



STATE PUBLIC CHARTER SCHOOL AUTHORITY

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BRIEFING MEMORANDUM

TO: SPCSA Board
FROM: Mike Dang, Manager of Financial and Organizational Performance
Mark Modrcin, Director of Authorizing
SUBJECT: Agenda Item No. 15: Doral Academy of Las Vegas Bond Amendment Request
DATE: December 14, 2018

Doral Academy of Las Vegas, operating under a charter contract entered into in 2012 and renewed in 2018, has 5 campuses located in Las Vegas, Nevada.

Doral serves 5,535 students (as of validation day) in Kindergarten through 11th grade. Doral submitted a request to restructure their leases for the Fire Mesa and Red Rock campuses on October 15, 2018.

The [Doral Fire Mesa campus](#) is located at 2568 Fire Mesa Street, Las Vegas, NV 89128.

The [Doral Red Rock campus](#) is located at 626 Crossbridge Dr. Las Vegas, NV 89138.

As discussed below, Staff recommends approval of the amendment request, with conditions.

Summary of Request:

Doral Academy of Las Vegas currently leases both the Fire Mesa and Red Rock campuses under a triple-net lease (and related amendments), which include a purchase option which is usually 37 months after the lease-commencement date. It is SPCSA Staff's understanding that Doral will continue to occupy the Fire Mesa and Red Rock campuses under the existing lease, although the terms of the bond financing program will overlay the existing lease, and will potentially provide more favorable terms to Doral.

Doral previously utilized bonds issued through B&I in 2017. Doral now seeks to issue bonds under the same debt structure as were utilized in 2017. Under the current proposal, the bond issuance and project costs will not exceed \$60 million. Doral's financial assumptions project that the school will borrow approximately \$52 million at an interest rate of 5.50% over 30 years. Under Doral's financial model, the total facility costs, including debt service, maintenance, and utilities will be approximately 18.80% of total expenditures, and Doral claims that its financial model allows for facility costs of approximately 19.57% of total expenditures and that this capacity will increase in the coming 5-year period.

Legal Authority and Requirements Related to Amendment Requests:

Doral has submitted an amendment request to the Authority, seeking to restructure the financing of the existing lease and lease amendments related to Doral's Fire Mesa and Red Rock campuses. Doral seeks to accomplish this through the Department of Business and Industry (B&I) bond financing program. [NRS 388A.550](#), *et seq.* authorizes B&I to be a conduit issuer of tax-exempt bonds for SPCSA-sponsored charter schools to finance the acquisition, construction, improvement, maintenance or furnishing of land, buildings and facilities for charter schools.

B&I's application process has eligibility requirements to obtain bond financing from B&I. While B&I is responsible for underwriting the issuance, these requirements include that:

1. The charter school must have received within the immediately preceding 2 consecutive school years, one of the three highest ratings of performance pursuant to the statewide system of accountability for public schools, or has received equivalent ratings in another state, as determined by the Nevada Department of Education (NDE).

The NDE posts its academic performance ratings on its website, nevadareportcard.com. For the immediately preceding 2 consecutive school years, Doral did receive one of the three highest ratings of performance for both the Red Rock and Fire Mesa campuses, thus satisfying this requirement.

2. The charter school that is applying to B&I for the bond financing must not be in default under the school's charter school contract.

Staff's internal research does not find Doral to be in default under the school's charter school contract, thus satisfying this requirement.

3. The charter school must also satisfy other [NRS 388A.650–660](#) and [NAC 386.450–472](#) requirements which are met by the school in conjunction with B&I.

The RFA application includes Eligibility Requirements that a school must be in good standing in all three domains of the Authority's academic, financial and organizational performance frameworks and it must not be considered a low-performing school or otherwise ineligible. This includes those schools rated at the approaches, unsatisfactory, or critical level on the authority performance framework either in aggregate or at the elementary, middle, or High School level. This memo now summarizes staff's review in light of the Eligibility Requirements.

1. Academic Performance Framework

The two campuses of this Doral application have each achieved one of the three highest ratings of performance pursuant to the statewide system of accountability for public schools, putting it in good standing. Please see the attached Academic Performance table.

Specifically, under the 2017-18 Nevada State Performance Framework, the Doral Fire Mesa elementary school program is rated at the 3-star level and the Doral Fire Mesa middle school program is rated at the 4-star level.

The Doral Red Rock elementary school program is rated at the 5-star level, the Doral Red Rock middle school program is rated at the 5-star level and the Doral Red Rock high school program did not receive a rating for the 2017-2018 school year.

2. Financial Performance Framework

Doral received a “Meets standards” for all eight measures under the most recent approved Financial Measure Summary, covering SY 2016-2017. The Board did not take action to confirm the ratings for all schools for this period. For the prior period, SY 2015-2016, the board did take action to accept the ratings, for all schools. For that prior period, Doral received two “Does Not Meet Standard” ratings and six "Meets Standard" ratings.

3. Organizational Performance Framework

While staff are developing this framework, this framework primarily covers compliance with legal requirements including with Open Meeting Laws, compliance reporting, meeting reporting requirements and other matters. Staff finds Doral Academy to be in compliance.

Staff have reviewed the application in light of relevant NRS law and NAC regulations mentioned above, the RFA template with its Eligibility Requirements, and prior and current best practices.

Staff finds Doral in good standing with regards to three aspects of the performance framework and also with regards to the statutory, regulatory and SPCSA requirements mentioned above.

Recommendation: Approve with Conditions

Based on the findings above and the academic performance table shown below, staff recommends the Board approve this request, subject to the below conditions.

Staff has requested to review and compare the current lease payment levels with the expected payment levels under the proposed purchase plan as well as the current and budgeted Debt Service Coverage Ratio. SPCSA recommends approval, but with the following conditions:

- A revised budget showing existing and planned facility lease payment amounts with planned new principal payments, under a bond issue, the current and budgeted Debt Service Coverage Ratio.
- Submission of a revised budget, with new lease payment amounts.
- A copy of the term sheet, or other B&I bond program documents evidencing the terms of the bonds upon approval by B&I. Staff recommends that the Board delegate staff the authority to review and approve.
- Compliance with all requirements regarding submittal of financial statements approved by the school's auditor that demonstrate that the school is improving or maintaining a meets standards performance within the financial framework performance metrics. Quarterly reports must be submitted following approval of this matter by the SPCSA Board.

It should be noted that the current charter for Doral expires on June 30, 2025. This conditional approval does not supersede that obligation, and the renewal of the Doral charter will be considered by the Board under a separate item before the expiration of the charter contract.

Background:

Academic Performance

Doral Academy of Las Vegas

Year	NSPF Rating
2018	Cactus Campus elementary: 4 stars Cactus Campus middle: 5 stars Fire Mesa elementary: 3 stars Fire Mesa middle: 4 stars Pebble elementary: 5 stars Pebble middle: 4 stars Red Rock elementary: 5 stars Red Rock middle: 5 stars Red Rock high: N/A
2017	Elementary: 5 stars Middle: 5 stars
2016	Elementary: 5 stars Middle: 3 stars
2015	Elementary: 5 stars Middle: 3 stars
2014	Elementary: 5 stars Middle: 3 stars

School Demographic Change since 2015 (prior to 18-19, demographic data was not separated by campus)

Doral	A	B	C	H	I	M	P	TOTAL ENROLLED	IEP	ELL	FRL
15-16	8.8%	4.9%	58.0%	16.3%	0.1%	9.6%	1.9%	2659	6.6%	1.6%	0.4%
Doral	A	B	C	H	I	M	P	TOTAL ENROLLED	IEP	ELL	FRL
16-17	8.8%	6.0%	52.9%	19.2%	0.1%	1.6%	2.1%	4053	7.6%	2.4%	6.3%
Doral	A	B	C	H	I	M	P	TOTAL ENROLLED	IEP	ELL	FRL
17-18	10.1%	6.4%	49.1%	21.5%	0.2%	10.4%	2.0%	5173	8.1%	3.3%	3.6%
Doral Cactus	A	B	C	H	I	M	P	TOTAL ENROLLED	IEP	ELL	FRL
18-19	10.5%	4.6%	51.7%	17.1%	0.1%	13.7%	2.4%	1002	8.3%	7.7%	4.3%
Doral Fire Mesa	A	B	C	H	I	M	P	TOTAL ENROLLED	IEP	ELL	FRL
18-19	5.1%	9.0%	41.9%	33.0%	0.1%	9.3%	1.6%	981	28.0%	9.9%	4.2%
Doral Red Rock	A	B	C	H	I	M	P	TOTAL ENROLLED	IEP	ELL	FRL
18-19	8.2%	4.2%	55.0%	20.8%	0.4%	9.3%	2.1%	1637	14.6%	9.6%	2.9%
Doral Saddle	A	B	C	H	I	M	P	TOTAL ENROLLED	IEP	ELL	FRL
18-19	13.0%	8.5%	43.1%	20.7%	0.2%	12.2%	2.3%	995	16.5%	7.6%	2.9%
Doral West Pebble	A	B	C	H	I	M	P	TOTAL ENROLLED	IEP	ELL	FRL
18-19	17.4%	7.1%	40.9%	22.7%	0.1%	9.6%	2.3%	920	22.7%	6.2%	7.3%

- A – Asian
- B – Black
- C - White
- H – Hispanic
- I – American Indian/Alaskan Native
- M – Two or more races
- P – Pacific Islander
- IEP – Individualized Education Plan –A student with a disability/special education student
- ELL – English Language Learner
- FRL – A student who qualifies for Free or Reduced-Price Lunch