

West's Utah Code Annotated

Title 53g. Public Education System--Local Administration (Refs & Annos)

Chapter 5. Charter Schools

Part 6. Charter School Credit Enhancement Program

U.C.A. 1953 § 53G-5-601
Formerly cited as UT ST § 53A-20b-102

§ 53G-5-601. Definitions

Effective: January 24, 2018

[Currentness](#)

As used in this part:

- (1) "Annual charter school enrollment" means the total enrollment of all students in the state enrolled in a charter school in grades kindergarten through grade 12, based on October 1 enrollment counts.
- (2) "Annual state enrollment" means the total enrollment of all students in the state enrolled in a public school in grades kindergarten through grade 12, based on October 1 enrollment counts.
- (3) "Authority" means the Utah Charter School Finance Authority created by this part.
- (4) "Board" means the governing board of the authority described in [Section 53G-5-602](#).
- (5) "Charter school" means a school created under this chapter.
- (6) "Credit enhancement program" means the Charter School Credit Enhancement Program established in [Section 53G-5-606](#).
- (7) "**Debt service reserve fund**" means the reserve fund created or established by, or for the benefit of, a qualifying charter school for the purpose of paying principal of and interest on bonds issued under the credit enhancement program as the payments become due and other money of the qualifying charter school is not available to make the payments.

(8) “Debt service reserve fund requirement” means, as of a particular date of computation, and with respect to a particular issue of bonds, the amount required to be on deposit in the debt service reserve fund, which amount:

(a) may be a sum certain or as set forth in a formula; and

(b) may not be less than the maximum annual debt service requirement for the related bonds.

(9)(a) “Obligations” mean any notes, debentures, revenue bonds, or other evidences of financial indebtedness, except as provided in Subsection (9)(b).

(b) “Obligations” do not include general obligation bonds.

(10) “Project” means:

(a) any building, structure, or property owned, to be acquired, or used by a charter school for any of its educational purposes and the related appurtenances, easements, rights-of-way, improvements, paving, utilities, landscaping, parking facilities, and lands; or

(b) any capital equipment owned, to be acquired, or used by a charter school for any of its educational purposes, interests in land, and grounds, together with the personal property necessary, convenient, or appurtenant to them.

(11) “Qualifying charter school” means a charter school that:

(a) meets standards adopted by the authority for participation in the credit enhancement program; and

(b) is designated by the authority as a qualifying charter school for purposes of participation in the credit enhancement program.

(12) “Reserve account” means the Charter School Reserve Account created in [Section 53F-9-303](#).

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Chapter 5. Charter Schools

Part 6. Charter School Credit Enhancement Program

U.C.A. 1953 § 53G-5-606
Formerly cited as UT ST § 53A-20b-201

§ 53G-5-606. Charter School Credit Enhancement Program--Standards for the designation of qualifying charter schools--Debt service reserve fund requirements

Effective: January 24, 2018

[Currentness](#)

- (1) There is created the Charter School Credit Enhancement Program to assist qualifying charter schools in obtaining favorable financing by providing a means of replenishing a qualifying charter school's debt service reserve fund.
- (2) The authority shall establish standards for a charter school to be designated as a qualifying charter school.
- (3) In establishing the standards described in Subsection (2) the authority shall consider:
 - (a) whether a charter school has received an investment grade rating, independent of any rating enhancement resulting from the issuance of bonds pursuant to the credit enhancement program;
 - (b) the location of the charter school's project;
 - (c) the operating history of the charter school;
 - (d) the financial strength of the charter school; and
 - (e) any other criteria the authority determines are relevant.
- (4) The bonds issued by the authority for a qualifying charter school are not an indebtedness of the state or of the authority

but are special obligations payable solely from:

(a) the revenues or other funds pledged by the qualifying charter school; and

(b) amounts appropriated by the Legislature pursuant to Subsection (9).

(5) The authority shall notify the authorizer of a charter school that the charter school is participating in the credit enhancement program if the authority:

(a) designates the charter school as a qualifying charter school; and

(b) issues bonds for the qualifying charter school under the credit enhancement program.

(6) One or more debt service reserve funds shall be established for a qualifying charter school with respect to bonds issued pursuant to the credit enhancement program.

(7)(a) Except as provided in Subsection (7)(b), money in a debt service reserve fund may not be withdrawn from the debt service reserve fund if the amount withdrawn would reduce the level of money in the debt service reserve fund to less than the debt service reserve fund requirement.

(b) So long as the applicable bonds issued under the credit enhancement program remain outstanding, money in a debt service reserve fund may be withdrawn in an amount that would reduce the level of money in the debt service reserve fund to less than the debt service reserve fund requirement if the money is withdrawn for the purpose of:

(i) paying the principal of, redemption price of, or interest on a bond when due and if no other money of the qualifying charter school is available to make the payment, as determined by the authority; or

(ii) paying any redemption premium required to be paid when the bonds are redeemed prior to maturity if no bonds will remain outstanding upon payment from the funds in the qualifying charter school's debt service reserve fund.

(8) Money in a qualifying charter school's debt service reserve fund that exceeds the debt service reserve fund requirement may be withdrawn by the qualifying charter school.

(9)(a) The authority shall annually, on or before December 1, certify to the governor the amount, if any, required to restore amounts on deposit in the debt service reserve funds of qualifying charter schools to the respective debt service reserve fund requirements.

(b) The governor shall request from the Legislature an appropriation of the certified amount to restore amounts on deposit in the debt service reserve funds of qualifying charter schools to the respective debt service reserve fund requirements.

(c) The Legislature may appropriate money to the authority to restore amounts on deposit in the debt service reserve funds of qualifying charter schools to the respective debt service reserve fund requirements.

(d) A qualifying charter school that receives money from an appropriation to restore amounts on deposit in a debt service reserve fund to the debt service reserve fund requirement, shall repay the state at the time and in the manner as the authority shall require.

(10) The authority may create and establish other funds for its purposes.

Credits

[Laws 2018, c. 3, § 125, eff. Jan. 24, 2018.](#)

U.C.A. 1953 § 53G-5-606, UT ST § 53G-5-606
Current with the 2018 Second Special Session.

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U.C.A. 1953 § 53G-5-607
Formerly cited as UT ST § 53A-20b-202

§ 53G-5-607. Charter School Reserve Account contribution requirements for qualifying charter schools

Effective: January 24, 2018

Currentness

(1) When bonds are issued under the credit enhancement program for a qualifying charter school, the qualifying charter school shall contribute money to the **reserve account** in the amount determined as provided in Subsection (2).

(2) The authority shall determine the up-front and ongoing requirements for contributions of money to the reserve account for each qualifying charter school.

Credits

Laws 2018, c. 3, § 126, eff. Jan. 24, 2018.

U.C.A. 1953 § 53G-5-607, UT ST § 53G-5-607
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U.C.A. 1953 § 53G-5-608
Formerly cited as UT ST § 53A-20b-203

§ 53G-5-608. Bond issuance

Effective: January 24, 2018

[Currentness](#)

(1)(a) The state may not alter, impair, or limit the rights of bondholders or persons contracting with a qualifying charter school until the bonds, including interest and other contractual obligations, are fully met and discharged.

(b) Nothing in this part precludes an alteration, impairment, or limitation if provision is made by law for the protection of bondholders or persons entering into contracts with a qualifying charter school.

(2) The authority may require a qualifying charter school to vest in the authority the right to enforce any covenant made to secure bonds issued under the credit enhancement program by making appropriate provisions in the indenture related to the qualifying charter school's bonds.

(3) The authority may require a qualifying charter school to make covenants and agreements in indentures or in a reimbursement agreement to protect the interests of the state and to secure repayment to the state of any money received by the qualifying charter school from an appropriation to restore amounts deposited in the qualifying charter school's debt service reserve fund to the debt service reserve fund requirement.

(4) The authority may charge a fee to administer the issuance of bonds for a qualifying charter school.

Credits

[Laws 2018, c. 3, § 127, eff. Jan. 24, 2018.](#)

U.C.A. 1953 § 53G-5-608, UT ST § 53G-5-608
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U.C.A. 1953 § 53G-5-609
Formerly cited as UT ST § 53A-20b-204

§ 53G-5-609. Limitation on participation in Charter School Credit Enhancement Program

Effective: January 24, 2018

[Currentness](#)

(1) In accordance with Subsection (2), on or before January 1 of each year, the authority shall determine the credit enhancement program's bond issuance limitation.

(2) The authority may not issue bonds for a qualifying charter school under the credit enhancement program if the total par amount outstanding under the program would exceed an amount equal to the product of:

(a) 1.3;

(b) an amount equal to the quotient of:

(i) annual charter school enrollment; divided by

(ii) annual state enrollment; and

(c) the total par amount then outstanding under the school bond guarantee program established in Chapter 4, Part 8, School District Bond Guaranty.

Credits

[Laws 2018, c. 3, § 128, eff. Jan. 24, 2018.](#)

§ 53G-5-609. Limitation on participation in Charter School..., UT ST § 53G-5-609

U.C.A. 1953 § 53G-5-609, UT ST § 53G-5-609

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