



STATE PUBLIC CHARTER SCHOOL AUTHORITY

1749 North Stewart Street Suite 40
Carson City, Nevada 89706-2543
(775) 687 - 9174 • Fax: (775) 687 - 9113

RECOMMENDATION MEMORANDUM

TO: SPCSA Board

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

SUBJECT: Agenda Item No. 6e: Mater Academy of Nevada Bond Amendment Request

DATE: December 13, 2019

Summary of Request

The Mater Academy of Nevada Board of Directors (Mater) is requesting the Nevada State Public Charter School Authority consider approving their requests **for Mater Academy of Nevada to:**

- 1) **Add new grade levels through a new, proposed K-12 campus**
- 2) **Issue bonds to acquire the Bonanza Campus, facility and lands, they have been 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.

Mater Academy of Nevada is also requesting a Good Cause Exemption request for this amendment as it was submitted outside of the routine amendment windows.

Staff recommends approval the Mater Academy of Nevada request for a Good Cause Exemption and both amendment requests, with conditions, as detailed in this memo.

Background and Analysis

Mater Academy serves 2,101 students (as of validation day) in Kindergarten through 8th grade in two campuses in Las Vegas, Nevada. The school is operating under a charter contract entered into in 2014 and was renewed for a new, five-year term at the November 1, 2019 Authority Board meeting. The school's new charter term will begin on July 1, 2020.

Currently, Mater Academy of Nevada has two campuses in Las Vegas, Mountain Vista and Bonanza, which serve a cumulative total of 2,101 students. The Mountain Vista currently serves students in grades Pre-K

through 8th grade while the Bonanza campus serves students in grades Pre-K through 7th grade, but will expand to 8th grade next year. Between the two campuses, the amendment application states that the current waitlist of students wishing to enroll is approximately 1,435 students.

The mission of Mater Academy of Nevada is to provide an innovative, challenging, multi-cultural education, preparing students to be global citizens and have a competitive edge in the 21st century workforce. The vision of the school is to develop successful scholars with 21st century skills of communication, collaboration, critical thinking, and creativity.

I. Summary of Expansion of Enrollment in New Grade Levels:

According to the amendment application, it has become the intent of the Mater Academy of Nevada governing Board of Directors to establish a high school educational experience for its currently enrolled students as well as those in the community. Establishing a new Mater campus with high school grades would provide a feeder system from the two current campuses and would continue to provide quality educational outcomes for students.

Mater Academy proposes to open the third campus with grades Kindergarten through 9th grade. The school would add one grade each year to reach its full build-out, a K – 12 campus, during the 2023 – 2024 school year. The proposed location is at the intersection of N. Fogg Street and Stewart Avenue, or about 2.5 miles away from the current Bonanza campus and approximately 5 miles from the current Mountain Vista campus.

The proposed enrollment and growth of the new campus is as follows:

<u>Grade Level</u>	<u>2020 – 2021</u>	<u>2021 – 2022</u>	<u>2022 – 2023</u>	<u>2023 – 2024</u>	<u>2024 – 2025</u>
<i>Pre-K</i>	-	-	-	-	-
<i>Kinder</i>	125	125	125	125	125
<i>1st</i>	125	125	125	125	125
<i>2nd</i>	125	125	125	125	125
<i>3rd</i>	125	125	125	125	125
<i>4th</i>	75	125	125	125	125
<i>5th</i>	50	75	125	125	125
<i>6th</i>	155	155	155	155	155
<i>7th</i>	62	155	155	155	155
<i>8th</i>	62	62	155	155	155
<i>9th</i>	155	210	210	270	270

10 th	-	155	210	210	270
11 th	-	-	155	210	210
12 th	-	-	-	155	210
<u>TOTAL</u>	1,059	1,437	1,790	2,060	2,175

According to the amendment application, Mater Academy anticipates serving a student population with a variety of needs. 69% of the projected students will qualify for Free and Reduced Lunch (FRL) services, while 22% will be EL students and 9% will have an Individualized Education Plan (IEP). The projected numbers for both FRL and EL students are higher than both the SPCSA and State of Nevada numbers.

The ratings at both of the current Mater campuses for the 2018 – 2019 school year under the Nevada School Performance Framework (NSPF) are as follows:

<u>Campus</u>	<u>Elementary</u>		<u>Middle</u>	
Mater Mountain Vista	80.5	4 – star	91.5	5 – star
Mater Bonanza	52	3 – star	78.3	4 – star

The amendment application also notes that according to the 2017 – 2018 Nevada Criterion Reference Test (NV-CRT), only 34% of students in the targeted community in which Mater seeks to locate a third campus achieved proficiency on the reading portion of the exam, while just 17% were proficient in the mathematics portion. Only 19% achieved proficiency on the science assessment. By comparison, Mater Academy outperformed the targeted earning proficiency scores of 28%, 41% and 36%, respectively, across reading, math and science. This indicates that the school has been providing high-quality access to students that would likely otherwise be attending schools that are rated as 1 or 2-stars.

While the historical performance of the schools is also provided within this memo on page 8, it is also important to note that the school has been able to demonstrate that the Mater educational model has produced strong student outcomes over the last several years. The middle school ratings at both campuses have never been rated below 3-stars and earned 4 and 5-stars this most recent year. Additionally, while the Bonanza elementary campus earned a 1-star rating during its first year, it is important that the school demonstrated strong academic gains took place during the 2018 – 2019 school year by earning a 3-star rating. This parallels the growth trajectory of the Mountain Vista campus, which has exhibited strong academic results for the past several years.

Mater Academy of Nevada’s proposed growth to the high school grade levels is further supported by the strong results seen at other, affiliate Mater schools. In particular, the Mater network has a number of high-performing Mater High Schools, particularly in Florida. The results of some of those high schools is outlined in the chart below:

<u>Campus</u> ¹	<u>2017</u>	<u>2018</u>	<u>2019</u>
Mater Lakes Academy High School	A	B	A
Mater Academy East Charter High School	B	B	A
iMater Academy Middle/High School	B	A	A
Mater Academy Charter High	B	A	B

These results demonstrate that the high school program is established across the Mater Academy network, and that it is producing strong results for students. The Mater Academy of Nevada amendment application notes that there will need to be some minor adjustments of the program to ensure that it is responsive to the needs of the community. Overall, items such as school design, policies and practices would not vary at the proposed campus. The same instructional practices and innovative learning methods that are constant across the Mater system within the proposed new campus, including within the high school grades, will remain in place. The school’s educational program will continue to leverage methods and strategies that have been successful in accelerating low-performing students in reading and mathematics. These include appropriate assessments, supplemental programs for pupil achievement and monthly structured teacher planning time. As stated within the amendment application, Mater Academy of Nevada will follow the elements of the system’s organizational model to ensure that achievement gaps would be closed and that all students progress using research-based strategies that have proven effective for students at all levels, especially those that are EL learners. Lastly, Mater Academy will work to ensure that an identified school leader for the proposed campus receives coaching and training regarding the Mater Academy, Inc. instructional model. The principal will also receive training from Mater Academy of Nevada as well as participate in multi-day training in Florida.

Given the quality of schools currently in the Mater of Academy of Nevada network, it is clear that the governing Board and school leadership team have executed on robust plans that have to high-performing schools in the Las Vegas area. Additionally, the applicant has a well-thought-out plan for a proposed third campus which includes a high school. It is also important to note that other schools within the Mater family have high-performing high schools, signaling that the model can serve older students well. As such, SPCSA staff recommends that the Authority approve the expansion request of Mater Academy of Nevada, but with the following conditions to ensure that an appropriate facility is identified in a timely manner and that the academic program is responsive to Nevada students:

- Mater Academy of Nevada must demonstrate that it has faithfully execute on its plan to locate the proposed third campus in one of the following zip codes: 89110, 89121, 89122 or 89142. This can be done by providing authority staff with a copy of a fully-executed lease with the Turner Agassi Charter School Facility Fund, the entity that will acquire, build and maintain the premises.
- A copy of the final inspection of the facility.
- All other materials required by state and federal law and regulation.
- All approvals necessary from Clark County and the respective municipality.

¹ Data and information obtained from the Florida Department of Education website.

- Adherence to the SPCSA new campus/charter pre-opening protocol. SPCSA staff will proactively work with the school to ensure a successful opening of a third campus and the implementation of a strong academic program.

Staff's Proposed Motion: approve Mater Academy of Nevada's request for a good cause exemption and to approve Mater Academy of Nevada to add grade levels 9 – 12 at a proposed new, Kindergarten through 12th grade campus with conditions as outlined above. This campus would open during the 2020 – 2021 school year in grades Kindergarten through 9th and would add one grade per year until becoming a K – 12 campus in the 2023 – 2024 school year.

2. Summary of Facility Acquisition and Expansion:

The Mater Bonanza campus serves 1,041 students in Kindergarten through 8th. Mater submitted a request to amend their current contract during the fall amendment cycle. The Mater Bonanza campus is located at 6435 W. Bonanza, Las Vegas, NV 89139.

Mater Academy of Las Vegas currently leases the Bonanza 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 Mater will continue to occupy the Bonanza 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 Mater.

Mater previously utilized bonds issued through the Department of Business & Industry in 2017. Mater now seeks to issue bonds under similar debt structure as were utilized in 2017. Under the current proposal, the bond issuance and project costs will not exceed \$13 million. Mater's financial assumptions project that the school will borrow approximately \$13 million at an interest rate of 5.50% over 30 years. Under Mater's financial model, the total facility costs, including debt service, maintenance, and utilities will be approximately 17.91% of total expenditures, and Mater 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.

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 2021, after which bond payments will become more cost effective than leasing. The projected net savings as of SYE 2023 will be \$180,029.

Legal Authority and Requirements Related to Amendment Requests:

Mater has submitted an amendment request to the Authority, seeking to restructure the financing of the existing lease and lease amendments related to Mater's Bonanza campus. Mater 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, 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 campus of this Mater application has 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 2018-19 Nevada State Performance Framework, the Mater Bonanza elementary school program is rated at the 5-star level and the Mater Bonanza middle school program is rated at the 5-star level.

2. Financial Performance Framework

Mater 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, Mater 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, year-end results are not available. This framework primarily covers compliance with legal requirements including with Open Meeting Laws, compliance reporting, meeting reporting requirements and other matters. To date, staff finds Mater Academy to be in compliance and in good standing.

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 Mater in good standing regarding 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 requirements regarding submittal of annual 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, as regularly scheduled, following approval of this matter by the SPCSA Board and do not require auditor approval.
- Execution of a formal contract amendment acknowledging the results of the SPCSA Board's decision regarding this matter. Such amendment shall include acknowledgement that the State of Nevada has, retains or will have an ownership interest in the campus, facility, equipment and lands, in proportion to which the source of acquisition payments come from all state and federal funds provided to the school.

It should be noted that the current charter for Mater expires on June 30, 2020, and that the school was approved for a new, five-year charter term beginning on July 1, 2020.

Staff's Proposed Motion: approve the request for a Good Cause Exemption and approve, with conditions, Mater Academy of Nevada's request to issue bonds to acquire the Mater Academy – Bonanza campus facility and the land they have been leasing.

School Profile

Academic Performance: Mater Academy of Las Vegas

Year	NSPF Rating
2019	Bonanza elementary: 3 stars Bonanza middle: 4 stars Mountain Vista elementary: 4 stars Mountain Vista middle: 5 stars
2018	Bonanza elementary: 1 star Bonanza middle: 3 stars Mountain Vista elementary: 3 stars Mountain Vista middle: 4 stars
2017	Elementary: 2 stars Middle: 3 stars

School Demographics 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
Mater Academy - Systemwide	2016-2017	911	0.0%	10.0%	10.5%	73.3%	0.0%	4.9%	0.0%	9.4%	46.9%	35.9%
Mater Mountain Vista	2017-2018	996	0.0%	9.0%	10.2%	75.5%	0.0%	4.3%	0.0%	8.3%	47.4%	62.9%
Mater Mountain Vista	2018-2019	1056	1.2%	7.8%	8.1%	78.6%	0.2%	3.6%	0.5%	8.4%	46.0%	100.0%
Mater Mountain Vista	2019-2020	1060	1.6%	9.0%	7.1%	77.4%	0.2%	4.1%	0.8%	8.1%	35.9%	100.0%
Mater Bonanza	2017-2018	760	0.0%	9.5%	9.2%	77.5%	0.0%	2.1%	0.0%	6.8%	52.2%	80.3%
Mater Bonanza	2018-2019	906	0.9%	9.3%	7.8%	78.6%	0.3%	2.4%	0.7%	8.9%	43.3%	86.0%
Mater Bonanza	2019-2020	1041	0.6%	8.9%	6.4%	81.1%	0.2%	1.7%	1.1%	8.5%	36.1%	100.0%

- 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