

**March 27, 2017**

**TO THE BOARD PRESIDENT ADDRESSED:**

**Subject: Changes to the Bond Guarantee Program for Charter Schools**

This letter addresses changes to the Bond Guarantee Program for Charter Schools that will impact charter districts that are preliminarily approved for a guarantee. Under 19 Texas Administrative Code (TAC) 33.67, the commissioner may require an applicant charter district to obtain final approval for the guarantee if, during the monthly estimation of Permanent School Fund (PSF) capacity, the commissioner determines that the capacity available to guarantee bonds for charter districts is at 10% or less. Because charter districts have historically used the capacity very quickly, the commissioner had decided to enact the final approval provisions for all charter district bond guarantees. The following are the provisions of 19 TAC 33.67(f)(4).

- (A) A charter district that has received initial approval must provide a written notice to the TEA two business days before issuing a preliminary official statement (POS) for the bonds that are eligible for the guarantee or two business days before soliciting investment offers, if the bonds will be privately placed without the use of a POS.
  - (i) The charter district must receive written confirmation from the TEA that the capacity continues to be available and must continue to meet the requirements of subsection (e)(2) of this section before proceeding with the public or private offer to sell bonds.
  - (ii) The TEA will provide this notification within one business day of receiving the notice of the POS or notice of other solicitation offers to sell the bonds.
  
- (B) A charter district that received confirmation from the TEA in accordance with subparagraph (A) of this paragraph must provide written notice to the TEA of the placement of an item to approve the bond sale on the agenda of a meeting of the bond issuer's board of directors no later than two business days before the meeting. If the bond sale is completed pursuant to a delegation by the issuer to a pricing officer or committee, notice must be given to the TEA no later than two business days before the execution of a bond purchase agreement by such pricing officer or committee.
  - (i) The charter district must receive written confirmation from the TEA that the capacity continues to be available for the bond sale before the approval of the sale by the bond issuer or by the pricing officer or committee.

- (ii) The TEA will provide this notification within one business day before the date that the bond issuer expects to complete the sale by official action of the bond issuer or of a pricing officer or committee.
- (C) The TEA will process requests for final approval from charter districts that have received initial approval on a first come, first served basis. Requests for final approval must be received before the expiration of the initial approval.
- (D) A charter district may provide written notification as required by this paragraph by facsimile transmission, by email, or in another manner prescribed by the commissioner.

In addition, beginning with applications received in March 2017, a [rider](#) will be attached to the preliminary approval letter for all charter districts. The purpose of the rider is to provide notice to charter districts of requisite transaction document inclusions that will result in the PSF obtaining interest in real property that is pledged as security for guaranteed bonds (which interest will allow the PSF to exercise remedies against that real property in the event that the guarantee is ever called upon to pay debt service on guaranteed bonds).

If you have any questions about this letter, please contact Cassie Huggins at (512) 463-9232.

Regards,

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Associate Commissioner for School Finance/  
Chief School Finance Officer