



# Founders Academy of Las Vegas

*In the Footsteps of the Founders*

October 6, 2016

Mr. Patrick Gavin  
Executive Director  
Nevada State Public Charter School Authority  
1749 North Stewart Street, Suite 40  
Carson City, NV 89706

RE: Founders Academy of Las Vegas: Bond Finance Transaction

Dear Mr. Gavin:

Founders Academy of Las Vegas ("Founders Academy") is a high-performing, well-respected public charter school in Las Vegas, Nevada. Founders Academy is planning to relocate its charter-school campus across Rancho Drive from its existing campus to the northwest corner of Leon Avenue and North Jones Boulevard. Founders Academy is planning to construct a first-class, state-of-the-art facility to house its students. The school facility will comprise an approximately 60,000 square foot, two-story building on 7.44 acres of land with outdoor play fields and onsite parking (the "New Founders Academy Campus"). The school building will include 41 classrooms, two computer labs, an athletic gym, a performance stage and administrative offices. Founders Academy will open its new campus for students during August 2017.

The cost to acquire the land and construct the planned facilities is estimated at approximately \$10.5 million. To fund the land acquisition and construction, Founders Academy has arranged to obtain a loan from the Public Finance Authority in Madison, Wisconsin, a nationally-recognized, conduit issuer of charter-school bonds (the "Issuer"). The Issuer will fund the loan package to Founders Academy by issuing tax-exempt education revenue bonds and loaning the proceeds of the bond issue to Founders Academy.

Specifically, Founders Academy has arranged for the Issuer to issue its Charter School Revenue Bonds (Founders Academy of Las Vegas Project), Series 2016 (the "*Series 2016 Bonds*") in an aggregate principal amount not to exceed \$14 million and loan the proceeds of the Bonds to Founders Academy (the "*Loan*") pursuant to a Loan Agreement, to be dated as of November 1, 2016 (the "*Loan Agreement*"), between the Issuer and Founders Academy. Founders Academy will use the proceeds of the Loan, in part, to: (i) acquire, construct, improve and equip the New Founders Academy Campus, to be used in connection with the charter school known as Founders Academy of Las Vegas; (ii) refinance a commercial loan used in the operation of Founders Academy; (iii) acquire certain furniture, fixtures and equipment to be used at the New Founders Academy Campus; (iv) capitalize interest on all or a portion of the Series 2016 Bonds; and (v) pay issuance expenses related to the Series 2016 Bonds (collectively, the "Founders Academy 2016 Project").

Pursuant to Nevada Revised Statutes ("NRS") §386.560.4, a charter school is authorized to:

- (a) Acquire by construction, purchase, devise, gift, exchange or lease, or any combination of those methods, and construct, reconstruct, improve, maintain, equip and furnish any building, structure or property to be used for any of its educational purposes and the related appurtenances, easements, rights-of-way, improvements, paving, utilities, landscaping, parking facilities and lands;
- (b) Mortgage, pledge or otherwise encumber all or any part of its property or assets;
- (c) Borrow money and otherwise incur indebtedness; and
- (d) Use public money to purchase real property or buildings with the approval of the sponsor.

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The purpose of this letter is to inform the Nevada State Public Charter School Authority (the "Sponsor") of Founders Academy's project and plan of finance, and to formally request the "*approval of the sponsor*" as required by NRS §386.560.4(d).

The Series 2016 bonds are being underwritten by a nationally-respected investment firm, B. C. Ziegler & Co. (the "Underwriter"). Legal counsel for the Underwriter is Nixon Peabody, LLP, a national bond-counsel firm listed in the Bond Buyer's Municipal Marketplace (the "Red Book") with lawyers that are members of the National Association of Bond Lawyers. Bond counsel for the transaction is Greenberg Traurig LLP, another national bond-counsel firm listed in the Red Book with lawyers that are members of the National Association of Bond Lawyers. The trustee for the bond issue will be Wilmington Trust, National Association. The bond purchaser for the Series 2016 Bonds is RPM Capital Management, LLC (the "Investor"), a money management and investment firm whose principals have been major participants in charter-school bond financing for many years. Legal counsel for the Investor is Butler Snow, LLP, another national bond-counsel firm listed in the Red Book.

The Underwriter, the Investor and bond counsel have been involved with this transaction for several months. The Underwriter, the Investor and other participants are conducting extensive due diligence for this bond-finance transaction and the underwriter will not take the Series 2016 Bonds to the marketplace unless and until it is completely satisfied with the results of the due diligence.

Founders Academy fully understands and acknowledges that the Sponsor's approval of Founders Academy's use of public money to purchase real property and buildings, as required by NRS §386.560.4(d), is not an approval or endorsement of Founders Academy's plan of finance or the Series 2016 Bonds, nor does such approval create or incur any liability on the part of the Sponsor related to the Series 2016 Bonds or the associated loan.

Finally, Founders Academy is aware that the Nevada Director of the Department of Business and Industry ("DDBI") is authorized as a conduit issuer of tax-exempt bonds for charter schools. Founders Academy is opting to use the Issuer to issue the Series 2016 Bonds and not the DDBI because: (i) Founders Academy does not meet the criteria required under NRS §388A.650.3 to use the DDBI; and (ii) under the current arrangement, the Series 2016 Bonds will be sold to the Investor under favorable terms that may not be available to Founders Academy with an alternative bond offering.

We trust that this letter provides the information necessary for the Sponsor to place this matter on its October 21, 2016 meeting agenda and that the information is adequate for the Sponsor to make its decision. Please let us know if you have questions or need additional information to present to the board. Representatives from Founders Academy, the Underwriter and legal counsel will be present at the board meeting to respond to any questions.

Thank you for your consideration.

FOUNDERS ACADEMY OF LAS VEGAS

By: W R Moreno  
W. Richard Moreno, its Governing Board Chair