



STATE PUBLIC CHARTER SCHOOL AUTHORITY

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RECOMMENDATION MEMORANDUM

TO: SPCSA Board

FROM: Mike Dang, Manager of Financial and Organizational Performance
Mark Modrcin, Director of Authorizing

SUBJECT: Agenda Item No. 6a: Doral Academy of Las Vegas Bond Amendment Request

DATE: December 13, 2019

Summary of Request

The Doral Academy of Nevada Board of Directors (Doral) is requesting the Nevada State Public Charter School Authority approve their request **for Doral Academy of Nevada to issue bonds to acquire the Pebble Campus, facility and lands, they are currently leasing.**

Approval would be subject to the application they have submitted regarding this matter and subject to the terms stated within their attached application and its attendant documents, applicable law, regulations and their existing contract.”

SPCSA staff recommends approval, with conditions, as detailed in this memo.

Background

Doral serves 5,746 students (as of validation day) in Kindergarten through 12th grade in five campuses in Las Vegas, Nevada. The school is operating under a charter contract entered into in 2012 and renewed in 2018.

The Doral Pebble campus serves 978 students in Kindergarten through 8th. Doral submitted a request to restructure their leases for the Pebble campus on October 15, 2019.

The Doral Pebble campus is located at 6435 W. Pebble, Las Vegas, NV 89139.

Doral Academy of Las Vegas currently leases the Pebble campus under a triple-net lease (and related amendments), which includes a purchase option which is 37 months after the lease-commencement date. It is SPCSA staff’s understanding that Doral will continue to occupy the

Pebble campus 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 the Department of Business & Industry (B&I) in 2017. Doral now seeks to issue bonds under a similar debt structure as were utilized in 2017. Under the current proposal, the bond issuance and project costs will not exceed \$13 million.

Doral's financial assumptions project that the school will borrow approximately \$13 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 17.9% of total expenditures, and Doral claims that its financial model allows for facility costs of approximately 19.6% of total expenditures and that this capacity will increase in the coming 5-year period.

The school completed a lease versus buy analysis comparing their estimated costs under their existing lease and their estimated costs under the proposed bond financing. Under a purchase option, bond payments will begin in SYE 2021. The breakeven year will be SYE 2022, after which bond payments will become more cost effective than leasing. The projected net savings as of SYE 2023 will be \$27,411.

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 Pebble campus. Doral seeks to accomplish this through the Arizona Industrial Developmental Authority (AZIDA) bond financing program.

The RFA application includes Eligibility Requirements, per NRS 388A.279, 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 standards, 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 Doral Pebble school programs have achieved among the three highest ratings of performance pursuant to the statewide system of accountability for public schools, putting it in good standing. Please see the Academic Performance table on page 5 of this memo.

Specifically, under the 2018-19 Nevada State Performance Framework, the Doral Pebble elementary school program is rated at the 5-star level and the Doral Pebble middle school program is rated at the 5-star level.

2. Financial Performance Framework

Overall, the Doral schools 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 this framework was approved by the Authority over the summer, School-Year-End (SYE) results were not contemplated for or available for (SYE) 2019. This framework primarily covers compliance with legal requirements including Open Meeting Laws, compliance reporting, meeting reporting and other requirements. To date, staff finds Doral Academy to be in compliance and in good standing.

Staff has 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 the three aspects of the performance framework and also regarding 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.

- 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 AZIDA bond program documents evidencing the terms of the bonds upon approval by AZIDA. 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.
- Execution of a formal contract amendment acknowledging the results of the SPCSA Board's decision regarding this matter.

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.

Proposed Motion:

Accept staff's recommendation to **approve, with conditions, Doral Academy of Nevada's request to issue bonds to acquire the Doral Pebble Campus facility and lands they have been leasing.**

Profile:

Academic Performance

Doral Academy of Las Vegas

Year	NSPF Rating
2019	Pebble elementary: 5 stars Pebble middle: 5 stars Cactus Campus elementary: 5 stars Cactus Campus middle: 5 stars Fire Mesa elementary: 5 stars Fire Mesa middle: 5 stars Red Rock elementary: 5 stars Red Rock middle: 4 stars Red Rock high: NR Saddle elementary: 4 stars Saddle middle: 5 stars
2018	Pebble elementary: 5 stars Pebble middle: 4 stars Cactus Campus elementary: 4 stars Cactus Campus middle: 5 stars Fire Mesa elementary: 3 stars Fire Mesa middle: 4 stars Red Rock elementary: 5 stars Red Rock middle: 5 stars Red Rock high: NR Saddle elementary: 4 stars Saddle middle: 3 stars
2017	Elementary: 5 stars Middle: 5 stars
2016	Elementary: 5 stars Middle: 3 stars
2015	Elementary: 5 stars Middle: 3 stars

School Demographic Change since 2016 (prior to 18-19, demographic data was not separated by campus)

Name	Year	Total Enrolled	A	B	C	H	I	M	P	IEP	ELL	FRL
Doral Academy - Systemwide	2015-2016	2659	8.9%	5.0%	58.0%	16.4%	0.0%	9.7%	0.0%	6.7%	1.6%	0.5%
Doral Academy - Systemwide	2016-2017	4053	8.8%	6.0%	53.0%	19.2%	0.0%	10.6%	0.0%	7.6%	2.5%	21.7%
Doral Academy Cactus	2017-2018	997	9.5%	4.4%	53.5%	18.0%	0.0%	12.8%	0.0%	7.9%	3.1%	0.0%
Doral Academy Cactus	2018-2019	1002	10.5%	4.6%	51.7%	17.1%	0.1%	13.7%	2.4%	7.7%	4.3%	8.3%
Doral Academy Cactus	2019-2020	995	9.6%	4.6%	50.1%	18.4%	0.1%	14.8%	2.4%	8.8%	2.9%	12.8%
Doral Academy Fire Mesa	2017-2018	985	6.2%	10.2%	44.8%	28.8%	0.0%	8.4%	0.0%	9.3%	4.7%	14.9%
Doral Academy Fire Mesa	2018-2019	981	5.1%	9.0%	41.9%	33.0%	0.1%	9.3%	1.6%	9.9%	4.2%	28.0%
Doral Academy Fire Mesa	2019-2020	973	4.2%	10.0%	38.3%	35.9%	0.1%	9.9%	1.6%	10.2%	3.3%	34.5%
Doral Academy Red Rock	2017-2018	1423	8.9%	4.2%	55.7%	19.3%	0.0%	9.4%	0.0%	9.5%	3.2%	0.0%
Doral Academy Red Rock	2018-2019	1637	8.2%	4.2%	55.0%	20.8%	0.4%	9.3%	2.1%	9.6%	2.9%	14.6%
Doral Academy Red Rock	2019-2020	1814	8.8%	5.2%	54.4%	21.1%	0.6%	8.4%	1.5%	10.2%	2.5%	14.4%
Doral Academy Saddle	2017-2018	972	11.1%	8.1%	46.3%	20.0%	0.0%	12.2%	0.0%	7.7%	2.7%	1.8%
Doral Academy Saddle	2018-2019	995	13.0%	8.5%	43.1%	20.7%	0.2%	12.2%	2.3%	7.6%	2.9%	16.5%
Doral Academy Saddle	2019-2020	986	13.6%	9.6%	41.0%	21.9%	0.1%	11.5%	2.3%	8.2%	3.3%	18.7%
Doral Academy West Pebble	2017-2018	796	17.0%	6.3%	41.3%	22.7%	0.0%	9.8%	0.0%	5.3%	2.9%	1.6%
Doral Academy West Pebble	2018-2019	920	17.4%	7.1%	40.9%	22.7%	0.1%	9.6%	2.3%	6.2%	7.3%	22.7%
Doral Academy West Pebble	2019-2020	978	19.5%	9.1%	37.6%	21.9%	0.0%	10.1%	1.7%	7.8%	7.3%	25.8%

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