# STATE PUBLIC CHARTER SCHOOL AUTHORITY



# 2021 CHARTER SCHOOL REQUEST FOR AMENDMENT TO CHARTER CONTRACT APPLICATION

For Additional Instructions, please see the Amendment Application Guidance Document

For the: **Discovery Charter School** Date Submitted: Oct 15, 2022 Current Charter Contract Start Date: July 1, 2017 Charter Contract Expiration Date: June 30, 2023 Key Contact: Tricia Wilbourne Key Contact title: Principal Key Contact email and phone: <u>twilbourne@dcslv.org</u> 702-240-0359 Date of School Board approval of this application: 3-30-22

# Deadlines

	Spring Cycle	Fall Cycle
Notice <sup>1</sup> of Intent to submit Request for Charter Amendment (RFA)	No Later Than: March 1	No Later Than: September 1
Request For Amendment (RFA)	Due between April 1 – 15	Due between October 1 – 15
Board Meeting for Possible Action <i>(tentative and subject to change)</i>	June board meeting	December board meeting

<u>RFA</u> application processing includes an initial high-level completeness check followed by an ongoing completeness check as specific, relevant sections of the application are reviewed in detail.

Red text indicates updates or points of emphasis.

<sup>&</sup>lt;sup>1</sup> Notice or Letter of Intent

This Request For Amendment (RFA) is submitted to request a contract amendment regarding the following (identify which RFA changes you are requesting approval for):

- 1. 
   Add Distance Education
- 2. 
  alpha <u>Add Dual-Credit Program</u>
- 3. 

   Change Mission and/or Vision
- 4. <u>Eliminate a Grade Level or Other Educational Services</u>
- 5. 
  <u>EMOs: Entering, Amending, Renewing, Terminating Charter Contract with an EMO</u>
- 6. Enrollment: Expand Enrollment in Existing Grade Level(s) and Facilities
- 7. D Enrollment: Expand Enrollment in New Grade Levels
- 8. 
  Facilities: Acquire or Construct a New or Additional Facility that will not affect approved enrollment
- 9. X Facilities: Occupy New or Additional Facility
- 10. <u>
  Facilities: Occupy a Temporary Facility</u>
- 11. Image: Institution Facilities: Relocate or Consolidate Campuses
- 12. <u>RFA: Transportation</u>
- 13. 
  Change of Incorporation Status
- 14. 
  Other changes

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# **Introduction**

The SPCSA seeks to continuously improve its processes and the quality of its services. Over the past few years we have, for example, been able to significantly reduce the amount of paperwork involved in the processing of Request For Amendment Applications, primarily be separating primarily instructional and guidance information to a separate Technical Guidance document.

The SPCSA are now adding a new, brief, simple guidance section to this application. This next section is designed to provide guidance and processing steps to schools for applying for one of the following four most frequently requested RFA applications.

If you're seeking RFAs in one of the following four (4) areas, the following guidance may help you prepare and process your application faster

The first three may be handled in the Consent Agenda section of the board meeting, also:

# **Most Frequent Requests For Amendments (RFAs)**

The following are four most frequently requested amendments to charters/contracts:

- 1. Dual credit RFA applications
- 2. Distant education RFA applications
- 3. Enrollment additions or contractions and grade expansions or contractions
- 4. Facilities acquisitions or leases

Below are the processing requirements.

For the following:

- 1. Dual credit RFA applications
- 2. Distant education RFA applications
- 3. Enrollment additions or contractions and grade expansions or contractions (Financial Plans required)

Complete the following check marked items from the below application requirements. You do not need to respond to the unchecked areas.

# Sections Required (short form only for the above four RFA requests):

⊠ Executive Summary

- $\Box$  Meeting The Need
  - ⊠ <u>Expansions</u> to new grade levels or new campuses must complete the Meeting the Need section.
- Academic Plan (required if expanding to new grades that are currently not being offered)
- ⊠ Financial Plan
  - 1. For enrollment RFAs, complete the tab labeled "General" in the "RFA Pro Forma" MS Excel file to show the planned fiscal impacts of the RFA.
  - 2. For facility related RFAs, complete the tab labeled "**Facilities**" in the "RFA Pro Forma" MS Excel file to show the planned fiscal impacts of the facility RFA.
  - 3. This file is not required for Dual Credit or Distance Education RFAs assuming costs are nominal. The applicant is responsible for confirming this in the narrative should this be the case.

 $\Box$  Operations Plan

⊠ RFA Specific Sections (as applicable for your RFA, as opposed to General Sections)

# Section I: Standard RFA Requirements

# A) EXECUTIVE SUMMARY

Required for all submissions. 4 Pages or less per RFA

Provide a brief overview of your school, including:

1. Identification of the school, its location(s), enrollment(s)(most recent ADE quarter), brief history, brief description of its board members and key leadership team members

Discovery Charter School has two campuses, one is located on the west side and one is located on the east side. The west side campus is named Hillpointe and the east side campus is Sandhill. The current enrollment is 499 and the current ADE is 449. Discovery Charter School was issued a charter in 2011 and was founded by concerned parents on the principles of project-based learning, team centered learning, cross generation classrooms, and topical study. The school has operated as a micro school since inception and has gained momentum in the last three years. The school experienced a set back in leadership and went into receivership from 2017-2019. In the past three years, Discovery Charter School has overcome major obstacles to include complete turnover in administration, exiting receivership, \$310,000 in debt and paid in full over a 10 month period and a 20% increase in enrollment. The reinstituted board has remained cohesive, supportive and has the growth of the school in mind. The school has benefitted from over a million-dollar private grant over the course of three years that has enabled qualified staffing, teacher incentives, updated technology, and a renovated middle school building. The Hillpointe campus is now bonded and owned by Discovery Charter School. Sandhill has been operating in Mt. Olive Lutheran church for the past 4 years.

# Leadership

The seven member board consists of President Flynn Stern and Assistant Principal at Pinecrest Academy. Vice President, Bryan Weeks financial adviser. Treasurer Chris Crooks, commercial real estate broker. Member Bonnie Flynn Assistant Principal at Pinecrest Academy. Member Emil Pehlivani, attorney and Hillpointe parent. Member Martha Sandoval, Sandhill parent and Jackie Salas, Sandhill parent. Other key leadership team members consist of Principal Tricia Wilbourne and Assistant Principal Denise Koch and Part Time administrators Teresa Holden and John Sullivan.

# 2. Statement and overview of the mission and vision

Discovery Charter School's mission is to promote a safe, nurturing environment which fosters student success through community involvement, progressive educational practices, and innovative use of technology. In addition, we believe all students should discover, all are welcome and all will grow to succeed.

# 3. Specific statement of the request

The Board of the above named charter school, operating under a current contract with a start date of July 2017 and a six-year expiration date of July 2023 requests that the SPCSA approve this request to amend its charter school contract with the SPCSA regarding the following (check all that apply):

- 1. Dual-Credit Programs
- \_\_\_\_2. EMOs: Amend charter contract with an EMO or CMO
- x\_\_\_3. Enrollment: Expand enrollment in existing grades and facilities
- \_\_\_\_\_4. Enrollment: Expand enrollment in new grade levels
- \_\_\_\_5. Enrollment: Eliminate a grade level or other educational services
- <u>6</u>. Facilities: Acquire or construct a new or additional facility that will not affect approved enrollment
- \_\_\_\_7. Facilities: Occupy additional sites
- \_x\_8. Facilities: Relocate or consolidate campuses
- \_\_\_\_9. Facilities: Occupy a temporary facility
- x 10. Other (specify): Add building to existing Hillpointe
- campus\_\_\_\_\_

(See full list above of RFA amendment types)

Attach a copy of the document(s), including minutes, confirming approval of the RFA.

4. A summary explanation of the reasons that the charter school is seeking to make this specific requested change.

# Enrollment Increase and New Building Addition to the Hillpointe campus.

Discovery Charter School is seeking a 99 seat increase at the Hillpointe campus and the construction of a building to accommodate an overcrowded campus. The 99 seat increase will allow for revenue to support a fully vetted, permitted, HOA approved, newly constructed building. The pre-construction planning and development phase is complete. Currently, the Hillpointe campus operates 3 instructional classrooms outside as every classroom is occupied during instructional hours. The cafeteria is outside and the after-school program averages 60 students per day and operates outside for the majority of the time due to afterschool programs Monday-Thursday.

The biggest challenge is the special education program which has more than doubled from the past school year. The current special education classroom is a makeshift of a hallway, closet, and office space. In order to protect

student privacy, windows have been covered and wall dividers are being utilized. It is less than ideal for a growing population. There is no additional conference, office or storage area for additional services such as counseling, planning, or privacy.

The campus occupies 3 acres and currently only has 16,000 square footage of space to include 10 classrooms, administration, and a special education classroom. Much of the land is dormant and has ample space for a building. Traffic plans have been approved with the city and little disturbance will be made to surrounding neighborhoods.

#### **Relocate Campus**

Discovery Charter School is seeking an amendment to relocate the Sandhill campus from 3975 S Sandhill Rd to 4801 S Sandhill Rd. This is 1.4 miles from the current location and is the former Nevada Virtual Academy. This relocation would not affect grade levels or increase in enrollment unless the increase in enrollment is approved in this amendment. The current campus is located in Mt Olive Lutheran Church and is not conducive to growth, cleanliness, or curb appeal. The current lease expires June 30, 2023 and occupancy in 4801 S Sandhill would begin in time for school opening Fall 2023.

#### **Enrollment Increase**

Discovery Charter School is asking for a 21 seat increase to the Sandhill location. The new location can serve more students in larger classrooms Sandhill is currently capped at 120 students and would like to increase to 141. It has been difficult to recruit in the current location even after outreach, tours, and marketing. The feedback from prospective stakeholders is the state of the current location conflicting with a church space and aesthetics not up to standards for their child.

### 5. Description of proposed target model and target communities

### Enrollment Increase and New Building Addition to the Hillpointe campus.

The target model includes the Hillpointe campus for expansion. The target communities include our Sandhill 5<sup>th</sup> graders from 89121that promote to the middle school campus at Hillpointe. The school owned and operated bus transports 35 middle schoolers daily to and from campuses. The special education population at Hillpointe is 16% and currently educated in hallways and closet spaces. In addition, the special education services need has increased. Currently, the facility is not adequate to properly serve students. The expansion would allow for these services.

During the 2021-22 year, Caucasian students made up a minority of the Hillpointe Campus' enrolled population (40.4%). Together, Hispanics (36.2%) and African-Americans (6.7%) totaled 42.9%, outnumbering whites—and all of the non-Caucasian minorities together totaled 59.6%.

School Year	Caucasian	Non-Caucasian
2017-18	59.8%	40.2%
2021-22	40.4%	59.6%
Change	- 19.4%	+ 19.4%

This marks a 180° change in the Caucasian/non-Caucasian ratios.

The SPCSA's strong push on demographics did not start in earnest until after the 2019 Legislative Session. In other words, DCS' push towards a more diverse student body (from 2017-18 onwards) began before the SPCSA shifted its approach, proving DCS is leading the way on these issues, not being pulled.

#### DCS' Hillpointe Campus is much more diverse than surrounding CCSD schools.

Compare the information above with the CCSD elementary school across the street from the Hillpointe Campus—i.e., Lummis Elementary. During the 2020-21 year, Lummis' Caucasian population was nearly ten points higher than DCS' (49.89%), and its Hispanic population was over 10 points less than DCS' (24.5%). Schools like Lummis might match one's assumptions about Summerlin, but DCS does not.

### The Hillpointe Campus' 2021-22 IEP population was virtually on par with the SPCSA's average.

According to the Nevada Accountability Portal's recent data release, DCS' Hillpointe Campus population of students on IEPs in 2021-22 was virtually equal to the SPCSA's statewide average. The Campus and Authority figures are 8.9% and 9.8%, respectively.

# Crucially, the Hillpointe Campus' IEP population has exploded since that data release, and DCS is struggling to serve them in its current facilities.

According to that Nevada Accountability Portal information, Hillpointe had 32 students on IEPs last year. In actual fact, by year's end, that Campus had 67 such students. As of today's date, that Campus has 87 pupils on IEPs.

That represents a 271% increase in IEP students in just the past calendar year—all of which was accomplished without the benefit of any weighted lottery (per Section B below).

More importantly, that annual growth has made it all the more important for Discovery to build this new Project. As the SPCSA's Ms. Jorgenson would confirm, a school needs more square footage, technology, quiet "breakout" rooms, and other facility resources to optimally serve a special education population. The unexpected, near-tripling of the Hillpointe Campus' IEP population has put an extraordinary strain on our special education providers, given the facility limitations they are coping with. At various times in recent weeks, our speech therapist has had to provide speech therapy out of a *modified closet space*. The Hillpointe Campus Project which we are championing would expand this location from a four-building site with 16,459 ft.<sup>2</sup> to a five-building site with 29,369 ft.<sup>2</sup>, giving us the space necessary to most effectively serve our special education community.

#### DCS' Hillpointe Campus has a greater FRL population than the current tally suggests.

In May 2022, DCS' Hillpointe Campus has a 17% FRL population. We do not believe this accurate reflects our students' financial situations. Like many other charter schools, that low rate is only a function of families not filling out FRL paperwork (when they would qualify), since unlike CCSD schools there are fewer 'carrots' at DCS tied to that designation. Nevertheless, DCS' leadership is committed to pushing families to complete that paperwork, and we have already made significant progress, growing the percentage from 0% in 2020-21 to that 17% figure above the following year. For the 2022-2023 school year, we are reporting 30% at Hillpointe and 40% at Sandhill.

#### DCS' Hillpointe Campus has a significant female majority.

Discovery also leads the way in its gender statistics. During the 2020-21 year, the Hillpointe Campus' population was 56.8% female. This significantly outpaces the SPCSA's statewide average of 50.3%.

In sum, it would be profoundly incorrect to assume our Hillpointe Campus population is as non-diverse as the Summerlin location suggests. DCS draws children to its Hillpointe Campus from all over the Las Vegas/Henderson Valley. It is important we judge Hillpointe's demographics not on its location but on its actual student body, as that group is composed as of today's date.

#### **Relocate Campus**

The second target model is the Sandhill campus relocation to 4801 S Sandhill. The current facility is not conducive for growth, marketing, or a proper educational setting. The target communities are students residing in 89121 and surrounding neighborhoods. DCS desires to move this east-side Campus from the existing location at 3975 S. Sandhill Road to 4801 S. Sandhill Road, both in the 89121 area code. The Sandhill location fits into the SPCSA's emphatic push to increase FRL, ELL, and SPED populations. (Moreover, every other elementary school in that zip code is a 1- or 2-star school.) In the course of moving facilities, DCS desires to increase the enrollment cap at its Sandhill Campus' enrollment by approximately 21 students.

The new location, which previously housed Nevada Virtual Academy and Explore Knowledge Academy, is 1.4 miles from the current location. Its 12,500 ft.<sup>2</sup> building features classrooms, offices, a conference room, IT room, restrooms, etc.

6. Statement of outcomes you expect to achieve across the network of campuses

The outcome of this request would further our reach to our Sandhill community by offering more seats in a more acceptable learning environment in the opportunity zip code of 89121 and surrounding. By constructing a new building at the Hillpoint campus, the special education services will be extended and more students in Las Vegas will have a school choice for quality services.

7. Key components of your educational model for the expanded school

#### Enrollment Increase and New Building Addition to the Hillpointe campus.

Key components include 99 instructional seats, a special education room dedicated to serving 16% of our student body. The Hillpointe campus serves over 37 zip codes and the new building will offer 3 instructional classes to students whose families choose to transport them to their school of choice. 4 additional classrooms will be added to include art, music, computer lab and GATE. A multipurpose room is included in the model to serve lunch, PE, assemblies, after school programming and community outreach. The current campus does not have a space for gathering, meetings, or inviting community stakeholders to gather and offer wrap around services. On average, this building will serve over 500 students daily in the areas of academics, social emotional learning, special education, and wellness.

#### **Relocate Campus**

The relocation of Sandhill would offer larger classrooms, a more marketable location, and a safer school. The current campus consistently wards off homeless travelers that deposit litter, feces, drug paraphernalia and clothing. In 2020-21, the campus was subject to three burglaries that resulted in Rolladon shutters and increased security. The relocation would allow for an additional 3 instructional classrooms, a special education classroom, additional counseling and administration offices, and space for student testing.

The marketing is the most attractive key component. The relocation is to a school campus not a church. It was the former Nevada Virtual Academy. It is highly visible from the traffic flow at Sandhill and Tropicana in the opportunity zip code of 89121. The property would solely be occupied by Discovery Charter School and not a shared misrepresented space of church and school.

# 8. Describe the charter school's plan to ensure that proper restorative justice principles are practiced. Describe plans, including record keeping, to monitor for potential disproportionate discipline practices.

Discovery Charter School of Las Vegas (DCS) has established the following restorative discipline plan for the progressive discipline of pupils and on-site review of disciplinary decisions. The plan has been developed in accordance with written rules of behavior prescribed in NRS 392.463 and NRS 392.4644.

It includes, without limitation, provisions designed to address the specific disciplinary needs and concerns of the school. A copy of this plan is located in the main office lobby and posted electronically on the school website for public inspection.

DCS became a "First Tier" MTSS school and is a K-8 Summerlin public charter school and a K-5 East Las Vegas public charter school governed by the State Public Charter School Authority. Multi-Tiered Support Systems are in place to provide clear, consistent and fair expectations for all teachers and students, and to enable the MTSS team to analyze behavioral data more effectively. The goal is to mitigate and correct antisocial behavior in more preventative and proactive ways using more restorative and just means. We also are a "Safevoice School" and we promote and avail ourselves of its services in order to better protect our students.

Restorative Plan of Action

The Restorative Plan of Action is a list of the concrete agreements (or actions) that come out of restorative practices (most typically harm circles, circles of support, or re-entry circles and restorative conferences).

Criteria for the Restorative Action Plan shift our responses from behaviors and punishment to repairing a harm.

It should include 3 elements:

1) Restoration: Actions to be taken to repair the harm – the hurt, to "make it right" as much as possible in ways that address the needs and priorities of the victims and affected community members.

2) Reintegration: Actions taken to re-connect and re-engage offenders – those whose behavior have harmed or hurt relationships. Healing actions.

3) Support and nurturing strategies: Actions to be taken to strengthen connections to supportive persons and communities. Actions to be taken to strengthen wrongdoers and reduce the likelihood the behavior will be repeated. Restorative Actions are developed collaboratively and engage the person(s) who have done harm, and person(s) impacted by the harm. It may also include family, friends and supports for the harm doer, victims, and community members.

**Restorative Action Plans:** 

• Need to feel right to the person harmed

• Need to be "do-able" by the one who did the harm

•Need to include an action to prevent further offending:

1. Something that strengthens and supports the offender.

2. Something that addresses underlying issues associated to the offense

Statutory Requirements:

The major components of the changes under AB 168 can be understood as a set of Student-level Changes and Systems Changes:

Student-level Changes:

1) Changes to discipline laws for all students, including restrictions on suspending and expelling students who are not more than 10 years of age;

and

2) Changes to discipline laws for students in a program receiving special education services under an Individualized Education Program (IEP), including some additional restrictions on suspending and expelling such students.

Systems Changes:

3) Shift from progressive discipline school-wide plans to restorative discipline district-wide plans; and

4) Changes to data collection and reporting regarding student discipline and attendance. Specific student-level and systems changes are described in more detail below. In addition, the attachment Student-Level Changes of Discipline Laws may serve as a helpful reference.

Student-level Changes

1) Changes to Discipline Laws for All Students Suspension or Expulsion

• Only students who are at least 11 years old may be removed from a school, suspended, or expelled, with the following exceptions:

- A general education student in possession of a firearm or dangerous weapon (NRS 392.466.3), or
- Under extraordinary circumstances, in which case a school may request an exception to this prohibition from the district Board of Trustees (NRS 392.466.9, NRS 392.467.1).

Administrator Modification of Suspension or Expulsion

An administrator may, for a good cause shown in a particular case in that school district, allow a modification to a suspension or expulsion made pursuant to sections 1-5 of NRS 392.466. If the administrator determines that a plan of action based on restorative justice may be used successfully, the administrator must allow the modification (NRS 392.466.7).

# HABITUAL DISCIPLINARY PROBLEM CRITERIA (NRS 392.4655)

A student will be considered a Habitual Disciplinary Problem (HDP) if written evidence documents that within one school year the student has:

1. Threatened or extorted, or attempted to threaten or extort, another student or school employee two or more times; or

2. Has been suspended for initiating at least two fights on school property, at an activity sponsored by a public school, on a school bus or, if the fight occurs within 1 hour of the beginning or end of a school day, on the pupil's way to or from school; or

3. Has a record of five suspensions for any reason.

Before a school deems a pupil a habitual disciplinary problem and suspends or expels the pupil, the school may develop, in consultation with the pupil and the parent or legal guardian of the pupil, a plan of behavior for the pupil. Such a plan must be designed to prevent the pupil from being deemed a habitual disciplinary problem and may include, without limitation, any agreement listed under NRS 392.4655(6). If the pupil violates the conditions of the plan or commits the same act after he or she enters into a plan of behavior, the pupil shall be deemed a habitual disciplinary problem. A student who is declared a Habitual Disciplinary Problem (NRS 392.4655) will be suspended from school for a period not to exceed one school semester as determined by the seriousness of the acts which were the basis for the discipline or expelled from school under extraordinary circumstances as determined by the principal of the school.

# Habitual Disciplinary Declaration

If two teachers of a pupil enrolled at DCS request that the principal deem a student a Habitual Disciplinary Problem, the principal will meet with each teacher to review the student's discipline record. If, after the review, the principal determines the student does not meet the criteria of a Habitual Disciplinary Problem, the teacher(s) submitting the request may appeal that determination to the school's AB 521 (Discipline) Committee.

# PROCEDURES FOR CRITERIA # 1

DCS will process threats, extortion incidents, or any attempt thereof using existing expulsion procedures, however, in order to be considered Habitual Disciplinary Problem under current statute, the act of threatening or extorting, or attempting to threaten or extort, must have been documented at least twice during one school year. Habitual Disciplinary Problem language will be included in addition to identifying the infraction when preparing expulsion paperwork.

DCS will provide a written notice seven days prior to declaring a student a Habitual Disciplinary Problem to the parent or legal guardian that contains:

1) A description of the act(s).

2) Dates on which the act(s) were committed.

3) An explanation that pursuant to NRS 392.466, a student declared a Habitual Disciplinary Problem may be suspended from school for a period not to exceed one school semester as determined by the seriousness of the acts which were the basis for the discipline or expelled from school under extraordinary circumstances as determined by the principal of the school.

A student who is determined to have documented infractions in the progression of those identified under statute relevant to Habitual Disciplinary Problem may enter into a voluntary behavior plan designed to prevent the student from being deemed Habitual Disciplinary Problem and may include, without limitation:

1) A plan for graduating if the student is credit deficient and not likely to graduate according to schedule;

2) Information on alternative schools;

3) A voluntary agreement by the parent/guardian to attend school with the student;

4) A voluntary agreement by the student and parent/guardian to attend counseling;

5) A voluntary agreement by the student and the parent/guardian for the student to attend summer school, intersession school, or Saturday School. If the student commits the same act or any other act that qualifies him/her as an HDP for which the notice was provided after

he/she enters into a plan of behavior, the student shall be deemed to have not successfully completed the plan of behavior and may be deemed a Habitual Disciplinary Problem.

# DISCIPLINARY PROBLEM PROCEDURES FOR CRITERIA # 2:

Following each suspension, DCS will provide written notice to the parent or legal guardian that contains:

1) Description of the act committed by the pupil.

2) Date the act was committed.

3) An explanation that if the student is suspended five times within one school year, the student will be deemed a Habitual Disciplinary Problem.

4) An explanation that pursuant to NRS 392.466, a student declared a Habitual Disciplinary Problem may be suspended from school for a period not to exceed one school semester as determined by the seriousness of the acts which were the basis for the discipline or expelled from school under extraordinary circumstances as determined by the principal of the school.

# BEHAVIOR PLAN PRIOR TO DECLARATION FOR CRITERIA #3:

Before a student is deemed a Habitual Disciplinary Problem, if within one school year, a student is suspended one time for threatening or extortion, or attempting to threaten or extort, another student or school employee; or if the student has been suspended four times, a plan of behavior will be developed with the parent and student. A student may enter into one behavior plan per school year. The plan, without limitation, may include a voluntary agreement for:

1) A plan for graduating if the student is credit deficient and not likely to graduate according to schedule;

2) Information on attending another school;

- 3) A voluntary agreement by the parent/guardian to attend school with the student;
- 4) A voluntary agreement by the student and parent/guardian to attend counseling;

5) A voluntary agreement by the student and the parent/guardian for the student to change to distance learning.

If the student violates the conditions of the plan or commits the same act for which notice was provided (i.e. commits a second extortion or attempted extortion; or receives a fifth suspension) after he/she enters into a plan of behavior, the student shall be deemed a Habitual Disciplinary Problem.

The parent/legal guardian of a student who has entered into a plan of behavior may appeal the contents of the behavior plan to the Board of Directors for DCS.

If a student has been recommended for expulsion by a referring principal, and the student has been suspended for less than 11 days, the student may appeal the principal's recommendation for expulsion to a committee consisting of the executive director and two DCS administrators (the "Committee"). The Committee shall consist of one elementary leader, one middle school leader, and one special education leader, with the administrators serving as one of the aforementioned leaders on the Committee. If the referring administrator is one of the members of the Committee, an alternate member of the Committee will be chosen from the then-serving DCS principal.

The Committee shall conduct a hearing on the matter and, following the hearing shall, by majority vote, determine whether the referring principal's recommendation for expulsion should be upheld, or, alternatively, whether the referring principal's recommendation for expulsion should be modified in any manner. In the event the Committee determines to uphold the referring principal's recommendation for expulsion, the student may appeal such decision to the DCS Board of Directors (the "Board"). If the Committee determines that the referring administrator's recommendation should be modified, the referring administrator may appeal such decision to the Board. If the referring administrator does not appeal a decision of the Committee to modify his or her recommendation for expulsion, the executive director, acting as superintendent under NRS 392.466, may modify the expulsion in accordance with the decision of the Committee.

DUE PROCESS NOTIFICATION—DCS will provide due process notification to each parent at least seven days before the school deems the student a Habitual Disciplinary Problem.

# STEPS TEACHERS MUST TAKE PRIOR TO AB 521 REFERRAL

AB 521 is an option teachers have for a student who has engaged in behavior that seriously interferes with the ability of the teacher to teach and the other students to learn. Before a student's behavior reaches this level of severity, the teacher must attempt to correct the student's behavior through progressive discipline. According to AB 521, progressive discipline must be followed in the classroom before requesting that a student be temporarily removed. Teachers will complete the following interventions before

submitting an AB 521 referral:

- 1. Conference with student.
- 2. Parent contact by phone.

3. If the student's family has no phone, a copy of the parent contact form must be mailed home.

4. Assign temporary relocation.

5. Referral to an administrator for disruptive behavior.

These steps must be documented, and documentation must be submitted with an AB 521 referral. Assembly Bill 521 (Temporary removal of student) DCS' Discipline Plan provides for the temporary removal of a student from a classroom if, in the judgment of the teacher, the student has engaged in behavior that seriously interferes with the ability of the teacher to teach the other students in the classroom and with the ability of other students to learn.

Progressive Discipline will be followed within the classroom as explained, and may include such things as: verbal warning, parent contact, temporary relocation, and administrator's referral. If a student is removed by the teacher, the administrator will explain to the student the reasons for the removal and the student will have an opportunity to respond. The administrator will contact the parent within 24 hours. A temporary, alternative placement will be given to the student unless the student is suspended or expelled for disciplinary action.

A conference with the student, parent, administrator, and teacher will be held within three days of the incident. Since it was the teacher that ordered the removal of the student, not the administrator, during the conference, the teacher must provide an explanation of the reasons for the removal and the parent must be given an opportunity to respond. Upon completion of the conference, the administrator will recommend whether the student returns to the classroom or remains in alternative placement for additional time. If the administrator recommends that a student be returned to the classroom from which he/she was removed and the teacher who removed the student does not agree with the recommendation, the administrator shall continue with the temporary alternative placement and will immediately convene a meeting of the AB 521 Committee. The parent will be informed of the meeting.

The committee will convene to review temporary alternative placement. If the committee membership includes the teacher who removed the student, that teacher shall not participate in the deliberation on that case. The AB 521 Committee will review the circumstances of the student's removal and behavior. Based upon its review, the committee shall assess the best placement available for the student and shall, without limitation

- 1) Direct that the student be returned to the classroom from which he was removed;
- 2) Assign students to another classroom;
- 3) Assign students to an alternative school of education (another DCS campus) if available or appropriate;
- 4) Recommend suspension or expulsion in accordance with NRS 392.467; or
- 5) Take any other appropriate disciplinary action against the student that the committee deems necessary.

Members of this committee were selected based on their diverse, educational backgrounds and willingness to volunteer their time.

Tricia Wilbourne, Principal

Denise Koch, Bilingual Assistant Principal

Jenny Naas, Special Education Coordinator

# SPECIAL EDUCATION STUDENTS -- Assembly Bill 14

If a student has a disability and is participating in special education, the student may be suspended or expelled from school in the same manner as a student without a disability if the behavior is NOT a manifestation of his/her disability.

Part B of the Individual With Disabilities Education Act (IDEA) and established disciplinary procedures will be met when declaring a special education student a Habitual Disciplinary Problem.

The Individuals with Disabilities Education Act, the Americans with Disabilities Act of 1990, Title V of the Rehabilitation Act of 1973, any other federal law applicable to children with disabilities, and the procedures adopted by the DCS Board of Directors will be reviewed for students with disabilities and/or participating in special education pursuant to NRS 388.440 to 388.520 to be removed under AB 521.

Minor Classroom Disruption Infractions Sample minor infractions may include but are not limited to: Annoying fellow students Being rude Cell phone (Inappropriate use/not following school expectations) Chewing gum Disrespectful behavior Dress code Eating or drinking in class Forgery Horse playing Inappropriate Language Insubordination Making derogatory comments Not following teacher directions Not paying attention Not prepared for class Off task Opt Out of Assessments Out of seat Possession of a nuisance item Public display of affection Refusing to participate in State assessment Running/playing around Talking back Talking loudly Talking out of turn Major Classroom Disruption Infractions Sample major infractions may include but are not limited to:

Alcohol use or possession

Arson

Assault or battery

Computer misconduct

Controlled substance

Defiance of school personnel

Disorderly conduct

Electronic threats to others

Explosive devices

Fighting

Forgery

Gambling

Gang activity

Gross Insubordination

Harassment

Incitement

Profanity

Public Display of Affection

Robbery or extortion

Sexual Acts

Threats to Founders personnel or student(s)

Theft

Tobacco

Vandalism/Destruction of property

Verbal abuse

Weapons

9. Describe the charter school's plan to ensure enrollment diversity and equity, commensurate with the neighborhood and zip codes it serves. Include plans to close any proficiency gaps among diverse student groups (ex. race/ethnicity, FRL, EL, IEP) as well as family and community engagement strategies.

Despite the Hillpointe Campus being ahead of the diversity curve, DCS always strives to recruit more students within the targeted demographics. DCS shares the SPCSA's goal of increasing our minority, FRL, ELL, and SPED populations.

To that end, in the context of the SPCSA approving both DCS Projects (and as a condition to approval), DCS is offering to implement a weighted enrollment lottery—thereby ensuring the 99 new seats at Hillpointe are filled by pupils from key demographics. The weighted enrollment lottery will be recommended for board approved if this amendment is approved. We have taken notice of other charters (e.g., Coral Academy of Science Las Vegas and Founders Academy) adopting such policies, and would be happy to work with Staff in adopting our own.

Given the small size of the Hillpointe Campus, an additional 99 students in the targeted demographics would have a huge effect on our percentages. In fact, because the Hillpointe Campus has not run at its full 380-student capacity given the lack of an MPR/gym, if we posited the addition of the 99 students and the Campus running at full capacity, that's approximately another 111 students.

- 10. The values, approach, and leadership accomplishments of your school or network leader and leadership team NO CHANGE
- 11. Key supporters, partners, or resources that will contribute to your expanded school's success.

Windsong Grant, Opportunity 180, Builders United, Boy Scouts of America, Girl Scouts, NSLP, Serving our Kids Foundation, My Better Lunch, Pinspiration,

# NOTES

- 1. For all remaining General Requirements Sections: Complete and submit all RFAs by answering remaining General Requirements Section questions.
- 2. Indicate "No change" for any below requested response that has not changed from your charter school contract.
- 3. Indicate "N/A" for any below requested response in this General Requirements Section that is not applicable to your request. Applicants do not need to respond "N/A" to any Specific Requirements RFA section for which they are not applying.
- 4. If your school is seeking an amendment outside of the Fall or Spring Amendment Cycle, please include at the front of the application:
  - a. Letter from the Board chair requesting Good Cause Exemption;
  - b. Agenda for the Board Meeting where Board voted to request the Good Cause Exemption; and
  - c. The draft or approved minutes for the Board Meeting where the Board voted to request the Good Cause Exemption.
- 5. To expand any closed section(s) below, put your cursor on the left side of a heading below and click thut triangle ( ) left of that heading.

# **B) MEETING THE NEED**

# TARGETED PLAN

(1) Identify the community you wish to serve as a result of the expansion or RFA and describe your interest in serving this specific community.

The communities we wish to serve are those from the valley seeking a better school choice. We wish to be inclusive and expand our reach to include minority groups, FRL families, special education students, and at risk students. We are interested in these communities because we currently serve many of these identifiable needs and understand how to meet their academic needs.

(2) Explain how your expansion model or RFA, and the commitment to serve this population, including the grade levels you have chosen, would meet the district and community needs and align with the mission of the SPCSA.

The communities listed above align with the vision of the SPCSA "To provide equitable access to diverse, innovative, and high-quality public schools for every Nevada Student." We meet many of these needs by owning a bus to transport students to a 5-star middle school. Our current Sandhill campus is K-5 and rather than lose these students, we choose to provide transportation and transport them to a diverse, innovative, and high quality public school.

The mission of the SPCSA is to sponsor, support, and oversee dynamic and responsive public charter schools that prepare all students for academic, social, and economic success. Discovery Charter School prepares all students for academic, social, and economic success by providing research based curriculum to all grades in reading and math. We prepare our students socially by offering social emotional counseling, team sports, wellness lessons, city wide field trips and a variety of after school opportunities.

# GROWTH RATE AND RATIONALE NO CHANGE FOR ADDITIONAL SCHOOLS

- (1) Describe the school's six-year growth plan for developing new schools in Nevada and other states. Please describe the proposed scope of growth over the next 6 years, including both the schools that the campuses the school has already been approved to open, those it is currently applying to open and any additional campuses that it anticipates applying to open in the next six years (number of campuses, locations, proposed six-year enrollment projections, and grade configuration/type of schools).
  - a. Provide a rationale for the proposed six-year growth plan; for example, how the school determined the appropriate pace and scope of the proposed growth and why the school is well-positioned to implement the growth plan. If locating in a new community within your present county of location or a new county within Nevada, please explain the rationale for the geographic expansion. If planning to operate new campuses in other states, please explain the rationale for that expansion.
- (2) Specifically identify the key risks associated with this growth plan and describe the steps the school is taking to mitigate these risks. Respondents should demonstrate a sophisticated and nuanced understanding of the challenges of replication in general and as they relate specifically to their school growth plans based on current and historic experience of charter school management organizations and similar types of multi-site social enterprises and non-profit and for-profit organizations. The response should detail specific risks and explain how the school will minimize the impact of each of these risks, and ideally provide contingency plans for them.

Examples may include:

- a. Inability to secure facilities/facilities financing;
- b. Difficulty raising philanthropic funding;
- c. Insufficient talent pipeline/difficulty recruiting faculty;
- d. Insufficient leadership pipeline/difficulty recruiting school leaders;
- e. Misalignment between the founding school and leader and new campuses and leaders, and;
- f. Ambiguous student performance outcomes and the need to curtail expansion if performance drops.
- (3) Discuss lessons learned during the school's past replication efforts and those of any replicated school or organization from another jurisdiction. For example: specifically identify each challenge encountered and how the school addressed them, as well as how the school would minimize such challenges for the proposed campuses.

# PARENT AND COMMUNITY INVOLVEMENT

(1) Describe the role to date of any parents, neighborhood, and/or community members involved in the proposed expansion of the school.

Stakeholders have been involved for over a year by attending board meetings, town hall meetings, email correspondence, and tours. There has been no opposition to the expansion of the Hillpointe campus. The idea of not constructing the building creates confusion, frustration, and work standard tension. Stakeholders agree

Discovery is doing an exceptional learning environment and this expansion seeks to expand the reach to special needs populations in Las Vegas.

(2) Describe how you will engage parents, neighborhood, and community members from the time that the application is approved through the opening of the new campus(es) or grade levels. What specific strategies will be implemented to establish buy-in and to learn parent priorities and concerns during the transition process and post opening?

The increase in enrollment will easily be met through a weighted lottery.

(3) Describe how you will engage parents in the life of the expanded school (in addition to any proposed governance roles). Explain the plan for building family-school partnerships that strengthen support for learning and encourage parental involvement. Describe any commitments or volunteer activities the school will seek from, offer to, or require of parents.

The expansion will lend itself to community events after school, volunteer opportunities for students, staff, and community. The space can serve as a resource and gathering area to not only the school community but neighboring community after school and on weekends.

(4) Discuss the community resources that will be available to students and parents at the expanded school. Describe any new strategic partnerships the expanded school will have with community organizations, businesses, or other educational institutions that are part of the school's core mission, vision, and program other than dual-credit partners discussed in subsequent sections. Specify the nature, purposes, terms, and scope of services of any such partnerships, including any fee-based or in-kind commitments from community organizations or individuals that will enrich student-learning opportunities. Include, as an Attachment \_\_\_, existing evidence of support from new community partners such as letters of intent/commitment, memoranda of understanding, and/or contracts.

Girl Scouts, Boy Scouts, NSLP, NCSAA teams, guest speakers, Heavenly Smiles, Project Smash, Alchemy Breaking Academy, Buddy the Ball Tennis, Opportunity 180,

(5) Describe the school's ties to and/or knowledge of the target community. How has the school learned from and engaged with this community to date? What initiatives and/or strategies will you implement to learn from and engage the neighborhood, community, and broader city/county?

Discovery Charter School Hillpointe has been in the same location for 10 years and is in good standing. We frequently invite guests to campus. We offer our Summer Enrichment Camp to the community and we consistently invite community members and local politicians to visit and engage. Our campus is model unit for kohost technology and over a dozen school leaders have toured our recently renovated middle school building. The current principal, Tricia Wilbourne, is a member of Leadership Las Vegas and a CSAN board member. She extends her reach to the community while inviting others to serve the school.

(6) Identify any organizations, agencies, or consultants that are partners in planning and expanding the school, along with a brief description of their current and planned role and any resources they have contributed or plan to contribute to the school's development. If the school is new to this county, describe how your previous work has prepared you to establish relationships and supports in this new community.

Builders United, preconstruction plan IZDesign studio, preconstruction design City of Las Vegas, approved traffic plan and design South Summerlin HOA,approved design kohost, technology partner

# **C) ACADEMIC PLAN**

# **MISSION & VISION**

The mission of your school should describe the purpose of your school, including the students and community to be served and the values to which you will adhere while achieving that purpose. The vision of your school should describe what success looks like for students, for the school as a whole, and for any other entities that are critical to your mission. The mission and vision statement should align with the purposes of the Nevada charter school law and the mission of the State Public Charter School Authority and serves as the foundation for the entire proposal.

Explain whether the proposed mission and vision for the school/network is different from the existing school's mission and vision and how they differ. Describe the reasoning behind any modifications.

Explain whether the mission and vision outlined will replace the current mission and vision of the charter holder, or if the school proposes to complement a broader organizational mission and vision with campus or grade-level specific variants. How will the entity as a whole ensure consistency and coherence of its mission and vision?

# **CURRICULUM & INSTRUCTIONAL DESIGN**

The framework proposed for instructional design must both reflect the needs of the anticipated population and ensure all students will meet or exceed the expectations of the Nevada Academic Content Standards.

- (1) Historical Performance
  - (a) **Performance Data:** schools are only eligible to complete the amendment request and business plan if the existing schools meet the Authority's eligibility criteria; these criteria reflect a proven academic track record of success with Nevada students and our operating expectations or similar performance in another state.
    - (i) A school is welcome to provide any additional historical academic performance metrics that fall outside of the operator's contractual performance plan (e.g. average student growth on an adaptive test such as ACT Aspire, NWEA MAP, SCANTRON, Renaissance Learning's STAR, etc.). If provided, describe student performance on these metrics.
    - (ii) Please only provide data in vendor-produced score reports and note that the Authority may require additional time and resources to review and vet such data.
  - (b) **Interventions**: Please explain any past performance that has not met the organization's expectations. How was the underperformance diagnosed, how were appropriate intervention(s) determined, and how are they being implemented? What are the key areas in which existing schools/campuses need to improve, and what are the priorities to drive further success?
- (2) Academic Vision and Theory of Change
  - (a) Model Non-Negotiables: What are the key non-negotiables (i.e. the key school design components, policies, practices, etc. that underlie school culture and academic outcomes) of your school model? Please include details about the critical elements that are constant across the organization's schools and those that may vary. Discuss any campus-level autonomies in implementing the educational plan.
- (3) Performance Management
  - a) **Measuring Progress:** Describe the school's approach to performance management across the network and with individual campuses, including the systems used to measure and evaluate both academic and non-academic performance of each site and of the network as a whole.
    - a. What performance management systems, processes, and benchmarks will the school use to formally assess this progress?

- b. Explain how the school addresses underperformance and describe the corrective action plan procedures.
- b) **Closure:** Describe the conditions that would cause the school to petition the Authority close a consistently low performing campus. Be specific about threshold metrics the school would use to inform its decision.
- c) **College Readiness (HS Only):** Describe the mechanisms that the school employs to accurately, reliably, and consistently track college acceptance, enrollment, and persistence rates. If historical data is available on college acceptance, enrollment, and/or persistence rates, please include it. Cite the percent of total alumni for which the school has data on each metric. If data is not available, please include plans to create mechanisms to accurately, reliably, and consistently track student acceptance, enrollment, and persistence rates.
- d) **Readiness to Replicate:** What academic, financial, and operational metrics does the school and its Board use to determine readiness for replication?
- e) Compliance: Describe the proposed academic program and how it complies with the requirements of NRS 388A.366(1)(f) and NRS 389.018. Please complete the scope and sequence/standards alignment template (Excel document at <a href="http://CharterSchools.nv.gov/uploadedFiles/CharterSchoolsnvgov/content/Grocers/Alignment">http://CharterSchools.nv.gov/uploadedFiles/CharterSchoolsnvgov/content/Grocers/Alignment</a> Template.xlsx) for each class scheduled to be provided by the school for each grade level to be served following this proposed expansion. For example, a school that currently serves students in K, 1, and 2 which seeks to add grades 3 and 4 would provide the scope and sequence/standards alignment for each class/subject area in the grades currently served along with the scope and sequence/alignment for each of the proposed new grades.
- f) Instructional Strategies: Describe the instructional strategies that you will implement to support the education plan and why they are well suited for the anticipated student population—including a detailed discussion of these strategies for both the expanded grades and for all existing grades. For each grade level to be served by the charter school following the expansion, identify and describe in detail the data, methods, and systems teachers will use to provide differentiated instruction to students. Please note that SPCSA schools typically start with students performing across a broad spectrum from years below grade level to advanced learners. Include the professional development teachers will receive to ensure high levels of implementation.
- g) **Remediating Academic Underperformance:** Describe the school's approach to help remediate students' academic underperformance both for both the expanded grades and for all existing grades. Detail the identification strategy, interventions, and remediation to be implemented. Cite the research/rationale for the chosen methods. How will you measure the success of your academic remediation efforts (in year 1 of the expansion, year 3, year 5, and beyond? How will you communicate the need for remediation to parents? How will staffing be structured to ensure that gifted students are adequately supported?
- h) **Identifying Needs:** Describe how you will identify the needs of all students in both the expanded grades and for all existing grades. Identify the research-based programs, strategies and supports you will utilize to provide a broad continuum of services, ensure students' access to the general education curriculum in the least restrictive environment, and fulfill NV's required Response to Intervention model.
- i) **Intellectually Gifted Students:** Explain how the school will identify and differentiate to meet the needs of intellectually gifted students in both the expanded grades and for all existing grades in a way that extends their learning and offers them unique, tailored opportunities. Please note that Nevada law classifies intellectually gifted students as eligible for specific support services. How will staffing be structured to ensure that gifted students are adequately supported?

- j) Enrichment Opportunities: Describe the enrichment opportunities that will be available to students performing at or above grade level in both the expanded grades and for all existing grades as part of the school's comprehensive strategy to ensure that all pupils are making accelerated academic progress.
- k) **Matriculation:** Explain how students will matriculate through the school (i.e., promotion/retention policies) and how stakeholders will be informed of these standards.

## SCHOOL STRUCTURE: CALENDAR AND SCHEDULE

- a) Discuss the annual academic schedule for the school, including the calendar for the proposed new grades. Explain how the calendar reflects the needs of the student population and the educational model.
- b) Describe the structure of the school day and week for both the proposed new grades and for existing grades. Include the number of instructional minutes/hours in a day for core subjects such as language arts, mathematics, science, and social studies. Note the length of the school day, including start and dismissal times. Explain why the school's daily and weekly schedule will be optimal for the school model and for student learning. Provide the minimum number of hours/minutes per day and week that the school will devote to academic instruction in each grade.
- c) Describe your goal for student attendance and explain how you will ensure high rates of student attendance. Who will be responsible for collecting and monitoring attendance data? What supports will be in place to reduce truancy and chronic absenteeism?

# **DISTANCE EDUCATION**

(Distance Education Expansion Amendments)

A charter school that wishes to provide distance education (online, virtual, cyber, etc.) courses and/or programs (NRS 388.820-388.874 and NAC 388.800-388.860) must submit a distance education application to the Nevada Department of Education prior to or in conjunction with its amendment request to the SPCSA.

For applicants who do not propose to offer a program of distance education or who already have approval to operate such a program, please provide a brief statement explaining that the questions in this section are not applicable.

- (1) Describe the system of course credits that the school will use.
- (2) Describe how the school will monitor and verify the participation in and completion of courses by pupils.
- (3) Describe how the school will ensure students participate in assessments and submit coursework.
- (4) Describe how the school will conduct parent-teacher conferences.
- (5) Describe how the school will administer all tests, examinations or assessments required by state or federal law or integral to the performance goals of the charter school in a proctored setting.

### **PRE-KINDERGARTEN PROGRAMS**

**TOC** 

(All Operators Currently Operating or Proposing to Operate Pre-K)

A charter school that wishes to provide pre-kindergarten services to students who will later enroll in its K-12 programs must apply separately to the Nevada Department of Education to offer education below the kindergarten level following charter approval. Approval to offer pre-kindergarten cannot be guaranteed. Consequently, revenues and expenditures related to pre-kindergarten should not be included in the initial charter application budget. Please note that state-funded pre-kindergarten programs are not directed through the state Distributive Schools Account for K-12 education. In addition to a limited amount of state pre-kindergarten funding available through the Department of Education, the SPCSA is also a sub-recipient of a federal grant to expand early childhood services in certain high-need communities through programs approved by NDE. Applicants are encouraged to review resources available at

http://www.doe.nv.gov/Early\_Learning\_Development/. For applicants who do not propose to offer pre-kindergarten, please provide a brief statement explaining that the questions in this section are not applicable.

- (1) Identify whether the school plans to offer pre-kindergarten in the first year of operation at the new campus or in any subsequent year of the charter term.
- (2) Identify whether the school will offer fee-based pre-kindergarten services. If the school does plan to offer fee-based pre-kindergarten, explain how the school will ensure that parents will be informed both initially and on an ongoing basis that both state and federal law preclude a K-12 charter school from giving admissions preference to students to whom it has previously charged tuition.
- (3) Describe the school's plans for ensuring that the pre-kindergarten program aligns with the mission, vision, and program of the school's other grades and meets all other state requirements.
- (4) Explain how the school's proposed pre-kindergarten program may meet the federal pre-kindergarten expansion grant criteria.

# HIGH SCHOOL GRADUATION REQUIREMENTS AND POSTSECONDARY READINESS

#### (New High School Amendments Only)

High schools approved by the SPCSA will be expected to meet or exceed Nevada graduation requirements. For operators who do not propose to operate a high school program during the initial charter term or who already have approval to operate a high school, please provide a brief statement explaining that the questions in this section are not applicable.

- (1) Explain how the school will meet state requirements. Describe how students will earn credit hours, how grade-point averages will be calculated, what information will be on transcripts, and what elective courses will be offered. If graduation requirements for the school will exceed those required by the State of Nevada, explain the additional requirements.
- (2) Explain how the graduation requirements will ensure student readiness for college or other postsecondary opportunities (e.g., trade school, military service, or entering the workforce).
- (3) Explain what systems and structures the school will implement for students at risk for dropping out and/or not meeting the proposed graduation requirements, including plans to address students who are overage for grade, those needing to access credit recovery options, and those performing significantly below grade level.

### **SPECIAL POPULATIONS**

Pursuant to State and federal law, SPCSA schools are required to serve the needs of all students in special populations. Beginning in the 2017-18 school year, the State of Nevada will switch to a weighted formula for special education. For the first time, this will provide for equitable special education funding across all Nevada public schools. Over time, this will necessitate current SPCSA-sponsored charter schools moving from a defined continuum of service to a broader continuum of services. All operators submitting

amendment requests to the SPCSA after the conclusion of the 2015 Legislative Session should plan on offering students a broad continuum of services.

The SPCSA operates under the following principles with regards to special populations of students:

SPCSA schools serve all eligible students. SPCSA schools do not deny the enrollment of any student based on needs or disability.

- 1. SPCSA schools are to ensure streamlined access for all students requiring special programs.
- 2. SPCSA schools develop programs to support the needs of their students.
- 3. SPCSA schools do not counsel or kick any students out.
- 4. SPCSA schools utilize best practices to expose students to the most inclusive environments appropriate.
- 5. If needed, an SPCSA school is responsible for developing more restrictive placements to meet the needs of the highest needs students, including but not limited to clustered placements in consortium with other charter schools.
- 6. SPCSA schools are responsible for providing high functioning, trained special education teams, which focus on student advocacy and high expectations. IEP teams (including school's leadership) make placement decisions at IEP meetings. Decisions are made based on evidence/data to support what is best for the student.

# **Special Education**

- (1) Track Record: Please explain the extent to which the board and leadership team (instructional leader, etc.) has experience working to achieve high academic outcomes of students with disabilities, including students with mild, moderate, and severe disabilities.
- (2) Identification: Describe in detail the school's Child Find process. How will the school identify students in need of additional supports or services?
  - a) (*Elementary Schools Only*) How will the school accurately identify students prior to and following enrollment (e.g., those who require pre-school special education and related services) and in the early grades (PreK, K, 1, or 2) for appropriate services?
  - b) (*Middle and High Schools*) How will the school identify and serve students who require special education services and develop transition plans?
- (3) (*All Schools*) How will the school handle over-identification of students as having a disability that qualifies them for special education services? What will be the process to transition a student out of special education who has been incorrectly identified as having a disability in the past?
  - a) Continuum of Services: How will the school provide a broad continuum of instructional options and behavioral supports and interventions for students with a range of disabilities? Specifically describe how students with severe intellectual, learning, and/or emotional disabilities will be served. Provide a chart which graphically illustrates the continuum of services which identifies, by disability and level of severity, the means by which students with disabilities will be able to receive an appropriate public education in the least restrictive environment (note—this graphic may be created using a commercial program like Microsoft Visio or a free or low-cost internet-based solution such as Lucidchart). Identify the resources, personnel (including administrative responsibilities), and direct and related services the school is likely to provide both within general education classrooms and in other settings (e.g., collaborative team teaching (CTT), Special Education Teacher Support Services (SETSS), speech therapy, physical therapy, occupational therapy, counseling, etc.) as well as the services or settings that will be provided through a consortium or other collaborative initiative with other charter schools or through a third party contract.
- (4) Enrollment: Describe the school's strategy and plan to recruit, enroll, and retain students with disabilities. How will the school proactively address parent and community perceptions around the availability and appropriateness of the charter school to the needs of students with disabilities?

(5) General Education Collaboration/Access: How will special education and related service personnel collaborate with general education teachers (e.g., team teaching, team planning, etc.) to ensure that all students are able to access a rigorous general academic curriculum?

# Staffing

How will you ensure qualified staffing to meet the needs of students with disabilities across a broad continuum? Note: Federal and Nevada law requires licensure for the special education teachers, related service personnel, and psychologists at all charter schools, including those which are permitted to waive other licensure requirements due to their academic track record.

- (1) Staff Development: How does the school plan to train general education teachers to modify the curriculum and instruction to address the unique needs of students with disabilities across a broad continuum?
- (2) Discipline: Explain how the school will protect the rights of students with disabilities in disciplinary actions and proceedings and exhaust all options in order to promote the continuation of educational services in the home school.
- (3) Monitoring: What are your plans for monitoring and evaluating both the progress and success of students who qualify for special education and related services across a broad continuum, and the extent to which your special education program complies with relevant federal and state laws? How will curriculum and instructional decisions be tracked and monitored by IEP teams and school personnel?
- (4) Parental Involvement: What appropriate programs, activities, and procedures will be implemented for the participation of parents of students with a broad range of disabilities?
- (5) For Distance Education Schools: Describe how the school will provide appropriate services in the distance education learning environment to students with disabilities across a broad continuum. *If you are not proposing to operate a distance education or virtual school, please explain that this is not applicable.*

# D) FINANCIAL PLAN

# This section must be completed for all applications. SEE ATTACHED PUBLIC FINANCE AUTHORITY MANUAL.

- (1) Describe the systems and processes by which the school will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted for the school and describe the criteria and procedures for the selection of contractors and the mechanism by which the board will monitor and hold the contractor responsible for providing such services. NO CHANGE
- (2) Depending on the type of RFA requested, staff may require applicant to submit additional documentation regarding the potential fiscal impact of proposed changes. Fiscal impact documentation is required for all facility acquisition/construction RFAs.
- (3) Attachment \_\_\_\_\_. Present a budget narrative including a detailed description of assumptions and revenue estimates, including but not limited to the basis for revenue projections, staffing levels, and costs. The narrative should specifically address the degree to which the school budget will rely on variable income (e.g., grants, donations, fundraising, etc.). There is no page limit for the budget narrative. Include the following: A detailed discussion of Per-Pupil Revenue: Use the figures provided in developing your budget assumptions.
  - (a) Anticipated Funding Sources: Indicate the amount and sources of funds, property or other resources expected to be available through banks, lending institutions, corporations, foundations, grants, etc. Note which are secured and which are anticipated and include evidence of commitment for any funds on which the school's core operation depends in a clearly identified component of

Attachment \_\_\_\_\_. Please ensure that your narrative specifically references what page this evidence can be found on in the attachment.

- (b) Anticipated Expenditures: Detail the personnel and operating costs assumptions that support the financial plan, including references to quotes received and the source of any data provided by existing charter school operators in Nevada or other states.
- (c) Discuss in detail the school's contingency plan to meet financial needs if anticipated revenues are not received or are lower than estimated, including both the scenarios identified in subsections e and f.
- (d) Year 1 cash flow contingency in the event that state and local revenue projections are not met in advance of opening.
- (e) Year 1 cash flow contingency in the event that outside philanthropic revenue projections are not met in advance of opening.
- (4) Submit a completed financial plan for the proposed school as an **Attachment NA** (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).
- (5) Submit, as an **Attachment NA**, a detailed budget for the operator at the network level (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).
- (6) Provide, as an Attachment NA, historical financial documents for any affiliated CMO from another state or any EMO providing services to the school, including audited financials for each school operated by the affiliate as well as any other campus by campus financial evaluations conducted by charter school authorizers. At least three years of school financial audits are required for any school operating for three years or longer. Such financials must be provided as converted PDF documents to ensure accessibility.
- (7) Complete the audit data worksheet in **Attachment NA**. In the info tab, please identify any schools or campuses listed under the student achievement tab for which, pursuant that relevant state's charter law, financial data is consolidated for reporting and auditing purposes in the independent audits provided in **Attachment NA**.
- (8) Provide a six-year development plan that addresses the annual and cumulative fundraising need at the network and school levels including a description of the staff devoted to development. The plan should include a history of the school's fundraising outcomes and identify funds that have already been committed toward fundraising goals. The plan should also identify the role of the members of the board, particularly as relates to give/get requirements, and should demonstrate alignment with the expectations for board members discussed elsewhere in the amendment request. If funds are raised at a partner organization level, describe the methodology to be used in allocating funds to the school and the proposed campuses. If the school has not raised any funds to support its programming to date and the budget does not include any fundraising activity, please explain that this question is not applicable to your school.
- (9) Describe the campus, school, and any management organization distinct responsibilities in the financial management and oversight of the proposed campuses, including, but not limited to, their respective roles in overseeing or implementing internal controls and in making financial management decisions including budget development. Detail the process and frequency by which key financial information is communicated to and reviewed by the various organizations and different levels of leadership and governance.

# • Indicate "No Change" to the sections or subsections below, where applicable. Otherwise, all applications require completion of this section.

- 1. Historical performance
  - (a) Performance Data: schools are only eligible to complete the amendment request and business plan if the existing schools meet the Authority's eligibility criteria; these criteria reflect a proven academic track record of success with Nevada students and our operating expectations or similar performance in another state.

Please provide a narrative demonstrating that the school meets the organizational criteria for approval.

(b) Interventions: Please explain any past organizational/compliance performance that has not met expectations.

How did the governing body diagnose the under-performance, how were appropriate intervention(s) determined by the governing body, how are they being implemented by staff, and how is the governing body monitoring implementation of the interventions on a monthly basis?

Discovery Charter School is under an Academic Notice of Concern for the Sandhill campus only. This was the case pre-covid and during receivership. Historically, star ratings for Sandhill are a result of on average 31 students that are extremely transient and struggled immensely through covid. The future of Discovery should not be determined based on 31 students.

The Sandhill Campus' academic performance still needs substantial improvement, but we are far outpacing our local CCSD peers. The Nevada Department of Education has not updated its star ratings since releasing 2018-19 rankings in September of 2019. Those star ratings are now three years old, and the data they are based on is up to four years old.

The Sandhill Campus is performing well above its peers. The CCSD's average index score in that geographical area is 27.3, and astonishingly, four of the nine nearby CCSD schools had index scores under 15. Sandhill's index score is 37.1, which is 9.8 points—or 36%—better than those nine schools' average total. While we are disappointed the Sandhill Campus hasn't yet returned to its healthy 2017-18 star ratings (i.e., 3- and 4-stars), nor reached our internal expectations (of a 4- or 5-star rating), that Campus is still significantly outperforming its local CCSD peers.

The Sandhill Campus' small population means just a few students' test scores can mean the difference between a one- and three-star swing from year to year. The significant drop from 2017-18 to 2018-19 (from 3- and 4-star ratings to 2- and 2-stars) was not due to any major changes in personnel, curriculum, or other controllable factors. Unfortunately, the natural variation in performance among classes of as few as 30 to 35 children dramatically impacts the Sandhill Campus' results. (And by some measures the sample size is even fewer; Sandhill only had 16 students (of 18 eligible) take the grade 5/8 CRT science test in 2021-22.)

If the SPCSA were to take the opposite position—i.e., the NOC is disqualifying—then that would disincentivize DCS from keeping Sandhill open. In policy terms, any hard bar resulting from that three-year-old NOC would be a strong push to DCS to do what it otherwise has no desire to do, which is to close that Campus. DCS is strongly committed to its east-side population and should not be penalized for that commitment.

(c) What are the key areas in which the existing school or schools/campuses need to improve, as determined by the governing body, and what are the priorities to drive further success?Stated above, the academic growth of Sandhill is paramount. Ensuring attendance improves by offering incentives and consistent communication with families is a priority. Engaging all families in student data conferences in person first, phone call second, written communication third. Continuing the literacy specialist position with a qualified instructor. Offering tutoring to at risk students in math and reading. Improving state proficiency scores to 40% in math, reading, and science.

- 2. Organization governance structure & board development: NO CHANGE
  - (a) Describe how the organization's governance structure will adapt to oversee and support the 6-year growth plan and addition of new school(s). Include any impact on: (1) the composition of the Board, the Board's roles and responsibilities, and the Board's development priorities and (2) the Board's relationship to individual campuses
  - (b) Describe the diverse skillsets that currently exist on the Board and note any additional type of expertise that the Board may seek to help support the growth plan.
  - (c) Identify any Board development requirements relative to the organization's governance needs at each stage of growth.
  - (d) Describe how the Board identifies and addresses conflicts of interest. Attach a code of ethics that includes a formal conflict of interest policy and specifies the procedures for implementing the policy.
- 3. Organization charts and decision-making authority: NO CHANGE
  - (a) Provide the following organizational charts:
    - (i) Current
    - (ii) Vision for school in three years (clearly identify both campuses requested in this amendment request as well as any additional campuses that the operator anticipates applying to open within three years)
    - (iii)Vision for school in six years (clearly identify both campuses requested in this amendment request as well as any additional campuses that the operator anticipates applying to open within six years)

The organization charts should represent all national and state operations and clearly delineate the roles and responsibilities of – and lines of authority and reporting among – the governing board, staff, any related bodies (e.g., advisory bodies or parent/teacher councils), and any external organizations that will play a role in managing the schools. If the school intends to contract with an education management organization or other management provider, clearly show the provider's role in the organizational structure of the school, explaining how the relationship between the governing board and school administration will be managed. Please *include* all shared/central office positions and positions provided by *the Management Organization (CMO or EMO) in the organizational chart, if applicable.* 

- 4. Describe the proposed organizational model; include the following information: NO CHANGE
  - a) Job descriptions for each leadership or shared/central office role identified in the organizational chart (provide as an **Attachment NA**)
  - b) Resumes of all current leadership (provide as an Attachment NA).
  - c) Previous student achievement data for the proposed instructional leaders at each proposed campus (if available) (provide as part of **Attachment NA**)
- 5. Describe the leadership team's individual and collective qualifications for implementing the multi-site school design and business and operating plan successfully, including capacity in areas such as: NO CHANGE
  - (a) School leadership;
  - (b) School business operations and finance;
  - (c) Governance management and support to the Board;
  - (d) Curriculum, instruction, and assessment;
  - (e) At-risk students and students with special needs;
  - (f) Performance management; and
  - (g) Parent and community engagement.
- 6. Explain who is responsible for school leader coaching and training and what those processes will look like in action. Please include any existing competencies used for school leader selection and evaluation, if available (provide as an **Attachment NA**). NO CHANGE

- 7. Explain your school leader's role in the successful recruitment, hiring, development and retention of a highly effective staff. NO CHANGE
- 8. Explain your campus instructional leader's role in providing instructional guidance and school culture guidance. How will the leadership team work in support of the campus instructional leader's guidance? NO CHANGE
- 9. What systems are in place in your leadership team structure to ensure redundancies in knowledge and skill? NO CHANGE

# LEADERSHIP FOR EXPANSION NO CHANGE

- a) Describe the operator's current or planned process for recruiting and training potential network leaders. Explain how you have developed or plan to establish a pipeline of potential leaders for the network as a whole. If known, identify candidates already in the pipeline for future positions.
- b) Identify the proposed regional director candidate, if applicable, and explain why this individual is qualified to lead the expansion of the organization (provide a resume as an Attachment NA). Summarize the proposed leader's academic and organizational leadership record. Provide specific evidence that demonstrates capacity to design, launch, and manage a high-performing charter school network.
- c) If a regional director candidate has not yet been identified, provide the job description (as an **Attachment NA**) or qualifications and discuss the timeline, criteria, and recruiting and selection process for hiring the regional director. Note: It is strongly encouraged that schools proposing to open new campuses in the 2022-23 school year, identify the regional leader *(Regional Director, Executive Director, etc.)* in the proposal. The SPCSA reserves the right to require schools which do not have network leadership and support position candidates identified to defer opening new campuses until the 2023-2024 school year and to add additional criteria to the pre-opening requirements for such campuses.

# STAFFING

a) **Complete and submit a working copy of the RFA Staffing & Enrollment Worksheets Excel file.** indicating projected staffing needs for the proposed campuses over the next six years. Schools should also complete the second table outlining projected staffing needs for the entire network over the next six years. Include full-time staff and contract support that serve the network 50% or more. Change or add functions and titles and add or delete rows as needed to reflect organizational plans.

Year	2022-23	20023-24	2024-25	2025-26	2026-27	2027-28
Management Organization Positions						
Complete this form using the Excel file						
[Specify]						
[Specify]						
[Specify]						
[Specify]						
[Specify]						
[Specify]						
[Specify]						

Sample Excerpt—Complete using Excel file

# HUMAN CAPITAL STRATEGY NO CHANGE

Describe your strategy, plans, and timeline for recruiting and hiring teachers for a multi-site charter school. Explain key selection criteria and any special considerations relevant to your school design. *Note: schools with strong track records of academic success, as determined by the Department of Education, are eligible to waive teacher licensure requirements for all teachers except for special education and ELL professionals as long as they meet all other federal and state requirements. Maintaining such a waiver is contingent on the school continuing to achieve at the 3 Star level or higher (or equivalent) on the statewide system of accountability. Please refer to Section 46 of SB509 (2015 session) for additional information.* 

a) **Recruitment:** Identify whether recruitment will be managed at the campus or network level. Identify key partnerships and/or sources the operator will rely upon of teachers and leaders. Identify the process the operator will rely upon to identify and develop high-quality leaders and high-quality teachers.

# b) Leadership Pipeline: Discuss the specific measures and timelines the organization will employ to identify and develop organizational and school leaders. For example, explain:

- 1) How the school plans to identify leadership internally and externally;
- 2) Who will be responsible for hiring leaders;
- 3) Formal and informal systems that will prepare leaders for their responsibilities;
- 4) The school's philosophy regarding internal promotions;
- 5) The timing for identifying leaders in relation to the launch of a new campus; and,
- 6) Internal or external leadership training programs.
- c) **Professional Development:** Identify the school's plan to meet professional development needs. Include whether professional development will be managed at the school or network level and how new campuses will be added to existing professional development. Also identify the method the school will use to determine the effectiveness of professional development.
- d) **Performance Evaluations and Retention:** Identify the school's approach to staff performance evaluations. Identify how frequently the organization plans to: evaluate teachers, campus administrators, and network leaders and staff, who will evaluate whom, and how the organization plans to retain high-performing teachers and administrators?
- e) **Compensation**: Explain the board's compensation strategy and salary ranges for network and school level staff. Discuss how the compensation structure enables the organization to attract and retain high quality staff and describe any incentive structures such as bonuses or merit pay. Compare the proposed salary ranges to those in other organizations, charter schools and local districts, as applicable.

# SCALE STRATEGY NO CHANGE

- a) Describe the steps that you will take to scale your model to new sites, including the people involved and the resources contributed both by the founding campus and the new campuses.
- b) If the school is affiliated with a CMO or EMO that operates schools in other states, compare your efforts to scale operations to Nevada to past scale efforts in other states.
- c) Describe your plan for embedding the fundamental features of the model that you described in the transformational change section in each new campus that you plan to open.
- d) Explain any shared or centralized support services the management organization will provide to campuses in Nevada.

- e) Describe the structure, specific services to be provided, the cost of those services, how costs will be allocated among campuses, and specific service goals of the network. Please also include how the school will measure successful delivery of these services. In the case of a charter management organization proposing to contract with an education management organization, service goals should be outlined in the term sheet and draft contract provided later in **Attachment NA**. Note that Nevada law allows charter schools to contract for the management or operation of the school with either a for-profit or non-profit education management organization.
- f) Using the table below, summarize the division school- and organization-level decision-making responsibilities as they relate to key functions, including curriculum, professional development, culture, staffing, etc. This division of responsibilities will be evaluated both in the context of Nevada law and regulation and best organizational and authorizing practices nationally.

Function	Mgt Org Decision- Making	Network Leader Decision-Making	Board Decision- Making	Campus Leader Decision-Making
Performance Goals				
Curriculum				
Professional Development				
Data Mgt & Interim Assessments				
Promotion Criteria				
Culture				
Budgeting, Finance, and Accounting				
Student Recruitment				
School Staff Recruitment & Hiring				
HR Services (payroll, benefits, etc.)				
Development/ Fundraising				
Community Relations				
IT				
Facilities Mgt				

Vendor		
Management /		
Procurement		
Student Support		
Services		
Other		
operational		
services, if		
applicable		

# STUDENT RECRUITMENT AND ENROLLMENT NO CHANGE

Like all public schools, public charter schools must be open to any such child, regardless of that child's race, gender, citizenship, or need for accommodations or special education services. Thus, recruitment and enrollment practices should demonstrate a commitment to providing all students equal opportunity to attend the school, and help schools avoid even the appearance of creating barriers to entry for eligible students.

- g. Explain the plan for student recruitment and marketing for the new campuses that will provide equal access to interested students and families, including how the school will comply with the requirements of SB208 (2015 session). Specifically, describe the plan for outreach to: families in poverty; academically low-achieving students; students with disabilities; and other youth at risk of academic failure. For schools which are giving one or more statutorily permissible admissions preferences pursuant to NRS 386.580 or SB390 (2015 session), please indicate if you plan to focus your student recruitment efforts in specific communities or selected attendance areas.
- *h.* Provide a detailed discussion of the school's track record in recruiting and retaining students that reflect the ethnic, socio-economic, linguistic, and special needs diversity of the current charter school and each campus to at least the level reflected by the attendance zones where the charter school will operate facilities before approving the proposal. Please provide the school's past enrollment and retention performance for all years since the inception of the school broken out by race, ethnicity, language other than English, disability and 504 status, and eligibility for free and reduced priced lunch both as a school and in comparison, to the school's current zoned schools.
- Detail how the school's programmatic, recruitment, and enrollment strategies are designed to recruit, i. enroll, and retain a student population that is representative of the zoned schools which prospective students would otherwise attend in the community. Schools which do not currently represent their communities based on the data identified above and are not serving an at-risk population are expected to add several of the following programmatic, recruitment, and enrollment strategies to merit approval: (1) participation in state-funded pre-K programs (including federal pre-K) for low-income students; (2) substituting online and social media marketing which advantages affluent and well-connected populations with a community-based, grassroots campaign which targets high need populations in the community, including aggressive door-to-door outreach and publishing marketing materials in each language which is spoken by more than 5 percent of families within each attendance zone; (3) an explicit commitment to serving a broad continuum of students with disabilities and the expansion of programs, including cluster programs or consortia, to meet the needs of a broad spectrum of student needs; (4) a weighted lottery<sup>2</sup> which provides additional opportunities for specific target populations to be admitted to the school in a manner consistent with state and federal law; and (5) other enrollment policies and strategies which have had a demonstrated track record of success in dramatically

<sup>&</sup>lt;sup>2</sup> See <u>http://www.publiccharters.org/wp-content/uploads/2015/09/CCSP-Weighted-Lottery-Policy-factsheet-updated-GS-8-27-2015-2.pdf</u> for one possible approach in this evolving area of charter school policy.

increasing the diversity of student populations in a high achieving charter school to at least the poverty, disability, and ELL profile of the zoned school.

- j. What is the enrollment calendar for both the first year of operation and subsequent years of operation? Please specify the dates on which the school will begin accepting applications and how long the enrollment window will last prior to conducting a lottery.
- *k.* What enrollment targets will you set and who will be responsible for monitoring progress towards these targets? What is your target re-enrollment rate for each year? How did you come to this determination? What are the minimum, planned, and maximum projected enrollment at each grade level? Outline specific targets in the table below.
- 1. What systems will you put in place to ensure that staff members are knowledgeable about all legal enrollment requirements pertaining to special populations and the servicing of particular populations of students and can answer parent inquiries in a manner consistent with the letter and spirit of state and federal law?
- m. Describe the student recruitment plan once your school has opened. In what ways will it be different than your pre-opening year, in terms of the strategies, activities, events, persons responsible and milestones? How will the school backfill vacancies in existing grades?
- n. Complete the following tables for the proposed school to open in 2021-22. Schools applying for multiple campuses must complete enrollment summary tables for each school campus opening in fall 2021 and fall 2022.

 Minimum Enrollment (Must Correspond to Break Even Budget Scenario Assumptions discussed in budget narrative) Complete using Excel file "RFA Staffing and Enrollment Worksheets."
 Sample Excerpt

Grade Level		Number of Students				
	2022-23	20023- 24	2024- 25	2025- 26	2026- 27	
Pre-K						
Κ						
1						
2						
10						
11						
12						
Total						

2) Planned Enrollment (Must Correspond to Budget Worksheet Assumptions) Complete using Excel file "RFA Staffing and Enrollment Worksheets."
 Sample Excerpt

Grade Level		Number of Students				
	2022-23	2022-23 20023- 2024- 2025- 2026-				
		24	25	26	27	
Pre-K						
K						
12						
Total						

Maximum Enrollment (Note: Enrolling more than 10 percent of the planned enrollment described in subsection b will necessitate a charter amendment) *Complete using Excel file "RFA Staffing and Enrollment Worksheets."*

# Sample Excerpt

Grade Level	Number of Students				
	2022-23	20023-24	2024-25	2025- 26	2026-27
Pre-K					
K					
12					
Total					

- a. Describe the rationale for the number of students and grade levels served in year one and the basis for the growth plan illustrated above. Note: particular weight will be given to rationales which prioritize academic achievement over financial returns.
- b. Schools proposing to open new elementary facilities with more than 400 students or more than 3 grade levels should identify and discuss the specific elements of the school model and organizational track record detailed throughout the request that demonstrate that the proposed expansion model is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a start-up environment.
- c. Schools proposing to add a new middle or high school facility with more than 200 newly enrolled students in sixth grade or above or more than 2 grades above fifth grade should identify and discuss the specific elements of the school model and organizational track record detailed throughout the request that demonstrate that the proposed expansion model is designed to compensate for the known organizational and academic challenges which accompany serving larger student bodies and multiple grade levels in a start-up environment.

# **BOARD GOVERNANCE NO CHANGE**

# Complete this section only to the extent it is different from what is shown in the application for the school. Otherwise, indicate "No change from original application or most recent amendment. See attached."

- o. Explain the governance philosophy that will guide the board, including the nature and extent of involvement of key stakeholder groups.
- p. Describe the governance structure of the expanded school when the board is fully composed, including the primary roles of the governing board and how it will interact with the principal/head of school and any advisory bodies. Explain how this governance structure and composition will help ensure that a) the school will be an educational and operational success;
  b) the board will evaluate the success of the school and school leader; and c) there will be active and effective representation of key stakeholders, including parents.
- q. Please submit board member information for current and proposed new board members in the provided Board Member Template (provide as part of Attachment NA). Please note that at least 75% of new board members for SY 2021-2022 must be identified at the time of the submission of the expansion request.
- r. Provide, as part of **Attachment NA**, a completed and signed Board Member Information Sheet for each proposed new Board member as well as the board member's resume and a thoughtful biographical summary outlining the particular qualifications of each board member as relates to

both service on a public charter school board and to the specific needs of this particular charter school.

- s. Describe the board's ethical standards and procedures for identifying and addressing conflicts of interest. Will the board be making any changes to its Bylaws, Code of Ethics, and Conflict of Interest policy in light of the expansion or new statutory or regulatory requirements, including SB509?
- t. Identify any existing, proposed, or contemplated relationships that could pose actual or perceived conflicts if the expansion request is approved, including but not limited to any connections with landlords, developers, vendors, or others which will receive compensation or other consideration directly or indirectly from the school; discuss specific steps that the board will take to avoid any actual conflicts and to mitigate perceived conflicts, including the new requirements of a Code of Ethics in SB509 and the nepotism regulations applicable to charter schools.
- u. Describe the board's history since inception, including a discussion of turnover. How does the board proactively manage governance and succession? How does the board propose to significantly exceed the statutory minimum criteria for board qualifications in light of the complexity and risk associated with governing a large, multi-site charter school network? What elements, characteristics, and behaviors of specific, analogous high performing multi-site charter school networks, non-profit social enterprises, and for-profit organizations with similar levels of revenues or complexity has the governing body elected to emulate in its governance and in the operation of the school? Describe concrete and specific plans for increasing the capacity of the governing board. How will the board continue expand and develop over time?
- v. Describe the kinds of orientation or training new board members will receive and what kinds of ongoing development existing board members will receive. The plan for training and development should include a timetable, specific topics to be addressed, and requirements for participation.
- w. Describe the working relationship between the board and staff (academic, operations, and financial) and the working relationship between the board, staff, and any education management organization. Outline the regular reports that will be provided to the board, their frequency, and who will provide them. This may include financial, operational, and/or or academic reports.
- x. Describe any advisory bodies or councils to be formed, including the roles and duties of those bodies. Describe the planned composition; the strategy for achieving that composition; the role of parents, students, and teachers (if applicable); and the reporting structure as it relates to the school's governing body and leadership.
- y. Explain the process that the school will follow should a parent or student have an objection to a governing board policy or decision, administrative procedure, or practice at the school.
- z. What goals will be established for the board and how will board members be held accountable? Outline the key expectations for board members in the table below. What actions would trigger removal from the board and under what process?

Goal	Purpose	Outcome Measure

## INCUBATION YEAR DEVELOPMENT NO CHANGE

- aa. Provide a detailed start-up plan as well as specific organizational goals for the planning year (SY 2021-2022) to ensure that the school is ready for a successful launch in fall 2022. Using the template provided, outline key activities, responsible parties, and milestones and submit as an **Attachment NA**.
- bb. Please describe the plans for leadership training and development of the selected school leader during the incubation year prior to school opening and how these plans support your year 0 goals. If partnering with an organization, please briefly describe the main components of the training program.
- cc. Explain who will work on a full-time or nearly full-time basis immediately following assignment of a location to lead development of the school(s) and the plan to compensate these individuals.

# SCHOOL MANAGEMENT CONTRACTS NO CHANGE

Indicate "Not Applicable" if the school does not intend to amend an existing management contract or enter into a new management contract with a for-profit or non-profit education management organization (EMO) or charter management organization (CMO).

- dd. How and why was the EMO or CMO selected?
- ee. Explain whether the management organization will provide services to the charter school as a whole or will it be assigned to provide specific services at an individual campus or campuses or a particular program (e.g. a portfolio management governance model).
- ff. Describe the relationship between the school governing board and the service provider, specifying how the governing board will monitor and evaluate the performance of the service provider, the internal controls that will guide the relationship, and how the governing board will ensure fulfillment of performance expectations.
- gg. Disclose fully and provide an explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities, including, without limitation, any past or current employment, business or familial relationship between any officer, employee, or agent of the proposed service provider and any prospective employee of the charter school, a member of the committee to form a charter school or the board of directors of the charter management organization, as applicable.
- hh. Please provide the following in Attachment NA:
- 1. A term sheet setting forth the proposed duration of the contract; roles and responsibilities of the governing board, the school staff, and the service provider; scope of services and resources to be provided by the EMO; performance evaluation measures and mechanisms; detailed explanation of all fees and compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement by the governing board and/or school staff; investment disclosure; and conditions for renewal and termination of the contract;
- 2. A draft of the proposed management contract which complies with NRS 386.562 and SB509 (2015 session) and all other applicable laws and regulations;
- 3. As an exhibit to the proposed management contract, a crosswalk of the academic, financial, and organizational goals of the charter school set forth in the SPCSA Charter School Performance Framework, including the school's mission-specific goals, and a clear identification of each of the performance goals and expectations for the education management organization related to each charter school goal. This will serve as the board's primary evaluative tool for the education management organization.
- 4. Documentation of the service provider's for-profit or non-profit status and evidence that it is authorized to do business in Nevada.
- 5. Provide a brief overview of the EMO/CMO's history.
- 6. List any and all charter revocations or surrenders, bankruptcies, school closures, non-renewals, or shortened or conditional renewals for any of the schools managed by the organization and provide explanations. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer personnel contacted. Include a summary of all performance issues related to each revocation, surrender, bankruptcy, closure, non-renewal, or shorted or conditional renewal. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.
- 7. Explain any performance deficits or compliance violations that have led to formal authorizer intervention with any school managed by the organization. Provide details as to how such deficiencies were resolved. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and all other authorizer personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer staff regarding all performance issues related to each non-renewal, shortened or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.
- 8. List any and all management contract non-renewals, shortened or conditional renewals, or renegotiations or reductions in services provided for any of the schools managed by the organization and provide explanations. For all such schools which are still in operation, please provide contact information, including name, legal home or business mailing address, home or business telephone number, and personal or business email address, for the current board chair office and all other board members and school personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable staff or board members regarding all performance issues related to each non-renewal, shorted or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

## SERVICES NO CHANGE

- 9. Provide Attachment NA describing how the school leadership team will support operational execution.
- 10. Provide narrative or evidence illustrating the staffing model, performance metrics, and the school's plan for supporting all operational needs of the school, including but not limited to those listed below.
- 11. In this space and in the finances section, demonstrate how you will fund the provision of the services below which you are requesting approval to implement.
  - i. Transportation: Describe your plans for providing student transportation. If the school will not provide transportation, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance.
  - ii. Food Service: Outline your plans for providing food service at the school, including whether and how you will be your own school food authority or will contract with another provider. If the school will not provide food service, please identify how the school will ensure that this does serve as a barrier to enrollment or ongoing attendance.
  - iii. Facilities maintenance (including janitorial and landscape maintenance)
  - iv. Safety and security (include any plans for onsite security personnel)
  - v. Other services
- 12. Technology: Outline the technology infrastructure and support mechanisms across your school, staff, and teachers. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support, including the management of user rights and privileges.
- 13. Student Information Management: Timely communication of accurate student information is critical for payments to schools, compliance, and performance monitoring. Please describe how you will manage student information using the statewide Infinite Campus system, and how you will build capacity around the use of the software in order to independently maintain the system. Detail the staff members who will enter data along with the project manager who will commit to trainings and regularly monitor student information for accuracy.
- 14. Data Security: SPCSA charter schools record, generate and consume data that falls under strict requirements for security, privacy, and retention (including FERPA and recent legislation related to the protection of personally identifiable information (PII)). Describe the systems and procedures you will implement in order to ensure you are compliant with these obligations.
- 15. Provide, as an Attachment NA, a detailed operational execution plan which discusses the planning and provision of these and other essential operational services in greater detail.

## **ONGOING OPERATIONS NO CHANGE**

- 16. SPCSA schools coordinate emergency management with local authorities. Explain your process to create and maintain the school's Emergency Management Plan required by the State of Nevada. Include the types of security personnel, technology, equipment, and policies that the school will employ. Who will be primarily responsible for this plan? Does the school anticipate contracting with the local school district for school police services? How will the school communicate with and coordinate with lead law enforcement agencies and other public safety agencies?
- 17. Discuss the types of insurance coverage the school will secure as a result of the expanded scope of operation and the attendant risks, including a description of the levels of coverage. Types of insurance should include workers' compensation, liability insurance for staff and students, indemnity, directors and officers, automobile, and any others required by Nevada law or regulation.

As the minimum coverage required by Nevada law and regulation is intended as a baseline requirement for schools which operate at a significantly smaller scale, schools requesting an amendment are expected to research the levels of and types of insurance coverage typically required of and obtained by multi-site charter school networks in other states, including but not limited to Arizona, California, Colorado, the District of Columbia, Massachusetts, and New York, and crosswalk those levels of coverage with those the school intends to obtain to ensure that the governing body and network leadership is fully cognizant of the complexity of risk management in a multi-site context.

## Section II: SPECIFIC RFA SECTIONS

## **RFA: Academic Amendments**

## **1.RFA: Add Distance Education**

- a. Executive Summary
  - i. An overview of the mission and vision for the expanded school or network, noting any revisions to the approved mission and vision for the school relating to the addition of a distance education program.
  - ii. A list of the current school campuses
  - iii. Proposed model and target communities by zip code
  - iv. The outcomes you expect to achieve across the network of campuses with the addition of the distance education program.
  - v. The key components of your educational model and how the distance education program aligns with the educational model.
  - vi. Key supporters, partners, or resources that will contribute to the distance education program
- b. Targeted Plan
  - i. Identify the community you wish to serve as a result of the distance education program and describe your interest in serving this specific community.
  - ii. Explain how your distance education model, and the commitment to serve the population, including the grade levels you have chosen, would meet the district and community needs and align with the mission of the SPCSA.
- c. Distance Education Requirements
  - i. Describe the system of course credits that the school will use.
  - ii. Describe how the school will monitor and verify the participation in and completion of courses by pupils.
  - iii. Describe how the school will ensure students participate in assessments and submit coursework.
  - iv. Describe how the school will conduct parent-teacher conferences.
  - v. Describe how the school will administer all tests, examinations or assessments required by state or federal law or integral to the performance goals of the charter school in a proctored setting.
- d. Special Education
  - i. For Distance Education Schools: Describe how the school will provide appropriate services in the distance education learning environment to students with disabilities across a broad continuum.
  - ii. What systems will you put in place to ensure that staff members are knowledgeable about all legal distance education requirements pertaining to special populations and the servicing of

particular populations of students and can answer parent inquiries in a manner consistent with the letter and spirit of state and federal law?

- e. Scale Strategy
  - i. Describe the steps that you will take to scale your model to new sections, including the people involved and the resources contributed both by the founding campus and the new distance education program.
  - ii. If the school is affiliated with a CMO or EMO that operates distance education in other states, compare your efforts to scale distance education operations to Nevada to past scale distance education efforts in other states.
- f. Student Recruitment and Enrollment
  - i. Explain the plan for student recruitment and marketing for the new distance education program that will provide equal access to interested students and families, including how the school will comply with the requirements of SB208 (2015 session). Specifically, describe the plan for outreach to: families in poverty; academically low-achieving students; students with disabilities; and other youth at risk of academic failure.
  - ii. What is the enrollment calendar for both the first year of operation and subsequent years of operation? Please specify the dates on which the school will begin accepting distance education applications and how long the window will last prior to conducting a lottery.
  - iii. What distance education enrollment targets will you set and who will be responsible for monitoring progress towards these targets? What is your target re-enrollment rate for each year? How did you come to this determination?
- g. Services
  - i. Provide a description of how the school leadership team will support the distance education operational execution. Please provide narrative or evidence that illustrates the staffing model, performance metrics, and the school's plan for supporting all operational needs of the school, including but not limited to those listed below. In this space and in the finances section, demonstrate how you will fund the provision of these services.
  - ii. Technology: Outline the technology infrastructure and support mechanisms across your school, staff, and teachers—including new investments necessary to support this distance education expansion. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support, including the management of user rights and privileges.
- h. Financial

Describe the costs associated with the inclusion of the Distance Education program including technology infrastructure and support mechanisms across your school, staff, and teachers—including new investments necessary to support this distance education expansion. Your outline should include but not be limited to reliable and secure wide area networking, local area networking (e.g., wireless and cables), hardware (e.g., personal computing devices, servers, telephony, storage, routers, switches), technology policies and procedures, device management, and end user support, including the management of user rights and privileges.

## 2.RFA: Add Dual-Credit Program

Charter schools which would like to provide a program where a student may earn college credit for courses taken in high school must request this amendment by responding to the general sections of this RFA and the following specific program questions.

- a. Describe the proposed duration of the relationship between the charter school and the college or university and the conditions for renewal and termination of the relationship.
- b. Identify roles and responsibilities of the governing body of the charter school, the employees of the charter school and the college or university.
- c. Discuss the scope of the services and resources that will be provided by the college or university.
- d. Explain the manner and amount that the college or university will be compensated for providing such services and resources, including, without limitation, any tuition and fees that pupils at the charter school will pay to the college or university.
- e. Describe the manner in which the college or university will ensure that the charter school can effectively monitors pupil enrollment and attendance and the acquisition of college credits.
- f. Identify any employees of the college or university who will serve on the governing body of the charter school.

Provide as an **Attachment NA**, a draft memorandum of understanding between the charter school and the college or university through which the credits will be earned and a term sheet confirming the commitment of both entities to the specific terms outlined in this charter application. If the school is not planning to provide a dual-credit program, please upload an attestation explaining that this request is inapplicable.

## **3.**RFA: Change Mission and/or Vision

For an RFA to accomplish this objective:

- a. Complete and submit your RFA with the General application sections above completed.
- b. The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.
- c. Indicate "N/A" for any below requested response that is not applicable to your request.

## **4.**RFA: Eliminate a grade level or other educational services

For an RFA to accomplish this objective, pursuant to NAC 388A.325:

- a) Complete and submit your RFA with the General Requirements sections above completed.
- b) The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.

## **5.**RFA: EMOs/CMOs: Entering, amending, renewing, terminating charter contract with EMO/CMO a) School Management Contracts

- 1. RFAs for "entering into, amending, renewing or terminating a contract with an educational management organization" are processed pursuant to NAC 388A.575
- 2. Contracts with EMOs are regulated in part pursuant to NAC 388A.580.
- 3. Limitations on the provision of teachers and other personnel by EMOs is regulated pursuant to NAC 388A.585.
- 4. Please provide the EMO's Tax Identification Number (EIN), Organizational Location Address, and Organizational Mailing Address.
- 5. How and why was the EMO selected?
- 6. If this amendment would result in the approval of an EMO other than that approved in the initial charter application, please explain in detail the rationale for the change.
- 7. Explain whether the management organization will provide services to the charter school as a whole or will it be assigned to provide specific services at an individual campus or campuses or a particular program (e.g. a portfolio management governance model).
- 8. Describe the relationship between the school governing board and the service provider, specifying how the governing board will monitor and evaluate the performance of the service provider, the

internal controls (including any compensatory controls) that will guide the relationship, and how the governing board will ensure fulfillment of performance expectations.

- 9. Disclose fully and provide an explanation of any existing or potential conflicts of interest between the school governing board and proposed service provider or any affiliated business entities, including, without limitation, any past or current employment, business or familial relationship between any officer, employee, or agent of the proposed service provider and any other current or prospective vendor or contractor (including the landlord), prospective employee of the charter school, a member of the committee to form a charter school or the board of directors of the charter management organization, as applicable.
- 10. Provide a brief overview of the organization's history.
- 11. List any and all charter revocations or surrenders, bankruptcies, school closures, non-renewals, or shortened or conditional renewals for any of the schools managed by the organization and provide explanations. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer personnel contacted. Include a summary of all performance issues related to each revocation, surrender, bankruptcy, closure, non-renewal, or shorted or conditional renewal. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.
- 12. Explain any performance deficits or compliance violations that have led to formal authorizer intervention with any school managed by the organization. Provide details as to how such deficiencies were resolved. For all such schools, please provide contact information, including name, business mailing address, business telephone number—including extension or direct line, and business email address, for the current leader of the school's authorizing office and all other authorizer personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable authorizer staff regarding all performance issues related to each non-renewal, shortened or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.
- 13. List any and all management contract non-renewals, shortened or conditional renewals, or renegotiations or reductions in services provided for any of the schools managed by the organization and provide explanations. For all such schools which are still in operation, please provide contact information, including name, legal home or business mailing address, home or business telephone number, and personal or business email address, for the current board chair office and all other board members and school personnel contacted. Include a summary of the correspondence or discussions between members of the governing body and this individual and other knowledgeable staff or board members regarding all performance issues related to each non-renewal, shorted or conditional renewal, or renegotiation or reduction in services. Discuss the lessons learned by the governing body based on this ongoing due diligence and how this research has informed provisions that the governing body has required in the proposed management agreement.

### b) Financial Plan

1. Describe the systems and processes by which the school will manage accounting, purchasing, payroll, and audits. Specify any administrative services expected to be contracted for the school

and describe the criteria and procedures for the selection of contractors and the mechanism by which the board will monitor and hold the contractor responsible for providing such services.

- 2. Present a budget narrative including a detailed description of assumptions and revenue estimates, including but not limited to the basis for revenue projections, staffing levels, and costs. The narrative should specifically address the degree to which the school budget will rely on variable income (e.g., grants, donations, fundraising, etc.).
- 3. Provide a six-year development plan that addresses the annual and cumulative fundraising need at the network and school levels including a description of the staff devoted to development. The plan should include a history of the school's fundraising outcomes and identify funds that have already been committed toward fundraising goals. The plan should also identify the role of the members of the board, particularly as relates to give/get requirements, and should demonstrate alignment with the expectations for board members discussed elsewhere in the amendment request. If funds are raised at a partner organization level, describe the methodology to be used in allocating funds to the school and the proposed campuses. If the school has not raised any funds to support its programming to date and the budget does not include any fundraising activity, please explain that this question is not applicable to your school.
- 4. Describe the campus', school's, and any management organization's distinct responsibilities in the financial management and oversight of the proposed campuses, including, but not limited to, their respective roles in overseeing or implementing internal controls and in making financial management decisions including budget development. Detail the process and frequency by which key financial information is communicated to and reviewed by the various organizations and different levels of leadership and governance.
- 5. Submit a completed financial plan for the proposed school as an **Attachment NA** (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).
- 6. Submit, as an **Attachment NA**, a detailed budget for the operator at the network level (the format of this is left to the applicant's discretion but must be clear and sufficiently detailed to permit Authority staff, external reviewers, and the general public to review of all elements of the school's business plan and gauge alignment and consistency with the academic program, operating plan, and budget narrative).
- 7. Provide, as an **Attachment NA**, historical financial documents for any affiliated CMO from another state or any EMO providing services to the school, including audited financials for each school operated by the affiliate as well as any other campus by campus financial evaluations conducted by charter school authorizers. At least three years of school financial audits are required for any school operating for three years or longer. Such financials must be provided as converted PDF documents to ensure accessibility.
- 8. Complete the audit data worksheet in **Attachment NA**. In the info tab, please identify any schools or campuses listed under the student achievement tab for which, pursuant that relevant state's charter law, financial data is consolidated for reporting and auditing purposes in the independent audits provided in **Attachment NA**.

## **Attachments Necessary for EMO Amendment**

- 1) A letter of transmittal signed by the Board chair formally requesting the amendment and identifying each of the elements to be submitted in support of the request.
- 2) Agenda for Board Meeting Where Board Voted to Request an Amendment to Contract with an Educational Management Organization, Renew a Contract with an Educational Management

Organization, Terminate a Contract or Discontinue Negotiations with an Educational Management Organization, and/or Amend a Contract with an Educational Management Organization.

- 3) Draft or Approved Minutes for Board Meeting Where Board Voted to Request an Amendment to Contract Educational Management Organization, Renew a Contract with an Educational Management Organization, Terminate a Contract or Discontinue Negotiations with an Educational Management Organization, and/or Amend a Contract with an Educational Management Organization.
- 4) Final Term Sheet
- 5) Final, negotiated and executed contract between charter school and educational management organization which complies with NRS 388A, NAC 388A and all other applicable laws and regulations.
- 6) A term sheet signed by the Chief Executive Officer of the Service Provider setting forth the proposed duration of the contract; roles and responsibilities of the governing board, the school staff, and the service provider; scope of services and resources to be provided by the EMO; performance evaluation measures and mechanisms; detailed explanation of all fees and compensation to be paid to the provider; financial controls and oversight; methods of contract oversight and enforcement by the governing board and/or school staff; investment disclosure; and conditions for renewal and termination of the contract;
- Crosswalk of academic, organizational, and financial framework deliverables under the charter contract which will be delegated to or supported in whole or in part by the Educational Management Organization.
- 8) Documentation of Service Provider's non-profit or for-profit status
- 9) Documentation of Service Provider's authorization to do business in Nevada (e.g. current business license)
- 10) Budget Narrative
- 11) School Budget
- 12) Network Budget
- 13) Historical Audits
- 14) Audit Data Worksheet
  - (a) Academic Performance Worksheet
  - (b) Good Cause Exemption Letter
  - (c) A final crosswalk of the academic, financial, and organizational goals of the charter school set forth in the SPCSA Charter School Performance Framework, including the school's missionspecific goals, and a clear identification of each of the performance goals and expectations for the education management organization related to each charter school goal. This will serve as the board's primary evaluative tool for the education management organization.

## 6. RFA: Enrollment: Expand Enrollment In Existing Grade Level(s) And Facilities

The purpose of this Expansion Amendment Request is to assess the potential of existing charter school boards to produce high-quality student outcomes and function as highly effective, accountable, and transparent providers of public education as they add new students and demonstrate the capability and maturity to achieve at consistently high levels in all domains while continuing to scale their impact in their communities and in other communities across the state.

- a. Please detail how this proposed expansion aligns to the current <u>SPCSA Academic and</u> <u>Demographic Needs Assessment.</u>
- b. Please provide academic performance data broken down by subgroups. What is the school's assessment of its current work in preventing performance gaps? If gaps exist, how is the school working to ensure that these gaps are reduced? How will the school work to prevent gaps with expanded enrollment?
- c. Please provide an overview of discipline data, broken down by subgroup. What is the school's assessment of its current work in preventing disproportionate discipline practices? How will the school work to prevent disproportionate discipline practices with expanded enrollment? Please be sure to speak to the restorative justice practices implemented at the school.

What is your current enrollment for the prior years in your current contract?

Year			
Enrollment			

What is your projected enrollment for the years for which you are requesting an expansion?

Year			
Enrollment			

## 7. RFA: Enrollment: Expand Enrollment in New Grade Level(s)

For an RFA to accomplish this objective:

- a) Complete and submit your RFA with the General application sections above completed.
- b) The notice of intent and the RFA must include an explanation of the reasons that the charter school is seeking to make this specific requested change.

The purpose of this Expansion Amendment Request is to assess the potential of existing charter school boards to produce high-quality student outcomes and function as highly effective, accountable, and transparent providers of public education as they add new students and demonstrate the capability and maturity to achieve at consistently high levels in all domains while continuing to scale their impact in their communities and in other communities across the state.

The expansion request is evaluated based on the strength of the plan in each of those domains, while applicants are evaluated based on their capacity to execute the program they've proposed both based on the coherence, thoroughness, and thoughtfulness of each element of the application and on the data gathered during both the (discretionary) capacity interview process and background research and due diligence on both proposed members of the expanded governing board and proposed staff members. Successful requests will share many of the same characteristics.

This amendment request form pre-supposes that the school plans to utilize the existing facility. If the current facility requires no construction or renovation to accommodate the addition of these new grades, then provide a brief narrative at each attachment attesting to that fact. Each attestation must be signed by the chair of the governing body and the school leader, must be notarized, and must be remediated to be accessible pursuant to Section 508 of the Rehabilitation Act.

If the existing campus or campus(es) requires any construction or renovation after the date of submission of this request and prior to the commencement of instruction, then answer the applicable specific facility related section questions.

- a. Please detail how this proposed expansion aligns to the current <u>SPCSA Academic and</u> <u>Demographic Needs Assessment.</u>
- b. Please provide academic performance data broken down by subgroups. What is the school's assessment of its current work in preventing performance gaps? If gaps exist, how is the school working to ensure that these gaps are reduced? How will the school work to prevent gaps with expanded enrollment?
- c. Please provide an overview of discipline data, broken down by subgroup. What is the school's assessment of its current work in preventing disproportionate discipline practices? How will the school work to prevent disproportionate discipline practices with expanded enrollment? Please be sure to speak to the restorative justice practices implemented at the school.

## 8. RFA: Lottery: Change(s) in Charter Lottery Policy

The SPCSA considers changes to the admission process for sponsored schools to be a material amendment to their charter contract. Charter schools/networks seeking to make changes to their current lottery policy should provide complete descriptions and supporting documentation to the specific information requests

below including a revised student enrollment schedule for the remainder of the school contract showing (a) the current enrollment plan, (b) the enrollment plan to be used should the proposed changes be approved and (c) the differences between the two plans.

Please provide the current lottery policy for your charter school/network.

Provide a draft of your proposed lottery policy for your charter school/network, and include a thorough explanation/rationale for any adjustments to lottery priorities and/or weights. Proposed policies must demonstrate alignment to <u>NRS 388A.456</u> and/or <u>R131-16</u>. If your school/network is proposing a weighted lottery, please be sure to provide a thorough explanation for the proposed weighting system.

Provide a plan and timeline for communicating the proposed lottery changes to your charter school/network community. How will the charter/network ensure that prospective families are aware of these changes? Attach a revised student enrollment form to be used under the proposed policy<sup>3</sup>.

## **Facility RFAs**

## General Facility RFA requirements

1. Describe the school's capacity and experience in facilities acquisition and development, including managing build-out and/or renovations, as applicable. Provide a description and analysis of any construction or development delays which have impacted a school or campus calendar and schedule in the past and a discussion of any organizational or operational adjustments that have been made to prevent recurrence in the future.

Discovery Charter School has successfully completed the bond financing process for Hillpointe and has renovated a building for the middle school. There were no delays with construction, start of school, deliveries, permits, or financing.

2. Identify the entity responsible for acquiring and maintaining school facilities and describe that entity's relationship to both the school and any management organization. If costs related to the facility will be borne by the proposed school's education management organization or a related party such as a foundation, it should identify the level of capital support the organization (or related party) is willing to provide to the school.

Red Hook Capital Partners will acquire the school facility. This partner was instrumental in securing the Hillpointe campus and completing the renovation of the middle school building. Discovey does not have an EMO.

3. List names and roles of any financially interested parties and describe the interest relating to the current or proposed facility. This includes any existing or potential conflicts of interest or existing, direct or indirect, potential ownership interests with the current and/or proposed facility.

Red Hook Capital Partners Michael Hiltz Commercial Real Estate Broker

- 4. Show the fiscal impact of the proposed facility plan for the first three years after implementation of your plan using the SPCSA Financial Performance Ratings model (ask staff for a copy of your most recent version). Explain plans to address pro forma rating declines—if any—to at least the below areas from implementation of the plan. SEE ATTACHED
  - a) Current Ratio

<sup>&</sup>lt;sup>3</sup> Note: if the charter/network is proposing a weighted lottery, additional information asked of students and families should be clearly labeled as optional.

- b) Unrestricted Days Cash on Hand
- c) Cash flow
- d) Debt to Asset Ratio
- e) Debt Service Coverage Ratio
- 5. If a proposed facility <u>has been</u> identified and <u>requires no construction or renovation</u> prior to the commencement of instruction, please provide:
  - a) The physical address of the facility and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility.
  - b) A copy of the current deed on the property (if the school owns the facility) or a copy of the proposed lease or rental agreement noting any additional square footage to be leased.
  - c) A copy of the proposed purchase and sale agreement or a copy of the proposed lease or rental agreement.
  - d) A copy of the floor plan of the facility, including the notation of all included campus facilities with a table or statement describing the square footage of these facilities AND an assurance the school will submit final versions of this documentation in compliance with <u>NAC 388A.315</u>. Include in the RFA application the amount of conditioned square footage as well the total acreage of the campus including all property to be under the control or usable by the school. (Do not simply refer to architectural drawings which may include specific dimensions but not square footages of various spaces within the facility.)
  - e) The name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school as an **Attachment NA**.
  - f) A copy of the Certificate of Occupancy at Attachment NA.
  - g) Documentation demonstrating that the proposed facility meets all applicable building codes, codes for the prevention of fire, and codes pertaining to safety, health and sanitation as an **Attachment NA**.
  - h) Documentation showing what, if any, governmental permits, waivers, modifications or variations may be required and a schedule showing approximate dates for those approvals to be considered.
  - i) If the landlord or owner is under contract to deliver the facilities ready for occupancy then indicate "N/A"...If the school is managing the tenant improvements, then provide documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 388A.315388A.315 as an **Attachment NA**. N/A
  - j) A copy of the school's traffic flow plan including exhibits showing the planned traffic flows during the arrival and pick up times, the associated times and the designated areas for the pickup and drop off activities.
- 6. If a proposed facility has <u>not</u> been identified or the proposed facility <u>requires any construction or</u> <u>renovation</u> prior to the commencement of instruction, please provide:
  - a) Either a discussion of the desired community of location and the rationale for selecting that community <u>AND</u> an assurance that the school will submit the documentation required in 1(a) for review and approval prior to acquisition of any facility in compliance with NAC 388A.315 as an **Attachment NA** OR the physical address of the proposed facility which requires construction or renovation and supporting documentation verifying the location, including the Assessor's Parcel Number and a copy of the Assessor's Parcel Map for the proposed facility as an **Attachment NA**.
  - b) Either a narrative explaining the rationale for the budgeted cost of acquisition of an owned or leased facility <u>AND</u> an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 388A.315 as an **Attachment NA** OR, if a facility has been identified which requires construction or renovation, a copy of the proposed

purchase and sale agreement or a copy of the proposed lease or rental agreement as an **Attachment NA**.

These items are still being negotiated.

c) Either a discussion of the general specifications to be utilized during the facility search, including approximate square footage <u>AND</u> an assurance that the school will submit such documentation for review and approval prior to acquisition of any facility in compliance with NAC 388A.315 as an **Attachment NA** OR, if a facility location has been identified but requires construction or renovation, a copy of the proposed floor plan of the facility, including a notation of the size of the facility which is set forth in square feet <u>AND</u> an assurance that the school will submit final documentation in compliance with NAC 388A.315 as an **Attachment NA**.

These items are being drafted by architect and pre-construction builder.

d) Either a description of the process and resources the school will use to identify a facility <u>AND</u> an assurance that the school will submit such information for review and approval prior to acquisition of any facility in compliance with NAC 388A.315 as an **Attachment NA** OR, If a facility has been identified but requires construction or renovation, the name, address, and full contact information of the current owner of the facility and any proposed landlord and a disclosure of any relationship between the current owner or landlord and the school, including but not limited to any relative of a board member or employee within the third degree of consanguinity or affinity and any connection with an educational management organization, foundation, or other entity which does business with or is otherwise affiliated with the school as an **Attachment NA**.

Red Hook Capital Partners will finance, oversee and manage the renovation.

e) A detailed construction project plan and timeline, including a Gannt chart, identifying all facility development activities necessary to obtain a full certificate of occupancy prior to the first day of school <u>AND</u> documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will issue the Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 388A.315 as an **Attachment NA**.

These items will be provided as made available.

- f) A detailed construction project plan and timeline, including a Gannt chart, identifying all facility development activities necessary to obtain all such code approvals prior to the first day of school <u>AND</u> documentation of the inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all code inspections, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 388A.315 as an Attachment NA.
- 7. These items will be provided as made available.
  - a) Documentation demonstrating the governing Body has communicated with the Division of Industrial Relations of the Department of Business and Industry regarding compliance with the federal Occupational Safety and Health Act (OSHA) in compliance with NAC 388A.315 as an Attachment NA.
- 8. These items will be provided as made available.
- 9. The organization's plans/methods to finance these facilities, including: LEASE WILL BE ISSUED. CURRENTLY UNDER REVIEW
  - a) Whether the school is seeking:
    - i) □ Loan (CDFI or other),
      (1) □ For Construction financing,

- (2)  $\Box$  For Permanent financing,
- (3)  $\Box$  Refinancing
- ii)  $\Box$  Bond Financing,
  - (1)  $\Box$  For Construction financing,
  - (2)  $\Box$  For Permanent financing,
  - (3)  $\Box$  Refinancing
  - (4) 🗆 Tax-exempt
  - (5)  $\Box$  Rated
  - (6)  $\Box$  Privately placed
- b) Identification and description of bond instrument terms, including planned face amount, years/term to maturity, coupon rate.
- c) Identification and description of bond or loan issuance costs, including legal, consultant, conduit, issuer fees, and planned/budgeted fees.
- d) Comparison schedule/table showing for the first five years from issuance the current full lease rates and conditioned space square footage information compared to the post issuance conditioned space annual payment schedule and square footage with amortization table showing principal and interest payments and principal balance, as well as any balloon or graduated payment increases and refinancing. (A 3 year requirement described earlier in this document regards the SPCSA financial performance ratings model compared with this 5 year comparison of facility costs under current and proposed conditions).
- e) Describe the required "breakeven" enrollment number of students for the project to be feasible, as well as the breakeven percentage of the planned enrollments (Breakeven Enrollment/ Planned Enrollment), (e.g., "Breakeven Enrollment to Planned Enrollment is 380/420, or 90%"). Additionally include the actual planned total classroom student capacity of the new facilities (e.g., "planned for 450 students at 20 square feet minimum classroom space per pupil").
- f) Will the financing/refinancing trigger any prepayment penalties? □ Yes, □ No.
  i) If "Yes", describe the amount.
- g) May any interested parties be entitled to receive any success fees, loans, real estate or other equity interests or other financial interest(s) or gain from this transaction? □ Yes, □ No. If so, please identify the parties and describe the interest(s).
- h) Total overall project costs, with project cost breakdowns for land acquisition and improvements and developer/builder/contractor fees.
- i) Identify and describe recurring costs which will now be directly borne by the applicant which may currently be part of the applicant's facility costs, such as utility and Common Area Maintenance costs and/or reserve expenses.
- j) Information (e.g., broker offering statements, web pages) on at least two comparable facilities considered/reviewed including location, acreage, square footage, cost/lease rates or purchase price of those facilities.
- k) Financing and financing assumptions. If leases will be used, show the year over year lease rates and lease escalator percentage rate(s) on unabated as well as abated rents, if applicable.
- 1) Total facility costs, including debt service, lease, maintenance, utilities, reserves (e.g., capital, facility, contingencies, other reserves), etc., pursuant to NRS 388A.565.
- 7. For schools which are seeking to occupy multiple facilities over several years, please list the number of facilities you project operating in each of the next six years and identify all potential target jurisdictions at the county and municipal levels, including any unincorporated areas. N/A
  - a) Describe the strategy and process for identifying and securing multiple facilities, including any brokers or consultants you are employing to navigate the real estate market, plans for renovations, timelines, bond or third-party financing, etc.
  - b) Charter school facilities must comply with health and safety requirements and all other mandates

prescribed in statute and regulation. In addition, charter schools must be prepared to follow applicable county and municipal review procedures which vary significantly between jurisdictions. Schools are expected demonstrate that they have thoroughly researched the different local requirements and adjust their permitting, construction, and inspection timelines accordingly. Discuss the research and planning that has occurred to date for each of the targeted jurisdictions, including both municipalities and unincorporated areas. Provide documentation of the current inspection and approval processes and timelines for the state, municipal, or county agencies within your proposed jurisdictions which will issue each Certificate of Occupancy, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 388A.315 as part of an Attachment NA. Provide documentation of building, fire, safety, health and sanitation code compliance inspection and approval processes and timelines for the state, municipal, or county agencies which will conduct all such code inspections within your proposed jurisdictions, including a discussion of whether such agencies issue temporary or conditional approvals and a copy of the standard form documentation that the sponsor can consult in such circumstances to confirm compliance with NAC 388A.315 as part of Attachment NA.

## **Facility RFA Attachments required**

#### NEW ISSUES—FULL BOOK-ENTRY

#### NOT RATED

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2022A Bonds (including any original issue discount properly allocable to the owner of a Series 2022A Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 2022B Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2022 Bonds is <u>not</u> exempt from Wisconsin income taxes or franchise tax. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" herein.



\$23,500,000 PUBLIC FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (DISCOVERY CHARTER SCHOOL PROJECT) SERIES 2022A \$655,000 PUBLIC FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (DISCOVERY CHARTER SCHOOL PROJECT) SERIES 2022B (TAXABLE)

#### Dated: Date of Delivery

#### Due: June 1 as shown on the inside front cover

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read the entire Limited Offering Memorandum to obtain information essential to make an informed investment decision.

The Public Finance Authority (the "Authority"), a unit of Wisconsin government and body corporate and politic separate and distinct from, and independent of, the State of Wisconsin (the "State"), is offering its Charter School Revenue Bonds (Discovery Charter School Project) Series 2022A in the aggregate principal amount of \$23,500,000 (the "Series 2022A Bonds" or the "Tax-Exempt Bonds") and its Charter School Revenue Bonds (Discovery Charter School Project) Series 2022B (Taxable) in the aggregate principal amount of \$655,000 (the "Series 2022B Bonds" or the "Taxable Bonds" and, together with the Series 2022A Bonds, the "Series 2022 Bonds") pursuant to a Trust Indenture, dated as of July 1, 2022 (the "Indenture"), by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"). The Authority will loan the proceeds of the Series 2022 Bonds to Discovery Charter School, a Nevada nonprofit corporation (the "Borrower" or "Discovery Charter") pursuant to a Loan Agreement, dated as of July 1, 2022 (the "Loan Agreement"), by and between the Authority and the Borrower. The proceeds of the Series 2022 Bonds will be used to (i) finance and refinance certain costs of the acquisition, construction, improvement, renovation, equipping and furnishing of certain educational facilities (as more fully described herein, the "Facility"); (ii) fund a debt service reserve fund for the Series 2022 Bonds (equal to maximum annual debt service); (iii) fund capitalized interest on a portion of the Series 2022 Bonds through December 1, 2023, and (iv) pay certain costs of issuance related to the issuance of the Series 2022 Bonds.

The Series 2022 Bonds are special limited obligations of the Authority, payable solely from the Trust Estate pledged under the Indenture, which consists principally of the revenues derived from the payments made by the Borrower under the Loan Agreement and of amounts in, or required to be deposited in, certain funds and accounts held by the Trustee under the Indenture, as described herein. The obligations of the Borrower under the Loan Agreement are secured (i) by the Receipts, (ii) by the Deed of Trust and (iii) as otherwise described herein.

Interest on the Series 2022 Bonds will be payable semi-annually on each June 1 and December 1, commencing December 1, 2022. The Series 2022 Bonds are being issued as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2022 Bonds. Purchase of beneficial interests in any Series 2022 Bonds will be made in book-entry-only form (without physical certificates) in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. See "THE SERIES 2022 BONDS – General" herein. For so long as DTC or its nominee, Cede & Co., is the registered owner of any Series 2022 Bonds, (a) payments of the principal of and premium, if any, and interest on such Series 2022 Bonds will be made directly to Cede & Co. for payment to its participants for subsequent disbursement to the beneficial owners; and (b) all notices, including any notice of redemption shall be mailed only to Cede & Co. See "APPENDIX G – BOOK-ENTRY SYSTEM" attached hereto.

The Series 2022 Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described under "THE SERIES 2022 BONDS – Redemption" herein.

THE PURCHASE AND HOLDING OF THE SERIES 2022 BONDS INVOLVE RISKS THAT MAY NOT BE APPROPRIATE FOR CERTAIN INVESTORS. THE SERIES 2022 BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" OR "ACCREDITED INVESTORS" (EACH AS DEFINED HEREIN). IN ADDITION, THE INITIAL PURCHASERS OF THE SERIES 2022 BONDS WILL BE REQUIRED TO EXECUTE AND DELIVER AN INVESTOR LETTER TO THE AUTHORITY, THE TRUSTEE AND BOND COUNSEL. See "NOTICE TO INVESTORS" and "THE SERIES 2022 BONDS – Limited Offering of Bonds" herein.

THE SERIES 2022 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF ANY MEMBER OF THE AUTHORITY, THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT SET FORTH HEREIN. THE SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2022 BONDS IS MORE FULLY DESCRIBED HEREIN. THE AUTHORITY HAS NO TAXING POWER.

The Series 2022 Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to prior sale, modification or withdrawal of the offer without notice, and subject to the approval of legality by Kutak Rock LLP, Los Angeles, California, Bond Counsel to the Authority, the approval of certain matters for the Authority by von Briesen & Roper, s.c., Milwaukee, Wisconsin, the approval of certain matters for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Underwriter's Counsel and the approval of certain matters for the Borrower by Howard & Howard Attorneys PLLC, Las Vegas, Nevada. It is expected that the Series 2022 Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about July 14, 2022.

#### MATURITY SCHEDULE

### \$23,380,000 PUBLIC FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (DISCOVERY CHARTER SCHOOL PROJECT) SERIES 2022A

\$4,425,000 6.500% Term Bonds Priced to Yield 6.510% due June 1, 2042 CUSIP 744396HL9<sup>(1)</sup>

\$2,765,000 6.500% Term Bonds Priced to Yield 6.600% due June 1, 2047 CUSIP 744396HQ8<sup>(1)</sup>

\$3,795,000 6.625% Term Bonds Priced to Yield 6.650% due June 1, 2052 CUSIP 744396HM7<sup>(1)</sup>

\$12,515,000 6.750% Term Bonds Priced to Yield 6.800% due June 1, 2062 CUSIP 744396HN5<sup>(1)</sup>

### \$760,000 PUBLIC FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (DISCOVERY CHARTER SCHOOL PROJECT) SERIES 2022B (TAXABLE)

\$655,000 6.750% Term Bonds Priced to Yield 6.750% due June 1, 2028 CUSIP 744396HP0<sup>(1)</sup>

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This Limited Offering Memorandum does not constitute an offer to sell the Series 2022 Bonds or the solicitation of an offer to buy, nor shall there be any sale of the Series 2022 Bonds by any person in any state or other jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such state or jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Series 2022 Bonds, and, if given or made, such information or representation must not be relied upon.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE AUTHORITY UNDER "THE AUTHORITY" AND "ABSENCE OF MATERIAL LITIGATION – THE AUTHORITY" HEREIN, NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO: (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2022 BONDS; OR (III) THE TAX STATUS OF THE INTEREST ON THE SERIES 2022 BONDS.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of these transactions, but the Underwriter does not guarantee the accuracy or completeness of this information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2022 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

#### CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements." Such statements generally are identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the headings "CERTAIN RISK FACTORS," and "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" in this Limited Offering Memorandum. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements to those forward-looking statements. The Borrower does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

#### NOTICE TO INVESTORS

Purchase of the Series 2022 Bonds described herein involves a high degree of risk and the Series 2022 Bonds are a speculative investment. For such reason, each initial purchaser of the Series 2022 Bonds, by virtue of its purchase of the Series 2022 Bonds or any interest therein, is acknowledging, representing, warranting, and agreeing with and to the Authority, the Underwriter, the Borrower and the Trustee as follows:

The purchaser will be deemed to have acknowledged that the Series 2022 Bonds are special and limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture, and that the Series 2022 Bonds and interest thereon shall never constitute a debt or indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or statutes of the State of Wisconsin, and shall never constitute or give rise to a pecuniary liability of the Authority. The purchaser will be deemed to have acknowledged that neither the Authority nor any of its directors, officials, officers, agents or employees take any responsibility for, and the purchaser is not relying upon any of such parties with respect to information appearing anywhere in this Limited Offering Memorandum, and that none of such parties have participated in the preparation of this Limited Offering Memorandum.

In addition to its receipt of the Limited Offering Memorandum, the purchaser will be deemed to have acknowledged that it has received information from the Borrower relating to: (i) the sources of repayment of the Series 2022 Bonds, (ii) the Borrower (including financial and operating data), and (iii) such other material matters relating to the Series 2022 Bonds as the purchaser deemed relevant.

The purchaser acknowledges that it has either been supplied with or been given access to information (including, without limitation, financial statements and other financial information and copies of the Indenture, the Loan Agreement and the Tax Regulatory Agreement (as defined in the Indenture)), to which a reasonable investor would attach significance in making investment decisions, and the purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Facilities, the Project and the Series 2022 Bonds and the security therefor so that, as a reasonable investor, the purchaser has been able to make its own independent decision to purchase the Series 2022 Bonds and to whether the Series 2022 Bonds are appropriate or proper for investment by the purchaser. The purchaser acknowledges that it has not relied upon the Authority or the Trustee for any information in connection with the purchaser's purchase of the Series 2022 Bonds.

The purchaser will be deemed to have acknowledged that it understands that the Series 2022 Bonds are a speculative investment, that there is a high degree of risk in investing in the Series 2022 Bonds; and that the purchaser is capable of suffering a loss of the entirety of its investment which is represented by the Series 2022 Bonds. The purchaser will be deemed to have acknowledged that it can bear the economic risk associated with a purchase of high risk securities such as the Series 2022 Bonds and it has such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investment, so as to be capable of evaluating the merits and risks of an investment in the Series 2022 Bonds on the basis of the information and review described herein.

The purchaser understands that each certificate representing an interest in the Series 2022 Bonds will bear the following securities legend (among other legends to be included), unless determined otherwise in accordance with applicable law:

# THIS BOND MAY BE REGISTERED ONLY IN THE NAME OF OR TRANSFERRED TO A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR, EACH AS DEFINED IN THE INDENTURE, AND PURSUANT TO THE TERMS THEREOF.

Subsequent transferees of the Series 2022 Bonds are limited only to "Qualified Institutional Buyers" or "Accredited Investors" (as defined herein). Each subsequent transferee of the Series 2022 Bonds will be deemed to have represented and warranted that it (i) is a Qualified Institutional Buyer or Accredited Investor, as applicable, and (ii) is acquiring such Series 2022 Bond for its own account or for the account of Qualified Institutional Buyer or an Accredited Investor, as the case may be, and not with a view to the further distribution thereof, though it may expressly reserve the right to re-sell the Series 2022 Bond.

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#### LIMITED OFFERING MEMORANDUM

\$23,500,000 PUBLIC FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (Discovery Charter School Project) SERIES 2022A \$655,000 PUBLIC FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (Discovery Charter School Project) SERIES 2022B (TAXABLE)

#### **INTRODUCTION**

#### General

This Limited Offering Memorandum, including the cover page, the inside cover page, and Appendices hereto (the "Limited Offering Memorandum"), is provided to furnish information with respect to the sale and delivery of the Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project) Series 2022A, in the aggregate principal amount of \$23,500,000 (the "Series 2022A Bonds" or the "Tax-Exempt Bonds") and the Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project) Series 2022B (Taxable), in the aggregate principal amount of \$655,000 (the "Series 2022B Bonds" or the "Taxable Bonds" and, together with the Series 2022A Bonds, the "Series 2022 Bonds"), issued by the Public Finance Authority").

#### The Series 2022 Bonds

The Series 2022 Bonds will be issued pursuant to a Trust Indenture, dated as of July 1, 2022 (the "Indenture"), by and between the Authority and Wilmington Trust, National Association, a national banking association (the "Trustee"). Interest on the Series 2022 Bonds will be payable on June 1 and December 1 of each year, commencing December 1, 2022 (each such date, an "Interest Payment Date") and the Series 2022 Bonds will be subject to optional, mandatory and extraordinary redemption prior to maturity as set forth under "THE SERIES 2022 BONDS – Redemption" herein. The proceeds of the Series 2022 Bonds will be loaned to Discovery Charter School, a Nevada nonprofit corporation (the "Borrower" or "Discovery Charter"), pursuant to a Loan Agreement, dated as of July 1, 2022 (the "Loan Agreement"), by and between the Authority and the Borrower.

The Series 2022 Bonds will be issued in initial minimum denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof and in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), and beneficial ownership interests in the Series 2022 Bonds are to be sold (including secondary market transactions) only to Approved Buyers. Pursuant to the Indenture, "Approved Buyer" means either a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act") or an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act. The Indenture and the Series 2022 Bonds contain provisions limiting transfers of the Series 2022 Bonds and beneficial ownership interests in the Series 2022 Bonds to Approved Buyers. In addition, each initial purchaser of the Series 2022 Bonds must execute an investor letter in the form of "APPENDIX H – FORM OF INVESTOR LETTER" in connection with its initial purchase of the Series 2022 Bonds. The face of each Series 2022 Bond will contain a legend indicating that such Series 2022 Bond is subject to the transfer restrictions set forth in the Indenture. See "THE SERIES 2022 BONDS" and "CERTAIN RISK FACTORS – Purchases and Transfers of Series 2022 Bonds Restricted to Approved Buyers" herein.

#### **Authority for Issuance**

The Series 2022 Bonds will be issued by the Authority pursuant to a resolution of the Authority, the Statute (as defined under "THE AUTHORITY – Formation and Governance" herein) and the Indenture. See "THE AUTHORITY" herein.

#### **The Borrower**

The Borrower is a Nevada nonprofit corporation that operates a kindergarten through grade 8 public charter school serving 466 students (at the end of the school year 2021-22) at two campuses in Las Vegas, Nevada. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto.

#### **Use of Proceeds**

The proceeds of the Series 2022 Bonds will be used to (i) finance and refinance certain costs of the acquisition, construction, improvement, renovation, equipping and furnishing of certain educational facilities located at or adjacent 8941 Hillpointe Road in Las Vegas, Nevada 89134 (as further described herein, the "Facility"), (ii) fund a debt service reserve fund for the Series 2022 Bonds (equal to maximum annual debt service), (iii) fund capitalized interest on a portion of the Series 2022 Bonds through December 1, 2023, and (iv) pay certain costs of issuance related to the issuance of the Series 2022 Bonds. The Facility is currently leased by the Borrower. See "THE PROJECT" herein and "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto.

#### Security for the Series 2022 Bonds

The obligations of the Borrower under the Loan Agreement are secured, subject to Permitted Encumbrances, (a) by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of July 1, 2022 (the "Deed of Trust") from the Borrower to the trustee named therein for the benefit of the Authority encumbering the Facility (as further defined in the Deed of Trust, the "Mortgaged Property"); (b) by the Gross Revenues (as defined herein); and (c) otherwise as described herein. Under the Indenture, the Authority has pledged all of its right, title and interest in the Loan Agreement and the Deed of Trust, except for the Reserved Rights of the Authority, to the Trustee for the payment of debt service on the Series 2022 Bonds and any other Parity Debt. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein.

A Debt Service Reserve Fund (equal to maximum annual debt service) will secure the Series 2022 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – The Indenture – Debt Service Reserve Fund" herein.

**Blocked Account Agreement.** As additional security for the Series 2022 Bonds, in connection with the issuance of the Series 2022 Bonds, the Borrower and Wilmington Trust, National Association, as custodian (the "Custodian") will enter into a Blocked Account Agreement, dated as of July 1, 2022 (the "Blocked Account Agreement"), pursuant to which a depository account will be established in the name of the Borrower (the "Blocked Account"). Pursuant to the Blocked Account Agreement, the Borrower will direct the State of Nevada to deposit all apportionments payable by the State of Nevada to the Borrower for its charter school operations to be deposited into the Blocked Account, and the Custodian will transfer amounts from the Blocked Account to the Revenue Fund (as defined herein) established under the Indenture in amounts sufficient to make the necessary allocations required under the Indenture, as described herein under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – The Indenture – Revenue Fund; Allocation of Revenues," which amounts are expected to be sufficient to repay the Series 2022 Bonds and pay necessary and incidental costs. Following such transfers, remaining apportionments received by the Custodian will be transferred to the Borrower.

*Limited Obligations.* The Series 2022 Bonds are special and limited obligations of the Authority and are not a debt or liability of any Member of the Authority, the State of Wisconsin (the "State"), or any political subdivision thereof; other than the Authority to the limited extent set forth herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS" herein. For information regarding the Borrower, see "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto.

#### Redemption

The Series 2022 Bonds will be subject to optional, special and mandatory redemption as described below under "THE SERIES 2022 BONDS – Redemption."

#### **Certain Risk Factors**

The Series 2022 Bonds may not be a suitable investment for all investors. Prospective purchasers of the Series 2022 Bonds should read this entire Limited Offering Memorandum, including the appendices and the information under the section "CERTAIN RISK FACTORS" before making an investment in the Series 2022 Bonds.

#### Miscellaneous

This Limited Offering Memorandum contains brief descriptions of, among other things, the Series 2022 Bonds, the Indenture, the Loan Agreement and the Borrower. All references in this Limited Offering Memorandum to documents are qualified in their entirety by reference to such documents, and references to the Series 2022 Bonds are qualified in their entirety by reference to the form of the Series 2022 Bonds included in the Indenture. The Borrower maintains a website providing additional information about itself and its operations. The information on such website is not included as part of, or incorporated by any reference in, this Limited Offering Memorandum. Any capitalized terms in this Limited Offering Memorandum that are not defined herein will have such meaning as given to them in the Indenture.

#### Limited Offering of Bonds

The Series 2022 Bonds are exempt from registration under federal securities law but are being offered only to a limited number of sophisticated investors and will be sold only to purchasers who are Qualified Institutional Buyers or Accredited Investors.

Purchase of the Series 2022 Bonds described herein involves a high degree of risk and the Series 2022 Bonds are a speculative investment. For such reason, each initial purchaser of the Series 2022 Bonds, by virtue of its purchase of the Series 2022 Bonds or any interest therein, is acknowledging, representing, warranting, and agreeing with and to the Authority, the Underwriter, the Borrower and the Trustee as follows:

The purchaser will be deemed to have acknowledged that the Series 2022 Bonds are special and limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture, and that the Series 2022 Bonds and interest thereon shall never constitute a debt or indebtedness of the Authority within the meaning of any provision or limitation of the Constitution or statutes of the State, and shall never constitute or give rise to a pecuniary liability of the Authority. The purchaser will be deemed to have acknowledged that neither the Authority nor any of its directors, officials, officers, agents or employees take any responsibility for, and the purchaser is not relying upon any of such parties with respect to information appearing anywhere in this Limited Offering Memorandum, and that none of such parties have participated in the preparation of this Limited Offering Memorandum.

In addition to its receipt of the Limited Offering Memorandum, the purchaser will be deemed to have acknowledged that it has received information from the Borrower relating to: (i) the sources of

repayment of the Series 2022 Bonds, (ii) the Borrower (including financial and operating data), and (iii) such other material matters relating to the Series 2022 Bonds as the purchaser deemed relevant.

The purchaser acknowledges that it has either been supplied with or been given access to information (including, without limitation, financial statements and other financial information and copies of the Indenture, the Loan Agreement and the Tax Regulatory Agreement (as defined in the Indenture)), to which a reasonable investor would attach significance in making investment decisions, and the purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Facility, the Project and the Series 2022 Bonds and the security therefor so that, as a reasonable investor, the purchaser has been able to make its own independent decision to purchase the Series 2022 Bonds and to whether the Series 2022 Bonds are appropriate or proper for investment by the purchaser. The purchaser acknowledges that it has not relied upon the Authority or the Trustee for any information in connection with the purchaser's purchase of the Series 2022 Bonds.

The purchaser will be deemed to have acknowledged that it understands that the Series 2022 Bonds are a speculative investment, that there is a high degree of risk in investing in the Series 2022 Bonds; and that the purchaser is capable of suffering a loss of the entirety of its investment which is represented by the Series 2022 Bonds. The purchaser will be deemed to have acknowledged that it can bear the economic risk associated with a purchase of high risk securities such as the Series 2022 Bonds and it has such knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investment, so as to be capable of evaluating the merits and risks of an investment in the Series 2022 Bonds on the basis of the information and review described herein.

The purchaser understands that each certificate representing an interest in the Series 2022 Bonds will bear the following securities legend (among other legends to be included), unless determined otherwise in accordance with applicable law:

THIS BOND MAY BE REGISTERED ONLY IN THE NAME OF OR TRANSFERRED TO A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR, EACH AS DEFINED IN THE INDENTURE, AND PURSUANT TO THE TERMS THEREOF.

Initial purchasers of the Series 2022 Bonds from the Underwriter will be required to deliver an Investor Letter in the form attached hereto in Appendix H in connection with such purchase providing representations and assurances to the Authority, the Borrower and the Underwriter regarding their knowledge and sophistication in the evaluation and purchase of securities such as the Series 2022 Bonds.

#### **THE SERIES 2022 BONDS**

The following is a summary of certain provisions of the Series 2022 Bonds. Reference is made to the Series 2022 Bonds for the complete text thereof and to the Indenture for all of the provisions relating to the Series 2022 Bonds. The discussion herein is qualified by such reference. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" attached hereto.

#### General

The Series 2022 Bonds will be dated the date of their initial delivery and will mature on the dates and bear interest at the rates set forth on the inside front cover page hereof. Interest on the Series 2022 Bonds will be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2022. Interest on the unpaid and outstanding principal amount of the Series 2022 Bonds shall, with respect to any such Bond, be computed by multiplying the unpaid and outstanding principal amount of such Bond by the rate of interest applicable to such Bond (on the basis of a 360-day year consisting of twelve 30-day months).

The Series 2022 Bonds initially will be sold only to Approved Buyers, which is defined in the Indenture as either qualified institutional buyers, as defined in Rule 144A promulgated under the Securities Act, or accredited investors, within the meaning of Regulation D of the Securities Act. The Series 2022 Bonds will be registered as to principal and interest in the name of Cede & Co., as nominee for DTC (hereinafter defined), or otherwise as hereinafter described. Purchases of beneficial ownership interests in the Series 2022 Bonds will be made only in book-entry form and purchasers will not receive certificates representing their interests in the Series 2022 Bonds so purchased. If the book-entry system is discontinued, bond certificates will be delivered as described in the Indenture, and Beneficial Owners (as defined below under "Book-Entry Only System") will become the registered owners.

The Series 2022 Bonds will be issued initially in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. On the date of issuance of the Series 2022 Bonds, the Series 2022 Bonds will not be rated. See "NO RATING" herein. Each initial Beneficial Owner of the Series 2022 Bonds will be required to execute an "Investor Letter" substantially in the form of APPENDIX H attached hereto.

#### Redemption

As described below, the Series 2022A Bonds are subject to extraordinary optional and mandatory redemption prior to their stated maturities.

**Optional Redemption.** The Series 2022A Bonds are subject to redemption prior to maturity beginning on or after June 1, 2030 at the option of the Borrower, upon written notice to the Trustee, in whole or in part on any date, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date set for redemption. The Series 2022B Bonds are not subject to optional redemption prior to maturity.

*Mandatory Sinking Fund Redemption.* The Series 2022A Bonds maturing on June 1, 2042 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

June 1, 2042

Date	Principal Amount
2028	\$35,000
2029	200,000
2030	215,000
2031	230,000
2032	245,000
2033	260,000
2034	275,000
2035	295,000
2036	315,000
2037	335,000
2038	355,000
2039	380,000
2040	400,000
2041	430,000
$2042^{\dagger}$	455,000

Maturity Date.

The Series 2022A Bonds maturing on June 1, 2047 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

	Principal
Date	Amount
2043	\$485,000
2044	520,000
2045	550,000
2046	585,000
$2047^{\dagger}$	625,000

## Series 2022A Bonds Maturing

June 1 2047

The Series 2022A Bonds maturing on June 1, 2052 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

#### Series 2022A Bonds Maturing

June 1, 2052

Date	Principal Amount
2048	\$665,000
2049	710,000
2050	755,000
2051	805,000
$2052^{\dagger}$	860,000
<sup>†</sup> Maturity Date.	

Maturity Date.

The Series 2022A Bonds maturing on June 1, 2062 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

#### Series 2022A Bonds Maturing June 1, 2062

Date	Principal Amount
2053	\$915,000
2054	980,000
2055	1,045,000
2056	1,115,000
2057	1,190,000
2058	1,270,000
2059	1,355,000

	Principal
Date	Amount
2060 2061 2062 <sup>†</sup>	1,450,000 1,545,000 1,650,000

<sup>†</sup> Maturity Date.

The Series 2022B Bonds maturing on June 1, 2028 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments paid from the Sinking Fund Account on June 1 of the following years in the following amounts:

#### Series 2022B Bonds Maturing

June 1, 2028

Date	Principal Amount
2025	\$160,000
2026	165,000
2027	175,000
$2028^{\dagger}$	155,000

<sup>†</sup> Maturity Date.

*Extraordinary Redemption*. The Series 2022 Bonds are subject to redemption prior to maturity at any time as a whole or in part, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption, from funds deposited in the Redemption Fund (created by the Indenture) from (i) the proceeds of any Property taken in the exercise of the power of eminent domain, condemnation or through the exercise of any right or any obligation on the part of any public authority to purchase the same, or as a result of any agreement between the Borrower, a local governmental authority or the State, and (ii) any insurance proceeds payable in connection with the loss, damage or destruction of any Property.

*Extraordinary Optional Construction Related Redemption.* The Series 2022 Bonds are subject to redemption in part prior to their stated maturities, at the option of the Borrower, from excess funds on deposit in the Project Fund following the Completion Date as provided in the Indenture, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption.

*Extraordinary Optional Redemption from Escrowed Proceeds.* The Series 2022 Bonds are subject to redemption, prior to their stated maturity, in whole or in part, on the earliest date for which notice of redemption can reasonably be given in accordance with the Indenture, from (i) escrowed proceeds of the Series 2022 Bonds transferred to the Redemption Fund from the Construction Subaccount in accordance with the Indenture, and (ii) pro-rata amounts transferred to the Redemption Fund from the Capitalized Interest Subaccount in connection with transfers described in the preceding clause (i), at a redemption price equal to 100% of the principal amount of the Series 2022 Bonds called for redemption plus interest accrued thereon to the date fixed for redemption. Pursuant to the Indenture, the last date for the escrow release provisions to be met is July 1, 2025. If the escrow release provisions are not met by that date, the escrowed bond proceeds in the Construction Subaccount and pro-rata portion of funds in the Capitalized Interest Subaccount will be used to redeem the Series 2022 Bonds. For more information on the specific escrow release provisions, see "THE PROJECT – Release of Escrowed Bond Proceeds" herein.

*Mandatory Redemption Upon Determination of Taxability*. The Series 2022 Bonds are subject to mandatory redemption in whole at a redemption price equal to the principal amount of the Series 2022 Bonds

to be redeemed plus accrued interest thereon to, but not including, the redemption date, on any Business Day within 45 days after the occurrence of a Determination of Taxability; provided, however, that if mandatory redemption on account of a Determination of Taxability of less than all of the Series 2022 Bonds would result, in the opinion of Bond Counsel, in the interest on the Series 2022A Bonds Outstanding following such mandatory redemption not being includable in the gross income of the Holders of such Series 2022A Bonds Outstanding, then the Series 2022 Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

"Determination of Taxability" shall occur upon (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which has the effect of eliminating the exclusion from federal income taxation of interest paid on a Tax-Exempt Bond, or (ii) the receipt by the Authority of a proposed adverse determination by the Internal Revenue Service with respect to any Tax-Exempt Bond, or receipt by the Bondholder or the Trustee of a statutory notice of deficiency by the Internal Revenue Service, a ruling from the National Office of the Internal Revenue Service, or a final decision of a court of competent jurisdiction which holds in effect that interest payable on any Tax-Exempt Bond is no longer excludable for federal income tax purposes in the gross income of a Bondholder; provided, however, that the Borrower shall have an opportunity for no more than one hundred (100) days after receipt by the Trustee to initiate an appeal of any such legislation, regulation, proposed determination, statutory notice, ruling or final decision and that no such legislation, regulation, proposed determination, statutory notice, ruling or final decision shall be deemed a "Determination of Taxability" if the Borrower is appealing the same during such one hundred (100) day period in good faith until the earliest of (i) abandonment of the appeals process by the Borrower, (ii) the date on which such appeals process has been concluded adversely to the Borrower and no further appeals are possible, or (iii) six (6) months after the initial receipt by the Trustee of such proposed determination, statutory notice, ruling or final decision.

The Trustee shall mail notice of the call for any redemption by first class mail at least thirty (30) days before the redemption date to the registered owners of the Series 2022 Bonds to be redeemed; provided, however, that so long as the Series 2022 Bonds are maintained in book-entry form, notice of the call for redemption required to be given to the registered owners shall be given only to the securities depository or its nominee in whose name the Series 2022 Bonds are registered. The failure to mail any such notice to any registered owner of the Series 2022 Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series 2022 Bonds.

*Notice of Redemption.* The Trustee shall mail notice of the call for any redemption by first class mail at least 30 days before the redemption date to the registered owners of the Series 2022 Bonds to be redeemed; provided, however, that so long as the Series 2022 Bonds are maintained in Book-Entry Form, notice of the call for redemption required to be given to the registered owners shall be given only to the Depository or its nominee in whose name such Series 2022 Bonds are registered. The failure to mail any such notice to any registered owner of Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Series 2022 Bonds.

Each notice of redemption of Series 2022 Bonds shall set forth (i) the maturities of the Series 2022 Bonds to be redeemed; (ii) the date fixed for redemption; (iii) any conditions to the redemption; (iv) the CUSIP numbers of the Series 2022 Bonds or portions thereof to be redeemed; (v) the Redemption Price to be paid; (vi) that such Series 2022 Bonds will be redeemed at the Designated Office of the Trustee; (vii) if fewer than all of the Series 2022 Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of the Series 2022 Bonds to be redeemed; (viii) in the case of Series 2022 Bonds to be redeemed in part, only the portion of the principal amount thereof to be redeemed; (ix) that on the redemption date, there shall become due and payable upon all Series 2022 Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue; and (x) a statement that such redemption is conditioned upon the receipt by Trustee, on or prior to the redemption date, of moneys sufficient to pay the redemption price or upon the happening of such other event as shall be specified therein, and if such moneys shall not have been so received, said notice shall be rescinded and the redemption shall be cancelled. If any Series 2022 Bonds is to be redeemed in part only, the notice of redemption that relates to such Series 2022 Bonds shall state also that on or after the redemption date, upon surrender of such Series 2022 Bonds to the Trustee at its Designated Office, a new Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any Authorized Denomination will be issued in Aggregate principal amount equal to the unredeemed portion of such Series 2022 Bonds. Any notice of optional redemption may state that such redemption shall be conditioned ("Conditional Notice") upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such Bonds to be redeemed or upon the occurrence of such other event or condition as shall be set forth in such Conditional Notice, and that, if such moneys shall not have been so received, or if such other event or condition shall have occurred or failed to occur (as the case may be), such Conditional Notice shall be of no force and effect and the redemption of the Series 2022 Bonds specified in the Conditional Notice shall no longer be required. The Trustee shall within a reasonable time thereafter give notice, in the manner in which the original Conditional Notice was given, of the cancellation of such redemption.

*Effect of Call for Redemption.* On the date designated for redemption, notice having been given as provided herein and in the Indenture, the Series 2022 Bonds or portions of Series 2022 Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Series 2022 Bonds or such portions thereof on such date and, if moneys for the payment of the Redemption Price and accrued interest are held by the Trustee as provided in the Indenture, interest on such Series 2022 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2022 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture, and the registered owners thereof shall have no rights in respect of such Series 2022 Bonds or such portions thereof so called for redemption except to receive payment of the Redemption Price thereof and the accrued interest thereon so held by the Trustee. If a portion of this bond shall be called for redemption, a new Series 2022 Bonds or Series 2022 Bonds in the aggregate principal amount equal to the unredeemed portion hereof, of the same series and maturity and bearing interest at the same rate, shall be issued to the registered owner upon the surrender hereof.

Selection of Bonds for Redemption. Except in the case of a partial redemption of Series 2022 Bonds upon a Mandatory Redemption Upon Determination of Taxability, if fewer than all of the Series 2022 Bonds shall be called for redemption, the particular maturities of such Series 2022 Bonds to be redeemed shall be selected by the Borrower. Except in the case of a partial redemption of Series 2022 Bonds upon a Mandatory Redemption Upon Determination of Taxability, if fewer than all of the Series 2022 Bonds upon a Mandatory Redemption Upon Determination of Taxability, if fewer than all of the Series 2022 Bonds of any one maturity shall be called for redemption, the Trustee shall select the particular Series 2022 Bonds or portions thereof to be redeemed from such maturity in such manner as the Trustee in its discretion may deem appropriate and fair. The portion of any Series 2022 Bonds to be redeemed shall be in an Authorized Denomination; provided, however, no redemption shall be permitted if such redemption would result in a Series 2022 Bonds in a denomination of less than the minimum Authorized Denomination.

#### **Book-Entry-Only System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for the Series 2022 Bonds set forth on the inside cover of this Limited Offering Memorandum, and will be deposited with DTC. For additional information regarding DTC and its book-entry only system, see Appendix G herein.

#### **Transfer and Exchange of Series 2022 Bonds**

As long as the Series 2022 Bonds are held by DTC or its nominee, Beneficial Owners may transfer their interest in the Series 2022 Bonds through the facilities of DTC as described in "Book-Entry Registration of Series 2022 Bonds" in the Indenture. If the book-entry system is discontinued, exchanges of Series 2022 Bonds may be made at the principal corporate trust office of the Trustee in Authorized Denominations, bearing interest at the same rate and having the same stated maturity date, in an aggregate principal amount equal to the principal amount of the Series 2022 Bonds so surrendered, upon reimbursement to the Authority or the Trustee of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange.

#### **ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of proceeds of the Series 2022 Bonds.

	Series 2022A	Series 2022B	Total
Sources:			
Bond Principal Original Issue Discount	\$23,500,000.00 (138,814.45)	\$655,000.00	\$24,155,000.00 (138,814.45)
Total Sources	\$23,361,185.55	\$655,000.00	\$24,016,185.55
Uses:			
Project Costs <sup>(1)</sup>	\$19,956,113.55		\$19,956,113.55
Deposit to Debt Service Reserve Fund <sup>(2)</sup>	1,719,808.67	\$47,935.09	1,767,743.76
Capitalized Interest Subaccount	1,219,360.23	34,480.26	1,253,840.49
Costs of Issuance <sup>(3)</sup>	465,903.10	572,584.65	1,038,487.75
Total Uses	\$23,361,185.55	\$655,000.00	\$24,016,185.55

<sup>(1)</sup> Includes approximately \$8,683,855 for the purchase of the Facility, \$7,974,758 to be deposited to the Construction Subaccount of the Project Fund, and an additional \$3,297,500 to be deposited in the Project fund. See "THE PROJECT" below.

<sup>(2)</sup> Equal to maximum annual debt service on the Series 2022 Bonds.

<sup>(3)</sup> Includes legal, printing, underwriting discount and other professional fees and other miscellaneous costs of issuance.

#### THE PROJECT

The proceeds of the Series 2022 Bonds will be used to (i) finance and/or refinance certain costs of the acquisition, construction, installation, renovation, rehabilitation, improvement, furnishing and equipping of the Facility; (ii) fund a debt service reserve fund for the Series 2022 Bonds (equal to maximum annual debt service); (iii) fund capitalized interest on a portion of the Series 2022 Bonds through December 1, 2023, and (iv) pay certain costs of issuance related to the issuance of the Series 2022 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" above.

#### The Facility

*General*. The Borrower currently operates its Hillpointe Campus in a facility located at or adjacent to 8941 Hillpointe Road in Las Vegas, Nevada 89134 (the "Facility"). The Facility comprises a site of approximately 3.15 acres and has four existing buildings totaling approximately 16,459 square feet of gross building space. The Facility is currently occupied by the Borrower pursuant to an Amended and Restated Lease Agreement, dated for reference purposes only as of October 26, 2020 (the "Facility Lease"), by and between the Borrower, as tenant, and Red Hook Capital Partners IV LLC, a Delaware limited liability

company, ("Red Hook") who was succeed in interest by its affiliate, Red Hook Discovery LLC, a Delaware limited liability company (the "Seller"), as successor landlord.

The Seller acquired the Facility on December 28, 2020 for an acquisition cost of approximately \$6,228,500. Pursuant to the Facility Lease, the middle school building at the Facility was remodeled in 2021, new playgrounds were created and various interior and exterior improvements, including the erection of a new perimeter fence, were made to the Facility buildings, at an aggregate cost of approximately \$250,000.

The Facility Lease provides the Borrower with an option to purchase the Facility. The Borrower intends to exercise its option to purchase the Facility with proceeds of the Series 2022 Bonds. The Borrower and the Seller entered into a Purchase and Sale Agreement and Joint Escrow Agreement, dated May 20, 2022, (the "PSA") to facilitate the purchase of Facility by the Borrower at a purchase price of \$8,650,000, with the closing of the purchase to occur concurrently with the issuance of the Series 2022 Bonds. The Borrower has no affiliation with the Seller or Red Hook, and the acquisition of the Facility by the Borrower from the Seller is an arm's-length transaction.

The Borrower had 2021-22 end of school year enrollment of 363 students in kindergarten through grade 8 at the Facility, with another 103 students enrolled in kindergarten through grade 5 at the Borrower's Sandhill campus. The Borrower expects to serve 523 students in kindergarten through grade 8 at the Facility by the 2023-24 school year (with 127 students at the Sandhill campus in 2023-24). See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto.

The Facility currently comprises four buildings totaling approximately 16,459 square foot gross building area, including classrooms and administrative offices, and a paved surface parking lot with 67 spaces. The Facility can currently accommodate up to 448 students in kindergarten through grade 8, without further capital improvements.

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Hillpointe Campus 8941 Hillpointe Road in Las Vegas (Serving 363 K-8 Students in the End of School Year 2021-22)





Photo of Front of Current Facility



Photo of Playground at Current Facility



Photo of Outdoor Seating at the Current Facility.



Photo of the School Store at the Current Facility.

New Building; Construction Agreement. After the purchase of the Facility, the Borrower expects to use a portion of the proceeds of the Series 2022 Bonds in the approximate amount of \$11,272,258 to construct a new, two-story building on the site of the Facility, consisting of approximately 14,910 square feet multipurpose building, containing 7 classrooms, an administration office, restrooms, and a gymnasium (the "New Building"). The New Building will be built on a reinforced concrete slab and footings foundation with a wood frame with stucco over wood frame and masonry exterior walls and a built up composition roof.

The Borrower has engaged IZ Design Studio as the architect to design the New Building. Founded in 1976, IZ Design Studio is an architecture and design firm specializing in educational, commercial, and hospitality projects and holds current licenses in the states of Nevada, Arizona, California, Colorado, Florida, Georgia, Hawaii, New Jersey, New York, North Carolina, Oregon, Texas, Utah, Washington, and Idaho.

The Borrower has also engaged Builder's United, LLC ("Builder's United") as a preconstruction design-assist consultant to aid in design review, planning, scheduling, estimating and budgeting with respect to the construction of the New Building. Founded in 1976, Builder's United is a commercial general contracting company serving the regional Southwest United States with a focus on development, ground up construction, tenant improvement, renovation and remodeling services for commercial, retail, food and beverage, medical, government, industrial, and hospitality clients. Previously, Builder's United served as the general contractor for the Borrower's remodeling of the current facility in 2021.

Completion for the proposed New Building is anticipated to be by September 1, 2023 for the start of the 2023-24 school year. Pursuant to local building code standards, the New Building is designed to accommodate a maximum occupancy of 399 people. However, the Borrower intends to utilize the New Building to serve 100 students (excluding staff) which includes using over 27% of the new square footage as a gym and using some of the other space as administrative offices and special education classrooms (which

decreases the occupancy of the New Building). The Facility, after the completion of the New Building, will accommodate up to 532 students.

Discovery Charter School will continue to operate at the Facility during site-preparation and construction of the New Building. If completion of the New Building is delayed past the start of school in Fall 2023, the Borrower believes that it can secure an alternative, including a local church, Shadow Hills Church, to support increased Hillpointe enrollment. Shadow Hills Church is located 2.3 miles from the Current Facility and the church facility includes a 31,000 square foot student center. The Borrower has had preliminary discussions with church leadership, but has not entered into any agreements with the church at this time.

The Borrower expects to enter into a guaranteed maximum price construction contract (the "Construction Contract") by September 16, 2022, with a general contractor to be selected by the Borrower (the "Contractor"), for approximately \$7,974,758, based on estimates for construction of the New Building and related site improvements. The Construction Contract estimate includes a 20% contingency. Payment and performance bonds will be required to be provided by the Contractor in connection with the contract.

A detailed breakdown of the budgeted costs is shown in the table below:

Cost Category	Total
Acquisition	
Purchase price	\$8,650,000
Closing Costs	129,750
Security Deposit Credit <sup>(1)</sup>	(95,895)
Acquisition Subtotal	\$8,683,855
<u>New Building Construction</u> Construction Contract <sup>(2)</sup>	\$7,974,758
Soft Costs	797,500
FF&E	500,000
Owner's Contingency	2,000,000
New Building Construction Subtotal	\$11,272,258
TOTAL PROJECT BUDGET	\$19,956,113

### **PROJECT BUDGET**

Return of security deposit paid to Seller under the Facility Lease.
 Includes a 20% contingency in the amount of \$1,329,126.36.

Source: The Borrower.




The following table sets forth the anticipated construction timeline for the New Building. Construction of the planned improvements may be subject to delay. See "CERTAIN RISK FACTORS – Construction Risks" herein.

# CURRENT DEVELOPMENT & CONSTRUCTION TIMELINE New Building

Milestone Event	Date		
Preliminary design complete	June 10, 2022		
Receive Summerlin HOA planning approval	June 15, 2022		
Construction documents complete	August 5, 2022		
Execute construction contract	September 16, 2022		
Receive building permit	October 14, 2022		
Site preparation complete	December 2022		
Begin construction	January 2023		
Complete construction	August 15, 2023		
Final completion	August 25, 2023		

Source: The Borrower.

**Release of Escrowed Bond Proceeds.** Approximately \$7,974,758 of the proceeds of the Series 2022 Bonds expected to finance the construction of the New Building will be deposited in the Construction Subaccount of the Project Fund under the Indenture and held by the Trustee, in trust, pending receipt by the Borrower of: (i) a guaranteed maximum price or stipulated sum construction contract for the construction of the New Building in an amount (net of any amounts previously paid pursuant to the construction contact) less than or equal to the moneys on deposit in the Project Fund, including the Construction Subaccount (and including any additional equity that the Borrower may deposit in either such subaccount); (ii) a building permit for the Project; (iii) evidence of approval by the Nevada State Public Charter School Authority of a material revision to the Charter School Contract that allows the School to increase enrollment to an aggregate of at least 680 students; (iv) evidence of payment and performance bonds covering the Construction Contract; and (iv) a certificate of the Borrower, as required under the Indenture (the "Construction Draw Requirements"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS – The Indenture – Conditions to Release of Escrowed Bond Proceeds from Project Fund" herein.

In the event the Construction Draw Requirements are not satisfied by July 1, 2025, the Series 2022 Bonds are subject to redemption from such unused proceeds in the Project Fund and pro-rata share of the Capitalized Interest Subaccount. See "THE SERIES 2022 BONDS – Redemption" herein.

# Appraisal

Valbridge Property Advisors (the "Appraiser") appraised the site and the buildings comprising the Facility. In that connection, the Appraiser prepared an Appraisal Report, dated May 20, 2022 (the "Appraisal") which contained both (i) an as-is market value of the fee interest in the Facility, with an effective date of April 14, 2022 and (ii) a prospective value of the fee interest in the Facility upon completion of the Project, with an effective date of September 1, 2023. The Appraisal estimates that the as-is market value of the fee interest in the Facility is \$8,650,000 and that the prospective value of the fee interest in the Facility upon completion of the Project is \$15,210,000.

The Appraisal employed three different approaches: (i) the cost approach, which is based upon the proposition that the informed purchaser would pay no more than the cost to produce a substitute property with the same utility as the subject property, (ii) the sales comparison approach, where value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables; and (iii) the income capitalization approach, where value is indicated by the capitalization of anticipated future income

The prospective appraised value of the Facility upon completion of the Project is equal to approximately 63.0% of the par amount of the Series 2022 Bonds. See "CERTAIN RISK FACTORS – Limitations of Appraisals" herein.

*Limitations.* The summaries of the Appraisal contained in this section is not meant to be exhaustive, and reference should be made to such report for a complete recital of its terms. Complete copies of the Appraisal are available upon request from the Underwriter. The value of the Project as estimated in the Appraisal represents only the opinion of the Appraiser, and only as of the effective dates. The Appraiser has not been engaged to update or revise the estimates contained in the Appraisal since its effective dates. See "CERTAIN RISK FACTORS – Limitations of Appraisals" herein.

# **Environmental Inspection**

Partner Engineering and Science, Inc. ("Partner") performed a Phase I Environmental Site Assessment of the Facility and prepared a report dated May 16, 2022 (the "Phase I Report"). The Phase I Report states it was prepared to evaluate the Facility for potential Recognized Environmental Conditions ("RECs") controlled recognized environmental conditions ("CRECs") or historical recognized environmental conditions ("HRECs") found as part of the assessment. The Phase I Report states that Partner did not identify any RECs, CRECs or HRECs. Partner recommended no further investigation of the Facility as of the date of the Phase I Report.

# **DEBT SERVICE SCHEDULE**

The following table sets forth, for each year ended June 1, the principal and interest required each year to be paid with respect to the Series 2022 Bonds, assuming no prepayment other than for scheduled mandatory sinking fund redemptions.

Period	Series 2022A Bonds <sup>(1)</sup>		Series 2022B Bonds <sup>(1)</sup>		
Ending June 1	Ending June 1 Principal Interest		Principal	Interest	Total Bonds Debt Service
2023		\$1,376,776.13		\$38,931.56	\$1,415,707.69
2024		1,563,531.26		44,212.50	1,607,743.76
2025		1,563,531.26	\$160,000.00	44,212.50	1,767,743.76
2026		1,563,531.26	165,000.00	33,412.50	1,761,943.76
2027		1,563,531.26	175,000.00	22,275.00	1,760,806.26
2028	\$35,000.00	1,563,531.26	155,000.00	10,462.50	1,763,993.76
2029	200,000.00	1,561,256.26			1,761,256.26
2030	215,000.00	1,548,256.26			1,763,256.26
2031	230,000.00	1,534,281.26			1,764,281.26
2032	245,000.00	1,519,331.26			1,764,331.26
2033	260,000.00	1,503,406.26			1,763,406.26
2034	275,000.00	1,486,506.26			1,761,506.26
2035	295,000.00	1,468,631.26			1,763,631.26
2036	315,000.00	1,449,456.26			1,764,456.26
2037	335,000.00	1,428,981.26			1,763,981.26
2038	355,000.00	1,407,206.26			1,762,206.26
2039	380,000.00	1,384,131.26			1,764,131.26
2040	400,000.00	1,359,431.26			1,759,431.26
2041	430,000.00	1,333,431.26			1,763,431.26
2042	455,000.00	1,305,481.26			1,760,481.26
2043	485,000.00	1,275,906.26			1,760,906.26
2044	520,000.00	1,244,381.26			1,764,381.26
2045	550,000.00	1,210,581.26			1,760,581.26
2046	585,000.00	1,174,831.26			1,759,831.26
2047	625,000.00	1,136,806.26			1,761,806.26
2048	665,000.00	1,096,181.26			1,761,181.26
2049	710,000.00	1,052,125.00			1,762,125.00
2050	755,000.00	1,005,087.50			1,760,087.50
2051	805,000.00	955,068.76			1,760,068.76
2052	860,000.00	901,737.50			1,761,737.50
2053	915,000.00	844,762.50			1,759,762.50
2054	980,000.00	783,000.00			1,763,000.00
2055	1,045,000.00	716,850.00			1,761,850.00
2056	1,115,000.00	646,312.50			1,761,312.50
2057	1,190,000.00	571,050.00			1,761,050.00
2058	1,270,000.00	490,725.00			1,760,725.00
2059	1,355,000.00	405,000.00			1,760,000.00
2060	1,450,000.00	313,537.50			1,763,537.50
2061	1,545,000.00	215,662.50			1,760,662.50
2062	1,650,000.00	111,375.00			1,761,375.00
Totals	\$23,500,000.00	\$45,635,201.39	\$655,000.00	\$193,506.56	\$69,983,707.95

<sup>(1)</sup> Figures may not sum to totals due to rounding.

# **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022 BONDS**

# General

As further described herein, the obligations of the Borrower under the Loan Agreement, which represents the source of payment for the Series 2022 Bonds, are general obligations of the Borrower and the

full faith and credit of the Borrower is pledged to the payments required thereunder. The sources of security for the Series 2022 Bonds include a pledge of the Borrower's Gross Revenues, along with a Deed of Trust (as defined herein) on each of the Facility.

The Series 2022 Bonds will be issued under and, together with any other Parity Debt, will be equally and ratably secured by the Indenture. The Series 2022 Bonds are special, limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture, which consists principally of the Revenues derived under the Loan Agreement and amounts in, or required to be deposited in, certain funds and accounts held by the Trustee under the Indenture.

THE SERIES 2022 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE INDENTURE) AND, EXCEPT FROM SUCH SOURCE, NONE OF THE AUTHORITY, ANY MEMBER (AS DEFINED HEREIN), ANY SPONSOR (AS DEFINED HEREIN), ANY AUTHORITY INDEMNIFIED PARTY (AS DEFINED IN THE INDENTURE), THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2022 BONDS ARE NOT A DEBT OF THE STATE OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS, NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY SPONSOR OR ANY AUTHORITY INDEMNIFIED PARTY, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

# The Indenture

The Series 2022 Bonds are issued under and secured by the Indenture. The Indenture provides that all Bonds issued thereunder will be limited obligations of the Authority, and will be secured on a parity with all other Parity Debt by the Trust Estate, including without limitation all of the Authority's right title and interest in and to (i) the Loan Agreement, together with all moneys due and to become due to the Authority thereunder, and all remedies of the Authority thereunder, (ii) the Deed of Trust, together with all moneys due and to become due to the Authority thereunder, and all remedies of the Authority thereunder and (iii) the Gross Revenues, the Revenues and the Revenue Fund and all other moneys and securities from time to time held by the Trustee under the terms of the Indenture, except for moneys and securities on deposit from time to time in the Rebate Fund and the Reserved Rights of the Authority. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE" attached hereto.

**Revenue Fund;** Allocation of Revenues. There is created under the Indenture, for the benefit of the holders of all Parity Debt Outstanding under the Loan Agreement and the Indenture (including the Series 2022 Bonds), and shall be held and maintained by the Trustee, the Revenue Fund. All amounts on deposit in the Revenue Fund are pledged to the payment of the principal of and interest on all Outstanding Parity Debt.

The Revenues and any other moneys that are required to be deposited in the Revenue Fund, including, without limitation, all State Payments paid or transferred to the Trustee pursuant to the Blocked Account Agreement and all other moneys to be deposited into the Revenue Fund pursuant to the Loan Agreement or the Indenture, shall be promptly deposited by the Trustee to the credit of the Revenue Fund.

Except as otherwise expressly provided in the Indenture, the Trustee shall transfer moneys in the Revenue Fund on the 25th day of each month as follows and in the following order of priority:

FIRST; commencing on August 25, 2022, to the Interest Account, the amount, if any, necessary to make the amount on deposit therein equal to the amount of accrued and unpaid interest on the Series 2022 Bonds Outstanding as of the first day of the immediately succeeding month, taking into account, in each case, the amount to be transferred from the Capitalized Interest Subaccount pursuant to the Indenture;

SECOND; commencing on June 25, 2024, to the Sinking Fund Account, the lesser of (i) onetwelfth of the amount of any Sinking Fund Installment for the Series 2022 Bonds Outstanding becoming due on the immediately succeeding June 1, and (ii) the amount required to make the amount credited to the Sinking Fund Account equal to the Sinking Fund Installment, if any, becoming due on the Series 2022 Bonds on the immediately succeeding June 1;

THIRD; to the applicable Debt Service Reserve Funds, beginning in the month immediately succeeding any month in which the Borrower receives notice of any deficiency in such Debt Service Reserve Fund, (i) one-fourth of the amount of such deficiency if the value of the assets credited to the applicable Debt Service Reserve Fund is less than 90% of the corresponding Debt Service Reserve Fund Requirement and such deficiency results from a decline in the value of the assets of the applicable Debt Service Reserve Fund, and (ii) one-twelfth of the amount of such deficiency if such deficiency results from any withdrawal from the applicable Debt Service Reserve Fund or from any other cause, in either case until the amount credited to such Debt Service Reserve Fund equals the applicable Debt Service Reserve Fund Requirement; and

FOURTH, to the Repair and Replacement Fund, \$2,777.78, until the balance therein is at least equal to the Repair and Replacement Fund Requirement, and thereafter (i) the greater of (A) the amount designated for deposit in the Repair and Replacement Fund in a written direction of the Borrower, and (B) one-sixth of the aggregate amount of each prior withdrawal from the Repair and Replacement Fund, provided that no deposit need be made into the Repair and Replacement Fund if the balance in said account is at least equal to the Repair and Replacement Fund Requirement, and (ii) in the event the balance in said account shall be less than the Repair and Replacement Fund Requirement fund necessary to increase the balance in said account to an amount at least equal to the Repair and Replacement Fund Requirement (until deposits on account of such valuation deficiency, if any, are sufficient to increase the balance in said account to said amount).

After making the payments required above, any balance remaining in the Revenue Fund on the last day of any month shall be paid to the Borrower unless such amount constitutes sale proceeds of Bonds or the investment earnings thereon, in which case such amount shall be transferred to such funds and accounts as Bond Counsel shall direct in writing.

The Trustee shall deposit into the Revenue Fund any moneys paid by the Borrower or the Authority pursuant to the Loan Agreement and transfer the same (i) to the applicable Interest Accounts, to the extent of the amount of such proceeds that represents interest accruing on the Series 2022 Bonds for the period covered by such payment; and (ii) to the applicable Sinking Fund Account, as appropriate, to the extent of the amount of such proceeds that represents the amount, if any, payable by the Borrower during the period covered by such payment in respect of the Sinking Fund Installments for the Series 2022 Bonds.

Moneys deposited at any time in the Revenue Fund as the result of voluntary payments made by the Borrower to the Trustee in accordance with the prepayment provisions of the Loan Agreement shall be paid to the applicable Redemption Fund as directed by the Borrower immediately upon deposit thereof.

To the extent the State Payments are not able to be directly transferred from the State to the Custodian pursuant to the Blocked Account Agreement, the Borrower shall deposit its State Payments no later than the end of the Business Day following their receipt, directly to the Custodian, to be transferred pursuant to the terms of the Blocked Account Agreement to the Revenue Fund to be applied in the order of priority set forth in the Indenture.

In the event there are insufficient moneys in the Revenue Fund to make any deposit required above, the Trustee shall transfer such moneys as follows:

(i) to the extent there are insufficient moneys in the Revenue Fund to satisfy clause FIRST above, moneys shall be deposited to the Interest Accounts pro rata, based on the ratio of the accrued and unpaid interest payable on a particular Series of Bonds to the aggregate amount of accrued and unpaid interest on the Bonds Outstanding;

(ii) to the extent there are insufficient moneys in the Revenue Fund to satisfy clause SECOND above, moneys shall be deposited to the Sinking Fund Accounts pro rata, based on the ratio of the principal amount, if any, due on a particular Series of Bonds to the aggregate amount of principal due on the Bonds Outstanding; and

(iii) to the extent there are insufficient moneys in the Revenue Fund to satisfy clause THIRD above, moneys shall be deposited to the Debt Service Reserve Funds pro rata, based on the ratio of the amount to be deposited in each Debt Service Reserve Fund to the aggregate amount to be deposited to both Debt Service Reserve Funds.

**Debt Service Reserve Fund.** Upon the delivery of the Series 2022 Bonds, the Trustee will deposit in the Debt Service Reserve Fund from the proceeds of the sale of the Series 2022 Bonds an amount equal to the Debt Service Reserve Fund Requirement for the Series 2022 Bonds. The Debt Service Reserve Requirement is equal to maximum annual debt service on the Series 2022 Bonds.

Under the Indenture, the "Debt Service Reserve Fund Requirement" means, as of any particular date of computation for any Debt Service Reserve Fund, an amount which will be equal to the least of (a) ten percent (10%) of the original principal amount of the Series 2022 Bonds; (b) Maximum Annual Debt Service with respect to the Bonds Outstanding; (c) one hundred twenty-five percent (125%) of average annual Debt Service with respect to the Series 2022 Bonds, or (d) for the last Bond Year only, the total Debt Service with respect to the Bonds Outstanding. Maximum annual Debt Service and average annual Debt Service, for purposes of this definition, will be calculated on the basis of 12-month periods ending on June 1 of any year in which Bonds are Outstanding.

The Borrower may deliver to the Trustee a Debt Service Reserve Fund Credit Facility to be held in a Debt Service Reserve Fund as a credit against the corresponding Debt Service Reserve Fund Requirement; provided the conditions for delivery of such Debt Service Reserve Fund Credit Facility are satisfied, including but not limited to consent of the Holders of a majority of the Service Reserve Fund securing the delivery of the Debt Service Reserve Fund Credit Facility for the Debt Service Reserve Fund securing the Series 2022 Bonds. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE – Deposit and Application of Moneys in Revenue Fund" and " – Application of Moneys in Debt Service Reserve Funds; Deficiencies and Surpluses" attached hereto.

If as a result of any withdrawal from a Debt Service Reserve Fund, the amount credited thereto is less than the corresponding Debt Service Reserve Fund Requirement, the Borrower is required under the Loan Agreement to make equal monthly payments in such amounts as will cure the deficiency within 12 months. The Indenture and the Loan Agreement also contain provisions which require the Borrower to make certain payments in the event of decline in the value of the assets of any Debt Service Reserve Fund or in the event that any Debt Service Reserve Fund Credit Facility fails to qualify to be credited to any Debt Service Reserve Fund. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE – Application of Moneys in Debt Service Reserve Funds; Deficiencies and Surpluses" and " – THE LOAN AGREEMENT – Loan Payments" attached hereto.

*Conditions to Release of Escrowed Bond Proceeds from Project Fund.* No proceeds of the Series 2022 Bonds deposited in the Construction Subaccount of the Project Fund will be disbursed unless the Borrower has delivered to the Trustee evidence of the following (the "Construction Draw Requirements"):

- (i) a guaranteed maximum price or stipulated sum construction contract for the construction of an additional educational building on the Property in an amount (net of any amounts previously paid pursuant to the construction contact) less than or equal to the moneys on deposit in the Project Fund, including the Construction Subaccount (including any additional equity that the Borrower may deposit in such subaccount), along with a certification of the Borrower that such contract complies with the provisions of applicable prevailing wage laws;
- (ii) a building permit for such renovations, or equivalent;
- (iii) evidence of approval by the Nevada State Public Charter School Authority of a material revision to the Charter School Contract that allows the School to increase enrollment to an aggregate of at least 680 students;
- (iv) evidence of payment and performance bonds covering the construction contract described above; and

(v) a certificate of the Borrower to the effect that the representations and warranties of the Borrower contained in the Loan Agreement are true and accurate on and as of the date of such certificate, together with a certification that the requirements above have been satisfied.

On July 1, 2025, if the Construction Draw Requirements have not been satisfied then all moneys on deposit in the Construction Subaccount will be transferred to the Redemption Fund. Upon the written direction of the Borrower delivered to the Trustee on any date prior to the satisfaction of the Construction Draw Requirements, but in no event later than July 1, 2025, the Borrower may direct the Trustee to (i) transfer all moneys on deposit in the Construction Subaccount to the Redemption Fund, (ii) transfer a pro-rata portion of the funds in the Capitalized Interest Subaccount to the Redemption Fund, and (iii) mail a notice of redemption in accordance with the Indenture to redeem certain Bonds in accordance with the Indenture. See "THE SERIES 2022 BONDS – Redemption – Extraordinary Mandatory Redemption from Escrowed Project Funds" herein.

**Repair and Replacement Fund.** The Trustee will establish, maintain and hold in trust a separate fund designated as the "Repair and Replacement Fund," which shall be used solely for the purposes set forth in the Indenture. Amounts held in the Repair and Replacement Fund shall be applied by the Trustee upon receipt of a requisition of the Borrower for costs of operating and maintaining the Facilities, including without limitation, performing capital maintenance.

When (i) the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Revenue Fund, the balance of the Redemption Fund and the balance of the Repair and Replacement Fund, and (ii) all other amounts owed under the Loan Agreement and the Indenture shall have been paid, moneys held in the Repair and Replacement Fund may be deposited into the Revenue Fund and credited against payments of Debt Service required under the Loan Agreement.

Pursuant to the Indenture, "Repair and Replacement Fund Requirement" means an amount equal to \$100,000; provided, however, that the Repair and Replacement Fund Requirement will initially be \$0 as of the Closing Date and shall increase by \$2,777.78 on the first Business Day of each month commencing

September 1, 2022, until such Repair and Replacement Fund Requirement equals \$100,000; and provided, however, that the Repair and Replacement Fund Requirement will be adjusted to reflect the amount recommended by the Facilities Consultant as provided above.

No later than July 1, 2027, and each fifth anniversary thereafter, the Borrower shall engage a Facilities Consultant who shall, within 60 days of engagement, and each fifth anniversary thereafter, as applicable, provide to the Borrower (copies of which shall be provided to the Trustee) (i) a Facilities Consultant Report and (ii) recommendations as to any required change in the Repair and Replacement Fund Requirement to provide for the proper maintenance and upkeep of the Facilities. Within fourteen Business Days of its receipt of the Facilities Consultant Report, the Borrower shall either (i) accept the recommendations of the initial Facilities Consultant or (ii) engage and immediately accept the recommendations (which shall be made within 60 days of such engagement) of a different Facilities Consultant in the event the recommendations outlined in the initial Facilities Consultant Report are deemed by the Borrower to be unreasonable or inconsistent with the School's operation and maintenance practices.

# Loan Agreement

General. The Loan Agreement will be an unconditional general obligation of the Borrower and will remain in full force and effect until all of the principal of all Parity Debt and Subordinate Obligations and the interest thereon have been paid or provision for the payment thereof has been made in accordance with the Indenture. The Loan Agreement will require the Borrower to make payments in such amounts as shall be sufficient to provide for the payment of the principal of and the redemption premium, if any, and interest on the Parity Debt when due, to pay to the Trustee and the Dissemination Agent, respectively, the Administrative Expenses applicable to such party, to maintain the Debt Service Reserve Fund for the Series 2022 Bonds at the Debt Service Reserve Fund Requirement for the Series 2022 Bonds, and to pay to the Trustee the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Trustee in connection with the performance of its duties under the Indenture and under the Loan Agreement, and to pay to the Authority or the Trustee, as the case may be, Additional Payments (as defined in the Loan Agreement). See "APPENDIX C - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE LOAN AGREEMENT - Loan Payments" attached hereto. Pursuant to the Indenture, the Authority will assign all of its right, title and interest in and to the Loan Agreement, including its right to receive loan payments thereunder (other than the Reserved Rights of the Authority), as security for the Parity Debt and Subordinate Obligations, all to the extent provided in the Indenture. See "APPENDIX C - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE INDENTURE" attached hereto.

Security Interest in Gross Revenues. Under the Loan Agreement, the Borrower will grant to the Authority a lien and claim on and security interest in all of the Gross Revenues and the Blocked Account, in each case subject to no liens or encumbrances other than the Permitted Encumbrances, to secure all of the Borrower's obligations under the Loan Agreement, including, without limitation, the Borrower's obligation to make timely payment of all amounts due thereunder.

In order to secure further the punctual payment of amounts due under the Loan Agreement, the Borrower will agree in the Loan Agreement that, upon the written request of the Trustee following the occurrence of any Event of Default thereunder, and only for so long as such Event of Default continues, any Gross Revenues that are then held by the Borrower shall immediately, and any Gross Revenues thereafter received shall upon their receipt, be transferred to the Trustee, deposited in the Revenue Fund and applied pursuant to the Indenture. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE – Events of Default and Remedies" attached hereto. Nothing contained in this paragraph shall be construed as precluding the Borrower from applying the Gross Revenues to its own uses so long as no Event of Default shall have occurred and be continuing.

Blocked Account Agreement. Under the Loan Agreement, the Borrower pledges, covenants and agrees to deposit all monies paid from the State, immediately upon receipt thereof via Automated Clearing

House (ACH) transfer, or via such other means acceptable to the Trustee (or to direct any third party or the State to deposit such amounts on the date available, if at any time the Borrower determines that the State would follow such direction) into the accounts established pursuant to the Blocked Account Agreement, no later than the twenty-fifth day of each month, commencing August 25, 2022, and if not directly deposited to the Trustee by the State, by the Borrower by the end of the Business Day following its receipt. Except as provided in the Blocked Account Agreement, the Borrower covenants and agrees under the Loan Agreement that it will not terminate or amend the Blocked Account Agreement unless it has delivered to the Custodian the written consent of the Owners of not less than a majority in aggregate principal amount of the Series 2022 Bonds then Outstanding regarding such termination or amendment. It shall not constitute an Event of Default under the Loan Agreement if the Borrower is unable to direct the State to directly deposit the State Payments to the Custodian pursuant to the Blocked Account Agreement.

*General Obligation of Borrower; Pledge of Gross Revenues; Liens and Encumbrances.* The Loan Agreement is a general obligation of the Borrower and the full faith and credit of the Borrower is pledged to the payments required thereunder.

To secure the payment and performance of Borrower's obligations under the Loan Agreement, the Borrower has pledged and granted to the Authority a security interest in Gross Revenues.

Except as otherwise specifically permitted by the Loan Agreement, the Borrower shall neither create any lien or encumbrance nor allow any lien to remain against any portion of the assets or Gross Revenues of the Borrower other than Permitted Encumbrances.

The Borrower shall execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the Deed of Trust and any rights, security interests in Gross Revenues and other moneys, securities, funds and assets pledged or assigned to the Authority or the Trustee, or intended to be, or that the Borrower may become bound to mortgage, pledge or assign.

"Gross Revenues" means all revenues, income, receipts and money received by or on behalf of the Borrower from all lawfully available sources, including (a) gross revenues derived from the operation and possession of the Borrower's facilities; (b) gifts, grants, bequests, donations and contributions, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of the Loan pursuant to the Loan Agreement; (c) proceeds derived from (i) accounts receivable, (ii) securities and other investments, (iii) inventory and other tangible and intangible property, and (iv) contract rights and other rights and assets now or hereafter owned by the Borrower; and (d) rentals received from the lease of space; provided, however, that Gross Revenues shall not include (1) income derived from defeasance obligations that are irrevocably deposited in escrow to pay the principal of or interest on any Indebtedness; (2) any gains or losses resulting from the early extinguishment of Indebtedness, the sale, exchange or other disposition of Property not in the ordinary course of business, or the reappraisal, reevaluation or write-up of assets, or any other extraordinary gains or losses; (3) net unrealized gain (losses) on investments on investments and financial products agreements; (4) proceeds of borrowing; (5) condemnation proceeds; and (6) insurance proceeds.

### **Certain Financial Covenants under the Loan Agreement**

*Limitation on Incurrence of Additional Indebtedness*. The Indenture and the Loan Agreement allow the issuance of Additional Bonds and Parity Obligations. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE – Additional Bonds" and " – THE LOAN AGREEMENT – Parity Obligations" attached hereto for a more detailed description of certain provisions of the Indenture and the Loan Agreement relating to the issuance of Additional Bonds and Parity Obligations.

Pursuant to the Loan Agreement, The Borrower shall not assume or guaranty any additional Indebtedness (secured or unsecured) except for purposes specifically benefiting the Borrower and except as provided below:

(a) Long-Term Indebtedness may be incurred if, prior to the issuance of such Additional Indebtedness, an Independent Consultant selected by the Borrower provides a written report to the Trustee setting forth projections meeting the following conditions:

(i) a Debt Service Coverage Ratio for each of the three consecutive full Fiscal Years beginning in the earlier of: (A) the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Additional Indebtedness, based upon a certified written estimated completion date by the consulting engineer for such facilities; or (B) the first full Fiscal Year in which the obligor of such Additional Indebtedness will have scheduled payments of interest on or principal of the Additional Indebtedness to be issued for the payment of which provision has not been made as indicated in the report of such Independent Consultant from proceeds of such Additional Indebtedness, investment income thereon or from other appropriate sources (other than Net Income Available for Debt Service), taking into account all Outstanding Long-Term Indebtedness and the Additional Indebtedness to be issued, of not less than 1.20:1.00; and

(ii) the Debt Service Coverage Ratio for the Fiscal Year immediately preceding the assumption of the proposed Additional Indebtedness is calculated to be at least 1.10:1.00 in such Fiscal Year, or would have been greater than it would otherwise have been, absent such proposed Additional Indebtedness.

The report of the Independent Consultant shall take into account, as applicable, (i) the audited results of operations and verified enrollment of the School, (ii) projected enrollment of the School, and (iii) Gross Borrower Revenues at the completion of the facilities financed with such Additional Indebtedness. In addition, the report of the Independent Consultant shall assume that the Long-Term Indebtedness then to be incurred shall have been outstanding for the entire year, and shall exclude therefrom the payment obligations which will be eliminated as a result of the incurrence of the proposed Long-Term Indebtedness.

(b) Long-Term Indebtedness may be incurred for the purpose of refunding any Outstanding Indebtedness, if prior to the incurrence thereof, there is delivered to the Trustee an Officer's Certificate demonstrating that (i) the Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; (ii) the total Debt Service on the Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; (ii) the total Debt Service on the Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (iii) the requirements of subsection (a)(i) above are met; provided that the foregoing shall not apply to any refinancing with Balloon Indebtedness.

(c) To the extent permitted by applicable law and if no Event of Default under this Loan Agreement, or an event that with the giving of notice or passage of time or both would constitute an Event of Default under this Loan Agreement, has occurred and is continuing, Borrower may incur Short-Term Indebtedness for working capital purposes which the Borrower in its judgement deems expedient, or Interim Indebtedness to finance and refinance existing capital needs which the Borrower in its judgement deems expedient, in each case which Short-Term Indebtedness or Interim Indebtedness, so long such proposed Indebtedness, together with all Short-Term Indebtedness and Interim Indebtedness then outstanding, does not exceed 25% of the Gross Revenues of the Borrower for the fiscal year for which the most recent available audited financial statements of the Borrower are available.

(d) Indebtedness consisting of purchase money obligations with respect to any item of equipment related to the Property may be incurred without limitation.

(e) Indebtedness consisting of leases which are considered operating leases for a charter school facility under general accepted accounting principles, the term of which does not exceed two years, may be incurred without limitation.

Indebtedness consisting of operating leases for a charter school facility under generally accepted accounting principles, the term of which exceeds two years, may be incurred if, prior to the incurrence of such Indebtedness, an Independent Consultant selected by the Borrower provides a written report to the Trustee indicating that the Debt Service Coverage Ratios required to be met under the Long-Term Indebtedness provisions set forth in paragraph (a) above are satisfied, assuming only for the purposes of such calculation that such operating lease Indebtedness constitutes additional Long-Term Indebtedness. Notwithstanding the foregoing, a renewal or extension of the lease for the Sandhill Campus for a term that exceeds two years may be incurred without limitation.

(f) Subordinated Indebtedness may be incurred without limitation.

"Debt Service Coverage Ratio" means for any Fiscal Year the ratio determined by dividing (a) Net Income Available for Debt Service, by (b) Debt Service.

"Net Income Available for Debt Service" means Gross Borrower Revenue minus its Operating Expenses; provided, that no determination thereof will take into account: (a) any gain or loss resulting from either the early extinguishment or refinancing of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (b) gifts, grants, bequests, donations or contributions, and income therefrom, to the extent specifically permanently restricted by the donor or by law to a particular purpose inconsistent with their use for the payment of Operating Expenses; (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles; (e) unrealized gains or losses that do not result in the receipt or expenditure of cash; and (f) nonrecurring items which involve the receipt, expenditure or transfer of assets.

"Gross Borrower Revenues" means all revenue, income, receipts and money received by the Borrower or on behalf of the Borrower from all lawfully available sources attributable to the operation of the its charter schools, including from any applicable district or county or from the State pursuant to the Charter School Act from any general purpose entitlement, revenue limit, or State educational funding sources; but excluding gifts, grants, bequests, donations and contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for payments under the Loan Agreement or operating expenses. Any other income, revenue, receipts, contributions or other monies received by the Borrower not specifically described in the immediately preceding sentence shall not constitute Gross Borrower Revenues.

"Operating Expenses" means except as provided below, all unrestricted expenses of Borrower, attributable to operations of its charter schools, including maintenance, repair expenses, utility expenses, equipment lease and other rental expense (excluding Debt Service), administrative and legal expenses, miscellaneous operating expenses, advertising and promotion costs, payroll expenses (including taxes), the cost of material and supplies used for current operations of Borrower, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of Borrower not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may reasonably be expected to be incurred in accordance with generally accepted accounting principles, all in such amounts as reasonably determined by the Borrower. "Operating Expenses" shall exclude, however, (a) all subordinated CMO Management Fees, if any, (b) depreciation and amortization, (c) expenses or other amounts paid into and from the Repair and Replacement Fund and the Debt Service Reserve Fund, and (d) any expenses

which are treated as extraordinary in accordance with generally accepted accounting principles. Discovery Charter does not currently charge any CMO Management Fees.

Each Series of Additional Bonds shall be on a parity with the Series 2022 Bonds, and shall be entitled to the same benefit and security of the Indenture, including (without limitation) the pledge of the Revenues made thereby, as the Series 2022 Bonds, and any other Series of Additional Bonds that may be issued from time to time on a parity with such Bonds to the extent provided in the Indenture. Parity Obligations, as the case may be, shall rank equally and ratably with the outstanding Series 2022 Bonds and any other outstanding Parity Debt as to the security of the Trust Estate, to the extent provided in the Indenture and in the Loan Agreement.

**Debt Service Coverage Ratio.** The Borrower covenants and agrees to calculate for each Fiscal Year its Debt Service Coverage Ratio based on its audited financial statements for such Fiscal Year, and to provide a copy of such calculation for such period to the Borrower and the Trustee annually commencing with the Fiscal Year ending June 30, 2023. The Borrower also covenants to maintain its Net Income Available for Debt Service so that its Debt Service Coverage Ratio at the end of each Fiscal Year is not less than 1.10 to 1.00; provided that, except as provided below, Borrower's failure to achieve the required Debt Service Coverage Ratio will not constitute an Event of Default under the Loan Agreement if Borrower promptly engages an Independent Consultant to prepare a report, to be delivered to the Trustee within 45 days of engagement, with recommendations for meeting the required Debt Service Coverage Ratio or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year.

The Independent Consultant selected and appointed by Borrower may be rejected upon the written request of the holders of not less than a majority in aggregate principal amount of the Series 2022 Bonds then Outstanding; if so rejected, Borrower covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to Borrower and Trustee within 90 days after being so retained. If Borrower fails to implement the recommendations of the Independent Consultant, to the extent permitted by law, and such failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Borrower by the Authority or the Trustee, such failure shall constitute an Event of Default under the Loan Agreement. Borrower will not be obligated to retain such an Independent Consultant more often than once during any 24 month period.

Notwithstanding the foregoing, Borrower's failure to achieve a Debt Service Coverage Ratio of 1.00 to 1.00 will constitute an Event of Default under the Loan Agreement.

*Liquidity.* The Borrower will calculate Days Cash on Hand as of the last day of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2023, based upon its audited financial statements for such Fiscal Year and file such reports with the Trustee. For each calculation date, the Borrower will maintain Days Cash on Hand as of the last day of each Fiscal Year equal to or greater than 45 days.

The Borrower will provide a certificate to the Borrower and Trustee at the time of delivery of its annual audited financial statements for each Fiscal Year indicating whether Borrower has met the requirement set forth above. If the certificate indicates that such cash balance requirement has not been met, Borrower covenants to retain an Independent Consultant at the expense of Borrower, within 45 days, to make recommendations to increase such balances in the then-current Fiscal Year to the required level or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. The Independent Consultant selected and appointed by Borrower may be rejected upon the written request of the holders of not less than a majority in aggregate principal amount of the Series 2022 Bonds then Outstanding; if so rejected, Borrower covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to the Borrower and the Trustee within 90 days after being so retained. If Borrower fails to

implement the recommendations of the Independent Consultant, to the extent permitted by law, and such failure continues for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Borrower by the Authority or the Trustee, such failure shall constitute an Event of Default under the Loan Agreement.

No proceeds of any Short-Term Indebtedness will be considered unrestricted available cash for purposes of such calculation (other than the proceeds of any working capital loans made to bridge deferrals in State Payments or start-up loans from the State or the Nevada Department of Education).

In the event the Borrower fails to have such an amount on deposit, it will not be a default or Event of Default under the Loan Agreement. Borrower will not be obligated to retain such an Independent Consultant more often than once during any 24 month period.

"Days Cash on Hand" means (a) the sum of Cash and Cash Equivalents of the Borrower, as shown on Borrower's audited financial statements for each Fiscal Year, and any State Payments accrued to such Fiscal Year and scheduled to be received within two months following the end of such Fiscal Year ("Cash on Hand"); divided by (b) the Average Daily Expenses for the Borrower (as calculated for the most recent Fiscal Year ending before such date).

"Average Daily Expenses for the Borrower" means (a) cash requirements during such Fiscal Year related to or payable from revenues attributable to the Borrower (excluding from such calculation all depreciation and other non-cash items), and including within such calculation (i) all Operating Expenses for such Fiscal Year for the Borrower; (ii) CMO Management Fees, if any; and (iii) Debt Service for that year or any other year, divided by (b) 365. Discovery Charter does not currently charge any CMO Management Fees.

# **Deed of Trust**

Under the Deed of Trust, the Borrower will grant for the benefit of holders of the Series 2022 Bonds a first priority lien on the Mortgaged Property and all improvements thereon, including the Facility. The Deed of Trust will be subject to Permitted Encumbrances and the right of the Borrower, under certain conditions, to dispose of portions of its assets. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LOAN AGREEMENT – Limitation on Disposition of Property, Plant and Equipment" and " – Partial Release of Liens" and " – THE DEED OF TRUST" attached hereto.

#### Effect of Bankruptcy on Security for Series 2022 Bonds

Enforceability of the Indenture, the Loan Agreement and the Series 2022 Bonds is subject to bankruptcy, insolvency, moratorium, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity. A claim for payment of the principal of premium, if any, or interest on the Series 2022 Bonds could be made subject to any statutes that may be constitutionally enacted by the United States Congress or the Wisconsin General Assembly affecting the time and manner of payment or imposing other constraints upon enforcement.

The United States Bankruptcy Code (the "Bankruptcy Code") permits a bankruptcy court to modify the rights of a secured creditor. In the event of a bankruptcy proceeding involving the Borrower or the Authority, the Trustee could be treated under the Bankruptcy Code as one holding a secured claim, to the extent provided in the Loan Agreement. The potential effects of the bankruptcy of the Borrower could be to delay substantially enforcement of remedies otherwise available to the Authority or the Trustee and to allow the bankruptcy court, under certain circumstances (i) to substitute other assets of the Borrower for collateral under the Loan Agreement, (ii) to sell all or part of the collateral under the Loan Agreement without application of the proceeds to the payment of Parity Debt, including, without limitation, the Series 2022 Bonds, (iii) to subordinate the Loan Agreement to liens securing borrowings approved by the bankruptcy court, (iv) to permit the Borrower to cure defaults and reinstate the Loan Agreement, (v) to compel termination of the Loan Agreement by payment of an amount determined by the bankruptcy court to be the value of the collateral pledged by the Borrower thereunder (even though less than the total amount of Parity Debt outstanding) or (vi) to modify the terms of or payments due under the Loan Agreement. For additional detail, reference is made to the Bankruptcy Code, 11 U.S.C. §§101 *et seq.* See "CERTAIN RISK FACTORS" herein.

# THE AUTHORITY

#### **Formation and Governance**

In early 2010, both houses of the Wisconsin Legislature passed 2009 Wisconsin Act 205 ("Act 205"), which was signed into law by the Governor of Wisconsin on April 21, 2010. Act 205 added Section 66.0304 to the Wisconsin Statutes (the "Statute") authorizing two or more political subdivisions to create a commission to issue bonds under the Statute. Before an agreement for the creation of such a commission could take effect, Act 205 required that such agreement be submitted to the Attorney General of the State to determine whether the agreement is in proper form and compatible with the laws of the State. The Authority was formed upon execution of a Joint Exercise of Powers Agreement relating to the Public Finance Authority dated as of June 30, 2010, as amended by an Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority dated September 28, 2010 (as so amended and restated, and as may be further amended and restated from time to time, the "Joint Exercise Agreement") among Adams County, Wisconsin, Bayfield County, Wisconsin, Marathon County, Wisconsin, Waupaca County, Wisconsin and the City of Lancaster, Wisconsin (each a "Member" and, collectively, the "Members," which term shall include any political subdivision designated in the future as a "Member" of the Authority pursuant to the Joint Exercise Agreement). The Joint Exercise Agreement was approved by the Attorney General of the State on September 30, 2010. The Statute provides that only one commission may be formed thereunder.

Pursuant to the Statute, the Authority is a unit of government and a body corporate and politic separate and distinct from, and independent of, the State and the Members. The Authority was established by local governments, primarily for local governments, for the public purpose of providing local governments a means to efficiently and reliably finance projects that benefit local governments, nonprofit organizations and other eligible private borrowers in the State and throughout the country.

# Powers

Under the Statute, the Authority has all of the powers necessary or convenient to any of the purposes of Act 205, including the power to issue bonds, notes or other obligations or refunding obligations to finance or refinance a project, make loans to, lease property from or to, and enter into agreements with a participant or other entity in connection with financing a project. The proceeds of bonds issued by the Authority may be used for a project in the State or any other state or territory of the United States, or outside the United States if a participating borrower is incorporated and maintains its principal place of business in, the United States or its territories. The Statute defines "project" as any capital improvement, purchase of receivables, property, assets, commodities, bonds or other revenue streams or related assets, working capital program, or liability or other insurance program, located within or outside the State.

#### **Governing Body**

The Joint Exercise Agreement provides for a Board of Directors of the Authority (the "Board") consisting of seven directors (each a "Director" and collectively, the "Directors"), a majority of whom are required to be public officials or current or former employees of a political subdivision located in the State. The Directors serve staggered three-year terms. The Directors are selected by majority vote of the Board based upon nomination from the organization that nominated the predecessor Director. Four Directors are nominated by the Wisconsin Counties Association, and one Director is nominated from each of the National League of Cities, the National Association of Counties and the League of Wisconsin Municipalities (collectively, the "Sponsors" and each a "Sponsor"). Each of the nominating organizations may also nominate

an alternate Director for each Director it nominates to serve on the Board in place of and in the absence or disability of a Director. Directors and alternate Directors may be removed and replaced at any time by the Board upon recommendation of the Sponsor that nominated such Director.

The Directors as of the date of this Limited Offering Memorandum are identified in the table below.

Name	Title	Position
William Kacvinsky	Chair	Former Board Chair - Bayfield County, Wisconsin
Jerome Wehrle	Vice Chair	Former Mayor - City of Lancaster, Wisconsin
Heidi Dombrowski	Treasurer	Finance Director – Waupaca County, Wisconsin
Michael Gillespie	Secretary	Former Chair - Madison County, Alabama Board of Commissioners
Del Twidt	Director	Former Board Chair – Buffalo County, Wisconsin
Brian Dehner	Director	Chief Administrative Officer – City of Edgewood, Kentucky
John West	Director	Board Chair – Adams County, Wisconsin

The Authority has no employees and contracts with a full-service program management firm, GPM Municipal Advisors, LLC, to manage the day-to-day operations of the Authority including, but not limited to, staff and administrative support and ongoing compliance matters. All of the services provided by GPM Municipal Advisors, LLC are subject to review and approval by the Board.

### Resolution

The Board adopted a resolution approving the issuance of the Series 2022 Bonds on April 20, 2022.

## **Special Limited Obligations of the Authority**

THE SERIES 2022 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE INDENTURE) AND EXCEPT FROM SUCH SOURCE, NONE OF THE AUTHORITY, ANY SPONSOR, ANY MEMBER, ANY AUTHORITY INDEMNIFIED PARTY (AS DEFINED IN THE INDENTURE) THE STATE, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL THEREOF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2022 BONDS ARE NOT A DEBT OF THE STATE OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE, IN ANY MANNER, ANY MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS, NOR THE FAITH AND CREDIT OF THE AUTHORITY, ANY SPONSOR OR ANY AUTHORITY INDEMNIFIED PARTY SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON. THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

## **Other Obligations**

The Authority has issued, sold and delivered in the past, and expects to issue, sell and deliver in the future, obligations other than the Series 2022 Bonds, which other obligations are and will be secured by instruments separate and apart from the Indenture and the Series 2022 Bonds. The holders of such other

obligations of the Authority will have no claim on the security for the Series 2022 Bonds, and the owners of the Series 2022 Bonds will have no claim on the security for such other obligations issued by the Authority.

### Limited Involvement of the Authority

The Authority has not participated in the preparation of or reviewed any appraisal for the Facility or any portion thereof or any feasibility study or other financial analysis of the Project (as defined herein) or the Facility or any portion thereof and has not undertaken to review or approve expenditures for the Project, to supervise the construction of the Facility, or to review or obtain any financial statements of the Borrower.

The Authority has not participated in the preparation of this Limited Offering Memorandum and is not responsible for any information contained herein, except under this section captioned "THE AUTHORITY" and under the section captioned "ABSENCE OF MATERIAL LITIGATION – The Authority" (collectively, the "Authority Portion") and, except for the Authority Portion, the Authority has not reviewed or approved and is not responsible for any information in this Limited Offering Memorandum.

### **CERTAIN RISK FACTORS**

Investment in the Series 2022 Bonds involves substantial risks. The following information should be considered by prospective investors in evaluating the Series 2022 Bonds. However, the following does not purport to be an exclusive listing of risks and other considerations which may be relevant to investing in the Series 2022 Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks. Certain factors which could result in a reduction of revenues available to the Borrower and a corresponding reduction in payments made to the Authority are discussed herein.

# General

The Series 2022 Bonds are special and limited obligations of the Authority and are not a debt or liability of any Member, the State, or any political subdivision or agency thereof; other than the Authority to the limited extent set forth herein. The Series 2022 Bonds are secured by and payable solely from funds payable by the Borrower under the terms and conditions of the Loan Agreement, as described herein. The Borrower believes, based upon present circumstances (i.e., executed charter contract and current and projected enrollment), that it will generate sufficient revenues to meet its obligations under the Loan Agreement; however, the Borrower to formulate this belief may otherwise change. NO REPRESENTATION OR ASSURANCE CAN BE MADE THAT THE BORROWER WILL CONTINUE TO GENERATE SUFFICIENT GROSS REVENUES TO MEET ITS OBLIGATIONS.

THE SERIES 2022 BONDS ARE NOT AN OBLIGATION OF THE STATE OF NEVADA OR ANY AGENCY OR POLITICAL SUBDIVISION THEREOF.

### **Outbreak of Disease; COVID-19**

An outbreak of disease or similar public health threat, such as the novel coronavirus ("COVID-19") outbreak, or fear of such an event, could have an adverse impact on the Borrower's financial condition and operating results. The spread of COVID-19 is having significant negative impacts throughout the world, including in the State of Nevada. See " – State of Nevada Budget; COVID Effects on State Finances" below. On March 15, 2020, the Borrower announced that its charter school campuses would close, and on April 21, 2020, the Borrower announced they would remain closed through the remainder of the 2019-20 school year. The Borrower has operated the 2020-21 school year with a mixture of full distance learning, hybrid distance learning and in-person learning, and a full in-person learning model, with a cap of 60% capacity for in-person and hybrid learning. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto for more information on the Borrower's operations in the 2020-21 school year.

On August 11, 2020, the Nevada Governor signed into law Senate Bill 4 ("SB4") which, among other things, provides immunity to certain businesses and governmental entities from civil liability for personal injury or death resulting from exposure to COVID-19 if such entities substantially comply with controlling health standards. SB4 explicitly exempts from such immunity any public school entities for pupils in preschool through grade 12, including charter schools.

The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriates over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for nonprofit organizations and small businesses, (iv) provide loans and other assistance to corporations, including the airline industry, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments.

The CARES Act also creates an above-the-line deduction on 2020 federal income taxes for all taxpayers for total charitable contributions of up to \$300 and increases the existing cap on annual contributions for taxpayers who itemize and allows employers to delay payment of the employer portion of federal payroll taxes in 2020. Additionally, the CARES Act appropriates \$13.5 billion for formula-grants to States, which will then distribute 90 percent of funds to local educational agencies to use for coronavirus-response activities, and \$3 billion to governors to allocate at their discretion for emergency support grants to local educational agencies.

On December 27, 2020, the President of the United States signed the Consolidated Appropriations Act, 2021, which includes approximately \$900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The Consolidated Appropriations Act, 2021 provides approximately \$82 billion of COVID-19 related relief for education, including \$54.3 billion for K-12 schools (largely through Title I funding), \$22.7 billion for higher education and \$4 billion for state governors to spend at their discretion. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the "American Rescue Plan"), which will provide approximately \$1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan includes a \$122.8 billion Elementary and Secondary Schools Emergency Relief Fund for purposes related to the COVID-19 pandemic.

To date there have been numerous confirmed cases of COVID-19 in Clark County, Nevada, and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the campuses operated by the Borrower). The U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the Borrower associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools remain closed, decreased demand for the Borrower's services, increased competition from established virtual or on-line schools or other distance learning programs, potential decline in academic assessment results due to transition to distance learning programs, disruption of the regional and local economy with corresponding effects on students and their families, adverse effects on Nevada state revenues that may affect budgeting and appropriation for charter schools and public education generally, adverse effects on the Borrower's various venders and suppliers and the inability of such parties to meet contractual obligations. The Borrower's various contractual obligations may not be mitigated or reduced due to the effects of the COVID-19 outbreak. Additionally, Nevada standardized testing was cancelled for the

2019-20 school year. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, state, and the federal governments, could have a material impact on the investments in Nevada's pension trusts, which could result in material changes to the Borrower's required contribution rates in future fiscal years.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on operations and finances of the Borrower is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, state, or the federal government, will not adversely impact enrollment of the Borrower or participation in any Borrower distance learning programs or, notwithstanding actions by the state of Nevada, materially adversely impact the financial condition or operations of the Borrower. For example, if it is perceived that competitors of the Borrower, including traditional public schools or other charter schools, are better equipped to handle the spread of COVID-19 or similar future outbreaks or to provide distance learning, it could lead to lower enrollment in the future. Additionally, there can be no assurance that costs of technology to the Borrower will not increase, or that third-party vendors will continue to be available in the future, each of which could result in increased costs and difficulty in providing distance learning in the future.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State of Nevada websites. *The Borrower has not incorporated by reference the information on such websites, and does not assume any responsibility for the accuracy of the information on such websites.* 

### State of Nevada Budget; COVID Effects on State Finances

Like many states, the State of Nevada has experienced financial stress due to declining revenues from time to time, and may continue to decrease as a result of the COVID-19 pandemic or other factors. The largest sources of revenue for the State of Nevada are sales and gaming taxes, collectively responsible for about half of the State of Nevada's revenue and dependent on tourism. Due to the significant decline in gaming and sales tax revenues following Nevada's stay at home order in response to COVID-19, joint estimates from the Governor's Finance Office and the Legislative Counsel Bureau-Fiscal Division have estimated the budget shortfall for fiscal year 2020 to be \$812 million, including a \$265 million gap in the State of Nevada's Distributive School Account which funds K-12 education. In response, the Governor of Nevada declared a state fiscal emergency on May 11, 2020. The declaration of a fiscal emergency allows for the transfer of dollars out of the State of Nevada's "Rainy Day" budget account known as the "Account to Stabilize The Operation of State Government" into the State of Nevada's general budget account, subject to recommendation by the Board of Examiners, composed of the Governor, Secretary of State and Attorney General, and approval by the Interim Finance Committee. On May 18, 2020, the members of the Interim Finance Committee approved transferring \$401 million from the State of Nevada's "Rainy Day" reserve budget into the State of Nevada's general fund. The \$401 million can be allocated directly by the Legislature to be used for any purpose. The State of Nevada's Constitution requires Nevada to have a balanced budget. On June 12, 2020, the Legislature approved \$116 million in spending cuts to offset the State of Nevada's budget shortfall. The \$116 million encompasses a \$67 million reduction in spending on higher education, health services, and public safety and another \$49 million in other one-time expenditures approved during the fiscal year 2019. The Legislature anticipates federal COVID-19 stimulus payments and transfers from other reserve funds like the Disaster Relief Account will cover the remaining balance. However, the State of Nevada estimates a \$1.3 billion shortfall in fiscal year 2021. Approximately \$900 million of the deficit comes from the general fund, with the remainder falling under the Distributive School Account that funds K-12 education.

On July 20, 2020, the State of Nevada Governor signed Assembly Bill 3 into law, which provides sweeping cuts to the fiscal year 2021 budget and repurposes the state's General Fund spending. Budget cuts for the 2021 fiscal year include an approximately \$162.2 million reduction to K-12 education and defunding of many supplemental educational grant programs, which will impact aggregate funding to schools but not result

in reductions to schools' per-pupil funding. In an attempt to offset these budget cuts, approximately \$50 million of the CARES Act money will go to the Department of Education as a block grant program, whereby school districts can apply for to distance learning support programs for the state's vulnerable student populations. If more federal funding is granted to Nevada, it will be used to offset some of reductions and restore budgets in certain departments, including the Department of Education. The Borrower does not believe that the budget cuts will materially impact its financial condition.

In response to budget cuts, schools may institute pay cuts or freezes or layoffs of teachers and staff for the 2020-21 school year or eliminate non-essential enrichment programs. In the future, financial stress could lead the legislature to reduce education funding levels further which could have a material adverse effect on the Borrower's financial results and ability to pay debt service on the Series 2022 Bonds.

### **Economic and Other Factors**

Future economic and other factors may adversely affect the Borrower's revenues and expenses and, consequently, the Borrower's ability to make payments under the Loan Agreement. Among the factors that could have such adverse effects are: decreases in the number of students seeking to attend the Borrower at optimum levels for each grade level; decreases in the level of payments from the State of Nevada or other student enrollment-based funding by the federal government; decline in the ability of the Borrower and its management to provide education desired and accepted by the population served; economic developments in the affected service area, including inflation and interest rates; diminishment of the standing of the Borrower in its field; revocation of the Borrower's charter contract; competition from other educational institutions, including other borrowers, private schools, and schools in their respective school districts; lessened ability of the Borrower to attract and retain qualified teachers and staff at salaries that permit payment of debt service and expenses; increased costs associated with technological advances; changes in government regulation of the Borrower's site and the extent of insurance coverage for such claims; and the occurrence of natural disasters, such as floods.

# **Operating History; Reliance on Projections**

See Appendix A for information regarding current and projected enrollment of the Borrower. No assurance is given that such projections will be met, or that the number of students attending the Borrower's charter school operations may not diminish in the future. The projections of revenues and expenses contained in Appendix A are based upon the number of students projected to be enrolled by the Borrower and were prepared by the Borrower and have not been independently verified by any other party.

No feasibility studies have been conducted with respect to operations of the Facility. The projections included in this Limited Offering Memorandum and the appendices thereto are "forward-looking statements" and are subject to the general qualifications and limitations described herein. The Underwriter has not independently verified the Borrower's projections set forth in Appendix A or otherwise, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Series 2022 Bonds will be outstanding.

THE BORROWER PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF THE BORROWER, INCLUDING STUDENT ENROLLMENT AND EXPENSES. THERE CAN BE NO ASSURANCE THAT ACTUAL ENROLLMENT REVENUES AND EXPENSES WILL BE CONSISTENT WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS. MOREOVER, NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS OF REVENUES AND EXPENSES INCLUDED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE PROJECTIONS' UNDERLYING ASSUMPTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATIONS, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS. REFER TO "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" ATTACHED HERETO TO REVIEW THE PROJECTIONS, THEIR UNDERLYING ASSUMPTIONS, AND THE OTHER FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER SIGNIFICANTLY FROM PROJECTED RESULTS. REFER TO "INTRODUCTION" ABOVE, FOR QUALIFICATION AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

## **Income and Property Tax Exemption**

Under present State of Nevada law and rulings, the Borrower is exempt from property taxes levied by political subdivisions of the State of Nevada so long as such property is used for charter school purposes (although such property may be subject to special assessments for local improvements to the property). The political subdivision where the Borrower's charter school facilities are located, including the Facility, have recognized such exemption.

# **Construction Risks**

The renovation of the Facility described under the heading "THE PROJECT" herein being financed with proceeds of the Series 2022 Bonds is generally subject to all typical construction related risks. Such risks include, among others, labor disputes, defective building materials, schedule delays, shortages in various labor trades, fire or other property or casualty damage, unanticipated subsoil conditions and financial difficulties on the part of or disputes with a construction manager, key suppliers, contractors or subcontractors. There can be no assurance that construction problems of the types described above, or other problems, will not frustrate the planned completion of any improvements to the Facility.

In addition, there can be no assurance that future public health emergencies or public health orders will not have the effect of interrupting or delaying construction on the Facility. See "– Outbreak of Disease; COVID-19" herein.

# Key Management

The creation of, and the philosophy of teaching in, charter schools generally initially may reflect the vision and commitment of a few key persons on the board of directors and/or the upper management of the charter school or its management organization ("Key Directors/Managers"). Loss of any such Key Directors/Managers, and the inability of the Borrower to find comparable qualified replacements, could adversely affect its operations or financial results. See Appendix A for more information regarding the management and leadership of the Borrower.

### **Changes in Law; Annual Appropriation; Inadequate State Payments**

The Nevada Legislature has amended the Charter School Law a number of times since it was first enacted. Future amendments to the law may adversely affect the Borrower by withholding a percentage of the state payments if a charter school is deemed not to be in compliance with contract or charter provisions or State of Nevada and federal laws; by decreasing the charter term from six years to some other term; by requiring a State of Nevada body to make an assessment of each school's effectiveness every year; by limiting the number of students for which State of Nevada funds are available; by mandating new facilities or programs which may increase costs beyond projections; by reducing the maximum amount payable by the State of Nevada for students enrolled by the Borrower; by revising the relative responsibilities between public schools and the State of Nevada for financing schools (including the Borrower); or by eliminating the authority for State of Nevada funding to the Borrower.

In June 2019, the Nevada Legislature passed and the Governor approved Assembly Bill 462 ("AB 462"), which was originally introduced as a measure to enact a moratorium on all new charter schools until January 1, 2021, but was subsequently amended before enactment. As enacted, AB 462 requires the State Public Charter School Authority to establish a plan to manage the growth of charter schools, makes certain amendments to the criteria by which charter school authorizers evaluate an application to establish a new charter school, and adds certain additional oversight responsibilities to charter school authorizers. See "APPENDIX F – CHARTER SCHOOLS IN NEVADA" herein.

Senate Bill 543 ("SB 543"), the bulk of which was codified in NRS Chapter 387, was adopted by the Nevada Legislature in its 2019 legislative session, and replaces Nevada's existing school funding formula with the Pupil-Centered Funding Plan ("PCFP"), which combines money raised pursuant to State law at the local level with State money to provide a certain basic level of support to each pupil in the State. See "APPENDIX F – CHARTER SCHOOLS IN NEVADA" attached hereto.

In addition, the Nevada Legislature must appropriate funds for public education – including district schools and charter schools – each year, and it may not appropriate sufficient funds to enable the Borrower to pay debt service on the Series 2022 Bonds and meet budgeted expenses. Similarly, the State of Nevada allocation per student may be reduced or may not keep pace with expenses such that the aggregate state payments to the Borrower are inadequate to allow the Borrower to pay debt service on the Series 2022 Bonds and its operating expenses. If the state payments are insufficient, the Borrower may be unable to make all Loan Repayments, as and when required. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER – OPERATING AND FINANCIAL INFORMATION" and "APPENDIX F – CHARTER SCHOOLS IN NEVADA" attached hereto.

#### No Taxing Authority/Dependence On State Payments

The Borrower may not charge tuition and has no taxing authority. The primary source of revenues for payment of the Loan Payments are payments made by the State of Nevada to the Borrower relating to the Borrower's charter school operations, which are currently based on the Borrower's quarterly average daily enrollment. The obligation of the State of Nevada to make state payments or otherwise provide funds to the Borrower is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. The State of Nevada may experience downturns in its economy and tax revenues in the future, and there is a risk that the Nevada Legislature may not appropriate funds for such payments, or may not appropriate funds in a sufficient amount, to enable the Borrower to meet its general operating expenses and to make payments under the Loan Agreement representing debt service on the Series 2022 Bonds. In addition to general State of Nevada economic conditions, State of Nevada budget considerations may also adversely affect appropriations for charter school funding. Such state payments could be reduced or not keep pace with expenses such that the Borrower's revenues are inadequate to allow it to pay its operating expenses and to make payments under the Loan Agreement.

Additionally, if funds are not allocated and available for the continuance of a charter school contract, the Borrower contract may be terminated by the charter school's sponsor at the end of the period for which funds are available. No liability would accrue to the charter school's sponsor, the Nevada State Board of Education or the State of Nevada in such event, and the State of Nevada will not be obligated or liable for any future payments or any damages as a result of such termination.

Any event that would cause a delay, reduction or termination of payments from the State of Nevada would likely have a material adverse effect on the ability of the Borrower to make payments under the Loan Agreement representing debt service on the Series 2022 Bonds. In the event the State of Nevada were to

withhold the payment of monies from the Borrower for any reason – even a reason that is ultimately determined to be invalid or unlawful – it is likely the Borrower would be forced to cease operations.

### **Revocation, Non-Renewal or Expiration of Charter**

The Borrower currently holds a charter contract that expires by its terms on June 23, 2023. The charter contract may be renewed for a period of up to ten years. In addition, the Charter may be terminated as a result of a material breach of the Charter or the Charter's authorizer may elect to revoke a charter contract upon the failure of the Borrower to meet academic standards.

While the Borrower believes it enjoys a good relationship with its authorizer, the State Public Charter School Authority (the "SPCSA"), and does not anticipate any non-renewal or revocation of its Charter, and the Borrower has covenanted in the Loan Agreement to seek renewals, there can be no assurance that the SPCSA will renew the Borrower's Charter upon expiration or not revoke the Borrower's charter. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto.

#### **Risk Factors Associated with Education**

There are a number of factors affecting schools in general, including the Borrower, that could have an adverse effect on the Borrower's financial position and its ability to make the payments required under the Loan Agreement. These factors include, but are not limited to, increased costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; any unionization of the Borrower's work force with consequent impact on wage scales and operating costs of the Borrower; the inability to attract a sufficient number of students or teachers; federal requirements to provide services to special education students; unfavorable changes to existing statutes pertaining to the powers of the Borrower and legislation or regulations which may affect program funding; and disruption of the Borrower's operations by real or perceived threats against the Borrower, its employees or students. The Borrower cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

# **Other Schools/Competition for Students**

The Borrower receives payments from the State of Nevada based on student enrollment. The Borrower competes for students with district schools, other charter schools and private schools. There can be no assurance that the Borrower will attract and retain the number of students that are needed to produce the Gross Revenues that are necessary to pay the debt service on the Series 2022 Bonds. Subjective factors such as reputational concerns could affect the ability of the Borrower to attract and retain students at levels that will provide the Borrower with revenues sufficient to pay debt service and other expenses. Among other things, the number of schools in proximity with the Borrower could increase substantially. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER" attached hereto for information regarding certain other schools in the Borrower's service areas.

### **Limitations of Appraisals**

Appraisals are estimates of value and not an assurance of what any particular property would bring on sale. Appraisals also are subject to numerous other limitations set forth therein. Potential investors should not assume that the appraised values set forth in "THE PROJECT" represent reliable estimates of what the Facility would bring in liquidation following an Event of Default. Moreover, the appraised value for the Borrower's interest in the Facility as reflected in the Appraisal, assuming completion of the Project, 15,210,000, is equal to approximately 63.0% of the aggregate par amount of the Series 2022 Bonds. See "THE PROJECT – Appraisal" herein.

The value of the Facility at any given time will be directly affected by market and financial conditions that are not in the control of the parties involved in this transaction. The Facility is designed for use as an educational facility, and there is nothing associated with the Facility that would suggest that its value would remain stable or would increase if the general values of property in the Borrower's service areas were to decline. The Facility also requires ongoing capital repairs and improvements and, although the Borrower intends to maintain the Facility in good condition, no assurance can be given that the Borrower will have sufficient revenue to maintain a regular capital improvements program for the Facility in the future.

#### Limitations on Value of the Facility and to Remedies Under the Deed of Trust

*Maintenance of Value.* There can be no assurance made that, should the Borrower default in making the payments due under the Loan Agreement, the Facility could be foreclosed upon and sold for the amounts owed under the Loan Agreement.

*Hazardous Substances.* While governmental taxes, assessments and charges are common claims against the value of property, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized is a claim with regard to hazardous substances. In general, the Borrower may be required by law to remedy conditions of the Facility relating to release of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws. Nevada laws with regard to hazardous substances are stringent and similar to certain federal acts. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had or has anything to do with the creation or handling of the hazardous substance. The effect, therefore, should the Facility be affected by a hazardous substance, is generally to reduce the marketability and value of the parcel by the cost of remedying the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling the hazardous substance. Any of these potentialities could significantly affect the value of the Facility that would be realized upon a default and foreclosure. See "THE PROJECT – Environmental Inspection" and "CERTAIN RISK FACTORS – Environmental Risks" herein.

**Damage, Destruction or Condemnation.** Although the Borrower will be required to obtain certain insurance against damage or destruction as set forth in the Loan Agreement and the Deed of Trust, there can be no assurance that any portion of the Facility will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the Borrower, as a result of damage or destruction to the Facility or other properties operated by the Borrower, cannot generate revenues, will not exceed the coverage of such insurance policies.

If the Facility, or any portion thereof, are damaged or destroyed, or are taken in a condemnation proceeding, the proceeds of insurance or any condemnation award for the Facility, or any portion thereof, must be applied as provided in the Loan Agreement to restore or rebuild the Facility or to redeem Series 2022 Bonds. There can be no assurance that the amount of revenues available to restore or rebuild the Facility, or any portion thereof, or to redeem Series 2022 Bonds will be sufficient for that purpose, or that any remaining portion of the Facility will generate revenues sufficient to pay the expenses of the Borrower and the Loan Repayments.

**Inability or Delay in Liquidating the Facility at an Adequate Sale Price.** An Event of Default gives the Trustee the right to possession of, and the right to sell the Facility pursuant to a foreclosure sale under the Deeds of Trust. The Facility has been renovated for use as a school and may not be readily adaptable and marketable for other uses. Furthermore, while the Borrower considers the location of the Facility to be desirable for its purposes, there can be no assurance that potential purchasers will consider the locations desirable for other purposes. Accordingly, there can be no assurance that the sale of the Facility could be accomplished rapidly, or at all. Any sale of the Facility may require compliance with the laws of the State of Nevada. Such compliance may be difficult, time-consuming and/or expensive. Any delays in the ability of the

Trustee to foreclose under the Deed of Trust could result in delays in the payment of the Series 2022 Bonds. Further, attempts to foreclose under the Deed of Trust or to obtain other remedies under the Deed of Trust, the Indenture, the Loan Agreement, or any other documents relating to the Series 2022 Bonds may be met with protracted litigation and/or bankruptcy proceedings, which could cause delays, and a court may decide not to order specific performance of covenants contained in such documents.

*Factors That Could Affect the Security Interest in the Facility; Superior Liens.* The Trustee's security interest in the Facility may be subordinated to the interest and claims of others in several instances. Some examples of cases of subordination of prior claims are (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (v) federal or state bankruptcy or insolvency laws that may affect the enforceability of the Loan Agreement, (vi) rights of third parties in amounts not in the possession of the Trustee, (vii) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Nevada Uniform Commercial Code as from time to time in effect, and (viii) construction or mechanics liens, including any such liens arising in connection with the capital improvements financed with proceeds of the Series 2022 Bonds. See "THE PROJECT" herein.

# **Environmental Risks**

There are potential risks relating to liabilities for environmental hazards with respect to the ownership of any real property. If hazardous substances are found to be located on a property, owners of such property may be held liable for costs and other liabilities related to the removal of such substances which costs and liabilities could exceed the value of the Facility or any portion thereof. In connection with the Project, the Borrower obtained certain environmental inspections relating to the Facility. See "THE PROJECT – Environmental Inspection" herein.

#### Bankruptcy

The rights and remedies of the Beneficial Owners of the Series 2022 Bonds are subject to various provisions of the Federal Bankruptcy Code (the "Bankruptcy Code"). If the Borrower were to become a debtor in a bankruptcy case, its revenues and certain of its accounts receivable and other property created or otherwise acquired after the filing of such petition and for up to 90 days prior to the filing of such petition may not be subject to the security interest created under the Deed of Trust for the benefit of the Beneficial Owners of the Series 2022 Bonds. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such entity, and its property, and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over such property. If the bankruptcy court so ordered, the property of the Borrower, including accounts receivable and proceeds thereof, could be used for the financial rehabilitation of such entity despite the security interest of the Trustee therein. While the Bankruptcy Code requires that the interest of the Trustee as lien owner be adequately protected before the collateral may be used by the Borrower, such protection could take the form of a replacement lien on assets acquired or created after the bankruptcy petition is instituted. The rights of the Trustee to enforce liens and security interests against the Borrower's assets could be delayed during the pendency of the rehabilitation proceedings.

The Borrower could file a plan for the reorganization of its debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two thirds in dollar amount and more than one half in number of the class cast votes in its favor. Even if the

plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

### **Debt Service Reserve Fund**

The Indenture has established the Debt Service Reserve Fund for payment of principal and interest due to the Owners of the Series 2022 Bonds to the extent pledged revenues are insufficient to make such payments. Although the Borrower believes such reserve to be reasonable, and anticipates that pledged revenues will be sufficient to cover the debt service on the Series 2022 Bonds, there is no assurance that funds reserved and future pledged revenues will be sufficient to cover debt service on the Series 2022 Bonds.

# Purchases and Transfers of Series 2022 Bonds Restricted to Qualified Institutional Buyers and Accredited Investors

As described in the "NOTICE TO INVESTORS" that precedes the Table of Contents of this Limited Offering Memorandum, the Series 2022 Bonds are to be sold (including in secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors. The Indenture contains provisions limiting transfers of the Series 2022 Bonds and beneficial interests therein to Qualified Institutional Buyers or Accredited Investors. The face of each Series 2022 Bond will contain a legend indicating that the Series 2022 Bond is subject to transfer restrictions as set forth in the Indenture. The Series 2022 Bonds will be issued in minimum denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. In light of these restrictions, purchasers should not expect that there will be an active secondary market for the Series 2022 Bonds.

There can be no assurance that there will be a secondary market for the purchase or sale of the Series 2022 Bonds, and there may be no market for the Series 2022 Bonds depending upon prevailing market conditions, the financial condition or market position of firms who make up the secondary market and the financial position and results of operations of the Borrower. The Underwriter is not obligated to create a secondary market for the purchase or sale of the Series 2022 Bonds.

Investors should be aware that they might be required to bear the financial risks of this investment for an indefinite period of time and/or that to the extent there is a secondary market for the Series 2022 Bonds, the secondary market price of the Series 2022 Bonds may be affected as a result of the restrictions. If a trading market for the Series 2022 Bonds develops, future trading prices of such Series 2022 Bonds will depend on many factors, including, among other things, prevailing interest rates and the market for similar instruments. Depending upon those and other factors, the Series 2022 Bonds may trade at a discount from their principal amount.

# **Tax Related Issues**

*Tax-Exempt Status of Interest on the Series 2022A Bonds.* The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2022A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Series 2022A Bond proceeds, limitations on the investment earnings of Series 2022A Bond proceeds prior to expenditure, a requirement that certain investment earnings on Series 2022A Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information return with the Internal Revenue Service (the "IRS"). The Authority and the Borrower have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by any of the foregoing to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the interest on the Series 2022A Bonds being included in federal gross income, retroactively to the date of issuance of the Series 2022A Bonds.

The Series 2022A Bonds are subject to mandatory redemption upon a Determination of Taxability. See "THE SERIES 2022 BONDS – Redemption" and "CERTAIN RISK FACTORS – Extraordinary Redemption of Bonds Prior to First Optional Redemption Date" herein.

*Maintenance of Tax-Exempt Status.* The excludability from gross income for federal income taxation purposes of the interest on the Series 2022A Bonds is based on the continuing compliance by the Borrower and the Authority with certain covenants contained in the Indenture, the Loan Agreement and the Tax Regulatory Agreement. These covenants relate generally to restrictions on the use of the Facility, restrictions on use of the Facility by organizations other than the Borrower, arbitrage limitations, and rebate of certain excess investment earnings, if any, to the federal government. Failure to comply with such covenants could cause interest on the Series 2022A Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2022A Bonds. See also, "APPENDIX A – CERTAIN INFORMATION REGARDING DISCOVERY CHARTER – Discovery Charter School – General – Corporate Form."

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding exempt organizations and, in particular, charter schools. As a result, exempt organizations are increasingly subject to a greater degree of scrutiny. The primary penalty available to the IRS under the Code with respect to an exempt entity engaged in unlawful private benefit is the revocation of exempt status. Loss of exempt status by the Borrower could potentially result in the interest on the Series 2022A Bonds and other existing and future tax-exempt debt of the Borrower, if any, being included in federal gross income, and defaults in covenants regarding the Series 2022A Bonds and other existing and future tax-exempt debt, if any, would likely be triggered.

*State Income Tax Exemption.* The State of Nevada also may scrutinize the tax-exempt status of nonprofit organizations. It is likely that the loss by the Borrower of federal tax exemption also would trigger a challenge to the State or local tax exemption of the Borrower. Depending on the circumstances, such event could be adverse and material including, without limitation, possibly subjecting the Facility to local property taxation.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of non-profit corporations. There can also be no assurance that future change of circumstance or changes in the laws and regulations of federal, State of Nevada, or local governments will not materially adversely affect the operations and financial condition of the Borrower by requiring the Borrower to pay income or local property taxes

**Unrelated Business Taxable Income.** The IRS and State of Nevada, county, and local tax authorities may undertake audits and reviews of the operations of tax-exempt organizations with respect to the generation of unrelated business taxable income ("UBTI"). The Borrower currently reports no UBTI. The Borrower may, however, participate in activities which generate UBTI in the future. If so, the Borrower believes such UBTI would be properly accounted for and reported; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect the tax-exempt status of the Borrower, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2022 Bonds.

# **Additional Indebtedness**

The Loan Agreement permits the Borrower to incur additional indebtedness upon compliance with the provisions thereof. The incurrence of such additional indebtedness could increase the economic burden on the Borrower and thereby adversely affect the ability of the Borrower to make required payments under the Loan Agreement. Moreover, in connection with the incurrence of Additional Indebtedness, the Borrower may secure Additional Indebtedness with a deed of trust on the Facility that would be on parity with the Deed of Trust that secure the Series 2022 Bonds. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL

DOCUMENTS - DEFINITIONS OF CERTAIN TERMS" and "- THE LOAN AGREEMENT" attached hereto.

# Legal Opinions

The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition, such opinions will be qualified as to the enforceability of the various legal instruments by, among others, limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws affecting the enforcement of creditors' rights generally.

# **Enforcement of Remedies**

The remedies available to the Trustee or the Bondholders of the Series 2022 Bonds upon an Event of Default under the Indenture, the Loan Agreement or the Deed of Trust are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture, the Loan Agreement, and the Deed of Trust may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

### **Claims and Insurance Coverage**

Litigation could arise from the corporate and business activities of the Borrower. Such litigation may result as a result of the Borrower's status as an employer. Many of these risks are covered by insurance, but some are not. For example, claims arising from wrongful termination or sexual molestation claims and business disputes may not be covered by insurance or other sources. Such claims may, in whole or in part, constitute a significant liability of the Borrower if determined or settled adversely, as may any additional claims for other torts, accidents, or environmental enforcement actions, to the extent such claims exceed the limits of applicable insurance coverage.

The Borrower covenant and agree in the Loan Agreement that they will maintain, or caused to be maintained, property, general liability and business interruption insurance with respect to the Series 2022 Facilities at levels set forth therein. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LOAN AGREEMENT" attached hereto.

### **Risk of Noncontinued Philanthropy or Grants**

In the past, the Borrower has received income from unrestricted gifts and donations or grants to supplement operating revenues to finance operations and capital needs, including grants from the Windsong Trust of \$500,000 in each of the last two fiscal years. Gifts, grants and donations are expected to continue; and the projections in Appendix A assume receipt of a similar grant from the Windsong Trust in the 2022-23 fiscal year. However, there can be no assurance that projections of any such non-operating revenue will be realized or will not decrease, adversely affecting the financial condition of the Borrower. See "APPENDIX A – CERTAIN INFORMATION REGARDING THE BORROWER – OPERATING AND FINANCIAL INFORMATION – Philanthropy" attached hereto.

### **Failure to Provide Ongoing Disclosure**

The Borrower will enter into a Continuing Disclosure Agreement with Wilmington Trust, National Association, as dissemination agent, pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule") in connection with the issuance of the Series 2022 Bonds. Any material failure to comply with the Continuing Disclosure Agreement and the Rule in the future may adversely affect the liquidity of the Series 2022 Bonds and their market price in the secondary market.

### **Cautionary Statement**

AN INVESTMENT IN THE SERIES 2022 BONDS INVOLVES A HIGH DEGREE OF RISK AND IS SPECULATIVE IN NATURE. Each prospective investor should carefully examine this Limited Offering Memorandum, and the Appendices hereto, and such investor's own financial condition in order to make a judgment as to whether the Series 2022 Bonds are an appropriate investment for such investor.

### No Rating on the Series 2022 Bonds

The Series 2022 Bonds are not rated, and the Borrower does not contemplate making application to any rating agency for the assignment of a rating to the Series 2022 Bonds. See "NO RATING" herein.

# Cybersecurity

The Borrower, like many other public and private entities, relies on a technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Borrower is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Borrower's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. Within the last five years, the Borrower has not experienced attacks on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. No assurances can be given that the Borrower's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Borrower. The Borrower carries cybersecurity insurance.

# **Extraordinary Redemption of Bonds Prior to First Optional Redemption Date**

The Series 2022 Bonds may be subject to extraordinary optional or mandatory redemption resulting from the receipt of insurance or condemnation proceeds relating to the Facility, from excess funds in the Project Fund upon completion of the Project, or upon a Determination of Taxability. See "THE SERIES 2022 BONDS – Redemption" herein.

# **ABSENCE OF MATERIAL LITIGATION**

# The Authority

To the Authority's knowledge, as of the date hereof, there is not pending or threatened, any litigation retaining or enjoining the issuance or delivery of the Series 2022 Bonds or questioning or affecting the validity of the Series 2022 Bonds or the proceedings or authority under which they are to be issued or which in any manner questions the right of the Authority to enter into the Indenture, Loan Agreement or any other documents related to the Series 2022 Bonds to which the Authority is a party or to secure the Series 2022 Bonds in the manner provided therein.

### **The Borrower**

To the knowledge of the Borrower, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Borrower seeking to restrain or enjoin the sale or issuance of the Series 2022 Bonds, or in any way contesting or affecting any proceedings of the Borrower taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2022 Bonds, the validity or enforceability of the documents executed by the Borrower in connection with the Series 2022 Bonds, the completeness or accuracy of the Limited Offering Memorandum or the existence or powers of the Borrower relating to the sale of the Series 2022 Bonds.

### **TAX MATTERS**

### The Series 2022A Bonds

*General Matters.* In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2022A Bonds (including any original issue discount properly allocable to the owner of a Series 2022A Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the Authority and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2022A Bonds. Failure to comply with such requirements could cause interest on the Series 2022A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022A Bonds. The Authority and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2022A Bonds.

The accrual or receipt of interest on the Series 2022A Bonds may otherwise affect the federal income tax liability of the owners of the Series 2022A Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2022A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2022A Bonds.

Bond Counsel is also of the opinion that interest on the Series 2022A Bonds is <u>not</u> exempt from Wisconsin income taxes or franchise tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2022A Bonds under the laws of the State or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix D.

**Original Issue Discount.** The Series 2022A Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Limited Offering Memorandum (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as taxexempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross revenue, and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

#### The Series 2022B Bonds

*General Matters.* Bond Counsel is of the opinion that interest on the Series 2022B Bonds is included in gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2022B Bonds is <u>not</u> exempt from Wisconsin income taxes or franchise tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Series 2022B Bonds under the laws of the State or any other state or jurisdiction.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2022B Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect

particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Series 2022B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2022B Bonds.

In general, interest paid on the Series 2022B Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2022B Bonds, and principal payments (excluding the portion, if any, of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

**Bond Premium.** An investor that acquires a Series 2022B Bond for a cost greater than its remaining stated redemption price at maturity and holds such instrument as a capital asset will be considered to have purchased such instrument at a premium. Such premium may generally by amortized under the constant yield method upon prior election permitted by Section 171(c) of the Code, and, if so amortized, any call options of the Issuer with respect to the Series 2022B Bonds are generally disregarded such that the instruments are amortized to their maturity date. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizing bond premium that reduces interest payments under Section 171 of the Code. Investors of any Series 2022B Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

*Market Discount.* An investor that acquires a Series 2022B Bond for a price less than the adjusted issue price of such instrument may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Series 2022B Bond originally issued at a discount, the amount by which the issue price of such instrument, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2022B Bond not originally issued at a discount, the amount by which the stated redemption price of such instrument at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2022B Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the instrument, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such an instrument or (ii) to elect to include such market discount in income currently as it accrues on all market discount instrument acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2022B Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2022B Bond that acquired such instrument at a market discount also may be required to defer, until the maturity date of such instrument or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such instrument in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such instrument. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2022B Bond for the days during the taxable year on which the owner held such instrument and, in general, would be deductible when such market discount is

includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2022B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

**Unearned Income Medicare Contribution Tax.** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Series 2022B Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2022B Bonds and to gain on the sale of a Series 2022B Bond.

*Sales or Other Dispositions.* If an owner of a Series 2022B Bond sells the instrument, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such instrument. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Series 2022B Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Series 2022B Bond should consult its own tax advisor concerning the circumstances in which such instrument would be deemed reissued and the likely effects, if any, of such reissuance.

**Defeasance.** The legal defeasance of a Series 2022B Bond may result in a deemed sale or exchange of such instrument under certain circumstances. The Owner of such a Series 2022B Bond should consult its tax advisors as to the federal income tax consequences of such a defeasance.

*Foreign Investors.* An owner of a Series 2022B Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2022B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2022B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America is of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax may apply to interest paid and original issue discount accruing on Series 2022B Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2022B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2022B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2022B Bond.

**Tax-Exempt Investors.** In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Series 2022B Bond incurs acquisition indebtedness with respect to such instrument, interest paid or accrued with respect to such owner may be excluded by such tax-exempt holder of a Series 2022B Bond is urged to consult its own tax advisor regarding the application of these provisions.

**ERISA** Considerations. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3 (as modified by Section 3(42) of ERISA), such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans" and together with arrangements that are subject to Section 4975 of the Code or similar provisions under any other federal, state, local, non-United States or other laws or regulations or similar law, as applicable, "Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investment by an ERISA Plan in the Series 2022B Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 2022B Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Authority or any dealer of the Series 2022B Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2022B Bonds are acquired by such plans or arrangements with respect to which the Authority or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2022B Bonds. The sale of the Series 2022B Bonds to a plan is in no respect a representation by the Authority or any dealer that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series 2022B Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Neither the issuer or conduit borrower, if any, of the Series 2022B Bonds nor the Underwriter is acting as a fiduciary, or undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to such purchaser or transferee with respect to the decision to purchase or hold the Series 2022B Bonds or an interest in the Series 2022B Bonds.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Series 2022B Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the Series 2022B Bonds.

### **Backup Withholding**

An owner of a Series 2022 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2022 Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

## Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2022 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2022 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2022 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

# PROSPECTIVE PURCHASERS OF THE SERIES 2022 BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SERIES 2022 BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SERIES 2022 BONDS.

### **APPROVAL OF LEGALITY**

The validity of the Series 2022 Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Los Angeles, California, Bond Counsel to the Authority, the approval of certain matters for the Authority by von Briesen & Roper, s.c., Milwaukee, Wisconsin, as counsel to the Authority, the approval of certain matters for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Underwriter's counsel, and the approval of certain matters by Howard & Howard Attorneys PLLC, Las Vegas, Nevada, as special counsel to the Borrower. Bond Counsel, the Underwriter and its counsel, and Borrower's special counsel will receive compensation for their services contingent upon the sale and delivery of the Series 2022 Bonds. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond Counsel does not undertake any responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum.

### **NO RATING**

The Series 2022 Bonds are not rated. Neither the Borrower nor the Authority has made or contemplates making application to any rating agency for the assignment of a rating to the Series 2022 Bonds.

## UNDERWRITING

The Series 2022 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Series 2022 Bonds at a price of \$23,412,310.55 (being the principal amount of the Series 2022 Bonds, less aggregate original issue discount of \$138,814.45, less an Underwriter's discount of \$603,875.00). The Bond Purchase Agreement ("Bond Purchase Agreement") pursuant to which the Series 2022 Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Series 2022 Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriter may offer and sell the Series 2022 Bonds to certain dealers, institutional investors, banks, and others at prices different from the prices stated on the inside cover page of this Limited Offering Memorandum. The offering prices may be changed from time to time by the Underwriter. The Underwriter is not obligated to create a secondary market for the purchase or sale of the Series 2022 Bonds and there may, in fact, be no market for the Series 2022 Bonds depending upon prevailing market conditions, the financial condition or market position of firms who make up the secondary market and the financial position and results of operations of the Borrower.

THE UNDERWRITER MAKES NO WARRANTIES IN THE TRANSACTIONS CONTEMPLATED HEREIN, AND THE UNDERWRITER HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO (1) THE VALIDITY OF THE INDENTURE OR OTHER DOCUMENTS ISSUED IN CONNECTION WITH THESE TRANSACTIONS, (2) THE SUBJECT MATTER OF OPINIONS GIVEN BY COUNSEL ISSUED IN CONNECTION WITH THESE TRANSACTIONS, AND (3) INFORMATION SUPPLIED BY OTHER PARTIES TO THE TRANSACTIONS.

#### LIMITED OFFERING OF BONDS

The Series 2022 Bonds are exempt from registration under federal securities law but are being offered only to a limited number of sophisticated investors and will be sold only to purchasers who are Qualified Institutional Buyers or Accredited Investors. By purchasing the Series 2022 Bonds, each investor is deemed to have made the acknowledgments, representations, warranties and agreements set forth under the heading "NOTICE TO INVESTORS" herein.
#### **CONTINUING DISCLOSURE**

The Borrower and Wilmington Trust, National Association, as dissemination agent (the "Dissemination Agent"), will execute and deliver a Continuing Disclosure Agreement pursuant to which the Borrower will, for the benefit of the Beneficial Owners of the Series 2022 Bonds, periodically compile and deliver to the Dissemination Agent certain financial information and operating data relating to the operations of the Borrower, and provide notices of the occurrence of certain enumerated events. These covenants have been made to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule"). A form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

The Authority and the Borrower have determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2022 Bonds or to any decision to purchase, hold or sell Series 2022 Bonds and the Authority will not provide any such information. The Authority shall have no liability to the Holders of the Series 2022 Bonds or any other person with respect to the Rule.

The Borrower has not previously entered into an undertaking pursuant to the Rule.

#### FINANCIAL STATEMENTS

The audited financial statements of the Borrower, for the fiscal year ending June 30, 2021, included in this Limited Offering Memorandum as Appendix B, have been audited by RubinBrown LLP, certified public accountants, to the extent and for the periods indicated in their reports thereon. However, the auditors have not been requested to review this Limited Offering Memorandum and have not done so.

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#### **MISCELLANEOUS**

The foregoing and subsequent summaries and descriptions of provisions of the Series 2022 Bonds, the Indenture and the Loan Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and reference is made to said documents for full and complete statements of their provisions. The appendices attached hereto are a part of this Limited Offering Memorandum. Copies, in reasonable quantity, of the Indenture and Loan Agreement may be obtained during the offering period upon request directed to the Underwriter.

OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE AUTHORITY CONTAINED UNDER THE CAPTIONS "THE AUTHORITY" AND "ABSENCE OF MATERIAL LITIGATION – THE AUTHORITY", NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY, AND THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (I) THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION; (II) THE VALIDITY OF THE SERIES 2022 BONDS; OR (III) THE FEDERAL INCOME TAX STATUS OF THE INTEREST ON THE SERIES 2022 BONDS OR THE STATE INCOME TAX STATUS OF THE SERIES 2022 BONDS.

The distribution and use of this Limited Offering Memorandum has been approved by the Borrower.

DISCOVERY CHARTER SCHOOL a Nevada nonprofit corporation, as Borrower

By: /s/ Tricia Wilbourne Executive Director

# APPENDIX A

# CERTAIN INFORMATION REGARDING THE BORROWER

# **APPENDIX B**

# AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE FISCAL YEAR ENDED JUNE 30, 2021

# **APPENDIX C**

# SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

## **APPENDIX D**

#### FORM OF OPINION OF BOND COUNSEL

[CLOSING DATE]

Public Finance Authority Madison, Wisconsin

> \$23,500,000 Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project) Series 2022A

\$655,000 Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project) Series 2022B (Taxable)

Ladies and Gentlemen:

We are acting as bond counsel to the Public Finance Authority (the "Authority") in connection with the issuance of the Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project), Series 2022A (the "Series 2022A Bonds") and the Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project), Series 2022B (Taxable) (the "Series 2022B Bonds" and, together with the Series 2022A Bonds, the "Bonds"). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Section 66.0304 of the Wisconsin Statutes and an Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority, dated as of September 28, 2010, which the Attorney General of the State of Wisconsin has determined to be in proper form and compatible with the laws of the State of Wisconsin, all as now in effect and as it may from time to time hereafter be amended or supplemented, a resolution (the "Bond Resolution") duly adopted by the Authority on April 20, 2022 and a Trust Indenture, dated as of July 1, 2022 (the "Indenture") by and between the Authority and Wilmington Trust, National Association, a national banking association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Authority will lend the proceeds of the Bonds to Discovery Charter School, a Nevada nonprofit corporation (the "Borrower"), pursuant to the Loan Agreement, dated as of July 1, 2022, by and between the Authority and the Borrower. The Bonds are payable solely from the Revenues, as defined in the Indenture.

As to questions of fact material to our opinion, we have relied upon (a) representations of the Authority and the Borrower, (b) certified proceedings and other certifications of public officials furnished to us, and (c) certifications furnished to us by or on behalf of the Borrower, without undertaking to verify the same by independent investigation. We have assumed continuing compliance with covenants in the Indenture, the Loan Agreement and the Tax Regulatory Agreement pertaining to those sections of the Internal Revenue Code of 1986, as amended (the "Code") which affect the exclusion from gross income of interest on the Series 2022A Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Authority or the Borrower fail to comply with the foregoing covenants in the Indenture, the Loan Agreement and the Tax Regulatory Agreement, interest on the Series 2022A Bonds could become included in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Based upon such examination and, for purposes of compliance with paragraph 4 below, assuming the accuracy of certain representations and continuing compliance with certain covenants contained in such proceedings and other documents, it is our opinion as Bond Counsel that:

1. The Indenture and the Loan Agreement have been duly executed and delivered by, and constitutes the valid and binding obligations of, the Authority, enforceable against the Authority in accordance with their respective terms. The Indenture creates a valid lien on the Revenues to secure the payment of the principal of and interest on the Bonds, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

2. The Bonds (a) have been duly authorized, executed, and issued by the Authority and (b) are valid and binding special limited obligations of the Authority payable solely from the Revenues.

3. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Series 2022A Bonds is excludible from gross income for federal income tax purposes pursuant to the Code. Furthermore, interest on the Series 2022A Bonds will not be treated as a specific item of tax preference in computing the alternative minimum tax for individuals and for corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants made by the Authority and the Borrower designed to meet the requirements of Section 103 of the Code.

4. Interest on the Series 2022B Bonds is included in gross income for federal income tax purposes.

5. Interest on the Bonds is not exempt from Wisconsin income taxes or franchise tax.

In rendering this opinion, we have examined and relied upon the opinion of von Briesen & Roper, s.c., dated the date hereof, as special counsel to the Authority as to the valid existence of the Authority, the due adoption of the Bond Resolution and the due execution and delivery of the Bonds.

In rendering the foregoing opinions, we are not passing upon the matters of (i) the corporate status of the Borrower, (ii) the power of the Borrower to execute and deliver the Bond Documents (as defined in the Indenture) to which the Borrower is a party or to perform its obligations thereunder, or (iii) the enforceability of the Bond Documents to which the Borrower is a party against the Borrower. We have relied upon and assume the accuracy of the opinion, dated this date, of Howard & Howard Attorneys PLLC, acting as counsel to the Borrower, in all respects, including with respect to (a) the Borrower being a public charter school organized duly organized and validly existing under the laws of the State of Nevada, (b) the Borrower not having "unrelated business taxable income" as defined in Section 512 of the Code in an amount that would have a material adverse effect on the determination of the Internal Revenue Service of the Borrower's status as an organization described in Section 501(c)(3) of the Code, and (c) the use of facilities financed with proceeds of the Borrower's exempt purpose. In connection therewith, we express no opinion with respect to such matters and are relying solely on the opinions of the Borrower's counsel.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in current laws, by legislative or regulatory action, by judicial decision or for any other reason. No one other than the addressees hereof and their successors and assigns shall be entitled to rely upon this opinion without our prior written approval.

Very truly yours,

#### **APPENDIX E**

#### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of July 1, 2022, is executed and delivered by and between Discovery Charter School (the "Borrower") and Wilmington Trust, National Association, as dissemination agent (the "Dissemination Agent") in connection with the issuance by the Public Finance Authority (the "Authority") of its Charter School Revenue Bonds (Discovery Charter School Project) Series 2022A and Charter School Revenue Bonds (Discovery Charter School Project) Series 2022B (Taxable) (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture, dated as of July 1, 2022 (the "Indenture"), by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Authority to the Borrower pursuant to a Loan Agreement, dated as of July 1, 2022 (the "Loan Agreement"). Pursuant to the Loan Agreement, the Borrower has covenanted and agreed to provide the continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events.

Section 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower for the benefit of the Registered Owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered Registered Owners of the Bonds) and to assist Stifel, Nicolaus & Company, Incorporated (the "Participating Underwriter"), in complying with the Rule.

Section 2. Defined Terms. In addition to the definitions set forth in the Indenture or the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Authority" means the Public Finance Authority, its successors and assigns.

*"Beneficial Owner"* means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bonds" means the Series 2022A Bonds and the Series 2022B Bonds.

"Borrower" means Discovery Charter School, a Nevada nonprofit corporation that operates a Nevada public charter school.

*"Disclosure Representative"* shall mean the Executive Director of the Borrower or such other officer, agent or employee as the Borrower shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" means Wilmington Trust, National Association, as dissemination agent under this Disclosure Agreement, and its successors and assigns.

*"EMMA"* means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

*"Events Notices"* means the notices required to be given by the Borrower pursuant to Section 5 of this Disclosure Agreement.

*"Financial Obligation"* means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term *"Financial Obligation"* does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

*"Fiscal Year"* means the twelve month accounting period used with respect to the operations of the Borrower ending June 30 of each year; provided, however, the Borrower, by resolution duly passed, may change such accounting period to end on another date if such change is found and determined to be necessary or appropriate for budgetary or other fiscal purposes.

*"Indenture"* means the Trust Indenture, dated as of July 1, 2022, between the Authority and the Trustee, as the same may be amended and supplemented from time to time.

"MSRB" means the Municipal Securities Rulemaking Board, located at 1300 I Street, NW, Suite 1000, Washington, DC 20005, its successors and assigns.

"Limited Offering Memorandum" means the Limited Offering Memorandum dated as of June \_\_, 2022, relating to the Bonds.

"Operations Report" means the financial information and operating data required to be transferred by the Borrower to the Dissemination Agent pursuant to the Section 4 of this Disclosure Agreement.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the Bonds, its successors and assigns.

*"Quarterly Report"* means the financial information and operating data required to be transferred by the Borrower to the Dissemination Agent pursuant to Section 7 of this Disclosure Agreement.

*"Repository"* means EMMA, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

*"Rule"* means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

"SEC" means the Securities and Exchange Commission, its successors and assigns.

"Series 2022A Bonds" means the Authority's Charter School Revenue Bonds (Discovery Charter School Project) Series 2022A.

"Series 2022B Bonds" means the Authority's Charter School Revenue Bonds (Discovery Charter School Project) Series 2022B (Taxable).

"Trustee" means Wilmington Trust, National Association, in its capacity as trustee under the Indenture, and its successors and assigns.

#### Section 3. Provision of Annual Reports.

(a) The Borrower shall provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than December 15 of each year, so long as the Borrower's Fiscal Year ends on June 30 of each year (or, otherwise, 180 days after the end of the Borrower's Fiscal Year), commencing with the Fiscal Year ending June 30, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement; provided however, the Borrower shall provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than December 15, 2022 the Borrower's audited financial statements for the Fiscal Year

ending June 30, 2022. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower (and any information determined from the audited financial statement) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Borrower's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Annual Report shall be submitted on a standard from in use by industry participants or other appropriate form and shall identify Bonds by name and CUSIP number, if available.

(b) The Borrower shall be responsible for the preparation of the Annual Report. Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Borrower shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Annual Report to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

# Section 4. Content of Annual Reports.

(a) The Annual Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) The audited financial statements of the Borrower for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to governmental units from time to time, if available.

(ii) An Executed Certificate for Annual Filing of Certain Financial and Operating Covenants completed substantially in the form attached hereto as Exhibit A.

(b) Any or all of the items listed above may be included by specific reference to other documents, including any official statement or prospectus of debt issues for the benefit of the Borrower or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Borrower shall clearly identify each such other document so included by reference. The Borrower is solely responsible for the content and format of the Annual Report, and the Dissemination Agent shall have no liability or responsibility for content, format, accuracy or completeness of such Annual Report.

(c) Any or all of the disclosure reports may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the disclosure report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Borrower is to include in the next disclosure report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

# Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to Bonds, if material:

(i) non-payment related defaults;

- (ii) modifications to rights of Bond holders;
- (iii) Bond calls;

(iv) unless described in Section 5(b)(vii) below, other material notices or determinations with respect to the tax exempt status of the Bonds or other events affecting the tax exempt status of the Series 2022A Bonds;

(v) release, substitution or sale of property securing repayment of Bonds;

(vi) the consummation of a merger, consolidation or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower (other than in the ordinary course of business) or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than in accordance with its terms;

(vii) appointment of a successor or additional trustee or change in name of a trustee; or

(viii) incurrence of a Financial Obligation of the Borrower, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect security holders.

(b) Pursuant to the provisions of this Section 5, the Borrower shall give, or cause to be given, notice of the occurrence of any of the following events with respect to Bonds:

- (i) principal and interest payment delinquencies;
- (ii) defeasances;
- (iii) rating changes;
- (iv) unscheduled draws on debt service reserves reflecting financial difficulties;
- (v) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (vi) substitution of credit or liquidity providers, or their failure to perform;

(vii) adverse tax opinions affecting the tax exempt status of the Series 2022A Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB);

(viii) tender offers;

(ix) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties; and

(x) bankruptcy, insolvency, receivership or a similar proceeding by the Borrower.

For purposes of the event identified in clause (x) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

(c) Upon the occurrence of a Listed Event specified in Section 5(a), the Borrower shall as soon as possible determine if such event would be material. The Dissemination Agent shall have no responsibility for such determination.

(d) If the Borrower has determined that the occurrence of a Listed Event specified in Section 5(a) would be material, or upon the occurrence of a Listed Event specified in Section 5(b), the Borrower shall notify the Dissemination Agent in writing within three business days of the occurrence of such event in a format suitable for filing with the MSRB, with instructions to the Dissemination Agent to file a notice of the occurrence of such Listed Event pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed in writing by the Borrower to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file such notice with the MSRB with a copy to the Participating Underwriter in a timely manner not in excess of ten business days after the occurrence of the event.

# Section 6. Provision of Quarterly Reports.

(a) The Borrower agrees to provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than 60 days after the end of each of the Borrower's fiscal quarters, commencing with the fiscal quarter ending September 30, 2022, a Quarterly Report which is consistent with the requirements of Section 7 of this Disclosure Agreement. The Quarterly Report may be submitted as a single document or as separate documents constituting a package, and may include by reference other information as provided in Section 7 of this Disclosure Agreement.

(b) The Borrower shall be responsible for the preparation of the Quarterly Report. Not later than five (5) business days prior to the date specified in subsection (a) for providing the Quarterly Report to the MSRB, the Borrower agrees to provide the Quarterly Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Quarterly Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Quarterly Report to the MSRB in electronic format accompanies by identifying information as prescribed by the MSRB.

# Section 7. Content of Quarterly Reports.

(a) The Borrower's Quarterly Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) A construction progress report with respect to any Facility being constructed with proceeds of the Bonds, until such construction is substantially complete.

(ii) The unaudited financial statements and operating data for the previous fiscal quarter of the type and in the format provided in audited financial statements of the Borrower for the prior Fiscal Year.

(iii) Enrollment data and waitlist data by grade as of the end of the previous fiscal quarter.

(iv) For the last fiscal quarter of each Fiscal Year, a copy of the Borrower's budget for the subsequent Fiscal Year.

(v) A year-to-date comparison of the revenues and expenditures in the unaudited financial statements to the annual budget.

(vi) Recommendations of any consultant received in accordance with the Loan Agreement during such fiscal quarter, if any.

(vii) Notice of any threatened termination of any license, charter or other official approval or accreditation which is material to the activities of the Borrower, or of the commencement of any litigation or other governmental or judicial proceeding in which an outcome adverse to the Borrower could result in a judgment in excess of available insurance coverage or otherwise have a material adverse effect on the operations or financial condition of the Borrower, and any other event which reasonably could be expected to have a material adverse effect on the operations or financial condition of the Borrower.

(viii) Management discussion of any significant variance between budgeted and actual revenues and expenditures during the previous fiscal quarter, if any.

- (ix) Changes in key management personnel for the Borrower's leadership team, if any.
- (x) Information provided to any rating agency then rating the Bonds.

(b) Any or all of the items listed in subsection (a) above may be included by specific reference to other documents, including any official statement or prospectus of debt issues for the benefit of the Borrower or related public entities, which have been submitted to each of the MSRB. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Borrower shall clearly identify each such other document so included by reference. The Borrower is solely responsible for the content and format of the Quarterly Report, and the Dissemination Agent shall have no liability or responsibility for content, format, accuracy or completeness of such Quarterly Report.

**Section 8.** Use of EMMA. Any filings required to be made with or notices to be given to the MSRB under this Disclosure Agreement shall be effected by sending the filing or notice to EMMA at www.emma.msrb.org in an electronic format accompanied by identifying information as prescribed by the MSRB, or to such other entity and in such other format as may be designated under the Rule. The Dissemination Agent agrees to comply with the provisions of EMMA in making such filings and giving such notices under this Disclosure Agreement.

**Section 9. Termination of Reporting Obligation.** The obligations of the Borrower and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, prepayment or payment in full of all of Bonds. If such termination occurs prior to the final maturity of Bonds, the Borrower shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) hereof.

**Section 10.** Annual Conference Calls. The Borrower shall schedule annual conference calls by January 31 of each year, beginning by January 31, 2023, for Beneficial Owners to be held during normal business hours (for both prevailing Eastern Time and prevailing Pacific Time), and shall provide the Dissemination Agent and the Participating Underwriter with a notice of date and time for such call and contact telephone information.

Section 11. Failure to File. If the Borrower does not provide to the Dissemination Agent a copy of an Annual Report or a Quarterly Report by the applicable dates required in Section 3(a) or Section 6(a) above,

the Dissemination Agent in a timely manner shall send a notice to the MSRB, the Borrower and the Participating Underwriter in substantially the form attached as Exhibit B. If the Borrower files any report directly with MSRB, the Borrower shall promptly provide the Dissemination Agent with a confirmation or documentation reasonably required by the Dissemination Agent confirming that the filing of such report was made in a timely manner on or before the date required herein (or if not as of such date, specifying the date of filing) and that such filing contained the information required by this Disclosure Agreement.

Section 12. Dissemination Agent. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Borrower shall be the Dissemination Agent. The initial Dissemination Agent shall be Wilmington Trust, National Association. The Dissemination Agent may resign its duties under this Disclosure Agreement upon 60 days prior written notice to the Borrower.

Section 13. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by the Holders of Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel or another party unaffiliated with the Borrower, materially impair the interests of the Holders or Beneficial Owners of Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Borrower shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 5(d).

Section 14. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 15. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent (at the written direction of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding and upon being indemnified to its satisfaction therefor, shall, or the Participating Underwriter or any Holder of Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under Bonds, the Indenture, or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance. The Dissemination Agent shall not be required to take any action whatsoever to cause the Borrower to comply with its obligations under this Disclosure Agreement of the Borrower to comply with its obligations under this Disclosure Agreement other than those specifically set forth in Sections 3, 5 and 6 hereof.

Section 16. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants or obligations of the Dissemination Agent shall arise in this Disclosure Agreement. The Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, fees, expenses and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Agreement or arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, as the case may be. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent, termination of this Disclosure Agreement and payment of Bonds. The Dissemination Agent shall have no liability for the Borrower's failure to report any event or any financial information or operating data as to which the Borrower has not provided an information report in format suitable for filing with the MSRB. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in a fiduciary capacity. In the absence of bad faith on its part, the Dissemination Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Dissemination Agent by the Disclosure Representative and conforming to the requirements of this Disclosure Agreement. In the case of any Annual Reports or description of any Listed Events, or any opinions which by any provision hereof are specifically required to be furnished to the Dissemination Agent, the Dissemination Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Disclosure Agreement, but shall be under no duty to verify independently or investigate the accuracy or completeness of any information contained therein or the correctness of any opinion furnished hereunder. No provision of this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the Disclosure Representative. The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to the Borrower. The Borrower shall not be liable for the fees and expenses of any such counsel consulted by the Dissemination Agent without the prior consent of the Borrower. The Dissemination Agent shall not be bound to make any investigation into the facts or matters stated in and Annual Report or description of a Listed Event.

Section 17. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower:	Discovery Charter School		
	Attn: Executive Director		
	8941 Hillpointe Road		
	Las Vegas, Nevada 89134		
To Dissemination Agent:	Wilmington Trust, National Association 650 Town Center Drive, Suite 800 Costa Mesa, California 92626		

A copy of each notice shall be sent to the Participating Underwriter as follows:

Stifel, Nicolaus & Company, Incorporated Attn: John Kim 2121 Avenue of the Stars, Suite 2150 Los Angeles, California 90067

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 18. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the Dissemination Agent, the Participating Underwriter, the Trustee and Holders and Beneficial Owners from time to time of Bonds, and shall create no rights in any other person or entity.

Section 19. Fees and Expenses. Except to the extent limited by Section 15 hereof, the Dissemination Agent shall be entitled to payment and reimbursement from the Borrower for its services rendered hereunder and all rightful advances and other expenses reasonably made or incurred by the Dissemination Agent.

Section 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 21. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Nevada, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 22. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 23. Other Instruments. The Borrower and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

Section 24. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

Section 25. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Continuing Disclosure Agreement as of the date first written above.

# WILMINGTON TRUST, NATIONAL ASSOCIATION, as Dissemination Agent

# DISCOVERY CHARTER SCHOOL

By: \_\_\_\_\_

Its: Authorized Officer

# EXHIBIT A

# FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN FINANCIAL AND OPERATING COVENANTS

Name of Issuer:	Public Finance Authority
Name of Bond Issue:	Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project) Series 2022A and Series 2022B (Taxable)
Dissemination Agent:	Wilmington Trust, National Association
Name of Borrower:	Discovery Charter School
Date of Issuance:	July 14, 2022

The undersigned authorized representative of the Borrower is providing to the Dissemination Agent the following operational information as required under Section 4 of the Continuing Disclosure Agreement, dated as of July 1, 2022 (the "Disclosure Agreement"), between the Dissemination Agent and the Borrower. The Disclosure Agreement requires that this information be provided to the MSRB within 180 days of the end of each fiscal year. Defined terms used in this certificate and not defined herein shall have the meaning granted to such terms in the Disclosure Agreement or, if not defined therein, in the Loan Agreement. The information contained below is unaudited.

1. The undersigned is familiar with the provisions of the Loan Agreement, and based on such review and familiarity, the Borrower has fulfilled all of its obligations thereunder throughout Fiscal Year preceding the date hereof, and there have been no Defaults or Events of Default under the Loan Agreement.

2. All insurance required by the Loan Agreement is in full force and effect as of the date hereof.

3. <u>Financial Covenants</u> As of June 30, 20\_:

4. The following information with respect to the Borrower:

(a) Enrollment by Grade Level, by campus (Actual for Prior + Projected for Two Following Years)

- (b) Student Retention (Prior Year)
- (c) Teacher Retention (Prior Year)

(d) The State of Nevada's Smarter Balanced Assessment Consortium ("SBAC") assessment results in English language arts and math, ACT results, and End of Course ("EOC") examination results, or the State of Nevada's current academic measures, if different.

(e) Wait List Data (Prior Year).

This certificate is being provided by the Borrower to the Dissemination Agent on a date which is [on or before][after] December 15, 20\_.

Dated:

# **DISCOVERY CHARTER SCHOOL**

By:			
Its:			

# EXHIBIT B

# NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL OR QUARTERLY REPORT

Name of Issuer:	Public Finance Authority
Name of Bond Issue:	Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project) Series 2022A & Series 2022B (Taxable)
Dissemination Agent:	Wilmington Trust, National Association
Name of Borrower:	Discovery Charter School
Date of Issuance:	July 14, 2022

NOTICE IS HEREBY GIVEN that the Borrower has not provided an [Annual Report][Quarterly Report] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of July 1, 2022, between the undersigned Dissemination Agent and the Borrower. The Borrower anticipates that the [Annual Report] [Quarterly Report] will be filed by \_\_\_\_\_\_.

Dated:

# **DISCOVERY CHARTER SCHOOL,** as Dissemination Agent

By

Authorized Signatory

Stifel, Nicolaus & Company, Incorporated cc:

#### **APPENDIX F**

#### **CHARTER SCHOOLS IN NEVADA**

This Appendix F is intended to provide a general overview of State of Nevada (the "State") charter school law and is not comprehensive or definitive. The State Legislature (as defined herein) may enact changes to the laws governing charter schools, such as the Borrower, at any time. The Borrower cannot predict the nature, scope or timing of any such changes, and makes no representation with respect thereto.

# GENERAL

In 1997, the Nevada State Legislature (the "State Legislature") enacted Nevada Revised Statutes ("NRS") 388A.010 *et seq.* (as amended, the "Act") which allows for the creation and development of public charter schools to be operated within the State. Charter schools are prohibited from operating for profit and may not be supported by or otherwise affiliated with any religion or religious organization or institution.

Charter schools each have their own governing body that directs operations. The Act prohibits sponsoring districts from interfering in the normal day-to-day business of the charter schools. Charter schools can use a unique curriculum and different instructional methods; however, students are expected to meet State or district academic standards and they must take all state-mandated tests. Charter schools cannot be affiliated with nor controlled by any church, may not engage in religious instruction and may not discriminate.

The State Legislature authorized the formation of charter schools and later created the State Public Charter School Authority (the "State Charter School Authority") for the stated purpose of serving and expanding the opportunities for pupils in the State, including, without limitation, pupils who are "at risk." The original stated intention of the State Legislature was to provide: (i) the board of trustees of school districts with a method to experiment with providing a variety of independent public schools to the pupils of the State; (ii) a framework for such experimentation; (iii) a mechanism by which the results achieved by charter schools may be measured and analyzed; and (iv) a procedure by which the positive results achieved by charter schools may be replicated and the negative results may be identified and eliminated.

The State Legislature further clarified that charter schools must have as their stated purpose at least one of the following goals: (i) improve the academic achievement of pupils; (ii) increase the opportunities for learning and access to quality education by pupils; (iii) encourage the use of different and innovative teaching methods; (iv) establish appropriate measures for and assessments of the learning achieved by pupils who are enrolled in charter schools; (v) provide a more thorough and efficient system of accountability of the results achieved in public education in the State; and (vi) create new professional opportunities for teachers and other educational personnel, including, without limitation, the opportunity to increase the accessibility and responsibility of teachers and other educational personnel for the program of learning offered.

#### **State Public Charter School Authority**

The State Legislature created the State Charter School Authority in 2011. The State Charter School Authority consists of seven members, including (i) two members appointed by the Governor; (ii) two members, who are not legislators, appointed by the Majority Leader of the Senate; (iii) two members, who are not legislators, appointed by the Speaker of the Assembly; and (iv) one member appointed by the Charter School Association of Nevada or its successor organization. The Governor, Majority Leader of the Senate and Speaker of the Assembly must ensure that the State Charter School Authority membership includes: (i) persons with a demonstrated understanding of charter schools and a commitment to using charter schools as a way to strengthen public education in the State; (ii) a parent or legal guardian of a pupil enrolled in a charter school in the State; and (iii) persons with specific knowledge of: (a) issues relating to elementary and secondary education; (b) school finance or accounting, or both; (c) management practices; (d) assessments required in

elementary and secondary education; (e) educational technology; and (f) the laws and regulations applicable to charter schools. Additionally, they must ensure, to the extent practical, that the membership reflects the ethnic and geographical diversity of the State and consists of persons who are experts on best practices for authorizing charter schools and developing and operating high-quality charter schools and charter management organizations.

The State Charter School Authority is deemed a local educational agency (as defined in 20 U.S.C. § 7801(26)(A)) for the purpose of directing the proportionate share of any money available from federal and state categorical grant programs to charter schools sponsored by the State Charter School Authority or a college or university within the Nevada System of Higher Education that are eligible to receive such money.

#### **Management of Charter School Growth**

Pursuant to Chapter 388A of the NRS, the State Charter School Authority is required to establish a plan to manage the growth of charter schools in the State (the "Growth Plan"). The Growth Plan must set forth the status of existing charter schools and a 5-year projection of anticipated growth in the number of charter schools.

To develop the Growth Plan, the State Charter School Authority shall determine the projected number of:

- (a) New charter schools that the State Charter School will approve;
- (b) Additional campuses of charter schools that the State Charter School Authority will approve;
- (c) Charter schools that will expand the grade levels offered at the charter schools or will otherwise increase enrollment of pupils at the charter schools; and
- (d) Charter schools whose charter contracts will expire and the likelihood that the charter contracts will be renewed;

In addition to the information described above, to develop the Growth Plan, the State Charter School Authority shall consider:

- (a) Information relating to pupils included in the statewide system of accountability for public schools, including, without limitation, information relating to specific groups and subgroups of pupils;
- (b) Information relating to the academic needs of pupils in the various geographic areas of the State; and
- (c) Any other information the State Charter School Authority deems necessary to determine whether increasing the number of charter schools or expanding the campuses of existing charter schools will best serve the pupils of this State.

# **Sponsorship of Charter Schools**

The State Charter School Authority sponsors charter schools whose applications it has approved. In addition, the board of trustees of a school district or a college or university within the Nevada System of Higher Education may apply to the State of Nevada Department of Education (the "State Department of Education") for authorization to sponsor charter schools within the school district or proposed geographic area, as applicable.

The Borrower's charter school operations are sponsored by the State Public Charter School Authority.

## Membership of Committee to form Charter School

A committee to form a charter school is to consist of: (i) at least one member who is a teacher or other person licensed pursuant to Chapter 391 of NRS and who has at least two years of experience as an employed teacher, or who previously held such a license and is retired, as long as his or her license was held in good standing, (ii) an additional member satisfying the qualifications of (i) above or a school administrator with a license issued by another state or who previously held such a license and is retired, as long as his or her license was held in good standing; (iii) one parent or legal guardian who is not a teacher or employee of the proposed charter school; and (iv) two members who possess knowledge and expertise in one or more of the areas of accounting, financial services, law or human resources. Additionally, such a committee may include up to four additional members consisting of members of the general public, representatives of nonprofit organizations and businesses, or representatives of a college or university within the Nevada System of Higher Education.

## **Submission of Application**

Applications from a committee to form a charter school may be submitted to the State Charter School Authority or to the board of trustees of a school district or a college or university within the Nevada System of Higher Education, which has previously been authorized by the State Department of Education to be a charter school sponsor. Each sponsor is responsible for evaluating and approving or declining to approve applications submitted to the sponsor for the formation of charter schools. The application must include all information prescribed by State Department of Education regulations and State statute, such as:

- 1. a summary of the plan for the proposed charter school, and a clear written description of the mission and the goals of the charter school. A charter school must have as its stated purpose at least one of the following goals:
  - Improving the academic achievement of pupils;
  - Encouraging the use of effective and innovative methods of teaching;
  - Providing an accurate measurement of the educational achievement of pupils;
  - Establishing accountability and transparency of public schools;
  - Providing a method for public schools to measure achievement based upon the performance of the schools; or
  - Creating new professional opportunities for teachers;
- 2. the kind of school for which the charter school intends to operate;
- 3. a clear description of the indicators, measures and metrics for the categories of academics, finances and organization that the charter school proposes to use, the external assessments that will be used to assess performance in those categories and the objectives that the committee to form a charter school plans to achieve in those categories;
- 4. the time by which certain academic or educational results will be achieved;
- 5. the proposed location of, or the geographic area to be served by, the charter school and evidence of a need and community support for the charter school in that area;

- 6. the minimum, planned and maximum projected enrollment of pupils in each grade in the charter school for each year that the charter school would operate;
- 7. the academic program that the charter school proposes to use;
- 8. the proposed curriculum including the textbooks to be used; the qualifications of the persons who will provide instruction at the charter school;
- 9. the manner in which the charter school plans to identify and serve the needs of pupils with disabilities, pupils who are English language learners, pupils who are academically behind their peers and gifted pupils;
- 10. a statement of whether the charter school will enroll pupils who are in a particular category of atrisk pupils before enrolling other children who are eligible to attend the charter school;
- 11. plans and timelines for recruiting and enrolling students, including procedures for any lottery for admission that the charter school plans to conduct;
- 12. a statement of whether the charter school will provide for the transportation of pupils;
- 13. proposed organizational structure of the charter school and a clear description of the roles and responsibilities of the governing body, administrators and any other persons included in such structure, including a charter management organization operating the charter school, if any;
- 14. the proposed system of governance for the charter school;
- 15. the method by which disputes will be resolved between the governing body of the charter school and the sponsor of the charter school;
- 16. the process by which the governing body of the charter school will negotiate employment contracts;
- 17. the procedure for the evaluation of teachers of the charter school, if different from the procedure prescribed in NRS 391.680 and 391.725. If the procedure is different from such procedures, the charter school's procedure must provide the same level of protection and otherwise comply with the standards for evaluation set forth in NRS 391.680 and 391.725;
- 18. a description of the financial plan and policies to be used by the charter school;
- 19. a description of the insurance coverage the charter school will obtain;
- 20. budgets for starting operation at the charter school, the first year of operation of the charter school and the first 5 years of operation of the charter school, with any assumptions inherent in the budgets clearly stated;
- 21. evidence of any money pledged or contributed to the budget of the charter school;
- 22. a statement of the facilities that will be used to operate the charter school and a plan for operating such facilities, including, without limitation, any backup plan to be used if the charter school cannot be operated out of the planned facilities; and

23. any additional information that the sponsor determines is necessary to evaluate the ability of the proposed charter school to serve pupils in the school district in which the proposed charter school will be located;

An application that proposes to convert an existing public school (unless such application concerns a public school that has been identified as a low performing school pursuant to criteria set out in NRS 388B et seq.), home school or other program of home study into a charter school will automatically be denied. Upon receipt of an application and a determination that the application is complete, the proposed sponsor shall consider the application at a publicly held meeting held no later than 60 days after receipt or a period mutually agreed upon between the proposed sponsor and the committee to form the charter school. The application shall be reviewed for compliance with the Act and all other regulations applicable to charter schools.

If the proposed sponsor denies an application, it must give written notice of the reasons for the denial and the deficiencies in the application. The applicant has 30 days after receipt of the written notice to correct any deficiencies and resubmit the application.

If an application is denied by the board of trustees of a school district or a college or university after resubmission, the committee to form the charter school can submit the application to the State Charter School Authority not more than 30 days after receipt of the written denial. If the State Charter School Authority approves the charter, it will be the sponsor. If the State Charter School Authority denies the application after resubmission, the decision can be appealed to the district court of the county in which the proposed charter will be located within 30 days of receipt of the State Charter School Authority's written denial.

#### **Sponsor Responsibilities**

In addition to its duties described above relating to charter school applications, charter school sponsors are responsible for negotiating and executing charter contracts; monitoring the charter school's performance and compliance with the charter contract and applicable State law; determining whether the charters of the charter schools it sponsors should be renewed, denied or revoked; and determining whether a charter school's governing body should be reconstituted and, if so, adopting a policy for appointing a new governing body of such charter school.

The sponsor is required to develop policies and practices that are consistent with State and federal law and regulations governing charter schools. Such policies and practices must include: (i) the organizational capacity and infrastructure of the sponsor for sponsorship of charter schools; (ii) the procedures and criteria for soliciting and evaluating applications and amendments and renewals of charters; (iii) a description how the sponsor will maintain its oversight of the charter schools it sponsors; and (iv) a description of the process of evaluation for charter schools it sponsors.

Additionally, charter school sponsors must conduct site evaluations of each campus of a charter school it sponsors during the first, third and fifth years after entering into or renewing a charter contract. Such evaluations must include, without limitation, evaluating pupil achievement and school performance at each campus of the charter school and identifying any deficiencies relating to pupil achievement and school performance.

A sponsor who fails to carry out its responsibilities may have its authority to sponsor charter schools revoked.

# **Approval of Application**

If a charter school sponsor approves an application to form a charter school, it will negotiate and execute a charter contract with the governing body of the charter school. A charter contract must be executed not later than 60 days before the charter school commences operation. The charter contract must be in writing

and incorporate, (a) the performance framework for the charter school; (b) a description of the administrative relationship between the sponsor of the charter school and the governing body of the charter school, including, the rights and duties of the sponsor and the governing body; and (c) any pre-opening conditions which the sponsor has determined are necessary for the charter school to satisfy before the commencement of operation to ensure that the charter school meets all building, health, safety, insurance and other legal requirements. The charter contract must be signed by a member of the governing body of the charter school and the appropriate person at the sponsor. Before the charter contract is executed, the sponsor of the charter school must approve the charter contract at a publicly held meeting of the sponsor.

The sponsor of the charter school is also required to provide notice of the charter contract and other information to the State Department of Education. A charter contract must be for a term of six years. The term of the charter contract begins on the first day of operation of the charter school after the charter contract has been executed. The sponsor of the charter school may require, or the governing body of the charter school may request that the sponsor authorize, the charter school to delay commencement of operation for one school year.

#### **Amendment of Charter**

The governing body of a charter school may submit to the sponsor of the charter school a written request for an amendment of the charter contract. If the proposed amendment complies with the provisions of the Act and any other statute or regulation applicable to charter schools, the sponsor and the governing body of the charter school may amend the charter contract in accordance with the proposed amendment. If the sponsor denies the request for an amendment, the sponsor shall provide written notice to the governing body of the charter school setting forth the reasons for the denial.

The sponsor may hold a public hearing concerning any request to amend a charter contract of the charter school it sponsors, including, without limitation, a request to amend a written charter or charter contract for the purpose of (i) seeking to acquire an additional facility in any county of the State to expand the enrollment of the charter school or (ii) consolidating the operations of multiple charter schools pursuant to NRS 388A.282. The sponsor must deny such a request described in (i) or (ii) above if the sponsor determines that either (a) the charter school is not meeting the requirements of the performance framework concerning academics, finances or organization established pursuant to NRS 388A.273; or (b) the governing body does not have a comprehensive and feasible plan to operate additional facilities.

#### **Renewal of Charter**

On or before June 30 immediately preceding the final school year in which a charter school is authorized to operate pursuant to its charter contract, the sponsor of the charter school must submit to the governing body of the charter school a written report summarizing the performance of the charter school during the term of the charter contract, including, among other things, the criteria that the sponsor will apply in making a determination on the application for renewal based upon the performance framework for the charter school and other statutory requirements.

The governing body of a charter school may submit a written response to the sponsor of the charter school concerning the performance report prepared by the sponsor, which may include any revisions or clarifications that the governing body seeks to make to the report.

If a charter school seeks to renew its charter contract, the governing body of the charter school must submit an application for renewal to the sponsor of the charter school on or before October 15 of the final school year in which the charter school is authorized to operate pursuant to its charter contract. The sponsor of a charter school is required to consider the application for renewal of the charter contract at a meeting held in accordance with applicable law. The sponsor must provide written notice to the governing body of the charter school concerning its determination on the application for renewal of the charter contract not more than 60 days after receipt of the application for renewal from the governing body. The determination of the sponsor must be based upon the criteria of the sponsor for the renewal of charter contracts; and evidence of the performance of the charter school during the term of the charter contract in accordance with the performance framework for the charter school. Charter contracts may be renewed for a term of 6 years.

## **Revocation of Charter**

The sponsor of a charter school must terminate a charter contract or restart the charter school under a new charter contract if the charter school receives, in any period of five consecutive school years, three annual ratings established as the lowest rating possible indicating underperformance of a public school, as determined by the State Department of Education pursuant to the Nevada statewide system of accountability for public schools. However, a charter school's annual rating pursuant to the statewide system of accountability based upon the performance of the charter school must not be included in the count of annual ratings for the preceding purposes for any school year before the 2015-2016 school year. Subsequent procedures to be followed upon revocation of a charter, which may include closure of the charter school, are provided in the Act.

The sponsor of a charter school may also terminate a charter contract or restart the charter school under a new charter contract if the sponsor determines that (i) the charter school, its officers or its employees committed a material breach of the terms and conditions of the charter contract, failed to comply with generally accepted standards of fiscal management, failed to comply with the applicable statutes or regulations applicable to charter schools, or has persistently underperformed, as measured by the performance indicators, measures and metrics set forth in the performance framework for the charter school; (ii) the charter school has filed for a voluntary petition of bankruptcy, is adjudicated bankrupt or insolvent, or is otherwise financially impaired such that the charter school cannot continue to operate; (iii) there is reasonable cause to believe that reconstitution or termination is necessary to protect the health and safety of the pupils who are enrolled in the charter school or persons who are employed by the charter school from jeopardy, or to prevent damage to or loss of the property of the school district or the community in which the charter school is located; (iv) the committee to form the charter school or charter management organization, as applicable, or any member of the committee to form the charter school or charter management organization, as applicable, or the governing body of the charter school has at any time made a material misrepresentation or omission concerning any information disclosed to the sponsor; (v) the charter school operates a high school that has a graduation rate for the immediately preceding school year that is less than 60 percent; (vi) the charter school operates an elementary or middle school or junior high school that is rated in the lowest 5% of elementary schools, middle schools or junior high schools in the State in pupil achievement and school performance, as determined by the State Department of Education pursuant to the statewide system of accountability for public schools; or (vii) pupil achievement and school performance at the charter school is unsatisfactory as determined by the State Department of Education pursuant to criteria prescribed by regulation by the State Department of Education to measure the performance of any public school pursuant to the statewide system of accountability for public schools.

Before the sponsor reconstitutes a governing body or terminates a charter contract, the sponsor shall provide written notice of its intention to the governing body of the charter school which includes, among other items, a statement of the deficiencies upon which the action of the sponsor is based and a period not less than 30 days during which the charter school may correct the deficiencies.

Except as otherwise provided by law, not more than 90 days after the notice is provided as described above, the sponsor shall hold a public hearing to make a determination regarding whether to reconstitute the governing body or terminate the charter contract. If the charter school corrects the deficiencies to the satisfaction of the sponsor within the time prescribed, the sponsor shall not reconstitute the governing body or terminate the charter school. The sponsor may not include in a written notice pursuant any deficiency which was included in a previous written notice and which was corrected by the charter school, unless the deficiency recurred after being corrected. The sponsor of a charter school and the governing body

of the charter school may enter into a written agreement that prescribes different time periods than those set forth above.

If the sponsor of a charter school determines that not all of the grade levels in the charter school meet the criteria described in clauses (i) through (vii) above and that the charter school can remain financially viable if the charter school continues to operate and serve only the grade levels which do not meet the criteria described in those clauses, the sponsor may amend charter contract to eliminate the grade levels that meet such criteria and limit the enrollment in all other grade levels in the charter school.

For any charter school that has received, within each of the immediately preceding three consecutive school years, one of the two lowest ratings of performance pursuant to the statewide system of accountability for public schools and the governing body of the charter school does not plan to close the school or change sponsorship, the sponsor of such charter school must submit a report to the Legislative Committee on Education on or before December 15 of each odd-numbered year describing what actions it has taken pursuant to NRS 388A.330.

#### **Governing Body of Charter School**

Unless a waiver is granted, the governing body of a charter school must consist of (i) one member who is a teacher or other person licensed pursuant to Chapter 391 of NRS and who has at least two years of experience as an employed teacher, or who previously held such a license and is retired, as long as his or her license was held in good standing, (ii) an additional member satisfying the qualifications of (i) above or a school administrator with a license issued by another state or who previously held such a license and is retired, as long as his or her license was held in good standing; (iii) one parent or legal guardian of a pupil enrolled in the charter school who is not a teacher or employee of the proposed charter school; and (iv) two members who possess knowledge and expertise in one or more of the areas of accounting, financial services, law or human resources. Additionally, such a committee may include, without limitation, parents and representatives of nonprofit organizations and businesses. Unless a waiver is granted, not more than two persons who serve on the governing body may represent the same organization or business or otherwise represent the interests of the same organization or business. A majority of the members of the governing body must reside in the State. If the membership of the governing body changes, the governing body must provide written notice to the sponsor of the charter school within 10 working days after such change.

The governing body of a charter school is a public body and must during each calendar quarter hold at least one regularly scheduled public meeting.

Operation: General Requirements. Under the Act, a charter school is required to:

- Comply with all laws and regulations relating to discrimination and civil rights.
- Remain nonsectarian, including, without limitation, in its educational programs, policies for admission and employment practices.
- Refrain from charging tuition or fees, except for tuition or fees that the board of trustees of a school district is authorized to charge, levying taxes or issuing bonds.
- Comply with any plan for desegregation ordered by a court that is in effect in the school district in which the charter school is located.
- Comply with State law regarding public meetings.
- Except as otherwise provided in this paragraph, schedule and provide annually at least as many days of instruction as are required of other public schools located in the same school

district as the charter school is located. The governing body of a charter school may submit a written request to the Superintendent of Public Instruction for a waiver from providing the days of instruction required by this paragraph. The Superintendent of Public Instruction may grant such a request if the governing body demonstrates to the satisfaction of the Superintendent that: (1) extenuating circumstances exist to justify the waiver; and (2) the charter school will provide at least as many hours or minutes of instruction as would be provided under a program consisting of 180 days.

- Cooperate with the board of trustees of the school district in the administration of the achievement and proficiency examinations and, if the charter school enrolls pupils at a high school grade level, the end-of-course examinations administered pursuant to State statute and the college and career readiness assessment administered pursuant to State statute to the pupils who are enrolled in the charter school.
- Comply with applicable statutes and regulations governing the achievement and proficiency of pupils in the State.
- Provide instruction in the core academic subjects set forth in State statute, as applicable for the grade levels of pupils who are enrolled in the charter school, and provide at least the courses of study that are required of pupils by statute or regulation for promotion to the next grade or graduation from a public high school and require the pupils who are enrolled in the charter school to take those courses of study. This paragraph does not preclude a charter school from offering, or requiring the pupils who are enrolled in the charter school to take, other courses of study that are required by statute or regulation.
- If the parent or legal guardian of a child submits an application to enroll in kindergarten, first grade or second grade at the charter school, comply with State statute regarding the ages for enrollment in those grades.
- Refrain from using public money to purchase real property or buildings without the approval of the sponsor.
- Hold harmless, indemnify and defend the sponsor of the charter school against any claim or liability arising from an act or omission by the governing body of the charter school or an employee or officer of the charter school. An action at law may not be maintained against the sponsor of a charter school for any cause of action for which the charter school has obtained liability insurance.
- Provide written notice to the parents or legal guardians of pupils in grades 9 to 12, inclusive, who are enrolled in the charter school of whether the charter school is accredited by the Northwest Accreditation Commission.
- Adopt a final budget in accordance with the regulations adopted by the State Department of Education. A charter school is not required to adopt a final budget pursuant to NRS 354.598 or otherwise comply with the provisions of Chapter 354 of NRS.
- If the charter school provides a program of distance education, comply with all State statutes and regulations that are applicable to a program of distance education for purposes of the operation of the program.

# STATE FUNDING OF CHARTER SCHOOLS

#### **Changes to School Funding; Pupil-Centered Funding Plan**

Beginning with the 2021-2023 biennium, Senate Bill 543 ("SB 543"), which was adopted by the Nevada Legislature in its 2019 legislative session, replaces the Nevada Plan (described below) with the Pupil-Centered Funding Plan ("PCFP"), which combines money raised pursuant to State law at the local level with State money to provide a certain basic level of support to each pupil in the State which is adjusted: (1) to account for variation in the local costs to provide a reasonably equal educational opportunity to pupils; and (2) for the costs of providing a reasonably equal educational opportunity to pupils with certain additional educational needs.

One of the main reasons for the adoption of the PCFP was financial transparency. As described by The Kenny Guinn Center for Policy Priorities, a nonprofit, nonpartisan policy center addressing key challenges faced by Nevada policymakers:

Under the Nevada Plan, many of the dedicated revenue streams were remitted to the Distributive School Account (DSA) for distribution to individual school districts while other revenue streams went directly to the school districts and were not distributed by the State. These were called "outside revenues" because they were not included in the funding formula and, as such, were not guaranteed through the formula. This patchwork configuration of revenue sources, and, by extension, the determination of revenue streams for statewide use versus those only for individual districts, led to significant disagreement over the specific revenues funding K-12 education. To remedy this, SB 543 replaced the Distributive School Account with the "State Education Fund" and eliminated the "inside/outside" distinction. This means that the State Education Fund will contain both the inside/outside revenue and several additional revenue sources that were allocated to districts directly.

Accordingly, SB 543 creates the State Education Fund and identifies numerous sources of revenues to be deposited into the State Education Fund, in addition to direct legislative appropriations from the State General Fund, and also authorizes the Superintendent of Public Instruction to create one or more accounts in the State Education Fund for the purpose of administering money received from the federal government. SB 543 also creates the Education Stabilization Account in the State Education Fund and provides for the funding of the Education Stabilization Account and the use of the money in such account. SB 543 directs certain sources of revenues to the State Education Fund and makes conforming changes for the direction of such sources of revenues to the State Education Fund and the replacement of the State Distributive School Account (the "DSA") with the State Education Fund.

SB 543 requires the Legislature, after making a direct legislative appropriation to the State Education Fund, to determine the statewide base per pupil funding amount for each fiscal year of the biennium. SB 543 expresses the intent of the Legislature that the statewide base per pupil funding amount should, to the extent practicable, increase each year by not less than inflation. SB 543 further requires the Legislature to appropriate the whole of the State Education Fund, less the money in the Education Stabilization Account or any account created by the Superintendent of Public Instruction to receive federal money, to fund, in an amount determined to be sufficient by the Legislature: (1) the operation of the State Board of Education, the Superintendent of Public Instruction and the Department of Education; (2) the food service, transportation and similar services of the school districts; (3) the operation of each school district; (4) the operation of each charter school and university school for profoundly gifted pupils for all pupils generally through a statewide base per pupil funding amount for each pupil enrolled in such a school, with an adjustment for certain schools; and (5) the additional educational needs of English learners, at-risk pupils, pupils with disabilities and gifted and talented pupils through additional weighted funding for each such pupil. SB 543 specifies that additional weighted funding be expressed as a multiplier to be applied to the statewide base per pupil

pupil who belongs to more than one category receive only the additional weighted funding for the single category with the highest multiplier. SB 543 generally prohibits the use of additional weighted funding for collective bargaining and further generally prohibits the use of a school district's ending fund balance for collective bargaining.

The Nevada Constitution requires that the revenue from a tax upon the net proceeds of all minerals be appropriated to each county and apportioned among the respective governmental units within the county, including the school district. SB 543 require the proceeds of such a tax that are apportioned to each school district be deposited to the credit of the State Education Fund. SB 543 further deems such money to be the first money appropriated as part of the adjusted base per pupil funding and weighted funding to the county school district from which the money originated. To the extent that money exceeds the adjusted base per pupil funding and weighted funding for the county school district to which it was apportioned, SB 543 requires the excess to be transferred to the county school district from which the money originated and authorizes the expenditure of that money as a continuing appropriation. SB 543 also specifies that the purposes for which the money may be used include mitigating the adverse effects of the cyclical nature of the mining industry on the school district. These effects include, without limitation, significant and rapid changes in the number of pupils enrolled in the school district which are a unique impediment to pupils receiving a reasonably equal educational opportunity in the counties in which the mining industry is pervasive and cannot be reasonably addressed in a uniform statewide funding plan. SB 543 establishes certain factors which are applied to the statewide base per pupil funding amount to create the adjusted base per pupil funding for each school district and certain charter schools and university schools for profoundly gifted pupils. Specifically, SB 543 establishes a cost adjustment factor by which the statewide base per pupil funding amount is adjusted for each school district and certain charter schools and university schools for profoundly gifted pupils to account for variation between the counties in the cost of living and the cost of labor. SB 543 establishes an adjustment for each necessarily small school in a school district to account for the increased cost to operate certain schools which must necessarily be smaller than the school could be most efficiently operated, and also establishes a small district equity adjustment by which the statewide base per pupil funding amount is adjusted for each school district to account for the increased cost per pupil to operate a school district in which relatively fewer pupils are enrolled.

SB 543 requires each school district to account separately for the adjusted base per pupil funding received by the school district and deduct an amount of not more than the amount prescribed by the Department of Education by regulation of the adjusted base per pupil funding for the administrative expenses of the school district. SB 543 also requires the remainder of the adjusted base per pupil funding to be distributed to the public schools in the school district in a manner that ensures each pupil in the school district receives a reasonably equal educational opportunity. Similarly, SB 543 requires each school district to account separately for all weighted funding received by the school district and requires all weighted funding to be distributed directly to each school in which the relevant pupils are enrolled. SB 543 also: (1) requires each public school to account separately for the adjusted base per pupil funding and each category of weighted funding the school receives; (2) requires weighted funding to be used for each relevant pupil to supplement the adjusted base per pupil funding for the pupil and provide such educational programs, services or support as are necessary to provide the pupil a reasonably equal educational opportunity; and (3) limits the use of weighted funding for at-risk pupils and English learners to certain services.

SB 543 generally requires the Governor, when preparing the proposed executive budget and to the extent practicable, to reserve an amount of money in the State General Fund for transfer to the State Education Fund which is sufficient to fully fund certain increases in the amount of money in the State Education Fund if the Economic Forum projects an increase in state revenue in the upcoming biennium. If the Economic Forum projects a decrease in state revenue, SB 543 requires the Governor to reserve an amount of money in the State General Fund sufficient to ensure that the amount of money transferred from the State General Fund to the State Education Fund does not decrease by a greater percentage than the projected decline in state revenues. SB 543 requires the Governor to include in the proposed executive budget recommendations for the statewide base per pupil funding amount and the multiplier for each category of pupils and further requires the Governor

to consider the recommendations of the Commission on School Funding for an optimal level of school funding and authorizes the Governor to reserve an additional amount of money for transfer to the State Education Fund to fund any such recommendation. SB 543 also authorizes the Governor to include in the proposed executive budget a recommendation for such funding for the public schools in this State as the Governor determines to be appropriate if the Governor determines that preparing a proposed executive budget as described in SB 543 would be impracticable. If the Governor includes such a recommendation, the Governor must also recommend appropriate legislation to improve the method for determining funding for the public schools in this State.

SB 543 creates the Commission on School Funding (the "Commission") and prescribes its membership. SB 543 requires the Commission to project the distribution of education funding for the 2019-2021 biennium as if the PCFP were in effect and compare that projection to the projected distribution of education funding for the 2019-2021 biennium under existing law. SB 543 additionally requires each school district to project its budget for the 2019-2021 biennium as if the PCFP were in effect, compare that projection to its projected budget for the 2019-2021 biennium under existing law and submit both budgets to the Commission. Finally, SB 543 requires the Commission to make recommendations for the implementation of the PCFP to the Governor and Legislature.

*Hold Harmless.* SB 543 established a hold harmless provision to protect school districts from an unexpected loss in revenues as the State transitions from the Nevada Plan to the PCFP. If a school district will receive less funding under the PCFP than it received in fiscal year 2020, then the funding for the school district will be reset to the fiscal year 2020 amount. If a school district receives funding under the hold harmless provision, the school district will also be granted flexibility to reapportion funding between its adjusted base per pupil funding and weighted funding, more closely mirroring the school district's fiscal year 2020 budget.

If a school district receives less funding under the PCFP due to a decline in enrollment over two or more years, the Legislature is responsible for determining how to mitigate the financial impact. The decline in enrollment will be tracked beginning in fiscal year 2022, when the PCFP is fully implemented.

# Nevada Plan

The following information summarizes the State's existing education funding formula, which went into effect in 1967 (the "Nevada Plan"). The implementation of the PCFP is beginning during the State's 2021-2023 biennium, so much of the following discussion is included solely for historical context (notwithstanding any present-tense verbs), as well as general guidance regarding how certain aspects of the PCFP may work.

Account for Charter Schools. The Account for Charter Schools (the "Account") is a revolving loan account administered by the State Charter School Authority. The money in the Account must be invested as money in other State accounts is invested.

After deducting the costs directly related to administering the Account, the State Charter School Authority may use the money in the Account, including repayments of principal and interest on loans made from the Account, and interest and income earned on money in the Account, to make loans at or below market rate to charter schools for the costs incurred: (a) in preparing a charter school to commence its first year of operation; (b) to improve a charter school that has been in operation; and (c) to fund recruitment of teachers and pupils to new charter school facilities and enrollment of pupils in such facilities. The total amount of a loan that may be made to a charter school must not exceed the lesser of an amount equal to \$500 per pupil enrolled or to be enrolled at the charter school or \$200,000.

*Apportionment.* Each pupil who is enrolled in a charter school must be included in the count of pupils in the school district for the purposes of apportionments and allowances from the State Distributive School Account (as defined below, the "DSA"). A charter school is entitled to receive its proportionate share of any

other money available from federal, state or local sources that the school or the pupils who are enrolled in the school are eligible to receive.

For making apportionments of the State Distributive School Account, the basic support guarantee for each school district is established by law for each school year. The basic support per pupil amount is calculated for each school district by a formula that allows for differences in school districts in the costs of providing education and in local wealth. The DSA budget does not include the entire funding for K-12 education, but rather only includes the State's portion of the operating funds that provide the basic support guarantee. The guaranteed basic support per pupil should not be confused with expenditures per pupil. See "APPENDIX A – CERTAIN INFORMATION REGARDING DISCOVERY CHARTER – Operating and Financial Information – State Support per Student."

In addition to the DSA payments, charter schools in Nevada received additional funds from certain locally generated sources. These locally generated sources are described in the following section.

# **Funding Process**

The Legislative declaration is that "the proper objective of state financial aid to public education is to ensure each Nevada child receive a reasonably equal educational opportunity." Therefore, the quintessence of the State's financial obligation for such programs can be expressed in a formula partially on a per pupil basis and partially on a per program basis. This program is designated the "Nevada Plan."

The primary purpose of the DSA is to "supplement local financial ability to whatever extent necessary" and provide the means by which the State meets its guaranteed financial support to school districts under the Nevada Plan. The State Board of Education, through the State Department of Education, is responsible for administering the Nevada Plan and allocating the legislatively-approved funds from the DSA to school districts and charter schools.

The Nevada Plan guaranteeing financial support to public schools is comprised of a combination of state revenues and two locally-generated tax revenue sources. The State revenue sources include, primarily:

- a) Apportionment from the State General Fund;
- b) Investment income from the permanent school fund;
- c) Federal mineral land lease receipts;
- d) Sales tax on out-of-State sales that cannot be attributed to a particular county;
- e) Estate taxes; and
- f) A portion of the annual slot machine tax.

The two locally-generated revenues of the Nevada Plan include:

- a) State-mandated 2.6% Local School Support Tax; and
- b) 1/3 of the State's ad valorem property/mining tax ("PSOPT").

In addition to the Nevada Plan's two basic components of funding: (a) State obligated revenues and (b) the two locally-generated fund source; there is also a third funding component for Nevada's public schools which is not part of the Nevada Plan. This third funding component consists primarily of 2/3 of the PSOPT, a

governmental services tax, franchise fees, unrestricted federal revenues, interest and other revenues dedicated to local education.

**Biennial Budget.** To prepare a biennial budget for Nevada's public schools, estimated general fund expenditures for charter schools and each of the 17 school districts are combined into a single, statewide budget for each year of the coming biennium. All estimated costs, including adult high school diploma programs and special education costs that are funded by State or local revenues, but tracked separately in funds other than schools' general funds, are included in the budget. Federal categorical funds, such as those received through the Every Student Succeeds Act and the Individuals with Disabilities Education Act, are not included in this budget of general fund expenditures, but do contribute significantly to the total amount of funding available to local schools.

Schools' opening fund balances and local revenues considered "outside" the formula are deducted to derive a guaranteed level of funding, called the State guarantee. Local revenues contributed that are not part of the Nevada Plan are not built into the State guarantee. Thus, local school districts benefit when these "outside" revenues are in excess of projections or incur a loss when these revenues do not meet projections.

Next, the costs of programs which are not allocated to schools on the basis of enrollment, such as the costs of adult high school diploma programs and special education program units, are subtracted to yield statewide basic support which, in turn, is divided by the estimated (weighted) enrollment for the year to determine the statewide average basic support per pupil for each fiscal year in the coming biennium. In summary, the estimated need, minus local revenues "outside" the Nevada Plan, is divided by the number of pupils to determine a statewide average basic support per pupil that will be guaranteed by the combination of State DSA funding and local revenues "inside" the plan.

From the statewide average basic support per pupil, the State Department of Education calculates a separate basic support per pupil figure for each school district, using a formula that considers the economic and geographic characteristics of each district. The dollar amount of basic support differs across school districts due to variations in the cost of living, differences in the costs of providing education as a result of school size, and the cost per pupil of administration and support services. A wealth adjustment, based on each district's ability to generate revenue in addition to the guaranteed level of funding, is also included in the formula.

Since funding through the Nevada Plan is based on a guaranteed amount of basic support per pupil set forth in law during each legislative session, the only way to increase the total amount to be received through the Nevada Plan is if enrollment increases. If, on the other hand, enrollment fails to meet projections, schools will receive less money than expected, because a given dollar amount per pupil is guaranteed only for those pupils enrolled.

An additional provision assists school districts that experience significant growth in enrollment within the school year. If a district grows by more than 3 percent but less than 6 percent after the second school month, a growth increment consisting of an additional 2 percent of basic support is added to the guaranteed level of funding. If a district grows by more than 6 percent, the growth increment is 4 percent.

Payments to charter schools are made by the State Department of Education and are based on the student's county of residence and the respective school district's Nevada Plan basic support per student and its "outside" revenues per student.

Each pupil who is enrolled in a charter school must be included in the count of pupils in the school district for the purposes of apportionments and allowances from the State Distributive School Account.

*Hold Harmless.* To protect districts during times of declining enrollment, the Nevada Plan includes a "hold-harmless" provision which, as revised effective July 1, 2017, provides that if the enrollment of pupils in a school district or a charter school that is located within the school district based on the average daily

enrollment of pupils during the quarter of the school year is less than or equal to 95% of the enrollment of pupils in the same school district or charter school based on the average daily enrollment of pupils during the same quarter of the immediately preceding school year, the enrollment of pupils during the same quarter of the immediately preceding school year must be used for purposes of making the quarterly apportionments from the State Distributive School Account to that school district or charter school.

# **Pre-Kindergarten**

In 2001, the State Legislature allocated \$3.5 million per year for Fiscal Years 2001-02 and 2002-03 for the establishment of a comprehensive early childhood education program across Nevada (the "Pre-Kindergarten Program"). Under the Pre-Kindergarten Program, the State Department of Education was authorized to offer competitive grants to school districts and community-based organizations to initiate or expand pre-Kindergarten education programs. During Fiscal Years 2009-10 through 2014-15, the Pre-Kindergarten Program was funded annually at \$3,338,875.

In 2014, Nevada was selected as an award recipient of the U.S. Department of Education and U.S. Department of Health and Human Services Preschool Development Grants program (the "Federal Grant"). Under the Federal Grant, Nevada was allotted approximately \$6.4 million in the first year of the program, with approximately \$43 million over the full four years of the Federal Grant. The State of Nevada budget for the 2017-2019 biennium included \$13.8 million in State funding for the Pre-Kindergarten Program, along with \$25.1 million in funds from the Federal Grant over the same time period.

# **APPENDIX G**

#### **BOOK-ENTRY SYSTEM**

The Depository Trust Company ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of each Series of Bonds, each in the aggregate principal amount of that maturity of Bonds, and will be deposited with DTC. If, however, the aggregate principal amount of any series and maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such series and maturity.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the posttrade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower believes to be reliable, but neither the Authority nor the Borrower take responsibility for the accuracy thereof.

## **APPENDIX H**

#### FORM OF INVESTOR LETTER

Public Finance Authority Madison, Wisconsin

Wilmington Trust, National Association Costa Mesa, California Stifel, Nicolaus & Company, Incorporated Los Angeles, California

Re: Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project) Series 2022A and Public Finance Authority Charter School Revenue Bonds (Discovery Charter School Project) Series 2022B (Taxable)

Ladies and Gentlemen:

The undersigned (the "Investor") hereby acknowledges that it is purchasing §\_\_\_\_\_\_ aggregate principal amount of the Public Finance Authority Revenue Series 2022 Bonds (Discovery Charter School) Series 2022A, and/or \$\_\_\_\_\_\_ aggregate principal amount of the Public Finance Authority Revenue Series 2022 Bonds (Discovery Charter School) Series 2022B (Taxable) (the "Series 2022 Bonds"), issued, in authorized denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof ("Authorized Denominations"), by the Public Finance Authority (the "Issuer"), pursuant to a Trust Indenture, dated as of July 1, 2022 (the "Indenture"), by and between the Issuer and Wilmington Trust, National Association, a national banking association, as Trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

This letter ("Investor Letter") is being provided pursuant to a Bond Purchase Agreement, dated June 29, 2022 (the "Bond Purchase Agreement"), between the Issuer, Discovery Charter School, a Nevada nonprofit corporation (the "Borrower") and Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

The Investor acknowledges that the proceeds of the Series 2022 Bonds will be used for the purposes, and that the principal of and interest on the Series 2022 Bonds will be payable solely from the sources, described in the Preliminary Limited Offering Memorandum, dated June 18, 2022, as supplemented by the Supplement to Preliminary Limited Offering Memorandum, dated June 27, 2022 (collectively, the "Offering Document").

In connection with the sale of the Series 2022 Bonds to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has the authority and is duly authorized to purchase the Series 2022 Bonds and to execute this Investor Letter in connection with its purchase of the Series 2022 Bonds.

2. The Investor is (a) a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or (b) an "accredited investor" as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, and has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal conduit obligations, to be able to evaluate the risks and merits of the investment represented by the Series 2022 Bonds.

3. The Investor acknowledges:

The Series 2022 Bonds are being acquired by the Investor (A) for investment and not with a current view to, or for resale in connection with, any distribution of the Series 2022 Bonds, and the Investor intends to hold the Series 2022 Bonds solely for its own account for investment purposes for an indefinite period of time,

and does not intend at this time to dispose of all or any part of the Series 2022 Bonds. However, the Investor may sell the Series 2022 Bonds at any time the Investor deems appropriate, subject to the transfer restrictions set forth in the Series 2022 Bonds and in the Indenture. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since there is no established market for the Series 2022 Bonds, none is expected to develop, and hence any resale of the Series 2022 Bonds, or any portion thereof, prior to maturity may not be possible. The Investor understands that the Series 2022 Bonds will be issued only in Authorized Denominations, and confirms that it will not allocate any Series 2022 Bonds to accounts in violation of such limitations; and (B) to the extent the Investor is purchasing the Series 2022 Bonds not on its own behalf but in its capacity as investment adviser to beneficial owners of separately managed accounts, such accounts will solely be for investors which meet the qualifications for investors as set forth in the Indenture and as described in Section 2 of this Investor Letter. The Investor understands that the Underwriter will not facilitate the establishment of such accounts and that the Series 2022 Bonds will be issued only in Authorized Denominations, and confirms that it will not facilitate the deposit of the Series 2022 Bonds into accounts in violation of such limitations.

4. The Investor understands that the Series 2022 Bonds are not, and are not intended to be, registered under the Securities Act and that such registration is not legally required as of the date hereof, and further understands that the Series 2022 Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating agency, and (d) will be delivered in a form that may not be readily marketable.

5. The Investor has been supplied with, and has reviewed, a copy of the Offering Document for the Series 2022 Bonds. The Investor has had the opportunity to ask questions of and receive answers from the Borrower concerning its purchase of the Series 2022 Bonds and all matters relating thereto, and has received from the Borrower any additional information it deemed necessary in its decision to purchase the Series 2022 Bonds. The Investor acknowledges and agrees that neither the Issuer nor the Underwriter has made any representations to the Investor other than as set forth in the Offering Document. The Offering Document speaks only as of its date.

6. The Investor acknowledges and understands that the Series 2022 Bonds are a speculative investment and that investing in the Series 2022 Bonds is subject to a high degree of risk, including the risks described in the Offering Document. The Investor understands that such risks may adversely affect the timely and full payment of principal and interest on the Series 2022 Bonds. The Investor represents that it can bear the economic risks associated with investing in the Series 2022 Bonds, including that it is capable of suffering a loss of the entirety of its investment represented by the Series 2022 Bonds.

7. The Investor acknowledges and agrees that the Underwriter and the Issuer take no responsibility for, and make no representation to, the Investor or any subsequent purchaser, with regard to any sale, transfer or other disposition of the Series 2022 Bonds, or any interest therein, in violation of the provisions of the Indenture, or any securities law or income tax law consequences thereof. The Investor also acknowledges that, with respect to the Issuer's obligations and liabilities, the Investor is solely responsible for compliance with the sales restrictions on the Series 2022 Bonds in connection with any subsequent transfer of the Series 2022 Bonds made by the Investor.

8. THE INVESTOR ACKNOWLEDGES THAT THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE INDENTURE) AND, EXCEPT FROM SUCH SOURCE, NONE OF THE ISSUER, ANY MEMBER (AS DEFINED IN THE INDENTURE), ANY SPONSOR (AS DEFINED IN THE INDENTURE), ANY AUTHORITY INDEMNIFIED PARTY (AS DEFINED IN THE INDENTURE), THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST THEREON OR ANY COSTS INCIDENTAL THERETO. THE SERIES 2022 BONDS ARE NOT A DEBT OF THE STATE OF WISCONSIN OR ANY MEMBER AND DO NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE IN ANY MANNER ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS TO LEVY ANY TAX OR TO MAKE ANY APPROPRIATION FOR PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 20220 BONDS OR ANY COSTS INCIDENTAL THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF ANY MEMBER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OR ANY POLITICAL SUBDIVISION APPROVING THE ISSUANCE OF THE SERIES 2022 BONDS, NOR THE FAITH AND CREDIT OF THE ISSUER, ANY SPONSOR OR ANY AUTHORITY INDEMNIFIED PARTY, SHALL BE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2022 BONDS OR ANY COSTS INCIDENTAL THERETO. THE ISSUER HAS NO TAXING POWER.

9. The Investor agrees that it is bound by and will abide by the provisions of the Indenture relating to the transfer restrictions noted on the face of the Series 2022 Bonds and in this Investor Letter. The Investor also covenants to comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Series 2022 Bonds by the Investor. The Investor acknowledges that the Series 2022 Bonds will bear the following legend (among other legends to be included), unless determined otherwise in accordance with applicable law:

THIS BOND MAY BE PURCHASED BY OR TRANSFERRED ONLY TO A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR, EACH AS DEFINED IN THE INDENTURE, AND PURSUANT TO THE TERMS THEREOF

10. The Investor acknowledges that the sale of the Series 2022 Bonds to the Investor is being made in reliance upon the certifications, representations, and warranties herein made to the addressees hereto.

11. The interpretation of the provisions hereof shall be governed and construed in accordance with Wisconsin law without regard to principles of conflicts of laws.

12. Investor agrees to indemnify and hold harmless the Issuer and each Authority Indemnified Party (as defined in the Indenture) with respect to any claim asserted against the Issuer or any such Authority Indemnified Party that is based upon Investor's breach of any representation, warranty or agreement made by it herein, other than any claim that is based upon the willful misconduct of the person seeking indemnification.

13. The Issuer and the Trustee have not undertaken and will not undertake steps to ascertain the accuracy or completeness of the information furnished to the Investor with respect to the Borrower, the Facilities, the Bonds or the Project. The Investor has not relied and will not rely upon the Issuer, any Member or any Authority Indemnified Party or the Trustee in any way with regard to the accuracy or completeness of the information regarding the Borrower, the Facilities or the Project furnished to the Investor in connection with its purchase of the Series 2022 Bonds, nor have any such parties made any representation to the Investor with respect to that information. For the avoidance of doubt, Authority Indemnified Parties do not include the Underwriter or Bond Counsel.

14. All representations of the Investor contained in this Investor Letter shall survive the execution and delivery of the Series 2022 Bonds to the Investor as representations of fact existing as of the date of execution and delivery of this Investor Letter.

Dated [\_\_\_\_]

By	
Name	 
Title	





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PM-93-75	
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e 2, Page 85 of Parcel RECORDED ATTHE REQUESTOF County, Nevada, <u>Nevada' Holows Ca</u>	
Date 12-16-75 at 10:03 A M	* , ,
12 Saction 19 Township	
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e 62 East, M.D.B.&M. JOAN L.SWIFT, RECORDER Nevada. Fee 5_99 Deputy BV	C.
FILE 7 PAGE 92	

பில் பிலாலாக (SELA), Second Sel, வதுதிற்றார் திருந்தவற்றைக்கும் பிருந்துக்கும் பிலாக கால் பிலாகதிலாம் பிருந்து பிலாக திரைப்படுத்துக்கும் பிருந்துக்கும் திருந்தவற்றைக்கும் பிருந்துக்கும் பிருந்து பிருந்து பிருந்துக்கும் பிருந



The MAPS and DATA are provided without warranty of any kind, expressed or implied. Date Created: 10/11/2022

# **Property Information**

Parcel:	16119405004			
Owner Name(s):	UNIFIED AIRCRAFT SERVICES INC			
Site Address:	0			
Jurisdiction:	Clark County - null			
Zoning Classification:	Local Business (C-1)			
Planned Landuse:	Neighborhood Commercial (NC)			
<b>Misc Information</b>				
Subdivision Name:	PARCEL MAP FILE 4 PAGE 65			
Lot Block:	Lot:2 Block:	<b>Construction Year:</b>		
Sale Date:	05/1997	T-R-S:	21-62-19	
Sale Price:	\$1,400,000	Census tract:	1717	
<b>Recorded Doc Number:</b>	20160831 00004219	Estimated Lot Size:	1.08	
Flight Date:	2022-07-02			
<b>Elected Officials</b>				
Commission:	G - Jim Gibson (D)	City Ward:		
US Senate:	Jacky Rosen, Catherine Cortez-Masto	US Congress:	1 - Dina Titus (D)	
State Senate:	7 - Roberta Lange (D)	State Assembly:	20 - David Orentlicher (D)	
School District:	G - Linda Cavazos	<b>University Regent:</b>	12 - Amy Carvalho	
Board of Education:	1 - Tim Hughes	Minor Civil Division:	Las Vegas	