



STATE PUBLIC CHARTER SCHOOL AUTHORITY

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ACTION MEMORANDUM

TO: SPCSA Board
FROM: Katie Broughton, Director of Authorizing
Mike Dang, Manager, Manager of Financial Performance
Michael Gawthrop-Hutchins, Management Analyst III
SUBJECT: Agenda Item 7a: Recommendation Regarding Revolving Loan Fund Application for
pilotED Cactus Park Public Charter School
DATE: April 12, 2024

Summary of Request and Recommendation

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.”

Authority staff received a Revolving Loan Fund Application for the pilotED Cactus Park Public Charter School (pilotED). Subsequently, staff reviewed the application to ensure alignment with at least one of the statutory purposes and that there was a strong plan in place for management and repayment of funds should the loan be awarded.

After reviewing the application, SPCSA staff recommends approval of this loan application.

Background

pilotED Cactus Park was approved by the SPCSA Board at the November 5, 2021, Board meeting to open the fall of 2022. During the June 27, 2022, SPCSA Board meeting, pilotED Cactus Park requested and was granted a Good Cause Exemption and conditionally approved to amend the Charter School’s Charter Contract to temporarily locate at 1780 Betty Lane, a location recognized by the SPCSA Board as being in an area of high need as shown in the [2022 Academic and Demographic Needs Assessment](#) showing 1 & 2 Star schools. On August 29, 2022, the Authority approved the Good Cause Exemption request and approved the request to amend the Charter School’s Charter Contract to offer temporary transportation services through a MOU/contract with Nevada Prep. Then on December 16, 2022, the Authority approved the Good Cause Exemption request and approved pilotED Cactus Park’s request to reduce their 2022-23 approved enrollment cap from 351 students to 130. The current enrollment for pilotED Cactus Park in the 2023-24 school year, as of the October 1 count day, was 296. The school has indicated that they have increased their enrollment to 300 since then.

The pilotED Cactus Park Board, on September 19, 2023, approved a motion that the school submit an application to the SPCSA for a revolving loan. The school submitted its application to the SPCSA on September 20, 2023.

Summary of the Process

The application was submitted on September 20, before the October 15, 2023, submission deadline. Staff then conducted a completeness check shortly thereafter, confirming that the application contained all appropriate and relevant information. During the following month, authorizing team members evaluated 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. The school had only been in operation for one year and did not have a completed annual independent audit at the time of application. The school was able to provide three credit references as part of their application demonstrating their creditworthiness and ability to repay the loan.

The second section requires the school to describe its current financial needs, including “a written description of the manner in which the loan will be used to prepare the charter school for its first year of operation or to improve a charter school that has been in operation, pursuant to [NRS 388A.438](#),...the effect of the loan,...anticipated expenses, etc., pursuant to [NAC 388A.665](#).” It must also include a budget showing all sources of revenues and expenses, the cost for repayment of the loan, and “a written narrative explaining...the assumptions made in developing the budget. The loan repayment plan is governed by NRS 388A and NAC 388A.”

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

The evaluation team rated each application independently to maintain impartiality. There are two rating options for each section: Meets the Standard or Does Not Meet the Standard. After the initial, independent scoring, the review team then came together to compare notes and arrive at an overall recommendation for each application. Overall, the pilotED Cactus Park Revolving Loan application achieved a Meets Standard rating with no Does Not Meet Standards ratings.

Revolving Loan and Repayment

pilotED Cactus Park is requesting a SPCSA Revolving Loan in the amount of \$150,000, 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](#). The pilotED Cactus Park budget reflects a plan to enroll 300 students in the current year of operation. SPCSA staff have determined, pursuant to [NAC 388A.665](#), that the balance of funds in the applicable account is sufficient to make this loan.

Pursuant to [NAC 388A.675](#) regarding repayments, should pilotED Cactus Park 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 8.5% and subject to change prior to issuance](#).

Repayment will occur as deductions from the Pupil Centered Funding Plan apportionments made to pilotED Cactus Park pursuant to [NRS 387.124](#) in an amount of money equal to the annual repayment amount of the loan, including interest. The deductions will occur with each apportionment to the school.

According to the application, pilotED Cactus Park will repay the loan within a period not to exceed three years.

Summary and Recommendation

pilotED Cactus Park aims to achieve double digit gains in academic growth in pursuit of 4- or 5-star status. The

school plans to first understand where each student is starting from and to then help them develop from that point forward.

The provided business plan indicates that the school will have sufficient cash flow to repay the loan plus interest. The school plans to use the funds for supporting growing educational and operations programming between years 2 to 3 to ensure the slow-grow school is financially viable during the months before PCFP true up.

As a relatively new public charter school, pilotED Cactus Park 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. The school started their first year underenrolled but is now at full enrollment and intends to make use of the loan to solidify their needed cash position to adequately serve their rapidly growing student population.

Overall, SPCSA staff finds the pilotED Cactus Park 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 pilotED Cactus Park Revolving Loan application for \$150,000.

Proposed Motion:

Approve the pilotED Cactus Park Revolving Loan Fund Application for \$150,000. Allow SPCSA staff to work with the school to make budget revisions based on the available balance in the Revolving Loan account and the number of students enrolled as long as the total funding does not exceed the lesser of \$200,000 or \$500 per student enrolled at time of funds disbursement.

Enrollment Caps for pilotED

2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28
300	459	486	486	486

Demographic and enrollment data

Year	Enrollment	A	B	C	H	I	M	P	IEP	ELL	FRL
22-23	114	0%	35%	4.3%	52.6%	0%	7.8%	0%	8.7%	20.1%	>95%
23-24	296	0.3%	27%	7.7%	59.4%	1%	4.3%	0%	4.3%	18.5%	>95%

- A – Asian
- B – Black
- C – Caucasian
- H – Hispanic
- I – American Indian/Alaskan Native
- M – Two or more races
- P – Pacific Islander
- IEP – Individualized Education Plan – A student with a disability/special education student
- ELL – English Language Learner
- FRL – A student who qualifies for Free or Reduced-Price Lunch