
UTAH CHARTER SCHOOL FINANCE AUTHORITY

CHARTER SCHOOL FACILITIES FINANCING APPLICATION

The Utah Charter School Finance Authority (the “Authority”) was created to provide an efficient and cost-effective method of financing charter school facilities in the State of Utah. The purpose of this application is to provide information to the Authority regarding a charter school applicant and such applicant’s proposed financing.

Submission of an application is not a guarantee of financing by the Authority. **The Authority is not underwriting the proposed financing and makes no representation or warranty regarding the economic feasibility of any charter school financing.** The Authority is relying on the charter school, underwriters, bond purchasers and/or credit enhancers to determine the feasibility of any such financing. *Bonds, notes, and other obligations issued by the Authority are limited obligations of the Authority and (1) do not constitute a debt, moral obligation, or liability of the State of Utah, or of any county, city, town, school district, or any other political subdivision of the State of Utah; (2) do not constitute the loan of credit of the Authority, the State of Utah or of any county, city, town, school district, or any other political subdivision of the State of Utah; and (3) will not be paid from funds other than loan payments received from a charter school or other sources provided by a charter school.*

The applicant is required to submit four (4) original copies of the completed application before the Authority will consider adopting a resolution of intent to issue bonds for the benefit of the charter school. A nonrefundable deposit of \$20,000 is due at the time of submission. If the Authority issues bonds for the benefit of the charter school, the deposit will be used as a credit towards the Authority’s costs of issuance. If bonds are not issued, such deposit will be used to pay costs and fees incurred by the Authority relating to the proposed financing.

The applicant must utilize the services of a financial advisor designated by the Authority as a Prequalified Firm. Agreement between applicant and the selected Prequalified Firm shall incorporate the Authority’s Participating Entity Addendum, copy of which must be supplied as part of application.

The Authority has a list of required items that must be included in documents related to its bonds. These items include: Authority approved indemnification provisions, a requirement that all state payments be remitted directly to the bond trustee so that debt service payments on the bonds can be made prior to payment of other expenses of the charter school, an Authority approved investor letter and required bond denominations. Please see Schedule 2 for more information relating to these requirements.

Please address any questions to:

Chief Deputy State Treasurer
350 N. State Street, Suite C-180
P.O. Box 142315
Salt Lake City, UT 84114-2315
Phone: 801-538-1042
Fax: 801-538-1465
E-mail: kslaugh@utah.gov

File (a) four (4) original, executed copies of the completed application, including exhibits, and (b) a check for the nonrefundable deposit of Twenty Thousand Dollars Even (\$20,000.00) (made payable to the State Charter School Finance Authority), to:

State Charter School Finance Authority
c/o State Treasurer
350 N. State Street, Suite C-180
P.O. Box 142315
Salt Lake City, UT 84114-2315
Attn: Chief Deputy State Treasurer

Checklist of Items:

- Complete Part I – Financing Team Information*
 - Complete Part II – Bond Issue Information*
 - Complete Part III – Charter School Information*
 - Complete Part IV – Charter School Facilities Information*
 - Complete Part V – Basic Charter School Documents*
 - Complete Part VI – Items Required to Complete Financing*
 - Read Part VII – Requirements and Expectations*
 - Application Deposit*
 - Financial Advisor Participating Entity Addendum*
 - Sign Application*
 - Attach Exhibits*
-

Utah Charter School Finance Authority
Charter School Facilities Financing Application

Part I – Financing Team Information

1. **Charter School**
Name of School:
Name of Contact:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

2. **Charter School Legal Counsel**
Name of Firm:
Name of Attorney:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

3. **Charter School Municipal Advisor (if any)**
Name of Firm:
Name of Contact:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

4. **Bond Counsel**
Name of Firm:
Name of Attorney:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

5. **Bond Underwriter/Placement Agent**
Name of Firm:
Name of Contact:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

6. **Bond Underwriter/Placement Agent's Legal Counsel**

Name of Firm:
Name of Attorney:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

7. **Credit Enhancement Provider (if any)**

Name of Firm:
Name of Contact:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

8. **Trustee (Trust office must be located within the State of Utah)**

Name of Firm:
Name of Contact:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

9. **Title Company**

Name of Firm:
Name of Contact:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

10. **Appraiser**

Name of Firm:
Name of Contact:
Mailing Address: Telephone:
City: Cell phone:
State: Fax:
Zip Code: E-Mail:

11. **Contractor (if any)**

Name of Firm:	
Name of Contact:	
Mailing Address:	Telephone:
City:	Cell phone:
State:	Fax:
Zip Code:	E-Mail:

12. **Architect (if any)**

Name of Firm:	
Name of Contact:	
Mailing Address:	Telephone:
City:	Cell phone:
State:	Fax:
Zip Code:	E-Mail:

13. **Engineer (if any)**

Name of Firm:	
Name of Contact:	
Mailing Address:	Telephone:
City:	Cell phone:
State:	Fax:
Zip Code:	E-Mail:

14. **Other Participants (if any)** (use additional sheets, if necessary, to provide this information for any additional participants)

Participant's Function in Issuance of Bonds:	
Name of Firm:	
Name of Contact:	
Mailing Address:	Telephone:
City:	Cell phone:
State:	Fax:
Zip Code:	E-Mail:

Part II –Bond Issue Information

1. Amount of bonds proposed to be issued (including tax-exempt and taxable bonds):

a. tax-exempt \$ _____ b. taxable \$ _____

2. Proposed date of bond closing:

3. Please indicate the amount of fixed rate and/or variable rate bonds:

a. Fixed \$ _____ (amount) b. Variable \$ _____ (amount)

What is the anticipated interest rate(s)?:

4. Indicate whether bonds will be sold in a public offering or in a private placement:

5. Indicate if the bond issuance will be used to refund any outstanding debt and describe outstanding debt if applicable:

6. Briefly describe bond structure, including security for the bonds, any credit enhancement and estimated debt service schedule:

7. For each rating agency, indicate anticipated bond rating or indicate N/A if bonds are not expected to be rated:

	Rating	Date Rating Anticipated
Fitch		
Moody's		
S&P Global		
Other		

8. List all sources of financing for the charter school facilities at completion for facilities being financed in whole or in part by the bonds the Authority is being asked to issue under this application:

	Amount
Tax-exempt Bonds	
Taxable Bonds	
Charter School Contribution	
Other	

9. Does the Charter School currently have:
- (a) Cash on hand that will enable it to cover at least 30 days of operating expenses?
 - (b) A general fund balance that covers at least 15% of the following year's operating expenses?
 - (c) Projected net income sufficient to achieve a debt-service coverage ratio of 1.1?
 - (d) A working capital reserve of at least 3% of its annual operating expenses?

If the answer to any of the questions is no, please explain the current resources available.

Part III – Charter School Information

General Information

Please provide the following information about the charter school:

1. Charter school legal name:
2. Any “doing business as” names:
3. The legal structure of the charter school (i.e. Utah nonprofit corporation):
4. Is the charter school an exempt organization under Section 501(c)(3) of the Internal Revenue Code?

If no, has the charter school filed an application with the IRS for the charter school to be determined an exempt organization under Section 501(c)(3) of the Internal Revenue Code?

If yes, when was the application filed, and what is the status of the application?

If such application has not been filed, does the charter school intend to file such an application?

If yes, when does the charter school intend to file such an application?

If no, why does the charter school not intend to file such an application?

5. List the Federal Tax identification number for charter school:
6. Are there management or services agreements between the charter school and management companies or educational service providers? If yes, please list and provide copies of all such agreements.
7. Please provide a short bio of the school’s Chief Financial Officer or a bio of the primary financial contact at the school’s contracted charter school management company if the school does not employ a Chief Financial Officer.

8. List the members of the governing board of the charter school, length of tenure on the board of each member, and provide a brief summary of their educational and business background and qualifications. In addition, please provide a list of board members who have resigned their board positions prior to the end of their term during the past five years, and explain the reason for the resignation(s).
9. Provide a copy of the school's post issuance compliance policy including a detailed plan for ongoing complete and accurate continuing disclosure filings.
10. Applicants that have previously entered into a continuing disclosure undertaking with respect to prior bonds must complete the following tables for each of the past six (6) years of continuing disclosure filings.

Reporting Item	Fiscal Year or Quarter Ended	Due Date	Filing Date	On Time? (Y/N)
Audited Financial Statements	Jun 30, 20__			
Quarterly Financial Statements	Jun 30, 20__			
Quarterly Financial Statements	Mar 31, 20__			
Quarterly Financial Statements	Dec 31, 20__			
Quarterly Financial Statements	Sep 30, 20__			
Enrollment*	Jun 30, 20__			
Budget*	Jun 30, 20__			
Days Cash on Hand*	Jun 30, 20__			
Debt Service Coverage Ratio*	Jun 30, 20__			
Investor Call*	Jun 30, 20__			
Other*	Jun 30, 20__			

* Starred items represent annual disclosure items that are commonly required by continuing disclosure undertakings. The applicant should update and/or add to the items in this section to reflect the actual disclosure items required by the applicable undertaking.

Indicate whether any of the following material events have occurred during the past six (6) years with respect to any prior bonds:

Reportable Event	Mark “Yes” or “No” for each item
Principal or interest payment delinquency	
Non-payment related default	
Unscheduled draw on debt service reserve reflecting financial difficulties	
Unscheduled draw on credit enhancement reflecting financial difficulties	
Substitution of credit or liquidity provider, or their failure to perform	
Adverse tax opinion, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701–TEB), or other material notice or determination with respect to the tax status of the bonds, or any other material event affecting the tax status of the bonds;	
Modification to rights of security holders	
Bond call or tender offer	
Defeasance	
Release, substitution, or sale of property securing repayment of the bonds	
Rating change	
Bankruptcy, insolvency, receivership or similar event of the charter school	
The consummation of a merger, consolidation, or acquisition involving the charter school, or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms	
Appointment of a successor or additional trustee, or the change of name of a trustee	

For each of the items marked “Yes” above, indicate (i) the nature of the event, (ii) the date of the event, (iii) whether a notice of the event was filed with EMMA, and (iv) the date on which any such filing was made.

1. _____
2. _____
3. _____
4. _____

Legal Status

1. Has the charter school ever:
 - a) Filed petition in bankruptcy or to be placed into receivership?
 - b) Had a bankruptcy or receivership action commenced against it?
 - c) Defaulted on a loan? or
 - d) Had a foreclosure action taken against it?

If the answer to any of the foregoing is “yes,” please explain.

2. Is the charter school, or are any of its officers, directors, or employees currently a party to, or been notified that it may become a party to, any civil litigation that may adversely affect:
 - (a) The ability of the charter school to operate; or
 - (b) The financing that is the subject of this application?

If so, please explain:

3. Have there been any administrative or civil settlements, decisions, or judgments against the charter school or any of its officers, directors, or employees in the past that could adversely affect:
 - (a) The ability of the charter school to operate; or
 - (b) The financing that is the subject of this application?

If so, please explain and state the amount:

4. Is the charter school currently subject to, or been notified that it may become subject to, any civil litigation, examination, or investigation by a local, state or federal licensing, accreditation, or regulatory or enforcement agency? If so, please explain:

5. Has the charter school ever been subject to any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or taxing accreditation agency, a local, state or federal taxing authority, or a local state or federal regulatory or enforcement agency that resulted in a settlement, decision or judgment? If so, please explain:

Criminal Matters

Is the charter school or are any of its officers, directors, or employees, currently or previously been a party to, or the subject of, or been notified that it or they may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation of any kind that could result in felony, misdemeanor or other criminal charges or adversely affect the financial condition of the charter school or the proposed transaction? If so, please explain:

Part IV – Charter School Facilities Information

1. Address of Charter School Facilities to be financed:
City:
County:
Zip Code:

Size of the Charter School property in acres:

Financing Type – (a) New construction, (b) acquisition of existing facilities, or (c) both.

If new construction or modification of existing facilities is in excess of \$100,000, have you contacted Jenefer Youngfield (Phone: 801-538-7669 or Email: jenefer.youngfield@schools.utah.gov) at the Utah State Office of Education (USOE) to ensure that (i) a Charter School Building Officer has been appointed by the Charter School governing board and that the name, address, telephone and email address of that person has been transmitted to Jenefer Youngfield at USOE, (ii) USOE has knowledge of the construction project(s) and has assigned a project number so that project(s) can be tracked by USOE prior to commencing any construction, (iii) the USOE preconstruction checklist is completed prior to construction and the Charter School will be in compliance with provisions of the USOE School Construction Inspection Resource Manual (available on line at <http://www.schools.utah.gov/finance/facilities/default.htm>), and (iv) arrangement has been made for proper construction inspections and monthly construction inspection summaries to be transmitted to USOE and appropriate local municipal building officials?

Yes _____ No _____ N/A _____. If no, please explain why.

NOTE: It is highly recommended that the Charter School select design and engineering professionals as well as contractors that have prior experience with K-12 public schools of similar size and scope that will be encompassed by the Charter School.

2. Attach as Exhibit A a description of the current improvements, if any, on the site. Please describe the prior use of this site. Description of the charter school facilities, should include:
- (a) Number of buildings.

 - (b) The number of square feet to be constructed or acquired.

- (c) Estimated time of construction or renovation, including the start date and the completion date.
- (d) For an existing school facility, please indicate whether the facility (1) has been inspected by the Utah State Fire Marshal, and (2) has an “E” occupancy classification. For each action that has not been completed, please state the reasons why it has not been done. If the charter school expects to have the action done, please indicate the expected completion date.

3. Please indicate the following:

- (a) Age of the building(s), if existing facilities.
- (b) Appraised value, if available.
- (c) Capital Needs Assessment, if available.

4. Does the charter school currently own the site:

If the charter school does not own the site, attach as Exhibit B a copy of the real estate purchase contract, options or other evidence of the charter school’s control of the site.

5. Estimated Costs of the Charter School Facilities:

Item	
Acquisition of land	
Acquisition of buildings	
Equipment	
Rehabilitation Costs	
Construction Costs	
Fees & other charges related to purchase	
Other	

Part V – Basic Charter School Documents to be provided at Application Submission

Please attach as Exhibit C – the following items:

- (a) Charter school application filed with the State Charter School Board to receive its charter, including any amendments;
- (b) Signed copies of the charter school agreement with the State Charter School Board;
- (c) Signed copies of articles, bylaws and/or other organizational documents of the charter school and all amendments thereto;
- (d) Certificate of good standing from the Division of Corporations;
- (e) 501(c)(3) determination letters from the Internal Revenue Service (indicate if not available and why);
- (f) Preliminary commitment of underwriter/placement agent to market the bonds;
- (g) Management and Service Agreements (indicate if not applicable);
- (h) Evidence of accreditation of the charter school. If not applicable, please state why. If applicable, but not yet received, please state by when the charter school expects to receive accreditation; and
- (i) IRS Form 990 submissions for the past three consecutive years.

Part VI – Items Required to Complete Financing

Attached hereto as Schedule 1 is a list of additional items that are to be filed with the Application and attached as Exhibit D. Certain of the items as designated on Schedule 1 may be filed after Application submission, but such items must be submitted to the Authority before the mailing of any offering document related to the proposed financing unless the Authority consents otherwise.

Part VII – Requirements and Expectations

Attached hereto as Schedule 2 is a list of certain requirements and expectations of the Authority applicable to its charter school financings. Please review such list. Execution of this application is an acknowledgment by the Charter School that it has read such Schedule 2 and agrees to the terms thereon.

Certification

I certify that I have reviewed the charter schools facilities financing application and that to the best of my knowledge, such responses are true, correct and complete.

Name of Charter School

Name of Approving Official

Title

Phone Number

Signature

Date

Schedule 1

The following items will likely be needed by various parties to the proposed financing to evaluate the financial feasibility of such financing. ***Please note that while the Authority is requiring these items to be submitted with the Application, the Authority is not underwriting the proposed financing and will make no representation or warranty regarding the economic feasibility of such financing.***

Application Submission Items. Please attach the following items as Exhibit D at time of Application submission.

- Board Member Professional Qualifications* — Resumes or summary narratives for present members of the Charter School’s board of directors, including relevant educational background, employment history, business experience, administrative (educational or otherwise) experience and any teaching experience.
- Key Personnel Responsibilities and Professional Qualifications* — Description of key personnel who will provide services to or be employed by the Charter School along with a description of their respective employment responsibilities and resumes or summary narratives for such individuals, including relevant educational background, employment history, business experience, administrative (educational or otherwise) experience and any teaching experience. **Include this information for the school’s business administrator/finance director.**
- Aid Payments* — Description of Charter School funding (including per pupil funding levels) and direct federal aid payments (if any) received by the Charter School.
- School Operations* — Description of the Charter School’s operations, including such things as the mission statement, grades offered at the Charter School, including the respective dates of any expansions, the special academic emphasis of the Charter School and any particular teaching implementation methods and a description of any extracurricular programs at the Charter School.
- Performance Indicators* — Description of the Charter School’s academic performance, including information regarding the Charter School’s performance during the previous three years with respect to applicable federal and state administered exams.
- Service Area and Competing Schools* — Description with respect to the geographical area in which service is provided by the Charter School, including a description of other schools in the area.
- Enrollment Data* — Description of historical and projected enrollment at the Charter School by grade level. Please indicate any expected increases or decreases in enrollment.
- Waiting List Statistics* — Description of historical waiting list by grade level.
- Student-Faculty Ratios* — Description of student/faculty ratio per grade level.

- Litigation/Audits* — Description of litigation, legislation or IRS audits which could affect the regulation or financing of the Charter School or would impact the Charter School or the issuance of the bonds.
- Audited Financial Statements* — for the charter school’s most recent fiscal years (up to three years, if available) and any unaudited financial statements.
- Documentation of School Financial Status* (Please complete the attached Financial Status Summary spreadsheet).
- Preliminary Financial Forecast* — preliminary forecast of financial information. Please indicate whether or not such forecast has been or will be examined by a CPA firm.
- Permits* — please provide a description of the status of all required building permits and other approvals, such as zoning, or permits relating to any construction or renovation of charter school facilities.
- Budget* — board approved current fiscal year budget.

Items that may be Delivered Post Application Submission. Please attach the additional items below as Exhibit D at time of Application submission, if available. If the items below are not available at the time this Application is filed with the Authority, such items must be submitted to the Authority before the mailing of any offering document related to the proposed financing unless the Authority consents otherwise.

- Appraisal of Site(s) to be Acquired or of Site(s) on which New Construction will take Place.*
- Environmental Reports on Site(s) to be Acquired or of Site(s) on which New Construction will take Place.*
- ALTA Certified Survey and Title Insurance Commitment.*
- Architectural Services Contracts* — for new construction projects only.
- Construction Contract* — for new construction projects only.
- Site Plan and Elevation Drawings* — for new construction projects only.
- Resolution* — please provide a copy of any resolutions of the applicant authorizing and approving the acquisition and/or construction and financing of the charter school facilities to be financed with proceeds of the bonds.
- Insurance* — please provide evidence of insurance on the charter school facilities in amounts to be required by the bond documents.

- *Inspections* — please provide evidence of inspection of the charter school facilities by an independent properly licensed and certified third party for existing facilities or for charter school facilities to be constructed, please provide information regarding the proposed properly licensed and certified building inspector and inspection process.
- *Final Financial Forecast* — final forecast of financial information.
- *Permits* — please update the description of the status of all required building permits and other approvals, such as zoning, or permits relating to any construction or renovation of charter school facilities.
- *Expected Draw Schedule* — please provide a schedule of expected draws of bond proceeds to be used for construction, if applicable.

Schedule 2

In addition to the Authority's right to approve all documents and terms of any bond financing, the following is a summary list of some of the Authority's requirements:

(i) *Bond Denominations.* While the bonds are not rated, \$100,000 or any multiple of \$1,000 or \$5,000 in excess thereof. The Authority in its sole discretion may agree to reduce the authorized bond denominations down to no less than \$25,000 or any multiple of \$1,000 or \$5,000 in excess thereof upon receipt by the Authority of a letter from the proposed bond underwriter stating that the lower denomination will result in more favorable bond pricing and indicating to the Authority whether or not such lower denomination will create any additional risk to the Authority.

(ii) *Investor Letters.* Each initial bond purchaser will be required to sign an investor letter in form approved by the Authority. The letter will recite that subsequent bond sales may only be made to "accredited investors" as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"), or to "qualified institutional buyers" as that term is defined under Rule 144A of the Securities Act. Any transfer in violation of this requirement shall be null and void.

(iii) *Fund Flow.* Each Charter School shall be required to enter into a loan agreement which will require that all payments received by the Charter School from the State of Utah relating to school operations shall be remitted directly to the bond trustee. Upon receipt of such amounts, the bond trustee will be required to retain amounts required to be accumulated for bond principal and interest payments, bond related fees and other expenses enumerated in the loan agreement, including, but not limited to, taxes, insurance premiums and reserve requirements. Remaining amounts shall be remitted on a monthly basis to the Charter School for its operations.

(iv) *Indemnity provisions, federal tax and security laws.* Each Charter School shall be required to indemnify the Authority for all costs, expenses, liabilities and losses it may incur in connection with the Bonds. The Authority has no budgeted funds from which to pay such items. Each Charter School shall also be required to make representations and to enter into covenants in connection with applicable federal tax and securities laws.

Exhibit A

(Description of Charter School Facilities — See Part IV)

Exhibit B

(Evidence of Charter School Facilities Control — See Part IV)

Exhibit C

(Basic Charter School Documents — See Part V)

Exhibit D

(Available Items listed on Schedule 1)

Charter School Name:														
Financial Status Summary														
To be attached at time of application with items requested in Schedule 1														
Total Project Scope Amount	Proposed yearly debt service on this Bond Issuance	Outstanding Value of Municipal or CSFA* School Bonds	Total of Outstanding Bonds* and all other Outstanding Long-term Debt**	Other continuing obligations such as mortgage or other capital equipment rentals	Period of Obligation, all Obligations and Long-Term Debt	Ratio of Annual Debt Service to Total General Fund Expenditures* (not including mortgage)	Value of all Fixed Assets	Net Assets, prior year Audited Financial Statements	Established Reserve or Sinking Fund	Estimated Current Fiscal Year Revenue	Estimated Current Fiscal Year Expenditures (Net of Anticipated Debt or Leases Ending as a Result of this Bond Issuance)	Date AFR/APR Submitted (Deadline Oct. 01)	Date official submission of Board-Approved Annual Budget (Deadline July 15)	% All Charter School Required Reports submitted on time in last year
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* - Charter School Finance Authority
 ** - Charter School Revolving Loan Program