

Financing Requests for Charter School Financings (rev. 5/2015)

1. The earlier that TPFA CSFC staff is included in the distribution of documents, the better for all. Therefore, even before the financing team has the documentation required for submission of a financing request to the TPFA CSFC Board, the financing team should contact TPFA CSFC staff and include it on the distribution list. Additionally, TPFA CSFC should be consulted on the draft timetable to ensure that the timing of approval by TPFA CSFC and the BRB works with the project needs of the charter school. The TPFA CSFC Board does not have a regular meeting schedule. Therefore, when staff becomes aware of a need for a meeting it canvasses the members to select a date on which a quorum is likely to be achieved. The BRB meeting schedule is posted on its website at www.brb.state.tx.us.

The distribution list and timetable are circulated between all involved parties, including TPFA CSFC staff, until a consensus is reached that the distribution list is complete and the schedule is possible to achieve. It is customary that emails be addressed directly to the person(s) requiring a response with a copy to all the other parties in the Working Group of the Distribution List. The “Working Group” often does not include the rating agencies or those not directly involved in the production and/or review of documents. For TPFA CSFC staff, please include:

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and

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2. When the project is ready to submit to the TPFA CSFC Board, TPFA CSFC staff needs a signed copy of a resolution adopted by the governing body of the charter school approving the request for financing to TPFA CSFC, the amount of financing requested, and the type of bonds expected to be sold. TPFA CSFC staff also needs a description of the project and an expenditure schedule.

If TPFA CSFC staff has not already been included in the distribution of documents and placed on the distribution list, it also needs a distribution list and proposed calendar for the transaction.

3. As the transaction develops, TPFA CSFC staff will also need the latest financials, audited preferably, but unaudited is ok, if the most recent audited financials are provided and an audited version will follow. TPFA CSFC staff needs TEA’s performance academic and FIRST rating information on the school(s) for the past 3 years at a minimum. Similarly, include enrollment numbers over the past three years, and anticipated enrollment, including whether a waiting list is maintained, and if so the waiting list numbers for the same period. If

a waiting list is maintained, please provide the policy for inclusion on the list and the policy for moving a child from the waiting list to enrollment.

4. If a rating from one or more of the ratings agencies has been sought and received, we need the rating agency presentation and rating agency's report. If a rating will be sought, please provide a copy of the proposed rating presentation and letter of engagement.
5. The TPFA CSFC staff will conduct its due diligence on the financial viability of the requested financing considering many of the same factors that are considered by ratings agencies. Regardless of whether a rating from an agency is sought, the charter holder should be prepared to provide a variety of information to support debt service coverage and repayment. Attached is a chart, most of which will need to be completed before TPFA CSFC staff presents its recommendation on the financing request to the TPFA CSFC Board. The chart also includes requests for documents to substantiate or further describe the requested information. Much of the required information will ultimately be included in the financing documents.
6. Most of information TPFA CSFC requires is also required from the Bond Review Board. TPFA charter school financings are "exempt" from the BRB approval process; however, that does not mean that the review process by BRB staff is less extensive than an application review for a non-exempt issuer. The more complete the information provided to TPFA CSFC, the more likely that the BRB's questions will be answered and the issue can be processed quickly. TPFA CSFC will file an exempt application to the BRB on behalf of the Charter School.

The BRB Notice of Intent for Exempt Issuers (Exempt NOI) is on its website (www.brb.state.tx.us). The Exempt NOI must include:

- a. Preliminary Official Statement
- b. Proposed debt service schedule
- c. Proposed cash flow schedule (if applicable)
- d. Sources & uses statement
- e. Timetable of the financing
- f. [Derivatives Program Summary](#) (if swaps are included in the transaction)
- g. Evidence that all necessary approvals for the issuance of the state securities or the project to be financed, including authorization of the Issuer's Board to proceed with the financing, have been obtained (i.e. Board minute order or resolution)
- h. Board Memorandum of proposed transaction prepared for issuer's governing board, if available. If such memorandum is not available, please include any additional relevant/pertinent information in the Other Relevant Information section of the Notice of Intent