

**BRIAN SANDOVAL**  
*Governor*

**STATE OF NEVADA**

**PATRICK GAVIN**  
*Executive Director*



**STATE PUBLIC CHARTER SCHOOL AUTHORITY**

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

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**BRIEFING MEMORANDUM**

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**TO:** SPCSA Board  
**FROM:** Patrick Gavin  
**SUBJECT:** Agenda Item 4 - Consideration of Doral Academy of Nevada Facility Acquisition Amendment  
**DATE:** June 23, 2017

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**Background:**

The Authority adopted regulation R089-16A, which governs the amendment of written charters and charter contracts, on November 14, 2016. The regulations were subsequently approved by the Legislative Commission on December 21, 2016.

Subsection 7(3) of R089-16A requires that a charter school submit a request for acquisition of a facility to the Authority.

Doral Academy of Nevada is a charter school sponsored by the State Public Charter School Authority. The Doral Saddle Campus is currently a K-8 campus with approximately 980 students. The Saddle Campus opened in August 2013 and is located at 9625 West Saddle Avenue, Las Vegas, Nevada. The Doral Cactus Campus is a K-8 campus with approximately 1,000 students. The Cactus Campus opened in August 2014 and is located at 9025 West Cactus Avenue, Las Vegas, Nevada. It is important to note that the Saddle Campus was Doral's founding facility and that the Cactus facility was developed during the school's first year of operation. The approval of these facilities predated the adoption of R035-14A, the Department of Education regulation which first established that expansions to new facilities are contingent upon past performance. Furthermore, the school's subsequent amendment requests preceded the adoption of R089-16A this past year. Consequently, there has been considerable evolution in the process for reviewing facilities acquisition and expansion amendment requests during the life of this school.

Doral Academy wishes to acquire these campuses and finance the acquisition through the issuance of certain revenue bonds by the Nevada Department of Business and Industry. NRS 388A.650 et seq., the Charter School Financing Law, permits qualified charter schools to access the state's bond

conduit, overseen by the Department of Business and Industry (B&I). B&I's charter school financing regulations, codified as NAC 386.450 et seq., require that the sponsor of a charter school provide a statement to B&I that the school is not in default under its written charter or charter contract ([NAC 386.460\(8\)](#)).

The expected total rental payment under the Leases between Doral Academy and both the Saddle Landlord and Cactus Landlord, including the increased rental amount for the contemplated 6 additional classrooms at the Saddle Campus is \$1,842,924 for the 2017-2018 year. It is important to note that no Notice of Intent or amendment request has been received from the school related to the construction of these additional classrooms as the school has represented that this new square footage is intended to provide additional on-site storage and support the diversification of the existing K-12 student population to comply with the Authority's expectation that schools which have earned expansion in the past engage in strategies, including but not limited to adding subsidized prekindergarten slots and provision of a broader continuum of special education services in service to the Authority's strategic plan. Specifically, some new classrooms will also allow for more targeted supports for students with specific special needs and the outfitting of at least two classrooms with child-sized toilet facilities will permit the school to qualify as a tuition-free prekindergarten provider for low income four-year olds, thereby expanding the school's pipeline of lottery-exempt students eligible for free or reduced price lunch pursuant to state and federal law.

If closing on the acquisition of the Facilities occurs on or before October 1, 2017, the estimated debt service payments due by Doral Academy will be approximately \$146,250/month, or \$1,755,000 annually, with an estimated savings to Doral Academy of: (i) \$34,176 in the first year, (ii) a cumulative savings of \$213,167 by the end of the 2018-2019 year, and (iii) a cumulative savings of \$1,082,681 by the end of the 2021-2022 year.

The Nevada Department of Business and Industry will be the issuer of the Bonds. The proceeds of the Bonds will be loaned to Doral Academy, as borrower, and used by Doral Academy to acquire the Facilities, make certain required deposits, pay for costs of issuance of the bonds, and construct the additional classrooms on the Saddle Campus. As of the date of this letter, the Bonds have not received a rating from Standard & Poor's Ratings Service. The issuance of the Bonds and the acquisition of the Facilities are expected to close on or before October 1, 2017.

It is important to note that the school has made a strong argument that the complexities of the bond market and the timelines and processes of the Department of Business and Industry are outside of the school's control or immediate influence, thereby demonstrating to the satisfaction of staff that a good cause waiver of the amendment deadline set forth in R089-16A is appropriate.

### **Recommendation:**

Staff recommends that the Authority waive the amendment deadline set forth in R089-16A based on good cause shown, authorize staff to provide a written statement to B&I that the school is in good standing with the Authority, and approve the school's request for acquisition of the Saddle and Cactus Campuses contingent upon the successful issuance of the bonds by B&I.