

Charter School Revolving Loan Committee Minutes

1:00 - 3:00 pm
April 22, 2021
Zoom Online Meeting

Committee Members in Attendance

Gavin Hutchinson - Chair
Jacob Wright
David Kaufman
Jennifer Lambert (non-voting)

Others in Attendance

Emily Merchant – Wasatch Waldorf Charter School
Dallin Peugnet – USBE
Stewart Okobia – SCSB
Smriti Dhakal – SCSB

Welcome:

Called to order at 1:03 p.m. by Chair Hutchinson.

Review and Approval of Minutes from April 23, 2020 meeting

Chair requested a review of the minutes. Motion made to approve by Member Wright. Seconded by Member Kaufman, motion passed unanimously.

Total Amount to be Loaned.

There was over \$3,000,000 in the Revolving Loan fund at the end of March 2021 and the total amount of loans requested was \$153,826.

FY22 Revolving Loan

a.	Utah Mountain School	New School	\$46,000
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Ms. Dhakal informed that the school would like to officially recall their application for a second revolving loan. Ms. Dhakal and Mr. Okobia were informed through the email sent by Michael Jolley (Treasurer) that the school does not feel the additional funds would be necessary at this point and the goal of the school is to remain financially capable and fiscally responsible as a charter school.

b.	Wasatch Waldorf Charter School		\$107,826
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Ms. Merchant explained that since it is expected that a larger group of students will begin graduating next year, the school Board is planning strategies to avoid enrollment dip and to ensure that the funding becomes steady. In the process, the school Board believes that the best

approach is to install the wooden yurts to create additional space in the existing land, which is the reason for seeking additional funds.

Ms. Merchant mentioned that the school is seeking funding for slightly more than \$109,000 that would allow for procurement of yurts, and the school does not want to use the cash on hand as they have a goal of refinancing the existing bond. Ms. Dhakal clarified that loan amount requested in the application was \$107,826.

Member Kaufman inquired about the noted difference between the prior approved Revolving Loan amount (\$99,039) and section 12. (Liability Listing and Documentation) of the application (\$100,000). Member Kaufman also pointed out the difference between the submitted Balance Sheet (no long-term liabilities included) and the present outstanding Revolving Loan credit. Lastly, Member Kaufman expressed concern that the current outstanding balance of the loan equals the original bond amount in section 12. (Liability Listing and Documentation) of the application, although Exhibit E shows principal deposit payment started much earlier than that. Ms. Merchant explained that she believes that the principal on the bond is being paid down and the payments have been made almost two full years. Ms. Merchant also added that she will have to get back with answer to the questions posed by Member Kaufman.

In addition, Member Kaufman asked about the status of the Revolving Loan application approved two years ago related to the solar installation project. Miss Merchant mentioned that the project has been a success and a great addition to the school.

Lastly, Member Kaufman inquired about the current outstanding balance of the Revolving Loan fund for the school and Miss Merchant answered that she believed it was \$88,628. Ms. Dhakal informed that according to Benjamin Higley (Utah State Treasurer's Office) the current Revolving Loan balance is \$86,586.94 as of 3/31/2021.

Member Wright asked about selecting yurts as structures and expressed curiosity about how they stand up for public education purposes. Ms. Merchant explained that she researched about long term use of yurts and has talked to several schools asking about their experiences. Ms. Merchant added that although they looked into the possibility of installing the traditional portable classroom options, they do not have a space to fit the portables. Since the school property is concentrated in a small area, these yurts are the best alternatives as they have adjustable foundation system and can be placed on ground without being completely leveled and still be structurally sound.

Chair Hutchinson expressed concern about the note in the application stating that although the school is meeting the solid financial markers, the school is not in the position in the coming year to meet the staffing needs and other expenses while meeting the classroom basics. Ms. Merchant explained that the school is trying to maximize cash on hand and address staffing needs as the school relies a lot on the quality of their instructors for the teaching methodologies used. Ms. Merchant added that although the school is going great financially and the budget estimates show a decent amount of cash on hand, however, to buy these yurts, they would prefer to take advantage of the Revolving Loan and the existing interest rate, and reserve cash to qualify for the enhancement program for bonding.

Member Kaufman asked about how much does the school need to reserve in cash to qualify for the credit enhancement program. Ms. Merchant mentioned that the school would need a 100 days cash on hand and the financial metrics as of end of March 2021 has the school with 71 days of unrestricted cash on hand.

Chair Hutchinson asked about the school's interest in receiving Revolving Loan, given the scenario that President Biden's proposed infrastructure funding bill gets approved. Ms. Merchant mentioned that if there were another source of revenue then they would pay back the Revolving Loan and reduce any existing liabilities.

Ms. Lambert questioned in case the school is getting any pushback from the community in installing the yurts. Ms. Merchant explained that although they have not reached out to the community yet to inform about the plans, they do not expect any pushbacks. Ms. Merchant mentioned that she would call the Holladay city planning office to find out in case they would have any objections.

Ms. Lambert also inquired about what the school would do with the funding received in case a pushback occurred. Miss Merchant suggested that they could come up with another scenario of using the available space and creating something within what they have and pay back in case the whole amount was not used to increase the needed space.

Member Kaufman asked in case the yurts are considered temporary structures and mentioned that sometimes community planning groups have issues with temporary structures. Ms. Merchant replied that the yurts do not require actual foundation and are able to be moved.

Motions:

Member Wright made a motion to approve the requested amount for Wasatch Waldorf Charter School. Motion seconded by Member Kaufman and passed unanimously.

Other Items:

None.

Adjourn

Member Wright made a motion to adjourn, seconded by Member Kaufman. Meeting was adjourned at 1:46 pm.