

**PROPOSED REGULATION OF THE
STATE BOARD OF EDUCATION**

LCB File No. R206-01

January 23, 2002

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-8, NRS 385.080 and 386.578.

Section 1. Chapter 386 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 7, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 and 4 of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Fund” means the fund for charter schools created pursuant to NRS 386.576.*

Sec. 4. *“Operational charter school” means a charter school in which pupils are enrolled who are receiving instruction from the charter school.*

Sec. 5. 1. *An application for a loan from the fund must be submitted by the governing body of a charter school to the department on or before September 30 of the calendar year immediately preceding the calendar year in which the loan will be made. The department shall not accept an application for a loan from the fund unless the department has determined pursuant to subsection 2 that the balance of money in the fund is \$5,000 or more. An application must include:*

(a) The name of the charter school.

(b) The name, address and telephone number of the person whom the department may contact regarding the application.

(c) The proposal of the charter school to repay the loan, consistent with section 7 of this regulation.

(d) A description of:

(1) The financial needs of the charter school;

(2) The business plan for the charter school;

(3) The effect that receipt of the loan will have on the operation of the charter school;

(4) The effect, if any, that receipt of the loan will have on the ability of the governing body or the charter school to obtain other financial assistance from public and private sources; and

(5) The plan, if any, for the use of the money obtained from the loan, including, without limitation, methods to enhance the credit of the charter school.

(e) A list of the anticipated expenses for which the money obtained from the loan will be used.

(f) A budget for the charter school for the fiscal year in which the loan is received and for each fiscal year of the proposed period for repayment of the loan. The budget must:

(1) Include an identification of all sources of revenue and expenses;

(2) Include the cost for repayment of the loan; and

(3) Be accompanied by a written narrative explaining each of the assumptions made in developing the budget.

(g) If the charter school is an operational charter school, a statement of the financial history of the applicant.

(h) If a member of the governing body has or had an association or affiliation with another charter school in this state or another state, a statement of the financial history of the charter school with which he has or had such an association or affiliation. The provisions of this paragraph apply regardless of whether the member has terminated his association or affiliation.

(i) Three credit references for the applicant.

(j) A statement of the monthly cash flow for the operation of the charter school, including, without limitation, an identification of the amount and timing of receipt of revenue relating to the amount and timing of expenditures.

(k) A resolution of the governing body authorizing submission of the application.

2. On or before July 1 of each year, the department shall determine the balance of money in the fund. If the department determines that the balance of money in the fund is \$5,000 or more, the department shall provide notice of that fact and the availability of loans from the fund to each charter school that has been issued a written charter pursuant to NRS 386.527.

Sec. 6. 1. To the extent that money is available in the fund, the department shall grant priority for loans from the fund to those charter schools with approved applications that will use the money obtained from the loan in preparing to commence the first year of operation.

2. In determining whether to approve an application, the department shall consider the:

(a) Reliability of the business plan submitted with the application;

(b) Ability of the charter school to obtain financial assistance from other sources;

(c) Information submitted in the application; and

(d) Effect of approval of the application on the equitable geographic distribution throughout this state of loans from the fund.

Sec. 7. 1. The rate of interest for loans made from the fund 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.

2. If a loan is made to a charter school from the fund, the department shall deduct from the apportionments made to the charter school pursuant to NRS 387.124, an amount of money equal to the annual repayment amount of the loan, including interest. The deductions must be made:

(a) In quarterly amounts corresponding with the quarterly apportionment to the charter school.

(b) In equal amounts during the period of repayment agreed upon by the governing body of the charter school and the department, not to exceed 3 years.

3. If a loan is made to an operational charter school, the deductions must be made commencing in the same fiscal year in which the loan is made. If a loan is made to a charter school that has a written charter issued pursuant to subsection 4 of NRS 386.527, the deductions must be made commencing with the first fiscal year immediately succeeding the fiscal year in which the charter school becomes an operational charter school.

4. If a charter school that receives a loan:

(a) Defaults on repayment of the full amount of the loan;

(b) Was issued a written charter pursuant to subsection 4 of NRS 386.527 and the charter school fails to obtain a written charter issued pursuant to subsection 2 of NRS 386.527; or

(c) Closes or otherwise ceases operation,

the charter school shall be solely liable for repayment of the full amount of the loan.

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5. As used in this section, “fiscal year” means the 12-month period beginning on the first day of July and ending on the last day of June.

Sec. 8. NAC 386.010 is hereby amended to read as follows:

386.010 As used in ~~[NAC 386.010 to 386.390, inclusive,]~~ *this chapter*, unless the context otherwise requires, the words and terms defined in NAC 386.020 to 386.050, inclusive, have the meanings ascribed to them in those sections.