
UTAH CHARTER SCHOOL FINANCE AUTHORITY
ADDENDUM TO CHARTER SCHOOL FACILITIES FINANCING APPLICATION FOR
PARTICIPATION IN
THE UTAH CHARTER SCHOOL CREDIT ENHANCEMENT PROGRAM

In 2012, the Utah Legislature created the Charter School Credit Enhancement Program (the “Program”) to allow qualifying charter schools to benefit from the state’s moral obligation pledge. The purpose of this Addendum to the **Charter School Facilities Financing Application** (the “Financing Application”) is to provide information to the Utah Charter School Finance Authority (the “Authority”) regarding a charter school applicant’s qualifications to participate in the Program.

This Addendum compiles information which relates to the **Utah Charter School Credit Enhancement Program Standards for Participation** (the “Program Standards Document”). Careful review of the Program Standards Document is required in order to respond to this Addendum.

Submission of this Addendum does not guarantee that the school will qualify for the program.

The charter school applicant (the “Applicant”) is required to submit four (4) original copies of the Financing Application and the completed Addendum before the Authority will consider the request. The Program is available only to Applicants that issue bonds through the Authority.

Please address any questions to:

Kirt Slaugh
Chief Deputy State Treasurer
350 N. State Street, Suite C-180
Salt Lake City, UT 84114-2315
Phone: 801-538-1472
Fax: 801-538-1465
E-mail: kslaugh@utah.gov

P.O. Box 142315

File (a) four (4) original copies of the completed Addendum, along with four (4) original copies of the Financing Application, including exhibits, to:

Utah Charter School Finance Authority
c/o Utah Chief Deputy State Treasurer
350 N. State Street, Suite C-180
Salt Lake City, UT 84114

P.O. Box 142315

**Utah Charter School Finance Authority
Utah Charter School Credit Enhancement Program
Addendum to Financing Application**

Part I – Certification from State Charter School Board

Please attach a letter from the State Charter School Board (the “SCSB”) certifying:

- (a) The Applicant’s charter is in place and Applicant is in good standing with the SCSB and its chartering entity;
- (b) The Applicant is meeting the minimum criteria standards outlined in its chartering agreement and under the Utah Code;
- (c) There are no serious outstanding or unresolved concerns related to the Applicant;
- (d) The enrollment history of the Applicant since its inception, broken down by grade and totaled;
- (e) The Applicant’s enrollment limit according to its chartering agreement;
- (f) The Applicant’s re-enrollment rate for the last three years by grade, confirming that Applicant’s most recent re-enrollment rate is not less than 80%;
- (g) The Applicant has maintained an Average Daily Membership (ADM) rate of 90% or greater.
- (h) The Applicant has demonstrated reasonable proficiency in forecasting revenues and expenditures as shown by a comparison of budgeted to actual revenues and expenditures for each of the last three years;
- (i) The Applicant is meeting the standards described in the “Academic Performance” section of the Program Standards Document. Include an itemized list of the criteria by which the Applicant was graded.
- (j) The Applicant’s academic performance is adequate to maintain its enrollment plans, including a comparison with schools of similar demographics in instances where academics are at a “C” or below.

Part II – Underlying Investment Grade Rating

- (a) Except as provided in paragraph (b), please attach a recent rating report from Fitch Ratings, Moody’s Investors Service, or S&P Global, showing that the Applicant has been assigned an underlying investment grade rating for the proposed bond issue. The rating report should be dated not more than 90 days before the date of the Application.

(b) For an Applicant that has not been assigned an underlying investment grade rating for the proposed bond issue, but is applying for the issuance of bonds under the Program pursuant to Section 3(b) of the Program Standards Document, please attach a report showing that the Applicant meets each of the Alternative CEP Requirements.

Part III – Audited Financial Statements

Please provide copies of the *five* most recent annual independent audited financial statements for the Applicant. (If the Applicant has been in existence for less than five years, please provide copies of the annual audit for each year the school has been in operation.)

Part IV – Mission Statement

Provide Applicant’s mission statement, including a description of any special emphasis offered within the Applicant’s curriculum. Provide an explanation of what factors entice students to enroll at the Applicant’s school.

Part V – Waiting List

In addition to the waiting list required as part of the Financing Application, the Applicant must certify that the waiting list (which must be maintained electronically) has been updated within the last 12 months. Waiting list details must include the date each application was received or confirmed and duplicate applications must be eliminated from the waiting list as part of the annual update and confirmation process. When a student is accepted or declined for enrollment, that student must be removed from the waiting list. Access to the Applicant’s electronic waitlist must be provided to the Authority at the time of application. Please provide access via a separate email to the Authority and Special Counsel to the Authority at the time of filing the application. Waitlist statistics must be provided to the Authority using the table format below:

| Grade | Current (Specify Date) | At the time of the Most Recent Lottery (Specify Date) | At the time of the Prior School Year Lottery (Specify Date) | At the time of the Second Prior School Year Lottery (Specify Date) | At the time of the Third Prior School Year Lottery (Specify Date) |
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Part VI – Board Policies

Provide copies of all of the Applicant’s Board Policies related to financial management, debt, risk management, succession planning, and key personnel. The policies should include the date they were adopted by the Board. Also please provide a copy of the Applicant’s conflict of interest policy.

Part VII – Business Administrator

Please provide background information regarding the Applicant’s Business Administrator or Financial Management Company. Include a description of the primary contact’s financial education and experience.

Part VIII – Financial Projections

Please provide the following financial information:

- a) Projected annual operating cash flow statements for the life of the bonds with assumptions clearly outlined in detail;
- b) Projected debt service schedule for the proposed bond issue with principal and interest broken out;
- c) The Applicant’s projected annual Debt Coverage Ratio for the next five years;
- d) The Applicant’s projected annual Debt Burden Ratio for the next five years;
- e) The Applicant’s projected annual Operating Margin for the next five years;
- f) The Applicant’s current Days Cash on Hand calculation;
- g) The Applicant’s current Fund Balance calculation;
- h) The Applicant’s most recent Current Ratio calculation;
- i) The Applicant’s ADM rate for the past three years.

Items c) through h) above must all be calculated in accordance with the formulas outlined within the Program Standards Document. The Applicant must show the calculations used in the computation.

Part IX – Certification Letter

The Applicant must submit a letter to the Authority attesting to the following certifications:

- (a) All information presented in the application and CEP Addendum is true, correct and complete.
- (b) The Applicant has or has not previously borrowed proceeds from a tax-exempt or other tax advantaged financing;
- (c) Applicant is not in default under any of the covenants into which it has entered related to any previous financing;
- (d) Applicant is in full compliance with its continuing disclosure compliance obligations including, but not limited to, financial disclosures, arbitrage rebate calculations, and Form 990 filings;

Part X – Bond Documents

Please submit drafts of the Bond Indenture, Loan Agreement, Bond Purchase Agreement, and the Preliminary Official Statement or Preliminary Limited Offering Memorandum that include all of the requirements outlined within the Credit Enhancement Standards Document under the section titled “Bond Documents”. Include a certification letter from Bond Counsel that all requirements in the “Bond Documents” section have been included in the drafting of the Applicant’s bond documents. This certification letter may exclude requirements in 22(g), 22(h), and 22(m) that should be verified after the application has been submitted.