

State Public Charter School Authority
Hiltz Commercial Group Public Comment
April 18, 2025

Good morning my name is Michael Hiltz, President CEO, Hiltz Commercial Group, my company specializes in the acquisition (sale or purchase) of educational facilities mainly public charter schools. My connection to public charter schools is through helping them find affordable facility options.

Over the past 8 years, our team at Hiltz has supported over 25 schools in securing temporary and permanent facilities offering solutions tailored to their growth, stability, and long-term success.

I am here today to speak about the Financial Performance Review and Recommendations. Many of the schools identified for Notices of Breach or Concern are serving students with the highest levels of need, including English Learners, students of color, and those coming from neighborhoods with long histories of school underperformance.

This is especially important to us because over the years we've worked hard to build a facility support ecosystem designed specifically to bolster the work of single-site, community-based schools operating in high-need areas. We've partnered with national and local lenders like Raymond James and the Nevada Facilities Fund to help schools access low-cost capital, purchase buildings at below-market prices, and renegotiate expensive leases.

Issuing a Notice of Breach, however, will make it far harder for these schools to access financing. These notices reduce the pool of available lenders, increase interest rates, and create a cycle of financial distress with no clear path to recovery.

The framework being used today evaluates a past budget, not current progress. These are lagging indicators that don't reflect a school's present reality. As a result, schools that serve students with the greatest barriers to opportunity are disproportionately impacted.

Charter schools are receiving more attention from capital markets. It's viewed as a strong space for lending—state-backed revenues and real estate-secured loans make these projects attractive. But the number one credit risk in this space is Authorizer action. When a Notice is issued, immediately lender demand drops, borrowing costs rise, and schools lose access to the very resources they need to fix the problem.

This is a vicious cycle. Higher borrowing costs mean fewer dollars in the classroom, lower performance, and declining enrollment—driving revenue even lower.

Facility financing can help solve this. Interest-only periods and capitalized interest can give schools the runway they need to stabilize.

Simply stated a Notice will eliminate the opportunity to obtain low cost much needed temporary financing and will not allow schools to get out of high-cost leases or higher interest rate loans causing schools to potentially fail taking schools out of the community.

We ask you to consider these mitigating factors before issuing formal notices and allow schools to propose facility recovery plans instead. Thank you for your time and your commitment to equity in public education.