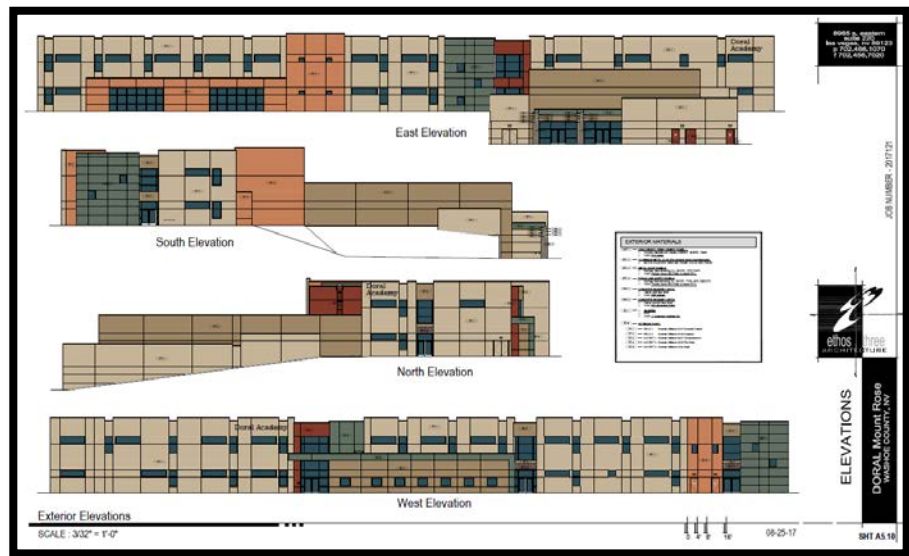


**Summary of Doral Academy of Northern Nevada
Charter School Revenue Bond, Series 2017**

Nationally, startup charter schools have used developer leases with imbedded purchase options to build and acquire facilities. Under this structure, the developer will finance and construct the facility then lease it back to the charter school. The lease payment will increase annually which motivates the charter school to exercise its purchase option. The interest cost of this type of financing is from 9-10% until the school purchases the facility. Historically this type of financing structure has proven advantageous for new charter schools and continues to be so in many cases.

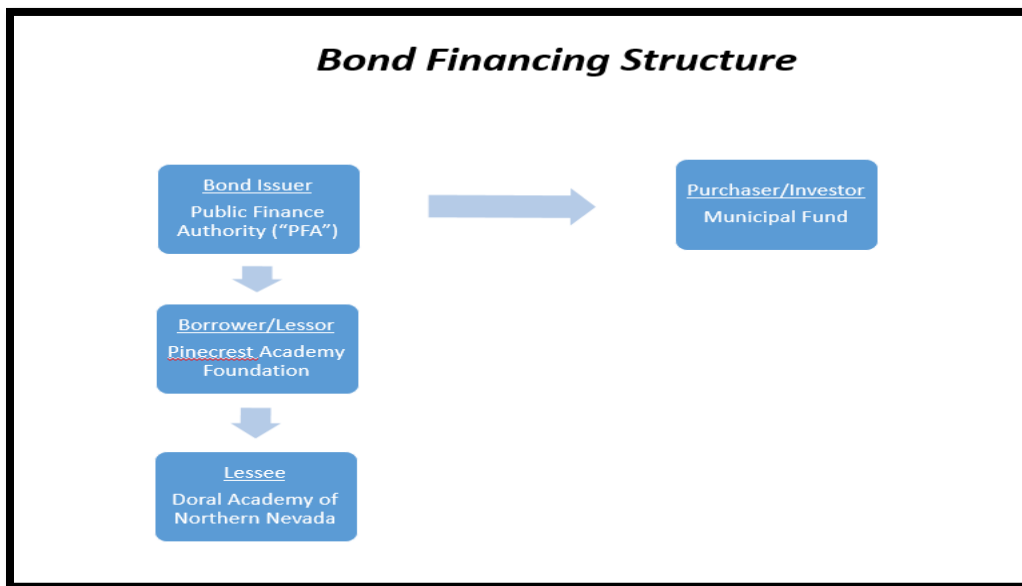
Doral Academy of Northern Nevada (“DANN”) currently operates a small school with approximately 160 students. DANN is leasing space from a local church. While DANN has enjoyed the relationship it has developed with its current landlord the school would like to occupy a permanent facility that has been built specifically for the school’s educational needs. DANN’s new facility will be in South Reno near the corner of Butch Cassidy Dr. and Bozeman St. The new facility will have a capacity for approximately 850 students.



A local 501(c)(3) tax-exempt foundation, Pinecrest Academy of Nevada Foundation (“Foundation”), will build and own the facility and lease it back to DANN. DANN is partnering with the Foundation on this financing as the school has yet to receive a letter of determination from the IRS confirming its 501(c)(3) status. Given the fact that DANN is replicating an existing model that has shown strong academic results and is managed by a nationally recognized educational service provider, the school has been able to attract a long-term tax-exempt municipal bond investor for this project.

The DANN transaction will secure a fixed rate tax-exempt municipal bond financing with the following structural components:

- This transaction will use the Public Finance Authority (“PFA”) as a conduit issuer. Being a new start-up charter school DANN currently does not qualify to use Nevada State Department of Business & Industry as a conduit issuer. Out of state conduit issuers have been used for other charter school financings in Nevada including, Explore Academy, Andre Agassi Academy, and Coral Academy.
- To facilitate the tax-exempt financing, the Foundation will be the Borrower/Lessor. Upon closing, the Foundation will enter into a Lease Agreement with DANN for the term of the bonds. Upon re-payment of the bonds, the property will be transferred to DANN through a purchase option.
- 30-yr principal amortization,
- Fixed rate for 7-yrs,
- Blended interest rate of 5.75%,



The advantages of this structure for DANN include:

1. Enables DANN to access tax-exempt financing which significantly lowers the interest rate
2. No annual escalators
3. Short call feature
4. Long term amortization
5. Financing applies to early stage charter schools

