



STATE PUBLIC CHARTER SCHOOL AUTHORITY

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ACTION MEMORANDUM

TO: SPCSA Board
FROM: Mike Dang, Manager, Manager of Financial and Organizational Performance
Mark Modrcin, Director of Authorizing
SUBJECT: Agenda Item #8: Recommendation Regarding Revolving Loan Fund Application for
TEACH Las Vegas Charter School
DATE: April 23, 2021

Summary of Request and Recommendation

The TEACH Las Vegas Charter School (TEACH) Board of Directors is requesting a loan on behalf of TEACH Las Vegas campus of the TEACH Las Vegas Charter School in the amount of \$162,500, for a term of 3 years, to be used for the purpose of preparing a charter school to commence its first year of operation and to fund recruitment of teachers and pupils to new charter school facilities and enrollment of pupils in such facilities. SPCSA staff have reviewed the TEACH Revolving Loan Fund Application to ensure compliance with statutory and regulatory requirements and now recommend approval of the TEACH Revolving Loan Application.

Background

Pursuant to [NAC 388A.665](#), the governing body of a public charter school may submit an application to the State Public Charter School Authority (SPCSA) for a loan from the Revolving Loan Fund account as authorized by the Legislature for purposes including, pursuant to [NRS 388A.435\(2\)\(a\)](#), “preparing a charter school to commence its first year of operation.”

TEACH was approved by the SPCSA Board at the February 26, 2021 Board meeting to open this fall, August 2021 to be located at 4660 N. Rancho Drive, Las Vegas, NV 89130. The school was approved by the Board to serve primarily students living in the 89130, 89108, 89032, 89107, and 89129 zip codes. All zip code areas were listed in the Authority’s 1-and 2-Star Schools listings in the Authority’s 2020 Academic and Demographic Needs Assessment.

The TEACH school board approved on March 9, 2021 a motion that the school submit a Revolving Loan application.

Summary of the Process

The application was submitted on or before the March 15, 2021 submission deadline. Staff then conducted a general completeness check thereafter, confirming that the application contained all appropriate and relevant information. During the months of March and April, SPCSA staff conducted a more complete completeness check and full loan application evaluation of the revolving loan application using a rubric which set forth the standards of obtaining a revolving loan.

The application and rubric are divided into three sections. The first section confirms an applicant understands the Revolving Loan Fund account and explores the financial health and viability of the school. If the school has yet to open, the school is required to provide a letter from a certified public accountant or other accepted financial expert that confirms the school has or is expected to have strong internal financial and procedural controls based on the information available.

As an replication of a current school in California, TEACH submitted a copy of the financial controls they currently use in California. TEACH intends to customize them if needed and use them for their Nevada school. These controls at this time appear consistent with those of other SPCSA charter schools.

The second section requires the school to describe its current financial needs, provide context for why receiving this loan is critical to operations, as well as explain the school's plan to repay the loan should it be approved.

The third section of the rubric evaluates the school's business plan and ability to maintain a healthy student enrollment.

There are two rating options for each section: Meets the Standard and Does Not Meet the Standard. Overall, TEACH achieved a Meets Standard rating with no Does Not Meet Standards ratings.

Revolving Loan and Repayment

TEACH is requesting a SPCSA Revolving Loan in the amount of \$162,500, which is "the lesser of an amount equal to \$500 per pupil enrolled or to be enrolled at the charter school or \$200,000" pursuant to [NRS 388A.435](#). TEACH's budget reflects a plan to enroll 325 students in its upcoming first year of operation in grades Kindergarten through Seventh. SPCSA staff have determined, pursuant to [NAC 388A.665](#), that the balance of money in the applicable account is sufficient to make this loan.

Pursuant to [NAC 388A.675](#) regarding repayments, should TEACH be awarded a Revolving Loan, the school will repay the loan at the rate of interest that is the prime rate at the largest bank in Nevada, as ascertained by the Commissioner of Financial Institutions, on January 1 or July 1, as the case may be, immediately preceding the date of the transaction. The applicable [prime rate is currently 3.25%](#).

Repayment will occur as deductions from the Distributive School Account apportionments made to TEACH pursuant to [NRS 387.124](#) in an amount of money equal each year to the annual required repayment amounts of the loan, including interest. The deductions will occur pursuant to NDE policy in amounts corresponding with apportionments to TEACH.

Summary and Recommendation

The provided business plan indicates that the school will have sufficient cash flow to repay the loan plus interest. As a new public charter school in Nevada, TEACH would greatly benefit from a low-interest loan to ensure that it maintains adequate cash flow and the facility is fully functional for staff and students. It is also worth noting that TEACH has applied for a Charter School Programs (CSP) grant. If approved, a Revolving loan would be a timely influx of cash that would strengthen TEACH's ability to open this fall as the CSP functions on a reimbursement basis.

Overall, SPCSA staff finds the TEACH Revolving Loan application to be compelling and complete. The school has a strong plan for repayment of the loan and presents a need for additional start-up cash. For these reasons, SPCSA staff recommends that the Authority Board approve the TEACH Revolving Loan application for \$162,500.

Proposed Motion:

Approve the Revolving Loan Fund Application for \$162,500 for the TEACH Las Vegas Charter School pursuant to the repayment terms described in this memo, on the condition that the school opens this fall and does not defer its opening from this year.

Enrollment Caps for TEACH Las Vegas

2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 -27
325	425	550	675	800	975