60 million fund is providing capital to charter school facilities projects nationwide. TEF offers loans of up to $10 million with terms and amortizations of up to 25 years and fixed or variable interest rates. These loans may be used for acquisition, renovation, construction or leasehold improvement projects. The balance of the grant is used to provide credit enhancement to construction, leasehold improvement and NMTC transactions.

Capital Impact Partners is using its $10 million ED grant, awarded jointly with the California Charter Schools Association in 2005, for the California Charter Building Fund (CCBF). CCBF finances leasehold improvements, acquisition, construction and renovation projects for charter schools in California through partnerships with multiple investors. It has primarily been used to enhance NMTC transactions to date.

Capital Impact Partners also belongs to a group of six organizations called the Charter School Financing Partnership (CSFP). CSFP received a $15 million ED grant in 2007 to credit enhance tax-exempt bonds for charter schools. The CSFP was managed by the Housing Partnership Network. See more details of this partnership in the Housing Partnership Network section of ***Financing Organizations***.

Charter School Growth Fund

Website: http://www.chartergrowthfund.org

Market: Nationwide for Charter School Growth Fund portfolio members

The Charter School Growth Fund (CSGF) is a nonprofit fund that invests in the nation's highest-performing charter school operators to dramatically expand their impact on underserved students. Founded by national philanthropists to help transform K-12 education, CSGF has funded over 40 CMOs that represent some of the most innovative and successful public school networks in the United States. Similar to a venture capital firm, CSGF provides financing, business planning, strategic support and other resources to help portfolio members build sustainable networks of high-performing charter schools. Typical CSGF investment commitments for operations range from $2 million to $8 million over four to five years.

CSGF portfolio schools are closing the achievement gap, exponentially growing the number of high-quality schools in the United States, and preparing thousands of first-generation students for college and beyond. Selected through a rigorous quantitative and qualitative screening process, the 40 CMOs in the CSGF portfolio serve a student population that is 75% low-income and 90% minority. Together these groups are demonstrating impressive academic results, with more than 90% of CSGF's CMO portfolio outperforming comparable district schools and more than 50% outperforming state averages in math and reading, regardless of demography.

CSGF portfolio members have more than tripled the number of students they serve over the last five years, growing at a cumulative average rate of 26% per year. As of fall 2013, the CSGF portfolio reaches over 160,000 students in more than 400 charter schools.

The CSGF-Facility Fund is a $20 million fund offering short-term credit enhancement and low-interest loans to help portfolio members finance school facilities. The Facility Fund enables CSGF portfolio members to secure financing for construction, renovation and leasehold improvement projects critical for them to meet their growing facilities needs. Examples of current and past financings include loan guarantees, other forms of credit enhancement, substitute equity and short-term bridge loans for a variety of financing structures, including NMTC financings, QSCBs, tax-exempt bonds and commercial loans. CSGF is leveraging the fund by recycling monies in each transaction, thus maximizing the impact for both school operators and their philanthropic investors. Key lenders to the fund are The Broad Foundation, the Lynde & Harry Bradley Foundation, BMGF and WFF.

Charter Schools Development Corporation

Website: http://www.csdc.org

Market: Nationwide

ED Credit Enhancement Award Total: $23.6 million–Fiscal Years 2002, 2004, 2006 and 2010 (Note: $2 million award transferred from the Indianapolis Local Public Improvement Bond Bank in 2010. Original award to Indianapolis Local Public Improvement Bond Bank was made in 2005.)

NMTC Allocation Total: $40 million–Third Round (2005)

Established in 1997, the Charter Schools Development Corporation's (CSDC) mission is to increase learning opportunities, school choice and competition in K-12 education, especially for disadvantaged and at-risk students, by identifying and funding quality public charter schools. CSDC pursues its mission by developing financing mechanisms that create access to capital using several real estate and financial advisory programs.

CSDC's Building Block Fund (BBF) provides partial guarantees for charter school facility loan payment obligations in the form of first-loss debt service reserves and substitute equity for leasehold improvement, acquisition, renovation and construction loans, as well as lease guarantees. This $29.6 million national revolving credit enhancement fund was capitalized with $21.6 million in ED grant funds, a $5 million PRI from the Kauffman Foundation and a $3 million grant from the Daniels Fund. The Daniels Fund portion of the BBF is being used as collateral for the Mountain West Charter Schools Fund (MWCSF) described below. Sponsored by the Mayor of Indianapolis, CSDC also offers credit enhancements for charter schools through the Indianapolis Building Block Fund (IBBF). Launched in 2010 in partnership with the Indianapolis Mayor's Office, the Indianapolis Local Public Improvement Bond Bank transferred its $2 million ED grant, originally intended to serve as a debt service reserve fund for charter schools looking to access the tax-exempt bond market, to CSDC. The $2 million IBBF now offers credit enhancement solutions to help Indianapolis charter schools on an individual basis secure facilities with advantageous lease and loan terms. For further details on IBBF, see the Indiana section of ***State Initiatives***. Through BBF & IBBF, CSDC has provided $48 million in credit enhancement on a revolving basis, leveraging $425 million in financing to acquire, develop or lease 3.7 million square feet of educational space. These projects helped 104 charter schools serve 33,500 students in 25 states.

Through its Turnkey Facilities Program, CSDC takes on the role of interim property owner and landlord, and provides growing-enrollment charter schools with a customized turnkey facility solution. CSDC's "lease-to-own" model lets schools focus on their educational mission while CSDC finances, designs and constructs a facility built-to-suit the unique needs of its client school's educational model, student population and budget. CSDC offers an up-front, fixed-price purchase option, which schools can exercise at any time once finances and enrollment are able to support ownership. Through this program, CSDC has developed and leased 1.5 million square feet of educational space for over 30 charter schools serving close to 10,000 students in nine states and the District of Columbia.

CSDC is also a national CDFI that administers regional loan funds. CSDC has two operational facility financing funds: the $12 million MWCSF that finances charter schools in Colorado, New Mexico, Utah and Wyoming; and a $4 million fund that finances charter schools in Arizona, with plans to expand into Tennessee and Delaware. CSDC leveraged a $3 million grant from the Daniels Fund by using a portion of its ED grant to match the Daniels Fund grant on a 1:2 basis. The $4.5 million in credit enhancement serves as a loan loss reserve for Great Western Bank, which capitalized a revolving credit facility for both funds, with the Daniels Fund portion restricted to the MWCSF. Through these funds, CSDC provides real estate loans for acquisition and construction, unsecured tenant improvements for leased facilities, mini-perm financing and refinancing of existing higher-cost debt. CSDC's loan products require no down payments, and provide terms of up to five years, amortization periods of up to 25 years, interest-only periods, and LTVs of up to 100%. Cumulatively, CSDC has closed on over $16 million in direct loans through these funds. CSDC also received a $40 million NMTC allocation in 2005, which has been fully deployed into permanent financing for five charter school facilities in four states and Washington, DC.

Clearinghouse CDFI

Website: http://www.clearinghousecdfi.com

Market: California and Nevada

CDFI Bond Guarantee Program: $100 million–Fiscal Year 2013

NMTC Allocation Total: $473 million–First Round (2002), Third Round (2005), Fourth Round (2006), Sixth Round (2008), Seventh Round (2009), Eighth Round (2010) and Tenth Round (2012)

Clearinghouse Community Development Financial Institution (Clearinghouse CDFI) was founded in 1996 to provide economic opportunities and improve the quality of life for lower-income individuals and communities through innovative and affordable financing that is unavailable in the conventional market. The mission of Clearinghouse CDFI is to finance projects that benefit distressed communities and address unmet credit needs.

Clearinghouse CDFI's service area includes California and Nevada, and the organization specialize in loans for community facilities, affordable housing, community development projects, nonprofits and NMTC leverage loans. To date, it has funded a total of $1.1 billion in loans for 1,537 projects in distressed communities, benefitting over 813,000 individuals. Clearinghouse CDFI loans have created or retained over 10,800 permanent and construction jobs and developed or rehabilitated 9.4 million square feet.

In 2013, Clearinghouse CDFI was allocated an award of $100 million in CDFI Bond Guarantee Program authority. The organization has included charter schools as an eligible asset class and will assist charter schools in California and Nevada with long-term permanent financing options.

Clearinghouse CDFI is a vendor member of the California Charter School Association, and to date, has provided $35 million in loans to serve over 8,000 students in California. The organization offers long-term, fixed-rate, real estate loans for site acquisition, construction or leasehold improvements; permanent loans; bridge loans; and construction-to-permanent loans. Loan terms include: long-term, fixed rates for up to 28 years, 30-year amortization periods and 24-month construction terms. Loans range from $250,000 to $5 million.

Community Reinvestment Fund, USA

Website: http://www.crfusa.com

Market: Nationwide

NMTC Allocation Total: $750 million–First Round (2002), Second Round (2003), Third Round (2005), Sixth Round (2008), Seventh Round (2009), Eighth Round (2010) and Ninth Round (2011)

Established in 1988, Community Reinvestment Fund, USA (CRF) promotes development in economically distressed communities by supplying capital to community development lenders. CRF purchases small business, economic development, community facility and affordable housing loans from community development lenders and delivers them into the capital market or investor placements. CRF does not directly originate loans for charter schools; however, it has purchased nine charter school loans totaling $44 million serving 4,357 children.

CRF also belongs to a group of six organizations called the Charter School Financing Partnership. CSFP received a $15 million ED grant in 2007 to credit enhance tax-exempt bonds for charter schools. The CSFP was managed by the Housing Partnership Network. See more details of this partnership in the Housing Partnership Network section of ***Financing Organizations***.

Enterprise Community Partners, Inc. | Enterprise Community Loan Fund, Inc.

Website: http://www.enterprisecommunity.org

Market: Nationwide

CDFI Bond Guarantee Program: $100 million–Fiscal Year 2013 (in partnership with LISC)

NMTC Allocation: $770 million–First Round (2002), Second Round (2004), Third Round (2005), Fourth Round (2006), Fifth Round (2007), Sixth Round (2008), Eighth Round (2010), Tenth Round (2012) and Eleventh Round (2013)

Enterprise Community Loan Fund, Inc. (ECLF) is a national CDFI, with a mission to deliver innovative financial products and technical assistance to mission-aligned organizations to acquire, develop and preserve quality affordable housing, and to revitalize the surrounding communities by providing access to quality education and health care, employment opportunities, transportation and healthy living environments. Since 1982, ECLF's parent organization, Enterprise Community Partners, Inc. (Enterprise), a national nonprofit, has raised and invested over $14 billion in low income housing tax credit equity, grants and loans to help build or preserve over 300,000 units of rental and for-sale homes for low- and moderate-income people and develop over 12 million square feet of commercial space for community businesses such as healthcare centers and educational facilities, including those of charter schools. In 2013, ECLF received a $100 million award in partnership with LISC through the CDFI Bond Guarantee Program to provide eligible borrowers, including charter schools, with long-term permanent capital.

Since 2009, ECLF has provided approximately $13 million in loans to established charter schools for their facilities financing needs. ECLF has financed 27 schools around the country. ECLF provides shorter-term financing for acquisition, bridge and construction purposes on an interest-only basis, as well as mini-permanent loans with terms of up to seven years and amortization periods of up to 25 years. In addition, ECLF provides a fully-amortizing loan product of up to 29 years. All of these loan products are available to finance new construction, renovation and/or adaptive reuse of existing facilities, as well as to refinance existing debt. Dollar amounts can range up to a maximum of $5 million.

ExED

Website: http://www.exed.net

Market: Los Angeles, Orange and San Diego Counties, California

NMTC Allocation Total: $174 million–First Round (2002), Fifth Round (2007), Seventh Round (2009), Ninth Round (2011) and Eleventh Round (2013)

ExED was founded in 1998 to improve the quality of public education by creating access to K-12 schools with high student achievement in low-income neighborhoods through the vehicle of community-based charter schools. ExED utilized its first $36 million NMTC allocation for the creation of the Los Angeles Charter School New Markets Loan Fund (LACSNM) to provide construction and mini-permanent facilities loans to schools in low-income Los Angeles County communities. LACSNM was the first NMTC fund designed specifically and solely for charter schools and has been fully allocated to five projects serving seven charter schools. The fund was structured up-front with $11 million in equity and $25 million in debt provided by Citigroup, City National, Low Income Investment Fund, LISC, Prudential Financial and Wells Fargo. Low Income Investment Fund served as underwriter and provided $1.3 million in ED grant funds to serve as a first-loss reserve, and The Broad Foundation made a $2 million grant to subsidize facility costs for participating schools.

ExED employed its second $35 million NMTC allocation to finance four charter school projects that created 2,340 new charter school seats in low-income Los Angeles neighborhoods, including $21 million for two high schools operated by Green Dot Public Schools, $11 million for a middle and high school developed by the Alliance for College-Ready Public Schools and $2.75 million for KIPP LA Prep. Each transaction was structured as a separate transaction, and U.S. Bancorp Community Development Corporation served as the equity investor for all four projects. Capital Impact Partners served as underwriter and provided the majority of the debt, with LISC, Low Income Investment Fund and Nonprofit Finance Fund providing supplemental financing for two of the projects. The Broad Foundation committed a grant of $400,000 to each of the four projects, payable to the respective CMOs over a two- to three-year period.

In 2009, ExED received a third NMTC allocation for $50 million, for investment in charter school facilities in Los Angeles, San Diego and Orange counties in Southern California. This allocation added another nine high-quality schools with over 4,100 seats in low-income neighborhoods in Los Angeles to ExED's portfolio. JPMorgan Chase was an investor in five of the school developments through its Chase NMTC Charter School Investment Fund. WFF also provided ExED with a $3 million PRI to lower the cost of the debt portion of the NMTC financing for charter school facilities in the Los Angeles market. Additionally, WFF provided $1.5 million in PRI funds for predevelopment lending to charter schools in Los Angeles.

In 2011, ExED received a fourth NMTC allocation of $25 million, which was fully invested in three schools: an 800-seat elementary school called Fenton Primary Center, an Alliance for College-Ready Public Schools high school and El Sol Science and Arts Academy in Santa Ana. In 2013, ExED received a fifth NMTC allocation of $28 million.

In total, to date, ExED has financed new facilities for 26 charter schools, serving over 12,000 students.

Genesis LA

Website: http://www.genesisla.org

Market: Los Angeles County

NMTC Allocation Total: $190 million–Third Round (2005), Fourth Round (2006), Seventh Round (2009) and Eleventh Round (2013)

Genesis LA Economic Growth Corporation was created in 1998 with a mission to provide capital and capacity to low-income neighborhoods to finance high impact real estate projects. Through its CDFI loan fund (the Genesis Community Investment Fund), Genesis LA provides real estate loans to nonprofits and small businesses. Genesis LA provides acquisition, predevelopment, rehabilitation, construction and gap financing in its targeted geography of Los Angeles County, CA.

Genesis LA began financing charter schools in 2011. It has financed three schools as of December 31, 2013, providing a total of $10 million in NMTC allocation and another $1.25 million of direct debt through the purchase of QSCBs. These financings have supported schools that serve 1,650 students, employ 140 teachers and staff, and created over 130 construction jobs.

Hope Enterprise Corporation | Hope Credit Union

Website: http://www.hopecu.org/

Market: Mid-South Region (Arkansas, Louisiana, Mississippi and Tennessee)

ED Credit Enhancement Award Total: $8 million–Fiscal Year 2014

NMTC Allocation Total: $75 million–First Round (2002), Fourth Round (2006), Sixth Round (2008) and Tenth Round (2012)

HOPE (Hope Enterprise Corporation/Hope Credit Union) is a nonprofit community development organization and financial institution that generates sustainable solutions to the challenges facing economically distressed people and places. HOPE provides affordable financial services; leverages private, public and philanthropic resources; and engages in policy analysis in order to fulfill its mission of strengthening communities, building assets, and improving lives in economically distressed parts of the Mid-South. Since 1994, HOPE's efforts have generated over $2 billion in financing and benefited more than 500,000 individuals in the Delta, Hurricane Katrina-affected areas and other distressed communities throughout Arkansas, Louisiana, Mississippi and Tennessee. HOPE's charter school lending builds on 20 years of development lending experience in Mid-South communities and its successful track record of financing a range of community facilities, including community health centers, rural hospitals, child care centers, community centers, and nonprofit service organizations.

In 2014, HOPE received an $8 million ED grant to establish the HOPE Charter School Facilities Fund, which will support financing for the renovation and construction of high-quality charter school facilities in its geographic footprint. The HOPE Charter School Facilities Fund will leverage more than $70 million in private and other non-federal funding for the renovation, construction and permanent financing of charter school facilities. The types of financing that the fund will support include NMTC leverage loans, leasehold improvement loans, senior and subordinate loans. The fund will place a priority on: 1) schools in areas with a large proportion of schools identified for improvement, corrective action or restructuring under No Child Left Behind; 2) schools in areas with a large proportion of students who perform below proficient on state academic assessments; and 3) schools in communities with large proportions of students from low-income families. To date, HOPE has also provided $6 million dollars in NMTC allocation to support charter schools in the Mid-South.

Housing Partnership Network

Website: http://www.housingpartnership.net

Market: Nationwide

ED Credit Enhancement Award Total: $15 million–Fiscal Year 2007

The Housing Partnership Network (HPN) is a business collaborative of 97 of the nation's leading housing and community development nonprofits. By sharing entrepreneurial practices and pooling resources, HPN achieves greater impact in building sustainable homes and communities. Network members are on-the-ground practitioners that develop partnerships, obtain capital and create strategies and cooperative ventures that respond to changing regulatory, policy and economic environments.

In 2007, HPN was awarded a $15 million ED credit enhancement grant on behalf of a partnership founded by HPN and five community development charter school lenders, all CDFIs and members of HPN. The Charter School Financing Partnership, a 501(c)(3) limited liability company, includes the Capital Impact Partners, Community Reinvestment Fund, Low Income Investment Fund, Raza Development Fund, The Reinvestment Fund and HPN. CSFP contracts with HPN to manage the company.

Between 2010 and 2013, CSFP fully deployed the ED grant by credit enhancing $155 million in tax-exempt bonds and other financing structures to support 11 charter schools with 6,622 seats in seven states. With $3.5 million in PRI funds from WFF, CSFP also made zero-interest loans in four of the transactions. CSFP expects to be able to begin recycling credit enhancement dollars sometime in 2014.

IFF (formerly Illinois Facilities Fund)

Website: http://www.iff.org

Market: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Ohio and Wisconsin

ED Credit Enhancement Award Total: $18 million–Fiscal Years 2005 and 2007

NMTC Allocation Total: $78 million–First Round (2002), Eighth Round (2011) and Eleventh Round (2013)

IFF was established in 1988, as the Illinois Facilities Fund, to offer financial and real estate services to nonprofit organizations in Illinois. IFF assisted the first Chicago charter schools in establishing their operations and locating or rehabilitating their facilities. In 2008, the Illinois Facilities Fund changed its name to IFF and adopted a five-year strategic plan expanding its lending and real estate services to four additional states in the Midwest. In 2014, IFF further expanded into Michigan, Ohio, Minnesota and Kansas. IFF serves the nonprofit sector in the Midwest by providing capital and real estate consulting services to help organizations acquire or improve their facilities and by conducting research for targeted sectors, such as charter schools, early childcare and education.

IFF provides financing for charter school facilities through its Charter Schools Capital Program (CSCP). CSCP provides ancillary real estate services, including project feasibility, site selection and project management, as well as financing for charter school facilities projects. CSCP serves schools with facilities projects under $1.5 million through a loan program capitalized with a $2 million grant from Chicago Public Schools, and additional funds from The Chicago Community Trust, Circle of Service Foundation, WFF and various other financial institutions. Through this program, IFF has made below-market loans to charter schools totaling $92 million. Eligible uses include predevelopment, acquisition, construction, renovation, leasehold improvements and equipment and vehicle purchases, with loans ranging in size from $10,000 to $1.5 million and terms of up to 15 years. IFF has made 148 loans to charter and choice schools totaling $102 million, and has created 36,586 new seats.

In addition, with $18 million in ED grant funds, CSCP includes a credit enhancement program for tax-exempt bonds, and other structured debt packages, for charter schools with facilities projects of over $1.5 million for both leased and owned facilities. Through this program, IFF provides additional security for long-term, tax-exempt bond issuances with terms of up to 30 years. In August 2006, IFF provided 10% credit enhancement on an $18.7 million bond offering for the Noble Network of Charter Schools and UNO (United Neighborhood Organization) Charter School Network to renovate four new campuses and refinance debt on two existing campuses. To date, IFF has invested $14.1 million of its ED grant funds and leveraged $242 million in financing to 23 schools in four states.

IFF has fully utilized its 2011 NMTC award of $25 million to provide affordable financing to five charter schools. IFF also provided pledges using ED grant funds for leveraged loans to three of the five charter schools financed through IFF's NMTC program. IFF deployed over $1 million of its ED grant funds directly to charter schools to leverage $28.5 million in total financing during the 2013 reporting period.

Innovative Schools Development Corporation

Website: http://www.innovativeschools.org

Market: Delaware

In 2002, the Rodel Charitable Foundation of Delaware founded and provided start-up support to the Innovative Schools Development Corporation (ISDC). Throughout its early years, ISDC provided charter schools with facilities financing through structured deals in partnership with local banks or through partnerships with regional and national organizations such as The Reinvestment Fund and CSDC. The buildings for Delaware Military Academy, Moyer Academy, Odyssey Charter School, Aspira Academy and Family Foundations were all built or acquired with the financial support of ISDC.

Most recently, ISDC has developed three successful initiatives to become more deeply involved in educational transformation: a Solutions Division; a Leadership Division; and a School Design Division. ISDC continues to provide guarantees for facilities loans, through its Loan Guaranty Fund, for new construction, renovations and major capital improvements. To date, the fund has provided $6.9 million in credit enhancement, leveraging financing for seven charter schools. In 2014, ISDC guaranteed facilities loans for three charter schools. In addition to support from the Rodel Charitable Foundation of Delaware, ISDC's Loan Guaranty Fund is supported by Bank of America, The Longwood Foundation and the Welfare Foundation.

KIPP Foundation

Website: http://www.kipp.org

Market: Nationwide for KIPP and partner schools

ED Credit Enhancement Award Total: $6.8 million–Fiscal Year 2006

The KIPP (Knowledge Is Power Program) Foundation is a nonprofit organization that supports a nationwide network of 162 free, open-enrollment college preparatory charter schools. The KIPP Foundation recruits, trains and supports leaders to open locally-run KIPP schools in high-need communities. It does not manage KIPP schools, but is responsible for managing the growth of the KIPP network, supporting excellence and sustainability across the network and coordinating national innovation efforts. Each KIPP school is run by a KIPP-trained school leader and governed by a local board of directors. KIPP schools are located in under-resourced communities throughout the United States and currently serve more than 58,000 students. Nationally, 88% are eligible for free or reduced-price meals and 95% are African-American or Latino. To date, 82% of KIPP alumni have matriculated to college.

The KIPP Foundation has used its ED grant funds, together with a 10% match from its own funds, to create the KIPP Credit Enhancement Program (KCEP). Through 2013, KCEP has employed and recycled its funds to help 17 KIPP schools secure a total of $118.6 million in facilities-related financing.

Local Initiatives Support Corporation

Website: http://www.lisc.org/section/ourwork/national/education

Market: Nationwide

CDFI Bond Guarantee Program: $100 million–Fiscal Year 2013 (in partnership with Enterprise)

ED Credit Enhancement Award Total: $41.5 million–Fiscal Years 2003, 2004, 2006, 2009, 2011 and 2012

NMTC Allocation Total: $838 million–First Round (2002), Third Round (2005), Fourth Round (2006), Fifth Round (2007), Sixth Round (2008), Seventh Round (2009), Eighth Round (2010), Ninth Round (2011) and Eleventh Round (2013)

Local Initiatives Support Corporation is dedicated to helping nonprofit community-based organizations transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity. Since 1980, LISC has mobilized $13.8 billion in corporate, government and philanthropic support to provide local organizations with the capital, policy support and technical assistance necessary to build or rehabilitate 313,400 affordable homes and 51 million square feet of retail, community and educational space with total development costs of $41.2 billion.

LISC supports high-quality charter schools in low-income neighborhoods by providing on-the-ground assistance to individual charter schools through LISC's network of 30 local offices and with innovative financing products through its Educational Facilities Financing Center. LISC offers technical assistance to charter schools and provides a variety of financing products, including: short-term acquisition and construction loans with an interest-only period; mini-permanent financing with a seven-year term and up to a 25-year amortization period; and fully-amortizing permanent financing with up to 29.5-year terms.

LISC intensified its support of high-quality charter schools in 2003 through the development and support of local facilities funds and nonprofit charter school networks. LISC has raised over $128 million in grants and loans for the EFFC, including $34.3 million from WFF, $20 million from Prudential Financial, $41.5 million from ED, $5.9 million from the JPMorgan Chase Foundation and $1.1 million from BMGF. A portion of the BMGF grant to LISC was made in concert with a $30 million PRI that BMGF made in a bond credit enhancement fund for high-quality CMOs in the Houston market referenced in the BMGF section of ***Foundations***.

With its first $10 million in ED grant funds, the EFFC created a $35 million National Education Loan Fund which has been fully committed. In 2006, the EFFC received $8.2 million from ED to capitalize a National Credit Enhancement Fund that it employs for the creation of additional local funds. In 2009, the EFFC received an $8.3 million ED grant, half of which is used to credit enhance bond issuances for charter school facilities, and the other half of which is used to establish and serve as a first-loss reserve for the National Charter Loan Fund I, a fund that lends directly to charter schools in LISC's footprint. In 2011 and 2012, the EFFC received a $15 million award from ED to establish and serve as a first-loss reserve for the $75 million National Charter Loan Fund II to make charter school investments through LISC's local offices. The EFFC also provides predevelopment recoverable grants for charter school facility projects through a $4.1 million Educational Seed Grant Fund.

Since 1997, LISC has closed $140.6 million in total financings that have helped leverage $645.6 million in financing for 171 schools, in 19 states across the country. LISC has also employed $111 million of its NMTC allocation on behalf of 11 charter schools and served as leveraged lender on other NMTC transactions.

Low Income Investment Fund

Website: http://www.liifund.org

Market: Nationwide

ED Credit Enhancement Award Total: $8 million–Fiscal Years 2002 and 2007

NMTC Allocation Total: $313 million–Fifth Round (2007), Sixth Round (2008), Seventh Round (2009), Eighth Round (2010), Ninth Round (2011), Tenth Round (2012) and Eleventh Round (2013)

Established in 1984, Low Income Investment Fund (LIIF) provides capital and technical assistance in low-income communities to finance facilities for housing, child care, education and other community revitalization activity. To date, LIIF has provided $1.5 billion in capital in 31 states, leveraging $7.3 billion in investments. In 1999, LIIF began financing charter schools in response to growing demand in low-income neighborhoods. Since then, LIIF has provided loans to 102 charter schools, totaling $196 million for the acquisition, construction and renovation of both leased and owned facilities.

LIIF employed its first $3 million ED grant as a loan loss reserve for two pooled loan funds, which together leveraged $71 million in private capital from a variety of lenders, offering terms of up to seven years and amortization periods of up to 25 years. Of this $3 million ED grant, LIIF provided $1.3 million to secure lenders to the Los Angeles Charter

School New Markets Loan Fund, which was created by ExED and financed construction and mini-permanent facilities loans for five charter school projects in Los Angeles. LIIF used the remaining $1.7 million in ED grant funds to secure lenders participating in the Fund for Schools and Communities, a $35 million loan fund that provided construction and mini-permanent financing for charter schools in low-income communities in California.

LIIF used its second $5 million ED grant to credit enhance two master lines of credit totaling $40 million—a $25 million construction line of credit and a $15 million acquisition line of credit—and a stand-alone loan of $4 million. In addition, LIIF utilized part of the $5 million award as credit enhancement for the Chase NMTC Charter School Investment Fund. To date, these financings have supported facilities for 32 charter schools and helped create 13,200 new seats. LIIF has also used $117.9 million of its NMTC allocation for charter school projects.

LIIF also belongs to a group of six organizations called the Charter School Financing Partnership. CSFP received a $15 million ED grant in 2007 to credit enhance tax-exempt bonds for charter schools. The CSFP was managed by HPN. See more details of this partnership in the Housing Partnership Network section of ***Financing Organizations***.

New Jersey Community Capital

Website: http://www.newjerseycommunitycapital.org

Market: New Jersey primarily and case-by-case nationally

ED Credit Enhancement Award Total: $8.2 million—Fiscal Year 2006

NMTC Allocation Total: $80 million—First Round (2002), Sixth Round (2008) and Tenth Round (2012)

New Jersey Community Capital (NJCC) is the trade name used by Community Loan Fund of New Jersey, Inc., and its affiliated entities, for its financial and consulting products and services. Since its inception in 1987, NJCC has closed 740 loans totaling $328 million across diverse sectors including housing, community services and economic development. Since 2004, NJCC has provided more than $52 million in financing for 22 charter schools and 31 campuses, primarily located in New Jersey. NJCC also utilized $16 million of its NMTC allocation for five of these projects—North Star Academy, TEAM Academy (two separate campuses), Marion P. Thomas Charter School, Discovery Charter School and Great Oaks Charter School—and intends to use future allocations for charter school facilities.

NJCC is utilizing its ED grant to provide lease guarantees and credit enhance acquisition and construction loans, as well as permanent mortgage financing for charter schools located in New Jersey communities where the public schools have been identified as in need of improvement, corrective action or restructuring under Title I of the Elementary and Secondary Education Act. It is also using a portion of its grant award to enhance permanent mortgages for charter schools operating nationally and has partnered with Bank of America, Boston Community Capital, Capital Impact Partners, CRF, LIIF, Prudential Financial, PNC Bank, RSF Social Finance, The Reinvestment Fund, local community banks and others in the community finance industry for this facet of the grant. To date, NJCC has employed its ED grant to leverage over $204 million in public, philanthropic and private sector financing from an array of sources, including the State of New Jersey, foundations, banks, CDFIs, insurance companies and pension funds.

Nonprofit Finance Fund

Website: http://www.nonprofitfinancefund.org

Market: Mid-Atlantic, Midwest, Northeast and West Coast

ED Credit Enhancement Award Total: $8 million—Fiscal Years 2012 and 2013 (as a consortium with Build with Purpose and Boston Community Capital)

NMTC Allocation Total: $231 million—Fourth Round (2006), Sixth Round (2008), Seventh Round (2009), Eighth Round (2010), Ninth Round (2011) and Tenth Round (2012)

Nonprofit Finance Fund (NFF) has helped build effective, financially healthy and successful nonprofits for more than 30 years. By providing tailored financing, strategic advice and valued insights, NFF supports nonprofit organizations as they address critical needs in communities. Since its founding in 1980, NFF has worked with thousands of nonprofits and provided $314 million in loans and $231 million in NMTC financing, leveraging $1.4 billion of capital investment on behalf of its nonprofit clients.

NFF works with nonprofit organizations across many sectors with one of its focus areas being children and youth services, including education. Since 2002, NFF has provided over $46 million in financing to 120 charter schools in California, Massachusetts, New Jersey, New York and Washington, DC. NFF's loans range in size from $100,000 to $4.5 million, with terms of up to seven years and amortization periods of up to 15 years, and longer on a case-by-case basis. Eligible uses include acquisition, construction, renovation, leasehold improvement and working capital. In addition to providing loans, NFF has utilized its $231 million NMTC allocation to finance nonprofit facility projects across the country, including arts, human service and charter school projects. As of December 2013, NFF has deployed $45.8 million of its NMTC allocation for five charter school projects in Baltimore, Detroit, New Haven and New York City, and provided leverage loans to other NMTC projects.

In FY2012 and FY2013, a consortium consisting of Boston Community Loan Fund, Build with Purpose and NFF received an $8 million ED credit enhancement grant. The ED grant was used to create the Charter School

Facilities Fund, which will provide credit enhancement for loans, leases and leasehold improvements to support the development of high-quality charter school facilities, with an emphasis on schools serving predominantly low-income students and schools located in communities with poor-performing traditional public schools.

Through NFF Capital Partners, NFF also provides technical assistance and advisory services to nonprofits pursuing significant growth strategies. NFF Capital Partners has worked with 11 clients on engagements including drafting business plans and prospectuses to secure $96 million in growth capital. Of these, 32% were for youth and education organizations, including one CMO.

Nonprofits Assistance Fund

Website: http://www.nonprofitsassistancefund.org

Market: Minnesota and adjacent communities

Nonprofits Assistance Fund (NAF) provides financing, financial training and consulting services for nonprofits in Minnesota and its adjacent communities. Since 1980, NAF has provided 2,400 loans totaling $143 million to strengthen the operation and mission of nonprofits, including charter schools. Financing of up to $1 million is available for bridge loans, working capital, program expansion, equipment purchases, leasehold improvements and facility projects.

The organization began financing charter schools in 2000 and has since provided $29.7 million to 96 schools, including $6.4 million for 23 facilities projects. Nine of these financings were for acquisitions and 14 were for leasehold improvements. NAF provides working capital loans and lines of credit to stabilize a school's cash flow and offers terms of three to seven years and interest rates of 5.5% to 9%, depending on the type, amount and term of the loan.

Raza Development Fund, Inc.

Website: http://www.razafund.org

Market: Nationwide, markets with low-income and disadvantaged student populations

ED Credit Enhancement Award Total: $14.6 million–Fiscal Years 2002, 2004 and 2006

NMTC Allocation Total: $103 million–Eighth Round (2010), Tenth Round (2012) and Eleventh Round (2013)

Raza Development Fund, Inc. (RDF), a support corporation of the National Council of La Raza (NCLR), was established in 1998 as the community development lending arm for the NCLR. RDF's mission is to invest capital and create financing solutions to increase opportunities for the Latino community and low-income families in the areas of quality educational opportunities, childcare, affordable housing and access to quality primary health care. RDF is the largest Latino CDFI nationwide, providing capital to Latino-serving organizations, with more than $160 million in total assets under management. These organizations have received technical assistance and loans in excess of $250 million, leveraging nearly $1.5 billion in private capital serving low-income families and individuals.

RDF's charter school lending program provides predevelopment, leasehold improvement, acquisition, construction, bridge and mini-permanent loans to nonprofit organizations. In addition, RDF employs its $14.6 million in ED grant funds to credit enhance loans to charter schools. Since 2001, RDF has approved $64 million in financing for 55 schools, leveraging over $310 million in total financing in 19 states to serve 23,280 students. This financing has supported facilities projects throughout the nation, leveraging additional support and financing from traditional lenders, including Bank of America, Citigroup, JPMorgan Chase Bank, Prudential Financial, State Farm Insurance Company and Wells Fargo Bank.

RDF also belongs to a group of six organizations called the Charter School Financing Partnership. CSFP received a $15 million ED grant in 2007 to credit enhance tax-exempt bonds for charter schools. The CSFP was managed by HPN. See more details of this partnership in the Housing Partnership Network section of ***Financing Organizations***.

Self-Help (Center for Community Self-Help)

Website: http://www.self-help.org/charterschools

Market: Nationwide

ED Credit Enhancement Award Total: $10.2 million–Fiscal Years 2003, 2004 and 2006

NMTC Allocation Total: $328 million–First Round (2002), Third Round (2005) and Sixth Round (2008), Ninth Round (2011), Tenth Round (2012) and Eleventh Round (2013)

Self-Help and its financing affiliates Self-Help Credit Union, Self-Help Federal Credit Union and Self-Help Ventures Fund provide financing, technical support and advocacy to those left out of the economic mainstream. Since its founding in 1980, Self-Help has invested $6.4 billion in financing on behalf of 81,596 families, individuals and organizations.

Self-Help entered the charter sector in 1997 and has since provided $216 million in facilities financing to 60 charter schools in 15 states and Washington, DC. Self-Help loans are available to charter school operators and/or affiliates and landlords that provide real estate or management services to charter schools. Self-Help offers acquisition, renovation, leasehold improvement, construction and mini-permanent loans for facilities projects, including the purchase or leasing of modulars. There is no cap on loan size, and priority is given to charter schools serving low-income and at-risk students. Self-Help offers interest-only, variable-rate construction loans and fixed-rate permanent loans with 15- to 20-year amortizations and five- to 20-year terms. Interest rates are generally at market, although charter schools serving at-risk students may qualify for lower rates.

Self-Help is utilizing its $10.2 million in ED grant funds as credit enhancement to make higher risk loans and provide more favorable terms to charter schools. To date, the grant funds have leveraged $207 million and assisted 52 schools in financing their facilities. Self-Help has closed $145.4 million in low-interest NMTC loans to 37 charter schools.

The Reinvestment Fund, Inc.

Website: http://www.trfund.com

Market: Mid-Atlantic Region (Delaware, Maryland, New Jersey, Pennsylvania and Washington, DC)

ED Credit Enhancement Award Total: $26 million–Fiscal Years 2002, 2004, 2005 and 2013 ($10 million in Fiscal Year 2002 and 2004 grants were jointly awarded to The Reinvestment Fund, Inc., Capital Impact Partners and FOUNDATIONS, Inc.)

NMTC Allocation Total: $408 million–Second Round (2003), Fourth Round (2006), Sixth Round (2008), Seventh Round (2009), Ninth Round (2011), Tenth Round (2012) and Eleventh Round (2013)

The Reinvestment Fund, Inc. (TRF) builds wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development. Founded in 1985 as a community development organization working in Greater Philadelphia, TRF now serves the Mid-Atlantic region. TRF works with a diverse network of investors and business partners to galvanize private initiative and capital for investment in homes, schools, businesses and a clean energy future. To date, TRF has provided $1.3 billion in capital to 2,835 housing, economic development, business and educational ventures.

TRF began financing charter schools in 1997 and has since provided $270 million in financing to 78 charter schools. Together, these schools educate 38,100 students, the majority of which qualify for the free and reduced-price lunch program. Facility loan funds are available for predevelopment, acquisition, renovation, construction, leasehold improvements and energy efficient enhancements of charter school facilities in TRF's footprint. In addition to financing, TRF provides ancillary services, such as guidance in planning energy efficient upgrades and reducing energy costs, as well as technical assistance regarding project feasibility.

In addition to its Core Loan Fund, TRF established three facilities loan programs for charter schools with its ED grant funds that allow it to make loans with higher risk profiles. In 2002, TRF partnered with Capital Impact Partners and FOUNDATIONS, Inc. to create the Charter School Capital Access Program. This $45 million loan fund, administered by Capital Impact Partners, was credit enhanced with the $10 million in jointly awarded ED grant funds. However, this program is no longer originating new transactions, and unallocated credit enhancement dollars are being used for other charter schools transactions in the same geographic footprint. Capital Impact Partners and TRF are using the remaining $3.6 million of this grant to support on-balance sheet construction lending to charter schools.

In 2006, TRF established a second loan fund totaling $60 million, supported by $10 million in ED grant funds, which provides subordinate debt, leasehold financing and NMTC leverage debt. In 2013, TRF was awarded a $6 million ED grant and established its third fund, which will leverage $45 million in financing to support early stage and replicating charter schools. TRF utilizes part of its NMTC allocation for charter school facility financing, offering larger loans with favorable terms, and to date, has provided $80.4 million in NMTC financing for nine charter schools. TRF Energy also finances and offers incentives for energy efficient building systems.

TRF also belongs to a group of six organizations called the Charter School Financing Partnership. CSFP received a $15 million ED grant in 2007 to credit enhance tax-exempt bonds for charter schools. The CSFP was managed by HPN. See more details of this partnership in the Housing Partnership Network section of ***Financing Organizations***.

REAL ESTATE DEVELOPERS

Nonprofit developers provide design, construction, project management and turnkey development services to charter schools. They then engage in either the lease or sale of the facilities to charter schools. Developers may also secure financing for development of charter school facilities.

Build with Purpose

Website: http://bwpurpose.org

Market: Mid-Atlantic and Northeast

ED Credit Enhancement Award Total: $8 million–Fiscal Years 2012 and 2013 (as a consortium with Boston Community Capital and Nonprofit Finance Fund)

Founded in 2003, Build with Purpose is a nonprofit real estate development and consulting firm with a focus on community and economic development. In FY2012 and FY2013, a consortium consisting of Boston Community Loan Fund, Build with Purpose and Nonprofit Finance Fund received an $8 million ED credit enhancement grant. The ED grant was used to create the Charter School Facilities Fund, which will provide credit enhancement for loans, leases and leasehold improvements to support the development of high-quality charter school facilities, with an emphasis on schools serving predominantly low-income students and schools located in communities with poor-performing traditional public schools.

To date, Build with Purpose has provided various services—ranging from financing consultancy to turnkey development—to 26 charter schools, with total project costs of $150 million.

Charter Schools Development Corporation

Website: http://www.csdc.org

Market: Nationwide

See CSDC's section under ***Financing Organizations***.

Civic Builders

Website: http://www.civicbuilders.org

Market: Greater Northeast, Newark and New York City

ED Credit Enhancement Award Total: $8.3 million–Fiscal Year 2008

NMTC Allocation Total: $38 million–Tenth Round (2012) and Eleventh Round (2013)

Civic Builders was founded in 2002 as a nonprofit facilities developer for charter schools in New York City. In 2008, Civic Builders expanded its services into the Newark, NJ charter school market with the launch of a new development for North Star Academy College Preparatory High School, a member of the Uncommon Schools network of charter schools. Civic Builders continued its expansion in 2013 to Rhode Island with a $10 million investment from BMGF's District-Charter Collaboration. Civic Builders' first project in Rhode Island was to develop an elementary school for Blackstone Valley Prep, which will serve 405 students.

Over the past 12 years, Civic Builders has leveraged almost $500 million to develop over 900,000 square feet of space, which will serve over 9,100 students attending high-quality charter schools. Civic Builders has partnered with 18 charter schools to build customized facilities in underserved neighborhoods, such as: Harlem, NY; Red Hook, NY; Newark, NJ; and Central Falls, RI. Civic Builders utilizes its $8.3 million ED grant to enhance third-party debt into its projects.

Civic Builders works with small, independent charter schools, as well as large CMOs, on projects ranging from renovations to new construction. By assuming responsibility for acquisition, design, financing and construction, Civic Builders relieves charter school operators of the burden of navigating a complex and competitive real estate marketplace and provides them with thoughtfully-designed, economical and inspiring educational facilities.

Civic Builders' projects are funded from a variety of sources, including private philanthropy, commercial lenders, community development lenders and other city, state and federal government subsidies. To date, Civic Builders has raised $43 million in philanthropic support, including grants from the Robertson Foundation, the Michael & Susan Dell Foundation and BMGF. Civic Builders was also a primary partner in Mayor Michael Bloomberg's support for charter school facilities in New York City through the city's Charter Facilities Matching Grant Program, to which the city's Department of Education allocated $460 million as part of its FY2005 through FY2009 and FY2010 through FY2014 capital plans. Civic Builders has accessed over $300 million from this capital source. For more information, see the New York section of ***State Initiatives***. In addition, Civic Builders has deployed its first $15 million NMTC allocation to finance two charter schools that will create 700 new charter school seats.

Pacific Charter School Development

Website: http://www.pacificcharter.org

Market: California; Boston, MA; Memphis, TN; and Washington

Pacific Charter School Development (PCSD) was founded in 2003 and incubated by the NewSchools Venture Fund to serve as a nonprofit developer and landlord for high-quality charter schools. PCSD focuses its efforts on neighborhoods with schools that are chronically overcrowded, academically low-performing, and that have high concentrations of low-income and at-risk students. PCSD locates, acquires, finances and builds facilities, and then leases them to charter schools with proven track records. PCSD works with schools so that they eventually own their facilities, which allows it to recycle equity for the development of future schools. PCSD also provides consulting services for facilities issues—including site searches, feasibility studies, lease negotiations, project management and financial advising. To date, PCSD has led or assisted in the development of 51 schools on 39 campuses serving 19,850 students in California.

Looking forward, PCSD is actively developing and managing facilities projects in Los Angeles and Santa Ana, CA; Memphis, TN; Boston, MA; and Seattle and Tacoma, WA. Overall, PCSD's pipeline for the next three years includes 12 to 15 projects totaling 6,000 to 7,500 seats.

PCSD's past and current clients include high-performing CMOs and independent operators: Alliance for College-Ready Public Schools, Aspire Public Schools, Bright Star Public Schools, Camino Nuevo Charter Academy, Equitas Academy, Environmental Charter Schools, Green Dot Public Schools, KIPP LA, El Sol Academy in Santa Ana, and Excel Academy in Boston.

PCSD has received $47.3 million in grants and PRIs to serve as equity in its projects and an additional $7.2 million in grants for operational support. PCSD's funders include The Ahmanson Foundation, Annenberg Foundation, BMGF, The Broad Foundation, NewSchools Venture Fund, Pisces Foundation, The Ralph M. Parsons Foundation, WFF and Weingart Foundation.

TAX-EXEMPT BOND MARKET

The tax-exempt bond market continues to be an attractive source of financing for charter school facilities. Interest rates on these bonds are lower than traditional commercial loans due to their tax-exemption, and schools can fix these lower rates over a longer, fully amortizing term, generally up to 35 years. Longer repayment terms allow charter schools to grow enrollment and revenues to full capacity without incurring large annual debt service expenses that can drain program resources. Moreover, tax-exempt bond investors focus on cash flow analysis rather than the traditional lending approach, which places more emphasis on the LTV ratio of the collateral property. As such, tax-exempt borrowers, including charter schools, often borrow the full amount of project costs plus transaction costs, known as costs of issuance.

Tax-exempt bonds are broadly classified as either general obligation (GO) bonds or revenue bonds. GO bonds are secured by the full faith and taxing power of the issuing government and are considered the strongest of all tax-supported debt structures. Revenue bonds are secured by a defined revenue stream, such as municipal utility fees, gas taxes, tolls or, in the case of charter schools, per pupil revenues. Charter schools have primarily financed their facilities with revenue bonds that have been issued through a conduit agency authorized by the state in which the school operates.

Because of the tax-exempt bond market's advantages, charter schools have utilized this financing option extensively for their facilities. Since 1998, when the first bonds were issued in this sector, charter schools around the country have borrowed approximately $9 billion, representing over 730 distinct offerings.

METHODOLOGY

Appendix B includes an update to the comprehensive list of tax-exempt charter school rated and unrated bond issuances available in LISC's 2012 Bond Study. Our data sources included the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access (EMMA), Securities Data Corporation (SDC), Thompson Municipal Market Monitor (TM3), Bloomberg L.P. as well as general website searches. We also sought borrower information from conduit issuers and other frequent issuers of charter school bonds. In addition, we obtained data from underwriters, rating agencies and investors.

We are confident that we have identified virtually the entire universe of public offerings of tax-exempt transactions for charter school facilities executed through May 1, 2014. Tax-exempt transactions often include a small taxable series (to cover costs of issuance beyond the proscribed limit), whose dollar amount is included in the par amount for each offering. The data, however, does not include fully taxable offerings, such as U.S. Department of Agriculture guaranteed debt, or tax credit bonds, such as QSCBs or QZABs unless they were a small piece of a larger, primarily tax-exempt issuance. In addition, there are a handful of privately-placed offerings, including direct placements with banks, which do not have official statements and are more difficult to trace and as such may not be on our list.

Appendix B to this study includes specific data for the 150 rated and unrated bond offerings issued between June 1, 2012 and May 1, 2014, including the data below:

- Dated date
- State
- School
- Issuer
- Par amount
- Credit enhancement, if any
- Rating and rating agency, if any
- Maturity
- Coupon, Yield and spread to MMD
- Lead underwriter

For a complete compilation of tax-exempt bonds issued to finance charter school facilities, see Appendix B in conjunction with LISC's ***2012 Bond Study***, released in October 2012. (Full report found at web link to bond study **http://lisc.org/docs/resources/effc/bond/2012/2012_Charter_School_Bond_Issuance_v2.pdf**).

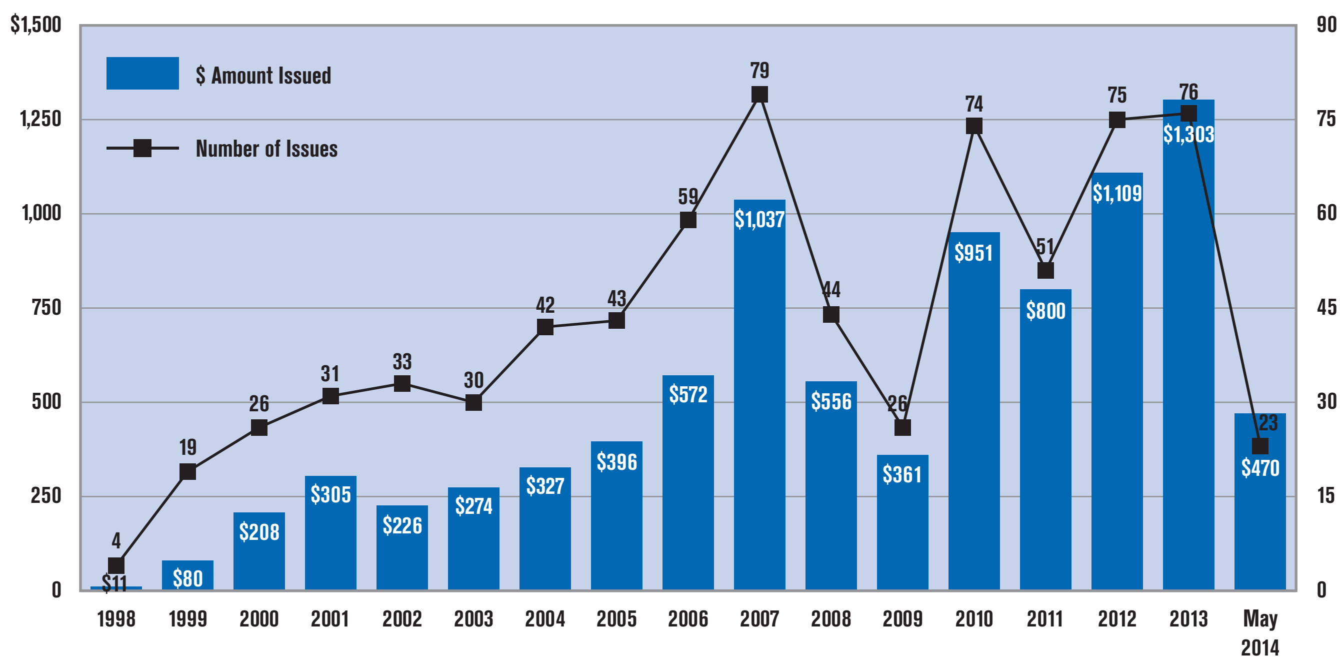
CHARTER SCHOOL BOND MARKET OVERVIEW

Since LISC's publication of ***Charter School Bond Issuance: A Complete History, Volume 2*** in 2012, charter school bond issuance has set record levels. The ***2012 Bond Study*** included all charter school bond offerings issued between the first offering in 1998 through May 31, 2012. During the following 23 months, through May 1, 2014, 150 financings came to market representing over $2.5 billion in additional issuance. While 2007 had previously held the sector record with 79 transactions totaling $1 billion, 2013's 76 transactions surpassed $1.3 billion, a new sector high. Combined with activity prior to June 2012, the tax-exempt charter school bond sector has grown to over 730 transactions totaling $9 billion.

Moreover, charter school bond issuance experienced significant volume growth while overall municipal bond market activity has declined. In 2013, more than $333 billion in municipal bonds were issued, down from $379 billion in 2012, a 12.1% year-over-year decline. In contrast, charter school bond issuance grew during the same period by a rate of 18%.

Between January 1, 2014 and May 1, 2014, there have been 23 charter school bond offerings totaling $470.4 million. If this pace continues through the year, 2014 annual volume will exceed $1.4 billion, representing another record year for the charter school sector and a 7.7% increase in volume from 2013's benchmark high. Reaching this 2014 projection would also mean piercing the $10 billion threshold of total tax-exempt charter school bond issuance.

ANNUAL CHARTER SCHOOL BOND ISSUANCE THROUGH MAY 1, 2014
($ in Millions)



CHARTER SCHOOL BOND ISSUANCE BY STATE (JUNE 1, 2012 – MAY 1, 2014)

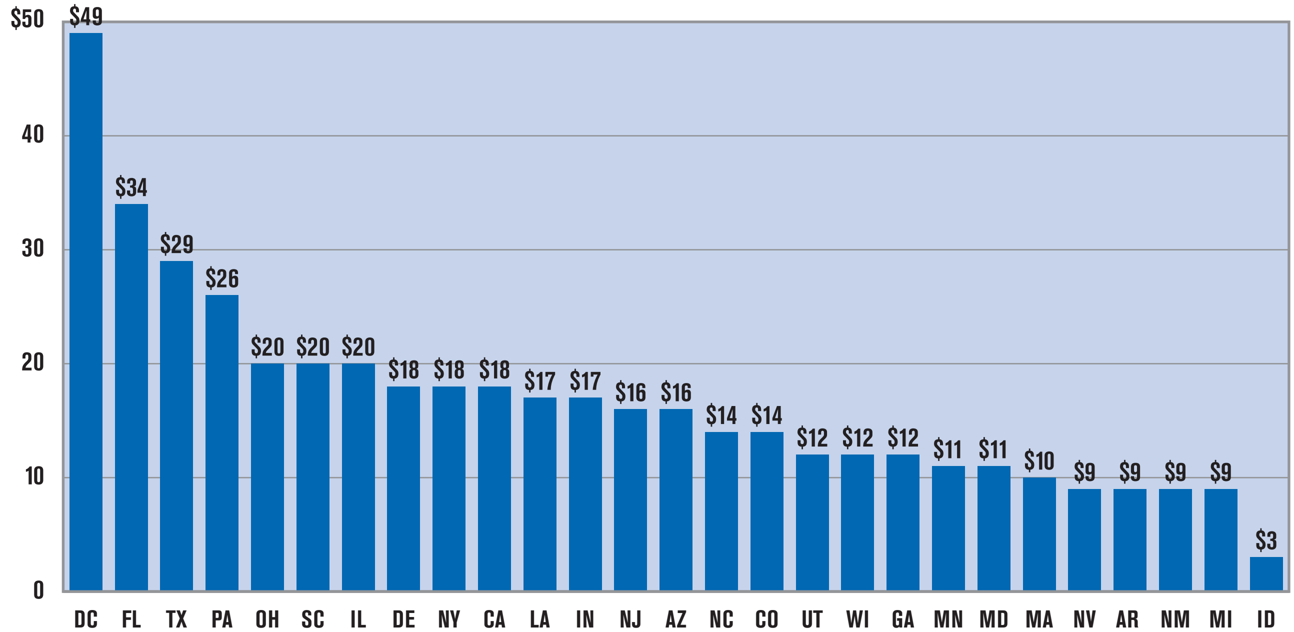
Over the past 23 months, 150 public tax-exempt bond transactions have been issued on behalf of charter schools in 26 states and the District of Columbia. During that time, Arizona schools were most active with 24 transactions totaling over $378 million or almost 15% of total issuance. Schools in California, Colorado, Pennsylvania and Texas were also frequent borrowers, each with over $200 million of par issued or approximately 10% of the total par issued. Together, these five states account for 50% of the number of issues and 55% of the total par issued over this period. While Arizona, Colorado, Pennsylvania and Texas have historically been active in the sector, California charter school issuance has increased significantly in the last two years. Prior to June 1, 2012, only 16 California charter school tax-exempt facility transactions had closed, while 14 were executed in less than two years since that date. California's increase in bond issuance over the last two years may be due in part to the passage of Proposition 30 to increase taxes for education funding. Other states that have stepped up issuance compared to prior activity include Massachusetts (6 issues), New York (6 issues), New Jersey (3 issues) and Georgia (3 issues). The accompanying table lists the number of charter school issues and the total par amount of such offerings by state.

While charter schools from 26 states and the District of Columbia went to the bond market since June 1, 2012, no new states were represented on the list when compared to state market participation prior to that date.

NUMBER AND PAR AMOUNT OF CHARTER SCHOOL BOND ISSUANCE

State	# of Transactions	% of Transactions	Par Amount of Issuance ($ in Millions)	% of Total Par Issued
AZ	24	16.0%	$378.3	14.9%
CO	18	12.0%	246.7	9.7%
CA	14	9.3%	248.1	9.8%
MN	12	8.0%	133.3	5.2%
TX	10	6.7%	287.1	11.3%
PA	9	6.0%	236.5	9.3%
UT	9	6.0%	109.2	4.3%
MI	9	6.0%	76.9	3.0%
FL	6	4.0%	201.5	7.9%
NY	6	4.0%	107.0	4.2%
MA	6	4.0%	57.2	2.3%
NJ	3	2.0%	49.0	1.9%
IN	3	2.0%	51.3	2.0%
GA	3	2.0%	34.9	1.4%
DC	2	1.3%	98.9	3.9%
OH	2	1.3%	40.9	1.6%
SC	2	1.3%	40.0	1.6%
NC	2	1.3%	28.4	1.1%
NM	2	1.3%	17.3	0.7%
IL	1	0.7%	20.0	0.8%
DE	1	0.7%	18.3	0.7%
LA	1	0.7%	17.5	0.7%
WI	1	0.7%	11.7	0.5%
MD	1	0.7%	11.0	0.4%
NV	1	0.7%	9.1	0.4%
AR	1	0.7%	8.7	0.3%
ID	1	0.7%	3.0	0.1%
Total	**150**	**100.0%**	**$2,541.9**	**100.0%**

AVERAGE ISSUE SIZE BY STATE
($ in Millions)



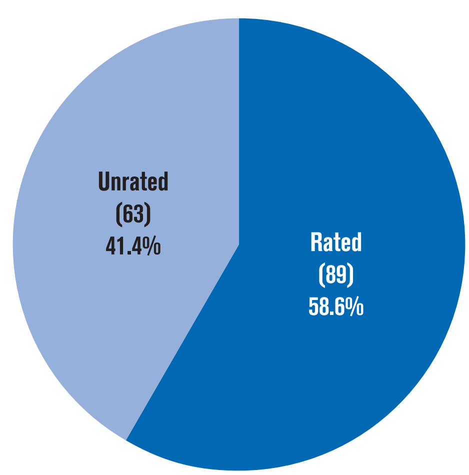
Average issue size by state has been relatively uniform with most states ranging from $10 million to $20 million per transaction. The outlier at the low end has been Idaho with an average par per transaction of only $3 million, although this benchmark is based on a single offering. Five other states—Arkansas, Massachusetts, Michigan, Nevada and New Mexico—had an average par amount below $10 million; however, each of these averaged more than $8.5 million. At the higher end, five states and the District of Columbia had average par amounts above $20 million (i.e. Florida at $33.6 million, Texas at $28.7 million, Pennsylvania at $26.3 million, Ohio at $20.5 million and South Carolina at just above $20 million). The District of Columbia had the highest average par during the 23 months from June 1, 2012 to May 1, 2014 at $49.4 million. This figure, however, is based on only two transactions, a $35.8 million 2012 offering for Friendship Public Charter School and a $63.1 million 2013 offering for KIPP DC.

BOND RATINGS

Since June 1, 2012, 89 of the 152 charter school bond offerings (two transactions have a rated and unrated series component) have been assigned ratings by one of the three major rating agencies: Fitch Ratings (Fitch), Moody's Investors Service (Moody's) and Standard & Poor's (S&P). This rated universe represents 58.6% of the number of transactions during the 23 months from June 1, 2014 to May 1, 2014, which is up from 52% prior to May 31, 2012. On a par basis, the $1.6 billion rated par represents almost 64% of total issuance over the period, as more of the larger, sophisticated borrowers undertook rated transactions in order to broaden their potential investor base. Of the ten transactions issued over the 23 months from June 1, 2014 to May 1, 2014 that exceeded $40 million, seven had assigned ratings, including four that were investment grade. Of the 89 rated transactions, 49, or 55%, were investment grade at the time of issuance while 40 offerings, or 45%, were assigned non-investment grade ratings. See Appendix C for the municipal long-term bond rating scale employed by the three rating agencies.

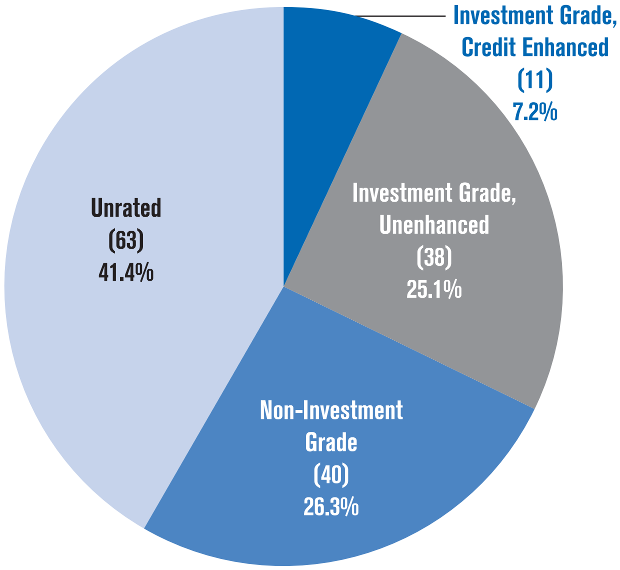
The vast majority of ratings were in the triple-B investment grade category (i.e. "BBB+", "BBB" and "BBB-") representing 41.6% of the number of ratings and 46.4% of the rated par amount of $742.2 million. While only one issuance was rated in the highest "BBB+" category, six were assigned the middle category of "BBB." The majority, 30 offerings or 61.2%, of all investment-grade rated transactions, received "BBB-" ratings, the lowest investment grade rating available from S&P.

BOND RATING STATUS AT ISSUANCE

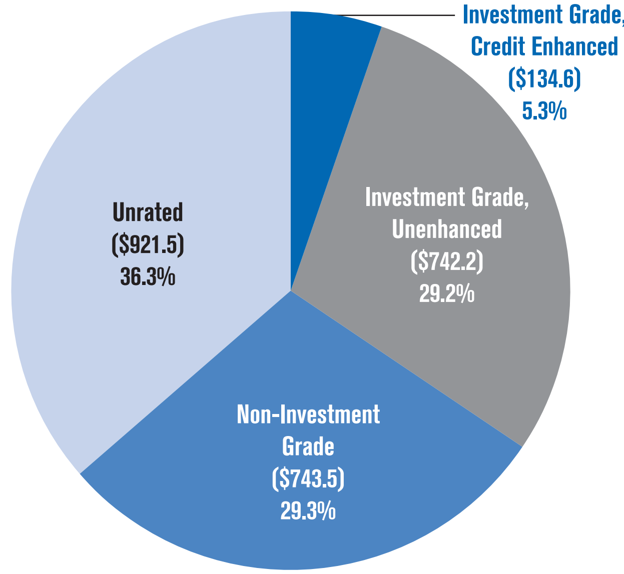


CHARTER SCHOOL BOND RATINGS
($ in Millions)

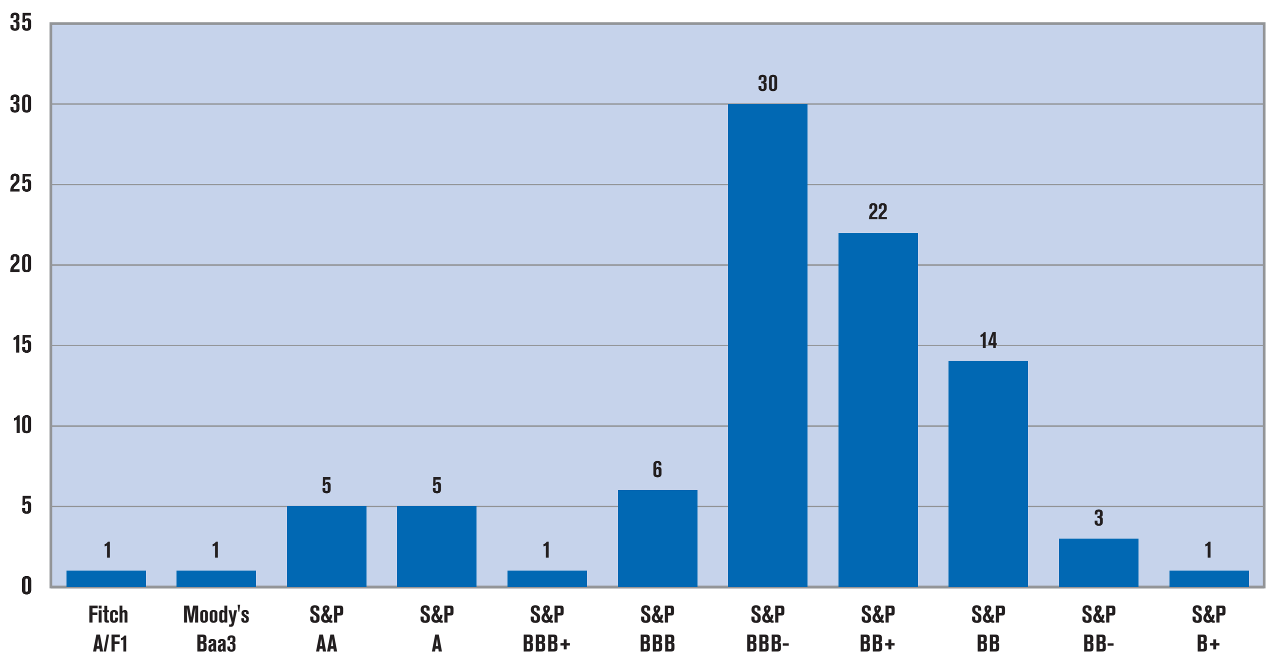
NUMBER OF ISSUES
152



PAR AMOUNT
$2,542



NUMBER OF BOND ISSUES BY RATING
(June 1, 2012 – May 1, 2014)



ENHANCED VS. UNENHANCED BONDS

In order to achieve higher credit ratings that translate into lower interest rates, many tax-exempt borrowers have utilized credit enhancement to further secure their bond offerings. Credit enhancement can involve the substitution of a stronger third-party's credit, such as bond insurance and letters of credit, or it can involve specific collateral pledged for repayment of the bonds, such as additional debt service reserves or partial guarantees. Such enhancement reduces repayment risk and thus lowers interest rates.

Due to the credit market dislocation that took place from 2008 to 2010, many of the credit enhancers that participated in the tax-exempt bond market during that period were either downgraded, as was the case for every bond insurer active in 2007, or limited their enhancement to higher quality borrowers, as was the case with banks providing letters of credit. These changes in the landscape of private credit enhancers had the effect of excluding virtually the entire charter school sector from these forms of private credit enhancement.

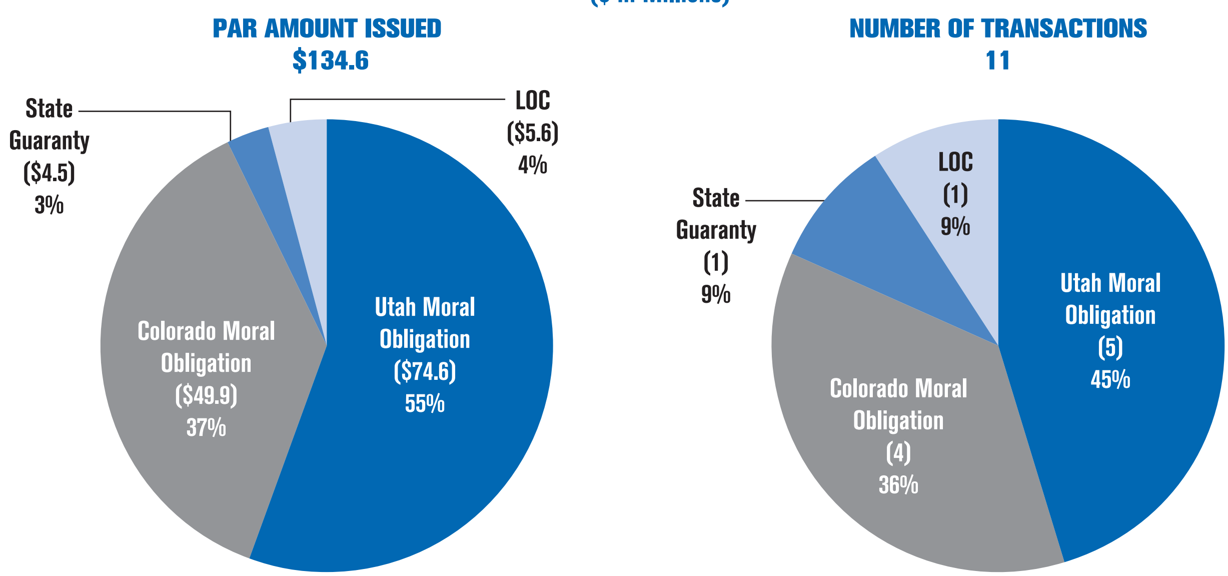
Of the 49 investment grade ratings assigned in the 23 months ending May 1, 2014, 11 were based on the presence of credit enhancement, including one that was based on a non-governmental credit enhancer and ten that were based on state moral obligation (MO) pledges or other public credit support. High Desert Partnership in Academic Excellence issued $5.64 million of Series 2013 bonds that were secured by a letter of credit provided by Union Bank and rated "A/F1" by Fitch Ratings. The bulk of the remaining credit enhanced offerings came from state MO pledges where the state is legally authorized, although not required, to make an appropriation out of general revenues to replenish a debt service reserve fund that has been drawn upon to meet debt service payments to bondholders in the event a charter school is unable to make its scheduled payments. This MO pledge effectively substitutes the credit strength of the state or municipality for that of the charter school, resulting in significant interest savings.

Two states, Colorado and Utah, offer an active MO program for charter schools. Indiana was one of the earlier states to statutorily allow use of the State of Indiana's and the City of Indianapolis' MO pledge for charter schools; however, the statute has not been actively implemented on behalf of the state's charters. Colorado's program has existed since 2003 and raises the expected rating to the "A" level. Since June 2012, four Colorado charter school transactions, representing almost $50 million of par issuance, have been credit enhanced by this additional security feature, raising ratings from the low triple-B investment grade category to the "A" mid-range investment grade category.

Charter school participation in Utah's MO program began in late 2012 when Ogden Preparatory Academy took advantage of this new form of enhancement for charters by borrowing $17.8 million to construct a new school facility. Since then, four other Utah charter schools, with a par total of $56.8 million, have utilized the state's MO pledge (also known as a debt service reserve replenishment program; see the Utah section of ***State Initiatives*** for more detail on the Utah MO pledge). Because Utah's credit profile is at the very highest triple-A level, its MO pledge raised the S&P rating for these enhanced bonds to the double-A level from the unenhanced "BBB-" category.

For both active state MO programs, charter school borrowers must have their bonds assigned an investment grade rating in order to be eligible for program participation. These state MO programs represent one of the more effective and least costly credit enhancement options available to charter schools, and more states are allowing charter schools access to some

CREDIT ENHANCEMENT
($ in Millions)



These state MO programs represent one of the more effective and least costly credit enhancement options available to charter schools, and more states are allowing charter schools access to some variation of state-sponsored credit enhancement as a way to reduce tax payer dollars spent on facility debt service without the need for additional state appropriations.

variation of state-sponsored credit enhancement as a way to reduce tax payer dollars spent on facility debt service without the need for additional state appropriations.

Arkansas also has a credit enhancement program whereby the Arkansas Development Finance Authority (ADFA) guarantees certain bonds from a dedicated source of revenues funded by interest earnings derived from investments of the State of Arkansas. Jacksonville Lighthouse Charter School was able to secure $4.5 million of its Series 2012A Bonds with the ADFA guaranty, which were assigned an "A" rating by S&P. The school also issued $4.2 million of unenhanced and unrated Series 2012B Bonds at the same time, which carried a significantly higher interest rate, but the ADFA enhancement on the A series helped bring down the overall cost of capital for the school. See the Arkansas section of ***State Initiatives*** for more detail on this program.

Earlier in 2014, charter schools in Texas got some very good news when they began to access the state's Permanent School Fund (PSF). The PSF is a reserve funded primarily by oil and gas receipts. Bonds backed by the PSF are rated at the very highest triple-A level from all three major rating agencies. The PSF is authorized to guarantee bonds up to three times the value of the reserves. While the PSF's value is constantly changing, as of August 31, 2013, the end of PSF's fiscal year, its remaining guaranty capacity for all schools was over $17 billion.

Texas charter schools may access the PSF in proportion to the number of school children enrolled in charter schools. Based on the current proportion of charter school students, approximately 4%, it is expected that up to $1 billion of the PSF's capacity may be used to back charter school bonds. Interest savings on a transaction rated triple-A rather than triple-B can be as much as 400 basis points. See the Texas section of ***State Initiatives*** for more information on the Texas PSF.

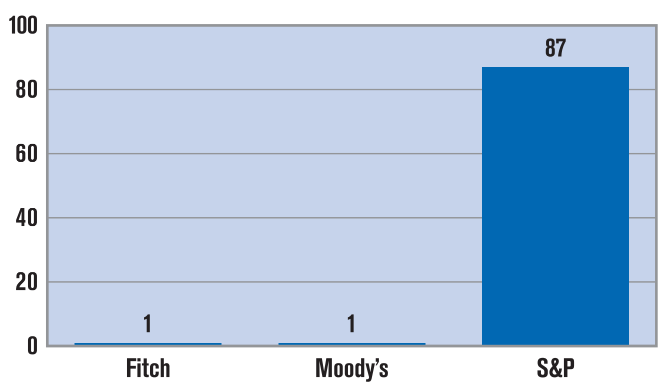
Life School was the first charter school to access the program in May 2014 (not included in Appendix B since it was issued after May 1) with a $92.2 million issuance. The 30-year rate on the tax-exempt bonds was 4% (with a yield of 4.13% and an enhanced rating of triple-A)—a significant savings from rates for low investment grade ratings in the triple-B category. In addition to new charter school financings in Texas, it is likely that there will be a number of refinancings as well, since the Texas statute allows charter schools that have previously borrowed via tax-exempt bonds to refinance their higher interest rate bonds with PSF-enhanced bonds.

There are several other credit enhancement programs that have been utilized in conjunction with tax-exempt bond issues, including ED credit enhancement grant funds deployed by several grant recipients, the Massachusetts Development Finance Agency's partial guaranty, a guaranty from BMGF, and a zero-percent subordinate loan from the Charter School Financing Partnership in concert with a PRI from WFF.

RATINGS BY AGENCY

While the three rating agencies provided ratings for 89 of the charter school bond transactions issued since June 1, 2012, 87 of those ratings, or 98%, were assigned by S&P. This overwhelming market share is atypical of the municipal bond market. Although Fitch Ratings was fairly active in this sector for many years, it published new charter school criteria in March 2013, which resulted in the downgrade of 23 of its 28 charter school bond ratings. Since then, Fitch has only assigned one charter school bond rating, which was for High Desert Partnership in Academic Excellence for a credit-enhanced transaction with a letter of credit from Union Bank. Similarly, Moody's Investors Service only assigned one "Baa3" rating since June 2012 for a $29.7 million 2013 Arizona pool of charter school borrowers. For at least the near term, it appears that S&P will continue to provide the bulk of charter school ratings.

RATING AGENCY MARKET SHARE
(Number of Issues)



TRENDS

The charter school bond market continues to grow more rapidly than the municipal bond market in general. While charter school issuance set records in both 2012 (an increase of 38.5%) and 2013 (an increase of 18%), the overall municipal market was down 12.1% in 2013. Moreover, 2014 shows charter school issuance on pace to set another record based on data through May 1 of this year, while the broader municipal market is showing a 27% decline. With approximately 400 new charter schools opening every year—a roughly 7% annual rate of expansion for the past few years—the facility demands of both new and expanding schools will likely mean material growth in annual bond issuance in this sector for at least the near future.

In addition, a recent announcement from the National Alliance for Public Charter Schools in May 2014 stated that for the first time in history, the number of students on charter school waiting lists exceeded one million. This situation may place further pressure on states to increase the number of charter schools, resulting in additional demand for facilities and further fuel bond issuance in this sector.

Back-to-back years of billion-dollar-plus issuance is a positive trend for the charter school bond sector, demonstrating that more investors are focusing on this sector and more schools are being deemed sufficiently creditworthy to access the long-term capital market. Even that record level of issuance pales in comparison to traditional school districts. Typically backed by general obligation bonds, traditional public school districts often exceed $50 billion in annual aggregate issuance. If charter schools were able to access the bond market in proportion to traditional school districts based on the number of children enrolled, charter school bond issuance should be more in the order of $2.5 billion per year.

More States Allowing Charter Schools Access to State-Sponsored Credit Enhancement

More states are now including charter schools in programs designed to facilitate access to the tax-exempt bond market. While investment-grade charter schools in Colorado have had access to the state's MO pledge as a source of credit enhancement since 2003, Utah now provides a similar program for its charter schools with the very first charter school benefitting from the new program in late 2012. In addition, the Texas State Board of Education gave its approval to allow charter schools to access the state's PSF, which is rated triple-A by the three major rating agencies. In May 2014, Life School became the first charter school to have its $92.2 million bond issuance credit enhanced by the PSF. The PSF's triple-A rating will allow charter schools to borrow with interest rates materially lower than available without the PSF guaranty. Efforts are also underway to allow charter schools access to state-sponsored credit enhancement in other states, including New York.

Academic Information is Now a Key Disclosure Factor

More focus is being placed on the importance of charter school academic performance, particularly at the time of issuance. Prior to the publication of extensive research on disclosure practices and default rates in LISC's 2012 Bond Study, which showed a high correlation between defaults and low academic results, charter school disclosure statements did not consistently provide detailed information on academic performance. Since the 2012 report, a clear trend is evident of offering documents providing more comprehensive academic data disclosure, i.e. multiple years of school performance data on state standardized tests together with district, state and comparable neighboring schools.

Sector Served by One Rating Agency

With Fitch effectively exiting the sector in 2012 and Moody's only rating one transaction in the last two years, S&P dominates the charter school ratings sector. There has been some discussion of a new rating agency entering the market but it has not yet prioritized the sector as it grows its coverage of the municipal tax-exempt financing universe at large. Having only one active rating agency in a municipal sector is unusual and certainly not desirable as it leaves the industry much more vulnerable to changes in criteria.

Transaction Size Continues to Rise

The dollar size of charter school bond transactions continues to increase due to two main factors: 1) higher real estate and construction costs and 2) more borrowing from large charter school networks borrowing $50-million-plus to finance multiple facilities. Since June 2012, the average transaction size has been over $16.9 million compared to the average for offerings prior to that date (beginning in 1998) which stood at just over $11 million—an increase of over 50%.

Upcoming Charter School Bond Sector Publication

Later this year, LISC—in conjunction with Charter School Advisors (a financial advisory firm and SEC/MSRB registered Municipal Advisor)—is planning to release a third installment of its comprehensive study of the sector, entitled, ***Charter School Bond Issuance: A Complete History, Volume 3***. As it has in the two prior editions, the report will provide in-depth coverage of the following topics:

- Updated list of charter school bond transactions
- Updated list of outstanding versus refunded/matured transactions
- Update on pricing including spread to MMD
- Analysis of costs of issuance and underwriter's discount
- Discussion of those underwriting firms with substantial charter school practices
- Analysis of rating changes
- Update on repayment performance, including default and recovery data

FEDERAL INITIATIVES

The U.S. Department of Education offers federal grant funds for charter school facilities through two programs administered by the Office of Innovation and Improvement, ED's entrepreneurial arm that makes strategic investments in innovative educational practices. The U.S. Department of the Treasury allocates authority for four federal programs for which charter schools are eligible. In addition, there is one other federal program that can be accessed for charter school facilities financing.

U.S. DEPARTMENT OF EDUCATION

ED's Office of Innovation and Improvement administers two charter school facilities grant programs—the Credit Enhancement for Charter School Facilities Program and the State Charter School Facilities Incentive Grants Program. Created under Part B of the Elementary and Secondary Education Act (ESEA) as amended by the No Child Left Behind Act of 2001 (NCLB), the Charter Schools Program (CSP) is a major component of ESEA's Title V, Promoting Informed Parental Choice and Innovative Programs.

Between 2010 and 2013, Congress operated ED under a continuing funding resolution. The legislative language guiding the two facilities programs remained unchanged until FY2012 when Congress directed that the Secretary of Education fund the facilities programs at "not less" than $23 million as opposed to "up to" $23 million. The FY2014 Consolidated Appropriations Act (H.R. 3547) funded the Credit Enhancement Program and the State Incentive Grants Program at $12 million and $11 million, respectively. The bill also included new language to allow ED to support preschool education in charter schools through CSP.

Since 2008, both facilities grant programs have been funded by Congress under the general CSP. The majority of funding from CSP is made as start-up grants to new charter schools through State Education Agencies (SEA) and directly to new charter schools in states where an SEA does not have an award (collectively, Start-Up Grants). In 2010, Congress added two programs that are funded out of the CSP appropriation: the Replication and Expansion of High-Quality Charter Schools to make multiple awards to nonprofit CMOs and other nonprofit entities to expand or replicate successful charter school models; and National Leadership Activities to develop a sound support infrastructure for high-quality charter schools, including grants for the provision of technical assistance to public chartering agencies. Per the discretion of the Secretary and under the authority of the National Activities section of CSP, Charter School Program Exemplary Collaboration grants were awarded for the first time in 2012 to support collaborations between charter schools, and traditional public schools and school districts; however, grant awards were not funded in 2013.

The Credit Enhancement Program was funded via a separate line-item in the federal budget before FY2008. Historical federal appropriations and funding over the last ten years for the five charter school programs is summarized below.

HISTORICAL FEDERAL CHARTER SCHOOL APPROPRIATIONS AND EXPENDITURES
($ in Thousands)

Appropriations	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Charter Schools Program	$216,952	$214,782	$214,782	$211,031	$216,031	$256,031	$255,519	$255,036	$241,507	$248,172
Credit Enhancement Program	36,658	36,611	36,531	–	–	–	–	–	–	–
Program Expenditures										
Facilities Programs										
Credit Enhancement Program	36,658	36,611	36,531	8,300	8,300	8,300	10,036	11,036	13,000	12,000
State Incentive Grants Program	16,952	14,782	14,782	12,731	12,731	14,782	13,000	12,000	10,000	11,000
Sub-Total Facilities Programs	53,610	51,393	51,313	21,031	21,031	23,082	23,036	23,036	23,000	23,000
Other Charter School Programs										
PCSP Start-Up Grants	200,000	200,000	200,000	190,000	195,000	172,949	197,503	190,903	184,024	154,330
"Replication and Expansion of High-Quality Charters"	–	–	–	–	–	50,000	25,000	31,070	29,130	60,111
National Leadership Activities	–	–	–	–	–	10,000	9,980	10,027	5,353	10,731
Sub-Total Other Programs	200,000	200,000	200,000	190,000	195,000	232,949	232,483	232,000	218,507	225,172
Total Charter School Programs	**$253,610**	**$251,393**	**$251,313**	**$211,031**	**$216,031**	**$256,031**	**$255,519**	**$255,036**	**$241,507**	**$248,172**

Source: LISC

CREDIT ENHANCEMENT FOR CHARTER SCHOOL FACILITIES PROGRAM RECIPIENTS
($ in Millions)

ED Credit Enhancement Grantees	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total Grant Amount
Building Hope (formerly America's Charter School Finance Corporation)	$4.96	$–	$–	$–	$–	$–	$–	$–	$–	$–	$–	$–	$–	**$4.96**
Build With Purpose/NFF/Boston Community Loan Fund	–	–	–	–	–	–	–	–	–	–	3.35	4.65	–	**8.00**
California Charter Schools Association/Capital Impact Partners	–	–	–	10.00	–	–	–	–	–	–	–	–	–	**10.00**
California School Finance Authority	–	–	–	–	–	–	–	–	8.30	–	–	–	–	**8.30**
Capital Impact Partners (formerly NCB Capital Impact)	–	6.00	2.00	–	–	–	–	–	–	–	–	–	–	**8.00**
Capital Impact Partners/The Reinvestment Fund, Inc./ FOUNDATIONS, Inc.	6.40	–	3.60	–	–	–	–	–	–	–	–	–	–	**10.00**
Charter Schools Development Corporation	6.40	–	8.60	–	6.60	–	–	–	–	–	–	–	–	**21.60**
City of Indianapolis/CSDC[1]	–	–	–	2.00	–	–	–	–	–	–	–	–	–	**2.00**
Civic Builders	–	–	–	–	–	–	8.30	–	–	–	–	–	–	**8.30**
DC State Education Office	–	–	5.08	–	–	–	–	–	–	–	–	–	–	**5.08**
Hope Enterprise Corporation	–	–	–	–	–	–	–	–	–	–	–	–	8.00	**8.00**
Housing Partnership Network	–	–	–	–	–	15.00	–	–	–	–	–	–	–	**15.00**
IFF	–	–	–	8.00	–	10.00	–	–	–	–	–	–	–	**18.00**
KIPP Foundation	–	–	–	–	6.81	–	–	–	–	–	–	–	–	**6.81**
Local Initiatives Support Corporation	–	6.00	4.00	–	8.20	–	–	8.26	–	9.98	5.02	–	–	**41.46**
Low Income Investment Fund	3.00	–	–	–	–	5.00	–	–	–	–	–	–	–	**8.00**
Massachusetts Development Finance Agency	–	6.00	4.03	–	–	–	–	–	–	–	2.67	2.33	3.92	**18.94**
Michigan Public Educational Facilities Authority	–	–	–	–	–	6.53	–	–	–	–	–	–	–	**6.53**
New Jersey Community Capital	–	–	–	–	8.15	–	–	–	–	–	–	–	–	**8.15**
Texas Public Finance Authority	–	–	–	6.94	3.06	–	–	–	–	–	–	–	–	**10.00**
Raza Development Fund, Inc.	4.20	–	8.75	–	1.60	–	–	–	–	–	–	–	–	**14.55**
Self-Help	–	6.78	1.22	–	2.20	–	–	–	–	–	–	–	–	**10.20**
The Reinvestment Fund, Inc.	–	–	–	10.00	–	–	–	–	–	–	–	6.02	–	**16.02**
Annual Total	**$24.96**	**$24.78**	**$37.28**	**$36.94**	**$36.61**	**$36.53**	**$8.30**	**$8.26**	**$8.30**	**$9.98**	**$11.04**	**$13.00**	**$11.92**	**$267.90**

Source: LISC; U.S. Department of Education

[1] Grant award was originally awarded to the City of Indianapolis in 2005 and transferred to CSDC in 2010.

Credit Enhancement for Charter School Facilities Program

Website: http://bit.ly/chartercreditenhancement

Statutory Reference: http://bit.ly/chartercreditenhancestatute

This federal program provides grant funds on a competitive basis to public and nonprofit entities to develop innovative credit enhancement models that assist charter schools in leveraging capital from the private sector. Program funds may not be used for the direct purchase, lease, renovation or construction of facilities. Instead, funds must be used to attract other financing for such purposes. Examples include guaranteeing and insuring debt for charter school facilities; guaranteeing and insuring leases for personal and real property; assisting facilities financing by identifying potential lending sources; encouraging private lending and other similar activities; and establishing charter school facility "incubator" housing that new charter schools may use until they can acquire their own facilities.

To date, the Credit Enhancement Program has made 45 awards to 24 public and nonprofit entities totaling approximately $267.9 million in 13 competitive rounds.

According to the latest available ED data, grantees had provided 466 charter schools with access to financing to help them acquire, build or renovate school facilities, leveraging $3.2 billion on behalf of these schools. As can be seen from the accompanying table, because of the program's structure, the financing leveraged does not necessarily occur in the year in which the award is made. Thus, loan volume continues to expand although appropriation levels remain fairly flat, with loan volume in 2012 roughly nine times greater than that in 2003.

CREDIT ENHANCEMENT PROGRAM LEVERAGE
($ in Millions)

Federal Fiscal Year	Total Award Amounts	Financing Leveraged	Number of New Charter Schools
2002	$25.0	$–	0
2003	24.8	60.1	21
2004	37.3	83.9	24
2005	36.9	157.6	38
2006	36.6	241.3	38
2007	36.5	392.6	80
2008	8.3	825.2	79
2009	8.3	671.1	58
2010	8.3	421.4	41
2011	10.0	562.7	49
2012	11.0	546.4	38
2013	13.0	Not Avail	Not Avail
2014	11.9	Not Avail	Not Avail
Total[1]	**$267.9**	**$3,185.5**	**466**

Source: U.S. Department of Education

[1] $777 million in leverage was removed due to double-counting on same projects.

Of the 466 charter schools that have received credit enhancement through the program, 15, or 3.2%, have gone into either actual or technical default. However, as of September 30, 2012, only seven of these defaults have resulted in an actual loss in funds of $2.2 million, representing 0.8% of the $267.9 million in grant funds awarded and 0.07% of the $3.2 billion in financing leveraged.

State Charter School Facilities Incentive Grants Program

Website: http://www.ed.gov/programs/statecharter/index.html

Statutory Reference: http://bit.ly/charterfacilitiesincentive

Created under section 5205(b) of ESEA, as amended by NCLB, this federal program provides federal funds on a declining matching basis to select states with per pupil facilities aid programs for charter schools. The program is designed to encourage states to develop and expand per pupil facilities aid programs and to share in the costs associated with charter school facilities funding. To be eligible, a state's program must be specified in state law and provide annual funding on a per pupil basis for charter school facilities.

ED provides grants with a maximum term of five years, and the maximum federal share of the cost of establishing, or expanding, and administering the program decreases each year as follows:

- 90% in the first year
- 80% in the second year
- 60% in the third year
- 40% in the fourth year
- 20% in the fifth year

States may reserve up to 5% of grant funds for administrative expenses, including indirect costs, to carry out evaluations, provide technical assistance and disseminate information. Priority is given to states with charter authorizers that conduct a periodic review and evaluation of charter schools at least once every five years, as well as perform all of the following: demonstrate progress in increasing the number of high-quality charter schools; provide for a charter authorizer that is not a local educational agency (LEA), or, if LEAs are the only authorized public chartering agencies, allow for an appeals process; and ensure that charter schools have a high degree of autonomy over their budgets and expenditures. In addition, states receive priority based on the capacity of charter schools to offer public school choice to communities most in need of educational options with the following factors considered: 1) the extent to which the applicant would target services to geographic areas in which a large proportion or number of public schools have been identified

STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS PROGRAM RECIPIENTS
($ in Millions)

Award Year	California School Finance Authority	Minnesota Department of Education	Utah State Office of Education	District of Columbia Public Schools	Indiana Department of Education[1]	Annual Total
2004	$9.85	$5.00	$2.79	$1.06	–	**$18.70**
2005	9.85	4.00	2.38	0.72	–	**16.95**
2006	9.85	2.21	1.66	1.06	–	**14.78**
2007	9.85	2.00	1.28	1.65	–	**14.78**
2008	9.85	1.00	0.80	1.08	–	**12.73**
Cohort 1 Total	**49.25**	**14.21**	**8.91**	**5.57**	**0.00**	**77.94**
2009	7.72	–	–	–	5.00	**12.72**
2010	10.80	–	–	–	4.00	**14.80**
2011	10.00	–	–	–	3.00	**13.00**
2012	10.00	–	–	–	2.00	**12.00**
2013	10.00	–	–	–	0.00[1]	**10.00**
Cohort 2 Total	**48.52**	**0.00**	**0.00**	**0.00**	**14.00**	**62.52**
Grantee Total	**$97.77**	**$14.21**	**$8.91**	**$5.57**	**$14.00**	**$140.46**

Source: LISC; U.S. Department of Education

[1] The Indiana Department of Education (IDOE) did not receive their final year of funding through this program because they could not meet the state match requirement for 2013; IDOE has received an extension to 12/31/14.

for improvement, corrective action or restructuring under Title I of ESEA, as amended; 2) the extent to which the applicant would target services to geographic areas in which a large proportion of students perform poorly on state academic assessments; and 3) the extent to which the applicant would target services to communities with large proportions of low-income students.

In FY2004, the program awarded $18.7 million in first-year funding for the first cohort of grantees, including California, Minnesota, Utah and Washington, DC. Ongoing annual awards were made to these four grantees through FY2008, with aggregate awards totaling $78 million over the five-year period. In FY2009, the program awarded $12.7 million in first-year funding for a second cohort of grantees, including California and Indiana. Ongoing annual awards were made to these two grantees through FY2012 and to California in FY2013. Indiana did not receive its last installment in FY2013 because it was not able to provide the required match. See the Indiana section of ***State Initiatives*** for more detail. The program has provided a total of $140.5 million in awards. A new grant competition for the program was released in FY2014.

ED measures the efficiency of this facilities program by examining the leverage ratio of federal dollars, defined as the total funds available, including the federal grant and the state match, divided by the federal grant for a specific year.

STATE CHARTER SCHOOL FACILITIES INCENTIVE GRANTS LEVERAGE

Federal Fiscal Year	Leverage Ratio
2004	6.9
2005	17.2
2006	5.9
2007	7.0
2008	47.7
2009	1.6
2010	2.4
2011	3.1
2012	3.4
2013	Not Avail

Source: U.S. Department of Education

U.S. DEPARTMENT OF THE TREASURY

The Treasury Department allocates tax credit authority, direct subsidies and federal guarantees on behalf of four federal programs that charter schools can access for facilities financing: the CDFI Bond Guarantee Program, the New Markets Tax Credit Program, the Qualified School Construction Bond Program and the Qualified Zone Academy Bond Program.

Community Development Financial Institutions Bond Guarantee Program

Website: http://bit.ly/cdfibondguarantee

Statutory Reference: http://1.usa.gov/1yvVUht (Section 4713a)

The Community Development Financial Institutions Bond Guarantee Program was enacted through the Small Business Jobs Act of 2010 in September 2010. The legislation directs the Treasury Department to guarantee the full amount of bonds issued to support CDFIs that make investments for eligible community or economic development purposes. The bonds support CDFI lending and investment by providing a source of long-term, patient capital to CDFIs. The Treasury Department may guarantee up to 10 bonds per year, each at a minimum of $100 million. Per statute, the total issuance of all bonds cannot exceed $1 billion per year. After delays related to a legislative fix, the Treasury Department received authority to guarantee up to $500 million in bonds in FY2013. The CDFI BGP is authorized through FY2014. Eligible uses for the loans made under this program include a variety of community development activities, among them support for community facilities, including charter schools.

On an annual basis, 90% or more of the principal amount of guaranteed bonds must be used to make loans for eligible community or economic development purposes. The unpaid principal balances of the bonds must be held in 1) community or economic development loans; 2) a relending account; or 3) a risk-share pool. Bonds are subject to annual compliance tests. Bond issuers pay an annual fee to the Treasury Department of ten basis points of the bond's unpaid principal to offset administrative costs of the program.

In accordance with federal credit policy, the Federal Financing Bank, a U.S. Government corporation under the general supervision and direction of the Treasury Department, finances obligations that are 100% guaranteed by the United States, such as the bonds or notes issued by CDFIs under the CDFI BGP.

Awards totaling $325 million were made in FY2013 to four CDFIs: Clearinghouse CDFI, Community Development Trust, Enterprise and LISC. Awardees have two years to deploy the capital under the program. A new competition was released in FY2014 for a total allocation amount of $750 million.

New Markets Tax Credit Program

Website: http://bit.ly/nmtcprogram

Statutory Reference: http://1.usa.gov/1oJscQi (Section 45D)

Legislation, Rules & Allocations

- The Community Renewal Tax Relief Act of 2000 originally authorized $15 billion in NMTC authority through 2007.
- In December 2006, Congress passed the Tax Relief and Health Care Act, which extended the program through 2008 with an additional $3.5 billion in allocation authority.
- In July 2008, the Housing and Economic Recovery Act extended the program through 2009 with an additional $3.5 billion in authority.
- In February 2009, the Recovery Act provided an additional $3 billion in NMTC authority and increased the allocation of credits to $5 billion annually for 2008 and 2009.
- The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 provided a two-year extension of the NMTC for 2010 and 2011, with annual credit authority of $3.5 billion.
- Most recently, the American Taxpayer Relief Act of 2012 extended the program through 2012 and 2013, with an annual $3.5 billion allocation of credits.

Congress created the New Markets Tax Credit Program in 2000 to stimulate private investment and economic growth in low-income communities. A federal tax credit of 39% is provided over seven years for Qualified Equity Investments (QEIs) made through designated Community Development Entities (CDEs). Substantially all of the QEI must in turn be used by CDEs to make loans to or investments in businesses and projects in low-income communities. In June 2006, the NMTC Program broadened its scope by allowing CDEs to invest in businesses located outside of low-income areas provided the businesses are owned by, hire significant numbers of, or predominately serve low-income persons.

NMTCs may be utilized in a wide range of qualified business activities, from small business lending to financial counseling to real estate development. Eligible real estate development projects encompass community facilities, including those for charter schools. With NMTC financing, CDEs can make equity investments in or, more commonly, loans to charter schools for facilities projects in qualifying low-income census tracts. Benefits can include reduced interest rates, seven-year terms, longer amortization periods or no principal amortization and debt cancellation. To date, $40 billion of tax credit allocation authority has been awarded in 11 rounds through a competitive process administered by the CDFI Fund. According to the CDFI Fund, $31.3 billion in transactions have been reported since the program's inception through 2012.

A number of NMTC allocatees have included charter schools specifically or community facilities generally as one of the proposed uses of their tax credits. LISC received charter school utilization information from Rapoza Associates, which tracks utilization of NMTC allocations for specific asset classes as reported by CDEs. The table below lists the controlling entity for these allocatees and summarizes data on their NMTC awards and utilization for charter schools. Several entities have established multiple CDEs that are listed in the aggregate according to the controlling entity.

The 40 organizations listed below have received 195 NMTC awards totaling $11.5 billion. Approximately $10.5 billion of this total has been invested or committed to projects as of April 15, 2014, with $1 billion remaining available for investment. NMTC allocation employed on behalf of charter school facilities projects, as reported by allocatees in a LISC poll, totals $1.7 billion. This utilization represents 15.8% of the closed and committed funds employed by these allocatees to date, 14.4% of their total allocation awards, and 4.1% of the $40 billion awarded more broadly.

NMTC UTILIZATION FOR CHARTER SCHOOLS ($ in Millions)

Controlling Entities	Total Allocation	Charter Utilization	Remaining Available
Boston Community Capital	$468.0	$15.8	$40.0
Capital Impact Partners	492.0	149.5	48.7
Carver Community Development Corporation	149.0	18.6	0.0
CBO Financial, Inc.	150.0	14.0	7.0
Central Bank of Kansas City	211.0	10.0	48.0
CFBanc Corporation	370.0	77.0	0.0
Charter Schools Development Corporation	40.0	40.0	0.0
Chase New Markets Corporation / Chase New Markets Corporation / JP Morgan Chase Bank, N.A.	540.0	25.2	85.2
Chicago Development Fund	281.0	49.0	43.0
Civic Builders	38.0	15.0	23.0
Clearinghouse CDFI	473.0	0.0	20.6
Community Reinvestment Fund, Inc.	749.5	52.6	0.0
Empowerment Reinvestment Fund, LLC	185.0	5.0	0.0
Enterprise Community Partners, Inc.	770.0	49.5	48.0
ExED	174.0	146.0	28.0
Genesis LA CDE, LLC	190.0	10.0	20.0
Great Lakes Capital Fund	74.0	8.0	0.0
Harbor Bankshares Corporation	174.0	39.9	33.0
Hope Enterprise Corporation	75.0	6.0	0.0
IFF	78.0	25.0	43.0
Indiana Redevelopment Corporation	25.0	7.0	0.0
KCMO CDE	158.0	7.0	69.5
Local Initiatives Support Corporation	838.0	111.1	82.4
Low Income Investment Fund	313.0	117.9	48.0
Massachussetts Development Agency	276.0	26.0	0.0
Merrill Lynch Community Development Company	205.0	40.6	0.0
New Jersey Community Capital	80.0	16.0	7.4
Nonprofit Finance Fund	231.0	45.8	0.0
PNC Financial Services Group	503.0	45.6	92.4
Raza Development Fund, Inc.	103.0	20.5	33.0
The Reinvestment Fund, Inc.	408.4	80.4	43.0
Related Community Development Group, LLC	257.0	75.0	0.0
Renaissance Finance CDE, LLC	125.0	10.0	0.0
The Rose Urban Green Fund, LLC	20.0	11.0	0.0
Self-Help Ventures Fund	328.0	145.4	65.8
St. Louis Development Corporation	263.0	22.1	5.0
SunTrust Community Development Enterprises, LLC	428.0	33.5	74.3
Trammell Crow Company	476.7	47.7	4.5
USBCDE, LLC (U.S. Bank, N.A.)	600.0	24.5	24.5
WNC National Community Development Advisors, LLC	178.0	12.1	0.0
Total	**$11,497.6**	**$1,655.2**	**$1,037.2**

Qualified School Construction Bond Program

Website: http://1.usa.gov/1r97HnL; http://1.usa.gov/1oJsqqC

Statutory Reference: http://1.usa.gov/1p67puU (Section 54F)

Legislation, Rules & Allocations

- Created by the Recovery Act, which added Section 54F to the Internal Revenue Code.
- In April 2009, the Internal Revenue Service issued notice 2009-35, which provided guidance and the 2009 allocations.
- In March 2010, Notice 2010-17 was issued, which provided allocations for 2010.
- The Hiring Incentives to Restore Employment Act (HIRE Act) of 2010 authorized QSCBs to be issued as direct payment bonds.
- In April 2010, Notice 2010-35 was issued, providing guidance on the HIRE Act bond provisions.
- In 2011, the QSCB program expired with the expiration of the Recovery Act.

Qualified School Construction Bonds support the construction, rehabilitation or repair of public school facilities; the acquisition of land on which such school facilities will be constructed; and furniture and equipment for school facilities. Projects financed with QSCBs must comply with federal wage rate requirements and labor standards. State and local governments issued up to $22 billion of QSCBs, including $11 billion allocated in 2009 and another $11 billion in 2010. Indian tribal governments were given authority to issue an additional $200 million annually in 2009 and 2010.

The federal government used a statutory formula to allocate the authority to issue QSCBs to states and large local educational agencies. Forty percent of the allocation was distributed to the 100 LEAs with the largest populations of school-age students in poverty plus up to 25 LEAs determined to be in-need by the U.S. Secretary of Education. The remaining 60% of the allocation went to states based on their proportion of the prior year's Title I grant funding for disadvantaged students under NCLB, with the amount allocated to any state reduced by the aggregate amount of allocations to the LEAs within the state. Individual states determined which portion of their allocations, if any, could be used by charter schools.

QSCBs can be structured in one of two ways: as tax credit bonds or direct pay subsidy bonds. If an investor chooses to invest in them as tax credit bonds, the federal government provides a tax credit in lieu of interest payable on the bonds, lowering interest expenses for the borrower. The bondholder receives all or a portion of its return on investment as a federal tax credit against its federal tax liability. The maximum maturity and the rate of the federal tax credit is set daily by the Treasury Department, but is fixed for the life of the bonds at issuance. QSCBs are generally structured as bullet term bonds, with a single principal payment at maturity; however, borrowers may create voluntary sinking funds subject to certain requirements.

The second and more heavily utilized method investors have opted for is as direct payment bonds. In March 2010, the HIRE Act was signed into law, authorizing QSCBs to be issued as direct payment bonds for which an issuer irrevocably elects to receive cash subsidy payments from the Treasury Department in lieu of tax credits that could otherwise be claimed. The amount of the cash subsidy paid directly to issuers on each interest payment date is equal to the amount of tax credit that would have been available on each quarterly date based on the tax credit rate set by the Treasury Department.

While it was anticipated that QSCBs would be zero-cost to borrowers, investors have typically required a supplemental coupon payment that, together with the tax credit, meets their required return. In a few cases, bond issuers and investors have structured the bonds to have the ability to strip the tax credits and sell them separately. Additionally, a few bond issuers and investors have chosen to pair these bonds with other federal subsidy programs, such as the NMTC program to further lower the cost of capital to charter school borrowers.

According to "Bond Buyer", by August 2013, approximately $13 billion of the $22 billion in QSCB authority had been issued, mostly on behalf of traditional district schools. Charter schools have been able to access approximately $353.4 million in Arkansas, California, Indiana, Louisiana, Massachusetts, Michigan, New Jersey, New York, Rhode Island, Texas and Washington, DC, according to a LISC survey of state conduit issuers and financial advisors familiar with the program.

Qualified Zone Academy Bond Program

Website: http://1.usa.gov/1kM2yzu

Statutory Reference: http://1.usa.gov/1p67puU (Section 54E)

Legislation, Rules & Allocations

- Created by the Federal Taxpayer Relief Act of 1997, which added Section 1397E to the Internal Revenue Code.
- The Alternative Minimum Tax and Extenders Tax Relief Act of 2008 amended Section 54A of the Internal Revenue Code to include QZABs as qualified tax credit bonds subject to the requirements of Section 54A.
- The above-referenced act also added Section 54E, which provided revised program provisions for obligations issued after October 3, 2008.
- In April 2009, the Internal Revenue Service issued Notice 2009-30, which provided allocations for 2008 and 2009.
- The Recovery Act increased the national cap to $1.4 billion annually for 2009 and 2010.
- In February 2010, Notice 2010-22 was issued, which provided for $1.4 billion in allocation authority for 2010.
- The HIRE Act authorized QZABs to be issued as direct payment bonds.
- In April 2010, Notice 2010-35 was issued, providing guidance on the HIRE Act bond provisions.
- The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 provided an allocation of $400 million for 2011.
- The American Taxpayer Relief Act of 2012 provided a $400 million annual allocation for 2012 and 2013.

The Qualified Zone Academy Bond Program helps eligible public schools raise funds to rehabilitate and repair facilities, purchase equipment, develop course materials and train teachers and other school personnel. QZAB proceeds may not be used for new construction or land acquisition. QZABs were capped at $400 million annually from 1998 to 2008; the Recovery Act increased the cap to $1.4 billion annually for 2009 and 2010. In 2011, QZABs were again capped at $400 million for 2011 through 2013.

The federal government allocates the authority to issue QZABs to states based on their proportion of the United States population living below the poverty line, and the Internal Revenue Service publishes state allocations for each year. Individual states determine which portion of their allocations, if any, may be used by charter schools.

To be eligible for the QZAB Program, a public school must be located in an Empowerment Zone or Enterprise Community or have a student body in which at least 35% of students are eligible for the federal free and reduced-price lunch program. In addition, the school must develop a partnership with a business or other private entity that makes a contribution to the school worth at least 10% of the principal amount borrowed. Schools are also required to have a comprehensive education plan approved by their local school district and in which students are subject to the same standards and assessments as other students in the district.

Like QSCBs, QZABs are tax credit or direct payment bonds for which the federal government provides a tax credit or a cash subsidy payment from the Treasury Department in lieu of interest payable, thus lowering borrowing costs. The maximum maturity and the rate of the federal tax credit is set daily by the Treasury Department, but is fixed for the life of the bonds at issuance. QZABs are generally structured as bullet term bonds, with a single principal payment at maturity; however, sinking funds are allowable subject to certain restrictions.

As in the case of QSCBs, investors typically require a supplemental coupon payment that, together with the tax credit, meets their required return. According to a LISC survey of conduit issuers and financial advisors, approximately $175 million in QZABs have been employed on behalf of charter schools in several jurisdictions, including Arizona, Connecticut, Indiana, Louisiana, Massachusetts, Michigan, Missouri, New Jersey, Washington, DC and Wisconsin.

OTHER FEDERAL PROGRAMS

There is one other federal program that charter schools can access for their facilities needs—the Community Facilities Program administered by the U.S. Department of Agriculture (USDA).

U.S. Department of Agriculture Rural Development Community Facilities Programs

Website: http://1.usa.gov/V1HiJU

Statutory Reference: http://1.usa.gov/1oMyQtY (Section 1926(a)(19))

Authorized by Section 306 of the Consolidated Farm and Rural Development Act of 1972, as amended (7 U.S.C. 1926), the USDA Rural Development's Community Facilities Programs provide loans, guarantees and grants for essential community facilities in rural areas and towns of up to 20,000 in population. These facilities include libraries, hospitals, assisted living facilities, fire and rescue stations, community centers and schools, including charter schools. Program funds are available for public entities and nonprofit organizations. Applicants must have the legal authority to borrow and repay loans, pledge security for loans, and construct, operate and maintain the facilities. Loan repayment must be based on tax assessments, revenues, fees or other sources of funds sufficient for operation and maintenance, reserves and debt retirement.

The program provides guarantees of up to 90% for traditional lenders, such as commercial banks, savings and loans and certain regulated insurance companies. The program also makes direct loans to applicants that are unable to obtain affordable financing, with interest rates set according to the median household income of the area and repayment terms of up to 40 years. Interest rates are designed to be affordable, ranging from 4.5% for areas of high poverty to market rate. Both guaranteed and direct loan funds may be used for construction, renovation and improvement of facilities, as well as refinancing under certain conditions. The program's grant funding is typically used to fund projects under special initiatives, such as Native American community development efforts and federally-designated Enterprise and Champion Communities. Highest priority for these grants is given to projects serving communities with populations of 5,000 or less and with median household incomes below the higher of the poverty line or 60% of the state non-metropolitan median household income. To date, the program has provided loans, guarantees and grants totaling over $500 million for charter school projects.

USDA RURAL DEVELOPMENT COMMUNITY FACILITIES PROGRAMS CHARTER SCHOOL FINANCING SUMMARY
($ in Millions)

	Loans		Guarantees		Grants		Total	
Year	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2001	1	$0.6	3	$6.8	–	–	4	$7.4
2002	4	4.4	7	8.6	–	–	11	13.0
2003	4	3.9	8	11.5	–	–	12	15.4
2004	3	4.5	9	14.1	1	0.2	13	18.6
2005	12	24.5	5	8.4	–	–	17	32.9
2006	9	9.4	2	5.6	–	–	11	15.0
2007	4	9.4	4	3.9	1	0.3	9	13.3
2008	13	22.6	9	31.5	1	0.0	23	54.1
2009	4	8.2	5	18.9	2	0.1	11	27.1
2010	11	35.2	8	30.4	3	0.2	22	65.6
2011	5	9.3	10	41.8	–	–	15	51.1
2012	17	67.2	8	13.9	–	–	25	81.1
2013	20	92.5	6	22.1	3	0.9	29	115.5
Total	**107**	**$291.7**	**84**	**$217.6**	**11**	**$1.7**	**202**	**$510.1**

Source: LISC; USDA Rural Development

STATE INITIATIVES

The following jurisdictions have charter school legislation, with a limited number authorizing publicly funded per pupil allocations, grants, loans or some form of credit enhancement for charter school facilities. In addition, numerous states allow charter schools to issue tax-exempt debt through public or quasi-public conduit issuers or to access their Qualified School Construction Bond and Qualified Zone Academy Bond programs. Although key conduit issuers for each state are outlined in this section, further details on tax-exempt bond issuance can be found in ***Tax-Exempt Bond Market*** and in Appendix B. Unless otherwise stated, ongoing funding programs at the state level are subject to periodic appropriation (normally annually or bi-annually) by the relevant appropriating body.

ALASKA

Per Pupil Supplemental Facilities Grant Program

Statutory Reference: http://bit.ly/alaskastatute1 and http://bit.ly/alaskastatute2

Senate Bill 235, which was signed into law by the Alaska Legislature in July 2010, established a charter school facilities construction, lease and major maintenance grant program based on a per pupil funding formula. This funding is subject to legislative appropriation and other available federal funding. Per Alaska Statute 14.11.126, any grant allocations from this program cannot be less than $1 per pupil enrolled in the charter school per fiscal year. This program has not yet received an appropriation.

Alaska Municipal Bond Bank Authority Conduit Financing

Website: http://1.usa.gov/1nwWx4b

Statutory Reference: http://bit.ly/alaskastatute3

Through their local municipalities, Alaska charter schools are eligible to access tax-exempt financing through the Alaska Municipal Bond Bank Authority (AMBBA). AMBBA is a public corporation that was established in 1975 to assist Alaskan municipalities in financing capital improvement projects such as schools, water and sewer systems, public buildings, harbors and docks. To date, no charter schools have accessed financing through AMBBA.

Q-Bond Programs

Charter schools are eligible to participate in Alaska's Q-Bond Programs through their school districts. No charter schools have applied to date.

ARIZONA

Per Pupil Allocation

Statutory Reference: http://bit.ly/arizonastatute1

Charter schools in Arizona receive a per pupil allocation called "equalization assistance," which consists of a base support level and "charter additional assistance." State legislation stipulates that "equalization assistance" is provided as a single amount based on student population without categorical distinctions between maintenance and operations or capital. Therefore, grant monies can be used for any educational expenditure, ranging from teacher salaries to transportation to facility construction. For FY2014, the amount of the "charter additional assistance" component is $1,684 per pupil in grades K-8 and $1,963 per pupil in grades 9-12.

Industrial Development Authority Conduit Financing

Statutory Reference: http://bit.ly/arizonastatute2

Charter schools may apply for bond financing through various city and county industrial development authorities in Arizona, which act as intermediaries between charter school borrowers and bondholders. The Industrial Development Authority of the County of Pima and the Industrial Development Authority of the City of Phoenix are outlined below as two examples of conduit issuers that have issued debt on behalf of numerous charter schools in Arizona and other states.

Industrial Development Authority of the County of Pima Conduit Financing

Website: http://www.pimaida.com/

The Industrial Development Authority of the County of Pima (Pima County IDA) is organized under Title 35, Chapter 5 of the Arizona Revised Statutes. Pima County IDA is a nonprofit corporation designated as a political subdivision of the State of Arizona. Pima County IDA is empowered to issue bonds to provide funds for the financing or refinancing of costs associated with the acquisition, construction, improvement, rehabilitation or equipping of a "project" as defined in Title 35. Pima County IDA's interests include the promotion of economic development and the development of affordable housing. To date, Pima County IDA has issued $871.7 million on behalf of charter schools in 79 transactions, including $77.6 million for four non-Arizona charter schools—two transactions in Ohio and one each in Nevada and Delaware.

Industrial Development Authority of the City of Phoenix Programs

Website: http://phoenixida.com/

The Industrial Development Authority of the City of Phoenix (Phoenix IDA) focuses on providing tax-exempt bond financing for community and economic development projects, including charter schools. The goals of the Phoenix IDA include increasing job opportunities within the community; supporting education and health care; and providing housing for underserved communities.

Charter School Pre-Development Loan Fund

In 2012, the Phoenix IDA, in association with the Arizona Community Foundation, initiated the Charter School Pre-Development Loan Fund, a $1.5 million short-term, revolving loan fund for charter school bond applicants designed to cover predevelopment costs prior to the issuance of bonds, thus saving the schools considerable time and money.

Loans are capped at $250,000 for up to twelve months, or when the bond financing closes, whichever is shorter. Predevelopment costs include items such as architectural and consulting fees, zoning and permitting costs, insurance, bonding and other qualified predevelopment costs. Since predevelopment costs must be eligible for bond financing, schools must submit a completed bond application to the Phoenix IDA before applying for the predevelopment loan. To date, two charter schools have received loan funds through this program.

Conduit Financing

Charter schools are able to access tax-exempt bond financing through the Phoenix IDA. To date, the Phoenix IDA has issued 30 tax-exempt bond financings on behalf of charter schools, totaling over $288 million, including $50 million on behalf of five non-Arizona charter schools—two transactions totaling $23 million in New York and three transactions totaling $27 million in Texas.

Q-Bond Programs

Charter schools are eligible to access financing through Arizona's Q-Bond Programs, which are administered by the Arizona Department of Education's School Finance Unit. To date, $6.6 million in QZABs have been issued on behalf of five charter schools. The most recent financings were a $3.4 million financing for Noah Webster Basic School in 2011, and a $1.7 million financing for George Gervin Prep Academy in 2012. No QSCBs have been issued on behalf of charter schools to date.

ARKANSAS

With regard to charter school facilities, Arkansas makes a distinction between conversion charter schools and open-enrollment charter schools. Conversion charter schools are considered part of the school district, and as such are entitled to apply for the same forms of state financial assistance for facilities as traditional district schools. Historically, open-enrollment charter schools did not receive state aid for facilities. However, a number of new state programs have passed since 2010, allowing open-enrollment charter schools access to facilities aid.

Open-Enrollment Public Charter School Capital Grant Program

Statutory Reference: http://bit.ly/1r7uKzv (Title 6 => Subtitle 2 => Chapter 23 => Subchapter 8)

An open-enrollment public charter school may apply for grant money through the Division of Public School Academic Facilities and Transportation's Open-Enrollment Public Charter School Capital Grant Program Fund, established in 2013. Monies may be used for maintenance, repair, renovation and new construction of academic facilities; acquiring a site and constructing and equipping an academic facility on that site; purchase of instructional materials, technology systems, and other academic equipment; and repayment of debt incurred by an open-enrollment public charter school related to any of the aforementioned uses. Specific procedures and regulations for this program are still being established.

Open-Enrollment Public Charter School Facilities Loan Fund

Statutory Reference: http://bit.ly/1r7uKzv (Title 6 => Subtitle 2 => Chapter 23 => Subchapter 9)

Also established in 2013, the Open-Enrollment Public Charter School Facilities Loan Fund provides financing for educational facilities for open-enrollment public charter schools. This program is funded by general revenues, grants and private donations. An open-enrollment public charter school may borrow or receive credit enhancement from the Division of Public School Academic Facilities and Transportation's Open-Enrollment Public Charter School Facilities Loan Fund for the construction, lease or purchase of an academic facility; and the repair, improvement or addition to an academic facility. Specific procedures and regulations for this program are still being established.

Arkansas Development Finance Authority Programs
Website: http://www.arkansas.gov/adfa/

Conduit Financing
Statutory Reference: http://bit.ly/1r7uKzv (Title 15 => Subtitle 1 => Chapter 5 => Subchapter 1)

The Arkansas Development Finance Authority was created by Act 1062 of 1985—the Arkansas Development Finance Authority Act. Through a variety of housing and economic development programs, ADFA administers funding in the form of tax-exempt bonds and other debt instruments. Charter schools are eligible to access financing through ADFA's Capital Improvement Revenue Bonds program. To date, at least two charter schools have accessed $15 million in financing through ADFA.

Guaranty Program
Statutory Reference: http://bit.ly/1r7uKzv (Title 15 => Subtitle 1 => Chapter 5 => Subchapter 4)

Charter schools that are eligible to access tax-exempt financing through ADFA are also eligible to apply for its bond guaranty program. The Board of Directors of ADFA approves or denies applications by majority vote. ADFA has established a Bond Guaranty Reserve Account to meet amortization payments in the event that a borrower is unable to make such payments in accordance with the bond indenture. ADFA is authorized to guarantee bonds issued for: agricultural business and industrial enterprises; export trade industries; residential housing for the elderly and low- and moderate-income families; environmentally sustainable energy development; health care facilities; public improvement facilities; and educational facilities. ADFA has guaranteed a total of $8.3 million in bond issuance for two charter schools. In 2014, the Arkansas Legislature appropriated $5 million for a guaranty fund specifically for open-enrollment charter schools and WFF provided a $5 million matching grant for charter schools looking to expand but deemed too risky by the ADFA board. ADFA expects to leverage these dollars into $25 million in financing for open-enrollment charter schools.

Q-Bond Programs

In 2010, one open-enrollment charter school received a QSCB allocation totaling $6.6 million. One additional charter school received a QSCB allocation, but ultimately returned the allocation unused. Open-enrollment charter schools are not prohibited from applying for allocation from the state's QZAB Program. However, to date, no charters have applied for QZAB allocation.

CALIFORNIA

State Charter School Facilities Incentive Grant Award Total: $97.8 million–Fiscal Years 2004 through 2008 and Fiscal Years 2009 through 2013

California School Finance Authority Programs
Website: http://www.treasurer.ca.gov/csfa/

ED Credit Enhancement Award Total: $8.3 million–Fiscal Year 2010

The California School Finance Authority (CSFA) was created in 1985 to finance educational facilities and provide school districts and community college districts access to working capital. Since its inception, CSFA has developed a number of school facilities financing programs and has recently focused on assisting charter schools to meet their facility needs. CSFA administers the four programs outlined below, as well as the QSCB Program.

Charter School Facility Grant Program (SB 740)
Statutory Reference: http://bit.ly/csfgpstatute (Section 47614.5)

CSFA was selected to receive funding from ED's State Incentive Grants Program for both of its cohort of grantees. In the first cohort, it was awarded $49.3 million for FY2004 through FY2008, and for the second cohort, it was awarded $48.5 million for FY2009 through FY2013. See the U.S. Department of Education section of ***Federal Initiatives*** for further details on the federal program. CSFA uses these grant dollars to partially match its SB 740 program.

Established in 2001, SB 740 provides an annual appropriated reimbursement of up to $750 per pupil for up to 75% of actual facilities rental and lease costs. A charter school is eligible only if it operates a classroom-based instructional program and is located in an elementary school attendance area or has a student population of which at least 70% is eligible for the federal free and reduced-price lunch program. Historically, the program was used to reimburse eligible charter schools for prior year expenses. In FY2010, the program began allocating grants to eligible charter schools on a current-year basis.

Effective July 1, 2013, Chapter 48 of Assembly Bill 86 authorized the administration of SB 740 be transferred to CSFA from the California Department of Education.

Credit Enhancement Program
Statutory Reference: http://bit.ly/cacreditenhancementstatute

CSFA uses its $8.3 million ED credit enhancement grant to fund the primary debt service reserve requirement for debt issued by or through CSFA for an awardee charter school. The program covers debt issued by or through CSFA to acquire, renovate or construct charter school facilities, or refinance existing charter school facility debt. To date, this program has awarded a total of $6.2 million to 25 charter schools.

Charter Schools Facilities Program

Statutory Reference: http://bit.ly/cacsfpstatute (Sections 17078.52 to 17078.66)

In 2002, California created the Charter Schools Facilities Program (CSFP), which authorizes the State Allocation Board (SAB) to provide per pupil facilities grant funding for 50% of the total project cost for new construction of charter school facilities. CSFP was expanded in 2006 to allow grant funding to be used for rehabilitation of existing, district-owned facilities that are at least 15 years old for use by charter schools. CSFP funding is only available to charter schools that provide site-based instruction for at least 80% of the time and are determined to be financially sound by CSFA. In addition, the grant funding requires a 50% local match. The state provides a lease option whereby a school can borrow from the state in lieu of raising matching funds. Grant awards are made in the form of preliminary apportionments (i.e., reservation of funds), which must be converted within a four-year period to adjusted grant apportionments. CSFP has received $900 million in bond funding through three different propositions. To date, 81 charter school projects have received preliminary apportionments on a revolving basis. Interest rates for all projects funded to date were below 3%. The following table outlines awards to date:

Award Month/Year	Type of Award by Proposition	Award Amount ($ in Millions)	Number of Projects
July 2003	Prop 47	$97.1	6
Feb 2005	Prop 55	276.8	28
May 2008	Prop 1D	482.5	30
May 2010 – July 2011	Prop 47/1D	122.4	17
Available as of July 2014	Prop 47/55/1D	87.6	Not yet deployed

Charter School Revolving Loan Fund

Statutory Reference: http://bit.ly/carevolvingloanstatute (Sections 41365 to 41367)

As of FY2014, California charter schools can apply directly or jointly with their charter authorizing entities to CSFA (previously this program was run by the California Department of Education) for low-interest loans from the state's Charter School Revolving Loan Fund (CSRLF) for purposes established in their charters. CSRLF was established in 1996 and is available to non-conversion charter schools that have not yet had their charters renewed and are not more than five years old. Priority is given to new charter schools using loans for start-up expenses. A charter school may receive multiple loans as long as the total amount does not exceed $250,000, and loans must be repaid within five years. Funds may be used for, but are not limited to, leasing and renovating facilities. Loans carry a fixed interest rate that is generally several percentage points below market rates. Funds not used in any given year are carried over to the next fiscal year.

Fiscal Year	Funds Available ($ in Millions)	Funds Disbursed ($ in Millions)
2009	$17.0	$9.5
2010	10.0	2.8
2011	Program not funded	
2012	13.7	12.1
2013	11.0	10.4
2014	10.0	Pending

In 2013, the Charter School Security Fund was created in the State Treasury, which is available for deposits into CSRLF in case of any loan losses.

Conduit Financing

Statutory Reference: http://bit.ly/csfaconduitstatute (Sections 17170 to 17199.6)

CSFA serves as a conduit for charter schools seeking to issue tax-exempt debt. To date, CSFA has issued over $206 million on behalf of 16 charter school applicants representing 44 charter schools altogether. Eight of the financings exclusively involved QSCBs, seven exclusively involved non-QSCB bond deals, and one involved a combination of QSCBs and other bonds.

Proposition 39

Statutory Reference: http://bit.ly/prop39statute (Section 47614)

This California mandate, which passed in the November 2000 general election, requires school districts to provide facilities that are "reasonably equivalent" to district facilities for charter school students.

Los Angeles Unified School District Public School Choice Initiative

Website: http://publicschoolchoice.lausd.net/

In 2009, the School Board of the Los Angeles Unified School District (LAUSD), implemented for the first time, the Public School Choice (PSC) process allowing teams of internal and external stakeholders to submit competitive proposals to turn around the district's lowest performing "focus" schools (selected by LAUSD administrators based on a diverse set of performance indicators) and to operate newly constructed "relief" schools designated to ease overcrowding (built using funding from state and local bonds). The ultimate goal of this reform was to build a diverse portfolio of high-performing schools tailored to and supported by the local community. Since August 2009, LAUSD has implemented four rounds of the PSC process, impacting more than 80 campuses and well over 100,000 students. Through this process, 16 schools were awarded to charter operators.

California Municipal Finance Authority Conduit Financing

Website: http://www.cmfa-ca.com

Statutory Reference: http://bit.ly/cmfaconduitstatute (Code Search => Government Code – GOV => Title 1. General => Division 7. Miscellaneous => Chapter 5. Joint Exercise of Powers => Articles 1 to 4)

The California Municipal Finance Authority (CMFA) is a joint powers authority created to support economic development, job creation and social programs throughout the state. CMFA shares 25% of the issuance fees on a transaction with the sponsoring municipality and provides a grant equal to another 25% of the issuance fees to the California Foundation for Stronger Communities to fund charities located within the sponsoring community. Charter schools in California are eligible to access tax-exempt financing through CMFA for their facilities projects. CMFA has closed on over $149.6 million in tax-exempt bond financings for nine charter organizations.

California Statewide Communities Development Authority Conduit Financing

Website: http://www.cacommunities.org

Statutory Reference: http://bit.ly/cmfaconduitstatute (Code Search => Government Code – GOV => Title 1. General => Division 7. Miscellaneous => Chapter 5. Joint Exercise of Powers => Articles 1 to 4)

Charter schools in California also have access to tax-exempt bond financing for their facilities needs through the California Statewide Communities Development Authority (California Communities), which is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. California Communities was created to provide local governments and private nonprofit entities access to tax-exempt financing for projects that create jobs, help communities prosper and improve the quality of life in California. To date, California Communities has completed seven charter school facilities financings totaling $162.1 million.

Q-Bond Programs

Charter schools are eligible to participate in California's Q-Bond Programs. Charter schools may apply for a QZAB allocation directly or through the districts in which they are located. To date, five charter schools have closed QZAB financings.

Approximately $142 million in QSCBs have been allocated to CSFA. CSFA allocated the entire $142 million to charter schools, $74 million of which was issued directly to charter schools, in nine financings supporting ten charter schools.

COLORADO

Charter Schools Capital Construction Funding

Website: http://bit.ly/cocapconstruction

Statutory Reference: http://bit.ly/lexisnexisstatutes (Colorado Revised Statutes => Title 22 Education => Financing of Schools, Continued => Article 54 Public School Finance Act of 1994 => Section 22-54-124)

Pursuant to Colorado's Public School Finance Act, charter schools are entitled to per pupil facilities aid from the state education fund for capital construction. All charter schools with capital construction needs are eligible for funding; however, a charter school located in a district facility will receive only half its allocated amount. Eligible uses include the construction, demolition, renovation, financing and purchase or lease of facilities for charter schools. Through FY2011, $5 million in state education fund monies was appropriated for this per pupil facilities program annually, with the exception of FY2007, when $7.8 million was appropriated. As the number of students in Colorado charter schools has increased, this funding has declined on a per pupil basis from a high of $327 per pupil in FY2003 to a low of $79 in FY2011. In FY2012, the total apportionment was increased to $6 million, resulting in a per pupil amount of $88. The total apportionment for FY2013 was $7 million, or roughly $93 per pupil. For FY2014, the apportionment was increased to $13.5 million, translating to $167 per pupil. This funding is appropriated to the Colorado Department of Education's Public School Finance Unit, which makes monthly payments to eligible school districts and institute charter schools (charters authorized by the State Charter School Institute). School districts are responsible for distributing funding to charter schools.

In the 2014 regular session, House Bill 14-1292 was signed into law with an additional allocation for this fund from the excise tax on the legalization of marijuana. A portion of the excise tax collected, up to a maximum of 12.5% ($5 million) of the first $40 million in collections, will be transferred into the charter school facilities assistance account to help fund the per pupil program. The per pupil allocation in FY2015 is expected to be an additional $10 per pupil and will increase over time as the state's total Public School Construction Assistance Fund increases.

Building Excellent Schools Today Grant Program

Website: http://bit.ly/cobestgrant

Statutory Reference: http://bit.ly/lexisnexisstatutes (Colorado Revised Statutes => Title 22 Education => Financial Policies and Procedures => Article 43.7 Capital Construction Assistance => Part 1 School District Capital Construction Assistance Program)

In 2008, the Colorado Legislature established Building Excellent Schools Today (BEST), a competitive grant program administered by the Division of Public School Capital Construction Assistance that provides funding for new construction and renovation of existing school facility systems and structures. Funding for the program is subject to annual appropriation from revenues from the state's School Trust Lands, which are properties the federal government granted to Colorado upon statehood for the benefit of its school children. Grants must be matched with local funding at a percentage determined by the Public School Capital Construction Assistance Board after consideration of the applicant's financial capacity. Eligible applicants include school districts, charter schools and institute charter schools that have been in operation for at least five years, BOCES (Boards of Cooperative Educational Services) and the Colorado School for the Deaf and Blind. Charter school applicants must notify their authorizer at least four months in advance of applying for BEST funds. To date, the BEST program has funded over $1 billion in school capital projects. Priority is given as follows: projects that address safety hazards and health concerns; projects that relieve overcrowding; projects that incorporate technology into the educational environment; and all other projects. Since 2008, BEST has provided a total of $65 million to 22 charter school projects with total project costs of over $93 million.

School District Bond Election Inclusion & Mill Levy Provisions

Statutory Reference: http://bit.ly/lexisnexisstatutes (Colorado Revised Statutes => Title 22 Education => School Districts => Article 30.5 Charter Schools => Part 4 Charter School Capital Facilities Financing Act => Sections 22-30.5-404 and 405)

In 2013, the General Assembly passed House Bill 14-1314 (HB 14-1314) requiring that a school district that authorizes a charter school must include the charter school in the planning process to seek voter approval for additional local revenues to meet operating expenses. If the school district has a planning committee to address additional local revenues, it must include at least one representative from the district's charter schools on the planning committee. In addition, if the school district is considering submitting, or is required by a petition to submit, a ballot question for additional local revenues, it must include the charter school in the discussions.

A charter school may also ask its authorizing school district to include the charter school in a ballot question for the school district to authorize additional local revenues or to submit a ballot question solely for the charter school. The charter school must submit to the school district an operating revenues plan that explains the charter school's operating revenue needs. The bill specifically authorizes a school district to submit a ballot question on behalf of a charter school to authorize additional local revenues. The amount of additional local revenues received is subject to the statutory limitations for other ballot questions to authorize additional local revenues.

HB 14-1314 strengthened the Colorado Charter School Capital Facilities Financing Act of 2002 and its 2009 amendment, which originally only encouraged each school district considering submitting a bond approval request to district voters to voluntarily include a charter school's capital construction funding needs in its request. If a board determines that a charter school has established operating needs, including, capital construction needs, a need to incur bonded indebtedness or obtain revenues from a special mill levy and a viable plan, the board may either include it in the district's bond approval request to district voters or submit a separate special mill levy question to voters. If the board determines otherwise, it may still submit a special mill levy ballot question to voters upon a charter school's request solely for the charter school. If district voters approve the mill levy, which may not exceed 1 mill or ten years in duration, taxes will be levied, and the charter school will receive the revenues generated from the levy. Six school districts have included charter school requests in their ballot questions, resulting in funding of several charter school projects. In addition, four ballot questions have been placed in front of the voters exclusively on behalf of charter schools; however, none were successful.

Moral Obligation Program

Website: http://bit.ly/comoralobligation

Statutory Reference: http://bit.ly/lexisnexisstatutes (Colorado Revised Statutes => Title 22 Education => School Districts => Article 30.5 Charter Schools => Part 4 Charter School Capital Facilities Financing Act => Sections 22-30.5-407 and 22-30.5-408)

In May 2002, the Colorado Legislature passed the School Finance Act, which, among other features, included a moral obligation clause to assist charter schools in lowering their borrowing costs for capital financing. The MO program allows any Colorado charter school issuing bonds through the Colorado Educational and Cultural Facilities Authority that carry an investment-grade rating to attach the state's MO pledge to its debt; however, the statute limits the total amount outstanding under the program to $500 million. Under the program, the state agrees to seek an appropriation to pay debt service in the event that a charter school defaults on bonds covered by the program, thus providing significant additional security to the bondholders. The state appropriated $1 million for a reserve fund to cover potential defaults. If a charter school chooses to use the moral obligation pledge, it must place a portion of the debt service savings (from the lower interest rate due to this enhancement) into a common reserve fund, which provides liquidity to fend against defaults. It also must participate in the Charter School Intercept Program described below. There have been no draws on the moral obligation reserve funds since the program was established.

Charter School Intercept Program

Website: http://bit.ly/comoralobligation

Statutory Reference: http://bit.ly/lexisnexisstatutes (Colorado Revised Statutes => Title 22 Education => School Districts => Article 30.5 Charter Schools => Part 4 Charter School Capital Facilities Financing Act => Sections 22-30.5-406)

Through the Charter School Intercept Program, a charter school that is entitled to receive monies from the state public school fund may request that the State Treasurer make direct payments of principal and interest on the bonds on behalf of the charter school. The State Treasurer withholds the amount of any direct payments made on behalf of the charter school, plus administrative costs, from the payments of state funding due to the charter school. This intercept mechanism does not require the state to continue the payment of state assistance or prohibit the state from repealing or amending any law relating to the amount or timing of the payment of such assistance. As of June 30, 2013, 61 charter schools have participated in this program.

Colorado Educational and Cultural Facilities Authority Conduit Financing

Website: http://www.cecfa.org

Statutory Reference: http://bit.ly/lexisnexisstatutes (Colorado Revised Statutes => Title 23 Postsecondary Education => State Universities and Colleges => Article 15 Colorado Educational and Cultural Facilities Authority)

In Colorado, tax-exempt bond financing may be issued for charter schools through the Colorado Educational and Cultural Facilities Authority (CECFA). CECFA provides financing for charter schools, colleges, universities, certain secondary schools and other educational institutions, as well as cultural entities. CECFA has issued more than $1.1 billion in bonds to support 72 charter school facilities in Colorado. CECFA typically issues on behalf of schools that have been in existence for at least three years and have a minimum of 300 students.

Q-Bond Programs

Charter schools are eligible to participate directly in Colorado's QSCB Program and can participate in the QZAB Program through their LEAs. To date, no charter schools have closed on QSCB or QZAB financing. One charter school received a $3 million QZAB allocation; however, the financing did not close.

CONNECTICUT

Facility Grant

Statutory Reference: http://1.usa.gov/1pMSSUb (Revised to January 1, 2013) and http://1.usa.gov/1pMSTrj (2014 Supplement – Revised to January 1, 2014)

In 2001, Connecticut enacted legislation and appropriated funds for FY2002 and FY2003 for a program to assist charter schools with capital expenses. The program, which is administered by the Connecticut State Department of Education (CSDE), initially provided one-time facilities grants of up to $500,000 to charter schools that received charter renewals in the preceding fiscal year. Eligible uses include renovation, construction, purchase, extension, replacement or major alteration, general school building improvements and repayment of debt from prior school building projects.

The Connecticut General Assembly renewed the program in FY2005 for FY2006 and FY2007 and made several modifications to the enabling legislation. The language limiting charter schools to a single grant capped at $500,000 was eliminated and the eligibility restriction to schools with charter renewals in the preceding year was removed. The revised statute requires that preference be given to applications that include matching funds from non-state sources. To fund the program, the State Bond Commission was given the power to appropriate the issuance of up to $10 million.

Recognizing the ongoing need to fund charter school facilities, the General Assembly made the charter school facilities grant permanent in the 2010 legislative session. CSDE has released a new application for state grants totaling $5 million in FY2014. The table below lists historical dollar amounts authorized for charter school projects in recent years:

Year	Amount Authorized ($ in Millions)	Number of Projects
2006	$5.0	11
2007	–	–
2008	5.0	10
2009	–	–
2010	2.5	4
2011	2.1	4
2012	–	–
2013	5.3	5
2014*	5.0	–

*Proposed

Charter School Construction Grant Program

In 2005, Connecticut created a pilot program for the development of a facility for use by a charter school. The authorizing statute stipulated that the amount of the grant shall be equal to the net eligible expenditures multiplied by the school construction reimbursement rate for the town in which the facility is located. Eligible applicants included charter schools that had been in operation for at least five years and that had their charters renewed. Schools were assessed on academic performance, student attendance, student program completion and parental involvement. In 2006, the Commissioner of Education awarded Amistad Academy in New Haven a $25 million grant to purchase and renovate a facility. The school opened in 2011 and currently serves grades K-8. It is not anticipated that additional charter school facilities projects will be funded through this program in the future.

Connecticut Health and Educational Facilities Authority Conduit Financing

Website: http://www.chefa.com

Statutory Reference: http://1.usa.gov/1mGV3ou (Revised to January 1, 2013) (Sections 10a-176 to 10a-200)

The Connecticut Health and Educational Facilities Authority (CHEFA) was created in 1965 to serve as a conduit issuer of tax-exempt debt for eligible health, educational and cultural nonprofit organizations in Connecticut. In the past, charter schools have accessed loans for their facilities needs through CHEFA's Charter School Loan Program. With funding from its reserves, CHEFA provided $1.7 million in loans to 12 charter schools from 1997 to 2003. These loans had an interest rate of 5.9% and a maximum term of five years. CHEFA's reserve funds are now depleted and it does not anticipate making additional loans in the future.

Q-Bond Programs

Charter schools are eligible for Connecticut's Q-Bond Programs. Achievement First Hartford was approved for $1.5 million in QZAB funding in FY2010.

DELAWARE

Minor Capital Funding

Statutory Reference: http://bit.ly/decapfundingstatute

House Bill No. 165, which was enacted by the General Assembly of the State of Delaware effective July 1, 2013, provided for minor capital improvement grants for charter schools, to be funded in the same manner as for the State's vocational technical school districts.

Charter School Performance Fund

Statutory Reference: http://bit.ly/deperformancefundstatute (Section 509(m))

In FY2014, the Delaware Department of Education began administering the Charter School Performance Fund. Charter schools can apply for this funding based on a proven track record of success, as measured by the charter school's authorizer or the Delaware Department of Education. Applicants that have high-quality plans for start-up or expansion or serve high-need students, will be given priority. Facilities projects are among the eligible uses for these funds and the Department of Education reserves the right to determine number of grantees and size of awards. The Charter School Performance Fund is subject to appropriation, capped at $5 million annually. For FY2014, $2 million was appropriated for this program.

Delaware Economic Development Authority Conduit Financing

Website: http://1.usa.gov/XHVole

Statutory Reference: http://1.usa.gov/1oHxFLT

Charter schools in Delaware are eligible to access tax-exempt bond financing through the Delaware Economic Development Authority (DEDA), which provides statewide financial assistance to new or expanding businesses, governmental units and certain organizations that are exempt from federal income tax. In 2012, Newark Charter School closed $18.3 million in financing through DEDA. Several other charter schools have sought issuance through DEDA, but eventually issued bonds through other conduit issuers.

Local Government Conduit Financing

City of Wilmington: http://bit.ly/1sm1nFZ (Part II – Wilmington City Code => Chapter 8 Community Development => Article II Commercial, Financial Service and Industrial Development)

Kent County: http://bit.ly/1kpa3fi (Chapter 30 Economic and Maritime Development, Office of)

New Castle County: http://bit.ly/1vfOwdl (Part II - Code => Chapter 14 Finance and Taxation => Article 8 Financing through Revenue Bonds => Sections 14.08.201 to 14.08.215)

Sussex County: http://1.usa.gov/1sm1H7n (Section 7002(t))

As nonprofit organizations, Delaware charters schools have access to the tax-exempt bond market through the City of Wilmington and the county in which they are located. House Bill 165, which was enacted by the General Assembly effective July 1, 2013, added Subsection (l) to Title 14 § 509 of the Delaware Code providing charter schools access to conduit bond financing and disallowing the imposition of any condition or restriction by the state or any local government unit on a charter school's approval for conduit bond financing solely due to the school being a charter school.

In 2010, the City of Wilmington issued $3.6 million in revenue bonds for facilities acquisition and renovation for the Delaware College Preparatory Academy. The Wilmington City Council also passed Ordinance 13-045 in January 2014 authorizing the City to issue revenue bonds in 2014 in an aggregate principal amount up to $35 million to assist the Community Education Building Corporation in converting a former MBNA/Bank of America building into a facility that will house up to four charter schools with a total capacity of 2,000 students. To date, Kent County has successfully issued tax-exempt bonds for two charter schools: $13.2 million to finance property acquisition and facilities construction on behalf of Providence Creek Academy and $3.9 million to refinance debt on behalf of Charter School, Inc. d/b/a Campus Community School. Newark Charter School also issued $14.9 million in bonds through New Castle County.

Q-Bond Programs

Charter schools may participate in Delaware's Q-Bond Programs; however, none have applied for either program to date. Delaware's allocation for the QSCB program has been fully exhausted on traditional district schools.

FLORIDA

Charter School Capital Outlay Funding

Website: http://bit.ly/1pZer1h

Statutory Reference: http://bit.ly/1pe2cBt

In Florida, eligible charter schools have been provided with an appropriated per pupil facilities allocation of Charter School Capital Outlay funding since 1998. To be eligible, a charter school must meet the following criteria:

- have been in operation for at least three years, be governed by a governing board established in the State of Florida, which operates both charter schools and conversion charter schools within the state, be an expanded feeder chain of a charter school within the same school district that is currently receiving charter school capital outlay funding, have been accredited by the Commission on Schools of the Southern Association of Colleges and Schools or serve students in facilities that are provided by a business partner for a charter school-in-the workplace;
- have financial stability for future operation as a charter school;
- have satisfactory student achievement based on state accountability standards;
- have received final approval from its sponsor for operation during that fiscal year; and
- serve students in facilities that are not provided by the charter school's sponsor.

Funds may be used for the purchase of real property; construction; purchase, lease-purchase or lease of permanent or relocatable school facilities; purchase of vehicles for student transportation; and renovation, repair and maintenance of school facilities that the charter school owns or is purchasing through a lease-purchase or lease of five years or longer. The Florida Legislature amended the statute in 2009 to expand eligible uses to include the purchase, lease-purchase or lease of new and replacement equipment and certain enterprise resource software applications used for administrative and state-mandated reporting; payment of property and casualty insurance premiums necessary to insure the school facilities; and the purchase, lease-purchase or lease of certain motor vehicles used by the school.

Depending on actual appropriations, the program has been funded at a percentage of charter school projected student enrollment multiplied by 1/15th of the cost per student station as specified in Florida Statute 1013.64(6)(b) for an elementary, middle or high school student, with the percentage determined by the amount appropriated. In 2006, the Florida Legislature established priorities for capital outlay funding whereby schools awarded funding in FY2006 receive first priority for the lesser of their current enrollment or their enrollment in FY2006. Excess funds are allocated to all other schools and to cover enrollment increases for schools funded in FY2006.

The Office of Educational Facilities at the Florida Department of Education distributes funds on a monthly basis to school districts, which must remit funds to charter schools within ten days. Program appropriations were substantially increased in FY2014 and have totaled approximately $500 million since FY2006 as per the table below:

Fiscal Year	Appropriations ($ in Millions)	Number of Charter Schools
2005–2006	$27.7	210
2006–2007	53.1	233
2007–2008	54.0	249
2008–2009	55.1	282
2009–2010	56.1	304
2010–2011	56.1	362
2011–2012	55.3	383
2012–2013	55.2	458
2013–2014*	85.2	439
Total	**$497.8**	

* Estimated

At the time of the publication, for FY2014, the estimated average per-student allocation was $414, $475 and $628 per elementary, middle and high school student, respectively.

Mill Tax Levy

Statutory Reference: http://bit.ly/1ur7F8r

At its discretion, Florida school boards may levy up to 1.5 mills for district schools, including charter schools, for the construction, renovation, remodeling, maintenance and repair or lease of educational facilities; equipment; and administrative and school reporting software. To meet critical district fixed capital outlay needs, school boards may levy up to an additional 0.25 mills, not to exceed 1.75 mills, for fixed capital outlays in lieu of an equivalent amount of the discretionary mills for operations. An additional 0.25 mill levy for critical outlay needs may be authorized by a super majority vote of a school board, not to exceed two mills. This additional levy must also be approved by district voters in the next general election. Funds raised via a mill levy are administered by the school district in which they are raised. School districts may share these funds with charter schools.

Educational Impact Fees

Statutory Reference: http://bit.ly/1lDZaBv (Section (18)(f))

To the extent that charter school facilities are specifically created to mitigate the educational impact created by the development of new residential dwelling units, some or all of the educational impact fees required to be paid in connection with the new residential dwellings may be designated instead for the construction of charter school facilities.

Municipal Conduit Financing

Statutory Reference: http://bit.ly/1r1qlnz

The Florida Industrial Development Financing Act of the Florida Statutes authorizes any county or municipality to issue tax-exempt industrial development revenue bonds to finance the cost of eligible projects, including facilities owned and operated by charter schools.

Florida Development Finance Corporation Conduit Financing

Website: http://bit.ly/XHWugT

Statutory Reference: http://bit.ly/1rnV9UY

The Florida Development Finance Corporation (FDFC) is a state-authorized issuer of industrial revenue bonds. FDFC issues bonds in counties throughout Florida, offering tax-exempt, low interest bond financing to qualified, financially sound, manufacturing and 501(c)(3) nonprofit organizations. FDFC was designed to improve low cost capital availability for Florida's manufacturers and nonprofit companies that qualify for tax-exempt financing under IRS rules. In addition to manufacturers, 501(c)(3) organizations that have been financed with FDFC-issued industrial revenue bonds include charter and private schools, homes for the aged, daycare facilities and recreation centers. FDFC has completed eight transactions on behalf of four charter schools in Florida, with issuance totaling over $220 million.

Q-Bond Programs

Charter schools are eligible to participate in Florida's QSCB Program, which is administered by the Office of Educational Facilities at the Florida Department of Education. No charter school has successfully closed on QSCB financing to date and allocations for this program have been exhausted. Charter schools are not eligible to receive financing through the state's QZAB Program.

GEORGIA

Facilities Fund for Charter Schools

Statutory Reference: http://bit.ly/1ur7Wbx (Education => Elementary and Secondary Education => Charter Schools Act of 1998 => Section 20-2-2068.2)

In 2004 amendments to the Charter Schools Act of 1998, the Georgia General Assembly directed the State Board of Education to establish a need-based, per pupil facilities grant program by creating a facilities fund for charter schools. Eligible uses include: purchase of real property; construction of school facilities; purchase, lease-purchase or lease of permanent or relocatable school facilities; purchase of transportation vehicles; and renovation, repair and maintenance of school facilities that are owned by the charter school or are being purchased through a lease-purchase or long-term lease of five years or longer.

The Charter Schools Office of the Georgia Department of Education administers this competitive program. All charter schools are eligible to apply and awards are based on a variety of factors, including demonstrated need, quality of application, student success and evidence of facility ownership or a path to ownership. The number of awardees for this program has declined in recent years, from a high of 29 recipients in FY2011, to 15 in FY2014. Annual appropriations for this program are outlined in the table below:

Fiscal Year	Appropriation ($ in Millions)
2005	–
2006	$0.50
2007	0.95
2008	0.95
2009	2.50
2010	2.50
2011	2.03
2012	1.80
2013	1.85
2014	1.49
2015*	1.49

* Proposed

Capital Outlay Program

Statutory Reference: **http://bit.ly/1ur7Wbx (Education => Elementary and Secondary Education => Quality Basic Education => Capital Outlay Funds => Section 20-2-260)**

In 2011, the Georgia legislature amended Title 20 of its Education Code, requiring all school systems in the state to complete a facilities survey every five years. The facilities survey includes elements such as: student population growth; an assessment of existing facilities; and recommendations for improvements, expansion, modernization, safety and energy retrofitting. This survey becomes the basis for each school system's five-year facility plan, which is a prioritized list of proposed projects that are eligible for state capital outlay funds.

The state's capital outlay program requires a local match, which may vary from 8% to 20% of the eligible cost of a project based on a system's wealth. In FY2014, 42 school systems received $204.7 million in capital outlay funds. Only charter schools that are included in their district's local facilities plan are eligible for capital outlay funding.

Matching Grant Program

Statutory Reference: **http://bit.ly/1ur7Wbx (Education => Elementary and Secondary Education => Charter School Capital Finance => Section 20-2-2095.2)**

The Charter School Capital Finance Act established a grant program in 2008 matching, dollar-for-dollar, taxpayer-donated funds going towards capital outlays up to a maximum amount authorized by the State Board of Education. Subject to appropriation, qualifying expenditures include the acquisition of fixed assets, existing buildings, improvements to sites, construction of buildings, construction of additions to buildings, and retrofitting of existing buildings for energy conservation.

The amount of matching funds allocated for a single charter school project cannot exceed 75 percent of the average per-student state portion of capital outlay funding provided multiplied by the number of students that the charter school project was designed to serve. To date, this program has not been funded.

County Development Authority Conduit Financing

Statutory Reference: **http://bit.ly/1ur7Wbx (Local Government => Provisions Applicable to Counties and Municipal Corporations => Development Authorities, Chapter 62)**

Charter schools in Georgia have access to tax-exempt financing through county development authorities.

Q-Bond Programs

Conversion charter schools are eligible to access financing through Georgia's Q-Bond Programs, which are administered by the Office of Finance & Business Operations at the Georgia Department of Education. To date, no charter schools in Georgia have accessed Q-Bond financing.

HAWAII

Per Pupil Allocation

Statutory Reference: **http://1.usa.gov/1AXDGcG (302D-28)**

Conversion schools in Hawaii retain their state-owned facilities, which continue to be maintained and improved by the state even after conversion. For FY2007, the supplemental budget act included a one-time provision of $3.2 million for a per pupil facilities allowance for non-conversion charter schools in Hawaii. This provision provided $686 per pupil to 27 charter schools. Funds were used for the following expenses: lease, rent and/or building improvements; utilities, emergency generators, maintenance or minor facility repairs; major renovations or improvements that added to the useful life of the facility; and improvements that added capacity to the school's infrastructure for the purpose of improving a virtual education program. Since 2007, state grants-in-aid for facilities have been awarded to a handful of nonprofit organizations affiliated with individual charter schools on a case-by-case basis.

State Public Charter School Commission

Statutory Reference: **http://1.usa.gov/1AXDGcG (302D-29.5)**

In 2013, the Hawaii Legislature authorized the creation of the State Public Charter School Commission to authorize public charter schools in the state and oversee and develop a strategic long-term public charter schools plan. The same law grants the Commission permission to request facilities funding for charter schools as part of its annual budget request, beginning with FY2015. The Commission is also responsible for developing criteria to determine the distribution of these funds, which may include, but are not limited to, charter school academic performance. In 2014, the Commission initiated a relatively small-scale pilot program to allocate funding to facilities projects using $680,000 in federal Impact Aid funds.

Q-Bond Programs

Hawaii charter schools are eligible to participate in the state's QZAB Program; however, no charter schools have applied to date.

IDAHO

Per Pupil Facilities Funding for Charter Schools

Statutory Reference: http://bit.ly/1y9wqGy (33-5208 (5))

In April 2013, the Governor of Idaho signed House Bill 206 into law, providing for dedicated per pupil funding for charter school facilities. Funds are to be used to defray the purchase, fee, loan or lease costs associated with payments for real property used by the charter school. The amount of facilities funding is calculated as a percentage of the statewide average of all bond and plant facility levies per student by Idaho school districts. For FY2014, the calculation will use 20%, or $1.4 million, and in FY2015, the percentage will increase to 30%, or $2.1 million. The percentage for distributions in subsequent fiscal years will increase by 10% each time the public school budget increases by 3% or more and decrease by 10% each time the budget is cut. Otherwise, the distribution percentage will remain the same as the previous year, with the minimum and maximum distribution percentages being 20% and 50%, respectively. Based on these calculations, charter schools are estimated to receive approximately $114 per pupil in FY2014 and $171 per pupil in FY2015.

Charter schools that do not receive facilities funds for all their enrolled students may submit a reimbursement claim to the Idaho State Department of Education (ISDE) for any costs for which facilities funds may be used. Such claims will be reduced by the greater of 50% or the percentage of the charter school's enrolled students for which it has received facilities funds, and ISDE will pay the difference. Total reimbursements, including any facilities stipend received by the school, cannot exceed the amount of facilities funds that the school would have received for all enrolled students.

Idaho Housing and Finance Association Conduit Financing

Website: http://www.idahohousing.com/

Statutory Reference: http://bit.ly/1sm2DJa

As nonprofit organizations, charter schools are eligible for tax-exempt facilities financing utilizing Nonprofit Facilities Revenue Bonds issued by the Idaho Housing and Finance Association (IHFA). To date, IHFA has closed 15 offerings for charter schools, ranging in size from $750,000 to $11.7 million and totaling $48.6 million.

Q-Bond Programs

Charter schools are eligible to participate in Idaho's Q-Bond Programs; however, no charter schools have accessed financing through either program to date.

ILLINOIS

Charter Schools Revolving Loan Fund

Statutory Reference: http://bit.ly/1sBb457 (Section 27A-11.5(3))

The Accountability Division at the Illinois State Board of Education administers the Charter Schools Revolving Loan Fund, which provides interest-free loans to charter schools for acquiring and remodeling facilities and for start-up costs of acquiring educational materials and supplies, textbooks, furniture and other equipment. A charter school may apply for a loan once it is certified by the State Board of Education, and all charter schools are eligible to participate in the loan program within their initial term.

Loans are limited to one per charter school and may not exceed $250 per student. Full loan repayment is required by the end of the initial charter term, which is usually five years, and loan repayments are deposited back into the fund for future use by other charter schools. The fund received an allocation of $2 million in FY2004 and has received a $20,000 annual allocation since then. Approximately 17 charter schools have received loans through this program. No charter schools have accessed these funds since 2009.

Illinois Finance Authority Conduit Financing

Website: http://www.il-fa.com/

Statutory Reference: http://bit.ly/VOWRBq

The Illinois Finance Authority (IFA) is a self-financed state authority principally engaged in issuing taxable and tax-exempt bonds, making loans and raising capital for businesses, nonprofit corporations, agriculture and local government units. IFA was created in January 2004 through the consolidation of seven statewide authorities. Charter schools in Illinois can access tax-exempt revenue bond and lease financing for capital projects through IFA. To date, IFA has closed ten financings totaling $174.6 million.

Q-Bond Programs

The Illinois State Board of Education administers the state's QSCB Program, and the Governor's Office of Management and Budget handles its finances. None of the state's QSCB allocation was made available for charter schools. Charter schools in Illinois are eligible to participate in the state's QZAB Program; however, they must apply through their sponsoring school district.

INDIANA

State Charter School Facilities Incentive Grant Award Total: $15 million–Fiscal Years 2009 through 2013

Charter School Facilities Assistance Program (Indiana Charter School Facilities Fund)

Statutory Reference: http://bit.ly/VOWSpb (Chapter 12)

The Indiana Department of Education (IDOE) was one of two jurisdictions selected as part of the second cohort of grantees to receive a grant from ED's State Incentive Grants Program totaling $15 million for FY2009 through FY2013. See the U.S. Department of Education section of ***Federal Initiatives*** for further details on the federal program.

In Indiana, federal grant money from the State Incentive Grants Program is used to supplement the Charter School Facilities Fund. Prior to 2013, these funds were utilized for start-up grants and per pupil facilities aid to charter schools.

The Indiana General Assembly did not appropriate the required $5 million (80%) match that would have enabled ED to fund a fifth and final year of awards. Indiana did receive approval for a no-cost extension that runs until September 30, 2014, to ensure that all funds approved from years one through four of the grant could be expended.

In 2012, IFF was selected by IDOE to operate the Charter School Facilities Assistance Program, a revolving loan program. Through this program, utilizing a $3 million grant from IDOE, IFF is required to leverage an additional $9 million. To date, IFF has made loans to six charter schools in Indiana, for a total of $5.1 million, leveraging $21 million in total development costs to date.

Four loans were made to CSDC for charter schools in Indianapolis:

- Charles Tindley Accelerated School–$1 million
- Tindley Preparatory Academy–$1 million
- Phalen Leadership Academy–$1 million
- Carpe Diem School–$495,000

The remaining two loans were direct loans to:

- Indiana Math and Science Academy, South Campus in Indianapolis–$1.5 million
- Canaan Academy in Canaan, IN–$60,000

As of December 2013, all funds from this loan fund have been fully committed.

Unused District Facilities

Statutory Reference: http://bit.ly/V4Lk42 (IC § 20-26-7-1)

In 2011 (amended in 2013), the Indiana Legislature passed a law requiring IDOE to post to its website a list of closed, unused or unoccupied school buildings that were previously used for classroom instruction. A charter school must submit a Charter School Intent to Claim form to IDOE if it is interested in leasing or purchasing one of the facilities on the list. The school corporation that owns the facility can then lease it to the charter school for $1 per year or sell it to the charter school for $1. The charter school must begin using the building for classroom instruction within two years of acquisition. During the lease term, the charter school is responsible for costs associated with utilities, insurance, maintenance, repairs and remodeling. One charter school, KIPP Indianapolis College Preparatory, has purchased an Indianapolis Public Schools building since this statute passed in 2011.

Indiana Finance Authority Conduit Financing

Website: http://www.in.gov/ifa/

Statutory Reference: http://bit.ly/1ou18nT (Chapter 11)

In 2005, the Indiana Finance Authority (IFA) was formed as a consolidation effort between six debt-issuing entities. Subsequently, the Indiana Health and Educational Facilities Finance Authority was consolidated into the newly formed IFA in 2007. IFA is authorized to issue revenue bonds payable from lease rentals under lease agreements with various state agencies and to finance or refinance the cost of acquiring, building and equipping structures for state use. As nonprofit entities, charter schools may apply for bond financing through IFA. Since 2009, IFA has issued $138 million in bond financing, benefitting 21 charter schools across the state.

Indiana Bond Bank and Indianapolis Local Public Improvement Bond Bank Conduit Financing

In 2002, the Indiana Legislature authorized mayor-sponsored charter schools in Indianapolis to obtain financing through the Indianapolis Local Public Improvement Bond Bank (Bond Bank), and all other charter schools to obtain financing through the Indiana Bond Bank. In addition to having access to these public authorities as conduit issuers, charter schools were able to benefit from the moral obligation pledge of the city or state, respectively, to debt issued through these authorities. This enhancement gave additional security to investors purchasing and holding these bonds. The Bond Bank received $2 million in ED credit enhancement grant funds, which it originally used in conjunction with the MO pledge to support the Indianapolis Charter Schools Facilities Fund; however, this fund is no longer operating.

In September 2010, CSDC, with the support of the Bond Bank and the Indianapolis Mayor's Office, became the beneficiary and "transferee" of the Bond Bank's original $2 million credit enhancement grant. A new program known as the Indianapolis Building Block Fund was subsequently launched to provide facilities financing to start-up and early stage charter schools serving predominately low-income student populations. See the Charter Schools Development Corporation section of ***Financing Organizations***, for more information on IBBF and CSDC.

Q-Bond Programs

Charter schools are eligible to participate in Indiana's Q-Bond Programs, which are administered by IDOE's Office of School Finance. Six charter schools received $22 million of the state's 2009 QSCB allocation. Each year from 2010 through 2012, one charter school was granted approval for QZAB financing.

IOWA

Charter School Facilities

Statutory Reference: http://bit.ly/1AXDV7E

A charter school in Iowa may be established by creating a new school within an existing public school or by converting an existing public school to charter status. A charter school is established with a contract between the board of a school district and the State Board of Education whereby the school district runs the charter school. As such, charter schools generally share facilities with traditional public schools in the district, and all funding goes through the school district.

Q-Bond Programs

Charter schools in Iowa are eligible to receive Q-Bond financing through their school district.

KANSAS

Kansas Development Finance Authority Conduit Financing

Website: http://www.kdfa.org

Statutory Reference: http://bit.ly/1ur8yxX

Charter schools in Kansas are eligible to access tax-exempt financing through the Kansas Development Finance Authority (KDFA), which was created in 1987 to promote economic development for the state. KDFA facilitates long-term financing for capital projects and programs through the issuance of taxable and tax-exempt bonds or other securities and has broad authorization to issue bonds for public and private educational facilities. KDFA has completed financings for educational facilities such as residence halls, recreation facilities, student unions, research facilities, classrooms, auditoriums, stadiums and arenas. To date, no charter schools have accessed financing through KDFA.

Q-Bond Programs

Charter schools in Kansas are eligible to participate in the state's Q-Bond Programs through their school districts; however, no charter schools have applied to either program to date.

LOUISIANA

Statutory Reference: http://1.usa.gov/1pe2NDh (RS 17:3971 - RS 17:3999)

In Louisiana, there are seven types of charter schools:

- *Type 1:* A new school that was chartered between a nonprofit corporation created to operate the school and a local school board.
- *Type 1B:* A new school that was chartered or a preexisting public school that was converted by a charter between a nonprofit corporation created to operate the school and a local charter authorizer.
- *Type 2:* A new school that was chartered or a preexisting public school that was converted by a charter between a nonprofit corporation and the Louisiana Board of Elementary and Secondary Education (BESE).
- *Type 3:* A pre-existing public school that was converted by a charter between a nonprofit corporation and a local school board.
- T*ype 3B:* A former Type 5 charter school that was transferred from the Recovery School District to a local school board. Type 3B charter schools can choose whether to retain their Local Education Agency status.
- *Type 4:* A new school that was chartered or a preexisting public school that was converted by a charter between a local school board and BESE.
- *Type 5:* A preexisting public school that was transferred to the Recovery School District, and chartered between a nonprofit corporation and BESE, or between a nonprofit corporation and a city, parish or other local school board.

Louisiana Charter School Start-Up Loan Fund

Statutory Reference: http://bit.ly/1ou1gns

The Louisiana Charter School Start-Up Loan Fund provides zero-interest loans, which may be used for start-up expenses for both new and existing Types 1, 1B, 2 and 3 charter schools, and for administrative and legal costs associated with the charter school program. The fund provides loans of up to $100,000, with terms of up to three years. Loans may be used to purchase tangible items, including equipment, instructional materials and technology, as well as for facility acquisition, upgrade and repairs. The program is administered by BESE and is subject to annual appropriation by the Legislature.

Program eligibility is dependent on charter type. A Type 2 charter school automatically receives this funding if the budget within its charter proposal includes a request for loan funding that complies with program requirements. A Type 1 or Type 3 charter school approved by a local school board, and a Type 1B charter school approved by a certified local charter authorizer, must apply to BESE for funding. Types 3B, 4 and 5 charter schools, which constitute approximately 52% of Louisiana charter schools, are not eligible.

The Louisiana Legislature appropriated $1.3 million for the Charter School Start-Up Loan Fund in FY1999. The fund may receive additional monies from grants, donations and other sources, including interest. The table below details the funds available for deployment each year since 2004:

Fiscal Year	Funds Available
2004	$1,500,000
2005	760,000
2006	715,000
2007	679,000
2008	673,000
2009	677,000
2010	537,000
2011	537,000
2012	537,000
2013	537,000

Louisiana Public Facilities Authority Conduit Financing

Website: http://www.lpfa.com

Statutory Reference: http://bit.ly/1AXE230

Charter schools in Louisiana are eligible to access tax-exempt financing through the Louisiana Public Facilities Authority (LPFA), a financing authority created in 1974 as a public trust of which the State of Louisiana is the beneficiary. The primary mission of LPFA is to further education, healthcare, economic development and job creation in the state.

In 2011, LPFA issued $15.5 million in bond financing on behalf of Lake Charles Charter Academy Foundation. Subsequently, in 2013, it issued $17.5 million on behalf of Southwest Louisiana Charter Academy Foundation. Both schools are located in Baton Rouge.

Louisiana Community Development Authority Conduit Financing

Website: http://www.louisianacda.com

Statutory Reference: http://bit.ly/1okeqIL (Sections 33.4548.1 to 33.4548.15)

Charter schools in Louisiana are eligible to access tax-exempt financing through the Louisiana Community Development Authority (LCDA), a public financing authority created in 1991 to provide local governments with financial services information and serve as a conduit for municipalities, parishes, school boards and special districts. LCDA has issued $16.1 million in Q-Bonds for two charter schools as described below.

Q-Bond Programs

Charter schools are eligible to participate in Louisiana's Q-Bond Programs. In 2010, LCDA issued $5.1 million in QSCB financing on behalf of D'arbonne Woods Charter School. In 2012, New Orleans Military and Maritime Academy accessed $8 million in QZAB financing and $3 million in QSCB financing through LCDA.

MAINE

Charter School Facilities

Statutory Reference: http://bit.ly/1oHzHeM

In 2011, the Maine Legislature passed the state's Public Charter School Law. The law does not mandate state funds for the construction and maintenance of charter school facilities. The law does, however, allow a charter school operator the right of first refusal to purchase or lease, at or below fair market value, school buildings that are being sold or leased by a school district from which the charter school draws students.

Q-Bond Programs

Charter schools are not prohibited from receiving financing through Maine's Q-Bond Programs, although none have applied to date.

MARYLAND

Unused District Facilities and Tax Exemption

Statutory Reference: http://bit.ly/1qYxvD3

Title 9 of the Maryland Education Code provides charter schools with certain rights surrounding facilities. Section 111 states that with the approval of the State Superintendent and after the required notice has been provided, a county board shall inform charter schools in the county that a school site or building is available for occupation and use. Maryland does not provide charter schools with a right of first refusal. Section 112 states that any portion of a building or property occupied by a charter school shall be exempt from property taxes for the duration of the occupancy and use of the building or property as a charter school.

Maryland Economic Development Corporation Conduit Financing

Website: http://www.medco-corp.com

Statutory Reference: http://1.usa.gov/1ur8WfS (Article - Economic Development => Sections §1–101 to §1–132)

The Maryland Economic Development Corporation (MEDCO) was founded in 1984 to promote employment, business activity and economic development in the state. MEDCO issues debt on behalf of business incubators, tourism projects, manufacturing projects, higher education projects and nonprofit organizations, including charter schools. MEDCO has not closed any charter school bond financings to date.

Maryland Health and Higher Educational Facilities Authority Conduit Financing

Website: http://www.mhhefa.org

Statutory Reference: http://1.usa.gov/1zXwk7y (Article = Economic Development => Sections §10–301 to §10–337)

The Maryland Health and Higher Educational Facilities Authority (MHHEFA) issues tax-exempt debt for facilities projects on behalf of nonprofit educational and health care institutions. MHHEFA's total bond financing on behalf of charter schools is approximately $29 million to date.

Maryland Industrial Development Financing Authority Conduit Financing

Website: http://bit.ly/1sm3UzI

Statutory Reference: http://1.usa.gov/1kLe4Lx (Article = Economic Development => Sections §5–401 to §5–466)

Charter schools are also eligible to access tax-exempt financing through the Maryland Industrial Development Financing Authority (MIDFA), which serves as a conduit issuer for nonprofit organizations, including charter schools. To date, no charter schools have accessed financing through MIDFA.

Local Development Authorities Conduit Financing

Statutory Reference: http://1.usa.gov/1zXwqfJ (Article = Economic Development => Sections §12–101 to §12–118)

Charter schools may apply for bond financing through various county and municipal industrial development authorities in Maryland.

Q-Bond Programs

Charter schools are eligible to participate in Maryland's Q-Bond Programs if they are located in a building owned by a local board of education. No charter schools have received financing through either program to date.

MASSACHUSETTS

Per Pupil Facilities Allocation

Statutory Reference: http://1.usa.gov/1pEfRAO (Section 89(ff))

Subject to legislative appropriation, Massachusetts charter schools receive a per pupil capital needs allowance as part of their per pupil tuition revenue. The per pupil capital needs component is calculated by the Massachusetts Department of Elementary & Secondary Education based on the statewide per pupil average expenditure for capital costs associated with payments, including interest and principal, for the construction, renovation, acquisition or improvement of school buildings and land, for the most recent year district expenditures were reported. The per pupil capital needs component for the last several years is outlined below:

Fiscal Year	Per Pupil Capital Needs Component
2006	$776
2007	811
2008	849
2009–2015	893

Massachusetts Development Finance Agency Programs

Website: http://www.massdevelopment.com

Statutory Reference: http://1.usa.gov/1ur9guS and http://1.usa.gov/VOXzPk

ED Credit Enhancement Award Total: $18.9 million–Fiscal Years 2003, 2004, 2012, 2013 and 2014

In Massachusetts, charter schools may access tax-exempt bond financing, direct loan financing, and guarantees for capital projects through the Massachusetts Development Finance Agency (MassDevelopment), a quasi-public state authority responsible for economic development lending. Since 1995, MassDevelopment has closed 71 financings on behalf of charter schools, totaling $437 million.

Direct Loan Financing

To date, MassDevelopment has closed $25.6 million in direct loans to charter schools through 21 loan transactions.

Charter School Loan Guarantee Program

In addition, MassDevelopment has received $18.9 million through the ED Credit Enhancement Program, which it has used to fund the Massachusetts Charter School Loan Guarantee Fund. Created in partnership with, and supported by, the Massachusetts Charter Public School Association, the Massachusetts Department of Elementary & Secondary Education's Charter School Office, the Boston Foundation and LISC, the fund guarantees debt for the acquisition, construction, renovation and leasehold improvement of charter school facilities. The 2003 and 2004 ED grant funds are matched by $1 million from MassDevelopment, $2.5 million from the Boston

Foundation and $1 million from LISC. The 2012 and 2013 ED grant funds contributed an additional $5 million in capacity to the fund. To date, the fund has closed 28 transactions on behalf of 22 charter schools, providing $30.8 million in credit enhancement that has leveraged $193.7 million.

Conduit Financing

To date, MassDevelopment has closed $411.3 million in tax-exempt bond financing on behalf of charter schools in 50 transactions. This total includes Q-Bond financings as described below.

Q-Bond Programs

Charter schools in Massachusetts are eligible to participate in the state's Q-Bond Programs. To date, MassDevelopment has closed QSCB financings totaling $8.8 million on behalf of two charter schools and $58.7 million in QZABs on behalf of 15 charter schools.

MICHIGAN

School District Revenue Aid

Statutory Reference: http://1.usa.gov/1sBc21I (Section 380.503a)

Revenue from taxes levied, or bonds issued, by a school district may be used to support the operation or facilities of a public school academy (PSA or charter school) operated by the school district.

Michigan Finance Authority Conduit Financing & Credit Enhancement Program

Website: http://1.usa.gov/X4vNDg

Statutory Reference: http://1.usa.gov/1pZeVEC (Paragraph IV, Section C)

ED Credit Enhancement Award Total: $6.5 million–Fiscal Year 2007

Created in 2002, the Michigan Public Educational Facilities Authority (MPEFA) provided tax-exempt financing and technical assistance for qualified public educational facilities and PSAs. Under Executive Order 2010-2, issued by the Governor and effective May 30, 2010, MPEFA was consolidated with nine other public finance authorities into the Michigan Finance Authority (MFA). Prior to 2010, MPEFA offered a Long-Term Facilities Financing Program for PSAs, which is now operated by MFA. Funds from the program may be used to finance land acquisitions, facilities, equipment and energy conservation improvements or to refinance existing debt.

In 2007, MPEFA adopted a new fee schedule for its Long-Term Facilities Financing Program whereby it no longer charged application or issuance fees (fees are instead paid from reserve fund interest earnings) and it reduced ongoing annual fees from 0.125% to 0.05% of the financing's outstanding balance. MFA has continued this new fee policy. Also in 2007, MPEFA received $6.5 million through ED's Credit Enhancement Program to fund debt service reserves for bond issuances, thereby lowering borrowing costs for participating charter schools. While the entire $6.5 million grant has been expended, the funds are expected to be recycled over the next 25 years as they are repaid to MFA. To date, MPEFA and MFA have collectively issued over $275 million in bond financing for 32 PSAs.

Q-Bond Programs

Michigan PSAs are eligible to participate in the state's Q-Bond Programs. To date, three PSAs have accessed QSCB financing—Hope Academy ($4.5 million), George Crocket Academy ($4 million) and Plymouth Educational Center ($5 million). In 2000, two PSAs accessed QZAB financing—Colin Powell Academy ($1 million) and Plymouth Educational Center ($600,000).

MINNESOTA

State Charter School Facilities Incentive Grant Award Total: $14.2 million–Fiscal Years 2004 through 2008

Per Pupil Building Lease Aid Program

Statutory Reference: http://bit.ly/1ur9wdk

A charter school that leases its facility can apply to the Minnesota Department of Education for lease aid on an annual basis. This program evaluates charter schools based on: the reasonableness of the price of the lease based on current market values; the extent to which the lease conforms to applicable state laws; and the appropriateness of the lease in the context of the school's needs and finances. In addition, the lease must have a closure clause that relieves the charter school of its lease obligations when, but in effect not before, its charter contract is terminated or not renewed. Prior to 2012, schools approved for opening in 2003 and beyond were offered aid totaling 90% of the actual cost of leasing at a maximum of $1,200 per pupil. Schools with earlier established leases and bond payment schedules were able to receive up to $1,500 per pupil. Established in 2012, the current lease aid formula allowance is $1,200 per pupil and will increase to $1,314 per pupil in FY2015. The minimum 10% balance that charter schools pay is designed to ensure that schools lease appropriate and reasonable facilities.

Program appropriations since 2004 have totaled over $500 million. If the appropriation for a fiscal year is insufficient to fund the full aid entitlement, there is a process to fund deficiencies with a reserve reallocation that is authorized by law. For FY2013, 143 charter schools benefitted from the Lease Aid Program. Annual appropriations for this program are outlined below:

Fiscal Year	Appropriation ($ in Millions)
2004	$17.5
2005	20.6
2006	24.2
2007	27.8
2008	32.6
2009	37.4
2010	41.1
2011	43.2
2012	46.9
2013	49.1
2014	53.3
2015*	58.9
2016*	64.1

* Projected

Local Government Conduit Financing

Statutory Reference: http://bit.ly/1u1yOwm

In Minnesota, there is no statewide conduit issuer of tax-exempt bond financing that charter schools can access for their facility needs. Charter schools have access, however, at the county and city levels through conduit issuers, such as the Housing and Redevelopment Authority of St. Paul.

Q-Bond Programs

Charter schools are eligible to participate in Minnesota's Q-Bond Programs; however, no charter schools have accessed financing through either program to date.

MISSISSIPPI

Charter School Legislation

Statutory Reference: http://bit.ly/1kpb477

In 2013, the Mississippi Legislature passed the Charter Schools Act of 2013 after the original law expired in July 2009. The current Mississippi charter law allows for both conversion and new-start schools. Currently, there are no operating charter schools in Mississippi. MS Code 37-151-7(1)(b) includes a "plant and maintenance cost component" in the calculation of the per pupil allocation for the state's Adequate Education Program. Charters are allocated funding from this program in MS Code 37-151-7(5). The Charter Schools Act also provides Mississippi charter schools with a right of first refusal to vacant schools facilities and property.

MISSOURI

School District Indebtedness Provision

Statutory Reference: http://on.mo.gov/1kpb6vU (Section 160.415.12)

A school district may incur bonded indebtedness or take other measures to provide for physical facilities and other capital items for charter schools it sponsors, or with which it contracts.

Missouri Health & Educational Facilities Authority Conduit Financing

Website: http://www.mohefa.org

Statutory Reference: http://on.mo.gov/1kpb6vU

The Missouri Health & Educational Facilities Authority (MOHEFA) was created by the Missouri General Assembly as a conduit issuer for public and private nonprofit health and educational institutions. MOHEFA has issued bonds for charter schools in three transactions: $6.1 million for the St. Louis Charter School in 2002; $2.6 million for Academie Lafayette in Kansas City in 2003; and $52.1 million for Ewing Marion Kauffman School in 2012.

Industrial Development Authority Conduit Financing

Statutory Reference: http://on.mo.gov/VOXVp9

Charter schools may apply for bond financing through various county and city industrial development authorities in Missouri, such as the St. Louis Industrial Development Authority, which issued $23.7 million in debt on behalf of Confluence Academy in 2007. The Kansas City Industrial Development Authority also issued $4.8 million on behalf of Allen Village School in 2006 and $10.6 million on behalf of Derrick Thomas Academy Charter School in 2007.

Q-Bond Programs

Charter schools are eligible for financing through Missouri's Q-Bond Programs. To date, one charter school has utilized $1.5 million of QZAB allocation to help finance its facilities. No charter schools have accessed financing through the QSCB program to date.

NEVADA

Facilities Fund for Charter Schools

Statutory Reference: http://bit.ly/1pZf1vV (NRS 386.5515)

Charter schools may apply to the Nevada Department of Education for available money for facilities to the extent funds are available from legislative appropriations. Eligible schools must meet certain operational, financial and academic criteria. Eligible schools must also submit to performance audits every three years. To date, this fund has not received an appropriation.

Nevada Department of Business and Industry Conduit Financing

Website: http://business.nv.gov/

Statutory Reference: http://bit.ly/1oHAMTW (NRS 386.612 to 386.649)

In 2013, the Nevada Legislature passed the Charter School Financing Law, which authorized the Director of the Department of Business and Industry to issue tax-exempt bonds to finance the acquisition, construction, improvement, restoration or rehabilitation of property, buildings and facilities, as well as capital equipment for charter schools. As a prerequisite to receiving this financing, the charter school must have received one of the two highest ratings of performance pursuant to the statewide system of accountability for public schools within the immediately preceding three consecutive school years. No bonds had yet been issued on behalf of charter schools as regulations were pending legislative committee approval as of July 2014.

Q-Bond Programs

Charter schools in Nevada are permitted to apply for QZAB financing directly through the state. Charter schools in Nevada are permitted to apply for QSCB financing through their local school district. No charter schools have received such financing to date.

NEW HAMPSHIRE

School Building Aid Grant Program and Grant for Leased Space

Website: http://1.usa.gov/1nw6rTM

Statutory Reference: http://bit.ly/1AXELRS (Sections 198:15-hh, and198:15-b) and http://bit.ly/1sBcvR2 (Ed 321.24)

Beginning in 2013, charter schools became eligible to receive grants through the School Building Aid Grant Program, which covers up to 30% of the costs related to construction, land acquisition, planning and design, furniture, fixtures and equipment. Although charter schools are now eligible for these funds, the New Hampshire Legislature instituted a moratorium on the School Building Aid Grant Program in 2009, which was subsequently extended through June 30, 2015. Assuming the Legislature funds the program during the next biennium, applications for future aid will be due by July 1, 2015. New Hampshire also offers an annual grant for up to 30% of annual lease payments incurred.

New Hampshire Health and Education Facilities Authority Conduit Financing

Website: http://www.nhhefa.com

Statutory Reference: http://bit.ly/V4MEDZ

Charter schools in New Hampshire are eligible to access tax-exempt financing through the New Hampshire Health and Education Facilities Authority (NHHEFA). NHHEFA provides several facilities financing options for charter schools, including privately placed bonds, public bond offerings and a capital loan program, through which it provides participation loans or guarantees part of a bank loan for the purchase of capital equipment or the refinancing of existing debt. Loans through the capital loan program range from $50,000 to $600,000 and have five-year terms and interest rates equal to one-quarter of the participating bank's loan rate. NHHEFA also has two loan programs via which four charter schools have accessed working capital loans totaling $373,000.

New Hampshire Municipal Bond Bank Conduit Financing

Website: http://www.nhmbb.org

Statutory Reference: http://bit.ly/1okfV9V

The New Hampshire Municipal Bond Bank (NHMBB), which was created in 1977 by the New Hampshire Legislature, is an instrumentality of the state that issues bonds to provide loans to counties, cities, towns, school districts or other districts within the state. In 1982, the Legislature enacted the New Hampshire Municipal Bond Bank Educational Institutions Bond Financing Act, which established the Educational Institutions Division within NHMBB to finance the construction and improvement of certain educational facilities, including those for charter schools. Although eligible, charter schools have not accessed such financing to date.

Q-Bond Programs

Charter schools are eligible to participate in New Hampshire's Q-Bond Programs, which are administered by the Office of School Building Aid in the New Hampshire Department of Education's Division of Program Support. However, no charter schools have accessed financing through either program to date.

NEW JERSEY

New Jersey Economic Development Authority Financing
Website: http://www.njeda.com

Statutory Reference: http://bit.ly/1sC7B6n (Sections 34:1B-1 to 34:1B-21.36)

The New Jersey Economic Development Authority (NJEDA) is an independent state entity with a mission of stimulating business development, creating jobs and revitalizing communities throughout the state.

NJEDA is available as a conduit tax-exempt bond issuer for charter schools under its program for nonprofit organizations. Charter schools may also benefit from NJEDA's various low-cost lending programs. To date, NJEDA has provided financial assistance to charter schools through a combination of tax-exempt bond issuances and NJEDA's guaranty and subordinate loan programs.

New Jersey Redevelopment Authority Conduit Financing
Website: http://www.njra.us/njra/site/default.asp

Statutory Reference: http://bit.ly/1vhh4n6 (Section C.55:19-74)

The New Jersey Redevelopment Authority (NJRA) was created through the New Jersey Urban Redevelopment Act in July 1996. NJRA is a state redevelopment financing authority committed to revitalizing urban New Jersey. NJRA offers a host of financial resources to support urban redevelopment in eligible NJ municipalities. Certain nonprofit organizations, including charter schools, can access tax-exempt bond financing from NJRA for the following purposes: land and building acquisition; new construction or expansion; purchase of new equipment and machinery; debt/refinancing; and working capital. NJRA has issued $6.6 million in tax-exempt bond debt on behalf of Greater Brunswick Regional Charter School in 2009 and $8.2 million on behalf of Central Jersey Arts Charter School in 2010.

Q-Bond Programs

Charter schools are eligible to participate in New Jersey's Q-Bond Programs. To date, six Newark charter schools have closed QZAB financings, totaling over $72 million. The NJEDA has received $170 million in QSCB allocation and has deployed it in full for charter school projects.

NEW MEXICO

Public School Capital Outlay Fund
Website: http://bit.ly/X4YSOL

Statutory Reference:http://bit.ly/1oh7uNs (TOC – Statutes, Rules and Const. => NMSA (Unannotated) => Chapter 22 Public Schools => Article 24 Public School Capital Outlay) and (TOC – Statutes, Rules and Const. => NMSA (Unannotated) => Chapter 22 Public Schools => Article 8B Charter Schools => Section 22-8B-4(H))

The Public School Capital Outlay Act was passed in 1978 to address critical school district capital outlay needs. The Public School Capital Outlay Council (PSCOC), through the New Mexico Public School Facilities Authority, manages the allocation of state funding to public school facilities as part of the Public School Capital Outlay Fund. Grants from the fund are determined by formula and may be used only for capital expenditures deemed necessary by PSCOC for an adequate educational program. Charter schools can access public school capital outlay funds in the same manner as other public schools in New Mexico. Through the fund, PSCOC provides grants to schools using a standards-based process, as well as grants for specific program initiatives, such as the lease payment assistance program. In general, PSCOC prioritizes funding based on school facility need as ranked in the New Mexico Condition Index listing. In FY2014, PSCOC awarded $11.2 million in Standards Based Awards for capital projects, including $23,500 to support Aldo Leopold Charter School.

Lease Payment Assistance Program
Website: http://bit.ly/1IEMCKq

Statutory Reference: http://bit.ly/1oh7uNs (TOC – Statutes, Rules and Const. => NMSA (Unannotated) => Chapter 22 Public Schools => Article 24 Public School Capital Outlay => Section 22-24-4(I))

PSCOC, through the Public School Capital Outlay Fund, is authorized to provide grants to school districts to cover lease payments for classroom facilities, including facilities leased by charter schools. This grant program was created by the New Mexico Legislature in 2004. The per pupil amount has increased steadily each year from $300 in FY2005 to approximately $740 in FY2014. The per pupil amount is adjusted according to the percentage increase of the consumer price index for the United States between the penultimate calendar year and the immediately preceding calendar year. Grant awards may not exceed the annual school lease payment. School districts apply to PSCOC for funding and may apply on behalf of a charter school. If a school district fails to make an application on behalf of a charter school, the charter school may submit its own application. Over the past five years, PSCOC has awarded over $62 million through the Lease Payment Assistance Program, for which annual totals are outlined below. To date, this program has benefitted well over 50 charter schools.

Fiscal Year	Total Awards ($ in Millions)
2009	$7.3
2010	8.3
2011	9.8
2012	10.8
2013	13.1
2014	13.0

New Mexico Public Education Department's Capital Outlay Bureau Programs
Website: http://bit.ly/1qYZYIS

The Capital Outlay Bureau at the New Mexico Public Education Department administers the following three programs that offer facilities financing resources to charter schools in New Mexico, in addition to the state's Q-Bond Programs.

Direct Legislative Appropriations

Statutory Reference: http://bit.ly/1oh7uNs (TOC – Statutes, Rules and Const. => NMSA (Unannotated) => Chapter 7 Taxation => Article 27 Severance Tax Bonding Act)

Specific projects within a school district may receive capital outlay funding through direct legislative appropriations. Charter schools may request an appropriation directly from their state legislators. These allocations are funded by the general fund or from the proceeds of the sale of severance bonds. Allocation amounts have fluctuated significantly in recent years as outlined below:

Fiscal Year	Appropriation ($ in Millions)
2006	$45.9
2007	56.1
2008	34.3
2009	3.8
2010	4.2
2011	0.8
2012	8.4
2013	24.5
2014	26.9

By June 1 of each year, a school district must determine whether to accept or reject any legislative appropriations made directly to the school district or to charter schools within the school district. A school district's share of public capital outlay funds will be offset by a percentage of the total legislative appropriations accepted by a school district.

Public School Capital Improvements Act (SB 9)

Statutory Reference: http://bit.ly/1oh7uNs (TOC – Statutes, Rules and Const. => NMSA (Unannotated) => Chapter 22 Public Schools => Article 25 Public School Capital Improvements)

The Public School Capital Improvements Act is a funding mechanism that allows school districts to ask local voters to approve a property levy of up to two mills for a maximum of six years. Historically, school districts were not mandated to provide charter schools with an equitable share of SB 9 funds, and a charter school had to negotiate with a district to receive its share. As of July 2009, school districts are required to include charter school capital improvements in the resolution submission, provided that a charter school submits the necessary information on its capital improvements to the school district in a timely manner. Funds generated through this program can be used to: erect, remodel, make additions to, provide equipment for or furnish public school buildings; purchase or improve school grounds; maintain public school buildings or public school grounds; purchase activity vehicles for transporting students to extracurricular activities; and purchase computer software and hardware for student use in public school classrooms.

SB 9 contains provisions that provide a school district with a minimum level of funding or program guaranty. This minimum is calculated by multiplying a school district's 40th day total program units by a specified dollar amount. This dollar amount equaled $70 in FY2008 and per state statute, has equaled the amount for the previous fiscal year adjusted by the percentage increase between the next preceding calendar year and the preceding calendar year of the consumer price index of the United States in each subsequent year. In FY2012 (the most recent year of available data), this dollar amount was approximately $78. If the local revenue generated by SB 9 is less than the program guaranty, the state provides matching funds, which are subject to certain restrictions, to make up the difference. These matching funds also are distributed by multiplying a school district's 40th day program units by a specified dollar amount, which in FY2005 equaled $5 and per state statute has increased each year by the percentage increase of the consumer price index for the United States. By FY2012, the minimum state-matching requirement was $6.06. In FY2012, 84 school districts raised $101.8 million, and state matching funds totaling $18.5 million were provided to 47 of those districts.

Charter schools that did not yet commence operations in the prior year are not eligible to receive SB 9 funding. Those charter schools that expect to receive SB 9 funding during the next calendar year are required to report expected uses of such funds by December 1st of each year to their chartering authority and the Public Education Department for its review of the proposed uses' consistency with the law. In addition, by January 31st of each year, the charter schools that received such funds during the previous calendar year are required to submit a report to their chartering authority and the Public Education Department showing the actual expenditure of all funds.

Public School Buildings Act (HB 33)

Statutory Reference: http://bit.ly/1oh7uNs (TOC – Statutes, Rules and Const. => NMSA (Unannotated) => Chapter 22 Public Schools => Article 26 Public School Buildings)

The Public School Buildings Act allows school districts to impose a tax not to exceed ten mills for a maximum of six years on the net taxable value of property upon approval of qualified voters. These funds may be used to erect, remodel, make additions to, provide equipment for or furnish public school buildings; make payments pursuant to a financing agreement for a lease of a building or other real property with an option to purchase for a price that is reduced according to payments made; purchase or improve public school grounds; purchase activity vehicles for transporting students to extracurricular activities, provided that this authorization does not apply to school districts with student memberships of greater than 60,000; or administer the aforementioned first three eligible uses including expenditures for facility maintenance software, project management software, project oversight and district personnel specifically related to administration of projects funded by the Public School Buildings Act, provided that expenditures pursuant to this subsection shall not exceed 5% of the total project costs.

School districts were not mandated to provide charter schools with an equitable share of HB 33 funds until July 1, 2007. The law was amended to require that school districts include charter school capital improvements in the resolution submitted to electors provided that a charter school submits the necessary information on its capital improvements to the school district in a timely manner. A charter school's capital improvements must also be included in the district's five-year plan, or in its own five-year plan in the case of state-chartered schools, to be eligible for inclusion in the resolution. HB 33 funding also is limited by statute, which stipulates that the authorized tax rate under the Public Schools Building Act, when added to the tax rates for servicing debt of the school district and for capital improvements pursuant to the Public School Capital Improvements Act, shall not exceed 15 mills. If this sum does exceed 15 mills, the authorized tax rate under the Public Schools Building Act must be adjusted downward.

Charter schools that expect to receive HB 33 funding during the next calendar year are required to report expected uses of such funds by December 1st of each year to their chartering authority and the Public Education Department for its review of the proposed uses' consistency with the law. In addition, by January 31st of each year, the charter schools that received such funds during the previous calendar year are required to submit a report to their chartering authority and the Public Education Department showing the actual expenditure of all funds. In FY2013, Albuquerque Public Schools included several charter schools in its HB 33 request, all of which received funding.

New Mexico Finance Authority Conduit Financing

Website: http://www.nmfa.net/

Statutory Reference: http://bit.ly/1olv9Fg (TOC – Statutes, Rules and Const. => NMSA (Unannotated) => Chapter 6 Public Finances => Article 21 Finance Authority)

Charter schools in New Mexico are eligible to access tax-exempt financing through the New Mexico Finance Authority's (NMFA) Public Project Revolving Fund (PPRF), which finances public projects for qualified entities. NMFA's authorizing statute was amended in 2009 to include charter schools as eligible borrowers. NMFA has closed at least two charter school financings. In August 2013, the PPRF closed on a $2.7 million lease-purchase for Digital Arts & Technology Academy Charter School through Albuquerque Public Schools, and in November 2013, the PPRF closed on a $1.1 million building loan with Socorro County for the benefit of Cottonwood Valley Charter School.

County Conduit Financing

Statutory Reference: http://bit.ly/1olv9Fg (TOC – Statutes, Rules and Const. => NMSA (Unannotated) => Chapter 4 Counties => Article 59 County Industrial Revenue Bonds)

In New Mexico, counties can issue tax-exempt debt on behalf of nonprofit corporations, including charter schools.

Q-Bond Programs

In New Mexico, charter schools may receive QSCB and QZAB allocations through a school district's application. To date, no districts have applied for QZAB or QSCB funding on behalf of a charter school.

NEW YORK

Provision of Public School Space

Statutory Reference: http://bit.ly/1peJU3b (Section 2853, Subdivision 3)

In 2014, the New York Legislature passed an amendment to Section 2853 of Article 56 of the Education Act to require cities with populations of 1,000,000 or more to: co-locate charter schools with traditional district schools at no cost; make existing co-locations permanent; and make space available for new charter schools commencing operations or expanding grades in the 2014-2015 school year at no cost to the charter school. If an appropriate public school space is not available to a charter school, the city school district must pay the charter school the lesser of either the actual rental cost of an alternative privately owned space or 20% of the basic tuition multiplied by either current enrollment for a new charter school or the additional enrollment of an expanding charter school.

Charter Schools Stimulus Fund

Website: http://bit.ly/1ouE6NO

Statutory Reference: http://bit.ly/1mqnkja

The Charter Schools Stimulus Fund was established in 1998 to provide discretionary financial support to charter schools for start-up costs and for costs associated with the acquisition, renovation and construction of school facilities. Funds are allocated to the State University of New York (SUNY) through the New York State Board of Regents and then awarded to charter schools through a competitive process open to all charter schools, regardless of authorizer, for facility projects. Grants are capped at $200,000. SUNY awarded 20 grants for FY2013 and awarded 18 grants in January 2014.

Annual appropriations for this program are outlined below:

Fiscal Year	Appropriation ($ in Millions)
2003–2009	$3.9
2010	3.9
2011	3.7
2012	3.5
2013-2015	3.1

New York City Charter Facilities Matching Grant Program

The New York City Department of Education (DOE), in its five-year capital plan for FY2005 through FY2009, allocated $250 million to create the Charter Facilities Matching Grant Program. The DOE five-year capital plan for FY2010 through FY2014 allocated $210 million for this program. Through this program, the City of New York, acting through the New York City School Construction Authority (SCA), contributed a portion of the total eligible development costs of new charter school facilities. Selected charter partners were required to fund the balance of the total development costs through philanthropic or equity sources. The property and improvements deeded to SCA were leased back to the charter partner for use as a charter school for a term. The length of the lease term was dependent upon the charter partner's financial contribution. Charter partners providing matching funds that equaled one third or more of the project costs received a 99-year lease term. Additionally, in the capital plan for FY2010 through FY2014, charter partners providing contributions of one third of the total development costs were granted priority through the program. Charter partners providing smaller contributions, if approved, received reduced lease terms dependent on the level of contribution and did not receive program priority.

Financing through this program historically served over 20 charter schools. However, in 2014, funding for this program was repurposed, and the program is no longer actively funding charter school projects.

New York City Economic Development Corporation/ Build NYC Resource Corporation Conduit Financing

Website: http://www.nycedc.com/build-nyc

Statutory Reference: http://bit.ly/1peK1eX

Created in 2011, Build NYC Resource Corporation (Build NYC) is a local development corporation incorporated under the New York Not-for-Profit Corporation Law. Build NYC is administered by the New York City Economic Development Corporation, and assists qualified projects in obtaining tax-exempt and taxable bond financing. As a conduit issuer, Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for a variety of eligible borrowers to acquire, construct, renovate and/or equip their facilities. To date, Build NYC has issued three tax-exempt bond financings on behalf of charter schools: $17.8 million for International Leadership Charter School; $24 million for Bronx Charter School for Excellence; and $22.3 million for South Bronx Charter School for International Cultures and the Arts.

Local Development Corporation Conduit Financing

Statutory Reference: http://bit.ly/XJpfdc

Prior to January 2008, when the authorization expired, charter schools in New York State were able to access tax-exempt bond financing through various local industrial development agencies. After that date, some charters were able to access tax-exempt financing through municipal economic development corporations, such as Build NYC in New York City. In those cases where charter schools do not have access to local issuers, charter schools have been forced to turn to out-of-state issuers in order to access the tax-exempt bond market.

Q-Bond Programs

Charter schools are eligible to participate in New York's Q-Bond Programs. Riverhead Charter School utilized $5 million in QSCB allocation in 2013.

NORTH CAROLINA

Unused District Facilities for Lease

Statutory Reference: http://bit.ly/1kpCrhk

North Carolina statutes stipulate that at the request of a charter school, the local board of education of the local school administrative unit in which the charter school resides, must lease any available building or land to the charter school, unless the board can demonstrate that the lease is not economically or practically feasible or that the local board does not have adequate classroom space to meet the school's enrollment needs. If the charter school and local board of education are unable to reach an agreement, the charter school has the right to appeal to the board of county commissioners in which the building or land is located. This board has final decision-making authority.

North Carolina Capital Facilities Finance Agency Conduit Financing

Website: http://bit.ly/X4Z3JQ

Statutory Reference: http://bit.ly/1vhibU7

Charter schools in North Carolina are eligible for tax-exempt bond financing through the North Carolina Capital Facilities Finance Agency (NCCFFA). NCCFFA's business is conducted by the Capital Facilities Finance Section of the Department of the State Treasurer's State and Local Government Finance Division. To date, NCCFFA has completed 17 charter school bond offerings totaling approximately $125 million.

Q-Bond Programs

Charter schools are not eligible to participate in North Carolina's QSCB or QZAB programs.

OHIO

Per Pupil Facilities Allocation

Statutory Reference: http://bit.ly/1oljDzR (Section entitled "Community School Facilities", Appropriation Item 200684)

In Ohio's 2013 Biennial Budget Bill (HB 59), the General Assembly appropriated $100 per pupil for assistance with facilities cost for each charter school that is not an internet- or computer-based school. If the amount appropriated is not sufficient, the Department of Education shall prorate the amounts so that the aggregate amount appropriated is not exceeded. While the stated purpose of the funding is to assist charter schools, known as community schools in Ohio, in paying for costs associated with school facilities, the funds may be co-mingled with operating funds and are not tracked or reported separately.

Community School Revolving Loan Program

Statutory Reference: http://1.usa.gov/1us5ZLT (Section 3314.30 Community School Revolving Loan Fund)

The Community School Revolving Loan Fund was established in 2003 with the passage of Substitute House Bill 364; however, the loan program has not been implemented due to a lack of appropriations. It was intended to assist start-up charter schools and to serve as a vehicle for federal funds allocated to Ohio for the development and operation of charter schools. Loans were to be for terms of up to five years and to be repaid with automatic deductions from state revenues. The program criteria allows schools to receive multiple loans, but each school is cumulatively capped at $250,000. Priority is given to new schools to pay for start-up costs.

Community Schools Classroom Facilities Guaranteed Loan Program

Statutory Reference: http://1.usa.gov/1oljJrq (Section 3318.52 Community School Classroom Facilities Loan Guarantee Fund and Section 3318.50 Community School Classroom Facilities Loan Guarantee Program)

The Community Schools Classroom Facilities Guaranteed Loan program, established in 2001 and administered by the Ohio School Facilities Commission (OSFC), assists charter schools in acquiring, improving or replacing classroom facilities by lease, purchase, remodeling or new construction. Through the program, charter schools can apply for a state guaranty with a maximum term of 15 years that covers up to 85% of the sum of the principal and interest for facilities loans. The program received a $10 million appropriation, and guarantees were capped at $1 million for the purchase or renovation of an owned facility and $500,000 for leasehold improvements. OSFC completed four rounds of funding and provided 15 guarantees that leveraged $8.4 million in facilities assistance for charter schools. OSFC is currently monitoring three outstanding guarantees; however, it has fully obligated its capital for this program and is no longer accepting applications.

Q-Bond Programs

Ohio charter schools are not eligible to directly participate in Q-Bond Programs; however, a local government may issue QSCBs and QZABs on behalf of a charter school. To date, no charter schools have accessed such financing.

OKLAHOMA

Charter Schools Incentive Fund

Statutory Reference: http://bit.ly/1oljIDL (Oklahoma Statutes – Titles 1-85A => Title 70. Schools => Section 70-3-144)

In 1999, the Oklahoma Legislature created the Charter Schools Incentive Fund in the Oklahoma Treasury to provide financial support to charter schools for start-up costs and costs associated with renovating or remodeling existing facilities. Charter schools may apply for one-time grants of up to $50,000. The fund was established as a continuing fund that is not subject to fiscal year limitations and consists of all monies appropriated by the Legislature and gifts, grants and donations from any public or private source. The fund is administered by the Oklahoma State Department of Education and was initially funded with a $1 million appropriation. Since FY2005, the fund has received additional appropriations totaling $646,260. However, $500,000 of the total $1.65 million appropriated has been subsequently diverted to educational purposes unrelated to charter schools.

State Public Common School Building Equalization Fund

Statutory Reference: http://bit.ly/1oljIDL (Oklahoma Statutes – Titles 1-85A => Title 70. Schools => Section 70-3-104 (Part 21))

In 2013, Oklahoma enacted House Bill 2048, which made charter schools eligible on a pro rata basis for grants from the State Public Common School Building Equalization Fund administered by the State Board of Education. Funds may be used to: acquire or improve school sites; construct, repair, remodel or equip buildings; or acquire school furniture, fixtures or equipment. To receive a grant, charter schools must secure matching funds of at least 10% of the total grant amount. The maximum grant award from the fund is limited to $4 million. The State Board of Education is required to make any unused grant funds that remain after the initial allocation available to eligible charter schools; however, to date, this program has not been funded.

Oklahoma Development Finance Authority Conduit Financing

Website: http://bit.ly/1mqnBmf

Statutory Reference: http://bit.ly/1oljIDL (Oklahoma Statutes – Titles 1-85A => Title 74. State Government => Sections 74-5062.1 to 74-5062.22 and Sections 74-5063.1 to 74.5063.19)

Oklahoma charter schools are eligible to access tax-exempt bond financing through the Oklahoma Development Finance Authority (ODFA). ODFA was created by a Declaration of Trust in 1974, as amended in 1975, for the furtherance of public purposes and the benefit of the State of Oklahoma. ODFA is a statewide trust authority that provides qualified entities with an avenue to issue tax-exempt or taxable revenue bonds, notes, certificates of participation or other evidence of indebtedness. ODFA also administers the Oklahoma Credit Enhancement Reserve Fund, which provides guarantees for small companies, manufacturing facilities and communities in need of funds for expansion projects and infrastructure loans. To date, no charter schools have accessed ODFA's financing programs for their facilities.

Q-Bond Programs

Charter schools in Oklahoma are not eligible to receive financing through the state's QSCB or QZAB programs.

OREGON

Oregon Facilities Authority Conduit Financing

Website: http://1.usa.gov/1oljSLI

Statutory Reference: http://bit.ly/1yat0mV

The Oregon Facilities Authority (OFA) is a public entity created by the Oregon Legislature in 1989 to assist with the assembling and financing of facilities for organizations involved in health care, low-income housing, cultural programs and education, including public and nonprofit schools. In 2007, OFA closed a $3.4 million financing for Trillium Charter School, and in 2012, OFA closed a $926,250 bond financing on behalf of Ridgeline Montessori Public Charter School.

Q-Bond Programs

Charter schools in Oregon cannot access QZAB or QSCB financing directly; however, a sponsoring school district can access such financing on a charter school's behalf. No charter schools have accessed financing through either program to date.

PENNSYLVANIA

Charter School Lease Reimbursement Program

Website: http://bit.ly/V1G6q2

Statutory Reference: http://bit.ly/1u2BOgY (Section 31)

In 2001, the Pennsylvania Public School Code was amended to include this program, which provides an annual lease reimbursement for charter schools that lease buildings or portions of buildings for educational use. Lease rental costs for land, trailers or modulars are not eligible for reimbursement. A charter school receives the lesser of its annual lease payment or $160 per pupil for elementary schools, $220 per pupil for secondary schools and $270 per pupil for area vocational-technical schools.

State Public School Building Authority Conduit Financing

Website: http://bit.ly/XJpPHI

Statutory Reference: http://bit.ly/1shKjUM

Pennsylvania's State Public School Building Authority (SPSBA) finances the construction and improvement of public school facilities through the issuance of bonds. Charter schools may apply for tax-exempt financing through SPSBA; however, no schools have applied to date.

Industrial Development Authority Conduit Financing

Charter schools may apply for bond financing through local industrial development authorities, such as the Philadelphia Authority for Industrial Development.

Q-Bond Programs

Charter schools are not eligible to participate in Pennsylvania's QSCB program. However, charter schools that own their own facility are able to participate in Pennsylvania's QZAB Program. No charter schools have accessed financing through the QZAB Program to date.

RHODE ISLAND

Facilities Cost Reimbursement

Statutory Reference: http://bit.ly/1yatadU (Section 16-77.1-5)

The Rhode Island General Assembly enacted legislation in 1999 allowing charter schools to obtain access to state aid for reimbursement of "school housing" (facilities) costs. The program is designed to ensure adequate facilities for all public school children in the state and prevent the cost of facilities from interfering with effective school operation. Charter schools that are sponsored by school districts (district charter schools) are eligible to apply for reimbursement at a rate equal to that of the sponsoring school district. Charter schools not sponsored by a district (independent charter schools or mayoral academies) may apply for up to 30% reimbursement of facilities costs on the basis of demonstrated need.

Rhode Island Health and Educational Building Corporation Conduit Financing

Website: http://www.rihebc.com

Statutory Reference: http://bit.ly/1kM1ifQ

Charter schools in Rhode Island are eligible for tax-exempt bond financing through the Rhode Island Health and Educational Building Corporation (RIHEBC), the state's designated conduit issuer for nonprofit educational and healthcare institutions. Since its first charter school bond offering in 2002, RIHEBC has completed six additional offerings totaling $37.9 million for charter school facilities.

Q-Bond Programs

Charter schools are eligible to participate in Rhode Island's Q-Bond Programs. In 2009, Compass Charter School was awarded $1.6 million in QSCB allocation.

SOUTH CAROLINA

Unused District Facilities and Tax Exemption

Statutory Reference: http://bit.ly/1us6y8A (Chapter 40 => Section 59-40-170 and Section 59-40-140(K))

The South Carolina Department of Education is required to make available a list of vacant and unused buildings and vacant and unused portions of buildings that are owned by school districts. If the school district declares a building surplus and chooses to sell or lease the building, charter schools operating or applying to open within the district must be given the first refusal to purchase or lease the building under better or the same terms and conditions as would be offered to the public.

On June 2, 2014, South Carolina Education Code was amended to deem charter schools exempt from state and local taxation, except the sales tax, on their earnings and property whether owned or leased. Instruments of conveyance to or from a charter school are exempt from all types of local or state taxation and transfer fees. Prior to this amendment, leased properties were not included in the exemption.

Charter School Facility Revolving Loan Program

Statutory Reference: http://bit.ly/1vhj7b3 (Section 59-40-175)

In May 2012, the South Carolina Legislature established the Charter School Facility Revolving Loan Program, under the management of the Office of the State Treasurer. Loans made through this program may be used for construction, purchase, renovation and maintenance of public charter school facilities. The program could be funded by federal dollars obtained by the state for charter school facilities, other funds appropriated or transferred by the state and privately donated funds. In the 2013 legislative session, the Legislature appropriated $500,000 in funding for the 2014-2015 school year.

South Carolina Jobs-Economic Development Authority Conduit Financing

Website: http://www.scjeda.net

Statutory Reference: http://bit.ly/1shKteP

Charter schools are eligible for tax-exempt financing through the South Carolina Jobs-Economic Development Authority (JEDA), a state agency that serves as conduit bond issuer for nonprofit organizations. JEDA has financed five charter school projects for total issuance of $56.4 million.

Q-Bond Programs

Charter schools are eligible to receive financing through South Carolina's Q-Bond Programs via their school district; however, no charter schools have applied for financing through either program to date, and South Carolina has exhausted its QSCB allocation.

TENNESSEE

Per Pupil Facilities Allocation

Statutory Reference: http://bit.ly/1sVpGN7 (Title 49 Education => Chapter 13 Tennessee Public Charter Schools Act of 2002 => 49-13-112 Funding => Section (c))

Under the Basic Education Program (BEP), state law in Tennessee requires the Tennessee Department of Education (TDOE) to calculate a non-classroom component for each LEA in which charter schools operate. For each LEA, TDOE distributes BEP funds directly to each charter school, on a per pupil basis, based on prior-year enrollment. First-year charter schools receive funding based on the anticipated enrollment specified in their charter agreement.

The annual state component of the per pupil facilities funding is between \$100 and \$300 per student, depending on the LEA and grade tier. Charter schools may use this facilities aid for rent, construction or renovation of an existing school facility, leasehold improvements, or debt service on a school facility, or purchase of a building or land. Funds may be used for the purchase of land only if the charter school has immediate plans to construct a building on the land.

Tennessee Local Development Authority Conduit Financing

Website: https://www.comptroller.tn.gov/TLDA/

Statutory Reference: http://bit.ly/1sVpGN7 (Title 4 State Government => Chapter 31 Tennessee Local Development Authority Act => Part 1 General Provisions)

Charter schools in Tennessee that have the support of their local taxing authority are eligible to access tax-exempt financing through the Tennessee Local Development Authority (TLDA). Created in 1978, TLDA is responsible for issuing bonds and notes to make loans for a wide range of public improvement projects. No charter schools have accessed financing through TLDA to date.

Q-Bond Programs

Charter schools that have the support of their LEA are eligible to participate in Tennessee's Q-Bond Programs; however, no charter schools have accessed financing through either program to date.

TEXAS

Permanent School Fund

Website: http://bit.ly/1shKwaL

Statutory Reference: http://bit.ly/1pEKC8J (Section 12.135) and http://bit.ly/1yatmdf (Section 5(d) and (e))

The Texas Constitution of 1876 set aside half of Texas' remaining public lands to establish a Permanent School Fund (PSF), to help finance public schools, including guaranteeing bonds issued by school districts or by the state.

In 2011, the Texas Legislature enacted SB 1, which allows open-enrollment charter schools with investment grade ratings to apply to the Commissioner of Education for designation as a charter district. A charter district may apply to issue bonds guaranteed by the PSF. This additional enhancement enables charter schools to access triple-A ratings thus lowering borrowing costs significantly. The law limits credit enhancement used for charter schools to the percentage of students enrolled statewide in charter schools compared to the total number of students enrolled in all public schools. Currently, the limit is 4%.

In 2013, the Texas Legislature passed HB 885, which specifies that charter districts can apply to refinance debt through bonds guaranteed by the PSF. HB 885 caps the amount available for refunded or refinanced bonds at one-half of the total amount available for the charter district bond guaranty program. The law took effect September 1, 2013 and applies only to bonds issued, refunded or refinanced after that date.

In May 2014, Life School became the first charter school to access the PSF guaranty program, with a \$92.2 million offering.

Open-Enrollment Charter School Facilities Credit Enhancement Program

Statutory Reference: http://bit.ly/1qZ0map (Section 45.301)

In June 2009, the 81st Texas Legislature passed and the Governor signed into law House Bill 3646, an act relating to public school finance and programs. The act amended numerous provisions of the Education Code and created a new credit enhancement program. This program was intended to assist school districts and charter schools by providing credit enhancement for debt issued by these entities for their instructional facilities. Rulemaking authority for the program lies with the Commissioner of Education.

The statute authorizes the Commissioner of Education to establish a credit enhancement program to assist open-enrollment charter schools in obtaining financing for the purchase, repair or renovation of real property, including improvements to real property, for their facilities. The program requires a one-to-one match in private funds for at least the first ten years of the term of the financing which is being guaranteed, with the state portion funded by an allocation of no more than 1% of the amount appropriated for the Foundation School Program, the primary program through which the state distributes funds to local school districts. The Commissioner may limit program participation to charter schools that meet certain financial, academic and administrative requirements and may require schools to fund a debt service reserve to additionally secure the borrowing. To date, the program has not been implemented due to a lack of matching funds.

Texas Public Finance Authority Charter School Finance Corporation Programs

Website: http://www.tpfa.state.tx.us/csfc/

Statutory Reference: http://bit.ly/1pEKEOj (Section 53.351)

ED Credit Enhancement Award Total: $10 million–Fiscal Years 2005 and 2006

Conduit Financing

The Texas Public Finance Authority (TPFA) is a state agency that was created in 1984 to provide capital financing for certain state agencies and institutions of higher education. Pursuant to Section 53.351 of the Texas Education Code, in 2003, TPFA established a nonprofit corporation, the Charter School Finance Corporation (CSFC), to issue revenue bonds on behalf of authorized open-enrollment charter schools for the acquisition, construction, repair or renovation of educational facilities. TPFA provides administrative and staff support for CSFC, and it has issued $270 million in charter school facilities debt for 12 charter schools to date.

Texas Credit Enhancement Program

CSFC has entered into a consortium agreement with the Texas Education Agency (TEA) and the Texas Charter Schools Association to operate the Texas Credit Enhancement Program (TCEP). Utilizing a $10 million ED credit enhancement grant and a $100,000 contribution from TEA, TCEP provides credit enhancement for municipal bonds that provide financing for the acquisition, construction, repair or renovation of Texas charter school facilities, including certain refinancing of facilities debt, by funding a debt service reserve fund for such issuances. The debt service reserve funds are held in the state Treasury solely to provide security for repayment of the bonds. Historical TCEP awards totaled $10.5 million through September 2013 as detailed below:

Fiscal Year	TCEP Awards ($ in Millions)
2007	$5.4
2008	1.8
2009	–
2010	1.8
2011	0.6
2012	–
2013	0.9
Total	**$10.5**

Higher Education Finance Corporation Conduit Financing

Statutory Reference: http://bit.ly/1olkFvP

Under the Higher Education Facility Authority for Public Schools Act, charter schools in Texas have access to tax-exempt bond financing through higher education conduit issuers throughout the state. There are at least 24 such issuers and a number of them have financed several charter school projects.

Q-Bond Programs

Charter schools in Texas may access financing through the state's Q-Bond Programs. To date, several charter schools have accessed financing through these programs. At least nine schools have accessed a total of over $55 million in QSCB financing, and at least five schools have received allocations through the QZAB Program.

UTAH

State Charter School Facilities Incentive Grant Award Total: $8.9 million–Fiscal Years 2004 through 2008

Per Pupil Facilities Allocation

Statutory Reference: http://1.usa.gov/1IENXRm (Sections 53A-1a-513(4)(d) and (e))

In 2003, Utah created the Local Revenue Replacement Program, which provides an additional annual per pupil appropriation for charter schools, to replace some of the local property tax revenue that traditionally covers maintenance and operation, capital projects and debt service. Per pupil funding may be used for: the purchase, construction, renovation or lease of a facility; leasehold improvements; debt service; or land acquisition. Utah law requires that 10% of the grant monies provided by the annual appropriation be expended for facilities. The Utah State Office of Education was one of four jurisdictions selected as the first cohort of grantees to receive funding from ED's State Incentive Grants Program. Utah was awarded $8.9 million for FY2004 through FY2008 to augment the per pupil appropriation. In 2008, the Legislature established a minimum funding threshold of $1,427 per student, translating into a minimum facilities allowance of $143 per student for FY2009 and subsequent years. This revenue stream has resulted in per pupil facilities allowances, as outlined below:

Fiscal Year	Per Pupil Facilities Allowance
2005	$101
2006	105
2007	114
2008	105
2009	143
2010	144
2011	160
2012	167
2013	171

Charter School Building Revolving Loan Fund

Statutory Reference: http://1.usa.gov/1ouEXhm

With an appropriation of $2 million, Title 53A of the Utah Code established the Charter School Building Revolving Loan Fund in 2003 to provide loans for the construction, renovation and purchase of facilities. Charter schools operating in facilities owned by a school district or other governmental entity are not eligible unless they pay reasonable rent for their facility. The loan amount shall not exceed: 1) $1,000 per pupil based on the prior year October 1 enrollment count for operational schools; 2) $1,000 per pupil based on approved enrollment capacity of the first year of operation for pre-operational schools; or 3) $300,000 of the total of all current loan awards by the Utah State Board of Education to a charter school board. Loans must be repaid within five years, beginning one year from the loan approval date. Priority is given to schools in their first year of operation for start-up facilities and renovation costs and to projects that are necessary to address student health and safety issues. To date, the program has provided $13 million in loans to 70 projects serving 55 charter schools.

Utah Charter School Finance Authority Programs

Statutory Reference: http://1.usa.gov/1kpCVnK (Chapter 17) and http://1.usa.gov/1IENZIQ (Chapter 20b)

Conduit Financing

In March 2007, Utah established the Utah Charter School Finance Authority (UCSFA), a conduit issuer created by the Utah Industrial Facilities and Development Act, to provide access to tax-exempt financing for charter school facilities. To date, the authority has issued $290 million in financing for 30 charter schools.

Moral Obligation Program

Statutory Reference: http://1.usa.gov/1AYjmYT and http://1.usa.gov/1AYjmYT

The passage of Utah Senate Bill 152 in 2012 expanded the state's moral obligation program to include charter schools. MO programs in general—and Utah's Charter School Credit Enhancement Program in particular—allow qualified borrowers to obtain more favorable financing terms by adding an additional layer of security from the state. Specifically, the state promises to provide funds to replenish the Charter School Reserve Account in the event this reserve is tapped due to financial stress of the borrower. This promise is a moral rather than a legal pledge and any requests from the Governor to replenish the Charter School Reserve Account must be approved by the Legislature—although it is not required to do so. In addition to appropriating funds into the Charter School Reserve Account to restore a debt service reserve fund to the required minimum amount, the Utah Legislature may also appropriate funds to pay fees and expenses of UCSFA, pay debt service on bonds issued, or provide financial assistance to a qualified charter school. During 2012, an initial appropriation of $3 million was earmarked for the Charter School Reserve Account. Program financing is available to charter schools issuing bonds through UCSFA and eligible schools must receive an investment grade rating independent of any rating enhancement resulting from the program.

Three charter schools have utilized this program to date, totaling $48 million in financing. Because Utah has the highest possible credit ratings from each of the three major rating agencies (AAA/Aaa/AAA), these MO bonds are also assigned very high ratings (generally one notch lower than the state's general obligation bonds); therefore, borrowers utilizing this program receive significant savings on interest costs resulting from the highly-rated bonds. As an example, Ogden Preparatory Academy, the first charter school to participate in the program, estimated that savings on its $15 million project approximated $182,000 per year or $5.5 million over the life of its financing.

Municipal Conduit Financing

Statutory Reference: http://1.usa.gov/VjrJgL

Under the Utah Industrial Facilities and Development Act, charter schools in Utah have access to tax-exempt bond financing through issuers at the county and municipal levels.

Q-Bond Programs

Charter schools are eligible to participate in Utah's Q-Bond Programs. In 2010, Utah Charter Academies accessed over $8 million in QSCB financing to fund the acquisition of land and construction for its third campus.

VIRGINIA

Virginia Small Business Financing Authority Conduit Financing

Website: http://1.usa.gov/1snyYPE

Statutory Reference: http://bit.ly/1zYaEbE (Sections 2.2-2279 to 2.2-2314)

The Virginia Small Business Financing Authority (VSBFA) may act as a conduit issuer for nonprofit organizations, including charter schools or related organizations. Bonds issued through VSBFA may be used for acquisition, construction, the purchase of equipment, furniture and fixtures, and leasehold improvements. To date, no charter schools have issued debt through VSBFA.

Q-Bond Programs

Charter Schools are eligible to access financing through Virginia's Q-Bond Programs; however, no charter schools have accessed financing through either program to date.

WASHINGTON

Unused District Facilities

Statutory Reference: http://1.usa.gov/1kpD1fc

Charter schools in Washington have the right of first refusal to purchase or lease, at or below fair market value, a closed public school facility or property or unused portions of a public school facility or property located in a school district from which it draws its students.

School Construction Assistance Program

Website: http://bit.ly/1IEO9zZ

Statutory Reference: http://1.usa.gov/XJqMQj

With passage of Initiative 1240 in 2012, charter schools became eligible for the School Construction Assistance Program (SCAP), which is managed by the School Facilities & Organization of the Office of Superintendent of Public Instruction (OSPI). This program funds part of school districts' facilities costs, with the expectation that local sources will make up the difference. Funds can be used to construct new facilities or modernize existing schools, but do not allow for site acquisition or renovation of a facility that was not previously a school. Other costs associated with the project may also be eligible for state funding, including: studies and surveys; architectural and engineering fees; educational specifications; construction management; value engineering studies; energy conservation reports; constructability review reports; building commissioning reports; furniture and equipment; and testing and inspections. SCAP operates on a sliding scale, and eligibility is determined by the perceived need of the school district. In November 2013, a trial court judge ruled that charter schools are ineligible to receive state matching funds for school construction. The issue is currently pending before the Washington Supreme Court, and the program is currently unavailable to charter schools.

Local Tax Levies

Statutory Reference: http://1.usa.gov/1lUBbhy and http://1.usa.gov/1sVq524

Washington's charter school laws contain several provisions to ensure that charter schools share equitably in local levy funds. These provisions, however, differentiate between different types of charter schools. Charter schools authorized by local districts and/or conversion charter schools are immediately eligible for local levy funding approved by voters after the start-up date of the school, while non-conversion charter schools that are authorized at the state level by the Washington Charter School Commission are eligible to receive levy funding only after the next levy passes (typically one to four years after school start-up).

Q-Bond Programs

Washington has not yet determined whether charter schools will have access to Q-Bonds as the charter law is relatively new.

WASHINGTON, DC

State Charter School Facilities Incentive Grant Award Total: $5.6 million–Fiscal Years 2004 through 2008

Facilities Allowance for Public Charter Schools

Statutory Reference: http://bit.ly/1sCnVWI (Title 38. Educational Institutions => Subtitle X. School Funding => Chapter 29. Uniform Per Student Funding Formula => Subchapter I. General => Section 38-2908)

In 1998, the D.C. Council passed the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act, providing charter schools in the District of Columbia with an annual per pupil allocation, as well as an annual facilities allowance. Historically, the Charter Schools Facilities Allowance was calculated as a rolling average of District of Columbia Public Schools (DCPS) per pupil facilities expenditures. In FY2009, the Charter Schools Facilities Allowance was decoupled from DCPS per pupil expenditures. The allowances for 2009 and 2010 were $3,109 and $2,800 per pupil, respectively. Since 2011, the amount has remained steady at $3,000 per pupil.

In addition to the per pupil allocation, the District of Columbia is one of four jurisdictions selected as part of the first cohort of grantees to receive funding from ED's State Incentive Grants Program, receiving $5.6 million between FY2004 and FY2008. See the U.S. Department of Education section of ***Federal Initiatives*** for more detail on the federal program.

The competitive grant program is administered by the Office of Public Charter School Financing and Support within the Office of the State Superintendent of Education. The program is structured to provide funding under two components:

- General Facilities Allowance (Component 1)—provides a per pupil facilities allowance to eligible charter schools based on estimated or actual student enrollment. To be eligible, a charter school must provide evidence that 65% of its student population is eligible for the free and reduced-price lunch program.
- School Choice (Component 2)—provides an additional per pupil facilities allowance to eligible charter schools also based on estimated or actual enrollment. Eligible applicants are charter schools that meet the criteria for the General Facilities Allowance that can also show that 25% of their student population resides in areas where schools are identified as in need of improvement, corrective action or restructuring under the NCLB.

Office of Public Charter School Financing and Support, District of Columbia Office of the State Superintendent of Education Programs
Website: **http://1.usa.gov/1us7pGa**

Statutory Reference: **http://1.usa.gov/1IEOdQ8**

ED Credit Enhancement Award Total: $5.1 million–Fiscal Year 2004

The Office of Public Charter School Financing and Support (OPCSFS) administers six programs that offer facilities financing and grant resources to charter schools in the District of Columbia. Four programs offer facilities financing assistance and grant assistance: the Credit Enhancement Revolving Loan Fund; the Direct Loan Fund; the Charter School Incubator Initiative; and City Build. Two grant programs, funded through the Scholarships for Opportunity and Results (SOAR) Act, include Investing in Public Facilities and Replication and Growth grants.

Credit Enhancement Revolving Fund
Website: **http://1.usa.gov/1us7qtG**

Statutory Reference: **http://1.usa.gov/1yatQjH (Sections 1155(e)(2)(B) and 1155(e)(3))**

This program was established by the FY2000 District of Columbia Appropriations Act to provide credit enhancement for the purchase, construction and renovation of facilities for public charter schools. The program offers guarantees or collateral pledges of up to $1 million for two to five years, enabling charter schools with little cash or collateral to obtain affordable financing for their facilities projects. Since inception, this fund has provided $25 million in credit enhancement to 30 public charter schools for leasehold improvement loans, conventional mortgages, bond financings and small direct loans, leveraging $235 million in additional financing for school facilities. As of October 2013, the available Credit Enhancement Fund balance was $652,000.

Direct Loan Fund
Website: **http://1.usa.gov/1us7qtG**

Statutory Reference: **http://bit.ly/1sCnVWI (Title 38. Educational Institutions => Subtitle IV. Public Education -- Charter Schools => Chapter 18A. Miscellaneous Public Charter School Provisions => Subchapter II. Public Charter School Financing and Support => Section 38-1833.02)**

The District of Columbia's Direct Loan Fund for Public Charter School Improvement was established in 2003 to provide flexible loan capital for the construction, purchase, renovation and maintenance of charter school facilities. Loans are capped at $2 million per school, with interest rates and terms varying by project. These loans are frequently used in conjunction with senior debt in larger projects and may function as gap financing in transactions where little equity is available. To date, the fund has disbursed close to $37 million in direct loans to 27 public charter schools, leveraging $220 million in additional financing. As of October 2013, the available Direct Loan Fund balance was $21 million.

Charter School Incubator Initiative
Website: **http://1.usa.gov/1us7qtG and http://www.buildinghope.org**

The Charter School Incubator Initiative (CSII), a public-private partnership between OSSE and Building Hope, is a program dedicated to securing and financing facilities for new charter schools serving communities and schools where at least 50% of students are eligible for the free and reduced-price lunch program. CSII is funded through a $4 million federal appropriation sub-grant to Building Hope and OSSE's $5.1 million ED credit enhancement grant. Building Hope is responsible for identifying, acquiring, financing, and renovating the incubator sites. Building Hope also manages the day-to-day operations of the incubator sites, which new charter schools are able to lease as incubator space for one- to three-year periods. Building Hope and OSSE created a separate 501(c)(3) entity for this initiative. To date, CSII has secured ten incubator sites, with capacity to accommodate up to 5,000 students, and has served 18 schools to date. See the Building Hope section of ***Financing Organizations*** for more information on CSII.

City Build Public Charter School Initiative
Website: **http://1.usa.gov/1ollepB**

The City Build Public Charter School Initiative, established in 2004, is a congressionally funded joint education and neighborhood development initiative that promotes community revitalization with a particular emphasis on strengthening public education through charter schools. The program focuses on encouraging community development, promoting strategic neighborhoods, attracting and retaining residents and creating partnerships between public charter schools and community organizations. Although funds from this program may be used for a variety of purposes, most of the grants awarded to date have been allocated for facilities and expansion projects. The program has awarded $25 million in funding to 34 charter school projects to date, with the last round of funding expended in FY2012. There have been no new awards since FY2012.

Investing in Public Facilities Grant Program
Website: http://1.usa.gov/XJr89B

The Public Facility Grant Program, established in 2007, is a federally-funded initiative that provides grants for improving the quality of district-owned educational facilities occupied by charter schools. Grant funds may be used for new construction, renovations, system upgrades, predevelopment soft costs and the addition of non-classroom space, such as resource rooms, labs and athletic rooms. The following applicants receive priority through the program: 1) new applicants; 2) applicants in district-owned facilities occupied for the first time by a charter school; 3) those that have exceeded district averages in terms of academic performance; 4) high schools and early education charter schools with proven track records or those that are new and promising; 5) applicants that leverage other funding from private, governmental or philanthropic sources; 6) those with a long-term strategic plan and vision; 7) applicants with environmentally friendly projects; and 8) those with projects that are in the implementation phase at the time of submission. Since inception, the program has awarded 26 grants totaling $10.5 million.

Replication and Growth Grant Program
Website: http://1.usa.gov/1nwWc1t

In 2013, OPCSFS began making grants for the Replication and Growth Grant Program under the SOAR Act, to support the replication and expansion of new charter schools by funding planning and development of new facilities to increase the number of high-quality seats available. This grant is targeted to high-performing charter school operators starting new campuses. Awards totaling $1.2 million have been made through this program to date.

Revenue Bond Program
Website: http://1.usa.gov/1nwWeX4

Statutory Reference: http://bit.ly/1sCnVWI (Title 1. Government Organization => Chapter 2. District of Columbia Home Rule => Subchapter IV. The District Charter => Part E. Borrowing => Subpart 5. Tax Exemptions; Legal Investment; Water Pollution; Reservoirs; Metro Contributions; and Revenue Bonds => Section 1-204.90)

The Balanced Budget Act of 1997 granted the District of Columbia authority to issue tax-exempt revenue bonds to finance the acquisition, construction and renovation of eligible capital projects operated by nonprofit institutions, including charter schools. The Revenue Bond Program provides below-market interest rate loans to qualified organizations from the issuance and sale of tax-exempt municipal revenue bonds, notes or other obligations. Loan funds may be used to finance, refinance or reimburse the costs of acquiring, constructing, restoring, rehabilitating, expanding, improving, equipping and furnishing real property and related facilities. Through FY2014, this program has closed 46 charter school bond financings totaling $458 million, including seven QZAB issuances and three QSCB financings outlined in the Q-Bond Programs section below.

Q-Bond Programs

Charter schools are eligible to participate in the District of Columbia's Q-Bond Programs. To date, seven charter school QZAB financings totaling $4.6 million have closed, and three charter schools have received QSCB allocations totaling $33.9 million, the full amount of the District of Columbia's 2009 allocation.

WISCONSIN

Wisconsin Health and Educational Facilities Authority Conduit Financing
Website: http://www.whefa.com

Statutory Reference: http://1.usa.gov/1sYOkLS (Sections 231.01 to 231.25 and Sections 231.27 to 231.28)

The Wisconsin Health and Educational Facilities Authority (WHEFA), created in 1973 by the Wisconsin Legislature, assists all types of nonprofit organizations, including nonprofit charter schools, in the state of Wisconsin to access tax-exempt financing. To date, no charter schools have accessed financing through WHEFA.

Wisconsin Public Finance Authority Conduit Financing
Website: http://www.pfauthority.org/

Statutory Reference: http://1.usa.gov/1r97gtD

In 2010, the Wisconsin Legislature passed a law providing the authority to create new commissions to issue bonds. The Public Finance Authority (PFA) was formed in June 2010 as a political subdivision of the State of Wisconsin and is sponsored by the National Association of Counties, the National League of Cities, the Wisconsin Counties Association and the League of Wisconsin Municipalities. PFA provides local governments and private entities nationwide access to tax-exempt financing for projects that promote economic development and provide public benefit.

To date, PFA has issued over $115 million in tax-exempt financing on behalf of charter schools in 13 transactions. PFA is authorized to issue debt for entities throughout the country and has closed financings on behalf of charter schools in seven states.

City Redevelopment Authority Conduit Financing

Statutory Reference: http://bit.ly/9eOU1H (Sections 66.1333 and 66.1335)

Charter schools also have access to tax-exempt financing through various city redevelopment authorities, which act as conduit issuers.

Q-Bond Programs

Charter schools are able to access Wisconsin's Q-Bond Programs through their local school districts. In FY2006, Milwaukee Public Schools issued $2 million in QZABs for 1) renovations and remodeling for a charter school and 2) a shared high school campus including four schools—one of which is a charter school.

WYOMING

Wyoming School Facilities Commission Major Building and Facility Repair and Replacement Program

Website: http://sfc.state.wy.us/

Statutory Reference: http://bit.ly/1qZOGWK (Section 21-15-109)

The Wyoming School Facilities Commission administers funds from the Major Building and Facility Repair and Replacement Program, which was established in 2002. The funds are distributed based on square footage computations for each school district. A school building or facility that is owned by a school district and used for operating a charter school qualifies to receive its proportionate share of the district's funding under this program.

Available District Facilities

Statutory Reference: http://bit.ly/XJrjlp (Sections 21-3-304 j through k)

According to Wyoming Education Code, a charter school may negotiate and contract with a school district or any third party for the use of a school building and grounds. Any services for which a charter school contracts with a school district shall be provided by the district at cost. Additionally, a charter school shall not be required to pay rent for space which is deemed available, as negotiated by contract, in school district facilities. All other costs for the improvement, modification, operation and maintenance of the facilities used by the charter school shall be subject to negotiation between the charter school and the district board.

APPENDICES

APPENDIX A: SUMMARY DATA FOR NONPROFIT FINANCING ORGANIZATIONS AS OF DECEMBER 31, 2013

Nonprofit Provider	BCC	BH	CIP	CSGF	CSDC	Clearinghouse	CRF	ECP	ExED	Genesis LA
CAPITAL PROVISION										
Geographic Market	New England, Northeast, Mid-Atlantic	DC, FL, ID (Loans); Nationwide (CE)	Nationwide	Nationwide	Nationwide (CE); CO, NM, WY, UT, AZ, DE, TN, DC (Loans)	CA, NV	Nationwide	Nationwide	Southern CA	Los Angeles County
Year Began Financing Charters	2005	2003	1995	2011	2003	1996	2005	2009	2004	2011
ED Credit Enhancement Award[3] (as of July 2014)	$8,000,000	$4,962,499	$28,000,000	$0	$23,600,000	$0	$0	$0	$0	$0
NMTC Allocation Award Total[4] (as of July 2014)	$468,000,000	$0	$492,000,000	$0	$40,000,000	$473,000,000	$749,500,000	$770,000,000	$174,000,000	$190,000,000
PORTFOLIO STATISTICS										
Total Historical Financing[1]	$40,166,667	$160,000,000	$630,600,000	$21,570,000	$64,763,976	$35,000,000	$57,125,311	$12,924,473	$6,470,875	$1,250,000
Number of Schools Supported[2]	9	155	171	17	128	15	7	27	11	1
NMTC Allocation Employed for Charter Facilities[4]	$15,789,474	NA	$149,465,870	NA	$40,000,000	$0	$52,579,000	$49,500,000	$146,000,000	$10,032,759
Number of Schools Supported with NMTC Allocation[2]	1	0	17	0	5	0	6	3	26	2
PORTFOLIO PERFORMANCE										
$ Amount of Financings Repaid/Refinanced[5]	$11,000,000	$129,000,000	$173,353,627	$12,375,000	$31,990,608	$19,700,000	$2,606,311	$3,418,549	$3,095,000	$0
Total Number of Financings[6]	11	176	210	12	151	15	9	8	18	1
Originated $ Amount of Defaults[7]	$0	$400,000	$2,717,680	$0	$1,742,323	$0	$0	$0	$0	$0
Default Rate as % of Total $ Originated	0.00%	0.25%	0.43%	0.00%	2.69%	0.00%	0.00%	0.00%	0.00%	0.00%
Number of Defaults[8]	0	3	7	0	5	0	0	0	0	0
Default Rate as % of Total Number Originated	0.00%	1.70%	3.33%	0.00%	3.31%	0.00%	0.00%	0.00%	0.00%	0.00%
$ Amount of Write-offs	$0	$375,000	$730,680	$0	$1,260,323	$0	$0	$0	$0	$0
Write-off Rate as % of Total $ Originated	0.00%	0.23%	0.12%	0.00%	1.95%	0.00%	0.00%	0.00%	0.00%	0.00%
Number of Write-offs[8]	0	3	5	0	5	0	0	0	0	0
Write-off Rate as % of Total Number Originated	0.00%	1.70%	2.38%	0.00%	3.31%	0.00%	0.00%	0.00%	0.00%	0.00%
NMTC Allocation Employed for Charter Facilities Matured/Refinanced	$0	$0	$43,596,373	$0	$4,837,750	$0	$0	$0	$22,850,000	$0
FINANCING TERMS										
Maximum Amount	$10,000,000	$2,000,000	$15,000,000	$3,500,000	$500,000 (CE)/ $3,000,000 (Loans)	$5,000,000	$10,000,000	$5,000,000	None	$1,500,000
Maximum Term (years)	10	5	25	5	7/5	27	7	29	7	7
Maximum Amortization (years)	25	25	25	interest only; 5-year balloon	25	30	20	29	25	25
Technical Assistance	✓	✓		✓	✓				✓	
Grants										
Recoverable Grants									✓	
Acquisition Loans	✓	✓	✓	✓	✓	✓		✓	✓	✓
Construction Loans	✓	✓	✓	✓	✓	✓		✓	✓	✓
Mini-Perm Loans	✓	✓	✓	✓	✓	✓		✓	✓	✓
Permanent Loans			✓			✓	✓	✓		
Leasehold Improvement Loans	✓	✓	✓	✓	✓			✓	✓	
Guarantees/Credit Enhancement	✓	✓	✓	✓	✓				✓	

Notes

1 Financing defined as grants, recoverable grants, loans and guarantees.

2 No total number of schools due to repeat schools across organizations.

3 "ED" is the U.S. Department of Education. Total does not add across columns due to joint award for several organizations.

4 "NMTC" is New Markets Tax Credits. Four of the organizations have not received a NMTC allocation to date; thus their utilization is listed as not applicable, "Na".

5 Includes full repayments only; does not include partial amortizations or restructurings.

6 Number includes only those financings with a repayment obligation; it excludes grants. Total does not add across columns due to participation loans.

7 A defaulted loan is defined as one in which the school can no longer make debt service payments and the lender must litigate or foreclose for repayment. This figure represents the loan amount at origination; not the amount outstanding at default.

8 Total does not add across columns due to several participation loans in which more than one nonprofit lender participated. Series is part of a single issue that consists of two series with different ratings and/or disclosure.

APPENDIX A: SUMMARY DATA FOR NONPROFIT FINANCING ORGANIZATIONS AS OF DECEMBER 31, 2013 *(continued)*

Nonprofit Provider	IFF	ISDC	LISC	LIIF	NJCC	NFF	NAF	RDF	Self-Help	TRF	Total/Average
CAPITAL PROVISION											
Geographic Market	IL, IN, IA, MO, WI, MI, OH, MN, KS	Delaware	Nationwide	Nationwide	NJ (Loans); Nationwide (CE)	Nationwide	MN	Nationwide	Nationwide	DE, MD, NJ, PA, DC	
Year Began Financing Charters	1996	2002	1997	1999	2004	2002	2000	1999	1997	1997	
ED Credit Enhancement Award[3] (as of July 2014)	$18,000,000	$0	$41,462,977	$8,000,000	$8,150,000	$8,000,000	$0	$14,550,000	$10,200,000	$26,019,231	$198,944,707
NMTC Allocation Award Total[4] (as of July 2014)	$78,000,000	$0	$838,000,000	$313,000,000	$80,000,000	$231,000,000	$0	$103,000,000	$328,000,000	$408,419,753	$5,735,919,753
PORTFOLIO STATISTICS											
Total Historical Financing[1]	$106,425,894	$7,151,000	$140,603,850	$242,830,002	$54,589,974	$46,733,195	$6,400,000	$64,000,000	$215,873,649	$195,940,810	$2,110,419,676
Number of Schools Supported[2]	113	8	171	112	38	48	22	55	60	82	
NMTC Allocation Employed for Charter Facilities[4]	$25,000,000	NA	$111,121,653	$117,905,306	$16,000,000	$45,842,600	NA	$20,500,000	$145,400,000	$80,413,000	$1,025,549,662
Number of Schools Supported with NMTC Allocation[2]	5	0	11	13	5	5	0	2	37	9	
PORTFOLIO PERFORMANCE											
$ Amount of Financings Repaid/Refinanced[5]	$37,083,809	$6,435,000	$67,320,781	$147,374,118	$32,478,346	$17,161,400	$5,000,000	$23,000,000	$86,226,736	$131,176,693	$939,795,978
Total Number of Financings[6]	155	8	137	70	57	53	23	89	111	104	1418
Originated $ Amount of Defaults[7]	$7,295,659	$1,000,000	$3,449,149	$5,310,000	$375,000	$0	$0	$750,000	$2,625,351	$5,520,000	$31,185,162
Default Rate as % of Total $ Originated	6.86%	13.98%	2.45%	2.19%	0.69%	0.00%	0.00%	1.17%	1.22%	2.82%	3.32%
Number of Defaults[8]	15	1	2	2	2	0	0	1	2	1	41
Default Rate as % of Total Number Originated	9.68%	12.50%	1.46%	2.86%	3.51%	0.00%	0.00%	1.12%	1.80%	0.96%	2.89%
$ Amount of Write-offs	$2,885,996	$1,000,000	$1,715,037	$697,412	$343,101	$0	$0	$558,011	$345,578	$1,195,829	$11,106,967
Write-off Rate as % of Total $ Originated	2.71%	13.98%	1.22%	0.29%	0.63%	0.00%	0.00%	0.87%	0.16%	0.61%	1.18%
Number of Write-offs[8]	12	1	2	1	2	0	0	1	1	1	34
Write-off Rate as % of Total Number Originated	7.74%	12.50%	1.46%	1.43%	3.51%	0.00%	0.00%	1.12%	0.90%	0.96%	2.40%
NMTC Allocation Employed for Charter Facilities Matured/Refinanced	$0	$0	$5,740,920	$0	$6,000,000	$0	$0	$0	$0	$0	$83,025,043
FINANCING TERMS											
Maximum Amount	$1,500,000	$10,000,000	$5,000,000	$3,500,000	$4,500,000	$4,500,000	$1,000,000	$6,500,000	No max	$5,000,000	
Maximum Term (years)	15	5	29.5	7	5	7	7	10	No max	7	
Maximum Amortization (years)	20	20	30	25	25	25	20	25	25	25	
Technical Assistance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Grants			✓					✓			
Recoverable Grants			✓					✓			
Acquisition Loans	✓	✓	✓	✓	✓	✓		✓	✓	✓	
Construction Loans	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Mini-Perm Loans	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Permanent Loans	✓		✓		✓	✓			✓	✓	
Leasehold Improvement Loans	✓	✓	✓	✓	✓	✓		✓	✓	✓	
Guarantees/Credit Enhancement	✓	✓	✓	✓	✓	✓			✓		

Notes

1 Financing defined as grants, recoverable grants, loans and guarantees.

2 No total number of schools due to repeat schools across organizations.

3 "ED" is the U.S. Department of Education. Total does not add across columns due to joint award for several organizations.

4 "NMTC" is New Markets Tax Credits. Four of the organizations have not received a NMTC allocation to date; thus their utilization is listed as not applicable, "Na".

5 Includes full repayments only; does not include partial amortizations or restructurings.

6 Number includes only those financings with a repayment obligation; it excludes grants. Total does not add across columns due to participation loans.

7 A defaulted loan is defined as one in which the school can no longer make debt service payments and the lender must litigate or foreclose for repayment. This figure represents the loan amount at origination; not the amount outstanding at default.

8 Total does not add across columns due to several participation loans in which more than one nonprofit lender participated. Series is part of a single issue that consists of two series with different ratings and/or disclosure.

APPENDIX B. CHARTER SCHOOL BOND ISSUANCE (JUNE 1, 2012 – MAY 1, 2014)

	Dated Date	State	School	Issuer	Par Amount ($ in Millions)	Credit Enhancer	Rating Agency	Rating at Issuance: Enhanced Rating	Rating at Issuance: Unenhanced Rating	Maturity	Coupon	Yield	Spread to MMD	Lead Underwriter
1	10/30/12	AR	Jacksonville Lighthouse Charter School[1]	Arkansas Development Finance Authority	$4.500	ADFA	S&P	A	Not Rated	10/1/37	3.400%	3.400%	59	Crew & Associates
	10/30/12	AR	Jacksonville Lighthouse Charter School[1]	Arkansas Development Finance Authority	$4.190	NA	Not Rated	NA	NA	10/1/37	5.000%	5.216%	241	Crew & Associates
2	8/21/12	AZ	Children First Academy	Pima County Industrial Development Authority	$6.290	NA	Not Rated	NA	NA	7/1/42	5.850%	5.850%	284	Lawson Financial Corporation
3	10/11/12	AZ	Adams Traditional Academy (Choice Academies Inc. Project)	Phoenix Industrial Development Authority	$15.945	NA	S&P	NA	BB+	9/1/42	5.625%	5.500%	266	Zeigler & Co.
4	11/29/12	AZ	Phoenix Collegiate Academy	Phoenix Industrial Development Authority	$5.300	NA	S&P	NA	BB+	7/1/42	5.625%	5.625%	297	RBC Capital Markets, LLC
5	11/30/12	AZ	Great Hearts Academies (Glendale Project)	Phoenix Industrial Development Authority	$12.585	NA	Not Rated	NA	NA	7/1/43	6.750%	6.750%	171	Zions First National Bank
6	12/19/12	AZ	Arizona Agribusiness and Equine Center, Inc.	Yavapai County Industrial Development Authority	$8.885	NA	S&P	NA	BB+	3/1/42	5.125%	5.250%	277	R.W. Baird & Co.
7	1/24/13	AZ	EDKey Inc.	Pima County Industrial Development Authority	$44.365	NA	S&P	NA	BB+	7/1/48	6.000%	6.100%	338	Lawson Financial Corporation
8	2/6/13	AZ	Basis Schools Inc. (Ahwatukee Project)	Phoenix Industrial Development Authority	$8.835	NA	Not Rated	NA	NA	7/1/43	6.750%	6.750%	389	RBC Capital Markets, LLC
9	2/19/13	AZ	Eagle South Mountain Charter School	Phoenix Industrial Development Authority	$10.250	NA	S&P	NA	BBB-	7/1/43	5.000%	4.990%	223	RBC Capital Markets, LLC
10	3/28/13	AZ	Legacy Traditional School	Florence Town Industrial Development Authority	$36.910	NA	S&P	NA	BB	7/1/43	6.000%	6.080%	298	Piper Jaffray
11	5/9/13	AZ	Basis Schools, Inc. (Mesa Project)	Phoenix Industrial Development Authority	$7.815	NA	Not Rated	NA	NA	7/1/43	6.500%	6.500%	361	RBC Capital Markets, LLC
12	5/22/13	AZ	Arizona Charter Schools	Pima County Industrial Development Authority	$29.675	NA	Moody's	NA	Baa3	7/1/31	5.375%	4.250%	179	RBC Capital Markets, LLC
13	5/23/13	AZ	Basis Schools Inc.	Pima County Industrial Development Authority	$9.130	NA	Not Rated	NA	NA	7/1/43	7.250%	7.250%	425	RBC Capital Markets, LLC
14	5/30/13	AZ	Starshine Academy	Pima County Industrial Development Authority	$12.700	NA	Not Rated	NA	NA	7/1/48	7.000%	7.000%	392	Lawson Financial Corporation
15	12/4/13	AZ	Leading Edge Academy	Pima County Industrial Development Authority	$3.150	NA	Not Rated	NA	NA	12/1/43	7.750%	7.980%	386	Dougherty & Company LLC
16	12/19/13	AZ	Basis Schools Inc. (Oro Vly Primary Project)	Phoenix Industrial Development Authority	$8.305	NA	Not Rated	NA	NA	7/1/44	7.625%	7.625%	349	RBC Capital Markets, LLC
17	12/19/13	AZ	Candeo Schools Inc.	Phoenix Industrial Development Authority	$11.000	NA	S&P	NA	BB+	7/1/44	6.875%	6.875%	272	RBC Capital Markets, LLC
18	12/23/13	AZ	Telesis Prep Academy	Florence Town Industrial Development Authority	$5.355	NA	S&P	NA	BB	1/1/19	7.500%	7.980%	740	Piper Jaffray
19	1/30/14	AZ	EdKey	Pima County Industrial Development Authority	$17.920	NA	S&P	NA	BB+	7/1/49	7.375%	7.500%	360	Lawson Financial Corporation
20	1/30/14	AZ	Noah Webster Schools (Pima Project)	Pima County Industrial Development Authority	$10.880	NA	S&P	NA	BBB-	12/15/43	7.000%	7.125%	326	R.W. Baird & Co.
21	2/7/14	AZ	Basis Schools Inc. (Prescott Project)	Phoenix Industrial Development Authority	$9.020	NA	Not Rated	NA	NA	7/1/44	7.500%	7.500%	365	RBC Capital Markets, LLC
22	2/20/14	AZ	San Tan Montessori School	Pima County Industrial Development Authority	$12.915	NA	Not Rated	NA	NA	2/1/44	9.000%	9.000%	513	Dougherty & Company LLC
23	2/21/14	AZ	Basis Schools Inc.	Phoenix Industrial Development Authority	$9.590	NA	Not Rated	NA	NA	7/1/44	7.500%	7.500%	365	RBC Capital Markets, LLC
24	3/28/14	AZ	Lead Charter School	Pima County Industrial Development Authority	$8.520	NA	Not Rated	NA	NA	3/1/44	8.750%	8.750%	502	Dougherty & Company LLC
25	5/1/14	AZ	Legacy Traditional Schools	Phoenix Industrial Development Authority	$73.000	NA	Not Rated	NA	NA	7/1/44	6.750%	6.850%	336	Piper Jaffrey
26	9/19/12	CA	High Desert Partnership in Academic Excellence	California Municipal Finance Authority	$5.640	Union Bank	Fitch	A/F1	NA	4/1/42	NA	NA	NA	Gates Capital Corporation

APPENDIX B. CHARTER SCHOOL BOND ISSUANCE (JUNE 1, 2012 – MAY 1, 2014)

	Dated Date	State	School	Issuer	Par Amount ($ in Millions)	Credit Enhancer	Rating Agency	Rating at Issuance Enhanced Rating	Rating at Issuance Unenhanced Rating	Maturity	Coupon	Yield	Spread to MMD	Lead Underwriter
27	9/25/12	CA	Rocketship Seven - Alma Academy	California Municipal Finance Authority	$9.460	NA	Not Rated	NA	NA	6/1/43	6.250%	6.250%	327	DeLaRosa & Co.
28	10/4/12	CA	Tri Valley Learning Corporation	California School Finance Authority	$27.500	NA	Not Rated	NA	NA	6/1/47	7.000%	7.000%	408	Westhoff, Cone & Holmstedt
29	10/24/12	CA	New Designs Charter School	California School Finance Authority	$19.865	NA	S&P	NA	BBB-	6/1/42	5.500%	5.500%	263	R.W. Baird & Co.
30	11/21/12	CA	Albert Einstein Academy for Letters, Arts & Sciences	California Statewide Communities Development Authority	$6.395	NA	Not Rated	NA	NA	11/1/42	6.250%	6.250%	351	Piper Jaffray
31	12/6/12	CA	Partnerships to UPLIFT Communities, Inc.	California Municipal Finance Authority	$26.540	NA	S&P	NA	BB+	8/1/47	5.300%	5.300%	275	R.W. Baird & Co.
32	2/7/13	CA	Coastal Academy Charter School	California School Finance Authority	$14.155	NA	S&P	NA	BBB-	10/1/42	5.000%	5.070%	239	RBC Capital Markets, LLC
33	8/8/13	CA	Value Schools	California School Finance Authority	$12.870	NA	S&P	NA	BB+	7/1/48	7.000%	7.000%	280	RBC Capital Markets, LLC
34	9/12/13	CA	Classical Academies	California School Finance Authority	$25.175	NA	S&P	NA	BB+	10/1/43	7.375%	7.375%	293	RBC Capital Markets, LLC
35	10/16/13	CA	ICEF - View Park High School	California School Finance Authority	$10.225	NA	S&P	NA	BB	10/1/48	7.125%	7.150%	325	Zeigler & Co.
36	10/24/13	CA	Alliance for College-Ready Public Schools	California School Finance Authority	$15.775	NA	S&P	NA	BBB-	7/1/48	6.400%	6.400%	226	RBC Capital Markets, LLC
37	12/12/13	CA	Albert Einstein Academies	California Municipal Finance Authority	$15.605	NA	S&P	NA	BB	8/1/43	7.125%	7.125%	299	R.W. Baird & Co.
38	2/10/14	CA	Rocketship Education	California Municipal Finance Authority	$32.855	NA	Not Rated	NA	NA	6/1/43	7.250%	7.250%	343	De LaRosa & Co.
39	3/12/14	CA	Partnerships to Uplift Communities Inc.	California School Finance Authority	$26.030	NA	S&P	NA	BB	8/1/44	6.750%	6.750%	302	R.W. Baird & Co.
40	6/14/12	CO	Stem School	Colorado Educational and Cultural Facilities Authority	$9.905	NA	Not Rated	NA	NA	6/15/17	5.700%	5.700%	449	D.A. Davidson & Co.
41	6/29/12	CO	Skyview Academy	Colorado Educational and Cultural Facilities Authority	$25.650	NA	Not Rated	NA	NA	7/1/17	5.600%	5.600%	481	D.A. Davidson & Co.
42	7/13/12	CO	Westgate Academy	Colorado Educational and Cultural Facilities Authority	$8.600	NA	Not Rated	NA	NA	7/1/17	5.750%	5.750%	501	D.A. Davidson & Co.
43	7/17/12	CO	DCS Montessori Charter School	Colorado Educational and Cultural Facilities Authority	$9.420	State of Colorado	S&P	A	BBB	7/15/37	5.000%	4.810%	181	D.A. Davidson & Co.
44	10/15/12	CO	Mountain Phoenix Community School	Colorado Educational and Cultural Facilities Authority	$6.370	NA	Not Rated	NA	NA	10/1/42	7.000%	7.000%	438	Oppenheimer & Co. Inc.
45	12/17/12	CO	University Laboratory School	Colorado Educational and Cultural Facilities Authority	$10.980	NA	Not Rated	NA	NA	12/15/17	5.400%	5.400%	469	D.A. Davidson & Co.
46	12/18/12	CO	American Academy (Parker Facility)	Colorado Educational and Cultural Facilities Authority	$20.000	NA	Not Rated	NA	NA	12/15/17	5.700%	5.700%	497	D.A. Davidson & Co.
47	1/31/13	CO	Littleton Prepatory Charter School	Colorado Educational and Cultural Facilities Authority	$7.340	NA	S&P	NA	BBB-	12/1/42	5.000%	4.980%	214	D.A. Davidson & Co.
48	3/5/13	CO	Pinnacle Charter School, Inc.	Colorado Educational and Cultural Facilities Authority	$17.685	State of Colorado	S&P	A	BBB	6/1/33	4.000%	4.060%	157	George K. Baum & Company
49	4/30/13	CO	Lincoln Academy	Colorado Educational and Cultural Facilities Authority	$7.655	State of Colorado	S&P	A	BBB-	3/1/43	5.000%	4.740%	140	D.A. Davidson & Co.

APPENDIX B. CHARTER SCHOOL BOND ISSUANCE (JUNE 1, 2012 – MAY 1, 2014)

	Dated Date	State	School	Issuer	Par Amount ($ in Millions)	Credit Enhancer	Rating Agency	Rating at Issuance: Enhanced Rating	Rating at Issuance: Unenhanced Rating	Maturity	Coupon	Yield	Spread to MMD	Lead Underwriter
50	6/26/13	CO	Aurora Academy	Colorado Educational and Cultural Facilities Authority	$6.246	NA	Not Rated	NA	NA	2/15/34	3.210%	3.210%	NA	NA
51	7/3/13	CO	Cesar Chavez Academy	Colorado Educational and Cultural Facilities Authority	$6.450	NA	Not Rated	NA	NA	7/1/43	7.000%	7.000%	317	Zeigler & Co.
52	8/23/13	CO	Stem School	Colorado Educational and Cultural Facilities Authority	$3.855	NA	Not Rated	NA	NA	6/15/18	5.800%	5.800%	449	D.A. Davidson & Co.
53	8/29/13	CO	Community Leadership Academy	Colorado Educational and Cultural Facilities Authority	$16.065	NA	S&P	NA	BB	8/1/48	7.450%	7.450%	306	R.W. Baird & Co.
54	10/7/13	CO	Prospect Ridge Academy	Colorado Educational and Cultural Facilities	$13.275	NA	Not Rated	NA	NA	8/15/18	5.800%	5.800%	446	D.A. Davidson & Co.
55	10/17/13	CO	Rocky Mountain Classical Academy	Colorado Educational and Cultural Facilities Authority	$28.050	NA	S&P	NA	B+	9/1/48	8.125%	8.250%	407	BB&T Capital Markets
56	3/31/14	CO	Liberty Common[1]	Colorado Educational and Cultural Facilities Authority	$15.150	State of Colorado	S&P	A	BBB-	1/15/44	5.000%	5.140%	143	D.A. Davidson & Co.
	3/31/14	CO	Liberty Common[1]	Colorado Educational and Cultural Facilities Authority	$1.640	NA	Not Rated	NA	NA	1/15/44	5.625%	5.840%	213	D.A. Davidson & Co.
57	3/31/14	CO	Vanguard Classical School (Ability Connection Colorado)	Colorado Educational and Cultural Facilities Authority	$32.365	NA	Not Rated	NA	NA	4/1/19	5.850%	5.850%	453	D.A. Davidson & Co.
58	10/30/12	DC	Friendship Public Charter School	District of Columbia	$35.780	NA	S&P	NA	BBB	6/1/42	5.000%	4.650%	179	R.W. Baird & Co.
59	8/1/13	DC	KIPP DC	District of Columbia	$63.070	NA	S&P	NA	BBB+	7/1/48	6.000%	6.000%	217	R.W. Baird & Co.
60	6/22/12	DE	Aspire Public Schools(Oakland, Lodi)	Delaware Economic Development Authority	$18.295	NA	S&P	NA	BBB	9/1/42	5.000%	4.875%	171	R.W. Baird & Co.
61	6/29/12	FL	Charter Schools of Boynton Beach, Inc.	City of Boynton Beach	$9.000	NA	S&P	NA	BBB-	6/1/42	6.800%	7.250%	408	Piper Jaffray
62	8/27/12	FL	Lee County Community Charter School	Lee County Industrial Development Authority	$22.805	NA	S&P	NA	BB	6/15/42	5.750%	5.750%	275	Zeigler & Co.
63	10/25/12	FL	Cornerstone Charter Academy	City of Belle Isle	$9.625	NA	S&P	NA	BB+	10/1/42	6.000%	6.000%	314	Zeigler & Co.
64	11/28/12	FL	Renaissance Charter School, Inc.	Florida Development Finance Corporation	$59.320	NA	Not Rated	NA	NA	6/15/43	6.125%	6.250%	365	Zeigler & Co.
65	4/25/13	FL	Bay Haven Charter Academy, Inc.	Bay County	$20.265	NA	S&P	NA	BBB-	9/1/48	5.000%	5.150%	225	BB&T Capital Markets
66	11/1/13	FL	Renaissance Charter School, Inc.	Florida Development Finance Corporation	$80.525	NA	Not Rated	NA	NA	6/15/44	8.500%	8.620%	362	BB&T Capital Markets
67	6/29/12	GA	Learning Center Foundation of Central Cobb	Cobb County Development Authority	$15.760	NA	Not Rated	NA	NA	7/1/42	7.625%	7.625%	447	RBC Capital Markets, LLC
68	4/11/13	GA	Amana Academy	Fulton County Development Authority	$8.665	NA	Not Rated	NA	NA	4/1/43	6.500%	6.500%	353	Dougherty & Company LLC
69	11/25/13	GA	Brighten Academy	Douglas County Development Authority	$10.500	NA	Not Rated	NA	NA	10/1/43	7.000%	7.125%	302	D.A. Davidson & Co.
70	2/19/13	ID	Legacy Public Charter School	Idaho Housing and Finance Association	$2.975	NA	Not Rated	NA	NA	5/1/43	6.250%	6.250%	339	R.W. Baird & Co.
71	10/24/13	IL	Noble Network of Charter Schools	Illinois Finance Authority	$20.000	NA	S&P	NA	BBB	9/1/39	6.125%	6.250%	205	Zeigler & Co.
72	2/28/13	IN	21st Century Charter School	Indiana Finance Authority	$13.500	NA	S&P	NA	BB-	3/1/43	6.250%	6.250%	329	R.W. Baird & Co.
73	8/28/13	IN	CFM Indianapolis LLC	Indiana Finance Authority	$17.250	NA	S&P	NA	BB	7/1/43	7.250%	7.250%	292	RBC Capital Markets, LLC
74	8/28/13	IN	CFM NW Indiana LLC	Indiana Finance Authority	$20.525	NA	S&P	NA	BB	7/1/43	7.250%	7.250%	292	RBC Capital Markets, LLC

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75	12/27/13	LA	Southwest Lousiana Charter Academy	Louisiana Public Facilities Authority	$17.480	NA	Not Rated	NA	NA	12/15/43	8.375%	8.500%	434	BB&T Capital Markets
76	6/26/12	MA	Innovation Academy Charter School	Massachusetts Development Finance Agency	$10.200	MDFA	Not Rated	NA	NA	NA	NA	NA	NA	NA
77	8/28/12	MA	Innovation Academy Charter School	Massachusetts Development Finance Agency	$4.500	MDFA	Not Rated	NA	NA	NA	NA	NA	NA	NA
78	12/17/12	MA	River Valley Charter School	Massachusetts Development Finance Agency	$4.580	MDFA	Not Rated	NA	NA	NA	NA	NA	NA	NA
79	6/3/13	MA	Abby Kelley Foster Charter School	Massachusetts Development Finance Agency	$29.480	MDFA	Not Rated	NA	NA	NA	NA	NA	NA	NA
80	12/18/13	MA	Rising Tide Charter Public School	Massachusetts Developent Finance Agency	$5.650	MDFA	Not Rated	NA	NA	NA	NA	NA	NA	NA
81	2/26/14	MA	Pioneer Charter School for Science Project	Massachusetts Development Finance Agency	$2.800	MDFA	Not Rated	NA	NA	NA	NA	NA	NA	NA
82	12/19/13	MD	City Neighborhood Schools	Maryland Health and Higher Educational Facilities Authority	$10.990	NA	Not Rated	NA	NA	7/1/44	6.750%	6.900%	274	M&T Securities, Inc.
83	6/28/12	MI	Cesar Chavez Academy	Michigan Finance Authority	$15.155	NA	S&P	NA	BBB-	2/1/33	5.750%	5.750%	287	Piper Jaffray
84	10/18/12	MI	Saginaw Preparatory Academy	Michigan Finance Authority	$3.260	NA	S&P	NA	BBB-	6/1/29	5.000%	5.000%	293	Piper Jaffray
85	12/11/12	MI	Crossroads Charter Academy	Crossroads Charter Academy	$2.555	NA	S&P	NA	BBB-	6/1/42	5.200%	5.405%	293	Lake Forest Securities LLC
86	2/1/13	MI	Cole Academy	Cole Academy	$2.495	NA	Not Rated	NA	NA	4/1/31	5.625%	5.919%	353	Lake Forest Securities LLC
87	3/6/13	MI	Detroit West Preparatory Academy	Detroit West Prepatory Academy	$5.875	NA	S&P	NA	BB-	3/1/18	10.000%	10.000%	923	Piper Jaffray
88	3/8/13	MI	Allen Academy	Allen Academy	$17.250	NA	S&P	NA	BB+	6/1/33	6.000%	6.180%	372	Piper Jaffray
89	4/18/13	MI	West Michigan Academy of Arts and Academics	West Michigan Academy of Arts & Academics	$4.960	NA	Not Rated	NA	NA	4/1/43	5.625%	5.856%	292	Lake Forest Securities, LLC
90	12/12/13	MI	Universal Academy	Michigan Finance Authority	$10.455	NA	S&P	NA	BBB-	12/1/40	7.625%	7.625%	347	Piper Jaffray
91	12/31/13	MI	Detroit Academy of Arts and Sciences	Detroit Academy of Arts and Sciences	$14.880	NA	Not Rated	NA	NA	10/1/43	6.000%	6.000%	216	R.W. Baird & Co.
92	8/16/12	MN	St. Croix Prep Academy	Baytown Township	$5.000	NA	S&P	NA	BB	8/1/42	5.750%	5.750%	288	Dougherty & Company LLC
93	10/11/12	MN	Hmong College Prep Academy	Housing & Redevelopment Authority of St. Paul	$17.600	NA	S&P	NA	BB+	9/1/43	5.500%	5.500%	266	Piper Jaffray
94	11/29/12	MN	Minnesota Math and Science Academy	City of Woodbury	$9.950	NA	S&P	NA	BBB-	12/1/43	5.000%	4.750%	221	Piper Jaffray
95	12/11/12	MN	Spectrum High School	Anoka County	$11.300	NA	S&P	NA	BBB-	6/1/43	5.000%	4.700%	223	Piper Jaffray
96	3/20/13	MN	Saint Paul Conservatory for Performing Arts	Housing & Redevelopment Authority of St. Paul	$9.000	NA	S&P	NA	BBB-	3/1/43	4.625%	4.700%	168	Dougherty & Company LLC
97	5/21/13	MN	Twin Cities German Immersion Charter School	Housing & Redevelopment Authority of St. Paul	$8.545	NA	S&P	NA	BB+	7/1/44	5.000%	4.950%	197	Piper Jaffray
98	6/1/13	MN	Higher Ground Academy	Housing & Redevelopment Authority of St. Paul	$13.480	NA	S&P	NA	BBB-	12/1/38	5.125%	5.220%	180	Dougherty & Company LLC
99	6/20/13	MN	Eagle Ridge Academy	City of Deephaven	$9.245	NA	S&P	NA	BBB-	7/1/48	5.125%	5.350%	183	Piper Jaffray
100	6/25/13	MN	Yinghua Academy	City of Minneapolis	$14.135	NA	S&P	NA	BB	7/1/48	6.125%	5.950%	242	Piper Jaffray
101	11/20/13	MN	PACT Charter School	City of Ramsey	$11.000	NA	S&P	NA	BBB-	12/1/33	5.500%	5.500%	174	Dougherty & Company LLC
102	2/25/14	MN	Lake International Language Academy (LILA Building Company)	City of Forest Lake	$17.265	NA	S&P	NA	BBB-	8/1/44	5.750%	5.750%	188	Dougherty & Company LLC
103	3/12/14	MN	Seed Daycare/Harvest Prep	City of Minneapolis	$6.775	NA	Not Rated	NA	NA	3/1/31	7.000%	7.000%	384	Dougherty & Company LLC
104	10/9/12	NC	Voyager Foundation, Inc.[2]	Wisconsin Public Finance Authority	$16.165	NA	Not Rated	NA	NA	10/1/42	6.200%	6.200%	336	D.A. Davidson & Co.

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105	8/16/13	NC	Carolina International School[2]	Wisconsin Public Finance Authority	$12.245	NA	S&P	NA	BB+	8/1/48	7.200%	7.200%	292	RBC Capital Markets, LLC
106	9/28/12	NJ	Paterson Charter School	New Jersey Economic Development Authority	$18.055	NA	S&P	NA	BBB-	7/1/44	5.300%	5.270%	232	RBC Capital Markets, LLC
107	2/28/13	NJ	Lady Liberty Academy	New Jersey Economic Development Authority	$10.010	NA	S&P	NA	BB+	8/1/47	5.750%	5.750%	279	RBC Capital Markets, LLC
108	11/26/13	NJ	Team Academy Charter School	New Jersey Economic Development Authority	$20.885	NA	S&P	NA	BBB	10/1/43	6.000%	6.110%	199	M&T Securities, Inc.
109	10/4/12	NM	Horizon Academy West Charter School[2]	Wisconsin Public Finance Authority	$6.715	NA	Not Rated	NA	NA	9/1/45	6.000%	6.000%	310	Dougherty & Company LLC
110	12/19/12	NM	Cottonwood Classical Prep School[2]	Wisconsin Public Finance Authority	$10.610	NA	Not Rated	NA	NA	12/1/42	6.250%	6.250%	354	Dougherty & Company LLC
111	6/29/12	NV	Explore Knowledge Foundation[2]	Wisconsin Public Finance Authority	$9.140	NA	S&P	NA	BBB-	7/15/42	6.000%	6.125%	296	D.A. Davidson & Co.
112	12/14/12	NY	KIPP Tech Valley Charter School[2]	Phoenix Industrial Development Authority	$8.400	NA	Not Rated	NA	NA	12/1/37	7.000%	7.000%	450	Jefferies
113	3/21/13	NY	International Leadership Charter School	Build NYC Resource Corporation	$17.750	NA	Not Rated	NA	NA	7/1/43	6.000%	6.000%	289	TD Securities
114	4/24/13	NY	Bronx Charter School for Excellence	Build NYC Resource Corporation	$24.000	NA	S&P	NA	BBB-	4/1/43	5.500%	4.250%	135	Piper Jaffray
115	6/11/13	NY	South Bronx Charter School	Build NYC Resource Corporation	$22.270	NA	S&P	NA	BB+	4/15/43	5.000%	5.000%	192	R.W. Baird & Co.
116	9/3/13	NY	Riverhead Charter School	Riverhead Local Development Authority	$21.105	NA	S&P	NA	BBB-	8/1/48	7.000%	7.140%	268	Roosevelt & Cross, Inc.
117	12/23/13	NY	Academy Charter School	Hempstead Local Development Authority	$13.515	NA	Not Rated	NA	NA	2/1/44	7.650%	7.650%	347	R.W. Baird & Co.
118	7/20/12	OH	Cornerstone Academy	Columbus-Franklin County Finance Authority	$10.140	NA	Not Rated	NA	NA	7/1/42	8.500%	8.685%	578	Piper Jaffray
119	4/10/14	OH	Constellation Schools	Cleveland-Cayahoga County	$30.790	NA	Not Rated	NA	NA	1/1/44	6.750%	6.800%	306	Piper Jaffray
120	10/11/12	PA	Green Woods Charter School	Philadelphia Authority for Industrial Development	$18.500	NA	S&P	NA	BB	6/15/42	5.750%	5.850%	301	M&T Securities, Inc.
121	11/13/12	PA	Collegium Charter School	Chester County Industrial Development Authority	$38.125	NA	S&P	NA	BBB-	10/15/42	5.375%	5.500%	267	PNC Bank
122	3/21/13	PA	Architecture & Design Charter High School	Philadelphia Authority for Industrial Development	$8.540	NA	S&P	NA	BBB-	3/15/43	6.125%	6.125%	313	PNC Bank
123	5/30/13	PA	Propel Schools	Allegheny County Industrial Development Authority	$11.345	NA	S&P	NA	BB+	7/15/38	6.000%	6.070%	319	PNC Bank
124	6/28/13	PA	Philadelphia Performing Arts Charter School	Philadelphia Authority for Industrial Development	$55.500	NA	S&P	NA	BB-	6/15/43	6.750%	6.625%	285	George K. Baum & Company
125	7/10/13	PA	Tacony Academy Charter School	Philadelphia Authority for Industrial Development	$15.000	NA	S&P	NA	BB+	6/15/43	7.000%	7.000%	309	George K. Baum & Company
126	12/20/13	PA	Neuva Esperanza Inc. (Academy Charter School Project)	Philadelphia Authority for Industrial Development	$32.000	NA	Not Rated	NA	NA	12/1/43	8.200%	8.200%	406	BB&T Capital Markets
127	2/27/14	PA	First Philadelphia Preparatory Charter School	Philadelphia Authority for Industrial Development	$41.195	NA	S&P	NA	BB	6/15/43	7.250%	7.250%	342	George K. Baum & Company
128	2/27/14	PA	Tacony Academy Charter School	Philadelphia Authority for Industrial Development	$16.300	NA	S&P	NA	BB+	6/15/43	7.375%	7.125%	330	George K. Baum & Company
129	2/18/14	SC	York Preparatory Academy	South Carolina Jobs and Economic Development Authority	$34.500	NA	Not Rated	NA	NA	11/1/45	7.250%	7.250%	340	D.A. Davidson & Co.
130	4/30/14	SC	Midland Valley Preparatory School	South Carolina Jobs and Economic Development Authority	$5.530	NA	Not Rated	NA	NA	11/15/45	7.750%	7.750%	429	D.A. Davidson & Co.

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131	8/1/12	TX	Idea Public Schools	Clifton Higher Education Finance Corporation	$59.730	NA	S&P	NA	BBB	8/15/42	5.000%	4.600%	159	R.W. Baird & Co.
132	10/11/12	TX	A.W. Brown Fellowship Leadership Academy	Newark Cultural Educational Facilities Corporation	$23.065	NA	S&P	NA	BBB-	8/15/42	6.000%	5.150%	220	RBC Capital Markets, LLC
133	12/1/12	TX	Wayside Schools	Travis County Cultural Educational Facilities Finance Corporation	$20.865	NA	S&P	NA	BB+	8/15/42	5.250%	5.250%	277	Zeigler & Co.
134	1/24/13	TX	Uplift Education	Clifton Higher Education Finance Corporation	$44.960	NA	S&P	NA	BBB-	12/1/47	4.400%	4.400%	171	R.W. Baird & Co.
135	4/8/13	TX	Basis Schools Inc. (San Antonio Project)[2]	Phoenix Industrial Development Authority	$9.265	NA	Not Rated	NA	NA	7/1/43	6.500%	6.500%	357	RBC Capital Markets, LLC
136	6/1/13	TX	John H. Wood Jr. Public Charter District, Inspire Academies	Danbury Higher Education Authority	$9.945	NA	S&P	NA	BBB-	8/15/43	6.500%	6.500%	237	Oppenheimer & Co.
137	6/27/13	TX	TLC Academy	Tom Green County Cultural Education Authority	$17.170	NA	S&P	NA	BB+	8/15/43	7.150%	7.750%	417	Oppenheimer & Co.
138	10/1/13	TX	Idea Public Schools	Clifton Higher Education Finance Corporation	$63.025	NA	S&P	NA	BBB	8/15/43	6.000%	6.000%	171	R.W. Baird & Co.
139	3/1/14	TX	LTTS Charter School Inc. (dba Universal Academy)	Arlington Higher Education Finance Corporation	$29.440	NA	S&P	NA	BB	3/1/44	7.125%	7.250%	351	BB&T Capital Markets
140	3/18/14	TX	Basis Schools Inc. (San Antonio North Project)[2]	Phoenix Industrial Development Authority	$9.640	NA	Not Rated	NA	NA	7/1/44	7.500%	7.500%	383	RBC Capital Markets, LLC
141	11/27/12	UT	Lakeview Academy	Utah County	$4.250	NA	S&P	NA	BBB-	7/15/43	5.250%	5.250%	270	Piper Jaffray
142	12/12/12	UT	Ogden Preparatory Academy	Utah Charter School Finance Authority	$17.810	State of Utah	S&P	AA	BBB-	10/15/42	3.250%	3.490%	102	R.W. Baird & Co.
143	12/13/12	UT	Endeavor Hall	Utah Charter School Finance Authority	$8.060	NA	Not Rated	NA	NA	7/15/42	6.250%	6.250%	378	Piper Jaffray
144	7/23/13	UT	Wasatch Peak Academy	Utah Charter School Finance Authority	$5.305	State of Utah	S&P	AA	BBB-	10/15/43	5.000%	5.120%	114	R.W. Baird & Co.
145	8/20/13	UT	Entheos Academy	Utah Charter School Finance Authority	$14.025	NA	S&P	NA	BB+	10/15/43	6.750%	6.125%	210	R.W. Baird & Co.
146	11/19/13	UT	Providence Hall	Utah Charter School Finance Authority	$25.185	State of Utah	S&P	AA	BBB-	10/15/48	5.000%	5.250%	121	Piper Jaffray
147	11/20/13	UT	Itineris High School	Utah Charter School Finance Authority	$8.285	NA	Not Rated	NA	NA	10/15/44	7.000%	7.000%	287	D.A. Davidson & Co.
148	2/25/14	UT	Monticello Academy	Utah Charter School Finance Authority	$10.670	State of Utah	S&P	AA	BBB-	4/15/37	4.500%	4.720%	104	Citigroup
149	3/4/14	UT	Lincoln Academy	Utah Charter School Finance Authority	$15.600	State of Utah	S&P	AA	BBB-	4/15/44	4.750%	4.860%	113	D.A. Davidson & Co.
150	11/19/13	WI	Milwaukee Science Education Consortium	Milwaukee Redevelopment Authority	$11.685	NA	S&P	NA	BBB-	8/1/43	6.250%	6.250%	210	R.W. Baird & Co.
			TOTAL/AVERAGE		$2,541.851						6.217%	6.223%	305	
			MEAN		$16.946						0.04%	0.04%	2	
			MEDIAN		$12.415						6.00%	6.13%	296	

General Methodology & Terminology

- Issues are arranged by state in chronological ascending order.
- Par amounts include both taxable and tax-exempt portions of an issuance, as applicable.
- "NR" means not rated.
- "NA" means not available.
- "Fitch" is Fitch Ratings; "Moody's" is "Moody's Investors Service; S&P is Standard & Poor's.
- For the purpoces of this study, and "enhanced" rating is a rating stemming from additional credit enhancement or some other security pledge in addition to the revenues from the charter school itself. An "unenhanced" rating is an underlying rating of the charter school rather than that of any other securty which may be considered as part of the issue.

Notes

[1] Series is part of a single issue that consists of two series with different ratings and/or disclosure.
[2] Bonds issued by an out-of-state issuer.

APPENDIX C: MUNICIPAL LONG-TERM BOND RATING SCALE

Rating Description	Fitch Ratings	Moody's Investors Service	Standard & Poor's
INVESTMENT GRADE			
Highest Quality Minimal Risk	AAA	Aaa	AAA
High Quality Very Low Risk	AA + AA AA -	Aa1 Aa2 Aa3	AA + AA AA -
Upper Medium Grade Quality Low Risk	A + A A -	A1 A2 A3	A + A A -
Lower Medium Grade Quality Some Speculative Characteristics	BBB + BBB BBB -	Baa1 Baa2 Baa3	BBB + BBB BBB -
NON-INVESTMENT GRADE			
Speculative Substantial Risk	BB + BB BB -	Ba1 Ba2 Ba3	BB + BB BB -
Highly Speculative High Risk	B + B B -	B1 B2 B3	B + B B -
Substantial Risks In Poor Standing	CCC + CCC CCC - CC C	Caa1 Caa2 Caa3 Ca C	CCC + CCC CCC - CC C
In Default	DDD DD D	–	D

September 2014

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