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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Jennifer Lambert, Interim Director State Charter School Board

DATE: August 11-12, 2016

ACTION: Modification of the Charter Revolving Loan Fund Promissory Note for St. George Academy

Background: St. George Academy, a grade 9-12 charter school, was approved to open in SY2017 with 350 students. Due to low enrollment, St. George Academy's opening was delayed by a vote of the Charter School Board in June 2016, until SY2018. As a result, the Academy requested an additional year of deferment on the repayments of the charter revolving loan. Repayments were set to begin September 1, 2017. Interest will continue to accrue with an additional deferment year. The LEA did not request an extension of time. One additional year of deferral will result in loan payments totaling \$8,671 per month when repayment begins in September 2018.

As part of the transition process of transferring loans to State Finance for servicing we noted that some promissory notes have incorrect terms. The initial repayment dates on these notes were not accurate and modifications were implemented in practice, however; the promissory notes were not updated to reflect these changes. Amortization schedules and promissory notes must agree to be accepted by State Finance.

Board Strategic Plan: This item supports the following imperative(s) and strategies in the Board's Strategic Plan:

- Funding
- Oversight

Anticipated Action: The Finance Committee will receive the proposed modification to promissory notes and make recommendations for modification to the promissory note terms.

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