

To: State Charter School Board and Utah State Board of Education

From: Charter School Revolving Loan Committee

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Subject: Charter School Revolving Loan Recommendations

The Charter School Revolving Loan, which is administered according to R277-480, and Board Rule C53F-9-S203, establishes a fund to loan Charter Schools money for start-up costs, expansions, renovations, or other urgent needs at a very competitive interest rate. Loans are for a maximum of \$300,000 to be repaid over 5 years.

An independent volunteer committee has developed an application, and they review each round of applicants, with each LEA in attendance at a public committee meeting, to determine if LEA's meet loan criteria and assess loan worthiness. The committee then convenes privately to discuss each application and establish their opinion of loan risk, based on their professional background and experience, in order to make recommendations to the State Charter School Board, and Utah State Board of Education.

The Spring 2025 loan applicants are Custom Class and Pinnacle Canyon. Below are the Committee's Recommendations.

### Custom Class

Discussion: The committee feels no brand-new charter school can be low risk. This school is fully online, offering multiple curriculums, and family engagement centers, beginning in Southern Utah. The LEA Board feels they will have broad appeal to families looking for flexibility and socialization in their children's online education, particularly within the homeschool community. Cory Henwood has been a principal and is currently the Innovation Coordinator at Iron County School District, which gives him great experience. *The committee does feel the LEA's targeted enrollment numbers may well be overly ambitious.* However, they recognize this new school has been approved by the State Charter School Board and recommend the full loan application of \$300,00 with a medium risk rating.

### Pinnacle Canyon

Discussion: Pinnacle Canyon has been operating in Price, Utah for 26 years. They fill an important need in the community as a trauma informed and established facility that works closely with students and their parents. LEA staff normally plan that there will be 2 parent deaths per school year, and this last year they have had 8. Opioid use is very high, at over 50% of adults in the community. These statistics in community parents create issues for students. Many of their students have been unable to succeed in school districts, and Pinnacle seeks to mitigate the barriers to their success by working with them and their families at school and in their homes. Their unusual circumstances create a need for special resources, including 14 counselors for their 350 students, parenting classes for adults, and showers that are available for students in need. The elementary students are currently located in trailers on a piece of property above the brick-and-mortar high school facility. Pinnacle has reached an agreement with the City of Price to move into a brick building  $\frac{3}{4}$  of a mile from their current location. The new location is in a revitalization area and would become a visible resource for the neighborhood and community at large, as well as serving the enrolled elementary students.

The Committee feels there are some risks and obstacles for this project but also recognizes that the charter school does much needed and important work in the

community. They would like to support the renovation project. Concerns include the FY24 Financial Statements having a material weakness for Internal Control, that the finished project will require funding beyond the \$300,000 offered by the revolving loan, and that adding to their existing debt will violate current debt covenants with the USDA. Pinnacle's current loan should be paid off in one year. Because the LEA is looking at multiple funding sources, and needs to hire an architect to move forward with further estimates, the committee recommends the following:

- 1- No funding of the Revolving Loan until the LEA can show that the necessary remaining funding has been secured.
- 2- LEA should reach out to their CPA/Auditor to discuss debt covenants and reach out to USDA to have their covenants changed or potentially waived for year if necessary.
- 3- Upon loan approval, as a caveat to #1 above, committee suggests releasing \$36,000 of loan funds for hiring a project architect, allowing the LEA to get estimates for the remainder of the project.

Taking the above 3 points into consideration, the Committee recommends this loan for the full \$300,000 with medium to high risk.

The Charter School Revolving Loan Committee hopes this discussion provides context and clarity for their recommendations and welcomes any further questions.



**Utah State  
Board of  
Education**

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