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RXXX-XXX. Charter School Revolving Fund.

RXXX-XXX-1. Authority and Purpose.

This rule is authorized by Utah Code, Section 53F-9-203.1, which allows the Utah Charter School Finance Authority ~~(“Authority”)~~ to adopt rules to execute the Authority’s duties and responsibilities under the Utah Constitution and state law; and

(1) The purpose of this rule is to:

(a) establish procedures for administering the Charter School Revolving Fund;

(b) establish the interest rates of loans; and

(c) determine loan amounts and loan repayment conditions.

RXXX-XXX-2. Definitions.

The definitions used in Section 53G-5-601 apply to this rule.

(1) “Authority” means the Utah Charter School Finance Authority.

~~(1)~~(2) "Charter school" means a public school created in accordance with Title 53G, Chapter 5, Charter Schools.

~~(2)~~(3) "Charter School Revolving Fund" means a restricted account created within the Uniform School fund to provide assistance to charter schools to:

(a) meet school building construction and renovation needs; and

(b) pay for expenses related to the startup of a new charter school or the expansion of an existing charter school.

RXXX-XXX-3. Charter School Revolving Fund Application and Conditions.

(1) The Authority shall develop a loan application~~ that is~~ consistent with Section 53F-9-203.1, including criteria for urgent facility needs.

(2) The Authority may request any additional criteria or information from an applicant that the Authority finds necessary and helpful in making loan decisions.

(3)(a) The Authority shall accept applications for loans annually by April 30, subject to eligibility criteria and availability of funds.

(b) If the Authority does not distribute all available funds during its initial application process, the Authority may set deadlines to review additional applications.

(c) If there are insufficient funds to fund the entire amounts requested in approved loan applications the Authority may make loans for less than the requested amounts.

(4) To apply for a loan, a Charter School ~~charter school~~ shall submit the information requested on the Authority’s most current loan application form together with the requested supporting documentation.

(5) A charter school's application shall include a resolution from the governing board of the charter school that the governing board, at a minimum, agrees:

(a) ~~agrees~~ to enter into the loan as provided in the application materials;

(b) ~~agrees~~ to the interest and repayment schedule established by the Authority;

(c) ~~agrees~~ that loan funds shall only be used consistent with the purposes of Section 53F-9-203.1 and the approved charter;

(d) ~~agrees~~ to any inspections, audits or financial reviews ordered by the Authority; and

(e). ~~agrees~~ to all terms required for the loan by the State Division of Finance, including:

(i) servicing by the State Division of Finance;

(ii) payment of an annual servicing fee; and

(iii) agreement to execute an electronic funds transfer agreement for monthly payments by the school.

(6) The term of each loan shall be five (5) years.

(7) The interest rate for each loan shall be the greater of two percent (2%) or the five (5) year Bloomberg Valuation Service (BVAL) AAA Callable Municipal Curve rate as published on EMMA.MSRP.org on the date of loan approval.

(8) A Charter School that obtains a loan will not be required to make a payment during the first twelve (12) months of the loan term and will be required to make monthly payments starting on the thirteenth (13th) month of the loan term, with payment being amortized over four (4) years.

(9) The Authority may include a tiered schedule of loan fund distribution.

(10) The Authority may determine whether a ~~No~~ loan ~~shall~~ may be used for ongoing expenditures.

(11) If a loan recipient defaults on a loan made under this rule, the debt may be secured by funds contributed by charter schools to the Charter School Closure Reserve Account under Section 53F-9-307 after the defaulting school has made reasonable effort to resolve its debts and liquidate its assets as required by law.

(12) The Authority may employ the services of a~~Zions Bank or other~~ financial advisor~~s~~ to review loan applications and make recommendations to the Authority about loan terms and any other relevant information.