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RECOMMENDATION MEMORANDUM

TO: SPCSA Board

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

**SUBJECT: BEACON ACADEMY OF LAS VEGAS
REQUEST FOR AMENDMENTS**

DATE: January 31, 2020

Summary of Request

Beacon Academy of Las Vegas (Beacon) is requesting the Nevada State Public Charter School Authority approve their request to amend their current charter contract, to enable them to:

Acquire the property and building facility they currently lease including any other such buildings on the property.

The acquisition is not intended to affect approved enrollment. Acquisition of the property is an open market transaction so Beacon may not be selected as the successful bidder.

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

Background

Beacon Academy of Nevada serves alternative education high school students, exclusively, 16 years and older, residing in Clark County. Beacon serves 380 students (as of the October 1, 2019 validation day).

The Beacon campus is located at 7360 West Flamingo Road, Las Vegas, Nevada at Tenaya, between Rainbow and Buffalo. Beacon is currently 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.

Beacon's mission is "To offer at-risk high school students the choice of an innovative and relevant education, which provides the flexibility and support to graduate from high school with concrete

plans for their future.” Beacon’s vision is “To guide Nevada students successfully through high school, help them obtain a high school diploma, and prepare them for college and/or a career.”

Beacon currently leases its school – property and school plant – from The Boyer Company. The Boyer Company served as the developer for the school build project under the supervision of the Beacon GBODs. LM Construction was hired by The Boyer Company and contracted sub-contractors. Beacon Academy of Nevada (BANV) was recently made aware that Flamingo Tenaya LLC, the company that currently leases the school facility located at 7360 W. Flamingo Road, Las Vegas, NV 89147, is in Chapter 11 Bankruptcy, with the property facing foreclosure. The Trustee assigned to the property explained that there may be an opportunity to purchase the building.

Due to the time sensitive nature of the court hearings in this matter, it has been advised that an offer be made and accepted prior to the January 31, 2020 hearing.

Accordingly, BANV is respectfully requesting approval to immediately move forward with the purchase of the property should it become available. The estate includes two buildings each, with a two-story design comprised of 12,760 square feet. The physical address for the buildings are 7360 W. Flamingo Road, Las Vegas, NV 89147 and 4035 South Tenaya Way, Las Vegas, NV 89147. The square footage for the land is 1.75 net acres or 76,230 square feet. The estate size includes 22,959 square feet of net rentable area (total of 2 buildings that are operated as one economic unit) and the Gross Building Area is calculated at 25,520 square feet or 12,760 per building.

The BANV Governing Board is comprised of three members who have experience in buying and selling rental properties including schools, architecture, real estate and property management. The BANV school administrative team, while it does not have this same level of experience with facilities acquisition, will work closely with its board through the acquisition process. The school administrators have been involved in minor renovations that have occurred during school holidays and planned breaks. Because BANV currently occupies the site, it is not anticipating performing renovations or undertaking a project that would impact school and the school calendar.

The estimated purchase price is \$3,500,000 and the estimated loan amount is approximately \$2,275,000 at a 65% loan-to-value ratio which could rise to 75% depending on the transaction. Beacon anticipates infusing approximately \$1,225,000. The loan have an amortization term of 20 to 25 years and have a 10 year maturity. Estimated monthly loan payments are \$13,300. No bond is intended to be issued.

Beacon’s board approved submittal of this RFA at its regular board meeting, on December 19, 2019.

Legal Authority and Requirements Related to Amendment Requests:

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 summarizes staff’s review in light of the Eligibility Requirements.

1. Academic Performance Framework

Beacon is in good standing under this framework despite academic performance levels that, upon a cursory review, might raise serious questions and concerns as it relates to renewal.

Throughout the current and previous charter term, the school has earned a number of 1 and 2 star ratings. This culminated in the issuance of a Notice of Intent to Terminate by the SPCSA in 2016 as there were persistent performance issues related to the school's graduation rate. As noted with the performance report issued to the school on June 28, 2019, Beacon Academy of Nevada and the Authority entered into a mutually agreed-upon settlement in 2016 which expires at the end of the 2019 – 2020 school year. Under the settlement, Beacon agreed to limit its service area to Clark County and establish an enrollment policy to enable participation in the Nevada Department of Education's Alternative Performance Framework (APF). Beacon Academy is the first charter high school in Nevada to transition to operate under the state's APF.

Additionally, the charter contract for Beacon was amended to include an academic performance framework designed to track the performance outcomes expected of a high-quality school serving a population that is exclusively made up of students eligible for alternative education. This framework includes measures such as achievement status, growth, college and career readiness measures, and student engagement. It is important to note that these results are verified by a third-party, Momentum Strategy and Research, which also provides additional insights related to the performance of the school. Results under this framework for the 2016 – 2017 and 2017 – 2018 school year can be found included within the supporting documentation for this agenda item.

Generally, the school has demonstrated improvement since 2016, with increases in the following categories for alternative education students: growth, status (proficiency) and college and career readiness. The overall score and designation reflects this improvement. The total score in 2017 was 47 points, earning an approaches standard designation whereas the 2018 score was 66.5 points, earning an adequate designation. Results for the 2018 – 2019 school year should be available in early 2020 as they require third-party validation.

As previously mentioned, Beacon Academy of Nevada also receives results under both the APF and NSPF, and those reports for the 2018 – 2019 school year can be found included within the supporting documentation for this agenda item.

In short, Beacon is currently measured under three frameworks: the Nevada School Performance Framework, an alternative framework in its contract, and the state's Alternative School Performance Framework. With the exception of the alternative framework specific to the school (which will be available in early 2020), results under each of the frameworks can be found within the supporting documentation for this agenda item. SPCSA staff feels it is more appropriate and representative to give greater weight to the school's performance against those metrics outlined within its charter contract (as opposed to the APF or NSPF) given the school's mission and student body population. Those results are summarized below:

2. Financial Performance Framework

Beacon is in good standing under this framework. The school maintains a solid balance sheet (Statement of Net Position) and has maintained a positive margin (net operating surplus).

3. Organizational Performance Framework

Beacon is in good standing under this framework. The Organizational Performance Framework (OPF) primarily covers compliance with legal requirements including Open Meeting Laws, reporting and other requirements. The OPF was approved by the Authority this past summer (2019) and is now active. While School-Year-End (SYE) results are not available for SYE 2020, to date Beacon appears to be in compliance.

Consequently, staff finds the school to be in good standing with regards to the three performance frameworks above including statutory, regulatory and SPCSA requirements.

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 and submissions.

- A revised budget showing existing and planned facility lease/acquisition terms and payment amounts with planned interest rates, principal payment amounts under a bond issue, current and budgeted Debt Service Coverage Ratios.
- A copy of any final term sheet and other related legal documents if the school is selected as the proposed buyer of the property. Staff recommends the Board delegate staff the authority to review and approve.

Staff's Proposed Motion: approve, with conditions, Beacon Academy of Las Vegas' request to acquire the property and building facility they currently lease including any other such buildings on the property.

Beacon Academy of Nevada Historical Ratings and Demographics:

I. School Performance (NSPF Star) Ratings:

Year	2017	2018	2019	2020	2021	2022
Stars (ES)	-	-	-	-	-	-
Stars (MS)	-	-	-	-	-	-
Stars (HS)	N/A	1	1	-	-	-

Metric	Beacon Academy of Nevada – Framework Results¹	
	<u>2016 – 2017</u>	<u>2017 – 2018</u>
<u>Growth</u> - Reading - Math	Unsatisfactory Adequate	Exceeds Approaches
<u>Status</u> - Reading - Math	Critical Critical	Adequate Adequate
<u>College and Career Readiness</u> - Credit Attainment - Transition Success - CCR Assessment Participation	Approaches Exceptional Exceeds	Adequate Exceeds Exceeds
<u>Student Engagement</u> - Attendance Rate - Retention Rate	Exceeds Exceptional	Approaches Exceeds
<u>Final Designation (Total Points)</u>	<u>Approaches (47)</u>	<u>Adequate (66.5)</u>

II. Total Current Enrollment Across All Campuses:

Enrollment by Grade Level					
Year:	15-16	16-17	17-18	18-19	19-20
Grade					
Pre-K	-	-	-	-	-
K	-	-	-	-	-
1	-	-	-	-	-
2	-	-	-	-	-
3	-	-	-	-	-
4	-	-	-	-	-
5	-	-	-	-	-
6	-	-	-	-	-
7	-	-	-	-	-
8	-	-	-	-	-

¹ The Beacon-specific performance framework has a six point rating scale that progresses as follows, from lowest to highest rating: critical, unsatisfactory, approaches, adequate, exceeds, exceptional.

9	38	23	5	5	1
10	105	73	37	8	20
11	154	123	118	99	53
12	251	183	224	293	309
Total	548	402	384	405	380

III. School Demographics:

Year	Total Enrollment⁽¹⁾	A	B	C	H	I	M	P	IEP	ELL	FRL
15-16	548	2.1%	11.3%	44.3%	33.2%	0.7%	6.0%	2.1%	12.0%	1.6%	46.8%
16-17	402	3.7%	12.4%	43.2%	31.0%	0.7%	5.7%	2.9%	15.4%	3.7%	50.4%
17-18	384	2.0%	17.9%	33.5%	37.5%	1.0%	4.6%	3.1%	18.2%	9.8%	57.2%
18-19	405	3.7%	15.3%	28.1%	43.5%	1.0%	5.7%	2.7%	19.8%	13.1%	65.7%
19-20	380	3.9%	13.9%	24.5%	47.9%	1.3%	6.6%	1.8%	25.0%	13.4%	66.1%

A – Asian

B – Black

C - Caucasian

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

⁽¹⁾ Enrollment as of Validation Day each year (October 1).