

**NOTICE OF PUBLIC MEETING**  
of the  
**Board of Directors of**  
**SOMERSET ACADEMY OF LAS VEGAS**

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Notice is hereby given that the Board of Directors of Somerset Academy of Las Vegas, a public charter school, will conduct a public telephonic meeting on February 15, 2018; beginning at 4:00 p.m. The call-in information is as follows:

**Call-in Number: 1-866-244-8528**

**Access Code: 251188#**

Anyone who wishes to make public comment is welcome to attend the meeting at 6630 Surrey Street, Las Vegas, NV 89119. The public is invited to attend.

Attached hereto is an agenda of all items scheduled to be considered. Unless otherwise stated, the Board Chairperson may 1) take agenda items out of order; 2) combine two or more items for consideration; or 3) remove an item from the agenda or delay discussion related to an item.

Reasonable efforts will be made to assist and accommodate physically handicapped persons desiring to attend or participate at the meeting. Any persons requiring assistance may contact Jennifer Ellison at (702) 431-6260 or [jennifer.elison@academicnv.com](mailto:jennifer.elison@academicnv.com) two business days in advance so that arrangements may be conveniently made.

Public comment may be limited to three minutes per person at the discretion of the Chairperson.

# AGENDA

## February 15, 2018 Meeting of the Board of Directors of Somerset Academy of Las Vegas

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(Action may be taken on those items denoted “For Possible Action”)

1. Call to order and roll call (For Possible Action)
2. Public Comment and Discussion (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken.)
3. Consent Agenda (For Possible Action)
  - a. Minutes from the January 18, 2018 and January 25, 2018 Board Meetings
  - b. Somerset Academy Academica Calendar for the 2018/2019 School Year
4. Review, Discussion, and Possible Action to Approve: (i) the entrance into a First Amendment to Lease Purchase Agreement with ZB, National Association, dba Zions Bank (the “Trustee”), whereby the School will lease from the Trustee the (A) charter school facilities and related land located at 50 North Stephanie Street in Henderson, Nevada, and (B) charter school facilities and related land located at 4650 Losee Road in North Las Vegas, Nevada, and (ii) the Bond financing and certain underlying documents for the acquisition of such schools by the Trustee and matters relating thereto (For Possible Action)
5. Discussion and Possible Action Regarding Revised Grade-Level Maximum Enrollment for the 2018/2019 School Year (Possible Action)
6. Member Comment (Information/Discussion)
7. Public Comments and Discussion(Discussion)
8. Adjournment (For Possible Action)

This notice and agenda has been posted on or before 9 a.m. on the third working day before the meeting at the following locations:

- (1) 385 W. Centennial Parkway, North Las Vegas, Nevada 89084
- (2) 7038 Sky Pointe Drive, Las Vegas, Nevada 89131
- (3) 50 N. Stephanie St., Henderson, Nevada 89074
- (4) 4650 Losee Road, North Las Vegas, Nevada 89081
- (5) 4491 N. Rainbow Blvd., Las Vegas, Nevada 89108

- (6) North Las Vegas City Hall, 2250 Las Vegas Blvd. North, North Las Vegas, Nevada.
- (7) Henderson City Hall, 240 South Water Street, Henderson, Nevada.
- (8) Las Vegas City Hall, 495 S. Main St., Las Vegas, Nevada.

# SOMERSET ACADEMY OF LAS VEGAS

## Supporting Document

Meeting Date: February 15, 2018  
Agenda Item: 3 – Consent Agenda  
Enclosures:

### **SUBJECT: Consent Agenda**

Action  
 Appointments  
 Approval  
 Consent Agenda  
 Information  
 Public Hearing  
 Regular Adoption

Presenter (s): Board

Recommendation:

Proposed wording for motion/action:

Move to approve the items for action on the consent agenda.

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 2-5 Minutes

Background: Support materials and/or background has been provided to the Board. All items on the Consent Agenda which are for action can be approved in one motion; however, individual items may be taken off the Consent Agenda if the Board deems that discussion is necessary.

Submitted By: Staff

# SOMERSET ACADEMY OF LAS VEGAS

## Supporting Document

Meeting Date: February 15, 2018  
Agenda Item: 3a – Minutes from the January 18, 2018 and January 25, 2018  
Board Meetings  
Number of Enclosures: 2

### **SUBJECT: Approval of Minutes**

Action  
 Appointments  
 Approval  
 Consent Agenda  
 Information  
 Public Hearing  
 Regular Adoption

Presenter (s): Board

Recommendation:

Proposed wording for motion/action:

Consent

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 0 Minutes

Background: Board meetings were held on January 18, 2018 and January 25, 2018; as such, approval of the minutes for these meetings is needed from the Board.

Submitted By: Staff

**MINUTES**  
**of the meeting of the**  
**BOARD OF DIRECTORS of SOMERSET ACADEMY OF LAS VEGAS**  
**January 18, 2018**

The Board of Directors of Somerset Academy of Nevada held a public meeting on January 18, 2018, at 6:00 p.m. at 4650 Losee Road North Las Vegas, Nevada 89081.

**1. Call to order and roll call**

Board Chair John Bentham called the meeting to order at 6:06 p.m. with a quorum present. In attendance were Board members Sarah McClellan, Cody Noble, Carrie Boehlecke, Will Harty, Travis Mizer, Gary McClain (at 7:54), and John Bentham.

Also present were Paul Jason from Specialized Financing, Executive Director John Barlow, Principals Reggie Farmer, Sherry Pendleton, Elaine Kelley, and Lee Esplin; Assistant Principal Kate Lackey and Curriculum Director Gayle Jefferson; as well as Academica representatives Trevor Goodsell, Colin Bringhurst, and Kyle McComber.

**2. Public Comments and Discussion**

Ms. Ashley Griffith addressed the Board in opposition to the K-12 leadership model.

Ms. Nicole Yoakum addressed the Board and stated that parents were concerned that one campus was planning to require uniformed logo bottoms and asked if this would be addressed tonight. Member Bentham replied that the item was not on the agenda.

**3. Consent Agenda**

- a. Minutes from the December 12, 2017, Telephonic Board Meeting**
- b. Approval of Maximum Grade-Level Enrollment Targets for the 2018/2019 School Year**
- c. Approval to Apply to Provide Distance Education Courses to Middle School and High School Students; Designate Executive Director Barlow as Signer of the Application; and Direct Academica to Make an Amendment to the Charter to Allow Distance Education**
- d. School Financial Performance**

**Member Boehlecke moved to approve items A and D of the consent agenda. Member McClellan seconded the motion, and the Board voted unanimously to approve.**

**3b. Approval of Maximum Grade-Level Enrollment Targets for the 2018/2019 School Year**

Mr. Trevor Goodsell addressed the Board and stated that projections were available in the support materials; however, he wanted to update the Board on the projections for next year at Skye Canyon. Mr. Goodsell

stated that the numbers had been run conservatively; adding that the applications were exceeding the initial expectations. Mr. Goodsell stated that the lottery had been open for two weeks and, as a result, they would like to increase K-5 to 100 per grade and 6<sup>th</sup> grade to 120, leaving all other grade levels as projected. Member Mizer asked what percentage of students had applied to other campuses as well, to which Mr. Goodsell stated that a fair amount had also applied at Sky Pointe; however, there were limited openings. Discussion ensued in regards to the possible changes for the 7<sup>th</sup> grade the following school year and if the school would be able to accommodate the changes. Member Bentham stated that he would like to hold a ground breaking ceremony. Assistant Principal Kate Lackey addressed the Board and stated that service had been scheduled and the groundbreaking would take place on February 20, 2018 at 11:00 a.m., and that a formal invitation was being prepared.

**Member Noble moved to approve the maximum grade level enrollment targets for the 2018/2019 school year as presented. Member Harty seconded the motion, and the Board voted unanimously to approve.**

### **3c. Approval to Apply to Provide Distance Education Courses to Middle School and High School Students; Designate Executive Director Barlow as Signer of the Application; and Direct Academica to Make an Amendment to the Charter to Allow Distance Education**

Mr. Kyle McOmer addressed the Board and stated that the application for Distance Education Courses would allow the schools to offer students State approved courses for credit recovery, as well as courses that would not otherwise be provided; adding that the classes would be available during and outside of regular school hours. Member McClellan asked for clarification in regards to credit recovery, to which Mr. McOmer replied that students would be able to retrieve credit for courses within the school at any point during the year. Member Mizer asked if there would be any cost to the school for providing the courses, to which Mr. McOmer answered in the affirmative, stating that the cost would be worked out with Academica Florida Virtual. Mr. McOmer stated that this item's objective was not to accept the program, just to submit the application to allow the schools to offer it if they choose.

**Member Bentham moved to approve the submission of the application to provide Distance Education Courses to middle school and high school students; designate Executive Director Barlow as the signer of the application, and direct Academica to make an amendment to the charter to allow Distance Education. Member Boehlecke seconded the motion, and the Board voted unanimously to approve.**

## **5. Interview up to three new Board Member Candidates**

Executive Direction John Barlow addressed the Board and stated that there were three candidates selected out of ten to be presented before the Board for an interview and possible nomination.

**Gary McClain:** Member Bentham asked Mr. McClain why he was interested in becoming a Board member. Mr. Gary McClain addressed the Board and stated that he would like to give back to Somerset; adding that there were only three things important to him in his life; his family, his job, and Somerset. Member McClellan asked if Mr. McClain had students who attended the schools, and if he had the time to commit to the Board. Mr. McClain answered in the affirmative; adding that he had two children who were attending the Sky Pointe Campus, and that he understood that there were materials to review before the meeting in order to make informed decisions. Member Mizer asked what experience from his current job would be most beneficial to the Board. Mr. McClain stated that he worked for a Home Owners' Association and worked directly with the board, which resulted in his negotiation, cost analysis, and financial performance of facilities skills. Member Noble stated that those were all

skills that could be very useful on the Somerset Board. Member Harty asked what Mr. McClain believed the Board's role should be, to which Mr. McClain replied that it was simply oversight, based on the advice and recommendations from others. Member Boehlecke asked how Mr. McClain handled conflict, to which Mr. McClain replied that because of his community associations he was mindful of his actions; adding that he did not get worked up easily.

Anthony Maisonet: Mr. Anthony Maisonet addressed the Board and reviewed his qualifications as presented on his resume in the support materials. Member Bentham asked if he had attended any previous board meetings, to which Mr. Maisonet replied in the affirmative; adding that his most recent attendance was when the new principal was hired at Sky Pointe. Member Mizer asked him what experience from his career would be most beneficial to the Board. Mr. Maisonet replied that his critical decision making skills and his experience with budgets and project management would be most beneficial to the Board. Member McClellan asked how he would balance being a Board member and a parent, to which Mr. Maisonet responded that he would look at everything with a different perspective, and that his experience had taught him how to make decisions in spite of how it impacts an individual. Member Harty asked what the Board's role was as it related to the administration and the management company. Mr. Maisonet replied that the Board's purpose was to help children understand the vision and mission of the school; adding that most of the decisions that were made were vital macro decisions. Member Noble asked why Mr. Maisonet wanted to be on the Board, to which he replied that he enjoyed a challenge and that he had a vested interest in the lives of his children and their education; adding that he owed everything to his own education.

Sheree Butler: Ms. Sheree Butler addressed the Board and reviewed her qualifications from her resume as presented in the support materials. Member Bentham asked if she had the time needed to dedicate to the Board. Ms. Butler replied in the affirmative, adding that she had thoroughly discussed the responsibility with her spouse, and that she had a great support system and was prepared to devote the time that was required. Member McClellan asked if she had children who attended the school, and how she would balance being a parent and a Board member. Ms. Butler replied that she had a son who attended the school; adding that her experience with law enforcement had taught her to separate her emotions from her decisions when issues and challenges arose. Member Mizer asked what experience from her current position would be most beneficial to the Board, to which Ms. Butler replied that she could suspend judgment and not make decisions based on her emotions, in addition to her critical thinking skills. Member Boehlecke asked how Ms. Butler dealt with conflict, to which Ms. Butler replied that it was important to understand the conflict in its entirety before taking any action; and when taking action she would want to be fair and consistent.

## **6. Nomination and Election of one new Board Member**

The Board stated that they believed all three candidates would serve the Board well; adding that Mr. McClain had proven that he was dedicated and committed by attending nearly every Board meeting.

**Member Mizer nominated Mr. McClain as a member of the Somerset Board, and the Board voted unanimously to elect Mr. McClain as the newest member of the Board.**

## **7. Approval of Attorney Engagement Agreement with Kolesar & Leatham to Engage their Legal Services with Regard to the Bond Issuance to Acquire the Stephanie and Losee Campuses**

Mr. Colin Bringhurst addressed the Board and stated that outside counsel needed to be retained for the Bond issuance; adding that the bond was outside the scope of the current agreement. Mr. Bringhurst reviewed the



contract as presented in the support materials; adding that Kolesar & Leatham had experience with bond issuance and that staff had used their services with two other bond deals. Member Mizer asked the cost of the services, to which Mr. Bringhurst replied that it was \$400-\$450 per hour; adding that if the bond was not approved no monies would be paid out.

**Member Harty moved to approve the Engagement Agreement with Kolesar & Leatham as presented. Member McClellan seconded the motion, and the Board voted unanimously to approve.**

#### **8. Review and Possible Action Regarding a Bond Underwriter Agreement with D.A. Davidson**

Mr. Trevor Goodsell introduced Mr. Paul Jason as the financial advisor from Special Financing, as well as the underwriter who worked on the previous bond deal. Member Harty asked if the bond deal still made financial sense with increasing interest rates. Mr. Jason addressed the Board and replied in the affirmative, adding that the lease structure allowed for a fixed rate and that prices were at an all-time low for charter schools. Member Harty asked if timing was a factor with increasing rates, to which Mr. Jason replied that the current market was in a rising interest rate environment; however, the climate was very favorable for charter schools. Member Mizer asked if the fees had been bid out to other carriers. Mr. Jason replied that a number of different underwriters had been looked at and, as a result, the Board had selected D.A. Davidson, who would be handling this transaction. Mr. Jason stated that the fees were very competitive at 1.25 percent, and that D.A. Davidson was one of the leading charter school underwriters.

**Member Noble moved to approve the Bond Underwriter Agreement with D.A. Davidson. Member Mizer seconded the motion, and the Board voted unanimously to approve.**

#### **9. Discussion and Possible Approval to Submit a Charter Amendment Request to Purchase the Losee and Stephanie Campuses**

Mr. Goodsell stated that the timeline had shifted because the process of informing the Charter Authority had changed prior to the process of purchasing the Losee and Stephanie Campuses. Mr. Bringhurst stated that the Charter Authority had recently hired outside counsel and revised the requirements for an amendment. Mr. Bringhurst further stated that regulations and statutes now stated that the amended application must be submitted when a school moves to a new facility; adding that though the campuses had been operating at their current locations for several years, they would now be purchased, which was a modification to the property.

Mr. Goodsell stated that the delay increased the possibility of securing a higher interest rate, adding that the amendment had been prepared for approval by the Board before submittal. Mr. Jason stated that on February 15, 2018 the Board would be asked to approve a number of items, one of which would be a resolution authorizing the issuance of the bonds, delegating authority to one Board member to sell the bond within specific parameters in order to get into the market at a most favorable time. Discussion ensued in review of the bond sale as presented in the support materials. Member Bentham asked if there a reason why the Lone Mountain Campus was not being purchased, to which Mr. Goodsell replied that the process to acquire Lone Mountain was in the works, yet would not be obtainable until fall 2018.

**Member Harty moved to approve the submission of a charter amendment requesting to purchase the Losee and Stephanie Campuses. Member McClain seconded the motion, and the Board voted unanimously to approve.**

## **10. Discussion and Possible Action Regarding the Approval of the Weighted Lottery Policy**

Mr. Bringhurst stated that two years ago when the application to expand Somerset Academy was submitted the SPCSA requested diversification be added to the amendment to more closely match the surrounding CCSD schools and the surrounding community; adding that as part of that amendment there were five things expected of Somerset, and one of them was to put a Weighted Lottery Policy in place. Mr. Bringhurst further stated that previously there was no regulation; however, that had changed, and the Board was now obligated to approve a Weighted Lottery Policy. Mr. Bringhurst stated that Michael Muehle and Kristie Fleisher had researched Weighted Lottery Policies throughout the United States and met with Executive Director Barlow to discuss the findings. The group had agreed upon the numbers presented in the support materials. Member Harty asked if the school was required to carry out a weighted lottery, to which Mr. Bringhurst replied in the affirmative; adding that the policy would be effective beginning in the 2019/2020 school year.

Member Harty asked for clarification as to how free and reduced lunch students would be calculated. Mr. Bringhurst replied that the information would be collected from a form placed in the registration packet. Member McClellan asked how the policy would be facilitated. Mr. Bringhurst explained that each Somerset Campus FRL percentage would be compared to the three nearest CCSD schools; and if the FRL comparison was more than or equal to the Somerset Campus, the Weighted Lottery Policy would apply, giving those qualifying students a weight of 1.25. Member Noble stated that he would like more information that confirmed that the numbers presented in the policy were accurate. Mr. Bringhurst stated that the numbers submitted could be altered at a later date if the Board chose to do so.

Member Bentham asked if there were any systems in place that required parents to fill out the income statement. Executive Director Barlow replied that it was voluntary; however, the schools could explore various campaigns to encourage participation, as there were many benefits to submitting the forms. Discussion ensued regarding collecting FRL data and the other services for students who qualify. Member Noble asked if this policy affected the priorities already in place, to which Mr. Bringhurst replied in the negative, adding that it would not affect them at all. Mr. Bringhurst explained how the priority worked within the lottery.

**Member McClellan moved to approve the Weighted Lottery Policy. Member Boehlecke seconded the motion and, the Board voted to approve with two dissenting votes.**

## **11. Acknowledgement of Principal Dan Phillip's Resignation (Effective June 30, 2018) and Approval Giving Direction to Executive Director Barlow to Conduct a Search, or Possible Consideration to Move to a K-12 Leadership Structure**

Member Bentham acknowledged the resignation of Dan Phillips, thanking him for his service to the school. Members McClellan and Noble expressed their appreciation and acknowledged Principal Phillip's dedication to the school and the students. Principal Dan Phillips addressed the Board and gave some departing words.

Executive Director Barlow stated that, to clearly understand the dynamics and the challenges that Principal Lee Esplin and his leadership faced at Sky Pointe, a meeting was held to ask a variety of questions to determine the pros and cons of the K-12 leadership structure; adding that the advantages filled a complete page, with only six items as cons. Executive Director Barlow stated that his observation of the Sky Pointe Campus was that the K-12 leadership unified the Sky Pointe team across all grade levels. Member Bentham asked Board members Noble, Harty, and Mizer about their experience with the transition to a K-12 administration at Sky Pointe. Member Mizer replied that the administration had done an excellent job and that it could be attributed to having the right

people in the right places; adding that parent concerns had subsided after some time passed. Member Noble stated that his experience with one principal for the K-12 leadership was that it created an overall better environment. Member Harty stated that there was a concern in regards to the transition from elementary to middle and then to high school; adding that the early indicators were that it had been working and feedback had been positive; however, he believed it was too soon to tell.

Principal Lee Esplin addressed the Board and stated that he and his staff had worked hard this year to build the K-12 structure by putting in more hours than usual; adding that it was also essential to hire a quality team to help put items in place in order to make the transition more seamless. Member Harty asked if administrators were added to the team, to which Principal Esplin replied that an assistant principal was added; however, the budget did not increase.

Member Bentham moved to open the floor to allow the public to comment on this item. Mr. Frank Maglietti, a parent, addressed the Board and stated that he believed an elementary student had different needs than a high school student, and that he was not in favor of the K-12 model. Ms. Jenny Sauter addressed the Board and stated that, as a teacher at Somerset Losee, she appreciated Principal Dan Phillips; adding that she believed that it would be difficult for a K-12 principal to have the necessary time to address issues in a timely fashion. Ms. Tracy Baxter, a parent, addressed the Board and stated that she would like to keep things as they were and hoped for an answer tonight. Executive Director Barlow stated that it was his recommendation to move to the K-12 leadership model based on his past experiences and data collected in regards to 8<sup>th</sup> to 9<sup>th</sup> grade transitions. Discussion ensued in regards to the pros and cons of a K-12 leadership model. Ms. Sara Cross, a counselor from Losee, addressed the Board and stated that she had a concern in regards to the transition and how the students would respond. Ms. Sara Passer addressed the Board and stated that she wanted the Board to keep the students in mind when making this decision.

**Member Mizer moved to approve the K-12 leadership model for the 2018/2019 school year at the Losee Campus. Member Noble seconded the motion, and the Board voted unanimously to approve.**

Discussion ensued in regards to delegating authority to Executive Director Barlow to hire a K-12 Principal. Following a discussion regarding what action the Board could take under this agenda item, the Board made the following motion:

**Member McClellan moved to delegate authority to Executive Director John Barlow to make a decision on who to hire as principal for the Losee K-12 Campus for the 2018/2019 school year. Member Boehlecke seconded the motion, and the Board voted to approve with one abstaining vote.**

Member Bentham asked Executive Director Barlow who his recommendation was. Executive Director Barlow replied that a lot of thought had been given to this item and he believed that Reggie Farmer had the best skills to marry the elementary, middle, and high schools; adding that it was his recommendation to hire Reggie Farmer as the Principal of the K-12 Losee Campus. Executive Director Barlow recommend Elaine Kelly be reassigned to open the Aliante Campus; however, the Board would need to consider this possibility at a future board meeting. The Board decided to hold a special meeting on January 25, 2018.

#### **4. Report on Academic Performance and Executive Director Update**

**This item was tabled.**

**12. Member Comment**

Member McClain stated that if there was information known as to how an agenda item was going to play out, as he did not understand why the agenda items were so vague; adding that he had no idea that Principal Farmer was an option for the K-12 Leadership position at the Losee Campus.

Member McClellan stated that she would like to see better communication in regards to agenda items.

**13. Public Comments and Discussion**

No request for public comment

**14. Adjournment**

**The meeting was adjourned at 10:48 p.m.**

Approved on: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_ of the Board of Directors  
Somerset Academy of Las Vegas

**MINUTES**  
**of the meeting of the**  
**BOARD OF DIRECTORS of SOMERSET ACADEMY OF LAS VEGAS**  
**January 25, 2018**

The Board of Directors of Somerset Academy of Nevada held a public meeting on January 25, 2018, at 6:00 p.m. at 4650 Losee Road North Las Vegas, Nevada 89081.

**1. Call to order and roll call**

Board Chair John Bentham called the meeting to order at 6:01 p.m. with a quorum present. In attendance were Board members Sarah McClellan, Cody Noble, Carrie Boehlecke, Travis Mizer, Gary McClain, and John Bentham.

Board Member Will Harty was not present at this meeting.

Also present were Executive Director John Barlow, Principal Sherry Pendleton, Principal Elaine Kelley; as well as Academica representative Crystal Thiriot.

**2. Public Comments and Discussion**

Executive Director John Barlow addressed the Board and reviewed the origins of Somerset Academy, the leadership structure, and his reasons for selecting Principal Reggie Farmer as Losee Campus K-12<sup>th</sup> grade Principal.

Ms. Debbie Hanson, a parent, addressed the Board and stated that she was concerned in regards to how and why the decision to move to a K-12<sup>th</sup> grade leadership was made without input from parents.

Ms. Jessica Magaro, a parent, addressed the Board and stated that she was disturbed regarding some items that had taken place at the previous board meeting in regards to the hiring process of Principal Reggie Farmer.

Ms. Miranda Guzman, a parent, addressed the Board and stated that she would like the Board to reconsider moving Principal Elaine Kelly to the Aliante Campus.

**3. Review and Approval of Revised Aliante Campus Enrollment Targets**

Ms. Crystal Thiriot addressed the Board and reviewed the adjusted projected enrollment targets for the Aliante Campus as presented in the support materials; adding that if the actual enrollment numbers increased, they would be modified at that time. Member Noble asked if the long-term plan was to enroll 125 students in K-5<sup>th</sup>, to which Ms. Thiriot replied in the affirmative; adding that 6<sup>th</sup>-8<sup>th</sup> grades would enroll 120 students. Discussion ensued in regards to enrollment and the possibility of adding classes based on actual enrollment numbers. Member Noble asked if there were enough students to run an effective middle school, to which Principal Sherry Pendleton addressed the Board and replied that she believed that opening with a full 6<sup>th</sup> grade would be the best scenario. Ms. Thiriot stated that if the enrollment numbers were present, students would be admitted up to capacity;

however, staff was budgeted by enrollment and would not be added until the funds were available to support the addition. Discussion ensued in regards to teacher licensing and enrollment possibilities.

**Member Noble moved to approve the revised Aliante Campus enrollment targets with the caveat that enrollment would be increased by increments of 30 at each grade and capped at 120 in 6<sup>th</sup> -7<sup>th</sup>, and 125 in K-5th. Member Bentham seconded the motion, and the Board voted unanimously to approve.**

#### **4. Discussion and Possible Action to Appoint Elaine Kelley as the Principal for the Somerset Aliante Campus**

Executive Director Barlow stated that it was with confidence that he asked the Board to consider Ms. Elaine Kelly as the Principal for the Somerset Aliante Campus, to begin July 1, 2018; and allow her the opportunity to cultivate and develop her programs. Member Bentham stated that he had spoken to parents and teachers and he was very impressed with her work at the current campus. Member McClellan expressed her love and appreciation for Principal Kelley; adding that she would be an excellent addition to Aliante.

**Member Bentham moved to appoint Elaine Kelley as the Principal for the Somerset Aliante Campus. Member Mizer seconded the motion, and the Board voted unanimously to approve.**

#### **5. Member Comment**

Member Bentham thanked the parents for sharing their opinions with the Board.

Member Mizer stated that in a google search there were negative remarks about the Losee campus; adding that he would like to see some positive feedback on social media sites and updates to Google searches.

Member McClain stated that any change was difficult; however, he was excited about changes.

Executive Barlow stated that he would address the social media and Google search issues immediately.

#### **6. Public Comments and Discussion**

Ms. Danielle Wallsburg, a parent, addressed the Board and asked for clarification on student transfers, to which Executive Director Barlow replied that students must submit an application to another campus as a transfer student, clarifying that transfers needed to be submitted by February 28<sup>th</sup>, before the lottery takes place.

Ms. Jaqueline Guy, a parent and employee, addressed the Board and suggested that the Board better research school close to new campuses. She also encouraged better communication regarding the board meetings and other pertinent information, so that the parents could be more involved in the decisions being made.

Ms. Jessica Magaro reiterated her displeasure at what took place at the previous board meeting.

Ms. Heather Grzelakowski, a teacher, addressed the Board and stated that she lived within one mile of the Aliante Campus and had not received any mailers.

**7. Adjournment**

**The meeting was adjourned at 7:08 p.m.**

**Approved on: \_\_\_\_\_**

\_\_\_\_\_

\_\_\_\_\_ **of the Board of Directors**  
**Somerset Academy of Las Vegas**

DRAFT

# SOMERSET ACADEMY OF LAS VEGAS

## Supporting Document

Meeting Date: February 15, 2018  
Agenda Item: 3a – Somerset Academy Academica Calendar for the 2018/2019  
School Year  
Number of Enclosures: 1

### **SUBJECT: 2018/2019 Academic Calendar**

Action  
 Appointments  
 Approval  
 Consent Agenda  
 Information  
 Public Hearing  
 Regular Adoption

Presenter (s): Board

Recommendation:

Proposed wording for motion/action:

Consent

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 0 Minutes

Background: Each year the State requires that an academic calendar be submitted with the Board's approval. The 2018/2019 proposed Academic Calendar is provided as part of the support materials for the Board's review and possible approval.

Submitted By: Staff





# Somerset Academy of Las Vegas

## 2018-2019 School Calendar



### 2018

<p>New Teachers Report Monday, July 30</p> <p>Returning Teachers Report Wednesday, Aug. 1</p>	<p><b>Monday, July 30</b> AM On-site Orientation for new staff PM System-wide PD on K-12 ELA &amp; 6-12 History Collaboration (Wonders, SuperKids, Study Sync, Spring Board)</p> <p><b>Tuesday, July 31</b> AM System-wide PD on K-12 Math Curriculum (Investigations, Go Math, Every Math, ConnectEd, CMP3) PM Site-based PD on K-5 Science Curriculum &amp; 6-12 Science Collaboration)</p> <p><b>Friday, Aug. 3</b> AM Human Resources information for New Employees PM New Teacher Orientation (System-wide Initiatives)</p> <p><b>Monday – Friday, Aug. 6 – 10</b> Site Based Planning</p>
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Monday, August 13	Classes Begin
Monday, September 3	Labor Day (No School)
Friday, September 14	Professional Development Day - Non-attendance day for students
Wednesday, October 10	Data Day (Early release for students)
Friday, October 12	End of First Grading Period (44 days)
Friday, October 26	Nevada Day Observed (No School)
Thursday, November 1	Parent Conferences – Non-attendance day for students
Friday, November 2	Professional Development Day - Non-attendance day for students
Monday, November 12	Veterans Day (No School)
Mon - Fri, November 19-23	Fall Break/Thanksgiving (No School)
Wednesday, December 12	Data Day (Early release for students)
Friday, December 21	End of Second Grading Period (43 days)
	Winter Break Begins - End of Day
	No School December 24 – January 4

### 2019

Monday, January 7	Classes Resume
Monday, January 21	Martin Luther King, Jr. Day Observed (No School)
Wednesday, February 13	Data Day (Early release for students)
Monday, February 18	Presidents' Day Observed (No School)
Friday, March 15	Professional Development Day - Non-attendance day for students
	End of Third Grading Period (48 days)
Wednesday, March 27	Data Day (Early release for students)
Monday – Friday, April 15 – 19	Spring Break (No School)
Friday, May 3	Professional Development Day - Non-attendance day for students
Friday, May 24	End of Fourth Grading Period – Last Day of school (45 days)

Quarter 1	Aug. 13 – Oct. 12	Note of Progress distributed by Sept. 7 Report Cards distributed by Friday, Oct. 19
Quarter 2	Oct. 15 – Dec. 21	Note of Progress distributed by Nov. 9 Report Cards distributed by Friday, Jan. 11
Quarter 3	Jan. 7 – Mar. 15	Note of Progress distributed by Feb. 1 Report Cards distributed by Friday, Mar. 22
Quarter 4	Mar. 18 – May 24	Note of Progress distributed by Apr. 12 Report Cards distributed by Friday, May 24 or mailed to students' homes by Friday, May 31

DRAFT

# SOMERSET ACADEMY OF LAS VEGAS

## Support Summary

Meeting Date: February 15, 2018

Agenda Item: 4 – Review, Discussion, and Possible Action to Approve: (i) the entrance into a First Amendment to Lease Purchase Agreement with ZB, National Association, dba Zions Bank (the “Trustee”), whereby the School will lease from the Trustee the (A) charter school facilities and related land located at 50 North Stephanie Street in Henderson, Nevada, and (B) charter school facilities and related land located at 4650 Losee Road in North Las Vegas, Nevada, and (ii) the Bond financing and certain underlying documents for the acquisition of such schools by the Trustee and matters relating thereto

Number of Enclosures: 1

### **SUBJECT: Stephanie and Losee Bond Related Items**

- Action
- Appointments
- Approval
- Consent Agenda
- Information
- Public Hearing
- Regular Adoption

Presenter (s): Trevor Goodsell

Recommendation:

Proposed wording for motion/action:

Move to approve the bond related items as presented.

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 10-15 Minutes

Background: Support materials include the most recent draft of the Board Resolutions; however, it is subject to change prior to the board meeting. Any

updates will be sent to the Board upon receipt. Please note that Somerset's outside counsel has participated in all negotiations that have taken place.

Submitted By: Staff

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF  
SOMERSET ACADEMY OF LAS VEGAS  
(FINANCING RESOLUTIONS)**

**FEBRUARY 15, 2018**

**WHEREAS**, the Board of Directors of SOMERSET ACADEMY OF LAS VEGAS (the “School”) has determined it is in the best interest of the School to enter into a First Amendment to Lease Purchase Agreement with ZB, National Association, dba Zions Bank (the “Trustee”), having substantially the form and content set forth in Exhibit A hereto (the “*First Amendment to Lease*”) whereby (i) the School will lease from the Trustee the (A) charter school facilities and related land located at 50 North Stephanie Street in Henderson, Nevada (the “*Stephanie Campus*”), and (B) charter school facilities and related land located at 4650 Losee Road in North Las Vegas, Nevada (the “*Losee Property*” and, together with the Losee Addition (as defined below), the “*Losee Campus*”), all of which will be acquired by the Trustee on behalf of the Director of the State of Nevada Department of Business and Industry (the “*Director*”) with a portion of the proceeds of the Director’s Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A (the “*Series 2018A Bonds*”) and the Director’s Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B (Federally Taxable) (together with the Series 2018A Bonds, the “*Bonds*,” and all of the foregoing collectively in this recital, the “*Series 2018 Project Financing*”), and (ii) the Trustee will use a portion of the proceeds of the Series 2018 Project Financing to acquire and install athletic field lighting and sports flooring at the Losee Campus (the “*Losee Addition*”);

**NOW, THEREFORE**, in connection with the Series 2018 Project Financing, it is hereby resolved by the Board of Directors of the School (the “*Board*”) as follows:

1. The Board approves the following:
  - (i) First Amendment to Lease, having substantially the form and content set forth in Exhibit A hereto, provided that the School’s base rental obligations and the duration of the lease terms for the School’s lease of the Stephanie Campus and the Losee Campus (collectively, the “*Facilities*”) under the First Amendment to Lease shall be within the parameters specified in item 2 below (the “*Lease Parameters*”), with the precise amount of such rental obligations and duration of the lease terms to be fixed as provided in item 4 below;
  - (ii) First Amendment to Custodial Account and Control Agreement between the School and the Trustee (which was formerly known as Zions First National Bank and Nevada State Bank), as custodian (the “*Custodian*”), having substantially the form and content set forth in Exhibit B hereto (the “*First Amendment to Custodial Agreement*”);
  - (iii) Bond Purchase Agreement among the School, the Director and D.A. Davidson & Co. on behalf of the Underwriters named therein, having substantially the

form and content set forth in Exhibit C hereto (the “*Bond Purchase Agreement*”);

- (iv) First Amendment to Intercreditor Agreement among the School, the Trustee, CA Las Vegas Losee Road LLC (“*CA Losee*”), CA Las Vegas Stephanie Road LLC (“*CA Stephanie*”), School Development Centennial II LLC (“*SDC II*”) and CA Las Vegas NRB LLC (together with CA Losee, CA Stephanie and SDC II, the “*Creditors*”), having substantially the form and content set forth in Exhibit D hereto (the “*First Amendment to Intercreditor Agreement*” and, together with the First Amendment to Lease, the First Amendment to Custodial Agreement and the Bond Purchase Agreement, the “*2018 Financing Documents*”); and
  - (v) the transfer by the School to the Trustee of the School’s options to purchase the Stephanie Campus and the Losee Property (the “*Purchase Options*”) under the School’s existing leases for those properties (the “*Existing Leases*”), subject to the consent of the landlords under the Existing Leases, and in connection with the Trustee’s exercise of the Purchase Options and the School’s and the Trustee’s entry into the First Amendment to Lease, the termination of the Existing Leases.
2. The “*Lease Parameters*,” as that term is used herein, means the following:
- (i) commencing as of the effective date of the First Amendment to Lease, the duration of the lease term for the School’s lease of each of the two Facilities shall be not less than 25 years and not more than 35 years; and
  - (ii) the School’s monthly base rent obligations for its lease of each of the two Facilities throughout the respective lease terms shall not exceed \$380,000.

3. The Board further approves the School’s performance of its obligations and exercise of its rights under the 2018 Financing Documents and under the (i) Lease Purchase Agreement, dated April 1, 2015, between the School and the Trustee, as amended by the First Amendment to Lease (as so amended, the “*Amended Lease Agreement*”), (ii) Custodial Account and Control Agreement, dated April 16, 2015, between the School and the Custodian, as amended by the First Amendment to Custodial Agreement, and (iii) Intercreditor Agreement, dated April 16, 2015, among the School, the Trustee and the Creditors, as amended by the First Amendment to Intercreditor Agreement; provided, however, that the maximum principal amount of indebtedness that the School may incur under the Series 2018 Project Financing (the “*Series 2018 Indebtedness*”) shall not exceed Sixty-Two Million Dollars (\$62,000,000) and the maximum per annum interest rate on such indebtedness, computed on the basis of a 360-day year consisting of twelve 30-day months, shall not exceed six percent (6.00%) (the “*Rate Ceiling*”).

4. The Board authorizes the Chairperson of the Board (the “*Chairperson*”) to determine and approve, for and on behalf of the School: (i) within the Lease Parameters, the monthly base rent payment schedule and duration of the lease term for each of the Facilities under the First Amendment to Lease and the Amended Lease Agreement, and (ii) the interest

rate or rates on the Series 2018 Indebtedness, not to exceed the Rate Ceiling. The Board further authorizes the Chairperson to then complete or direct the completion of the corresponding blanks in the 2018 Financing Documents relating to the foregoing.

5. The Board authorizes the Chairperson and any other member of the Board to execute and deliver the 2018 Financing Documents (completed by or at the direction of the Chairperson pursuant to item 4 above); the Continuing Disclosure Agreement, in substantially the form set forth in an appendix to the Limited Offering Memorandum described in item 6 below, relating to the issuance of the Bonds and the implementation of the Series 2018 Project Financing; and any and all instruments, agreements or other documents contemplated by, or incidental to, any of the above-referenced documents (including a certificate or agreement relating to the tax exemption for interest on the Series 2018A Bonds), subject to any further changes to any of the foregoing documents that are approved by the Chairperson, other members of the Board or appropriate officers of the School and are not inconsistent, and do not conflict, with the Rate Ceiling, the Lease Parameters or the purpose and intent of these resolutions and the Series 2018 Project Financing.

6. The content of the Limited Offering Memorandum for the offer and sale of the Bonds (the "*Offering Memorandum*"), the preliminary form of which is attached hereto as Exhibit E, is hereby approved and the Director's use of the Offering Memorandum for such offer and sale is hereby approved, subject to any further changes approved by the Chairperson, other members of the Board, or appropriate officers of the School.

7. The Chairperson, other members of the Board and officers of the School are authorized and directed to execute and deliver, for and on behalf of the School, any and all additional documents, certificates and other papers and to perform any and all other acts they deem necessary or appropriate in order to implement and carry out the matters authorized in these resolutions.

8. All actions of the Board, the Chairperson and officers of the School that are in conformity with the purpose and intent of these resolutions, whether taken before or after the Board's adoption of these resolutions, are hereby ratified, confirmed and approved in all respects.

9. If any part of these resolutions is held to be invalid, such invalidity shall not affect the validity of the other parts of these resolutions.

10. Any previously adopted resolutions of the Board that are inconsistent with these resolutions are hereby rescinded and repealed, but only to the extent of such inconsistency.

11. These resolutions are effective immediately upon their adoption.

**EXHIBIT A**

**FIRST AMENDMENT TO LEASE PURCHASE AGREEMENT**

*[Immediately following this page]*



FIRST AMENDMENT TO LEASE PURCHASE AGREEMENT

by and between

ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK

as Trustee

and

SOMERSET ACADEMY OF LAS VEGAS

as Lessee

Dated as of April 1, 2018

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## FIRST AMENDMENT TO LEASE PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE PURCHASE AGREEMENT (as amended or supplemented from time to time, this “First Amendment to Lease”) is dated as of April 1, 2018 and effective April [\_\_\_], 2018 and is entered into by and between ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK f/k/a ZIONS FIRST NATIONAL BANK (the “Trustee”), a national banking association organized and existing under the laws of the United States of America, as lessor, and SOMERSET ACADEMY OF LAS VEGAS (the “Lessee”), a public charter school and a nonprofit corporation duly organized and validly existing under the laws of the State of Nevada (the “State”), as lessee.

### WITNESSETH:

WHEREAS, on April 16, 2015, the Director of the State of Nevada Department of Business and Industry (the “Director”), pursuant to a Trust Indenture, dated as of April 1, 2015 (the “Original Indenture”) by and between the Director and ZB, National Association, dba Zions Bank, as trustee (the “Trustee”), issued its Charter School Lease Revenue Bonds (Somerset Academy) Series 2015A (the “Series 2015A Bonds”) and its Charter School Lease Revenue Bonds (Somerset Academy) Series 2015B (Federally Taxable) (the “Series 2015B Bonds” and together with the Series 2015A Bonds, the “Series 2015 Bonds”) to finance the costs of acquiring and equipping the Series 2015 Leased Property (as hereinafter defined), currently owned by the Trustee on behalf of the Director; and

WHEREAS, the Trustee and Lessee have previously entered into a Lease Purchase Agreement, dated as of April 1, 2015 (the “Original Lease”) pursuant to which the Trustee agreed to lease the Series 2015 Leased Property to the Lessee; and

WHEREAS, the Director proposes to issue its \$[\_\_\_\_\_] Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A (the “Series 2018A Bonds”) and its \$[\_\_\_\_\_] Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B (Federally Taxable) (the “Series 2018B Bonds” and together with the Series 2018A Bonds, the “Series 2018 Bonds”) as Additional Bonds pursuant to and secured by the Original Indenture, as amended and supplemented by a First Supplemental Trust Indenture dated as of April 1, 2018 between the Director and the Trustee (the “First Supplemental Indenture” together with the Original Indenture, and any amendments or supplements thereto or hereto, the “Indenture”) and use the proceeds thereof to finance the costs of acquiring the Series 2018 Leased Property (as hereinafter defined); and

WHEREAS, the Lessee is a nonprofit corporation, an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which is exempt from federal taxation under Section 501(a) of the Code and a public charter school duly organized and validly existing pursuant to the Charter School Act, in particular Section 388A.010 through 388A.695, inclusive, of the Nevada Revised Statutes, as supplemented and amended (the “Charter School Act”); and

WHEREAS, the Trustee is authorized to own the Series 2018 Leased Property on behalf of the Director and to lease the Series 2018 Leased Property pursuant to this First Amendment to Lease to the Lessee and to otherwise act in the manner contemplated herein; and

WHEREAS, the Lessee has determined that it is in the best interest of the Lessee to lease from the Trustee the Leased Property (defined below) pursuant to the Original Lease as amended by this First Amendment to Lease; and

WHEREAS, the execution, delivery and performance of the Original Lease as amended by this First Amendment to Lease by the Lessee are in the best interest of the Lessee, serve a public purpose and have been duly authorized by the governing board of the Lessee; and

WHEREAS, the execution, delivery and performance of this First Amendment to Lease, is in the best interest of the Trustee.

NOW, THEREFORE, for and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.01 Uniform Definitions. All words and phrases capitalized but not defined herein or in the Original Lease, shall have the meaning defined in Section 1.01 of the Indenture.

Section 1.02 Amended and Restated Definitions. The following definitions contained in the Original Lease are hereby amended and restated to read as follows:

“Base Rent” means the base rent payments payable by the Lessee pursuant to Section 6.02 hereof and as further set forth in Exhibit B to the Original Lease with respect to the Series 2015 Leased Property, and in Exhibit B hereto, with respect to the Series 2018 Leased Property, as they may be amended hereunder, during the Lease Term, which constitute the base rent payments due and payable by the Lessee for and in consideration of the right to use the Leased Property during the Lease Term.

“Base Rent Payment Date” means one of the dates in the “Base Rent Payment Date” column in Exhibit B to the Original Lease with respect to the Series 2015 Leased Property, and Exhibit B hereto, with respect to the Series 2018 Leased Property, as from time to time amended or supplemented.

“Gross Revenue” means all income and revenues received by the Custodian pursuant to the terms of the Custodial Agreement on behalf of the Lessee pertaining to the NLV I Building (which in all events shall include the payments from the State based on student enrollment received by the Lessee for up to the first 750 students enrolled at the North Las Vegas Campus and at least 63% of the payments from the State not based on student enrollment allocable to the North Las Vegas Campus, the Sky Pointe Campus (including the Sky Pointe Campus Addition), the Stephanie Campus and the Losee

Campus (including the Losee Campus Addition), and all gifts, grants, bequests and contributions (including income and profits therefrom) made to the Lessee to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for the payments required hereunder.

“Indenture” means the Trust Indenture, dated as of April 1, 2015 as amended by the First Supplemental Trust Indenture, dated as of April 1, 2018, each by and between the Director and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Series 2015 Bonds, the Series 2018 Bonds and any additional bonds are authorized to be issued and secured.

“Lease” means the Original Lease as amended by this First Amendment to Lease Purchase Agreement, dated as of April 1, 2018, each by and between the Trustee and the Lessee and any other amendments or supplements hereto and thereto, including all exhibits hereto and thereto.

“Leased Property” means, collectively, the Series 2015 Leased Property and the Series 2018 Leased Property, together with all other property that may be designated as part of the Leased Property in any amendment or supplement hereto, less any property damaged, destroyed or condemned as provided in Section 10.01 of the Original Lease.

“Net Income Available for Debt Service” means, for any period of determination thereof, Gross Revenues for such period, minus total Operating Expenses (excluding Monthly Base Rents) for such period and excluding (i) any profits or losses which would be regarded as extraordinary items under Generally Accepted Accounting Principles, (ii) cancellation of indebtedness income, (iii) except as set aside as provided above, proceeds of Series 2015 Bonds, proceeds of Series 2018 Bonds and any other Indebtedness, and (iv) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the Lessee, the proceeds of any sale, transfer or other disposition of any of the Lessee’s assets, and any condemnation or any other damage award received by or owing to the Lessee.

“Purchase Option Price” means (a) with respect to the Series 2015 Leased Property an amount payable, at the option of the Lessee, on or after the Closing Date of the Series 2015 Bonds for the purpose of terminating the payment obligation of the Lessee under this Lease with respect to the Series 2015 Leased Property and purchasing the Trustee’s interest in the Series 2015 Leased Property, which amount, when added to the amounts then on deposit in the Bond Principal Fund, the Bond Interest Fund and the Bond Reserve Fund with respect to the Series 2015 Leased Property (other than moneys held by the Trustee for the payment of the Bonds under the Indenture not deemed Outstanding), shall be sufficient (i) to pay, defease, retire and/or redeem all the Outstanding Series 2015 Bonds issued to finance the Series 2015 Leased Property in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, the principal of and interest to maturity or earliest applicable redemption date of the Series 2015 Bonds and premium, if any, thereon, the expenses of defeasance and/or redemption, including escrow agent fees, if any, and fees and expenses of the Director and the Trustee or fees incurred by Bondholders upon the occurrence of

an Event of Default), (ii) in case of redemption, to make arrangements satisfactory to the Trustee for the giving of the required notice of redemption and (iii) to make any payment of rebate with respect to the Bonds to be paid, defeased, retired and/or redeemed, and (b) with respect to the Series 2018 Leased Property an amount payable, at the option of the Lessee, on or after the Closing Date of the Series 2018 Bonds for the purpose of terminating the payment obligation of the Lessee under this Lease with respect to the Series 2018 Leased Property and purchasing the Trustee's interest in the Series 2018 Leased Property, which amount, when added to the amounts then on deposit in the Bond Principal Fund, the Bond Interest Fund and the Bond Reserve Fund with respect to the Series 2018 Leased Property (other than moneys held by the Trustee for the payment of the Bonds under the Indenture not deemed Outstanding), shall be sufficient (i) to pay, defease, retire and/or redeem all the Outstanding Series 2018 Bonds issued to finance the Series 2018 Leased Property in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, the principal of and interest to maturity or earliest applicable redemption date of the Series 2018 Bonds and premium, if any, thereon, the expenses of defeasance and/or redemption, including escrow agent fees, if any, and fees and expenses of the Director and the Trustee or fees incurred by Bondholders upon the occurrence of an Event of Default), (ii) in case of redemption, to make arrangements satisfactory to the Trustee for the giving of the required notice of redemption and (iii) to make any payment of rebate with respect to the Bonds to be paid, defeased, retired and/or redeemed.

“State Payments” means any and all payments made by the State relating to the Lessee's NLV I Building (which in all events shall equal the payments from the State based on student enrollment received by the Lessee for up to the first 750 students enrolled at the North Las Vegas Campus and at least 63% of the payments from the State not based on student enrollment allocable to the North Las Vegas Campus), Sky Pointe Campus (including the Sky Pointe Campus Addition), Stephanie Campus and Losee Campus (including the Losee Campus Addition) pursuant to the Charter School Act as determined pursuant to the terms of the Custodial Agreement which are permitted to be used as Pledged Revenues, and specifically excluding State Payments relating to any other campus owned or operated by the Lessee.

“Trustee” means ZB, National Association, dba Zions Bank formerly known as Zions First National Bank, Boise, Idaho, being the payment agent, the registrar and the trustee under the Indenture, or any successor corporate trustee.

Section 1.03 Additional Definitions. In addition, for purposes of the Original Lease and this First Amendment to Lease, the following terms shall, unless the context clearly requires otherwise, have the meanings as follows:

“Bonds” means collectively, the Series 2015 Bonds, the Series 2018 Bonds and any additional bonds issued pursuant to the Indenture.

“Original Lease” means the Lease Purchase Agreement, dated as of April 1, 2015 and effective April 16, 2015, by and between the Trustee and the Lessee including all exhibits thereto.

“Series 2015 Leased Property” means the real property described in Exhibit A to the Original Lease and all improvements now or in the future located thereon, as from time to time amended or supplemented, together with all other property that may be designated as part of the Series 2015 Leased Property in any amendment or supplement to the Original Lease, less any property damaged, destroyed or condemned as provided in Section 10.01 of the Original Lease.

“Series 2018 Leased Property” means the real property described in Exhibit A hereto and all improvements now or in the future located thereon, as from time to time amended or supplemented, together with all other property that may be designated as part of the Series 2018 Leased Property in any amendment or supplement hereto, less any property damaged, destroyed or condemned as provided in Section 10.01 of the Original Lease.

Section 1.04 Deleted Definitions. The definition of “Event of Nonappropriation” is hereby deleted in its entirety.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01 Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants that the representations of the Lessee contained in Section 2.01 of the Original Lease are true and correct as of the date hereof. In addition to the foregoing, the Lessee represents, for the benefit of the Trustee, and its successors and assigns, including without limitation, the Director and the Registered Owners, as follows:

(a) The Lessee is duly organized and existing as a nonprofit corporation under the Charter School Act and will maintain, extend and renew its nonprofit corporate existence under the laws of the State, and it will not do, suffer or permit any act or thing to be done whereby its right to transact its functions as such might or could be terminated or its activities restricted. The Lessee is authorized by Section 388A.378 of the Charter School Act, (i) to lease the Series 2018 Leased Property from the Trustee pursuant to this First Amendment to Lease and (ii) to execute, deliver and perform its obligations under this First Amendment to Lease. The execution, delivery and performance of this First Amendment to Lease have been duly authorized by the Lessee and the Lease is enforceable against the Lessee in accordance with its terms, subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and equitable principles, whether considered at law or in equity.

(b) Nothing in this First Amendment to Lease shall be construed as diminishing, unlawfully delegating or otherwise restricting any of the sovereign powers of the Lessee. Nothing in this First Amendment to Lease shall be construed to require the Lessee to operate the Leased Property other than as lessee under the requirements of this Lease.

(c) The execution, delivery and performance of this First Amendment to Lease are in the best interests of the Lessee, serve a public purpose and have been duly authorized by the

Lessee. The Authorized Representatives of the Lessee executing this First Amendment to Lease are duly and property in office and fully authorized to execute the same.

(d) None of the execution and delivery of this First Amendment to Lease, the fulfillment of or compliance with the terms and conditions of this First Amendment to Lease or the consummation of the transactions contemplated by this First Amendment to Lease, conflicts with or results in a breach of the terms, conditions or provisions of the Lessee's charter contract, or of any material restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitutes a default under any of the foregoing or, except as specifically provided in this First Amendment to Lease, results in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Lessee.

(e) There is no litigation or proceeding pending or, to the knowledge of the Lessee, threatened against the Lessee or any other Person affecting the right of the Lessee to execute and deliver this First Amendment to Lease, the ability of the Lessee to make the payments required hereunder or the ability of the Lessee otherwise to comply with its obligations under this First Amendment to Lease, except as otherwise set forth in the Official Statement.

(f) Neither the representations of the Lessee contained in this First Amendment to Lease, the Official Statement and the Tax Certificate, nor any oral or written statements, furnished by the Lessee, nor written statements furnished on behalf of the Lessee, to the Director, bond counsel, the Underwriter or Underwriter's counsel in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no facts that the Lessee has not disclosed to the Director and the Underwriter of the Series 2018 Bonds in writing that materially and adversely affect or in the future may (so far as the Lessee can now reasonably foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Lessee, or the ability of the Lessee to perform its obligations under this First Amendment to Lease and the Tax Certificate or any documents or transactions contemplated hereby or thereby.

(g) The Lessee hereby acknowledges receipt of the First Supplemental Indenture, agrees to be bound by its terms, and accepts all obligations and duties imposed thereby.

(h) All representations of the Lessee contained herein or in any certificate or other instrument delivered by the Lessee pursuant hereto, to the Indenture, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Series 2018 Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

(i) The Lessee covenants and agrees to pay from Gross Revenues, when due, all costs and expenses of the Director incurred in connection with the Series 2018 Bonds or the Project not paid from the Cost of Issuance Fund, including, without limitation, each and all of the following:

- (i) all indemnity payments;



(ii) all expenses incurred by the Director in connection with the Project, the Series 2018 Bonds, the Indenture, or any of the Charter School Documents, including, without limitation, its attorneys' fees and expenses and its advisors' fees and expenses; and

(iii) the fees and expenses of the Rebate Analyst.

Section 2.02 Representations, Covenants and Warranties of the Trustee. The Trustee represents, covenants and warrants, that the representations of the Trustee contained in Section 2.02 of the Original Lease are true and correct as of the date hereof. In addition to the foregoing, the Trustee represents, for the benefit of the Lessee, the Director and the Registered Owners, as follows:

(a) The Trustee is possessed of full power to purchase, own, hold and lease (as owner, lessee and Trustee) real and personal property, has all necessary power to own the Series 2018 Leased Property on behalf of the Director, to lease the Series 2018 Leased Property to the Lessee pursuant to this First Amendment to Lease and to execute, deliver and perform its obligations under this First Amendment to Lease and has duly authorized the execution, delivery and performance of its obligations under this First Amendment to Lease.

(b) The Trustee will cause the Series 2018 Leased Property to be acquired (subject to Permitted Encumbrances) and will complete or cause to be completed the acquisition of the Series 2018 Leased Property.

(c) This First Amendment to Lease is enforceable against the Trustee in accordance with its respective terms, subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and equitable principles, whether considered at law or in equity.

(d) The Series 2018 Leased Property will be leased by the Trustee in accordance with all Requirement of Law.

(e) Neither the execution and delivery of this First Amendment to Lease, the fulfillment of or compliance with the terms and conditions hereof, or the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound or constitutes a default under any of the foregoing.

(f) Except as specifically provided in the Lease, the Trustee will not assign this First Amendment to Lease, its rights to payments from the Lessee or its duties and obligations hereunder or thereunder to any other person, firm, corporation or other entity.

### ARTICLE III

### LEASE TERM

Section 3.01 Lease Term. Section 4.01(a) of the Original Lease is hereby amended and restated in its entirety as follows:

(a) The Lease Term of the Leased Property is as follows: (i) The Lease Term for the Series 2015 Leased Property shall commence on the effective date set forth in the Original Agreement (the “Original Term”) unless continued as set forth in Section 4.01. The Lease Term of the Series 2015 Leased Property may be continued, solely at the option of the Lessee, beyond the expiration of the Original Term for an additional two year period (the first “Renewal Term”) and for thirteen (13) Renewal Terms thereafter each of two years in duration (with the final Renewal Term ending on June 30, 2045) and (ii) the Lease Term for the Series 2018 Leased Property shall commence on April [\_\_\_], 2018 and end on [\_\_\_\_\_], subject to earlier termination in accordance with the Lease.

At least thirty (30) days prior to the expiration of any Renewal Term, the Lessee shall deliver written notice to the Trustee stating that Lessee has extended the term of this Lease for the succeeding Renewal Term.

#### ARTICLE IV

##### PAYMENTS BY THE LESSEE

Section 4.01 Base Rent and Additional Rents; Triple Net Lease. Section 6.02(a) of the Original Lease is hereby amended and restated as follows:

(a) The Lessee shall pay or cause to be paid Base Rent directly to the Trustee during the Lease Term, on the Base Rent Payment Dates, without notice or demand. The Base Rent during the Lease Term shall be in the amounts set forth in Exhibit B to the Original Lease and in Exhibit B attached to this First Amendment to Lease.

#### ARTICLE V

##### DISCLAIMER OF WARRANTIES; OTHER COVENANTS

Section 5.01 Release and Indemnification Covenants. Section 9.01 of the Original Lease is hereby amended by replacing all references to the “Series 2015 Bonds” with the term “Bonds”.

Section 5.02 Consolidation, Merger, Sale or Conveyance. Section 9.02(b) of the Original Lease is hereby amended by replacing all references to the “Series 2015 Bonds” with the term “Bonds”.

Section 5.03 Financial Statements; Reports; Annual Certificate. Section 9.05(a), Section 9.05(b) and Section 9.05(c) of the Original Lease are amended and restated as follows:

(a) Maintenance of Books and Accounts. The Lessee agrees that it will maintain and make available to each Beneficial Owner of \$1,000,000 or more of the Outstanding principal amount of the Bonds and the Trustee proper books of records and accounts of all of its

operations with full, true and correct entries of all of its dealings substantially in accordance with practices generally used for non-profit corporations and such other data and information as may reasonably be requested by such Beneficial Owners and the Trustee from time to time. The recipients of such books and records shall not further reproduce or distribute such books and records.

(b) Financial Reports. The Lessee shall provide to the Trustee, acting as dissemination agent, the following information:

(i) a copy (which may be sent electronically) of the Lessee's adopted annual budget for the present Fiscal Year no later than June 1 of each year and a copy of revisions, if any, to Lessee' annual budget as approved by its governing board;

(ii) within 60 days from the end of each quarter, unaudited financial statements for the previous quarter reflecting revenues and expenses in comparative form with Lessee's operating budget as submitted by Lessee to its governing board (which may be sent electronically);

(iii) within 60 days of approval by the Board of Lessee, a five-year comprehensive capital assessment plan (which may be sent electronically) with respect to Lessee's capital facilities, detailing the condition and projected sources of funding such needs (items (i) through (iii) are collectively referred to herein as the "Reports"), if any.

The Trustee shall at the Lessee's cost transmit the information contained in (i) through (iii) above to each Beneficial Owner owning \$1,000,000 or more of the Outstanding principal amount of the Bonds, at their request. The Trustee shall have no duty regarding such information other than to retain any such information that it receives and to transmit same in accordance herewith.

The Trustee shall provide any Beneficial Owner representing the ownership interest of \$1,000,000 or more of the Outstanding principal amount of the Bonds with a copy of every notice, report, certificate, opinion or other document required to be provided to the Trustee or to any Nationally Recognized Municipal Securities Information Repository at the same time required to be delivered to such party.

(c) Lessee Report. Further, the Lessee will deliver to the Trustee, and upon the written request, to any Beneficial Owner owning \$1,000,000 or more of the Outstanding principal amount of the Bonds within six weeks after the end of the Lessee's Fiscal Year, a certificate executed by the Lessee's president or chief financial officer certifying:

(i) That a review of the activities of the Lessee during such Fiscal Year and of performance hereunder has been made under [his/her] supervision; and

(ii) That [He/She] is familiar with the provisions of this Lease and the Tax Certificate and to the best of his/her knowledge, based on such review and familiarity, the Lessee has fulfilled all of its obligations hereunder and thereunder

throughout the Fiscal Year, and there have been no defaults under this Lease or the Tax Certificate or, if there has been a default in the fulfillment of any such obligation in such Fiscal Year, specifying each such default known to [him/her] and the nature and status thereof and the actions taken or being taken to correct such default.

Section 5.04 Tax Covenants. Section 11.07 of the Original Lease is hereby amended by replacing all references to the “Series 2015 Bonds” with the term “Bonds”.

Section 5.05 Covenants as to Cash on Hand. The Second paragraph of Section 11.10 of the Original Lease is amended and restated as follows:

If the Cash on Hand for any testing date, is less than 50 days of the Lessee’s Operating Expenses for the prior Fiscal Year, then, upon the written direction of a majority of the beneficial owners of the Bonds then outstanding, the Lessee will promptly employ an Independent Consultant approved by a majority of the beneficial owners of the Bonds then outstanding to review and analyze the operations and administration of the Lessee, inspect the Leased Property, and submit to the Lessee and Trustee written reports, and make such recommendations as to the operation and administration of the Lessee’s charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Lessee agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

## ARTICLE VI

### ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 6.01 Assignment and Subleasing by the Lessee. Section 12.02 of the Original Lease is amended by replacing all references to “Series 2015 Bonds” with the term “Tax-Exempt Bonds.”

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

Section 7.01 Nonappropriation. Section 14.05 of the Original Lease is hereby deleted in its entirety.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01 Binding Effect. This First Amendment to Lease shall inure to the benefit of and shall be binding upon the Lessee and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in Article XI of the Original Lease.

Section 8.02 Severability. In the event that any provision of this First Amendment to Lease, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.03 Execution in Counterparts. This First Amendment to Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.04 Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this First Amendment to Lease. Any provision of this First Amendment to Lease whether or not incorporated herein by reference which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules, and regulations shall be considered null and void. Nothing contained in any provision incorporated herein by reference which purports to negate this or any other special provision in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision will not invalidate the remainder of this First Amendment to Lease to the extent that this First Amendment to Lease is capable of performance.

Section 8.05 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Amendment to Lease.

Section 8.06 Confirmation of Original Lease. As supplemented and amended by this First Amendment to Lease, the Original Lease is in all respects ratified and confirmed, and the Original Lease and this First Amendment to Lease shall be read, taken and construed as one and the same instrument so that all of the rights, remedies, terms, conditions, covenants and agreements of the Original Lease shall apply and remain in full force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Trustee and the Lessee have executed this First Amendment to Lease as of the \_\_\_\_\_ day of \_\_\_\_\_, 2018.

ZB, NATIONAL ASSOCIATION, DBA  
ZIONS BANK, as Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

SOMERSET ACADEMY OF LAS  
VEGAS, as Lessee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

(Signature Page to First Amendment to Lease Purchase Agreement- Somerset Academy)

In accordance with Section 15.05 of the Original Lease, the Director hereby consents to this First Amendment to Lease.

DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND  
INDUSTRY, as Director

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

Name: \_\_\_\_\_

Its: \_\_\_\_\_



EXHIBIT A

DESCRIPTION OF THE SERIES 2018 LEASED PROPERTY

EXHIBIT B  
BASE RENT PAYMENT SCHEDULE

[Attached]

**EXHIBIT B**

**FIRST AMENDMENT TO CUSTODIAL ACCOUNT AND CONTROL AGREEMENT**

*[Immediately following this page]*

FIRST AMENDMENT TO CUSTODIAL ACCOUNT AND CONTROL AGREEMENT

between

ZB, NATIONAL ASSOCIATION,  
DBA ZIONS BANK AND DBA NEVADA STATE BANK  
Custodian

and

SOMERSET ACADEMY OF LAS VEGAS  
Charter School

Dated as of March \_\_\_\_, 2018

## FIRST AMENDMENT TO CUSTODIAL ACCOUNT AND CONTROL AGREEMENT

THIS FIRST AMENDMENT TO CUSTODIAL ACCOUNT AND CONTROL AGREEMENT (this “First Amendment”) is dated as of March \_\_, 2018, between SOMERSET ACADEMY OF LAS VEGAS, a public charter school and nonprofit corporation duly organized and validly existing under the laws of the State of Nevada (the “Charter School”), ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK AND DBA NEVADA STATE BANK f/k/a Zions First National Bank and Nevada State Bank, as custodian (“ZFNB Custodian” and/or “NSB Custodian”), and acknowledged and agreed to by the Director of the State of Nevada Department of Business and Industry (the “Director”) and the Obligees executing this Agreement.

### RECITALS

WHEREAS, the Charter School currently operates charter school facilities at separate locations and may operate charter school facilities at additional locations in the future (each location a “Campus” and collectively, the “Campuses”); and

WHEREAS, the Charter School and the Custodian entered into a Custodial Account and Control Agreement, dated as of April 16, 2015 (the “Original Custodial Agreement” and together with this First Amendment, the “Custodial Agreement”), pursuant to which the Charter School engaged the Custodian to assist in distributing State Payments allocable to each of the Charter School’s Campuses; and

WHEREAS, pursuant to Section 19 of the Original Custodial Agreement, the parties hereto desire to enter into this First Amendment in order to amend and restate certain provisions relating to the Stephanie Campus and Losee Campus contained in the Original Custodial Agreement; and

NOW, THEREFORE, in consideration of the mutual promises contained in this First Amendment, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

Section 1. Amended and Restated Definitions. Unless otherwise defined herein or the context otherwise requires, all capitalized terms used herein shall have the meanings set forth in the Recitals hereto and in Section 1 of the Original Custodial Agreement and Section 1 of this First Amendment. The following definitions are either added to or amended and restated by this First Amendment:

“Act” means Sections 388A.550 through 388A.695 of the Nevada Revised Statutes, as supplemented and amended, commonly known as the “Charter School Financing Law”.

“Lease Agreement” means the Lease Purchase Agreement dated as of April 1, 2015, as amended and supplemented by the First Amendment to Lease Purchase Agreement dated as of March 1, 2018, each by and between the Series 2018 Trustee and the Charter School, and related to the Stephanie Campus and the Losee Campus.

“Non-Bond Financed Campus Obligees” means any bank, trust company, savings and loan corporation, governmental entity authorized to issue bonds (other than bonds issued pursuant to the terms of the Indenture), landlord, or other financial institution, with which the Charter School has entered into an agreement pursuant to which such Non-Bond Financed Campus Obligee has agreed to (i) make a loan to the Charter School for the purpose of financing or refinancing the cost of acquiring or using, or (ii) enter into a lease with the Charter School pursuant to which the Charter School would use and occupy, the Lone Mountain Campus, the North Las Vegas II Campus and any Additional Campus, and which Non-Bond Financed Campus Obligees shall initially be (i) with respect to the Lone Mountain Campus, CA Las Vegas NRB LLC, a Delaware limited liability company, (ii) with respect to the North Las Vegas II Campus, School Development Centennial II LLC, a Florida limited liability company, and the successors or assigns of any of the foregoing.

“Series 2015 Indenture” means the Trust Indenture dated as of April 1, 2015 as supplemented by the First Supplement to Trust Indenture dated as of March 1, 2018, each by and between the Director and the Series 2015 Trustee and any amendments or supplements made in accordance with its terms, including any supplemental indentures.

Section 2. Section 3(a) and (b) of the Custodial Agreement is hereby amended and restated as follows:

Section 3. “Deposits to and Disbursements from the Bond Financed Campus Subaccount.

(a) There is hereby established and there shall be maintained within the Custody Account, a separate subaccount held by ZFNB Custodian at ZB, National Association for deposit of the portion of the State Payment allocable to the North Las Vegas I Building, the Sky Pointe Campus, the Stephanie Campus, the Losee Campus and any other Campus (including any Additional Campus) that may be financed by the proceeds of bonds issued pursuant to the terms of the Series 2015 Indenture or a separate indenture to be known as the “Bond Financed Campus Subaccount”. All money in the Bond Financed Campus Subaccount shall be disbursed only as hereinafter authorized.

(b) Within one (1) Business Day following the receipt by the Custodian of each State Payment, the Custodian is hereby authorized and directed to transfer the amounts within the Bond Financed Campus Subaccount allocated to the North Las Vegas I Building, the Sky Pointe Campus, the Stephanie Campus, the Losee Campus and any other Campus (including any Additional Campus) that may be financed by the proceeds of bonds issued pursuant to the terms of the Series 2015 Indenture to the Series 2015 Trustee for immediate deposit into the accounts created under the Series 2015 Indenture to be applied in accordance with the terms of the Series 2015 Indenture and the Lease Agreement. Notwithstanding the foregoing, in the event the Custodian receives written notice from the Series 2015 Trustee that the Lease Agreement and the Series 2015 Indenture have terminated and that the Charter School has fully and finally satisfied and discharged all its obligations due to the Director and the Series 2015 Trustee under the Lease Agreement and the Series 2015 Indenture, amounts in the Bond Financed Campus Subaccount attributable to the North Las Vegas I Building, the Sky Pointe Campus, the

Stephanie Campus, the Losee Campus and any Additional Campus financed by the proceeds of bonds issued pursuant to the terms of the Series 2015 Indenture shall be transferred to the Charter School or as otherwise directed in writing by the Charter School.

Section 3. Section 4(a) of the Custodial Agreement is hereby amended and restated as follows:

Section 4. “Deposits to and Disbursements from the Non-Bond Financed Campus Subaccount.”

There is hereby established and there shall be maintained within the Custody Account, a separate subaccount held by ZFNB Custodian at ZB, National Association for deposit of the portion of the State Payment allocable to the North Las Vegas II Building, the Lone Mountain Campus, and any other Campus (including any Additional Campus) not financed with the proceeds of bonds issued pursuant to the terms of the Series 2015 Indenture, which separate subaccount shall be known as the “Non-Bond Financed Campus Subaccount.” All money in the Non-Bond Financed Campus Subaccount shall be disbursed only as hereinafter authorized.

Section 4. Notices, Etc.

(a) Section 15 of the Custodial Agreement is hereby amended to amend or add the notice addresses for the following notice parties:

If to the Charter School:

Somerset Academy of Las Vegas  
1378 Paseo Verde Parkway, Suite 200  
Henderson, Nevada 89102  
Telephone: (702) 431-6260  
Facsimile: (702) 431-6250

With a copy to:

Law Office of Jeffrey S. Blanck  
485 West 5th Street  
Reno, Nevada 89503-4413  
Attention: Jeff Blanck, Esq.  
Telephone: (775) 324-6640  
Facsimile: (775) 323-5944

and

Kolesar & Leatham  
400 South Rampart, Suite 400  
Las Vegas, Nevada 89145  
Attention: Jonathan D. Blum, Esq.  
Telephone: (702) 362-7800  
Facsimile: (702) 362-9472

If to the Custodian:

ZB, National Association, dba Zions Bank  
800 West Main Street, Suite 700  
Boise, Idaho 83702  
Attention: Corporate Trust  
Telephone: (208) 501-7493  
Facsimile: (855) 855-9705

If to the Bond Financed Campus Lender:

ZB, National Association, dba Zions Bank  
800 West Main Street, Suite 700  
Boise, Idaho 83702  
Attention: Corporate Trust  
Telephone: (208) 501-7493  
Facsimile: (855) 855-9705

Gilmore & Bell, P.C.  
15 West South Temple, Suite 1450  
Salt Lake City, Utah 84101  
Attention: Ryan R. Warburton, Esq.  
Telephone: (801) 364-5080

Director of the State of Nevada  
Department of Business and Industry  
1830 College Parkway, Suite 100  
Carson City, Nevada 89706  
Attention: Director  
Telephone: (702) 486-4492  
Facsimile: (702) 486-2758

Section 5. Counterparts. This document may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this First Amendment that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. This First Amendment shall be governed by, and construed in accordance with the internal laws of the State.

Section 6. Headings. Section headings used in this First Amendment are for convenience of reference only and shall not affect the construction of this First Amendment.

Section 7. No Changes. Except as expressly provided or modified in this First Amendment, the terms and provisions of the Custodial Agreement shall remain unchanged and in full force and effect and are hereby affirmed, confirmed and ratified in all respects.

Section 8. References. On or after the effective date hereof, each reference in the Custodial Agreement to this "Agreement," "hereof," "herein" or words of like import and all references to the Custodial Agreement in any other agreement, shall in either case unless the context otherwise requires, be deemed to refer to the Custodial Agreement, as amended hereby.



IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SOMERSET ACADEMY OF LAS VEGAS

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to First Amendment to Custodial Agreement – Somerset Academy of Las Vegas)

ZB, NATIONAL ASSOCIATION, DBA ZIONS  
BANK, as ZFNB Custodian

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

Name: Mark Henson

Title: Vice President

(Signature Page to First Amendment to Custodial Agreement – Somerset Academy of Las  
Vegas)

ZB, NATIONAL ASSOCIATION, DBA NEVADA  
STATE BANK, as NSB Custodian

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged and Agreed to By:

DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY

By: \_\_\_\_\_  
CJ Manthe, Director

(Signature Page to First Amendment to Custodial Agreement – Somerset Academy of Las Vegas)

Acknowledged and Agreed to By:

CA LAS VEGAS NRB, LLC, a Delaware limited liability company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to First Amendment to Custodial Agreement – Somerset Academy of Las Vegas)

Acknowledged and Agreed to By:

SCHOOL DEVELOPMENT CENTENNIAL II LLC,  
a Florida limited liability company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to First Amendment to Custodial Agreement – Somerset Academy of Las Vegas)

**EXHIBIT C**

**BOND PURCHASE AGREEMENT**

*[Immediately following this page]*

**BOND PURCHASE AGREEMENT**

DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY

CHARTER SCHOOL LEASE REVENUE BONDS  
(SOMERSET ACADEMY)  
SERIES 2018A

CHARTER SCHOOL LEASE REVENUE BONDS  
(SOMERSET ACADEMY)  
SERIES 2018B (FEDERALLY TAXABLE)

April [\_\_\_], 2018

Director of the State of Nevada  
Department of Business and Industry  
Las Vegas, Nevada

Somerset Academy of Las Vegas  
Las Vegas, Nevada

Ladies and Gentlemen:

The undersigned, on behalf of D.A. Davidson & Co. (the “Representative”), acting for itself and for the other underwriter Robert W. Baird & Co., Incorporated, (collectively, the “Underwriters”), hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the Director of the State of Nevada Department of Business and Industry (the “Director”) and Somerset Academy of Las Vegas, a public charter school and a nonprofit corporation duly organized and validly existing under the laws of the State of Nevada (the “Charter School”), which, upon the execution hereof by the Director and the Charter School, will become a binding agreement among the Director, the Charter School and the Representative. This offer may be accepted by the Director and the Charter School by their execution hereof on or before 5:00 p.m., Las Vegas, Nevada, time on April [\_\_\_], 2018. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Indenture (as hereinafter defined).

**Section 1. Purchase and Sale of the Bonds.** On the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriters shall purchase from the Director, and the Director agrees to sell to the Underwriters, \$[\_\_\_\_\_] aggregate principal amount of the Director’s Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A (the “Series 2018A Bonds”) and \$[\_\_\_\_\_] aggregate principal amount of the Director’s Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B (Federally Taxable) (the Series 2018B Bonds” and together with the Series 2018A Bonds, the “Bonds”), at a purchase price of \$[\_\_\_\_\_] (representing the aggregate par amount of the Bonds of \$[\_\_\_\_\_] [plus/less][net] original issue [premium/discount] of \$[\_\_\_\_\_] and less an underwriting discount of \$[\_\_\_\_\_]). The interest rates, maturity dates and mandatory sinking fund redemption amounts for the Bonds shall be as set forth in Exhibit A hereto.



Further, the Bonds shall be subject to redemption by the Director upon the direction of the Charter School as described in Exhibit A.

**Section 2. Background.** The Bonds shall be dated as of their delivery and shall bear interest, shall mature, shall be redeemable and shall otherwise be as described in the Trust Indenture, dated as of April 1, 2015 (the “Original Indenture”), and a First Supplemental Trust Indenture, dated as of April 1, 2018 (the “First Supplemental Indenture, and together with the Original Indenture, the “Indentures”) each by and between the Director and ZB, National Association dba Zions Bank, as trustee thereunder (the “Trustee”). The Bonds shall be issued under the Indenture and secured by the Indenture and a Lease Purchase Agreement, dated as of April 1, 2015 (the “Original Lease”), as supplemented and amended by the First Amendment to Lease Purchase Agreement, dated as of April 1, 2018 (the “First Amendment to Lease” and together with the Original Lease, the “Lease”), each by and between the Trustee, and the Charter School. Repayment of the Bonds will be secured by a pledge of the Pledged Revenues (as defined in the Indenture) and by the Series 2018 Facilities (as hereafter defined), and the payment obligations of the Charter School with respect to the Bonds will be an obligation of the Charter School. The proceeds from the sale of the Bonds will be used by the Charter School or the Trustee or both to finance the costs of (a) financing (i) the acquisition by the Trustee of charter school facilities and the related land located at 50 North Stephanie Street in Henderson, Nevada (the “Stephanie Campus”), (ii) the acquisition by the Trustee of charter school facilities and the related land located at 4650 Losee Road in North Las Vegas, Nevada (the “Losee Campus”), and (iii) the acquisition and construction of certain improvements to the Losee Campus (the “Losee Campus Addition” and together with the Losee Campus and the Stephanie Campus, the “Series 2018 Facilities”); (b) funding the Series 2018 Bond Reserve Account of the Bond Reserve Fund; and (c) paying costs associated with the issuance of the Bonds.

**Section 3. Delivery of Limited Offering Memorandum.** The Charter School shall deliver or cause to be delivered to the Underwriters, promptly after the acceptance hereof, but in no case later than the earlier of (i) seven business days following the date hereof, or (ii) two business days prior to the Closing, copies of the Limited Offering Memorandum, dated on or about April [\_\_\_], 2018 (the “Limited Offering Memorandum”), in such number as the Underwriters may reasonably request in order to permit the Underwriters to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended (“Rule 15c2-12”), and the applicable rules of the Municipal Securities Rulemaking Board (the “MSRB”) with respect to distribution to each customer, upon request, of a copy of the Limited Offering Memorandum, and the Representative agrees to distribute such Limited Offering Memorandum in compliance with Rule 15c2-12. The Representative agrees to submit in portable document format a copy of the Limited Offering Memorandum to “EMMA,” the MSRB’s Electronic Municipal Market Access system, with a portal at <http://emma.msrb.org>. The Director and the Charter School have authorized the distribution by the Underwriters of the Limited Offering Memorandum and a Preliminary Limited Offering Memorandum dated March [\_\_\_], 2018 (the “Preliminary Limited Offering Memorandum”) and have approved the use and distribution of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum in offering the Bonds for sale to prospective purchasers of the Bonds. The Charter School acknowledges (a) that the Director is delivering the Limited Offering Memorandum in connection with the offering of the Bonds and the execution and delivery of this Bond Purchase Agreement; and (b) that the Preliminary Limited Offering Memorandum and the Limited

Offering Memorandum contain information concerning the Charter School and its operations, which information has been provided by or reviewed by the Charter School and its counsel.

**Section 4. Director’s Lack of Participation.** The Representative and the Charter School acknowledge that the Director has not participated in the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum (except for the information under the headings “INTRODUCTION—The Director,” “THE DIRECTOR,” and “LEGAL MATTERS—Pending and Threatened Litigation—No Proceedings Against the Director,” as it relates to the Director, such headings hereinafter collectively referred to as the “Director Portion”) and has made no investigation of the facts contained therein and assumes no responsibility for the sufficiency, accuracy or completeness of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum (except the Director Portion). It is further understood and agreed that no obligation of the Director contained in this Bond Purchase Agreement, the Bonds or the other Director Documents (as hereinafter defined) shall give rise to any pecuniary liability of the Director.

**Section 5. Delivery of Payment.** The Representative, on behalf of the Underwriters, will accept delivery of the Bonds (which may be through its account with The Depository Trust Company via the FAST delivery system) and pay the purchase price thereof as set forth in Section 1 hereof by Federal Reserve System wire transfer in immediately available federal funds or by any other form of immediately available Federal Funds on the Closing Date.

**Section 6. Representations of the Director.** The Director represents and agrees with the Underwriters and the Charter School that, as of the date hereof and as of the date of issuance of the Bonds:

(a) the Director is a duly created department within the executive branch of the government of the State of Nevada (the “State”);

(b) the Director has full legal right, power and authority (i) to execute the First Supplemental Indenture, this Bond Purchase Agreement, and all other documents to be signed by the Director in connection with the issuance of the Bonds (collectively, the “Director Documents”); (ii) to issue, sell and deliver the Bonds to the Underwriters as provided herein; and (iii) to carry out, consummate and give effect to all other transactions contemplated by each of the aforesaid documents to be carried out and consummated by the Director;

(c) the Director, as of the Closing Date, will have duly authorized (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Indenture; (ii) the execution, delivery and due performance of the Director Documents; and (iii) the taking of any and all such action by the Director as may be required to carry out, give effect to and consummate the transactions contemplated by such documents;

(d) there is no litigation pending against the Director or, to the best of its knowledge, threatened against the Director, with respect to which service or notice to the Director has been perfected or given, to restrain or enjoin the issuance and delivery of the Bonds, or contesting or questioning the validity of the Bonds or the proceedings and

authority under which the Bonds have been authorized and are to be issued or delivered, or the pledge or application of any money or security provided for the payment of the Bonds. There is no litigation pending against the Director or, to the best of its knowledge, threatened against the Director which questions the right of the Director to enter into the Director Documents or to issue the Bonds in the manner provided in the Indenture and the Charter School Financing Law, Nevada Revised Statutes Sections 388A.550 through 388A.695, inclusive;

(e) the execution and delivery of the Director Documents and all other agreements and instruments relating thereto, and the compliance with the provisions hereof and thereof, will not violate any existing law or regulation or conflict with, result in a breach of any of the terms of or constitute a default under any judgment, decree, order, statute, rule or regulation applicable to the Director or any indenture, mortgage, deed of trust, lease or other instrument to which the Director is a party or by which the Director is bound;

(f) any closing certificate signed by an officer of the Director and delivered to the Underwriters shall be deemed to be a representation by the Director to the Underwriters as to the truth of the statements therein contained;

(g) as of the date of this Bond Purchase Agreement and at all times subsequent thereto during the period from the date of this Bond Purchase Agreement to and including the End of the Underwriting Period for the Bonds (as determined in accordance with Section 14 hereof) the information contained in the Director's Portion of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, as it relates to the Director, does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(h) if the Limited Offering Memorandum is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto during the period from the date of this Bond Purchase Agreement to and including the date which is 30 days following the End of the Underwriting Period for the Bonds (as determined in accordance with Section 14 hereof) the information in the Director's Portion of the Limited Offering Memorandum, as it relates to the Director, as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and

(i) the Preliminary Limited Offering Memorandum, was final as of the date thereof within the meaning of Rule 15c2-12, and the Director acknowledges the use by the Underwriters, prior to the date hereof, of the Preliminary Limited Offering Memorandum in connection with the offering and sale of the Bonds. The Director hereby ratifies its approval of the use of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum, including all amendments and supplements thereto,

by the Underwriters in connection with the public offering and sale of the Bonds and consents to the use by the Underwriters, prior to the completion of the Limited Offering Memorandum, of the Preliminary Limited Offering Memorandum in connection with the public offering and sale of the Bonds.

**Section 7. Arm's-Length Transaction.** The Director and the Charter School acknowledge and agree that the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Director and the Underwriters, acting solely as a principal and not as a financial advisor or agent of the Director, and that the Underwriters do not have a fiduciary duty to the Director and has not assumed a financial advisory responsibility in favor of the Director with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters, or any affiliate of the Underwriters, has advised or is currently advising the Director on other matters) or any other obligation to the Director except the obligations expressly set forth in this Bond Purchase Agreement, it being the Director's understanding that a financial advisory relationship shall not be deemed to exist when, in the course of acting as an underwriter, a broker, dealer or municipal securities dealer, a person renders advice to an issuer, including advice with respect to the structure, timing, terms and other similar matters concerning a new issue of municipal securities.

**Section 8. Representations of the Charter School.** In order to induce the Director and the Representative to enter into this Bond Purchase Agreement and to make the offering and sale of the Bonds, the Charter School represents to the Director and the Underwriters that, as of the date hereof and as of the date of issuance of the Bonds that:

(a) The Charter School shall provide such information, access to its properties and appropriate records and other cooperation, as may be reasonably requested in connection with the preparation, amendment and supplementation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum until the Closing (as defined in Section 9 hereof) and for 120 days after the Closing as, in the opinion of the Underwriters, may be required in connection with the offering of the Bonds and the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

(b) The Charter School is a public charter school and a nonprofit corporation duly organized and validly existing under the laws of the State and will obtain or cause to be obtained all necessary licenses, permits, accreditation and certifications required to carry on and operate the Series 2018 Facilities. The Charter School has all power and authority to consummate the transactions contemplated by this Bond Purchase Agreement, the Preliminary Limited Offering Memorandum, and the Limited Offering Memorandum, including the execution, delivery and/or approval of all documents and agreements referred to herein or therein to which it is a party. The Charter School has not received notice of any alleged violation and, to the best of its knowledge, the Charter School is not in violation of any zoning, land use or other similar law or regulation applicable to the Series 2018 Facilities which could adversely affect the Charter School's operation of the Series 2018 Facilities or its financial condition.

(c) The execution and delivery of the First Amendment to Lease, the Tax Certificate, this Bond Purchase Agreement, the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum and the other agreements contemplated by this Bond Purchase Agreement, the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, including the First Amendment to Custodial Account and Control Agreement dated as of the date of issuance of the Bonds (the “First Amendment to Custodial Agreement”), by and between the Charter School and the Trustee, as custodian, and the [First Amendment to Intercreditor Agreement dated as of the date of issuance of the Bonds by and among the Charter School, the Trustee, CA Las Vegas Losee Road LLC, CA Las Vegas Stephanie Road LLC, School Development Centennial II LLC and CA Las Vegas NRB LLC] (collectively, the “Charter School Documents”), the approval by the Charter School of the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum, this Bond Purchase Agreement and the form of the Bonds, compliance by the Charter School with the provisions of any or all of the foregoing documents and the application of the proceeds of the Bonds for the purposes described in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease or instrument to which the Charter School is a party or by which the Charter School or any of its property is or may be bound.

(d) The Charter School has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds by the Director upon the terms and conditions set forth herein, in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and in the Indenture, and the approval of the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum, this Bond Purchase Agreement and the form of the Bonds; and (ii) the execution, delivery and receipt of the Charter School Documents, and any and all such agreements, certificates and documents as may be required at the present time to be executed, delivered and received by the Charter School in order to carry out, effectuate and consummate the transactions contemplated hereby and by the Limited Offering Memorandum, including but not limited to such certifications as may be necessary to establish and preserve the exclusion from gross income for federal income tax purposes of interest on the Series 2018A Bonds.

(e) There is no litigation or proceeding pending or, to the best of the Charter School’s knowledge, threatened against or affecting the Charter School that challenges the validity of the Charter School Documents or the validity of the transactions contemplated by this Bond Purchase Agreement, the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum.

(f) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court or administrative body pending or, to the knowledge of the Charter School, threatened against or affecting the Charter School, or to the knowledge of the Charter School, any meritorious basis therefor, wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition

of the Charter School, the Charter School's management of its properties, or the transactions contemplated by this Bond Purchase Agreement, the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, or would have an adverse effect on the validity or enforceability of the Charter School Documents, or which would in any way adversely affect the existence or power of the Charter School or which would in any way adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2018A Bonds.

(g) The Charter School has received and there remain currently in full force and effect, or will receive prior to the delivery of the Bonds, all governmental consents and approvals that would constitute a condition precedent to the performance by the Charter School of its obligations required at the present time hereunder or under the Charter School Documents or the consummation of the transactions contemplated by the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum or this Bond Purchase Agreement, including the construction of the Losee Campus Addition.

(h) The Charter School is not in breach of or in default under any existing law, court or administrative regulation, decree or order, agreement, indenture, mortgage, lease, sublease or other instrument to which the Charter School is a party or by which the Charter School or its property is bound and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case in any manner or to any extent which could have a material adverse effect on the financial condition of the Charter School, the Charter School's management of its properties or the transactions contemplated by this Bond Purchase Agreement, the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, or have an adverse effect on the validity or enforceability in accordance with their respective terms of the Bonds, the Charter School Documents or the Indenture, or in any way materially adversely affects the existence or powers of the Charter School or in any way adversely affects the exclusion from gross income for federal income tax purposes of interest on the Series 2018A Bonds.

(i) The Charter School's audited financial statements for the fiscal year ended June 30, 2017, attached as Appendix C to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, are a fair representation of the financial position of the Charter School as of the dates indicated and the results of its operations and changes in its fund balances and its profits and losses for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied throughout the periods presented, except as otherwise noted therein. Except as described in the Limited Offering Memorandum, since June 30, 2017 with respect to the financial statements there has been no material adverse change in the condition, financial or otherwise, of the Charter School from that set forth in the financial statements as of and for the period ending that date, and the Charter School has not since June 30, 2017 with respect to the financial statements incurred any material liabilities, directly or indirectly, except in the ordinary course of its operations.

(j) The information contained in the Limited Offering Memorandum relating to (i) the Charter School; (ii) the application of the proceeds of sale of the Bonds; and (iii) the participation by the Charter School in the transactions contemplated by this Bond Purchase Agreement and in the Limited Offering Memorandum was, as of its date, and will be, as of the date of Closing, true and correct in all material respects. The Limited Offering Memorandum, as of its date and as of the date of Closing, will not contain any untrue statement of a material fact, and the Limited Offering Memorandum, as of its date and as of the date of Closing, will not omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(k) If the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto during the period from the date of this Bond Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period for the Bonds (as determined in accordance with Section 14 hereof) the information in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

(l) If during the period from the date of this Bond Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period for the Bonds (as determined in accordance with Section 14 hereof) the Charter School becomes aware of any fact or event which might or would cause the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, it shall notify the Underwriters, and if in the reasonable opinion of the Representative such fact or event requires the preparation and publication of a supplement or amendment to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, the Charter School will, with the consent of the Director, at its expense, supplement or amend the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum in a form and in a manner approved by the Representative and furnish to the Underwriters (i) a reasonable number of copies of the supplement or amendment; and (ii) if such notification shall be subsequent to the Closing Date, such legal opinions, certificates, instruments, and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment.

(m) The Charter School will not take or omit to take any action which will cause the proceeds from the sale of the Bonds to be applied or result in such proceeds being applied in a manner other than as provided in the Indenture, the Lease, and the Tax Certificate.

(n) The Charter School hereby authorizes the use of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, including all amendments and supplements thereto consented to by the Charter School, by the Underwriters in connection with the public offering and sale of the Bonds.

(o) The Charter School agrees that, so long as the Charter School is leasing the Series 2018 Facilities, it will not carry on or permit to be carried on at the portion of the Series 2018 Facilities acquired with proceeds of the Bonds or permit the portion of the Series 2018 Facilities acquired with proceeds of the Bonds to be used in or for any trade or business if such activity would adversely affect the exclusion of interest on the Series 2018A Bonds from gross income for federal income tax purposes.

(p) The Charter School agrees to reasonably cooperate with the Underwriters in any endeavor to qualify the Bonds for offering and sale under the securities or “Blue Sky” laws of such jurisdictions of the United States as the Underwriters may request; provided, that, the Charter School shall not be required with respect to the offer or sale of the Bonds to file written consent to suit or to file written consent to service of process in any jurisdiction in which such consent may be required by law or regulation so that the Bonds may be offered or sold. The Charter School consents to the use of the Limited Offering Memorandum by the Representative in obtaining such qualification.

(q) Each representation, warranty or agreement stated in any certificate signed by any officer of the Charter School regarding the events or transactions contemplated by this Bond Purchase Agreement and delivered to the Director or the Representative at or before the Closing shall constitute a representation, warranty or agreement by the Charter School upon which the Director and the Representative shall be entitled to rely.

(r) The Charter School covenants and agrees to enter into the Continuing Disclosure Agreement, dated as of April 1, 2018 (the “Continuing Disclosure Agreement”), by and between the Charter School and the Trustee, constituting an undertaking to provide ongoing disclosure about the Charter School, for the benefit of the registered and beneficial owners of the Bonds on or before the date of delivery of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12, which undertaking shall be assigned to the Trustee for the benefit of the registered and beneficial owners of the Bonds pursuant to the Indenture and in the form attached to the Limited Offering Memorandum, with such changes as may be agreed to in writing by the Representative.

(s) Except as set forth in the Limited Offering Memorandum, the Charter School has been in compliance with its continuing disclosure undertakings during the five year period preceding the date hereof.

**Section 9. Delivery of the Bonds.** At the offices of the Director at Suite 100, 1830 College Parkway, Carson City, Nevada 89706, at 10:00 a.m., on April [\_\_\_], 2018, or at such other time or location or on such earlier or later date as you and we mutually agree upon (the “Closing” or the “Closing Date”), the Director will deliver or cause to be delivered to the Underwriters, the Bonds, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery and pay the purchase price thereof in immediately



available funds, subject to the terms and conditions set forth herein. The Bonds so to be delivered will be in fully registered form in such authorized denominations and registered in such names as the Representative may specify.

**Section 10. Limited Offering Memorandum.** During the initial public offering of the Bonds (a period concluding 25 days following the End of the Underwriting Period for the Bonds), the Charter School and the Director will (a) not consent to the distribution of any amendment of or supplement to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum to which, after having been furnished with a copy, the Representative shall object in writing; and (b) if any event shall occur as a result of which it is necessary, in the opinion of the Representative, to amend or supplement the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum in order to make the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum not misleading in light of the circumstances existing at the time it is delivered to a purchaser, consent to the distribution of an amendment of or supplement to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, prepared without expense to the Director (in form and substance satisfactory to the Representative) in a reasonable number of copies which will amend or supplement the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Limited Offering Memorandum is delivered to a purchaser, not misleading. Any amendment of or supplement to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum to be distributed pursuant to this Section shall contain a statement that the Director has neither participated in the preparation thereof nor made any independent investigation of the facts contained therein and a statement that the Director does not assume any responsibility for the sufficiency, accuracy or completeness of the information contained therein.

**Section 11. Conditions to the Obligations of the Underwriters; Other Conditions.** The obligation of the Underwriters to purchase and pay for the Bonds will be subject to the accuracy of the representations on the part of the Director and the Charter School herein; to the accuracy of the statements of officials of the Director and of officers of the Charter School made pursuant to the provisions hereof; to the performance by the Director and the Charter School of their respective obligations hereunder; to the accuracy and completeness of the representations and certifications of the Charter School in the Charter School Documents and to the following additional conditions:

(a) The Director Documents and the Charter School Documents shall have been duly authorized, executed and delivered by the respective parties thereto and shall be in full force and effect with only such changes therein as may be approved by the Representative.

(b) Subsequent to the date of this Bond Purchase Agreement and prior to the Closing Date:

(i) there shall not have occurred any material change, or any development involving a prospective material change in, or affecting the business

or properties of the Charter School which in the judgment of the Representative, materially and adversely affects the investment quality of the Bonds; and

(ii) the market price of the Bonds, or the general market price of general credit or revenue obligations issued by states or political subdivisions thereof, or the market price of revenue obligations of the character of the Bonds shall (in the reasonable judgment of the Representative) not have been materially and adversely affected by reason of the fact that:

(A) (1) legislation shall have been enacted by either House of the Congress of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of such House to which such legislation has been referred for consideration; or (2) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court; or (3) an order, ruling or regulation shall have been made by the Treasury Department of the United States or the Internal Revenue Service, in each such case with the purpose or effect, directly or indirectly, of causing the interest on the Series 2018A Bonds to become included in the gross income of the holders thereof for federal income tax purposes or upon such income as would be received by the Trustee on behalf of the Director under the Lease; or

(B) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, including all the underlying obligations, as contemplated hereby or by the Limited Offering Memorandum is in violation or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect; or

(C) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that the Bonds or obligations of the general character of the Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(D) there shall have occurred (1) the closing of the New York Stock Exchange; or (2) the general suspension of trading on the New York Stock Exchange; or (3) the establishing of a general banking moratorium by federal, Nevada or New York State authorities; or

(E) any event occurs or state of facts exists which makes untrue or incorrect in any material respect, as of the date of such event or state of facts, any statement or information contained in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, or which requires the addition of any information to the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum in order to make the statements and information contained therein not misleading in any material respect as of the Closing Date.

(c) Subsequent to the date hereof and prior to the Closing Date, no order, decree or injunction of any court of competent jurisdiction, and no order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, and no legislation shall have been enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum or the execution of or performance of this Bond Purchase Agreement, the Indenture, the Lease, or the Tax Certificate in accordance with their terms.

(d) The Representative shall have received the following documents:

(i) the approving opinion of Gilmore & Bell, P.C., bond counsel to the Director (“Bond Counsel”), dated the date of Closing, in substantially the form set forth as Appendix E to the Limited Offering Memorandum;

(ii) the supplemental opinion of Bond Counsel, dated the date of Closing, in substantially the form set forth in Exhibit C hereto;

(iii) the opinion of Kutak Rock LLP, counsel to the Underwriters, dated the date of Closing, in substantially the form set forth in Exhibit D hereto;

(iv) the opinion of Kolesar & Leatham, counsel to the Charter School, dated the date of Closing in substantially the form set forth in Exhibit E hereto;

(v) the opinion of the office of the Attorney General of the State, dated the date of Closing, in substantially the form set forth in Exhibit F hereto;

(vi) certificates of the Director and the Charter School satisfactory to the Representative and Bond Counsel as to the accuracy of all representations and warranties contained herein as of the date hereof and as of the Closing Date and as to the performance by the Director and the Charter School of all of their obligations hereunder to be performed at or prior to the Closing Date;

(vii) a copy of the Indenture (including the First Supplemental Indenture), the Lease (including the First Amendment to Lease), this Bond Purchase Agreement, the Custodial Agreement (including the First Amendment to Custodial Agreement), and the Intercreditor Agreement [(including the First Amendment to Intercreditor Agreement)], and the Tax Certificate, duly executed by the parties thereto;

(viii) a certified copy of the resolution of the Board of Directors of the Charter School approving and authorizing the execution and delivery of the Charter School Documents, authorizing the use of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and approving the transactions contemplated by the Preliminary Limited Offering Memorandum, the Limited Offering Memorandum and this Bond Purchase Agreement;

(ix) a certificate of the Nevada Secretary of State as to the good standing of the Charter School under the laws of the State;

(x) a copy of the executed Information Return for Tax-Exempt Bond Issues, Form 8038;

(xi) the Continuing Disclosure Agreement of the Charter School duly executed by the parties thereto;

(xii) evidence satisfactory to the Representative that the Bonds have been rated [“\_\_\_\_\_”] by S&P Global Ratings;

(xiii) Certificate of Approval by the State Board of Finance as to the Findings of the Director relating to the issuance of the Bonds;

(xiv) the final Limited Offering Memorandum, executed on behalf of the Charter School by a duly authorized officer thereof;

(xv) specimen Bonds; and

(xvi) such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel or the Representative may reasonably request to evidence compliance by the Director or the Charter School with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations of the Representative, the Director and the Charter School herein contained and the due performance or satisfaction by each of them at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by each of them.

If the Director and the Charter School shall be unable to satisfy the conditions to the Representative’s obligations in this Bond Purchase Agreement (unless such provisions are otherwise waived by the Representative, provided, that the Representative shall not waive or agree to modify any of the foregoing conditions without the Director’s written consent) or if the Representative’s obligations shall be terminated for any reason

permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Underwriters, the Charter School, or the Director shall have any further obligations hereunder except as provided in Sections 12, 13 and 15 hereof.

**Section 12. Expenses.** All expenses and costs of the Director incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters, including, without limitation, the costs of printing of the Bonds, advertising costs, the costs of printing, duplicating and mailing the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, the fees of consultants and rating agencies, the initial fees of the Trustee in connection with the issuance of the Bonds and the fees and expenses of Bond Counsel, Underwriter's Counsel and counsel for the Charter School shall be paid by the Charter School. Certain out-of-pocket expenses of the Representative, including travel and other fees and expenses, shall be paid by the Charter School. All out-of-pocket expenses of the Charter School, including travel and other expenses, and the fees and expenses of any counsel employed by them shall be paid by the Charter School. If the Underwriters terminate this Bond Purchase Agreement for a reason other than a reason permitted hereunder, and if at the time of such termination the Director and the Charter School have satisfied the conditions to the Underwriters' obligations contained herein, the Representative agrees to pay all out-of-pocket expenses incurred by the Director and the Charter School, including reasonable attorneys' fees and disbursements, which relate to the financing, such payment by the Underwriters shall constitute full liquidated damages for such termination and for any and all defaults on the part of the Underwriters and shall constitute a full release and discharge of all claims and damages for such termination and for any and all such defaults.

**Section 13. Indemnification.**

(a) The Charter School, to the extent permitted by law, agrees to indemnify and hold harmless the Director and the Underwriters and any current, former or future member, director, officer, agent or employee of the Underwriters and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the Underwriters through the ownership of voting securities, by contract or otherwise, or who controls the Underwriters within the meaning of Section 15 of the Securities Act of 1933, as amended, and each and all and any of them (the "Indemnified Parties"), from and against any and all losses, claims, damages, liabilities or actions to the extent that such losses, claims, damages, liabilities, actions or expenses (including any legal or other expenses incurred by them in connection with investigating any claims against them and defending any actions) whatsoever caused by or based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum or caused by any omission or alleged omission from the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, except, with respect to the Director, for any liability arising solely as a result of a materially false or materially misleading statement or information contained in the Director Portion and except, with respect to the Underwriters, for any liability arising as a result of information contained under the captions "SECURITY FOR

THE SERIES 2018 BONDS—Debt Service Requirements” to the maturities, interest rates and prices of the Bonds listed on the inside front cover page of the Limited Offering Memorandum, and to reimburse the Indemnified Parties for any legal or other expenses reasonably incurred by them in defending any such action, including but not limited to any reasonable attorneys’ fees.

(b) The Representative agrees to the extent permitted by law to indemnify and hold harmless the Director and the Charter School, any current, former or future member, director, officer, agent or employee of the Director and the Charter School and each person, if any, who controls the Director and the Charter School within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (also “Indemnified Parties”), against any loss, claim, damage, liability or expense arising out of or based upon any allegation that (i) any of the information in or in connection with the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum contained under the caption “SECURITY FOR THE SERIES 2018 BONDS—Debt Service Requirements” or with respect to the maturities, interest rates, CUSIP numbers and prices of the Bonds listed on the inside front cover page of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum contains an untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; (ii) any statement, representation or information made or supplied by the Underwriters in connection with the offer or sale of the Bonds other than pursuant to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; or (iii) the Underwriters failed to comply with any registration requirements of the Underwriters applicable to the Underwriters or the Bonds under any securities or “blue sky” laws of any jurisdiction in which such registration or qualification is required or any failure by the Underwriters to deliver the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum, following delivery to the Underwriters, to purchasers of the Bonds in accordance with Rule 15c(2)-12, and to reimburse the Director and the Charter School for any legal or other expenses reasonably incurred by them in defending any such action, including but not limited to reasonable attorneys’ fees.

(c) In case any action shall be brought against the Indemnified Parties in respect of which the Charter School or the Underwriters, as the case may be, is or are required to indemnify the Indemnified Parties pursuant to the provisions of the preceding paragraphs, the Indemnified Parties shall promptly notify the Charter School or the Underwriters, as the case may be, in writing and the Charter School or the Underwriters, as the case may be, shall assume the defense thereof, including the employment of counsel and the payment of all expenses. Any Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof if such Indemnified Party reasonably concludes that a potential conflict of interest exists between them and the Director, the Charter School or the Underwriters, as the case may be, but the fees and expenses of such counsel shall be at the expense of the party providing the indemnity. The Charter School or the Underwriters, as the case may be, shall not be

liable for any settlement of any such action effected without the consent of such party, but if settled with the consent of such party, or if there be a final judgment for the plaintiff in any such action, the Charter School or the Underwriters, as the case may be, agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment, including but not limited to reasonable attorneys' fees.

**Section 14. Determination of End of Underwriting Period.** For purposes of this Bond Purchase Agreement, the "End of the Underwriting Period" for the Bonds shall mean the later of (a) the Closing Date, unless the Director and the Charter School have been notified in writing to the contrary by the Underwriters on or prior to the Closing Date; or (b) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12; provided, however, that the Director and the Charter School shall be entitled to treat as the End of the Underwriting Period for the Bonds the date specified in the notice from the Underwriters stating the date which is the End of the Underwriting Period. Unless otherwise notified in writing by the Underwriters by the Closing Date, the Director and the Charter School can assume that the "End of the Underwriting Period" for purposes of Rule 15c2-12 shall be the Closing Date.

The Director and the Charter School may request from the Underwriters from time to time, and the Underwriters shall provide to the Director and the Charter School upon such request, such information as may be reasonably required in order to determine whether the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12 with respect to the unsold balances of Bonds that were originally sold to the Underwriters for resale to the public and which are held by the Underwriters for resale to the public.

**Section 15. Establishment of Issue Price.**

(a) The Representative, on behalf of the Underwriters, agrees to assist the Director in establishing the issue price of the Series 2018A Bonds and shall execute and deliver to the Director at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Director and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2018A Bonds. All actions to be taken by the Director under this section to establish the issue price of the Series 2018A Bonds may be taken on behalf of the Director by the Director's municipal advisor, Lewis Young Robertson & Burningham, Inc., and any notice or report to be provided to the Director may be provided to the Director's municipal advisor.

(b) The Director will treat the first price at which 10% of each maturity of the Series 2018A Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Representative shall report to the Director the price or prices at which the Underwriters have sold to the public each maturity of Series 2018A

Bonds. At the time of execution of this Bond Purchase Agreement the 10% test has been satisfied as to each maturity of the Series 2018 Bonds.

(c) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2018A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Series 2018A Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Series 2018A Bonds of that maturity or all Series 2018A Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(ii) any agreement among underwriters relating to the initial sale of the Series 2018A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2018A Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2018A Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Series 2018A Bonds of that maturity or all Series 2018A Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(d) The Underwriters acknowledge that sales of any Series 2018A Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Director (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2018A Bonds to the public (including a member of a selling group or



a party to a retail distribution agreement participating in the initial sale of the Series 2018A Bonds to the public),

(iii) a purchaser of any of the Series 2018A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

**Section 16. Survival of Certain Representations and Obligations.** The respective agreements, representations and other statements of the Director and the Charter School, of their respective officials or officers and of the Representative set forth in or made pursuant to this Bond Purchase Agreement, including the indemnification provisions provided herein, will remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Representative, the Director or the Charter School and will survive delivery of and payment for the Bonds. If for any reason the purchase of the Bonds by the Underwriters is not consummated, the Charter School shall remain responsible to pay, or cause to be paid, the expenses to be paid or reimbursed by it pursuant to Section 12 hereof (provided, however, that if the Underwriters have failed to consummate such purchase for a reason not permitted hereunder, the Underwriters shall remain responsible as provided in the last sentence of Section 12 hereof).

**Section 17. Notices.** All communications hereunder will be in writing, and, if sent to the Underwriters, will be mailed, delivered or facsimiled and confirmed to it at D.A. Davidson & Co., as representative of the Underwriters, at 1550 Market Street, Suite 300, Denver, Colorado 80202, facsimile: (303) 764-6001, or, if sent to the Director or the Charter School, will be mailed, delivered or facsimiled and confirmed to them at their respective addresses described in the Indenture and the Lease.

**Section 18. Successors.** This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors, and no other person will have any right or obligation hereunder.

**Section 19. Counterparts.** This Bond Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

**Section 20. Governing Law.** The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State of Nevada and the laws of the United States of America.

All claims of whatever character arising out of this Bond Purchase Agreement, or under any statute or common law relating in any way, directly or indirectly, to the subject matter hereof or to the dealings between the Director and any other party hereto, if and to the extent that such claim potentially could or actually does involve the Director, shall be brought in any state or federal court of competent jurisdiction located in Clark County in the State of Nevada. By executing and delivering this Bond Purchase Agreement, each party hereto irrevocably: (a) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (b) waives any defense of forum non conveniens; and (c) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing shall not be deemed or construed to constitute a waiver by the Director of any prior notice or procedural requirements applicable to actions or claims against or involving political subdivisions of the State of Nevada that may exist at the time of and in connection with such matter.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have set their hands as of the date set forth above.

D.A. DAVIDSON & CO.

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND  
INDUSTRY

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

SOMERSET ACADEMY OF LAS VEGAS

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT A**

**RESULTS OF FINAL PRICING**

**MATURITY SCHEDULE<sup>1</sup>**

**DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY**

**CHARTER SCHOOL LEASE REVENUE BONDS  
(SOMERSET ACADEMY)  
SERIES 2018A**

\$[\_\_\_\_\_ % Term Bond maturing December 15, 20\_\_, Yield: \_\_%, Price: \_\_%]

\$[\_\_\_\_\_ % Term Bond maturing December 15, 20\_\_, Yield: \_\_%, Price: \_\_%<sup>2</sup>]

\$[\_\_\_\_\_ % Term Bond maturing December 15, 20\_\_, Yield: \_\_%, Price: \_\_%<sup>2</sup>]

\$[\_\_\_\_\_ % Term Bond maturing December 15, 20\_\_, Yield: \_\_%, Price: \_\_%<sup>2</sup>]

**CHARTER SCHOOL LEASE REVENUE BONDS  
(SOMERSET ACADEMY)  
SERIES 2018B (FEDERALLY TAXABLE)**

\$[\_\_\_\_\_ % Term Bond maturing December 15, 20\_\_, Yield: \_\_%, Price: \_\_%]

The Series 2018A Bonds maturing on December 15, 20\_\_, are subject to mandatory sinking fund redemption on December 15, 20\_\_, and on each December 15, thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2018A Term Bond Maturing December 15, 20\_\_

December 15  
of the Year

Principal Amount

\$

\*

\_\_\_\_\_  
\* Maturity Date

<sup>1</sup> [The following schedule reflects the Underwriters' sale of at least 10% of each maturity of the Series 2018 Bonds on the date of this Bond Purchase Agreement, satisfying the 10% Test.]

<sup>2</sup> Priced to the earliest call date of [\_\_\_\_\_].

The Series 2018A Bonds maturing on December 15, 20\_\_, are subject to mandatory sinking fund redemption on December 15, 20\_\_, and on each December 15, thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2018A Term Bond Maturing December 15, 20\_\_\*

<u>December 15</u> <u>of the Year</u>	<u>Principal Amount</u>
	\$

\*

---

\* Maturity Date

The Series 2018A Bonds maturing on December 15, 20\_\_, are subject to mandatory sinking fund redemption on December 15, 20\_\_, and on each December 15, thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2018A Term Bond Maturing December 15, 20\_\_\*

<u>December 15</u> <u>of the Year</u>	<u>Principal Amount</u>
	\$

\*

---

\* Maturity Date

The Series 2018A Bonds maturing on December 15, 20\_\_, are subject to mandatory sinking fund redemption on December 15, 20\_\_, and on each December 15, thereafter, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2018A Term Bond Maturing December 15, 20\_\_\*

December 15  
of the Year

Principal Amount

\$

\*

---

\* Maturity Date

## EXHIBIT B

### FORM OF ISSUE PRICE CERTIFICATE

\$\_[\_\_\_\_\_]

**DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
CHARTER SCHOOL LEASE REVENUE BONDS  
(SOMERSET ACADEMY)  
SERIES 2018A**

### ISSUE PRICE CERTIFICATE

The undersigned, on behalf of D.A. Davidson & Co. (the “Representative”), on behalf of itself and Robert W. Baird & Co., Incorporated (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Public Offering.*** The Underwriting Group has offered all the Bonds to the Public in a bona fide initial offering to the Public at the offering prices listed on Schedule A (the “Initial Offering Prices.”) Included in Schedule A is a copy of the pricing wire or similar communication used to document the initial offering of the Bonds to the Public at the Initial Offering Prices.

2. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price or prices at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A and all of the Bonds comprising the first 10% of sales for each Maturity were sold at the same price.

3. ***Defined Terms.***

(a) **Issuer** means the Director of the State of Nevada Department of Business and Industry.

(b) **Maturity** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) **Public** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) **Underwriter** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate)

to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and Somerset Academy of Las Vegas, a public charter school and a nonprofit corporation duly organized and validly existing under the laws of the State of Nevada (the "Borrower") with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Gilmore & Bell, P.C., in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

D.A. DAVIDSON & CO.

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

Name: \_\_\_\_\_

Dated: April [\_\_\_\_], 2018



## **SCHEDULE A**

**EXHIBIT C**

**[FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL TO BE PROVIDED]**

**EXHIBIT D**

**[FORM OF UNDERWRITERS' COUNSEL OPINION TO BE PROVIDED]**

**EXHIBIT E**

**[FORM OF CHARTER SCHOOL'S COUNSEL OPINION TO BE PROVIDED]**

**EXHIBIT F**

**[FORM OF ATTORNEY GENERAL OPINION TO BE PROVIDED]**

**EXHIBIT D**

**FIRST AMENDMENT TO INTERCREDITOR AGREEMENT**

*[Immediately following this page]*

FIRST AMENDMENT TO AMENDED AND RESTATED INTERCREDITOR AGREEMENT

among

SOMERSET ACADEMY OF LAS VEGAS,  
Charter School,

ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK,  
Trustee,

CA LAS VEGAS LOSEE ROAD LLC  
("Secured Party")

CA LAS VEGAS STEPHANIE ROAD LLC,  
("Secured Party")

SCHOOL DEVELOPMENT CENTENNIAL II LLC,  
("Secured Party")

and

CA LAS VEGAS NRB LLC,  
("Secured Party")

Dated as of April 1, 2018

## FIRST AMENDMENT TO AMENDED AND RESTATED INTERCREDITOR AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED INTERCREDITOR AGREEMENT (this “First Amendment”) is made as of April 1, 2018, by and among (i) SOMERSET ACADEMY OF LAS VEGAS, a Nevada public charter school and a Nevada non-profit corporation (the “Charter School”), (ii) ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK, a national banking association in its capacity as trustee for the Series 2015 Bonds and the Series 2018 Bonds (the “Trustee”), (iii) CA LAS VEGAS LOSEE ROAD LLC, a Delaware limited liability company (“CA Las Vegas Losee”), (iv) CA LAS VEGAS STEPHANIE ROAD LLC, a Delaware limited liability company (“CA Las Vegas Stephanie”), (v) SCHOOL DEVELOPMENT CENTENNIAL II LLC, a Florida limited liability company (“Centennial”), and (vi) CA LAS VEGAS NRB LLC, a Delaware limited liability company (“CA Las Vegas NRB”).

### RECITALS

WHEREAS, the parties hereto previously entered into an Intercreditor Agreement dated as of April 16, 2015 (the “Original Intercreditor Agreement” and together with this First Amendment, the “Agreement”); and

WHEREAS, the Charter School has requested that the Director of the State of Nevada Department of Business and Industry (the “Director”) finance the costs of the acquisition of and improvement to the Losee Campus and the Stephanie Campus through the issuance by the Director of its Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A and its Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B (Federally Taxable) (collectively, the “Series 2018 Bonds”); and

WHEREAS, the Parties desire to amend the Original Intercreditor Agreement to (a) terminate the rights and obligations of CA Las Vegas Losee and CA Las Vegas Stephanie, as secured parties under the Agreement and (b) reflect the financing of the Losee Campus and the Stephanie Campus with the proceeds of the Series 2018 Bonds.

NOW, THEREFORE, in consideration of the mutual promises contained in this First Amendment, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

Section 1. Amended and Restated Definitions. Unless otherwise defined herein or the context otherwise requires, all capitalized terms used herein shall have the meanings set forth in Recitals hereto and in Section 1 of the Original Intercreditor Agreement as amended by Section 1 of this First Amendment. The following definition is added to this First Amendment:

“Bond Collateral” means all the real and personal property attributable to, and the State Payments allocated to the Charter School’s NLV I Building (which in no event shall be based on an enrollment of greater than 750 students), Sky Pointe Campus, Losee Campus, Stephanie Campus and any Additional Campus as may be financed pursuant to the provisions of the Indenture.



“Custodial Agreement” means the Custodial Account and Control Agreement dated as of April 16, 2015 as amended by the First Amendment to Custodial Account and Control Agreement dated as of April \_\_\_, 2018, each by and between ZB, National Association, dba Zions Bank, as custodian and the Charter School.

“Indenture” means the Trust Indenture dated as of April 1, 2015, as supplemented by the First Supplemental Trust Indenture dated as of April 1, 2018, each by and between the Director and the Trustee.

“Lease Agreement” means the Lease Purchase Agreement dated as of April 1, 2015 as amended by the First Amendment to Lease Purchase Agreement dated as of April 1, 2018, each by and between the Trustee, as lessor and the Charter School, as lessee.

“Non-Bond Collateral” means all real and personal property attributable to, and the State Payments allocated to the Charter School’s Lone Mountain Campus, the North Las Vegas II Building and any Additional Campus not financed or leased pursuant to the provisions of the Indenture, and in the deposit account created under the applicable Lockbox Agreement (as such term is defined in the Custodial Agreement).

“Non-Bond Lessors” means collectively, Centennial, CA Las Vegas NRB and any Additional Secured Party to which the Charter School has a payment obligation secured by a lien on and security interest in the State Payments of the Charter School with respect to any Additional Campus not financed pursuant to the terms of the Indenture.

“Secured Party” means each of: (i) the Trustee (as assignee of the Director) in respect of the Obligations under the Lease Agreement; (ii) Centennial, in respect of the Obligations under the NLV II Lease; (iii) CA Las Vegas NRB, in respect of the Obligations under the Lone Mountain Lease, and (iv) each Additional Secured Party.

Section 2. REPRESENTATIONS AND WARRANTIES, COVENANTS and ACKNOWLEDGEMENT

(a) Each Party represents and warrants to the other Parties as of the date hereof, that:

(i) the Agreement has been duly authorized by such Party, the persons executing, acknowledging and delivering the Agreement on behalf of such Party have the authority to do so and the Agreement is enforceable against such Party and its successors and assigns in accordance with its terms except as such enforceability may be limited by (A) the Bankruptcy Laws or other similar laws affecting creditors’ rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); and

(ii) no Event of Default exists, to the knowledge of such Party, under its applicable Obligation Agreement.

(b) Section IV.D.2 of the Original Intercreditor Agreement is hereby amended and restated to read as follows:

2. Standstill and Attornment. Each Party hereto agrees that in the event Bank of America, or its successors or assigns, provides a Notice of Exclusive Control relative to the Lockbox Agreement for CA Las Vegas NRB pursuant to which Bank of America directs the Agent to act solely in accordance with Bank of America's instructions, (a) such Notice shall not constitute a default hereunder and (b) Bank of America, or its successors or assigns, shall have the right to succeed CA Las Vegas NRB as a Party hereto and in the Custodial Agreement; provided that Bank of America, or its successors or assigns shall execute the respective form of Acknowledgement and Agreement attached to the Original Intercreditor Agreement and to the Custodial Agreement as Exhibit A.

Section 3. Counterparts. This First Amendment may be executed in two or more counterparts, each of which shall be deemed to be a complete original, but all of which together shall constitute one and the same instrument. Delivery of an executed signature page counterpart to this First Amendment via facsimile or in .pdf format via electronic mail transmission shall be effective as if it were delivery of a manually delivered, original, executed counterpart thereof.

Section 4. Headings. Section headings used in this First Amendment are for convenience of reference only and shall not affect the construction of this First Amendment.

Section 5. No Changes. Except as expressly provided or modified in this First Amendment, the terms and provisions of the Intercreditor Agreement shall remain unchanged and in full force and effect and are hereby affirmed, confirmed and ratified in all respects.

Section 6. Governing Law. This First Amendment is governed by the laws and judicial decisions of the State of Nevada without regard to choice of law rules.

Section 7. References. On or after the effective date hereof, each reference in the Intercreditor Agreement to this "Agreement," "hereof," "herein" or words of like import and all references to the Intercreditor Agreement in any other agreement, shall in either case unless the context otherwise requires, be deemed to refer to the Intercreditor Agreement, as amended hereby.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Amended and Restated Intercreditor Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SOMERSET ACADEMY OF LAS VEGAS

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to First Amendment to Intercreditor Agreement – Somerset Academy of Las Vegas)

ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK

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

Name: Mark Henson

Title: Vice President

(Signature Page to First Amendment to Intercreditor Agreement – Somerset Academy of Las Vegas)

CA LAS VEGAS LOSEE ROAD, LLC,  
a Delaware limited liability company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to First Amendment to Intercreditor Agreement – Somerset Academy of Las Vegas)

CA LAS VEGAS STEPHANIE ROAD LLC,  
a Delaware limited liability company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to First Amendment to Intercreditor Agreement – Somerset Academy of Las Vegas)

CA LAS VEGAS NRB LLC,  
a Delaware limited liability company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to First Amendment to Intercreditor Agreement – Somerset Academy of Las Vegas)

SCHOOL DEVELOPMENT CENTENNIAL II  
LLC, a Florida limited liability company

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature Page to First Amendment to Intercreditor Agreement – Somerset Academy of Las Vegas)

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**EXHIBIT E**

**LIMITED OFFERING MEMORANDUM**

*[Immediately following this page]*

**PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY \_\_, 2018****NEW ISSUE  
BOOK-ENTRY ONLY****RATING: \_\_\_\_\_ “\_\_”  
(See “MISCELLANEOUS–Rating” herein)**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Director, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Series 2018A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. See “TAX MATTERS” in this Limited Offering Memorandum. Interest on the Series 2018B Bonds is taxable as ordinary income for federal income tax purposes. See “TAX MATTERS” herein.*

**DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
(Somerset Academy)**

**\$50,820,000\***  
**Charter School Lease Revenue Bonds  
Series 2018A**

**\$355,000\***  
**Charter School Lease Revenue Bonds  
Series 2018B (Federally Taxable)**

**Dated: Date of Delivery****Due: As shown on the inside cover**

The \$50,820,000\* Director of the State of Nevada Department of Business and Industry Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A (the “Series 2018A Bonds”) and the \$355,000\* Director of the State of Nevada Department of Business and Industry Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B (Federally Taxable) (the “Series 2018B Bonds,” and together with the Series 2018A Bonds, the “Series 2018 Bonds”) will be issued as fully registered bonds in Authorized Denominations and bear interest payable semiannually on June 15 and December 15 of each year, commencing June 15, 2018\*, until maturity or earlier redemption. DTC will act as securities depository for the Series 2018 Bonds, and the Series 2018 Bonds will be registered in the name of Cede & Co., as nominee of DTC. Capitalized terms used on this cover page are defined in the Introduction to this Limited Offering Memorandum.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES  
AND CUSIPS ARE SHOWN ON INSIDE COVER**

The Series 2018 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to maturity as set forth herein.

The Series 2018 Bonds will be issued by the Director of the State of Nevada Department of Business and Industry (the “Director”) pursuant to a Trust Indenture, dated as of April 1, 2015 (the “Original Indenture”) and a First Supplemental Trust Indenture, dated as of March 1, 2018 (the “First Supplemental Indenture,” and together with the Original Indenture, the “Indenture”), each between the Director and ZB, National Association, dba Zions Bank, as trustee (the “Trustee”). The proceeds of the Series 2018 Bonds will be used to (a) finance (i) the acquisition by the Trustee of charter school facilities and the related land located at 50 North Stephanie Street in Henderson, Nevada (the “Stephanie Campus”), (ii) the acquisition by the Trustee of charter school facilities and the related land located at 4650 Losee Road in North Las Vegas, Nevada (the “Losee Campus”), and (iii) the acquisition and construction of certain improvements to the Losee Campus (the “Losee Campus Addition,” and together with the Stephanie Campus and the Losee Campus, the “Series 2018 Facilities”), (b) fund the Series 2018 Bond Reserve Account of the Bond Reserve Fund and (c) pay costs associated with the issuance of the Series 2018 Bonds (collectively, the “Series 2018 Project”). The Series 2018 Facilities will be owned by the Trustee and leased by the Trustee to Somerset Academy of Las Vegas, a Nevada public charter school and a Nevada nonprofit corporation (the “Charter School”) pursuant to the Lease Purchase Agreement, dated as of April 1, 2015 (the “Original Lease”), as supplemented and amended by the First Amendment to Lease Purchase Agreement, dated as of March 1, 2018 (the “First Amendment to Lease,” and together with the Original Lease, the “Lease”), each by and between the Trustee and the Charter School.

The Series 2018 Bonds will be issued under and are equally and ratably secured by the Indenture and will be secured on a parity under the Indenture with the Series 2015 Bonds. Pursuant to the Indenture, the Director has pledged and assigned to the Trustee, among other things, all rights and interests in and to the Pledged Revenues, including all rental payments made under the Lease, as security for the payment of the principal of, premium, if any, and interest on the Series 2018 Bonds (as well as the principal of, premium, if any, and interest on the Series 2015 Bonds and any Additional Bonds, all as defined herein). The Series 2018 Bonds are limited obligations of the Director payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Series 2018 Bonds. Under the Lease, the Charter School has agreed to make payments in stated amounts which are sufficient to pay the principal of and the interest on the Series 2018 Bonds coming due in each year plus such additional amounts as are necessary to operate and maintain the Series 2018 Facilities during such period.

THE SERIES 2018 BONDS ARE LIMITED OBLIGATIONS OF THE DIRECTOR, PAYABLE SOLELY FROM THE TRUST ESTATE, DO NOT GIVE RISE TO A GENERAL OBLIGATION OR LIABILITY OF THE DIRECTOR OR CHARGE AGAINST ITS GENERAL CREDIT AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO ANY PECUNIARY LIABILITY OF THE DIRECTOR. THE SERIES 2018 BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE STATE OF NEVADA OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2018 BONDS SHALL NOT DIRECTLY, INDIRECTLY, OR CONTINGENTLY, OBLIGATE THE DIRECTOR, THE STATE OF NEVADA OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE DIRECTOR DOES NOT HAVE ANY TAXING POWER.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption “RISK FACTORS.” Unless the Trustee and the Director have received an Investment Grade Notice, the Series 2018 Bonds may be purchased only by and may be transferred only to a Qualified Institutional Buyer as defined in Rule 144A promulgated under the Securities Act of 1933, as amended. On the Closing Date, initial purchasers of the Series 2018 Bonds will be required to execute a letter substantially in the form attached hereto as APPENDIX H.

The Series 2018 Bonds are offered when, as, and if issued by the Director subject to the approval of legality and certain other matters by Gilmore & Bell, P.C., as Bond Counsel. Certain legal matters will be passed upon for the Charter School by its counsel Kolesar & Leatham, Las Vegas, Nevada, and for the Director by Platt Law Group. Kutak Rock LLP is acting as counsel to the Underwriters. Lewis Young Robertson and Burningham, Inc. is acting as financial advisor to the Director in connection with the issuance of the Series 2018 Bonds. Specialized Public Finance Inc. is acting as financial advisor to the Charter School in connection with the issuance of the Series 2018 Bonds. It is expected that the Series 2018 Bonds will be available for delivery through the facilities of DTC on or about March \_\_, 2018.

This Limited Offering Memorandum is dated March \_\_, 2018.

**D.A. Davidson & Co.****BAIRD**

\* Preliminary; subject to change.

**MATURITY SCHEDULE**

**DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY**

**\$50,820,000\***  
**CHARTER SCHOOL LEASE REVENUE BONDS**  
**(SOMERSET ACADEMY)**  
**SERIES 2018A**

\$ 9,195,000\* \_\_\_\_\_% Series 2018A Term Bond maturing December 15, 2028\*, Price: \_\_\_\_\_% CUSIP: \_\_\_\_\_<sup>1,2</sup>  
\$15,525,000\* \_\_\_\_\_% Series 2018A Term Bond maturing December 15, 2038\*, Price: \_\_\_\_\_% CUSIP: \_\_\_\_\_<sup>1,2</sup>  
\$26,100,000\* \_\_\_\_\_% Series 2018A Term Bond maturing December 15, 2048\*, Price: \_\_\_\_\_% CUSIP: \_\_\_\_\_<sup>1,2</sup>

**\$355,000\***  
**CHARTER SCHOOL LEASE REVENUE BONDS**  
**(SOMERSET ACADEMY)**  
**SERIES 2018B (FEDERALLY TAXABLE)**

\$355,000\* \_\_\_\_\_% Series 2018B Term Bond maturing December 15, 2019\*, Price: \_\_\_\_\_% CUSIP: \_\_\_\_\_<sup>1,2</sup>

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\* Preliminary; subject to change.

<sup>1</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2017 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not service in any way as a substitute for CGS database.

<sup>2</sup> The Director, the Trustee, and the Charter School take no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Series 2018 Bonds.

**Director**

Director of the State of Nevada Department of Business and Industry  
C.J. Manthe, Director  
Terry Reynolds, Deputy Director

**Bond Counsel to the Director**

Gilmore & Bell, P.C.  
Salt Lake City, Utah

**Director's Counsel**

Platt Law Group  
Reno, Nevada

**Financial Advisor to the Director**

Lewis Young Robertson & Burningham, Inc.

**Charter School**

Somerset Academy of Las Vegas

**Charter School Board of Directors**

John Bentham, Chair  
Will Harty, Vice Chair  
Carrie Boehlecke, Secretary  
Travis Mizer, Treasurer  
Sarah McClellan, Director  
Cody Noble, Director

**Charter School Counsel**

Kolesar & Leatham  
Las Vegas, Nevada

**Financial Advisor to the Charter School**

Specialized Public Finance Inc.  
Dallas, Texas

**Underwriters**

D.A. Davidson & Co.  
and  
Robert W. Baird & Co. Incorporated

**Counsel to the Underwriters**

Kutak Rock LLP  
Denver, Colorado

**Trustee, Registrar, and Paying Agent**

ZB, National Association, dba Zions Bank

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Limited Offering Memorandum, in connection with the offering of the Series 2018 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Director, the Charter School or the Underwriters. The information in this Limited Offering Memorandum is subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Director, the Charter School or the Underwriters since the date hereof. This Limited Offering Memorandum does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The Underwriters have reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

EXCEPT FOR THE INFORMATION CONTAINED UNDER THE CAPTIONS “INTRODUCTION—THE DIRECTOR,” “THE DIRECTOR” AND “LEGAL MATTERS—PENDING AND THREATENED LITIGATION—NO PROCEEDINGS AGAINST THE DIRECTOR,” THE DIRECTOR NEITHER HAS NOR WILL ASSUME ANY RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM.

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Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Series 2018 Bonds or this Limited Offering Memorandum. Any representation to the contrary is unlawful.

## INTRODUCTION

The purpose of this Limited Offering Memorandum is to provide certain information concerning the issuance and sale by the Director of the State of Nevada Department of Business and Industry (the “Director”) of its \$50,820,000\* aggregate principal amount of Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A (the “Series 2018A Bonds”) and \$355,000\* Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B (Federally Taxable) (the “Series 2018B Bonds,” and together with the Series 2018A Bonds, the “Series 2018 Bonds”). The Series 2018 Bonds are being issued pursuant to a Trust Indenture, dated as of April 1, 2015 (the “Original Indenture”) and a First Supplemental Trust Indenture, dated as of March 1, 2018 (the “First Supplemental Indenture,” and together with the Original Indenture, the “Indenture”), each by and between the Director and ZB, National Association, dba Zions Bank, as trustee thereunder (the “Trustee”). Capitalized terms used but not defined in this Limited Offering Memorandum have the meanings assigned to them in Appendix D hereto. The offering of the Series 2018 Bonds is made only by way of this Limited Offering Memorandum, which supersedes any other information or materials used in connection with the offer or sale of the Series 2018 Bonds. This Limited Offering Memorandum speaks only as of its date, and the information contained herein is subject to change.

This Limited Offering Memorandum contains statements relating to future results that are “forward-looking statements” as defined in the Private Litigation Reform Act of 1995. When used in this Limited Offering Memorandum and the appendices hereto, the words “estimate,” “intend,” “expect,” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

*The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Limited Offering Memorandum. A full review should be made of the entire Limited Offering Memorandum and the documents summarized or described herein.*

**Purpose of the Issue .....** Proceeds of the Series 2018 Bonds will be used to (a) finance (i) the acquisition by the Trustee of charter school facilities and the related land located at 50 North Stephanie Street in Henderson, Nevada (the “Stephanie Campus”), (ii) the acquisition by the Trustee of charter school facilities and the related land located at 4650 Losee Road in North Las Vegas, Nevada (the “Losee Campus”), and (iii) the acquisition and construction of certain improvements to the Losee Campus (the “Losee Campus Addition,” and together with the Stephanie Campus and the Losee Campus, the “Series 2018 Facilities”), (b) fund the Series 2018 Bond Reserve Account of the Bond Reserve Fund and (c) pay costs associated with the issuance of the Series 2018 Bonds (collectively, the “Series 2018 Project”). See “THE SERIES 2018 BONDS—Use of Series 2018 Bond Proceeds.”

**The Director .....** The Director is a duly created department within the executive branch of the government of the State of Nevada (the “State” or “Nevada”), created and existing under Section 232.510 of the Nevada Revised Statutes (“NRS”). The Director, pursuant to the Charter School Financing Law, NRS Sections 388A.550 through 388A.695, inclusive, as supplemented and amended, is empowered to issue the Series 2018 Bonds to provide funds for the financing of the costs of the Series 2018 Project. See “THE DIRECTOR.”

Under the Lease, the Charter School will agree to provide the Trustee with certain ongoing reports and certificates from time to time as described herein under the heading “APPENDIX D—DEFINITIONS AND SUMMARY OF

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\* Preliminary; subject to change.

CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE—  
Financial Statements; Reports; Annual Certificate.” However, the Director has not monitored and is under no obligation to monitor the financial condition of the Charter School, the operation of the Series 2018 Facilities or otherwise monitor payment of the Series 2018 Bonds or compliance with the documents relating thereto. The responsibility for the operation of the Series 2018 Facilities will rest entirely with the Charter School.

The Director is not pledging its general credit to the Series 2018 Bonds. The Series 2018 Bonds are limited obligations of the Director. No recourse by any holder of a Series 2018 Bond will be had for the payment of the principal of, premium, if any, or interest on any of the Series 2018 Bonds or for any claim based thereon or upon any obligation, covenant, or agreement in the Indenture or the Lease, against any past, present or future officer, member, counsel, advisor or agent of the Director or any successor thereto, as such, directly or through the Director or any successor thereto, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, counsel, advisor or agent as such has been expressly waived as a condition of and in consideration of the execution of the Indenture, the Lease and the issuance of the Series 2018 Bonds.

**The Charter School .....** The Charter School is a Nevada public charter school and Nevada nonprofit corporation organized under the laws of the State. The Charter School is governed by a Board of Directors of the Charter School (the “Board”), which is responsible for the academic and operations programs of the Charter School. The Charter School received a determination letter from the Internal Revenue Service classifying the Charter School as an organization described in Section 501(c)(3) of the Code dated April 13, 2015.

The Charter School currently operates under a charter contract effective as of August 12, 2011, as amended pursuant to a Charter School Amendment Application approved by the Nevada State Public Charter School Authority (the “State Charter School Authority”) on March 16, 2015 (together, the “Charter”). Nevada’s charter schools, including the Charter School, receive charter contracts for terms of six years. The current Charter is effective through June 30, 2022, unless terminated earlier in accordance with its terms. See “RISK FACTORS—Revocation or Nonrenewal of Charter” and “APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS.”

The primary source of revenues for the Charter School are State Payments to the Charter School made pursuant to the Charter School Act which are currently based on the Charter School’s quarterly average daily enrollment.

**School Facilities.....** The Charter School currently operates the following school campuses: (a) the NLV Campus located at (i) 385 West Centennial Parkway in North Las Vegas (“NLV Building 1”) and (ii) 375 West Centennial Parkway in North Las Vegas (“NLV Building 2,” and together with NLV Building 1, the “NLV Campus”); (b) the Sky Pointe Campus located at 7038 Sky Pointe Drive in Las Vegas; (c) the Stephanie Campus located at 50 North Stephanie Street in Henderson (the “Stephanie Campus”); (d) the Losee Campus located at 4650 Losee Road in North Las Vegas (the “Losee Campus”); and (e) the Lone Mountain Campus located at 4491 North Rainbow Boulevard in Las Vegas (the “Lone Mountain Campus”).

As further described herein, proceeds of the Series 2018 Bonds will be used by the Trustee to acquire the Stephanie Campus and the Losee Campus and construct improvements on the Losee Campus.

Upon the issuance of the Series 2018 Bonds, the property located at the Stephanie Campus, the Losee Campus, the Sky Pointe Campus and NLV Building 1 (collectively, the “Pledged Facilities”) will be pledged for the repayment of the Bonds. The Lone Mountain Campus and NLV Building 2 (together, the “Non-Pledged Facilities”) will not be acquired by the Borrower in connection with the issuance of the Series 2018 Bonds and the property associated with the Non-Pledged Facilities will not be pledged to secure the Bonds. Neither the Trustee nor any Beneficial Owner of the Bonds will have any recourse against such property.

### Losee Campus

The Losee Campus, located at 4650 Losee Road, in North Las Vegas, Nevada, is being leased to the Borrower by CA Las Vegas Losee Road LLC, a Delaware limited liability company (“CA Las Vegas Losee”) pursuant to a Lease Agreement dated November 1, 2013, as amended by that certain First Amendment to Lease Agreement dated as of April 15, 2015, and further amended by the Second Amendment to Lease Agreement dated March 16, 2017 (as amended, the “Losee Lease”). Construction on the Losee Campus began in 2014 and was constructed in phases as dictated by student growth. The first phase was complete in 2014 (87,869 square feet), the second phase in 2016 (15,250 square feet) and the third and final phase (55,051 square feet) in January 2018. The Losee Campus is located on a 16.91 acre site and includes an approximately 67,000 square foot elementary school building, an approximately 72,000 square foot middle and high school building, a high school gym and band rooms addition, an approximately 2-acre recreational field, an approximately 1-acre paved recreational area, an approximately 1-acre paved central quad, a paved access road, paved parking and landscaping. The K-12th grade Losee Campus has a student capacity of 2,400 students.

The Borrower has an option to purchase the Losee Campus for \$33,536,842 as set forth in the Losee Lease. A portion of the Series 2018 Bond proceeds will be used to acquire the Losee Campus.

*Losee Campus Addition.* A portion of the proceeds of the Series 2018 Bonds will be used to acquire lighting for the school’s athletic field and installation of sports flooring in the middle school multi-purpose room (the “Losee Campus Addition”). The Charter School expects that the Losee Campus Addition will be completed by the end of 2018.

### Stephanie Campus

The Stephanie Campus, located on approximately five acres at 50 North Stephanie Street, in Henderson, Nevada, is currently being leased to the Borrower by CA Las Vegas Stephanie Road LLC, a Delaware limited liability company (“CA Las Vegas Stephanie”) pursuant to a Lease Agreement dated December 20, 2013 (the “Stephanie Lease”). The Stephanie Campus was completed in 2014. Stephanie Campus includes a 52,750 square foot, two-story elementary and middle school building on a 4.61 acre site with a student capacity of 960, recreation fields, a playground, parking lots and driveways. The Stephanie Campus opened as a charter school for the 2014-15 school year serving kindergarten through eighth grade.



The Borrower has an option to purchase the Stephanie Campus for \$11,821,106 as set forth in the Stephanie Lease. A portion of the Series 2018 Bond proceeds will be used to acquire the Stephanie Campus.

For additional operational and financial information relating to the Charter School, as well as a description of the Series 2018 Facilities, see “APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS” and “THE SERIES 2018 BONDS—Use of Series 2018 Bond Proceeds.”

**Security .....**

The Series 2018 Bonds will be issued pursuant to the Indenture and will be secured on a parity under the Indenture with the Director’s Charter School Lease Revenue Bonds (Somerset Academy) Series 2015A and Series 2015B (Federally Taxable) (collectively, the “Series 2015 Bonds”) outstanding as of June 30, 2017 in the aggregate principal amount of \$42,207,500. The Series 2015 Bonds, the Series 2018 Bonds and any additional series of bonds hereafter issued pursuant to the Indenture on a parity therewith (“Additional Bonds”) are referred to collectively herein as the “Bonds.”

The Bonds constitute limited obligations of the Director and, except to the extent payable from Bond proceeds, are payable primarily from certain payments, revenues and other amounts derived from the Lease Purchase Agreement, dated as of April 1, 2015 (the “Original Lease”), as supplemented and amended by the First Amendment to Lease Purchase Agreement, dated as of March 1, 2018 (the “First Amendment to Lease,” and together with the Original Lease, the “Lease”), each by and between the Director and the Charter School. The Bonds are secured solely by the Trust Estate pledged under the Indenture, which includes (a) the Pledged Revenues and all rights and interests of the Director in the Pledged Revenues, except the Director’s Rights (as defined herein), (b) the Pledged Facilities and all rights and interests of the Director in the Pledged Facilities, except the Director’s Rights, (c) the rights and interests of the Director under the Lease, (d) all Funds created in the Indenture (other than the Cost of Issuance Fund, the Tax and Insurance Escrow Fund, and the Rebate Fund), except for moneys or obligations deposited with or paid to the Trustee for the payment or redemption of Bonds that are no longer deemed to be Outstanding, and (e) any and all other interests in real or personal property of every name and nature from time to time of any kind specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture by the Director or by anyone on its behalf or with its written consent in favor of the Trustee, subject to the provisions of the Indenture (collectively, the “Trust Estate”).

As further security for the Bonds, the Charter School has entered into a Custodial Account and Control Agreement, as such agreement will be amended by the First Amendment to Custodial Account and Control Agreement (together, the “Custodial Agreement”) with ZB, National Association, dba Zions Bank (the “Custodian”), pursuant to which the Charter School has agreed and will agree to direct the State to transfer each monthly payment made by the State to the Charter School to the custody of the Custodian and grant the Custodian the ability to direct the disposition of payments made by the State to the Charter School deposited into subaccounts created under the Custodial Agreement without further consent by the Charter School and to make disbursements therefrom to facilitate the repayment of obligations incurred by the Charter School. See “SECURITY FOR THE SERIES 2018 BONDS—The Custodial Agreement” herein.

As defined in the Indenture, the Pledged Revenues consist of all revenues received by the Custodian on behalf of the Charter School under the Custodial Agreement pertaining to the Charter School's NLV Building 1 (which in all events must equal the payments from the State received by the Charter School based on student enrollment up to the first 750 students enrolled at the NLV Campus and at least 63% of the payments from the State allocable to the NLV Campus not based on student enrollment (the "Building 1 Pledged Revenues")), Sky Pointe Campus, Stephanie Campus and Losee Campus operations, including the rights to receive such revenues (each subject to Permitted Encumbrances), and all rentals received pursuant to the Lease and proceeds derived from insurance and condemnation proceeds, whether now or hereafter owned, held or possessed by the Charter School.

The revenues generated from the Lone Mountain Campus and the revenues generated from the NLV Campus in excess of the Building 1 Pledged Revenues (the "Non-Pledged Revenues") will not be pledged in any way to secure the Bonds and neither the Trustee nor any Beneficial Owner of the Bonds will have any recourse against such Non-Pledged Revenues. In addition, the property associated with the Non-Pledged Facilities will not be pledged to secure the Bonds and neither the Trustee nor any Beneficial Owner of the Bonds will have any recourse against such property.

**Bond**

**Reserve Fund .....** The Indenture creates a bond reserve fund (the "Bond Reserve Fund"). Upon the issuance of the Series 2018 Bonds, proceeds of the Series 2018 Bonds in an amount equal to \$3,356,731\* (which is equal to the maximum annual debt service on the Series 2018 Bonds (calculated on the basis of a 12-month period ending on June 30 of any year in which the Series 2018 Bonds are outstanding)) (the "Series 2018 Bond Reserve Requirement") shall be deposited in the Series 2018 Bond Reserve Account of the Bond Reserve Fund and, together with amounts on deposit in the Bond Reserve Fund in the amount of \$\_\_\_\_\_ (the "Series 2015 Bond Reserve Requirement," and together with the Series 2018 Bond Reserve Requirement, the "Bond Reserve Requirement") will be pledged for the repayment of the Bonds. The Bond Reserve Fund is established for the purpose of securing the payment of the principal of and interest on the Bonds in the event moneys in the Bond Principal Fund and Bond Interest Fund are not sufficient to make such payments when due. See "SECURITY FOR THE SERIES 2018 BONDS."

**Limited Obligations.....** The Bonds constitute limited obligations of the Director and except to the extent payable from Bond proceeds and investment income are payable solely from certain payments, revenues and other amounts pledged under the Indenture. THE BONDS DO NOT GIVE RISE TO A GENERAL OBLIGATION OR GENERAL LIABILITY OF THE DIRECTOR OR A CHARGE AGAINST ITS GENERAL CREDIT AND SHALL NEVER CONSTITUTE A DEBT, LIABILITY OR LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2018 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE DIRECTOR, THE STATE, OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION THEREOF, TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE DIRECTOR

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\* Preliminary; subject to change.

DOES NOT HAVE ANY TAXING POWER. See “SECURITY FOR THE SERIES 2018 BONDS.”

**Risk Factors** ..... A prospective purchaser is advised to read this entire Limited Offering Memorandum and the Appendices attached hereto in their entirety, particularly the section entitled “RISK FACTORS” herein, for a discussion of certain risk factors, which should be considered in connection with an investment in the Series 2018 Bonds.

**Purchase Restrictions** ..... The Series 2018 Bonds may be purchased only by and may be transferred only to a Qualified Institutional Buyer as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “Securities Act”). On the Closing Date, initial purchasers of the Series 2018 Bonds will be required to execute a letter substantially in the form attached hereto as APPENDIX H. See “THE SERIES 2018 BONDS—Purchase Restrictions.” The purchase restrictions described in this paragraph apply to initial purchasers of the Series 2018 Bonds and, unless the Trustee and the Director have received an Investment Grade Notice, to all subsequent sales or transfers of the Series 2018 Bonds.

**Payment Provisions** ..... The Series 2018 Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside cover page hereof. Interest on the Series 2018 Bonds is payable semiannually on June 15 and December 15 each year, commencing June 15, 2018\*.

**Book-Entry-Only**

**Registration** ..... The Series 2018 Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Series 2018 Bonds may be acquired in Authorized Denominations through participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Series 2018 Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Series 2018 Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2018 Bonds. So long as DTC or its nominee is the registered owner of the Series 2018 Bonds, payments of principal, premium, if any, and interest on the Series 2018 Bonds, as well as notices and other communications made by or on behalf of the Director, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See “APPENDIX G—BOOK-ENTRY ONLY SYSTEM” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

**Prior Redemption** ..... The Series 2018 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to maturity as set forth in “THE SERIES 2018 BONDS—Prior Redemption.”

**Registration**

**and Denominations** ..... The Series 2018 Bonds are issued in fully registered form in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. If, however, the

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\* Preliminary; subject to change.

Trustee and the Director receive an Investment Grade Notice, in the future, Authorized Denominations will be reduced to \$5,000 or any multiple thereof.

**Exchange and Transfer .....** While the Series 2018 Bonds remain in book-entry only form, transfer of ownership by Beneficial Owners (as defined by the rules of DTC, defined below) may be made as described in “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

**Tax Status.....** In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Director, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2018A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2018B Bonds is taxable as ordinary income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2018 Bonds. See “TAX MATTERS” herein.

**Authority for Issuance.....** The Series 2018 Bonds are issued in full conformity with the constitution and laws of the State, and pursuant to the Act, to provide funds for the financing of the Series 2018 Project.

**Delivery Information .....** The Series 2018 Bonds are offered when, as, and if issued by the Director and accepted by the Underwriters, subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that the Series 2018 Bonds will be available for delivery through the facilities of DTC on or about March \_\_, 2018.

**Financial Statements .....** The Charter School’s audited financial statements for the fiscal year ended June 30, 2017, by BDO USA, LLP, are attached as APPENDIX C hereto. Such financial statements describe the financial operations of the entire Charter School system, which is comprised of multiple campuses as described herein. For an unaudited summary of certain historical fiscal year financial information relating only to the Pledged Revenues, see APPENDIX B.

**Projections.....** The projections of revenues, expenditures and net revenue available for debt service included in APPENDIX B attached hereto are projections of the future financial performance of the Charter School based upon certain assumptions made by the Charter School and contained therein.

Such projections have been prepared and provided solely by the Charter School and have not been independently verified by any other party. No assurances can be given that the operations of the Charter School will equal or exceed the projections set forth in APPENDIX B.

**Agents and Advisors.....** Gilmore & Bell, P.C. has acted as Bond Counsel to the Director. Certain legal matters will be passed on for the Charter School by its counsel, Kolesar & Leatham, Las Vegas, Nevada, and for the Director by Platt Law Group. Kutak Rock LLP is acting as counsel to the Underwriters. Lewis Young Robertson & Burningham, Inc. is acting as financial advisor to the Director in connection with the issuance of the Series 2018 Bonds. Specialized Public Finance Inc. is acting as financial advisor to the Charter School in connection with the issuance of the Series 2018 Bonds. D.A. Davidson & Co is serving as the senior managing underwriter for the Series 2018 Bonds. Robert W. Baird & Co.

Incorporated is serving as a co-manager. See “MISCELLANEOUS—Underwriting.” ZB, National Association, dba Zions Bank will serve as the Trustee for the Series 2018 Bonds. Certain fees that are payable with respect to the Series 2018 Bonds to various counsel, the Underwriters and the Trustee are contingent upon the issuance and delivery of the Series 2018 Bonds.

**Additional Information .....** The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Limited Offering Memorandum do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from Academica Nevada, the operation’s manager of the Charter School at 6630 Surrey Street, Las Vegas, Nevada 89119, (702) 431-6260, or from D.A. Davidson & Co.’s offices at 1550 Market Street, Suite 300, Denver, Colorado 80202, (303) 764-6000.

### THE DIRECTOR

The Director of the State of Nevada Department of Business and Industry is a duly created department in the executive branch of the government of the State, duly organized and existing under Section 232.510 NRS. Under the Charter School Financing Law, the Director is authorized and empowered to issue the Series 2018 Bonds, to use the proceeds thereof for the purpose described herein and to enter into the Indenture.

The Director is not pledging its general credit to the Series 2018 Bonds. The Director has not monitored and is under no obligation to monitor the financial condition of the Charter School, the operation of the Series 2018 Facilities, or otherwise monitor payment of the Bonds or compliance with the documents relating thereto. The responsibility for the operation of the Series 2018 Facilities will rest entirely with the Charter School.

The Bonds are limited obligations of the Director. No recourse by any holder of a Bond will be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant, or agreement in the Indenture or the Lease, against any past, present or future officer, member, counsel, advisor or agent of the Director or any successor thereto, as such, directly or through the Director or any successor thereto, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, counsel, advisor or agent as such has been expressly waived as a condition of and in consideration of the execution of the Indenture, the Lease and the issuance of the Series 2018 Bonds.

Under the financing contemplated hereby, the Director has no obligations with respect to this financing after the issuance of the Series 2018 Bonds. None of the revenues to pay the Bonds will come from the Director and therefore the Director’s financial information and status are irrelevant to any investment decision with respect to the Series 2018 Bonds. As a result, no information regarding the Director will be provided in respect of any continuing disclosure requirement relating to the Series 2018 Bonds. The Director has not assumed responsibility for any information in this Limited Offering Memorandum, except for the information under this caption and the caption “LEGAL MATTERS—Pending and Threatened Litigation—*No Proceedings Against the Director.*”

The Director has sold and delivered and will sell and deliver obligations other than the Series 2018 Bonds, which other obligations are and will be secured by instruments separate and apart from the Indenture and the Bonds. The holders of such other obligations of the Director have no claim on the security for the Bonds, and the Owners of the Bonds will have no claim on the security for such other obligations issued by the Director.

## THE CHARTER SCHOOL

Somerset Academy of Las Vegas is a Nevada public charter school and Nevada nonprofit corporation organized under the laws of the State. The Charter School is governed by a Board of Directors of the Charter School (the “Board”), which is responsible for the academic and operations programs of the Charter School. The Charter School received a determination letter from the Internal Revenue Service classifying the Charter School as an organization described in Section 501(c)(3) of the Code dated April 13, 2015.

The Charter School currently operates under a charter contract effective as of August 12, 2011, as amended pursuant to a Charter School Amendment Application approved by the Nevada State Public Charter School Authority (the “State Charter School Authority”) on March 16, 2015 (together, the “Charter”). Nevada’s charter schools, including the Charter School, receive charter contracts for terms of six years. The current Charter is effective through June 30, 2022, unless terminated earlier in accordance with its terms. See “RISK FACTORS—Revocation or Nonrenewal of Charter” and “APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS.”

The Charter School currently operates the following school campuses: (a) the NLV Campus located at (i) 385 West Centennial Parkway in North Las Vegas (“NLV Building 1”) and (ii) 375 West Centennial Parkway in North Las Vegas (“NLV Building 2,” and together with NLV Building 1, the “NLV Campus”); (b) the Sky Pointe Campus located at 7038 Sky Pointe Drive in Las Vegas; (c) the Stephanie Campus located at 50 North Stephanie Street in Henderson (the “Stephanie Campus”); (d) the Losee Campus located at 4650 Losee Road in North Las Vegas (the “Losee Campus”); and (e) the Lone Mountain Campus located at 4491 North Rainbow Boulevard in Las Vegas (the “Lone Mountain Campus”).

As further described herein, proceeds of the Series 2018 Bonds will be used by the Trustee to acquire the Stephanie Campus and the Losee Campus and construct improvements on the Losee Campus.

Upon the issuance of the Series 2018 Bonds, the property located at the Stephanie Campus, the Losee Campus, the Sky Pointe Campus and NLV Building 1 (collectively, the “Pledged Facilities”) will be pledged for the repayment of the Bonds. The Lone Mountain Campus and NLV Building 2 (together, the “Non-Pledged Facilities”) will not be acquired by the Borrower in connection with the issuance of the Series 2018 Bonds and the property associated with the Non-Pledged Facilities will not be pledged to secure the Bonds. Neither the Trustee nor any Beneficial Owner of the Bonds will have any recourse against such property.

***Losee Campus.*** The Losee Campus, located at 4650 Losee Road, in North Las Vegas, Nevada, is being leased to the Borrower by CA Las Vegas Losee pursuant to the Losee Lease. Construction on the Losee Campus began in 2014 and was constructed in phases as dictated by student growth. The first phase was complete in 2014 (87,869 square feet), the second phase in 2016 (15,250 square feet) and the third and final phase (55,051 square feet) in January 2018. The Losee Campus is located on a 16.91 acre site and includes an approximately 67,000 square foot elementary school building, an approximately 72,000 square foot middle and high school building, a high school gym and band rooms addition, an approximately 2-acre recreational field, an approximately 1-acre paved recreational area, an approximately 1-acre paved central quad, a paved access road, paved parking and landscaping. The K-12th grade Losee Campus has a student capacity of 2,400 students. A portion of the proceeds of the Series 2018 Bonds will be used by the Charter School to acquire the Losee Campus.

**Losee Campus Addition.** A portion of the proceeds of the Series 2018 Bonds will be used to acquire lighting for the school’s athletic field and installation of sports flooring in the middle school multi-purpose room (the “Losee Campus Addition”). The Charter School expects that the Losee Campus Addition will be completed by the end of 2018.

***Stephanie Campus.*** The Stephanie Campus, located on approximately five acres at 50 North Stephanie Street, in Henderson, Nevada, is currently being leased to the Borrower by CA Las Vegas Stephanie pursuant to the Stephanie Lease. The Stephanie Campus was completed in 2014. Stephanie Campus includes a 52,750 square foot, two-story elementary and middle school building on a 4.61 acre site with a student capacity of 960, recreation fields, a playground, parking lots and driveways. The Stephanie Campus opened as a charter school for the 2014-15 school year serving kindergarten through eighth grade.

The Borrower has an option to purchase the Stephanie Campus for \$11,821,106 as set forth in the Stephanie Lease. A portion of the Series 2018 Bond proceeds will be used to acquire the Stephanie Campus.

*For additional operational and financial information relating to the Charter School, as well as a description of the Series 2018 Facilities, see “APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS” and “THE SERIES 2018 BONDS—Use of Series 2018 Bond Proceeds.”*

## THE SERIES 2018 BONDS

### Description of the Series 2018 Bonds

The Series 2018 Bonds will be dated as of their date of delivery, will be issued in the aggregate principal amounts, will bear interest at the rates and will mature on the dates, subject to redemption as described below, set forth on the inside front cover page hereof. The Series 2018 Bonds will be issuable as fully registered bonds without coupons in Authorized Denominations. Interest on the Series 2018 Bonds is payable semiannually on June 15 and December 15 of each year, commencing June 15, 2018\* (each an “Interest Payment Date”) by check or draft mailed to the registered owners of the Series 2018 Bonds. Interest on the Series 2018 Bonds shall be paid on each Interest Payment Date until the principal thereof shall have been paid or provided for. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Amounts due with respect to the Series 2018 Bonds will be payable in lawful money of the United States. Payment of principal, premium, if any, and interest on the Series 2018 Bonds will be paid by check mailed to the registered Owner thereof at his or her address as it appears on the registration records kept by the Trustee at the close of business on the Regular Record Date for such Interest Payment Date. While the Series 2018 Bonds remain in book-entry only form, payments for the principal of and interest on the Series 2018 Bonds will be made as described in “APPENDIX G—BOOK-ENTRY-ONLY SYSTEM.”

### Purchase Restrictions

The Series 2018 Bonds may be purchased only by and may be transferred only to a Qualified Institutional Buyer as defined in Rule 144A promulgated under the Securities Act. On the Closing Date, initial purchasers of the Series 2018 Bonds will be required to execute a letter substantially in the form attached hereto as APPENDIX H. Unless the Trustee and Director have received an Investment Grade Notice, the Series 2018 Bonds may be transferred only to a Qualified Institutional Buyer as defined in Rule 144A promulgated under the Securities Act.

### Prior Redemption

**Optional Redemption.** The Series 2018A Bonds are subject to optional redemption by the Director, at the written direction of the Charter School, in whole or in part, on any Business Day on or after December 15, 20\_\_, at the redemption price equal to the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption.

The Series 2018B Bonds are not subject to redemption prior to maturity.

**Mandatory Sinking Fund Redemption.** The Series 2018A Bonds maturing on December 15, 2028\*, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

December 15 of the Year*	Principal Amount*
2019	\$ 420,000
2020	795,000

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\* Preliminary; subject to change.

2021	850,000
2022	885,000
2023	930,000
2024	970,000
2025	1,015,000
2026	1,060,000
2027	1,110,000
2028 <sup>1</sup>	1,160,000

<sup>1</sup> Final maturity.

The Series 2018A Bonds maturing on December 15, 2038\*, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

<b>December 15 of the Year*</b>	<b>Principal Amount*</b>
2029	\$1,220,000
2030	1,285,000
2031	1,350,000
2032	1,420,000
2033	1,495,000
2034	1,575,000
2035	1,660,000
2036	1,745,000
2037	1,840,000
2038 <sup>1</sup>	1,935,000

<sup>1</sup> Final maturity.

The Series 2018A Bonds maturing on December 15, 2048\*, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

<b>December 15 of the Year*</b>	<b>Principal Amount*</b>
2039	\$2,035,000
2040	2,145,000
2041	2,265,000
2042	2,385,000
2043	2,515,000
2044	2,650,000
2045	2,790,000
2046	2,945,000
2047	3,100,000
2048 <sup>1</sup>	3,270,000

<sup>1</sup> Final maturity Date

The Series 2018A Bonds previously redeemed (otherwise than pursuant to the related mandatory sinking fund redemption schedule) or canceled pursuant to the Indenture and not theretofore applied as a credit against any redemption of such Series 2018A Bonds pursuant to the related sinking fund redemption schedule shall be applied by the Trustee as a credit against remaining sinking fund redemptions on a pro rata basis.

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\* Preliminary; subject to change.



***Redemption of Bonds Upon Occurrence of Certain Events.*** The Series 2018 Bonds are redeemable at the option and upon the written direction of the Charter School, in whole or in part on any Business Day from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal to the principal amount of each Bond to be redeemed plus accrued interest to the redemption date, upon the occurrence of any of the following events:

(a) The Pledged Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee, either (i) the Pledged Facilities cannot reasonably be restored within a period of 12 consecutive months to the condition thereof immediately preceding such damage or destruction, (ii) the Charter School is thereby prevented from carrying on its normal operations for a period of 12 consecutive months, (iii) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of the Lease or (iv) the final maturity of the Bonds is within five years of the date of such damage or destruction.

(b) Title to, or the temporary use of, all or any substantial part of the Pledged Facilities shall have been taken under the exercise of the power of eminent domain by any governmental issuer, or Person, firm or corporation acting under governmental authority or because of a defect in title.

(c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Charter School in good faith, the Lease shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Lease. Redemption as described in this paragraph shall be in whole only.

Only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of the Bonds as described in (a) and (b) above and if Bonds are redeemed in part, amounts to be redeemed from each Series Outstanding shall be determined on a pro rata basis.

***Mandatory Redemption upon a Determination of Taxability.*** The Tax-Exempt Bonds are subject to mandatory redemption in whole, at their principal amount, plus accrued interest to the date of redemption upon the occurrence of a Determination of Taxability; provided, however, that the Trustee shall not redeem the Tax-Exempt Bonds unless the Trustee has on deposit funds in the amount sufficient to pay the principal amount of, plus accrued interest on, the Tax-Exempt Bonds to be redeemed to the date of such redemption. The redemption date shall be the earliest practicable date selected by the Trustee, after consultation with the Charter School, but in no event later than six months following finalization of the Determination of Taxability.

Under the Indenture, "Determination of Taxability" means, with respect to a Series of Tax-Exempt Bonds, (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 requiring interest on a Tax-Exempt Bond to be included in the gross income of the Owner for federal income tax purposes or (ii) the receipt by the Trustee of a written opinion of nationally recognized Bond Counsel selected by the Charter School and approved by the Director to the effect that interest on a Tax-Exempt Bond must be included in the gross income of the Owner for federal income tax purposes. A Determination of Taxability will not result from the inclusion of interest on any Tax-Exempt Bond in the computation of the alternative minimum tax imposed by Section 55 of the Code, the branch profits tax on foreign corporations imposed by Section 884 of the Code or the tax imposed on the net passive income of certain S corporations under Section 1375 of the Code.

***Notices of Redemption.*** All or a portion of the Bonds shall be called for optional redemption by the Trustee as provided in the Indenture upon receipt by the Trustee at least 45 days (unless a shorter period shall be satisfactory to the Trustee) prior to the redemption date of a certificate of the Authorized Representative of the Charter School specifying the principal amount of the Bonds to be called for redemption, the applicable redemption price or prices, and the provision or provisions of the Indenture pursuant to which such Bonds are to be called for redemption, provided that such certificate shall not be required with respect to a sinking fund redemption. In the case of every redemption, the Trustee shall cause notice of such redemption by mailing by first class mail a copy of the redemption notice to the Registered Owners of the Bonds designated for redemption in whole or in part, at their

addresses as the same shall last appear upon the registration records, in each case not more than 60 nor less than 20 days prior to the redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. Each notice of redemption shall either (a) explicitly state that the proposed redemption is conditioned on there being on deposit with the Trustee on the redemption date sufficient money to pay in full the redemption price of the Bonds or portions thereof to be redeemed, or (b) be sent only if sufficient money to pay in full the redemption price of the Bonds or portions thereof to be redeemed is on deposit with the Trustee on or prior to the anticipated redemption date. If adequate funds are not received by the Trustee on or prior to the redemption date, no Bonds shall be redeemed.

Each notice of redemption shall specify conditions precedent to redemption, if any, the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof to be redeemed.

***Acceleration.*** Upon the occurrence of an Event of Default under the Indenture, the Trustee (i) may by notice in writing given to the Director and the Charter School, or (ii) shall, upon the written request of the Owners of a majority of all Bonds Outstanding, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. See “APPENDIX D—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE.”

#### **Use of Series 2018 Bond Proceeds**

***Acquisition of Existing Charter School Facilities.*** A portion of the proceeds of the Series 2018 Bonds will be used by the Trustee to acquire the existing Series 2018 Facilities, consisting of the Losee Campus and the Stephanie Campus with the related sites.

***Charter School Facilities to be Constructed.*** A portion of the proceeds of the Series 2018 Bonds is expected to be used to finance the Losee Campus Addition.

See “APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS” for a description of the Series 2018 Facilities.

***Additional uses being financed.*** In addition to the uses described above, a portion of the proceeds of the Series 2018 Bonds will be used by the Charter School to make a deposit to the bond reserve fund as described herein and pay certain issuance expenses.

***Sources and Uses of Funds.*** The approximate sources of funds and the uses of funds are shown in the following table.

**Sources of Funds**

Par Amount of the Series 2018A Bonds .....
Par Amount of the Series 2018B Bonds .....
Total.....

**Uses of Funds**

Deposit to Project Fund <sup>1</sup> .....
Deposit to Bond Reserve Fund .....
Costs of Issuance Fund (including underwriting discount and Director’s fee)....
Total .....

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<sup>1</sup> \$11,821,106\* of the funds deposited to the Project Fund will be used on the Closing Date to purchase the Stephanie Campus. \$33,536,842\* of the funds deposited to the Project Fund will be used on the Closing Date to purchase the Losee Campus. \$1,000,000\* of the funds deposited to the Project Fund are expected to be used to finance the Losee Campus Addition.  
Source: The Financial Advisor

**SECURITY FOR THE SERIES 2018 BONDS**

**General**

The Series 2018 Bonds are limited obligations of the Director payable solely from the Base Rent to be made by the Charter School under the Lease and other funds pledged therefor under the Indenture, do not give rise to a general obligation or general liability of the Director or a charge against its general credit and shall never constitute a debt, liability or loan of credit or a pledge of the full faith and credit or taxing power of the State of Nevada or of any political subdivision thereof. The issuance of the Series 2018 Bonds shall not directly, indirectly or contingently obligate the Director, the State of Nevada or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment. The Director does not have any taxing power.

**The Issuance of the Series 2018 Bonds**

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Series 2018 Bonds against any past, present, or future officer, member, counsel, advisor, or agent of the Director, or of any successor to the Director, as such, either directly or through the Director or any successor to the Director, under any rule of law or equity, statute, or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, counsel, advisors, or agents, as such, is expressly waived and released as a condition of and consideration for the execution and issuance of the Series 2018 Bonds.

**The Custodial Agreement**

The Charter School has entered into a Custodial Account and Control Agreement (the “Original Custodial Agreement”) with ZB, National Association, dba Zions Bank and dba Nevada State Bank (the “Custodian”), which will be amended in connection with the issuance of the Series 2018 Bonds pursuant to a First Amendment to Custodial Account and Control Agreement (the “First Amendment,” and together with the Original Custodial Agreement, the “Custodial Agreement”). Under the Custodial Agreement, the Charter School has agreed to direct the State to transfer any and all payments made by the State to the Charter School pursuant to the Charter Schools Act to the custody of the Custodian, so long as any obligations of the Charter School under the Lease remain outstanding or unsatisfied.

The Charter School shall provide the Custodian, each of the Obligees, and upon its request, the Director, on or prior to the date of issuance of the Series 2018 Bonds and as soon as practicable following any adjustment by the State, written notice (the “Written Notice of State Payments”) setting forth the amount of the State Payment based on student enrollment to be paid to the Charter School and allocable to each of the Charter School’s

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\* Preliminary; subject to change.

Campuses. The payments made by the State to the Charter School allocated to the NLV Campus are sub-allocated between NLV Building 1 and NLV Building 2 such that NLV Building 1 receives all the allocations up to the first 750 students enrolled at the NLV Campus and NLV Building 2 receives the allocations for any students enrolled at the NLV Campus in excess of 750. The Written Notice of State Payments provided by the Charter School shall also allocate the Non-Per Capita Payments to the Charter School's Campus to which such Non-Per Capita Payment relates as evidenced by the Attendance Reports (as defined below); provided that, the Non-Per Capita Payments allocated to the NLV Campus shall be sub-allocated between NLV Building 1 and NLV Building 2 such that NLV Building 1 shall receive 63% of the allocations at the NLV Campus and NLV Building 2 shall receive 37% of the allocations at the NLV Campus. In the event that the Lease or the NLV-2 Lease terminates for reasons other than a default by the Charter School, the remaining NLV Campus building shall receive all of the allocations at the NLV Campus. Each Written Notice of State Payments shall include supporting data from the Nevada State Department of Education and a copy of each report on enrollment, headcount, membership and attendance kept and maintained by the Charter School (the "Attendance Reports") and shall be conclusive, absent manifest error. In the event the Charter School fails to provide the Custodian, the Obligees and the Director, as applicable, with the Written Notice of State Payments, the Custodian shall allocate the State Payment among the subaccounts under the Custodial Agreement based on the most recent Written Notice of State Payments provided by the Charter School.

Pursuant to the terms of the Custodial Agreement, the Custodian has established and maintains a separate, segregated account (the "Custody Account") for the Charter School. The Custodian shall maintain the Custody Account until the termination of the Custodial Agreement. No property other than the payments made by the State or as otherwise allowed in the Custodial Agreement shall be deposited by the Custodian in the Custody Account.

A separate subaccount, known as the "Bond Financed Campus Subaccount," has been established and is maintained within the Custody Account for deposit of the portion of the payments made by the State allocable to NLV Building 1, the Sky Pointe Campus, the Losee Campus, the Stephanie Campus and any other Additional Campus that may be financed by the proceeds of bonds issued pursuant to the terms of the Indenture.

Within one Business Day following the receipt by the Custodian of each State Payment, the Custodian is authorized and directed to transfer the amounts within the Bond Financed Campus Subaccount allocable to NLV Building 1, the Sky Pointe Campus, the Losee Campus, the Stephanie Campus and any other Additional Campus that may be financed by the proceeds of bonds issued pursuant to the terms of the Indenture to the Trustee for immediate deposit into the accounts created under the Indenture to be applied in accordance with the terms of the Indenture and the Lease.

A separate subaccount, known as the "Non-Bond Financed Campus Subaccount," has been established and is maintained within the Custody Account for deposit of the portion of the payments made by the State allocable to NLV Building 2, the Lone Mountain Campus and any other Additional Campus that is not financed by proceeds of bonds issued pursuant to the terms of the Indenture.

The Custodian shall transfer, within one Business Day following receipt by the Custodian of each payment from the State, the amounts within the Non-Bond Financed Campus Subaccount allocated to each particular Campus to the escrow agent named in the lockbox agreement applicable to such Campus, unless (a) the applicable Non-Bond Financed Campus Obligee, with the approval of the Charter School, directs the Custodian in writing to transfer such amounts to a different entity, or (b) the Custodian has received written notice from a Non-Bond Financed Campus Obligee that the financing documents applicable to such Non-Bond Financed Campus Obligee have terminated and the Charter School has fully and finally satisfied and discharged all its obligations due to such Non-Bond Financed Campus Obligee under such financing documents, in which case, the State Payments allocable to such Campus shall be transferred to the Charter School or as otherwise directed by the Charter School.

The Custodian may at any time resign and be discharged of the duties and obligations created by the Custodial Agreement by giving at least 60 days' written notice to the Charter School and the Obligees by an instrument in writing addressed and delivered to each of the Obligees and the Charter School. Such resignation shall take effect upon the date specified in such notice, unless a successor has not been appointed, in which event such resignation shall take place upon the Charter School's appointment of a successor approved by the Obligees.

## The Indenture

The Series 2018 Bonds will be issued pursuant to the Indenture and will be secured on a parity under the Indenture with the Director's Charter School Lease Revenue Bonds (Somerset Academy) Series 2015A and Series 2015B (Federally Taxable) (collectively, the "Series 2015 Bonds") currently outstanding in the aggregate principal amount of \$\_\_\_\_\_. The Series 2015 Bonds, the Series 2018 Bonds and any additional series of bonds hereafter issued pursuant to the Indenture on a parity therewith ("Additional Bonds") are referred to collectively herein as the "Bonds."

The Indenture provides that all Bonds issued thereunder and at any time Outstanding will be equally and ratably secured thereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issue or maturity of the Bonds, so that all Bonds at any time issued and Outstanding thereunder will have the same right, lien and preference under and by virtue of the Indenture.

As security for the Bonds, the Indenture grants, assigns and pledges to the Trustee for the benefit of the Registered Owners of the Bonds, the Trust Estate, which is limited to (a) the Pledged Revenues and all rights and interests of the Director in the Pledged Revenues, except the Director's Rights, (b) the Pledged Facilities and all rights and interests of the Director in the Pledged Facilities, except the Director's Rights, (c) the rights and interests of the Director under the Lease, (d) all Funds created in the Indenture (other than the Cost of Issuance Fund, the Tax and Insurance Escrow Fund, and the Rebate Fund), except for moneys or obligations deposited with or paid to the Trustee for the payment or redemption of Bonds that are no longer deemed to be Outstanding, and (e) any and all other interests in real or personal property of every name and nature from time to time of any kind specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture by the Director or by anyone on its behalf or with its written consent in favor of the Trustee, subject to the provisions of the Indenture.

Flow of Funds. Under the Indenture, there is to be deposited in the Revenue Fund as and when received, (a) amounts received from the Custodian on behalf of the Charter School, and (b) all other monies deposited into the Revenue Fund pursuant to the Lease or the Indenture. All monies held on deposit in the Revenue Fund shall be disbursed by the Trustee on the following dates in the following order of priority:

**FIRST:** on each Monthly Disbursement Date commencing after the date of issuance of the Bonds, for deposit in the Bond Interest Fund (after taking into consideration earnings or capitalized interest amounts then on deposit in the Bond Interest Fund), an amount equal to a fraction of the interest due on the Bonds on the next Interest Payment Date where the numerator is the amount of interest due on the Bonds on the next Interest Payment Date and the denominator is the number of Monthly Disbursement Dates that will occur during the period beginning on the last Interest Payment Date (or, if an Interest Payment Date has not yet occurred, the Closing Date) and ending on the day preceding the next Interest Payment Date, plus all amounts due as to interest on the Bonds on the immediately preceding Monthly Disbursement Date as described in this paragraph which have not otherwise been credited or transferred to the Bond Interest Fund;

**SECOND:** on each Monthly Disbursement Date commencing after the date of issuance of the Bonds, for deposit in the Bond Principal Fund, an amount equal to a fraction of the principal due on the Bonds on the next Principal Payment Date where the numerator is the amount of principal due on the Bonds on the next Principal Payment Date and the denominator is the number of Monthly Disbursement Dates that will occur during the period beginning on the last Principal Payment Date (or, if a Principal Payment Date has not yet occurred, the Closing Date) and ending on the day preceding the next Principal Payment Date, plus all amounts due as to principal on the Bonds on the immediately preceding Monthly Disbursement Date as described in this paragraph which have not otherwise been credited or transferred to the Bond Principal Fund;

**THIRD:** on each Monthly Disbursement Date, commencing on the Monthly Disbursement Date following the related Closing Date to the Bond Reserve Fund the amount determined pursuant to the Lease necessary to satisfy the Bond Reserve Requirement;

FOURTH: on each Monthly Disbursement Date commencing on the Monthly Disbursement Date following the related Closing Date, to the Tax and Insurance Escrow Fund, an amount equal to (i) the Tax and Insurance Escrow Monthly Payment, plus (ii) all amounts that were previously due under (i) of this paragraph but were not transferred because of an insufficiency in Pledged Revenues available therefor;

FIFTH: commencing not later than the Monthly Disbursement Date in \_\_\_\_\_ 2018 and on each Monthly Disbursement Date thereafter, to the Repair and Replacement Fund, the amount required under the Lease;

SIXTH: on each Monthly Disbursement Date immediately following the last day of each Rebate Year, to the Rebate Fund, any amount, as calculated by the Rebate Analyst, required of the Charter School to be deposited in the Rebate Fund;

SEVENTH: on each Monthly Disbursement Date commencing on the Monthly Disbursement Date following the related Closing Date, to the Expense Fund, an amount equal to a fraction of the Trustee's Fees and Trustee's Expenses where the numerator is the Trustee's Fees and Trustee's Expenses and the denominator is the number of Monthly Disbursement Dates that will occur during the period between the last date on which such fees were paid or, if such fees have not yet been paid, the Closing Date and the next date on which such fees are due, plus (ii) to the Expense Fund, an amount equal to one-twelfth of the Director's Administration Fee due on the next Interest Payment Date, plus (iii) any amount previously due under (i) and (ii) of this paragraph but that remains unpaid because of an insufficiency in Pledged Revenues available therefor;

EIGHTH: on each Monthly Disbursement Date commencing on the Monthly Disbursement Date following the related Closing Date, to the Expense Fund, an amount equal to a fraction of any amount owed as payment for the services of the Rebate Analyst where the numerator is such amount and the denominator is the number of Monthly Disbursement Dates that will occur during the period between the last date on which such amounts were paid or, if such fees have not yet been paid, the Closing Date and the next Principal Payment Date; and

NINTH: on each Monthly Disbursement Date, commencing on the Monthly Disbursement Date following the related Closing Date, all amounts remaining on deposit in the Revenue Fund after the Trustee has made the disbursements required in FIRST through EIGHTH above, to the Operating Fund.

The Trustee shall apply the funds comprising the Base Rent and Additional Rent Payments as set forth above.

Bond Reserve Fund. Upon the issuance of the Series 2018 Bonds, proceeds of the Series 2018 Bonds in an amount equal to \$3,356,731.25\* (which is equal to the maximum annual debt service on the Series 2018 Bonds (calculated on the basis of a 12-month period ending on June 30 of any year in which the Series 2018 Bonds are outstanding)) (the "Series 2018 Bond Reserve Requirement") shall be deposited in the Series 2018 Bond Reserve Account of the Bond Reserve Fund and, together with amounts on deposit in the Bond Reserve Fund in the amount of \$\_\_\_\_\_ (the "Series 2015 Bond Reserve Requirement," and together with the Series 2018 Bond Reserve Requirement, the "Bond Reserve Requirement") will be pledged for the repayment of the Bonds. There shall also be deposited into the Bond Reserve Fund Additional Rents required to be paid by the Charter School to the Trustee pursuant to the Lease. In addition, there shall also be deposited into the Bond Reserve Fund (a) all moneys transferred to the Bond Reserve Fund from the Bond Principal Fund or the Bond Interest Fund pursuant to the Indenture, (b) all other moneys required to be deposited therein pursuant to the Lease or the Indenture, and (c) all other moneys received by the Trustee when accompanied by directions not inconsistent with the Lease or the Indenture that such moneys are to be paid into the Bond Reserve Fund. There also shall be retained in the Bond Reserve Fund interest and other income received on investments of Bond Reserve Fund moneys to the extent provided in the Indenture.

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\* Preliminary; subject to change.

Except as provided in the Indenture relating to the Rebate Fund, moneys in the Bond Reserve Fund shall be used by the Trustee promptly and solely for the payment of the principal of, premium, if any, and interest on the Bonds in the event moneys in the Bond Principal Fund and Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, Principal Payment Date, mandatory sinking fund redemption date, maturity date or otherwise in an amount necessary to cure an Event of Default. Upon the occurrence of an Event of Default under the Indenture and the exercise by the Trustee of the remedy of acceleration specified in the Lease and in the Indenture, any moneys in the Bond Reserve Fund shall be transferred by the Trustee to the Bond Interest Fund, and with respect to any moneys in excess of the amount required to be transferred to the Bond Interest Fund, to the Bond Principal Fund and applied in accordance with the Indenture. On the final maturity date of the Bonds any moneys in the Bond Reserve Fund may be used upon receipt of written instruction from the Charter School to pay the principal of and interest on the Bonds on such final maturity date. In the event of the redemption of the Bonds in whole, any moneys in the Bond Reserve Fund shall be transferred upon receipt of written instruction from the Charter School to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Bonds. The Trustee shall value the Eligible Investments in the Bond Reserve Fund on each Interest Payment Date at their market value. If on any valuation date the amount in the Bond Reserve Fund is greater than the Bond Reserve Requirement, such excess shall be transferred by the Trustee to the Bond Interest Fund and applied to the payment of the interest on the Bonds; provided, however, that the amount remaining in the Bond Reserve Fund immediately after such transfer shall not be less than the Bond Reserve Requirement on that date. If on any valuation date the amount in the Bond Reserve Fund is less than the Bond Reserve Requirement, the Charter School will, in not more than six equal monthly installments, promptly deposit or cause to be deposited moneys into the Bond Reserve Fund in an amount equal to the amount required to cause the total amount in the Bond Reserve Fund to equal the Bond Reserve Requirement and the Trustee shall notify the Charter School of such obligation.

At such times as moneys are to be transferred out of the Bond Reserve Fund for deposit into the Bond Principal Fund or the Bond Interest Fund or to the Rebate Fund, the Trustee shall use cash or Eligible Investments in such order of priority as the Charter School directs in writing. If no Charter School direction has been received, the Trustee shall use cash first and Eligible Investments second.

Except for a transfer of excess investment earnings from the Bond Reserve Fund, within five Business Days of any transfer of funds from the Bond Reserve Fund to the Bond Principal Fund or the Bond Interest Fund, the Trustee shall notify the Charter School in writing of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Bond Reserve Fund as of such date.

Operating Fund. There shall be deposited into the Operating Fund as and when received (a) all moneys transferred from the Revenue Fund to the Operating Fund, (b) all other moneys required to be deposited therein pursuant to the Lease or the Indenture, and (c) all other moneys received by the Trustee when accompanied by directions from an Authorized Representative of the Charter School that such moneys are to be paid into the Operating Fund.

Amounts in the Operating Fund may be disbursed to the Charter School upon receipt by the Trustee of a disbursement request in the form attached to the Indenture identifying the amount of such disbursement; provided, however, that upon the occurrence and continuation of an Event of Default under the Lease, no amounts on deposit in the Operating Fund shall be disbursed to the Charter School until such time as the Charter School provides to the Trustee and the Director evidence that such Event of Default has been cured to the satisfaction of the Trustee and the Director. Notwithstanding the foregoing, moneys in the Operating Fund shall be used by the Trustee promptly and solely for the payment of the principal of, premium, if any, and interest on the Bonds in the event moneys in the Bond Principal Fund and Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, Principal Payment Date, mandatory sinking fund redemption date, maturity date or otherwise in an amount necessary to cure an Event of Default. Upon the occurrence of an Event of Default under the Indenture and the exercise by the Trustee of the remedy of acceleration specified in the Lease and the Indenture, any moneys in the Operating Fund shall be transferred by the Trustee to the Bond Interest Fund, and with respect to any moneys in excess of the amount required to be transferred to the Bond Interest Fund, to the Bond Principal Fund and applied in accordance with the terms of the Indenture. On the final maturity date of the Bonds any moneys in the Operating Fund may be used upon receipt of written instruction from the Charter School to pay the principal of and interest on the Bonds on such final maturity date.

Any amounts on deposit with the Trustee in the Operating Fund following the last day of each Fiscal Year shall be transferred within one Business Day by the Trustee to the operations account of the Charter School, which account information shall be provided in writing to the Trustee by the Charter School and shall be released from the Trust Estate created under the Indenture.

Neither the Trustee nor the Beneficial Owners of the Series 2018 Bonds will have any rights in any funds that have been released from the Operating Fund to the Charter School in accordance with the terms of the Indenture.

Additional Bonds. The Indenture provides that Additional Bonds secured by and payable solely from the Trust Estate may be issued in one or more additional series provided that certain terms and conditions have been met, including, but not limited to, the following:

(a) the Trustee has received a copy, duly certified by the Director, of the certificate executed by the Director authorizing the issuance of such Additional Bonds and the execution and delivery of a Supplemental Indenture, supplementing and amending the Indenture, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, including the Bond Reserve Fund, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of the Indenture, and of the Lease related to such Additional Bonds;

(b) the Trustee and the Director have received an Opinion of Counsel to the Charter School in form and substance acceptable to the Director and Bond Counsel;

(c) the Trustee has received a certificate of an Authorized Representative of the Charter School to the effect that the Charter School is not in default under the Lease or the Indenture, the Charter School is not aware of any Events of Default under the Lease or the Indenture and that such Indebtedness may be issued in compliance with the Lease;

(d) the Trustee has received the items required to be delivered to it under the Lease, including a written certificate or report evidencing satisfaction of the conditions in subsections (i) and (ii) or subsection (iii) as described below:

(i) *Historical Coverage on Outstanding Debt.* Delivery of a certificate signed by an Authorized Representative of the Charter School stating that, for either the Charter School's most recently completed Fiscal Year or for any consecutive 12 months out of the most recent 18 months immediately preceding the issuance of the Long-Term Indebtedness, Net Income Available for Debt Service is equal to at least 1.15 times that Fiscal Year's Maximum Annual Debt Service on all Indebtedness then outstanding for the recently completed Fiscal Year; and

(ii) *Projected Coverage for Additional Debt.* An Independent Consultant selected by the Charter School provides a written report setting forth projections which indicate that the estimated Net Income Available for Debt Service for each of the three consecutive Fiscal Years beginning in the earlier of the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Indebtedness, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, is equal to at least 1.20 times Maximum Annual Debt Service on all Indebtedness then outstanding during each such respective Fiscal Year plus the additional Annual Debt Service Requirements for the Long-Term Indebtedness to be issued; or

(iii) *Alternate Coverage for Additional Debt.* In lieu of the requirements described above, the Charter School may deliver a certificate signed by an Authorized Representative of the Charter School stating that, based on the audited results of the operations for the most recently completed Fiscal Year, the Net Income Available for Debt Service equals at least 1.10 times Maximum Annual Debt Service on all Indebtedness then Outstanding as well as the Long-Term Indebtedness proposed to be issued.



(e) the Trustee and the Director have received an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds will not affect adversely the excludability from gross income for federal income tax purposes of interest on any Outstanding Tax-Exempt Bonds;

(f) the Trustee has received original executed counterparts of any required amendments or supplements to the Lease, and the Supplemental Indenture relating to the Additional Bonds;

(g) the Trustee has received a request and authorization to the Trustee on behalf of the Director and signed by an Authorized Signatory of the Director or any other Authorized Representative of the Director to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Director, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery; and

(g) the Trustee and the Director have received an executed opinion of Bond Counsel to the effect that (i) the Additional Bonds have been duly authorized, executed and delivered and constitute the binding special limited obligations of the Director, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is excluded from gross income for federal income tax purposes (unless it is intended that such interest be taxable).

The Charter School expects that Additional Bonds may be issued under the Indenture in the future.

## **The Lease**

Lease Payments by the Charter School. Under the Lease, the Trustee, on behalf of the Director, will lease the Series 2018 Facilities (in addition to the Series 2015 Facilities) to the Charter School. The Charter School will make monthly payments in stated amounts which are sufficient to pay the principal of and the interest on the Bonds coming due in each year (collectively, the “Base Rentals”) plus such additional amounts (the “Additional Rentals”) as are necessary to operate and maintain the Pledged Facilities and to pay certain other expenses. See “APPENDIX D—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE—The Lease.”

State Payments. The primary source of Charter School revenue for payment of the Base Rentals and Additional Rentals are the State Payments relating to NLV Building 1 (which in all events must equal the payments from the State received by the Charter School based on student enrollment up to the first 750 students enrolled at the NLV Campus and at least 63% of the payments from the State allocable to the NLV Campus not based on student enrollment (the “Building 1 Pledged Revenues”), Sky Pointe Campus, Stephanie Campus and Losee Campus (including the Losee Campus Addition). The term State Payments as defined in the Lease does not include the revenues generated from the Lone Mountain Campus and the revenues generated from the NLV Campus in excess of the Building 1 Pledged Revenues (the “Non-Pledged Revenues”).

Covenant as to Cash on Hand. The Charter School shall maintain unrestricted Cash on Hand in the Operating Fund sufficient to cover at least 50 days of the Charter School’s Operating Expenses, which amount shall be increased to the extent it is not sufficient to meet all accrued and unrestricted salary obligations of the Charter School. The Charter School’s Cash on Hand shall be tested on June 30 of each year and the Charter School shall provide a certificate and supporting calculations to the Trustee, acting as dissemination agent, within 60 days of the end of each Fiscal Year evidencing that the Charter School’s Cash on Hand met such requirements. Amounts on deposit in such operation fund may be used for any lawful purpose. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction, do not permit the Charter School to maintain such level of Cash on Hand, then the Charter School shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level.

Under the Lease, “Operating Expenses” means all reasonable and necessary current expenses of the Charter School in connection with the Leased Property, paid or accrued, to operate a public school and provide educational services on the Leased Property, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums and (d) professional services, (e) any payments made

under the Lease which constitute Additional Rents and (f) rental payments made for the lease-purchase of Capital Improvements; provided however, there shall be excluded from Operating Expenses: (i) any allowance for depreciation, (ii) expenses incurred in connection with Capital Improvements, (iii) expenses paid from the Repair and Replacement Fund, (iv) expenses paid from grants from state, federal or local sources, or from any Person, which were included as part of Gross Revenue, (v) Base Rent payments and (vi) expenses paid from the proceeds of any insurance or condemnation awards.

If the Cash on Hand for any testing date, is less than 50 days of the Charter School's Operating Expenses for the prior Fiscal Year, then, upon the written direction of a majority of the beneficial owners of the Bonds then outstanding, the Charter School will promptly employ an Independent Consultant approved by a majority of the beneficial owners of the Bonds then outstanding to review and analyze the operations and administration of the Charter School, inspect the Leased Property, and submit to the Charter School and Trustee written reports, and make such recommendations as to the operation and administration of the Charter School's charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Charter School agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

So long as the Charter School is otherwise in full compliance with its obligations under the Lease, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it will not constitute a default if the Cash on Hand for any testing date, is less than 50 days of the Charter School's Operating Expenses as described above.

Coverage Ratio Covenant. The Charter School covenants in the Lease to maintain Net Income Available for Debt Service in an amount equal to at least 1.05 times Maximum Annual Debt Service on all Indebtedness then outstanding. Such covenant will be tested annually based upon the results of the annual audited financial statements of the Charter School.

In the event that the Charter School's Net Income Available for Debt Service is less than 1.05 times the Maximum Annual Debt Service on all Indebtedness then outstanding on any testing date, the Charter School shall engage, at the Charter School's expense, an Independent Consultant acceptable to the beneficial owners of two-thirds of the outstanding Bonds, to review and analyze the operations and administration of the Charter School, inspect the Leased Property, and submit to the Charter School and the Trustee written reports, and make such recommendations as to the operation and administration of the Charter School's charter school as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Charter School agrees to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations.

So long as the Charter School is otherwise in full compliance with its obligations under the Lease, including following, to the fullest extent practicable, the recommendations of the Independent Consultant, it shall not constitute a default if the Charter School's Net Income Available for Debt Service is less than 1.05 times the Maximum Annual Debt Service on all Indebtedness then outstanding on any testing date. Notwithstanding the foregoing, in the event that the Charter School's Net Income Available for Debt Service is less than 1.0 times the Maximum Annual Debt Service on all Indebtedness then outstanding on any testing date, an event of default shall be deemed to have occurred under the Lease.

Repair and Replacement Fund Deposits. [The Charter School agrees in the Lease to fund the Repair and Replacement Fund Requirement for the Series 2018 Bonds by making monthly Additional Rent payments of \$\_\_\_\_\_ per month until such time as the Repair and Replacement Fund Requirement with respect to the Series 2018 Bonds is met (in which event no additional deposits are required).] Once the Repair and Replacement Fund Requirement is met, the Charter School shall replenish any draws made on the Repair and Replacement Fund by paying to the Trustee monthly amounts of \$\_\_\_\_\_ until the Repair and Replacement Fund Requirement is met. Under the Indenture, the Repair and Replacement Fund Requirement means, with respect to the Series 2015 Bonds an amount equal to \$450,000 and with respect to the Series 2018 Bonds an amount equal to \$\_\_\_\_\_. Under the Indenture, the Trustee is authorized and directed to make disbursements from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition signed by an Authorized Representative of the Charter School as provided in the Indenture for the purpose of paying the cost of extraordinary maintenance and replacements which

may be required to keep the Pledged Facilities in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment. See “APPENDIX D—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE—The Indenture—Repair and Replacement Fund.”

### The Intercreditor Agreement

The Charter School has previously entered into other financing arrangements with respect to the NLV Building 2 and the Lone Mountain Campus.

Under the terms of an Intercreditor Agreement, dated as of April 16, 2015, (1) the Trustee shall have at all times a first-priority lien on the Bond Collateral described therein and (2) the Non-Bond Lessors (including any applicable Additional Secured Party) shall have at all times a first-priority lien on the Non-Bond Collateral.

For so long as the Intercreditor Agreement remains in effect, if an event of default occurs under any Obligation Agreement and is continuing, a party may (a) exercise any remedy under its applicable Obligation Agreement, but only with respect to the collateral in which such party has a first-priority lien pursuant to the Intercreditor Agreement, or (b) take any other action that affects such collateral, including without limitation any Enforcement Action on account of any uncured and continuing default of the Charter School under any Obligation Agreement or any maturity, acceleration, or collection of any Obligation.

Each party to the Intercreditor Agreement shall promptly give notice to each other party of the occurrence of any event of default or other event with which the giving of notice, the passage of time or both would be an event of default of which it has knowledge in accordance with the terms of any Obligation Agreement, as applicable (each a “Default Notice”). In addition, each party to the Intercreditor Agreement shall notify the other parties in writing promptly of the occurrence of an Enforcement Action under its related Obligation Agreement.

Each party to the Intercreditor Agreement unconditionally acknowledges and agrees that, notwithstanding the provisions of any Obligation Agreement to the contrary, for so long as the Intercreditor Agreement remains in effect, each party thereto shall not grant any lien or security interest on any Collateral for which it does not have a first-priority lien as set forth in the Intercreditor Agreement, nor shall such party assert or attempt to enforce or avail itself of any liens or any other pre-judgment or post-judgment liens or assert any rights in or claims against any Collateral for which it does not have a first-priority lien as set forth therein.

The Charter School will agree that on or prior to the date on which the Charter School incurs any Obligations due or owing any additional party, it shall enter into and cause such additional party to execute an acknowledgement and agreement set forth in the Intercreditor Agreement. Any additional party shall, upon the execution of such acknowledgement and agreement, become a party to the Intercreditor Agreement and shall have the rights and obligations of a party to the Intercreditor Agreement from the date of such acknowledgement and agreement, the same as if it had been an original party thereto.

### Debt Service Requirements

Set forth in the following table are the debt service requirements for the Series 2015 Bonds and the Series 2018 Bonds on a fiscal year basis.

Fiscal Year	Series 2018 Bonds *		Series 2015 Bonds Debt Service	Total Debt Service
	Principal <sup>1</sup>	Interest		
2018	--			
2019	\$ 420,000			
2020	795,000			
2021	850,000			
2022	885,000			
2023	930,000			

2024	970,000
2025	1,015,000
2026	1,060,000
2027	1,110,000
2028	1,160,000
2029	1,220,000
2030	1,285,000
2031	1,350,000
2032	1,420,000
2033	1,495,000
2034	1,575,000
2035	1,660,000
2036	1,745,000
2037	1,840,000
2038	1,935,000
2039	2,035,000
2040	2,145,000
2041	2,265,000
2042	2,385,000
2043	2,515,000
2044	2,650,000
2045	2,790,000
2046	2,945,000
2047	3,100,000
2048	<u>3,270,000</u>
Total	<u>\$50,820,000</u>

<sup>1</sup> Principal payments due on December 15 of each year, beginning December 15, 2019.

\* Preliminary; subject to change.

Source: The Financial Advisor

## **RISK FACTORS**

This Limited Offering Memorandum contains summaries of pertinent portions of the Series 2018 Bonds, the Indenture, and the Lease. Such summaries and references are qualified in their entirety by reference to the full text of such documents. The following discussion of some of the risk factors associated with the Series 2018 Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

### **Sufficiency of Pledged Revenues**

The Series 2018 Bonds are secured by and payable from funds of the Charter School under the terms and conditions of the Lease and as otherwise described therein. Based on present circumstances, the Charter School believes it will generate revenues sufficient to make payments under the Lease representing debt service on the Bonds. However, the Charter School's Charter may be terminated or not renewed, subject to the mutual agreement of the Director and the chartering entity, or the basis of the assumptions utilized by the Charter School to formulate its beliefs regarding its operations may otherwise change. No representation or assurance can be made that the Charter School will continue to generate sufficient revenues to meet such obligations.

### **Dependence on State Payments**

The Charter School may not charge tuition and has no taxing authority. The primary source of revenues for payment of the Base Rentals and Additional Rentals are the State Payments which are currently based on the Charter School's quarterly average daily enrollment. The legislature of the State of Nevada provides funding for such State Payments by appropriating for them. The State may experience downturns in its economy and tax revenues in the future, and there is a risk that the State legislature may not appropriate funds for State Payments, or may not appropriate funds in a sufficient amount, to enable the Charter School to meet its general operating expenses and to make payments under the Lease representing debt service on the Bonds. In addition to general State economic

conditions, State budget considerations may also adversely affect appropriations for charter school funding. State Payments could be reduced or not keep pace with expenses such that the Charter School's revenues are inadequate to allow it to pay its operating expenses and to make payments under the Lease. No liability would accrue to the Director, the State or any other party in that event, nor would any such party be obligated or liable for any future payments or any damages.

### **Delay in, Reduction, or Termination of State School Aid**

Any event that would cause a delay, reduction or termination of State Payments would have a material adverse effect on the ability of the Charter School to make payments under the Lease representing debt service on the Bonds.

### **Reliance on Projections**

The Charter School's projections of revenue and expenditures for the fiscal year ending June 30, 2018 and the projections of future revenues and expenses contained in "APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS" herein were prepared by the Charter School and have not been independently verified by any other party. The projections are forward-looking statements and are subject to the general qualifications and limitations described under "INTRODUCTION" above. Neither the Underwriters nor the Director has independently verified such projections, 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 the Charter School's fiscal years through 2022, and consequently do not cover the entire period that the Series 2018 Bonds will be outstanding.

The projections are derived from the Charter School's assumptions about future student enrollment, revenues and expenses. There can be no assurance that the actual enrollment and revenues and expenses for the Charter School will be consistent with the assumptions underlying such projections. Further, no guarantee can be made that such projections of revenues and expenses will correspond with the results actually achieved in the future, because there is no assurance that actual events will correspond with the assumptions made by the Charter School. Actual operating results may be affected by many factors, including, but not limited to, the inability of the Charter School to complete construction projects, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced State Payments, or otherwise), employee relations, changes in applicable government regulation, changes in demographic trends, changes in education competition and changes in State or local economic conditions. Refer to "APPENDIX B— THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS" to review certain information relevant to the projections and to consider the various factors that could cause actual results to differ significantly from projected results. Refer to "INTRODUCTION," above, for qualifications and limitations applicable to forward-looking statements.

### **Key Personnel**

The Charter School's creation, curriculum and educational philosophy reflect the vision and commitment of a few individuals essential to the management and administration of the Charter School ("Key Personnel"). Loss of any such Key Personnel could adversely affect the Charter School's operations, its ability to attract and retain students and ultimately its financial results. For more information regarding the Charter School's Key Personnel, see "APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS—THE ACADEMIC PROGRAM—Key Personnel, Staff and Employees of the Pledged Facilities" and "—GOVERNANCE OF THE BORROWER."

### **Competition for Students**

The Charter School competes for students with other public schools, charter schools and private schools. No students are officially assigned to, or required to attend, charter schools. There can be no assurance that the Charter School will attract and retain the number of students needed to produce the revenues that are necessary to make payments under the Lease representing debt service on the Bonds. There are other public schools and charter schools in the Charter School's immediate service area, in which the Pledged Facilities are located. For additional

information, see “APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS—ENROLLMENT—Competition.”

### **Revocation or Nonrenewal of Charter**

In the event that the Charter School’s Charter is revoked or not renewed, the ability of the Charter School to make any payments due under the Lease representing debt service on the Bonds would be adversely affected and the Charter School could be forced to cease operations. For more information regarding conditions under which the Charter may be revoked, and the revocation procedure, see “APPENDIX B—THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS—GOVERNANCE OF THE BORROWER—The Charter.”

### **Changes in Charter School Law**

Future changes to the Charter Schools Act by the State Legislature could be adverse to the financial interests of the Charter School and hence could adversely affect the security for the Bonds. There can be no assurance that the State legislature will not amend the Charter School Act in a manner adverse to the interests of the registered owners of the Bonds. For additional information regarding the Charter School Act, see “APPENDIX A—CHARTER SCHOOLS IN NEVADA.”

### **Factors Associated with Education**

There are a number of factors affecting charter schools in general, including the Charter School, that could have an adverse effect on the Charter School’s financial position and its ability to make the payments required under the Lease. These factors include, but are not limited to, the ability to attract a sufficient number of students; increasing 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 Charter School’s work force with consequent impact on wage scales and operating costs of the Charter School; changes in existing statutes pertaining to the powers of the Charter School and legislation or regulations which may affect program funding. The Charter School cannot assess or predict the ultimate effect of these factors on its operations or financial results.

### **Damage or Destruction of the Pledged Facilities**

The Charter School’s Charter and the Lease require the Pledged Facilities to be insured against certain risks in certain amounts. See “APPENDIX D—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE—Provisions Regarding Casualty and Property Damage Insurance” for a description of the required insurance. There can be no assurance that the amount of insurance required to be obtained will be adequate or that the cause of any damage or destruction will be as a result of an insured risk. Further, there can be no assurance of the creditworthiness of the insurance companies from which applicable insurance policies may be obtained. The Charter School may choose not to rebuild if a casualty renders the Pledged Facilities totally or partially untenable, unfit for their purposes, or if insurance proceeds are insufficient to restore the Pledged Facilities to tenable condition.

### **Limited Nature of Real Estate Appraisals; Value of Facilities**

The Charter School engaged Trophy Property Company, Inc. (the “2014 Appraiser”) to conduct appraisals of NLV Building 1 and the Sky Pointe Campus. The appraisal for NLV Building 1 and the related site states that it is in the opinion of the 2014 Appraiser that the market value of the “as is” fee simple interest in the subject property as of October 21, 2014 was \$8,800,000. The appraisal for the Sky Pointe Campus states that it is in the opinion of the 2014 Appraiser that the market value of the “as is” fee simple interest in the subject property as of October 21, 2014 was \$21,900,000. In addition, the appraisal for the Sky Pointe Campus states that it is in the opinion of the 2014 Appraiser that the market value of the “as completed” fee simple interest value of the subject property is \$30,525,000. The foregoing estimated value was determined using the cost approach. No new appraisals have been

conducted on NLV Building 1 or the Sky Pointe Campus. No new appraisals have been conducted on NLV Building 1 or the Sky Pointe Campus.

The Charter School engaged Pinnacle Real Estate Advisors, LLC, Denver, Colorado (“Pinnacle”) to conduct appraisals of the Stephanie Campus (the “Stephanie Campus Appraisal”) and the Losee Campus (the “Losee Campus Appraisal”). As set forth in the Stephanie Campus Appraisal, in the opinion of Pinnacle, the market value of the “as is” fee simple interest in the Stephanie Campus, as of March 15, 2018, the anticipated date of acquisition, will be \$12,135,000. As set forth in the Losee Campus Appraisal, in the opinion of Pinnacle, the market value of the “as is” fee simple interest in the Losee Campus, as of March 15, 2018, the anticipated date of acquisition, will be \$38,000,000.

The value of the Pledged Facilities 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 Pledged Facilities are designed for use as educational facilities, and there is nothing associated with the Pledged Facilities that would suggest that their value would remain stable or would increase if the general values of property in the Charter School’s service areas were to decline. The Pledged Facilities also require ongoing capital repairs and improvements and, although the Charter School intends to maintain the Pledged Facilities in good condition, no assurance can be given that the Charter School will have sufficient revenue to maintain a regular capital improvements program for the Pledged Facilities in the future. Potential purchasers of the Series 2018 Bonds should refer to the complete Appraisals for additional information. Copies of the Appraisals for the Pledged Facilities are available as described under “INTRODUCTION—Additional Information.”

#### **Delays and Deficiency relating to Sale of Pledged Facilities**

If the Charter School fails to pay Base Rent and Additional Rent pursuant to the Lease, the Trustee may seek to evict the Charter School and sell the Pledged Facilities. No assurance can be given that the value of the Pledged Facilities at the time of such sale would be sufficient to meet all remaining principal and interest payments on the Bonds. In addition, the time necessary to institute and complete such proceedings could substantially delay receipt of funds from a sale. There could also be delays in regaining possession of the Pledged Facilities from the Charter School in the event of a default or dispute under the Lease.

#### **Environmental Regulation**

The Pledged Facilities are and will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the Charter School, particularly following any sale or foreclosure proceeding, for remediating adverse environmental conditions on or relating to the Pledged Facilities, whether arising from preexisting conditions or conditions arising as a result of activities conducted in connection with the ownership and operation of the Pledged Facilities. Costs incurred by the Charter School with respect to environmental remediation or liability could adversely affect its financial condition, its ability to own and operate the Pledged Facilities, and ultimately its ability to make payments under the Lease representing debt service on the Bonds. Excessive costs in connection with any such environmental remediation or any such liability to third parties could also make it difficult to successfully relet the Pledged Facilities.

Copies of the Phase I Assessments are available as described under “INTRODUCTION—Additional Information.”

#### **Determination of Taxability**

The excludability from gross income for federal income taxation purposes of the interest on the Tax-Exempt Bonds is based on the continuing compliance by the Trustee, the Charter School and the Director with certain covenants contained in the Indenture, the Lease and the Tax Certificate and Agreements (the “Tax Certificates”) executed in connection with the issuance of the Tax-Exempt Bonds. These covenants relate generally to restrictions on the use of the Pledged Facilities, restrictions on use of the Pledged Facilities by organizations other than the Charter School, 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 Tax-Exempt Bonds to become subject to federal income taxation retroactive to the date of issuance of the Tax-Exempt Bonds.

### **Potential Effects of Bankruptcy**

If the Charter School were to file a petition for relief (or if a petition were filed against the Charter School as debtor) under the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., as amended, or other State insolvency, liquidation or receivership laws, the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Charter School or the property of the Charter School. If the bankruptcy court or other state or federal court so ordered, the Charter School's property and revenues could be used for the benefit of the Charter School despite the claims of its creditors, including the owners of the Bonds.

In a bankruptcy proceeding under Chapter 11 of the Bankruptcy Code, the Charter School could file a plan of reorganization which would modify the rights of creditors generally or the rights of any class of creditors, secured or unsecured, including the owners of the Bonds. The plan, when approved ("confirmed") by the bankruptcy court, would bind all creditors who had notice or knowledge of the plan and would discharge all claims against the Charter School except as otherwise provided for in the plan. No plan may be confirmed by a bankruptcy court unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Even if the plan is not so accepted, it may be confirmed if such Court finds that the plan is fair and equitable with respect to each class of nonaccepting creditors impaired thereunder and does not discriminate unfairly.

### **Additional Bonds**

The Indenture provides that additional bonds may be issued by the Director payable from the Trust Estate on a parity with the Series 2015 Bonds and the Series 2018 Bonds, if certain conditions are met. See the Additional Bonds requirements set forth in "SECURITY FOR THE SERIES 2018 BONDS—The Indenture—Additional Bonds" herein.

### **Additional Indebtedness**

Under the Lease, the Charter School may incur other parity or subordinated Long-Term Indebtedness secured by the security interest in the Pledged Revenues only if certain conditions are met. See "APPENDIX D—DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE LEASE—Limitations on Incurrence of Additional Indebtedness."

### **Enforcement of Remedies**

The remedies available to the Trustee or the registered owners of the Bonds upon an Event of Default under the Indenture or the Lease are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Lease may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2018 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.

### **Secondary Market**

There is no guarantee that a secondary trading market will develop for the Series 2018 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2018 Bonds to maturity or prior redemption.



## **Failure to Provide Ongoing Disclosure**

The Charter School will covenant to enter into the Continuing Disclosure Agreement pursuant to Rule 15c2-12. See “MISCELLANEOUS—Continuing Disclosure Agreement,” below. Failure to comply with the Continuing Disclosure Agreement and Rule 15c2-12 may adversely affect the liquidity of the Series 2018 Bonds and their market price in the secondary market.

## **LEGAL MATTERS**

### **Pending and Threatened Litigation**

***No Proceedings Against the Charter School.*** In connection with the issuance of the Series 2018 Bonds, the Charter School will deliver a certificate which will state that, as of the date of issuance of the Series 2018 Bonds, to the best of their knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Charter School, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Lease, the bond purchase agreement (referred to in “MISCELLANEOUS—Underwriting”), or this Limited Offering Memorandum, the validity and enforceability of the Indenture, the Lease, the bond purchase agreement or the Series 2018 Bonds or the operations (financial or otherwise) of the Charter School.

***No Proceedings Against the Director.*** There is not now pending or, to the knowledge of the Director, threatened, any litigation against the Director restraining or enjoining the issuance or delivery of the Series 2018 Bonds or questioning or affecting the validity of the Series 2018 Bonds or the proceedings or authority under which they are to be issued. There is no litigation pending or, to the Director’s knowledge, threatened against the Director which in any manner questions the right of the Director to enter into the Lease with the Charter School or to issue and secure the Series 2018 Bonds in the manner provided in the Indenture.

## **TAX MATTERS**

The following is a summary of the material federal income tax consequences of holding and disposing of the Series 2018A Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2018A Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2018A Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2018A Bonds.

### **Opinion of Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Director, under the law existing as of the issue date of the Series 2018A Bonds:

***Federal Tax Exemption.*** The interest on the Series 2018A Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

***Alternative Minimum Tax.*** Interest on the Series 2018A Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2018A Bonds, subject to the condition that the Director and the Charter School comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2018A Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Director and the Charter School have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2018A Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018A Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2018A Bonds, but has reviewed the discussion under the heading "TAX MATTERS."

### **Other Tax Consequences**

**Original Issue Premium.** For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Series 2018A Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2018A Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2018A Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2018A Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

**Sale, Exchange or Retirement of Bonds.** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Series 2018A Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2018A Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2018A Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2018A Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2018A Bonds, and to the proceeds paid on the sale of the Series 2018A Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

**Collateral Federal Income Tax Consequences.** Prospective purchasers of the Series 2018A Bonds should be aware that ownership of the Series 2018A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2018A Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2018A Bonds, including the possible application of state, local, foreign and other tax laws.

### **The Series 2018B Bonds**

Interest on the Series 2018B Bonds is taxable as ordinary income for federal income tax purposes at the time the interest accrues or is received in accordance with a bondholder's method of accounting for federal income tax purposes. Holders of Series 2018B Bonds who are not United States persons, as defined for federal tax purposes, may be subject to special rules and should consult their tax advisors.

A form of the proposed opinion of Bond Counsel to the Director is attached as “APPENDIX E—FORM OF BOND COUNSEL OPINION.”

## MISCELLANEOUS

### Rating

S&P Global Ratings (“S&P”) has assigned the Series 2018 Bonds a long-term rating of “\_\_\_.”

Additional information relating to the S&P rating is available in an S&P report for the Series 2018 Bonds dated \_\_\_\_\_, 2018. Copies of the S&P report are available as described under “INTRODUCTION—Additional Information.”

The rating reflects only the view of the rating agency and any desired explanation of the significance of such rating should be obtained from S&P at 55 Water Street, New York, New York. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2018 Bonds.

### Underwriting

The Series 2018 Bonds are being sold to the Underwriters by the Director at an underwriting discount of \$\_\_\_\_\_ pursuant to a bond purchase agreement entered into by and among the Underwriters, the Charter School and the Director. Expenses associated with the issuance of the Series 2018 Bonds are being paid from proceeds of the Series 2018 Bonds. The right of the Underwriters to receive compensation in connection with the Series 2018 Bonds is contingent upon the actual sale and delivery of the Series 2018 Bonds. The Underwriters have initially offered the Series 2018 Bonds to the public at the prices or yields set forth on the inside cover page of this Limited Offering Memorandum, plus accrued interest from the date of the Series 2018 Bonds. Such prices or yields may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other investment banking firms in offering the Series 2018 Bonds to the public.

### Financial Advisor to the Charter School

Specialized Public Finance Inc. is acting as financial advisor to the Charter School in connection with the issuance of the Series 2018 Bonds. Specialized Public Finance Inc. is not obligated nor has undertaken to make an independent verification or to assume responsibility for the accuracy or completeness of the information contained in this Limited Offering Memorandum. The fees paid to Specialized Public Finance Inc. for services rendered in connection with the issuance of the Series 2018 Bonds are contingent upon the actual sale and delivery of the Series 2018 Bonds.

### Financial Advisor to the Director

Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah, is acting as financial advisor to the Director in connection with the issuance of the Series 2018 Bonds. Lewis Young Robertson & Burningham, Inc. is not obligated nor has undertaken to make an independent verification or to assume responsibility for the accuracy or completeness of the information contained in this Limited Offering Memorandum.

### Registration of Series 2018 Bonds

Registration or qualification of the offer and sale of the Series 2018 Bonds (as distinguished from registration of the ownership of the Series 2018 Bonds) is not required under the federal Securities Act of 1933, as amended. THE DIRECTOR ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SERIES 2018 BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN

WHICH THE SERIES 2018 BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

### **Continuing Disclosure Agreement**

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (“Rule 15c2-12”), the Charter School has agreed for the benefit of the Registered Owners and Beneficial Owners of the Series 2018 Bonds to provide certain financial information, other operating data and notices of material events (the “Continuing Disclosure Agreement”). The form of the Continuing Disclosure Agreement is attached as APPENDIX F to this Limited Offering Memorandum.

During the past five years, the Charter School did not file or timely file certain annual operating data for its fiscal years ended June 30, 2016 and 2017, did not timely file certain quarterly filings and operations reports in years 2015 through 2017, did not timely schedule the conference call following the filing of the audited financial states for fiscal years 2015 through 2017, and did not file or timely file notice of its failure to provide the aforementioned information on or before the date specified in its prior continuing discourse undertakings.

### **Interest of Certain Persons Named in This Limited Offering Memorandum**

The fees to be paid to most of the professionals engaged in connection with the financing are contingent upon the sale and delivery of the Series 2018 Bonds.

### **Independent Auditors**

The audited financial statements of the Charter School for the fiscal year ended June 30, 2017, which are appended hereto, have been audited by independent auditor, BDO USA, LLP, as stated in its report appearing therein. Such financial statements have been included without the review of the auditor.

### **Additional Information**

Copies of constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information summarized or referred to herein are available as described in “INTRODUCTION—Additional Information.”

### **Limited Offering Memorandum Certification**

The preparation of this Limited Offering Memorandum and its distribution have been authorized by the Charter School. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Charter School and any purchaser, owner or holder of any Series 2018 Bond.

SOMERSET ACADEMY OF LAS VEGAS

By /s/ \_\_\_\_\_  
Board Chair

## APPENDIX A

### CHARTER SCHOOLS IN NEVADA

This APPENDIX A is intended to provide a general overview of 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 Charter School, at any time. The Charter School is unable to predict the nature, scope or timing of any such changes, and makes no representation with respect thereto.

#### General Background

In 1997, the Nevada State Legislature (the “State Legislature”) enacted Nevada Revised Statutes 388A.010-388A.695 (as amended, the “Act”) which allows for the creation and development of public charter schools to be operated within the state of Nevada (the “State”). Charter schools are prohibited from operating for profit and shall 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 identified its intention to provide teachers and other educational personnel, parents, legal guardians and other persons who are interested in the system of public education in the state of Nevada the opportunity to: (i) improve the learning of pupils by creating public schools with rigorous standards for the academic achievement; (ii) close the achievement gaps between high-performing and low-performing groups of pupils; (iii) increase the opportunities for learning for all pupils; (iv) increase access to alternative educational programs for pupils who are identified as being at risk for academic failure; and (v) encourage diverse approaches to public education and the use of innovative teaching methods that have proven effective.

#### *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. 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.

#### *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.

#### *Membership of Committee to form Charter School*

Under current law, 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 or who previously held such a license and is retired, as long as his or her license was held in good standing, and/or one member who may be 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; (ii) one parent or legal guardian who is not a teacher or employee of the proposed charter school; and (iii) two members who possess knowledge and expertise in one or more of the areas of accounting, financial services, law or human resources.

#### *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 how the charter school will carry out the provisions of the Act; the mission and goals for the charter school; the projected enrollment of pupils in the charter school; the proposed dates of enrollment for the charter school; the proposed system of governance for the charter school; the method by which disputes will be resolved between the governing body of the charter school and the sponsor of the charter school; the proposed curriculum including the textbooks to be used; the qualifications of the persons who will provide instruction at the charter school; the process by which the governing body of the charter school will negotiate employment contracts; a financial plan for the operation of the charter school; a statement of whether the charter school will provide for the transportation of pupils the procedure for the evaluation of teachers; the time by which certain academic or educational results will be achieved; the kind of school for which the charter school intends to operate; and a statement of whether the charter school will enroll pupils who are in a particular category of at-risk pupils before enrolling other children who are eligible to attend the charter school.

If an application is determined to be incomplete, the applicant has 30 days after the receipt of written notice of such determination to correct any deficiencies in the application and reapply. 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 public 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 Charter School 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.

### *Sponsor Responsibilities*

Charter school sponsors are responsible for negotiating and executing charters, monitoring the performance and compliance with the charter and determining whether the charters of its charter schools it sponsors should be renewed, denied or revoked. 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 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. A sponsor who fails to carry out its responsibilities may have its authority to sponsor charter schools revoked.

### *Approval of Application*

If the State Charter School Authority, the board of trustees of a school district, or a college or university within the Nevada System of Higher Education 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 written charter or a charter contract, as applicable, 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.

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 of the charter school which may include the expansion of instruction or other educational services as long as it is for pupils who are enrolled in grade levels other than the grade levels of pupils currently approved for enrollment and if the expansion of grade levels does not change the kind of school for which the charter school is authorized to operate. Otherwise, the governing body of the charter school must submit a new application to form a charter school.

### *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 submits 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 shall 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 shall 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*

Under current law, the sponsor of a charter school may revoke a written charter or 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 and the 2016-2018 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 revoke a written charter or 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 written charter or charter contract, failed to comply with generally accepted standards of fiscal management, failed to comply with the applicable statutes or regulations applicable to charter school, or if the charter school holds a charter contract, 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 revocation 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 is a high school that has a graduation rate for the immediately preceding school year that is less than 60 percent; (vi) the charter school is 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.

Before the sponsor reconstitutes a governing body, revokes a written charter 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 revoke the written charter 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 revoke the written charter or terminate the charter contract of 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.



### *Governing Body of Charter School*

The governing body of a charter school must consist of (a) one member who is a teacher or other person licensed pursuant to NRS 391 or who previously held such a license and is retired, as long as his or her license was held in good standing, (b) one member who (1) satisfies the qualifications of (a); or (2) is 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, (c) one parent or legal guardian of a pupil enrolled in the charter school who is not a teacher or an administrator at the charter school, and (d) two members who possess knowledge and experience in one or more of the following areas: (1) accounting; (2) financial services; (3) law; or (4) human resources. Other members of the governing body may include parents and representatives of nonprofit organizations and businesses. 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 State law regarding public meetings.
- 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.
- 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 (i) extenuating circumstances exist to justify the waiver; and (ii) 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 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 this State.
- Provide instruction in the core academic subjects set forth 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.
- 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.
- 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.

*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 (defined below). 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.

The table below shows the historical DSA basic support per student in the Clark County School District, the district in which the Charter School is located.

**DSA Basic Support per Student in Clark County School District**

School District	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Clark	\$4,962	\$5,035	\$5,136	\$5,257	\$5,457	\$5,527	\$5,512	\$5,574	\$5,700

(Sources: Clark County School District 2016-2017 Comprehensive Annual Budget Report (2009 – 2015) and Academica Nevada (2016-2018).)

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. County-specific and apportioned 2.25% Local School Support (sales) Tax; and
- b. 113 of the public schools operating property (and mining net proceeds) 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 consist primarily of 2/3 of the public schools operating property tax, 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 No Child Left Behind Act and the Individuals with Disabilities Education Act (IDEA), 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.

### **Accountability**

The State has applied for and received permission for flexibility under the federal “Elementary & Secondary Education Act” (“ESEA”) (reauthorized and amended in 2015 by the “Every Student Succeeds Act”) and developed its own accountability statutes. The State’s most recent federal flexibility waiver expires at the end of the 2017-2018 school year. Prior to this date, the State Department of Education is required to develop and operationalize a new school accountability system based on the 2017-2018 school year. The new State accountability system must meaningfully differentiate schools based on academic proficiency of State assessments, graduation rates for high school, English language proficiency, growth or other statewide academic indicator for K–

8 schools, at least one other State-set indicator of school quality or student success, and 95% assessment participation rate.

Rather than the Adequate Yearly Progress (“AYP”) school accountability system prescribed by ESEA, the State’s current school accountability system is the Nevada School Performance Framework (“NSPF”). The NSPF is an integral component of the Educator Performance System that defines the State's shift away from AYP to a five-star classification approach, with schools earning a rating of one, two, three, four, or five stars. The NSPF includes multiple measures of student achievement and growth and aligns the designations for schools to the delivery of appropriate supports and rewards.

The NSPF incorporates performance on multiple measures of achievement including proficiency, student growth, growth to target, reductions in achievement gaps, and college- and career-readiness indicators, including graduation rate and scores on national college-readiness assessments. Nevada's public schools receive an index score and a star rating under the NSPF. For elementary and middle schools, star ratings in the NSPF are based on student growth, proficiency, subgroup performance gaps, and average daily attendance. High school ratings are based on student proficiency, subgroup performance gaps, growth, graduation rates, college and career readiness, and other indicators. For all schools, the NSPF provides actionable feedback to schools and districts to help determine if current practices are aligned to improve educational outcomes for all students.

State public schools receive an index score and a star rating under the NSPF. The index score is a score out of 100 for a school. Index scores are comprised of the total points earned across several indices. Elementary and middle school indices consist of student growth, proficiency, subgroup performance gaps and other indicators while high school indices consist of student proficiency, subpopulation performance gaps, growth, graduation, career and college readiness and other indicators.

Star ratings are generally referred to as school “classifications.” The NSPF index score is divided into five score ranges that correspond to star ratings, where five stars is the highest rating. The basis for the five score ranges is the index scores determined using information from the 2010-2011 school year. The overall index values for the schools at the 90th percentile then formed the basis for the point range for 5-star schools. Conversely, the schools among the lowest 5% of schools within the NSPF formed the basis for a 1-star rating. Continuing in this manner, a 4-star rating represents schools in the 75th to 89th percentile range, a 3-star rating represents schools within the 25th to 74th percentiles and 2-star schools fall between the 5th and 24th percentiles.

State statute requires the State Department of Education to determine whether each public school is meeting the annual measurable objectives and performance targets established pursuant to the statewide system of accountability for public school on or before July 31 of each year. Between July 31 and September 15, the State Department of Education engages in a review of each school’s preliminary rating and prepares school reports for public access. Final determinations of school ratings must be made on or before September 15.

Because the State Department of Education is currently reviewing changes to the NSPF for the renewal of its ESEA flexibility waiver, no school ratings were assigned for the 2015-2016 school year.

### **State Required Proficiency Exams**

Beginning with the graduating class of 2017, the State’s End of Course (EOC) examinations took the place of the High School Proficiency Examination (HSPE) as a graduation requirement for a Nevada standard diploma.

## APPENDIX B

### THE BORROWER, THE PLEDGED FACILITIES AND THE SOMERSET ACADEMY SCHOOLS

Capitalized terms not otherwise defined in this Appendix B shall have the same meanings as set forth in the body of this Limited Offering Memorandum and Appendix D thereto.

#### INTRODUCTION

##### Background

**Organization.** Somerset Academy of Las Vegas is a Nevada public charter school and a Nevada nonprofit corporation (“Somerset Academy” or the “Borrower”) organized pursuant to the Nevada Revised Statutes 388A, et seq. (the “Charter Schools Act”). The Borrower operates under a charter contract, effective as of August 12, 2011 with the Nevada State Public Charter School Authority (the “State Charter School Authority”), as amended pursuant to a Charter School Amendment Application approved by the State Charter School Authority on March 16, 2015 for the school year commencing July 1, 2016 (collectively, the “Charter”). Charter schools in the State of Nevada (the “State” or “Nevada”), including the Borrower, receive charter contracts for terms of six years. The current Charter is effective through June 30, 2022, unless earlier terminated in accordance with its terms. See “APPENDIX A—CHARTER SCHOOLS IN NEVADA—General Background—Renewal of Charter” for a description of the charter renewal process.

The Borrower was incorporated on May 30, 2014, with the filing of its Articles of Incorporation with the Nevada Secretary of State and is also an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) as evidenced by a determination letter received from the Internal Revenue Service (the “IRS”) dated April 13, 2015.

**History and Campuses.** The Borrower began operations in the 2011-12 school year with two charter schools, the North Las Vegas charter school (“NLV”) located at 385 West Centennial Parkway (“NLV Building 1”) serving 750 Students in grades K-7 and the Emerson charter school (“Emerson”) located inside of a church facility at 2525 Emerson Avenue serving 297 students in grades K-5. In the 2012-13 school year, the Borrower increased enrollment at both the NLV and Emerson charter schools as those schools increased their grade level offerings to K-8 and K-6, respectively. To accommodate the growth at the NLV charter school, the Borrower leased a 24,000 square foot building on 2.1 acres located at 375 West Centennial Parkway adjacent to the NLV Building 1 (the “NLV Building 2,” which, together with the NLV Building 1, are referred to herein as the “NLV Campus”), which allowed the NLV Campus to expand capacity to 1,165 students. In addition, the Borrower opened the K-6 Oakey charter school (“Oakey”) at 6000 West Oakey Boulevard serving 300 students. The Borrower’s total enrollment in the 2012-13 school year grew to 1,785 students.

For the 2013-2014 school year, the Borrower amended its Charter to allow for high school instruction. In addition, the Borrower opened the Sky Pointe charter school at a newly constructed campus at 7038 Sky Pointe Drive (the “Sky Pointe Campus”). In the 2014-15 school year, the Borrower relocated from both Emerson and Oakey, both of which were occupying antiquated facilities under short-term leases, and moved the administration and staff from those facilities into newly constructed, larger facilities at 50 North Stephanie Street in Henderson, Nevada (the “Stephanie Campus”) and 4650 Losee Road in North Las Vegas, Nevada (the “Losee Campus”). The Borrower’s Lone Mountain charter school, located at 4491 North Rainbow Boulevard, Las Vegas, Nevada, opened for the 2015-16 school year serving kindergarten through eighth grade (the “Lone Mountain Campus”).

The NLV Campus, Sky Pointe Campus, Stephanie Campus, Losee Campus and Lone Mountain Campus are referred to collectively herein as the “Somerset Academy Schools.” Certain information on the Somerset Academy Schools is set forth in the following table.

**Table 1**  
**Somerset Academy Schools**

Address	Campus	Grades	2017-18 Funded Student Count	2018-19 Wait List <sup>1</sup>	Pledged Facility	Year Opened
<i>Pledged Facilities</i>						
385 West Centennial Parkway North Las Vegas, NV 89084	NLV (Building 1)	K-8	718.8	470	Yes	2011-12
7038 Sky Pointe Drive, Las Vegas, NV 89131	Sky Pointe	K-5	768.8	2,138	Yes	2013-14
7038 Sky Pointe Drive Las Vegas, NV 89131	Sky Pointe	6-12	1,130.2	637	Yes	2013-14
50 North Stephanie Street Henderson, NV 89074	Stephanie	K-8	903.7	905	Yes	2014-15
4650 Losee Road North Las Vegas, NV 89030	Losee	K-12	1,733.0	1,559	Yes	2014-15
<i>Non-Pledged Facilities</i>						
375 West Centennial Parkway North Las Vegas, NV 89084	NLV (Building 2)	K-8	422.0	275	No	2012-13
4491 North Rainbow Boulevard Las Vegas, NV 89108	Lone Mountain	K-8	<u>948.7</u>	<u>1,437</u>	No	2015-16
Total			<u>6,625.2</u>	<u>7,421</u>		

<sup>1</sup> As of November 1, 2017.

The Charter Agreement does not contain any limitation on enrollment at any or all of the Somerset Academy Schools.

**The Project**

A portion of the net proceeds of the Series 2018 Bonds will be used to finance, among other things, the acquisition by the Trustee of the Stephanie Campus and the Losee Campus (the “Series 2018 Facilities”) to be leased to and operated by the Borrower. Additionally, a portion of the net proceeds of the Series 2018 Bonds will be used to construct improvements to the Stephanie Campus and the Losee Campus. See “THE SERIES 2018 BONDS—Use of Series 2018 Bond Proceeds.”

**Table 2**  
**Estimated Project Costs**

Project	Project Costs <sup>1,*</sup>
<i>Stephanie Campus</i>	
Acquisition	\$11,821,106
<i>Losee Campus</i>	
Acquisition	33,536,842
Improvements	<u>1,000,000</u>
Total Project Costs	<u>\$46,357,948</u>

<sup>1</sup> Figures have been rounded.  
<sup>\*</sup> Preliminary; subject to change.

See “THE PLEDGED FACILITIES—Pledged Facilities and Pledged Revenues” hereafter for a discussion of the Stephanie Campus and Losee Campus to be acquired with proceeds of the Series 2018 Bonds and NLV Building 1 and Sky Pointe Campus acquired with proceeds of the Series 2015 Bonds.

## Pledged Facilities and Pledged Revenues

**The Pledged Facilities.** The Series 2018 Bonds are being issued pursuant to the Indenture and will be secured on a parity with the Series 2015 Bonds and any Additional Bonds issued from time to time under the Indenture (collectively, the “Bonds”). Upon the issuance of the Series 2018 Bonds, the property located at the Stephanie Campus, the Losee Campus, the Sky Pointe Campus and NLV Building 1 (collectively, the “Pledged Facilities”) will be pledged for the repayment of the Bonds. The Lone Mountain Campus and NLV Building 2 (together, the “Non-Pledged Facilities”) will not be acquired by the Borrower in connection with the issuance of the Series 2018 Bonds and the property associated with the Non-Pledged Facilities will not be pledged to secure the Bonds. Neither the Trustee nor any Beneficial Owner of the Bonds will have any recourse against such property.

**The Pledged Revenues.** Upon the issuance of the Series 2018 Bonds, the revenues generated from the Stephanie Campus, the Losee Campus and the Sky Pointe Campus will be pledged for the repayment of the Bonds. In addition, revenues equal to (i) payments from the State based on student enrollment at the NLV Campus for up to the first 750 students enrolled, plus (ii) 63% of payments from the State allocable to the NLV Campus that are not associated with student enrollment (together, the “Building 1 Pledged Revenues”) will be pledged for the repayment of the Bonds. The Building 1 Pledged Revenues, together with the revenues generated from the Stephanie Campus, the Losee Campus and the Sky Pointe Campus are referred to collectively herein as the “Pledged Revenues.” The revenues generated from the Lone Mountain Campus and the revenues generated from the NLV Campus in excess of the Building 1 Pledged Revenues (the “Non-Pledged Revenues”) will not be pledged in any way to secure the Bonds and neither the Trustee nor any Beneficial Owner of the Bonds will have any recourse against such Non-Pledged Revenues.

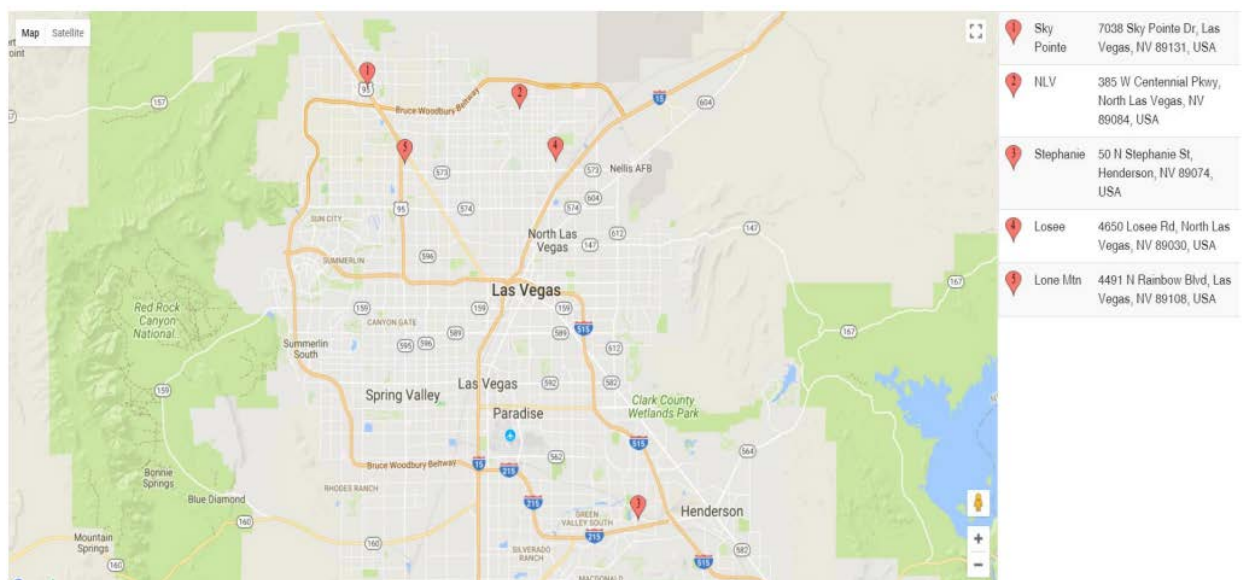
NLV Building 1 and NLV Building 2 operate as a single campus of the Borrower, therefore much of the statistical information presented in the tables included in this Appendix B include information for the entire NLV Campus, notwithstanding that NLV Building 2 is a Non-Pledged Facility.

## THE PLEDGED FACILITIES

### Campus Locations

The map below depicts the Somerset Academy School locations (not all of which constitute Pledged Facilities).

Map of the Somerset Academy Schools





## The Pledged Facilities

**NLV Building 1.** The NLV Campus consists of two conjoined buildings, NLV Building 1 located at 385 West Centennial Parkway and NLV Building 2 located at 375 West Centennial Parkway. The two buildings are currently used by the Borrower to serve approximately 1,150 students in grades K-8. NLV Building 1 was acquired by the Trustee with proceeds of the Series 2015 Bonds and is leased to the Borrower pursuant to the Lease. NLV Building 2 is being leased pursuant to the Commerce Centennial Marketplace Shopping Center Lease dated July 9, 2012, between School Development Centennial II LLC, a Florida limited liability company, [an affiliate/related entity of the Borrower?] and LVI Group, L.L.C., a Nevada limited liability company and Commerce Plaza, LLC, a Nevada limited liability company (together, the “NLV-2 Landlord”) September 1, 2012 (the “NLV-2 Lease”). See “FINANCIAL INFORMATION OF THE BORROWER—Other Outstanding Borrower Financial Obligations—Facility Leases” for a description of the NLV-2 Lease.

NLV Building 1, constructed in 2012, consists of an approximately 40,010 square foot one-story, concrete on slab building which includes classrooms, a library, 2 computer labs and a multi-purpose room. The NLV Building 1 site consists of approximately 4.8 acres of land and includes 154 parking spaces, an outdoor playground area and a 16,650 square feet synthetic turf field. NLV Building 1 opened as a charter school for the 2011-12 school year serving kindergarten through 8th grade. The NLV Campus Building 1 has a student capacity of 750 students.

The Borrower engaged Trophy Property Company, Inc. (the “2015 Appraiser”) to conduct appraisals of NLV Building 1 and the Sky Pointe Campus in connection with the issuance of the Series 2015 Bonds. The appraisal for NLV Building 1 and the related site states that it is in the opinion of the 2015 Appraiser that the market value of the “as is” fee simple interest in the subject property as of October 21, 2014 was \$8,800,000. NLV Building 1 was acquired with proceeds of the Series 2015 Bonds for an amount equal to \$8,919,605. No new appraisal has been conducted on the NLV Building 1.

NLV Building 2 is a Non-Pledged Facility.

**Sky Pointe Campus.** The Sky Pointe Campus, located on 12 acres at 7038 Sky Pointe Drive, Las Vegas, Nevada 89131, was acquired by the Trustee with proceeds of the Series 2015 Bonds and is leased to the Borrower pursuant to the Lease. Construction on the Sky Pointe Campus began in 2012 and was completed in phases. Sky Pointe Campus includes an elementary building, a middle/high building, a full size gym and three multi-purpose rooms with a combined square footage of approximately 138,567 square feet. In addition, the campus includes a playground, athletic areas and a synthetic turf field. The Sky Pointe Campus buildings include classrooms, science labs, a library, computer labs and parking. The Sky Pointe Campus opened as a charter school for the 2013-14 school year serving kindergarten through twelfth grade..

The appraisal for the Sky Pointe Campus states that it is in the opinion of the 2015 Appraiser that the market value of the “as is” fee simple interest in the subject property as of October 21, 2014 was \$21,900,000. In addition, the appraisal for the Sky Pointe Campus states that it is the opinion of the 2015 Appraiser that the market value of the “as completed” fee simple interest value of the subject property, following completion of the Sky Pointe Campus Addition, is \$30,525,000. The foregoing estimated value was determined using the cost approach. The Sky Pointe Campus was acquired with proceeds of the Series 2015 Bonds for an amount equal to \$21,093,433. No new appraisal has been conducted on the Sky Pointe Campus. The addition to the Sky Pointe Campus was completed by July of 2016 for an amount equal to approximately \$9,250,000.

**Stephanie Campus.** The Stephanie Campus, located on approximately five acres at 50 North Stephanie Street, in Henderson, Nevada, is currently being leased to the Borrower by CA Las Vegas Stephanie Road LLC, a Delaware limited liability company (“CA Las Vegas Stephanie”) pursuant to a Lease Agreement dated December 20, 2013 (the “Stephanie Lease”). The Stephanie Campus was completed in 2014. Stephanie Campus includes a 52,750 square foot, two-story elementary and middle school building on a 4.61 acre site with a student capacity of 960, recreation fields, a playground, parking lots and driveways. The Stephanie Campus opened as a charter school for the 2014-15 school year serving kindergarten through eighth grade.

The Borrower has an option to purchase the Stephanie Campus for \$11,821,106 as set forth in the Stephanie Lease. A portion of the Series 2018 Bond proceeds in the amount of \$11,821,106 will be used to acquire the Stephanie Campus pursuant to the terms of a separate Option to Purchase Agreement between CA Las Vegas Stephanie and the Borrower to be executed prior to the pricing of the Series 2018 Bonds (the “Stephanie Campus Option Agreement”) as provided for in the Stephanie Lease.

Pinnacle conducted an appraisal dated January 23, 2018 on the Stephanie Campus which determined the market value of the “as-is” fee simple interest in the Stephanie Campus, as of March 15, 2018 is \$12,135,000.

**Losee Campus.** The Losee Campus, located at 4650 Losee Road, in North Las Vegas, Nevada, is being leased to the Borrower by CA Las Vegas Losee Road LLC, a Delaware limited liability company (“CA Las Vegas Losee”) pursuant to a Lease Agreement dated November 1, 2013, as amended by that certain First Amendment to Lease Agreement dated as of April 15, 2015, and further amended by the Second Amendment to Lease Agreement dated March 16, 2017 (as amended, the “Losee Lease”). Construction on the Losee Campus began in 2014 and was constructed in phases as dictated by student growth. The first phase was complete in 2014 (87,869 square feet), the second phase in 2016 (15,250 square feet) and the third and final phase (55,051 square feet) in January 2018. The Losee Campus is located on a 16.91 acre site and includes an approximately 67,000 square foot elementary school building, an approximately 72,000 square foot middle and high school building, a high school gym and band rooms addition, an approximately 2-acre recreational field, an approximately 1-acre paved recreational area, an approximately 1-acre paved central quad, a paved access road, paved parking and landscaping. The K-12<sup>th</sup> grade Losee Campus has a student capacity of 2,400 students.

The Borrower has an option to purchase the Losee Campus for \$33,536,842 as set forth in the Losee Lease. A portion of the Series 2018 Bond proceeds in the amount of \$33,536,842 will be used to acquire the Losee Campus pursuant to the terms of a separate Option to Purchase Agreement between CA Las Vegas Losee and the Borrower to be executed prior to the pricing of the Series 2018 Bonds (the “Losee Campus Option Agreement”) as provided for in the Losee Lease.

Pinnacle conducted an appraisal dated January 25, 2018 on the Losee Campus which determined that the market value of the “as-is” fee simple interest in the Losee Campus, as of March 15, 2018, is \$38,000,000.

There can be no assurance that the present or future value of the Pledged Facilities will be sufficient to repay the Bonds following an Event of Default. In addition, it may be difficult to find a buyer or lessee for the Pledged Facilities. Thus, following an Event of Default, the Trustee may not realize the amount of the outstanding Bonds from the sale or lease of such facilities.

### **Environmental Assessments for Pledged Facilities**

**NLV Building 1 and Sky Pointe Campus.** Phase I Environmental Site Assessments, each dated February 10, 2015, were completed by OGI Environmental LLC (“OGI”) for the NLV Building 1 and the Sky Pointe Campus (the “Phase I Assessments”) in connection with the issuance of the Series 2015 Bonds. The Phase I Assessments were completed to provide a review of certain historical information and an evaluation of the physical features of the sites to identify “Recognized Environmental Conditions.” The Phase I Assessments revealed no evidence of Recognized Environmental Conditions in connection with the subject sites.

**Stephanie Campus.** Terracon Consultants, Inc., Las Vegas, Nevada (“Terracon”), performed a Phase I Environmental Site Assessment dated January 17, 2018 (the “Stephanie Campus ESA”) on the Stephanie Campus. Based on the scope of services, limitations, and conclusions of the Stephanie Campus ESA, Terracon did not identify any Recognized Environmental Conditions (“RECs”) or any Controlled RECs (“CRECs”) and as such, no additional investigation is warranted at the time of the Stephanie Campus ESA.

**Losee Campus.** Terracon performed a Phase I Environmental Site Assessment dated January 17, 2018 (the “Losee Campus ESA”) on the Losee Campus. Based on the scope of services, limitations, and conclusions of the Losee Campus ESA, Terracon did not identify any Recognized Environmental Conditions (“RECs”) or any

Controlled RECs (“CRECs”) and as such, no additional investigation is warranted at the time of the Losee Campus ESA

## THE ACADEMIC PROGRAM

### Curriculum and Instruction

***Mission and Vision.*** The Borrower’s mission is to prepare students to excel in academics and attain knowledge through life-long learning by dedicating themselves to providing equitable, high-quality education for all students. The Borrower’s mission is also to promote a culture that maximizes student achievement and fosters the development of accountable 21<sup>st</sup> century learners in a safe and enriching environment.

The Borrower’s vision is a college preparatory school with an emphasis on Leadership, Character and Service, to provide equitable, high quality education for all students.

***Curriculum.*** The Borrower promotes a culture that maximizes student achievement and fosters the development of accountable, 21<sup>st</sup> century learners in a safe and enriching environment. The Borrower supports self-motivated learning, teamwork with stakeholders, maintenance of a safe and nurturing environment, effective instructional practices, students achieving proficiency and exceeding high expectations, evaluations leading to data-driven decisions and teaching that supports learning through research-based curriculum.

The Borrower’s educational program is modeled after specific innovative learning methods and strategies that have proven successful in raising student learning and achievement. These include but are not limited to:

- (a) a standard-based curriculum based on Common Core Standards for Learning;
- (b) a thematic approach to integrate core areas of study such as mathematics, reading, language arts, writing, science, and social studies;
- (c) appropriate assessments for learning (screening, progress monitoring, and diagnostic);
- (d) data-driven high-quality differentiated instruction;
- (e) supplemental programs for student advancement and remediation;
- (f) support for teachers and ongoing professional development for advancing technology and other 21<sup>st</sup> century resources;
- (g) research-based instructional practices (i.e., Marzano’s High Yield Teaching Strategies and Coalition of Essential School’s Principles);
- (h) weekly grade level and monthly staff meetings and ongoing professional development workshops;
- (i) tutoring for remediation and acceleration; and
- (j) targeted interventions for struggling readers and students performing below grade level.

Curricular programs offered at the Somerset Academy Schools include: advanced placement courses; honors classes; performing arts; visual arts; world languages; technology; social sciences; sciences; ELAs; and physical education.

Extra-curricular programs offered at the Somerset Academy Schools include: robotics club; student council; art club; dance club; yearbook club; cross country; volleyball; basketball; golf; thespian club; chess club; photography club; Spanish club; flag football; lacrosse; and cheerleading.

**Accreditation.** All Somerset schools, including the Borrower, are accredited under a Corporate Accreditation with AdvancED. The accreditation process promotes school leaders, teachers, staff, and the school community to reflect on educational practices that either produce high student growth or hinder the academic progress of students. All Somerset schools across the nation are carefully and purposefully analyzing student data, evaluating instructional strategies, and planning for improvement goals that will provide positive gains in overall student performance.

As part of the process, school leaders and teachers compare their practices against seven quality factors: Clear Direction; Healthy Culture; High Expectations; Impact on Instruction; Resource Management; Efficacy of Engagement; and Implementation Capacity. Evidence is gathered on how well school practices are aligned with each quality factor. A team of individuals trained in the accreditation review process join in on a two day site visit during which time classes are visited, interviews are conducted with parents, teachers, and staff, and school artifacts are reviewed in comparison to the seven quality factors. The engagement team combines all related evidences and compiles a report offering commendations and recommendations to the school’s staff. At the conclusion of the two day visit, the engagement review team may make recommendations to AdvancED to fully accredit the school based upon its findings.

The Borrower is scheduled for an accreditation review by the engagement review team in April of 2019.

**Key Personnel, Staff and Employees of the Pledged Facilities**

**Stephanie and Losee Campus Principals.** Reggie Farmer is currently serving as the Principal at the Stephanie Campus; however, beginning with the 2018-19 school year Mr. Farmer will become the principal of the Losee Campus with Ruby Norland becoming the Principal at the Stephanie Campus.

Reggie Farmer has over 23 years of experience in the field of education in the Las Vegas area where he has taught elementary school, was a technology specialist for students from Pre-K to 5th Grade, and served as an administrator at both the elementary and high school levels. Mr. Farmer received his Bachelor of Arts degree in Elementary Education from the University of Las Vegas, Nevada, and earned a master’s degree in Educational Leadership from the University of Phoenix.

Ruby Norland, the current assistant principal at the Stephanie Campus since 2015, has been appointed to be the Stephanie Campus principal upon Mr. Farmer’s move to the Losee Campus. She has over 16 years of experience in the field of education and is a member of the National Council of Supervisors of Mathematics and the Annual Conference for Middle Level Education. Mrs. Norland began her teaching experience with the Clark County School District where she taught 3rd, 4th, 5th and middle school math. After being in the classroom for several years, she became a Project Facilitator for Clark County School District where she created and provided professional development for other teachers and administrators in the area of mathematics. Mrs. Norland received both her Bachelor of Science degree in Elementary Education and her master’s degree in School Administration from the University of Las Vegas, Nevada.

**Staff and Employees of the Pledged Facilities.** The following tables set forth certain information on teachers and employees of the Pledged Facilities (including the entire NLV Campus).

**Table 3  
Teachers and Employees**

	NLV Campus <sup>1</sup>	Sky Pointe Campus	Stephanie Campus	Losee Campus
Teachers with Bachelor’s Degree	39	47	30	56
Teachers with Master’s Degree	15	44	17	27
Teachers with Doctoral Degree	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Sub-Total Teachers	<u>55</u>	<u>92</u>	<u>48</u>	<u>83</u>
Non-teaching Employees	<u>25</u>	<u>35</u>	<u>28</u>	<u>48</u>

Total Staff	<u>80</u>	<u>127</u>	<u>76</u>	<u>131</u>
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<sup>1</sup>Includes information for NLV Building 2, which is a Non-Pledged Facility.

**Table 4**  
**Percent of Certified/Licensed Teachers and Average Teachers Salary**

Degree Held	NLV Campus <sup>1</sup>	Sky Pointe Campus	Stephanie Campus	Losee Campus
Bachelor's	71.90%	51.09%	62.50%	67.47%
Master's	27.27	47.83	35.42	32.53
Doctorate	<u>0.83</u>	<u>1.08</u>	<u>2.08</u>	<u>0.00</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Average Teachers Salary</b>	\$40,532	\$44,940	\$41,957	\$41,140

<sup>1</sup>Includes information for NLV Building 2, which is a Non-Pledged Facility.

**Table 5**  
**Historical Faculty Retention Rates**

Campus	Percent Retention 2012-13 to 2013-14	Percent Retention 2013-14 to 2014-15	Percent Retention 2014-15 to 2015-16	Percent Retention 2015-16 to 2016-17	Percent Retention 2016-17 to 2017-18
NLV <sup>1</sup>	86%	78%	67%	65%	77%
Sky Pointe	--	83	88	84	84
Stephanie	--	--	82	58 <sup>2</sup>	59 <sup>2</sup>
Losee	--	--	75	79	72

<sup>1</sup>Includes information for NLV Building 2, which is a Non-Pledged Facility.

<sup>2</sup>Reflects competition for faculty from newly opened schools in the vicinity of the Stephanie Campus.

**Table 6**  
**Student-Teacher Ratios**

Campus	2013-14	2014-15	2015-16	2016-17	2017-18
NLV <sup>1</sup>	21:1	21:1	21:1	21:1	21:1
Sky Pointe	--	21:1	21:1	21:1	21:1
Stephanie	--	--	19:1	19:1	19:1
Losee	--	--	21:1	21:1	21:1

<sup>1</sup>Includes information for NLV Building 2, which is a Non-Pledged Facility.

## Labor Relations

**Labor Relations.** The Borrower describes its employee relationships as excellent. None of the employees of the Borrower are members of labor unions. All licensed educational personnel are employed through annual contracts and all other employees are “at will.” The Borrower has adopted a pay for performance model wherein teachers and administrators are assessed based upon quantitative and qualitative performance indicators. After assessing the annual budget and anticipated revenue changes, an amount is determined each year by the Board of Directors of the Borrower (the “Board”) to be used for performance based salary increases. Employees also receive bonuses throughout the year including a retention bonus and holiday bonus.

**Benefits.** In addition to salaries, full-time employees have a benefits package that includes a contribution, based on a statutorily determined percentage of their salary, toward the Nevada Public Employee Retirement System, health care contributions, annual retention bonuses, holiday bonus, paid time-off cash out, tuition reimbursement and all required employment taxes. Table 6 above sets forth faculty retention rates for the last three years for the Pledged Facilities and NLV Building 2 (which is a Non-Pledged Facility).

## GOVERNANCE OF THE BORROWER

### The Board of Directors

**Board of Directors.** Under the Bylaws, the Board plans and directs all aspects of the Borrower's operations. Board members donate their time and service to better the mission, vision and operation of the school. The Borrower has adopted a Financial Policies & Procedure Manual which guides the Borrower's financial dealings regarding fund balances, budget preparation, fund transfers, collection and deposit of funds, reimbursements, fundraising accounts and authorized signers, among many other internal controls.

Under the Bylaws, the Board is responsible for the overall policy and direction of the Borrower. The Board delegates responsibility of educational oversight to the administration or Principal at each of the Borrower campuses and the day-to-day business and financial operations of the Borrower to the Management Company. Vacancies on the Board are filled in accordance with the Bylaws. Regular Board meetings are held as deemed necessary and in compliance with State Open Meeting Law requirements. Board members do not receive a salary or financial compensation for their participation as Board members; however, the Board may approve the reimbursement of a member's actual and necessary expenses incurred in the conduct of the Borrower's business.

**Members.** The Borrower is governed by a seven-director Board whose original members consist of the members of the Committee to Form the School, and serve staggered five-year terms of office unless and until changed by amendment of the Bylaws. Future members include candidates whose election to the Board will maintain compliance with State law that requires that one Board member be an active or retired teacher licensed by the State, one Board member be an active or retired teacher licensed by the State or an active or retired school administrator licensed by any state, one Board member be a parent of a student enrolled at one of the Somerset Academy Schools who is not a teacher or administrator at any of the Somerset Academy Schools, and four Board members must possess knowledge and experience in one or more of the following areas: accounting; financial services; law; or human resources. A majority of Board members must be residents of the county in which the Borrower is located. The Board holds an annual meeting in June each year and regular meetings at least quarterly. Special meetings are held as necessary.

Board members serve staggered five-year terms so that no more than half of the Board is up for election in any one year, unless a vacancy needs to be filled. To initially stagger the terms, for the founding board, two directors served three-year terms, two directors served four-year terms, and the remaining three served the usual five year term. The Directors that served the three, four and five-year terms were determined by lottery. When the term of a Board member expires or when a Board Member resigns, the remaining Directors will elect a new Director to fill the vacancy. Any member of the Board may be removed by the affirmative vote of two-thirds of the members then in office, excluding the member at issue, whenever in their judgment such removal would serve the best interests of the Borrower. Board members may resign effective upon written notification to the Chairperson. In the event of a vacancy occurring on the Board because of death, resignation, removal, disqualification, or otherwise, the Board, by majority vote, will fill the vacancy in the manner prescribed in the Bylaws. No member receives compensation for service on the Board except reasonable expenses or as approved by a majority vote of the Board and may serve for only two consecutive five-year terms.

Certain information regarding the current members of the Board, their occupations and terms of office are set forth hereafter.

**Table 7  
Board of Directors**

<b>Name</b>	<b>Office</b>	<b>NRS 386.549 Membership Category</b>	<b>Date Elected to Board</b>	<b>End of Term</b>
John Bentham	Chair	Professional	2016	2021
Will Harty	Vice Chair	Professional	2014	2019
Carrie Boehlecke	Secretary	Teacher	2015	2020
Travis Mizer	Treasurer	Professional	2015	2020
Sarah McClellan	Member	Teacher	2016	2021
Cody Noble	Member	Professional	2011	2021
Gary McClain	Member	Professional	2018	2023

Certain information concerning the background and experience of the Board is set forth below.

***John Bentham—Chair.*** John Bentham is the co-founder and President/CEO of Ivory Star Productions, a full-service theatrical and community event production company based in Las Vegas, Nevada. Mr. Bentham has facilitated performances and productions of international superstars and was a finalist in the Distinguished Small Business awards by Nevada Business Magazine. He holds a Bachelor of Science in Business Administration and Communication Arts from Austin College in Sherman, Texas.

***Will Harty—Vice Chair.*** Will Harty is currently the financial planning and analysis manager for Brady Linen LLC. He holds a Bachelor of Arts in Political Science from Brigham Young University in Provo, Utah, and also earned a master’s degree in Business Administration from Brigham Young University’s Marriott School of Management. Mr. Harty has received numerous professional designations including the Chartered Financial Analyst designation and the Certified Treasury Professional designation.

***Carrie Boehlecke—Secretary.*** Carrie Boehlecke has over 15 years of experience as an educator and has worked specifically with the Clark County School District’s curriculum and testing departments to offer skilled professional development in a variety of areas. She has been employed as the secondary Literacy Project Facilitator for the Clark County School District and is currently an administrator at East Career and Technical Academy in Las Vegas, Nevada. She holds an Associate of Science in Restaurant Management from the Community College of Southern Nevada, a Bachelor of Science in Education from the University of Nevada, Las Vegas, a Master of Arts in Teaching from Grand Canyon University, and a Master of Science in Educational Leadership from Sierra Nevada College.

***Travis Mizer—Treasurer.*** Travis Mizer holds a Bachelor of Arts in Business Marketing from Walsh University, in Canton, Ohio. He is the Director of Risk Management for the Bellagio and Monte Carlo Hotel and Casino. Mr. Mizer has over 13 years of expertise in the insurance industry and works to ensure the resorts are in compliance with safety legislation and industry practices.

***Sarah McClellan—Member.*** Sarah McClellan is currently a special education resource teacher at a Las Vegas local elementary school, and is also pursuing her master’s degree in Special Education. She graduated from Utah State University with a Bachelor of Science in Family and Human Development and volunteers regularly for the Borrower.

***Cody Noble—Member.*** Cody Noble is a partner at the law firm of McDonald Carano Wilson, LLP, and focuses his legal practice on federal and state tax planning, corporate law, business transactions, trust administration, estate planning and the law of tax-exempt organizations. Mr. Noble earned a Master of Laws in Taxation at the University of Florida, Levin College of Law and a Juris Doctor from Brigham Young University, J. Reuben Clark Law School, graduating magna cum laude. He also received a Bachelor of Science in Accounting from the Southern Utah University of Cedar City, Utah. Mr. Noble has also served as an intern for the Utah Supreme Court.

**Gary McClain—Member.** Gary McClain was elected to the Board on January 18th, 2018 for a 5-year term. Mr. McClain is currently the Community Manager for Mountain’s Edge Master Association where he is responsible for overseeing all day-to-day operations as well as long-term community planning.

### **Conflict of Interest Policy**

The Board has adopted a Conflict of Interest Policy (the “Conflict Policy”) designed to identify situations that present potential conflicts of interest and to provide the Borrower with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though a conflict of interest may exist. Each director, principal officer and member of a committee with Board delegated powers will annually sign a disclosure statement which affirms that they: (a) received a copy of the Conflict Policy; (b) read and understand the Conflict Policy; (c) agreed to comply with the Conflict Policy; (d) understand that as a charitable organization under IRS Rule 501(c)(3), the Borrower is charitable and to maintain its federal tax exemption must engage primarily in activities which accomplish one or more of its tax-exempt purposes; and (e) are an independent director, as defined therein. Such annual disclosure forms can be amended as necessary throughout the year and the Executive Committee regularly and consistently monitors and enforces compliance with the Conflict Policy by reviewing annual statements and taking other actions as are necessary for effective oversight.

### **Succession Policy**

The Borrower’s succession plan for school administrators and Board members includes the formation of a committee consisting of the former Board members that review resumes and narrow the results to three potential qualified candidates. The committee will then send out an e-mail to the school community informing them of the opening on the Board of Directors (along with any restrictions on the seat if any are applicable). The committee will submit a recommendation to the Board which will then interview potential candidates prior to making a final determination.

### **The Charter**

The Borrower currently operates under the Charter Agreement, effective as of August 12, 2011 with the State Charter School Authority, and pursuant to the Charter that is the application approved by the State Charter School Authority, which was recently expanded in 2016. The Charter is effective through June 30, 2022, unless earlier terminated in accordance with its terms. See “APPENDIX A—CHARTER SCHOOLS IN NEVADA—General Background—Renewal of Charter” for a description of the charter renewal process.

Pursuant to State law and the Charter, the Charter may be revoked at any time by the State Charter School Authority before its expiration upon determination and majority vote of the State Charter School Authority that the Borrower, its officers or its employees: (a) committed a material breach of the terms and conditions of the Charter; (b) failed to comply with generally accepted standards of fiscal management; (c) failed to comply with applicable statutes; or (d) persistently underperformed, as measured by the performance indicators, measures and metrics set forth in the charter school performance framework for the Borrower. The Charter may also be terminated by the State Charter School Authority if the Borrower files for a voluntary petition of bankruptcy, is adjudicated bankrupt or insolvent, or is otherwise financially impaired such that the Borrower cannot continue to operate; if it determines that the termination is necessary to protect the health and safety of the students enrolled in a Somerset Academy School or employed by the Borrower from jeopardy, or to prevent damage to or loss of property of CCSD or the community in which Borrower is located. The State Charter School Authority shall terminate the Charter if the Borrower receives three consecutive annual ratings established at the lowest rating possible indicating underperformance of a public school, as determined by the Department pursuant to the statewide system of accountability for public schools. See also “APPENDIX A—CHARTER SCHOOLS IN NEVADA—General Background—Revocation of Charter” for a description of the charter revocation process.

### **Affiliation Agreement**

The Borrower is an affiliate of Somerset Academy, Inc., a Florida nonprofit corporation which offers educational programs in Florida, Texas, Nevada, and Washington, DC. The Borrower has entered into a Trademark



License and Affiliation Agreement with Somerset Academy, Inc. under which the Borrower agrees to pay an annual fee to Somerset Academy, Inc. in an amount not to exceed 1% of the guaranteed basic support payment per pupil funding that the Borrower receives.

Founded in 1997, Somerset Academy, Inc. opened its first school in Miramar, Florida, with 50 students in grades Kindergarten through five. The multi-age, multi-level classrooms were the basis for the Somerset Academy elementary school philosophy and concept and have proven to be a successful innovation.

As an affiliate of the Somerset Academy, Inc. system, a SACS-CASI accredited institution, the Borrower has implemented the same best practices and committed to meet the same standards and quality indicators, which makes it eligible to pursue and receive accreditation from the Western Association of Schools and Colleges). Such commitment to implement best practices and quality standards has proven effective in raising student achievement annually for all student populations.

The campuses are a replication of the Somerset Academy, Inc. Charter School Instructional Model, which has yielded over 20 high-performing charter school programs in grades K-12 throughout Florida and Texas. Somerset Academy, Inc. has developed a multi-tier system (management, assessment and instruction and professional development) that integrates technology within the core curriculum and achieves increased performance across all student populations and subgroups. Somerset Academy, Inc. has been able to implement unique and innovative strategies aimed at student achievement and has proven these strategies to be successful with all student populations. Thus, having the combination of experience and a demonstrated track record of success with its programs, Somerset Academy, Inc. assists the Borrower to promote increased student achievement for its students.

#### **Executive Director-Borrower**

The Executive Director acts as liaison between the Board and Schools to assure consistent adherence to the Charter. His duties include, among others: develop and facilitate the screening and interviewing process used to identify quality candidates for selection, by a committee including their peers, as school administrators; serve as a liaison to the Management Company and communicate regularly to ensure maximum efficiency in the delivery of services to Schools; foster open communication, regularly attending Board meetings, and other meetings, as required; provide accurate, timely and useful information the Board needs to frame effective policies; serve as the liaison to the State Charter Authority and other identified State entities; and, maintain accurate data and records used to report and meet expected accountability requirements.

John Barlow has served as the Executive Director for the Borrower since 2015. He received his Bachelor of Science degree in Spanish and Broadcast Journalism from Brigham Young University in Provo, Utah, and his master's degree in Educational Leadership from NOVA University located in Fort Lauderdale, Florida. Prior to his position of Executive Director for the Borrower, he served as the founding principal at the Sky Pointe Campus for four years. He has also been in various leadership and educational positions with the Clark County School District for 23 years including his service as the founding principal for Del Sol and Sunrise Mountain High Schools in Las Vegas, Nevada. Mr. Barlow was nominated and selected as the 2002-2003 Nevada Association of Secondary Administrators Principal of the Year and has lead school accreditation teams for over a decade both within the state of Nevada and abroad in Egypt and Arabia.

#### **Management Services**

**Management Agreement.** Pursuant to a Borrower Services and Support Agreement, effective \_\_\_\_, 20\_\_, by and between the Borrower and Academica Nevada LLC, a Nevada limited liability company ("Academica Nevada"), Academica Nevada has agreed to provide management services and support to the Borrower (the "Management Agreement"). The Management Agreement is effective through the term of Charter, unless terminated earlier subject to its terms. The duties of Academica Nevada, as set forth in the Management Agreement, include, but are not limited to, the following:

- (a) identification, design and procurement of facilities and equipment;

- (b) staffing recommendations and human resource coordination;
- (c) regulatory compliance and state reporting;
- (d) legal and corporate upkeep;
- (e) public relations and marketing;
- (f) the maintenance of the books and records of the Borrower; and
- (g) bookkeeping, budgeting and financial forecasting.

The term of the Management Agreement continues through the duration of the Charter granted by the State, unless earlier terminated in accordance with its terms. The Borrower pays a management fee, which may be adjusted annually, to Academica Nevada for services performed under the Management Agreement based on the number of full-time equivalent students enrolled in the Somerset Academy Schools each year.

***Academica Nevada.*** Academica Nevada is a sister company to Academica (Miami) founded in 1999, in Miami, Florida on the principle that each charter school is a unique education environment governed by an independent board of directors that best knows the right path for its school, and Academica's mission is to facilitate the governing board's vision. Academica Nevada employs an experienced team of professionals to provide services and solutions for every aspect of charter school establishment and operation. Academica Nevada ensures the school's governing board has complete autonomy and control over its school academic program, staffing needs and curriculum, while ensuring a professionally managed and operated school that meets the requirements of the school's contracts, local ordinances and state and Federal Laws.

In addition to the Borrower, Academica Nevada is the selected Educational Management Organization for Pinecrest Academy of Nevada, Doral Academy of Las Vegas, SLAM! (Sports Leadership and Management) Academy, and Mater Academy of Nevada.

***Academica Nevada Key Personnel.***

***Robert Howell—Chief Executive Officer.*** Robert Howell worked with JP Morgan for 16 years as Senior Vice President, where he managed Government Investment Banking and raised more than \$3 billion in capital, primarily for public school districts across the state. Mr. Howell also created and oversaw the Public Financial Services group at Zions Bank, and grew its tax-exempt debt portfolio to over \$1 billion. In 2007, Mr. Howell left Zions Bank to work for Academica, and in 2010 he formed Academica Nevada. As Academica Nevada's CEO, Mr. Howell has expanded Academica's presence to the State, the State of Colorado, the State of California and the State of Hawaii. During Mr. Howell's tenure as CEO, Academica Nevada has grown to manage 15 schools with over 16,000 students. In 2017 Academica Nevada will have 19 campuses with approximately 20,000 students. Mr. Howell's educational background includes a Bachelor of Science in history from Weber State College, a Juris Doctor from California Western School of Law, and a master's degree in Business Administration from American Graduate School of International Management.

***Ryan Reeves—Chief Operating Officer.*** Ryan Reeves currently serves as the Chief Operating Officer of Academica. He received his Bachelor of Science from Roanoke College in Business Administration, and a Juris Doctor from the William S. Boyd School of Law at the University of Nevada at Las Vegas. Mr. Reeves was previously employed in the claims department of an automobile insurance company and had a small civil litigation law firm in the Las Vegas area. In 2010, he was invited to serve on the committee to form a new public charter school in the Las Vegas area at which time he became acquainted with Academica Nevada and participated in the opening of an Academica office in Las Vegas. In addition, he currently serves on the board of directors of two not-for-profit organizations dedicated to supporting school choice through public charter schools, the Borrower Association of Nevada and the Achieving through Choice in Education Foundation. Mr. Reeves also serves on the board of directors for the Las Vegas Chapter of Speedway Children's Charities and the IMPAC political action committee of the Henderson Chamber of Commerce.

*Trevor Goodsell—Chief Financial Officer.* Trevor Goodsell received his Bachelor of Science in Accounting from Brigham Young University Idaho. Trevor received his Certified Public Accounting certification and has worked in the accounting field since 2006. He has experience in all aspects of accounting including auditing, tax preparation, compliance audits, risk assessment, and preparing financial statements. In 2015, he left the public accounting sector to take a position with Academica Nevada as the Chief Financial Officer.

*Colin Bringhurst—Chief Legal Officer.* Colin Bringhurst received his Bachelor of Science in Business Management with an emphasis in marketing from Brigham Young University, and a Juris Doctor from Willamette University. Mr. Bringhurst has experience in all aspects of litigation beginning his legal career working as an insurance defense attorney and later becoming a personal injury attorney. In 2015, Mr. Bringhurst left private practice to become the Chief Legal Officer for Academica Nevada.

## ENROLLMENT

Enrollment to the Borrower is open to all students who are residents of Nevada. The enrollment policy of the Borrower states:

(a) Only in the case the school will be enrolled to capacity as determined by the appropriate fire, health, and/or building authorities, the Board and campus Principal will determine the maximum number of students to be enrolled in each grade, based upon considerations such as staffing, demand, budget requirements and facilities capacity for the present and future years. The determinations are made annually prior to count day, and are transmitted annually prior to count day to the State Charter School Authority.

(b) Students already enrolled at the Borrower will have a fixed time period, to be determined by the Board, to inform the Borrower of their intent to return.

(c) Any spaces which remain available will be filled in the following manner:

(i) Priority will be given to children of a member of the committee to form the Borrower.

(ii) Priority will be given to the children of members of the Board.

(iii) Priority will be given to the child of a teacher employed by the Borrower.

(iv) Priority will be given to the siblings of previously enrolled students. Should the number of siblings exceed the numbers of available spaces in any grade level; the students will be placed in a lottery to determine priority.

(v) Priority will be given to students currently attending a Borrower campus who wish to transfer to another campus.

(vi) All remaining students will be placed in a lottery to determine priority.

***Enrollment Timeline.*** In December of each year, the Borrower requests every enrolled student declare their intent to return to the Borrower for the following school year and/or to transfer to a different campus. The Borrower then designates a two-week open enrollment period in January. Applicants must apply at each campus they wish to attend via the campus website.

Enrollment into any open seats will then be completed pursuant to the Nevada Charter School Operation Manual, July 2012. If the number of applications received during the open enrollment window does not exceed the number of spaces available, all pupils who applied will be enrolled. However, if the number of applications received during the window does exceed the maximum enrollment for that grade level, a lottery will be held pursuant to NRS 386.580. Pupils whose applications are not selected by the lottery will be placed on an enrollment waiting list in the order determined by the lottery.

Enrollment is always “open” in that the Borrower will always accept enrollment applications as long as there are available seats. Applications received after an enrollment window closes are placed on an enrollment waiting list if the school or grade is “full” per NAC 386.353. Any applications for admissions received after the open enrollment period are added to the waitlist; however, a second lottery will only be conducted to grant them a number on the waitlist once all of the students from the original waitlist have been enrolled in the Borrower. Pupils will be chosen for enrollment from the waitlist as described above.

In order to ensure a current and accurate waitlist, applications do not carry over from year to year. Each January the Borrower completes a new open enrollment process. As such, an applicant’s waitlist number assignment will only be valid until the next open enrollment period. At that time, the Borrower notifies all parents and students who have not been accepted or enrolled by the Borrower that a new application must be submitted to be considered for future enrollment.

The following table sets forth the enrollment applications received for enrollment at each of the Pledged Facilities (including the entire NLV Campus) for the 2017-2018 school year:

**Table 8**  
**2017-2018 Enrollment Applications for the Pledged Facilities**

<b>Campus</b>	<b>Total Number of 2017-2018 Applications</b>	<b>Total Entry-Grade 2017-2018 Applications (K-6<sup>th</sup> Grades)</b>	<b>% of Entry-Grade Level Applications to Total Applications</b>	<b>Applicants that Applied at All Campuses</b>
NLV <sup>1</sup>	736	736	100.00%	0
Sky Pointe	2,800	2,414	86.21	0
Stephanie	929	921	99.14	0
Losee	1,619	1,416	87.46	0

<sup>1</sup> Includes information for NLV Building 2, which is a Non-Pledged Facility.

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The following table sets forth the historical and projected enrollment figures at each of the Pledged Facilities (including the entire NLV Campus).

**Table 9  
Historical Student Enrollment and Projected Growth**

Campus	Grade	Historical					Projected				
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<i>NLV<sup>1</sup></i>	K	116	125	124	123	122	125	125	125	125	125
	1	119	125	122	120	124	125	125	125	125	125
	2	120	125	124	124	123	125	125	125	125	125
	3	125	124	124	125	125	125	125	125	125	125
	4	118	125	125	124	125	125	125	125	125	125
	5	119	150	126	121	125	125	125	125	125	125
	6	146	144	149	153	149	150	150	150	150	150
	7	110	148	148	146	144	150	150	150	150	150
	8	85	84	146	126	127	150	150	150	150	150
	Total		<u>1,058</u>	<u>1,150</u>	<u>1,188</u>	<u>1,162</u>	<u>1,164</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
<i>Sky Pointe</i>	K	125	122	125	125	125	125	125	125	125	125
	1	126	125	125	125	130	125	125	125	125	125
	2	125	124	125	125	130	125	125	125	125	125
	3	125	125	125	126	130	125	125	125	125	125
	4	125	125	125	125	130	125	125	125	125	125
	5	144	124	130	125	130	125	125	125	125	125
	6	90	208	163	188	178	180	180	180	180	180
	7	890	147	220	184	179	180	180	180	180	180
	8	90	148	161	236	180	180	180	180	180	180
	9	70	137	132	173	204	240	240	240	240	270
	10	--	57	119	144	158	180	240	240	240	240
	11	--	--	63	115	136	150	180	240	240	240
	12	--	--	--	54	101	120	150	180	240	240
Sub-Total		<u>1,910</u>	<u>1,442</u>	<u>1,613</u>	<u>1,845</u>	<u>1,911</u>	<u>1,980</u>	<u>2,100</u>	<u>2,190</u>	<u>2,250</u>	<u>2,280</u>
<i>Stephanie</i>	K	--	--	--	100	99	100	100	100	100	100
	1	--	--	--	97	100	100	100	100	100	100
	2	--	--	--	100	100	100	100	100	100	100
	3	--	--	--	98	100	100	100	100	100	100
	4	--	--	--	121	125	125	400	100	100	100
	5	--	--	--	125	124	125	125	100	100	100
	6	--	--	--	94	117	120	120	120	120	120
	7	--	--	--	66	89	120	120	120	120	120
	8	--	--	--	53	60	90	120	120	120	120
	Sub-Total		--	--	--	<u>854</u>	<u>914</u>	<u>980</u>	<u>985</u>	<u>960</u>	<u>960</u>
<i>Losee</i>	K	--	--	--	119	125	125	125	125	125	125
	1	--	--	--	125	125	125	125	125	125	125
	2	--	--	--	123	125	125	125	125	125	125
	3	--	--	--	122	125	125	125	125	125	125
	4	--	--	--	124	125	125	125	125	125	125
	5	--	--	--	121	125	125	125	125	125	125
	6	--	--	--	179	180	180	180	180	180	180
	7	--	--	--	184	184	180	180	180	180	180
	8	--	--	--	178	180	180	180	180	180	180
	9	--	--	--	132	203	210	210	240	240	270
	10	--	--	--	91	140	180	210	210	240	240
	11	--	--	--	55	78	120	180	210	210	240
	12	--	--	--	--	50	60	120	180	210	210
Sub-Total		--	--	--	<u>1,553</u>	<u>1,765</u>	<u>1,860</u>	<u>2,010</u>	<u>2,130</u>	<u>2,190</u>	<u>2,250</u>
<i>Combined</i>	Totals	<u>2,968</u>	<u>2,592</u>	<u>2,801</u>	<u>5,414</u>	<u>5,754</u>	<u>6,020</u>	<u>6,595</u>	<u>6,480</u>	<u>6,600</u>	<u>6,690</u>

<sup>1</sup> Includes information for NLV Building 2, which is a Non-Pledged Facility.

The following table provides student retention rates at each of the Pledged Facilities (including the entire NLV Campus), calculated by tracking the students enrolled during the prior school year that continued enrollment in the subsequent school year, excluding those students in the respective school's highest grade level that could not continue enrollment because the next grade level was not offered by the respective school during the subsequent school year.

**Table 10  
Student Retention Rates**

<b>Campus Grade</b>	<b>Percent Retention from 2014-2015 to 2015-2016</b>	<b>Percent Retention from 2015-2016 to 2016-2017</b>	<b>Percent Retention from 2016-2017 to 2017-2018</b>
<i>NLV<sup>1</sup></i>			
1	61.74%	71.67%	77.24%
2	72.17	76.23	77.50
3	70.49	75.81	82.26
4	74.31	75.20	78.40
5	69.17	72.80	82.26
6	60.99	64.34	65.29
7	70.83	62.84	77.78
8	71.43	68.71	80.42
<i>Sky Pointe</i>			
1	100.00%	92.62%	95.20%
2	95.90	93.60	92.00
3	94.31	98.40	93.60
4	93.50	98.39	96.03
5	96.80	93.60	94.40
6	100.00	93.08	85.60
7	93.24	88.61	82.45
8	94.67	87.96	85.87
9	66.89	62.26	45.42
10	85.09	84.50	75.29
11	93.33	84.87	84.03
12	--	96.55	84.35
<i>Stephanie</i>			
1	86.60%	85.86%	90.00%
2	90.63	82.47	86.60
3	84.85	83.33	90.00
4	85.00	87.88	88.78
5	78.85	82.00	90.91
6	66.67	50.00	60.00
7	73.42	45.95	73.40
8	75.44	43.04	80.30
<i>Losee</i>			
1	88.60%	85.95%	84.87%
2	75.89	86.29	91.20
3	82.20	88.71	94.31
4	88.89	95.16	86.89
5	88.24	87.20	88.71
6	88.24	86.82	83.47
7	87.39	88.67	87.15
8	89.58	86.49	85.33
9	91.86	66.67	66.85
10	96.34	70.94	84.85
11	--	68.57	78.02
12	--	--	83.64

<sup>1</sup> Includes information for NLV Building 2, which is a Non-Pledged Facility.

The student population at the Pledged Facilities consists of students residing in the following zip codes, all of which are in Clark County, Nevada:

**Table 11**  
**Distribution of Students by Zip Code**

NLV Campus <sup>1</sup>		Sky Pointe Campus		Losee Campus		Stephanie Campus	
Zip Code	Percent	Zip Code	Percent	Zip Code	Percent	Zip Code	Percent
89031	31.21%	89131	29.11%	89081	39.70%	89074	16.41%
89081	25.60	89149	13.77	89031	17.35	89014	13.79
89084	14.14	89031	9.32	89115	10.41	89012	12.69
89032	6.90	89166	7.54	89032	9.27	89122	8.21
89086	4.22	89143	7.49	89084	5.57	89121	6.35
89115	4.05	89130	6.91	89086	5.40	89011	6.24
89085	2.50	89084	5.92	89030	2.22	89123	6.02
89131	2.33	89129	4.71	89131	1.19	89002	5.91
89149	1.47	89085	2.83	89110	0.97	89015	4.60
89166	1.38	89081	2.72	89130	0.91	89183	2.52
89130	1.21	89108	1.62	89139	0.91	89120	2.41
89030	0.95	89032	1.15	89108	0.80	89119	2.08
89108	0.78	89128	0.89	89129	0.80	89052	1.86
89143	0.52	89107	0.73	89156	0.80	89139	1.31
89129	0.43	89106	0.10	89107	0.51	89141	1.09
89104	0.34	89110	0.21	89128	0.40	89169	1.09
89106	0.26	89115	0.21	89166	0.34	89110	0.88
89089	0.17	89116	0.21	80081	0.34	89104	0.77
89110	0.17	89117	0.52	89149	0.23	89178	0.66
89122	0.17	89134	0.31	89101	0.23	89142	0.66
89138	0.17	89145	0.31	89085	0.23	89117	0.55
89156	0.17	89124	0.16	89120	0.23	89135	0.55
89189	0.17	89086	0.16	89127	0.23	89113	0.44
89089	0.17	89102	0.16	89119	0.17	89148	0.44
89088	0.09	89133	0.16	89122	0.11	89108	0.44
89107	0.09	89136	0.16	89142	0.11	89128	0.33
89103	0.09	89138	0.16	89143	0.11	89081	0.33
89191	0.09	89147	0.16	89146	0.11	89133	0.22
89183	0.09	89162	0.10	89148	0.11	89146	0.22
		89015	0.10	89039	0.11	89075	0.22
		89135	0.10	89106	0.11	89156	0.11
		89123	0.05	89121	0.06	89030	0.11
		89132	0.05	89109	0.06	89044	0.11
		89148	0.05	89102	0.06	89102	0.11
		89033	0.05	89104	0.06	89107	0.11
		89144	0.05	89014	0.06	89129	0.11
		89178	0.05	89145	0.06	89147	0.11
		89436	0.05			89113	0.44
		89702	0.05			89115	0.11
		89030	0.05				
		89103	0.05				
		89104	0.05				
		89148	0.05				

<sup>1</sup> Includes information for NLV Building 2, which is a Non-Pledged Facility.

The table below sets forth the ethnic diversity of the student population at the Pledged Facilities (including the entire NLV Campus):

**Table 12  
Student Ethnicities**

<b>Campus</b>	<b>American Indian/Alaskan Native</b>	<b>Asian</b>	<b>Hispanic or Latino</b>	<b>Black or African American</b>	<b>White</b>	<b>Native Hawaiian or other Pacific Islander</b>	<b>Two or More Races</b>
NLV <sup>1</sup>	0.00%	3.89%	38.08%	18.13%	28.58%	2.07%	9.24%
Sky Pointe	0.26	1.78	18.51	6.45	64.76	1.05	7.18
Losee	0.28	3.98	41.61	16.79	27.77	1.82	7.74
Stephanie	0.66	5.70	29.28	5.59	48.03	1.54	9.21

<sup>1</sup> Includes information for NLV Building 2, which is a Non-Pledged Facility.

### Waitlist

The table below sets forth the Borrower’s waitlist at the Pledged Facilities (including the entire NLV Campus). The Borrower does not carry applications over from school year to school year and the waitlist is purged on the last day of the school year. Each January the Borrower begins a new open enrollment process as described above under the caption “Enrollment.”

**Table 13  
Waitlist Data (2017-2018)**

<b>Campus</b>	<b>K</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>Total</b>
NLV <sup>1</sup>	230	77	114	50	162	135	0	0	0	--	--	--	--	768
Sky Pointe	599	383	263	286	314	313	246	210	156	1	0	22	18	2,811
Losee	270	193	226	188	203	227	84	129	38	0	9	12	12	1,591
Stephanie	318	199	143	107	16	111	0	0	16	--	--	--	--	910

<sup>1</sup> Includes information for NLV Building 2, which is a Non-Pledged Facility.

### Competition

The following tables provide a summary of the competitive schools that are: (i) closest to the NLV Campus, Sky Pointe Campus, Stephanie Campus, and Losee Campus; and (ii) that serve at least one grade level served by the Stephanie and/or Losee Campuses.

**Table 14  
Competitive Schools—NLV Campus<sup>1</sup>**

<b>School Name</b>	<b>School Type</b>	<b>Grades Served</b>	<b>2017-2018 Enrollment</b>	<b>Distance (miles)</b>	<b>2017 State Star Rating<sup>2</sup></b>
Ruby Duncan Elementary	Public	K-5	658	0.40	2 Star
Don Hayden Elementary	Public	K-5	702	0.60	4 Star
Clifford O Findlay Middle School	Public	6-8	1,372	0.80	2 Star

<sup>1</sup> Includes information for NLV Building 2, which is a Non-Pledged Facility.

<sup>2</sup> The ratings set forth in this column are based on the testing results from the school year ending in 2017, which is the most recent school year for which results are available. Five stars is the highest achievable rating under the current rating system. See “—Star Rating System” below.



**Table 15**  
**Competitive Schools—Sky Pointe Campus**

School Name	School Type	Grades Served	2017-2018 Enrollment	Distance (miles)	2017 State Star Rating <sup>1</sup>
Ralph Cadwallader Middle School	Public	6-8	1,480	1.40	4 Star
Betsy Rhodes Elementary	Public	K-5	664	1.40	4 Star
Sandra Lee Thompson Elementary	Public	K-5	798	2.50	5 Star

<sup>1</sup> The ratings set forth in this column are based on the testing results from the school year ending in 2017, which is the most recent school year for which results are available. Five stars is the highest achievable rating under the current rating system. See “—Star Rating System” below.

**Table 16**  
**Competitive Schools—Stephanie Campus**

School Name	School Type	Grades Served	2017-2018 Enrollment	Distance (miles)	2017 State Star Rating <sup>1</sup>
Barbara & Hank Greenspun Junior High	Public	6-8	1,397	1.50	3 Star
Lorna Kesterson Elementary	Public	K-5	653	1.60	5 Star
Selma F. Bartlett Elementary	Public	K-5	682	1.90	4 Star

<sup>1</sup> The ratings set forth in this column are based on the testing results from the school year ending in 2017, which is the most recent school year for which results are available. Five stars is the highest achievable rating under the current rating system. See “—Star Rating System” below.

**Table 17**  
**Competitive Schools—Losee Campus**

School Name	School Type	Grades Served	2017-2018 Enrollment	Distance (miles)	2017 State Star Rating <sup>1</sup>
Elizabeth Wilhelm Elementary	Public	K-5	609	2.60	2 Star
J.E. Manch Elementary	Public	K-5	807	3.20	1 Star
Steve Cozine Elementary	Public	K-5	773	4.40	3 Star

<sup>1</sup> The ratings set forth in this column are based on the testing results from the school year ending in 2017, which is the most recent school year for which results are available. Five stars is the highest achievable rating under the current rating system. See “—Star Rating System” below.

### **Accountability**

The State of Nevada (the “State”) has applied for and received permission for flexibility under the federal “Elementary & Secondary Education Act” (“ESEA”) (reauthorized and amended in 2015 by the “Every Student Succeeds Act”) (“ESSA”) and developed its own accountability statutes. The State’s most recent federal flexibility waiver expires at the end of the 2017-2018 school year. Prior to this date, the State Department of Education is required to develop and operationalize a new school accountability system based on the 2017-2018 school year. The new State accountability system must meaningfully differentiate schools based on academic proficiency of State assessments, graduation rates for high school, English language proficiency, growth or other statewide academic indicator for K–8 schools, at least one other State-set indicator of school quality or student success, and 95% assessment participation rate.

Rather than the Adequate Yearly Progress (“AYP”) school accountability system prescribed by ESEA, the State’s current school accountability system is the Nevada School Performance Framework (“NSPF”). The NSPF is an integral component of the Educator Performance System that defines the State’s shift away from AYP to a five-

star classification approach, with schools earning a rating of one, two, three, four, or five stars, wherein a one-star school is the lowest rating and a five-star school is the highest. The NSPF includes multiple measures of student achievement and growth and aligns the designations for schools to the delivery of appropriate supports and rewards.

The NSPF was able to calculate the star ratings by using data known as index scores for every school in the State, obtained through a public records request, and cross referencing that with information presented to the Nevada State Board of Education, to indicate how officials are dividing the index scores into the five star categories. Schools receive an index score by the state based on a number of factors, including student growth and achievement, graduation rates, college and career readiness, English language proficiency and student attendance.

Nevada's public schools receive an index score and a star rating under the NSPF. Index scores are comprised of the total points earned across several indices. According to the NSPF, the highest index score a school can receive is 102. The State then decided how to disperse the index scores into the five ratings. Schools with a score between 0 through 28.9 will receive one star, 29 through 49.9 will receive two stars, 50.0 through 69.9 will receive three stars, 70 through 79.9 will receive four stars, and a score of 80 through 102 will receive a five star rating. State officials explained the process behind setting the cut scores, the mean scores used as dividing points between the ratings.

According to State officials, a three-star school is a school that is meeting the State's goal under the ESSA. A three-star school is identified as an adequate school that has met the State's standard for performance. The all-students group has met expectations for academic achievement or growth. Subgroups meet expectations for academic achievement or growth with little exception; however, no group is far below standard. The school must submit an improvement plan that identifies supports tailored to subgroups and indicators that are below standard. Schools identified for comprehensive support and improvement are not eligible to be classified as a three-star school or higher. Schools identified for targeted support and improvement are eligible to be classified as three-star schools. For all schools, the NSPF provides actionable feedback to schools and districts to help determine if current practices are aligned to improve educational outcomes for all students.

One of the performance indicators is academic achievement and its relation to student proficiency. Academic achievement is a measure of student performance based on a single administration of the State assessment. Cut scores are set that determine the achievement level needed to be proficient on the assessment. Student proficiency is then determined by calculating the percent of students in the school who have met the Level 3 expectations and exceed the standards of Level 4 on the State assessments. Points are earned based on a pooled average of the total number of students proficient on all three assessments divided by the total number of students taking all three assessments.

State statute requires the State Department of Education to determine whether each public school is meeting the annual measurable objectives and performance targets established pursuant to the statewide system of accountability for public school on or before July 31 of each year. Between July 31 and September 15, the State Department of Education engages in a review of each school's preliminary rating and prepares school reports for public access. Final determinations of school ratings must be made on or before September 15.

The Nevada Department of Education is to make final determinations of school ratings on or before September 15 of each year. However, new school ratings, for elementary and middle schools only, were released December 15, 2017, which will be determined by a new accountability system that was not previously employed during the 2014-2015 school year from which the most recent ratings were calculated. The Nevada Department of Education has provided descriptions of each of the star rating categories as described above. Star ratings are used to develop performance plans for each school and the level of oversight correlates with the school's star rating such that the lower the star rating, the higher the level of State and/or local school district involvement in the school's operations.

According to the Nevada Department of Education, the Nevada Accountability Portal revealed the following:

**Table 18**  
**2016-2017 Nevada Accountability Report Card of Combined Somerset Academy Schools**

	<b>Daily Attendance</b>	<b>Average ACT Composite</b>	<b>ELA Proficiency</b>	<b>Math Proficiency</b>
State	97.0%	17.45	--	--
Elementary	--	--	48.7%	42.1%
Middle	--	--	47.0	26.9
County	94.8	17.28	--	--
Elementary	--	--	47.8	40.2
Middle	--	--	45.1	24.3
Borrower	96.3	18.43	--	--
Elementary	--	--	62.6	59.4
Middle	--	--	50.5	33.5

Source: Nevada Department of Education

### State Assessments and Student Performance

**State Assessments.** The Nevada Department of Education is required to develop and operationalize a new accountability system based on the 2017-2018 school year, under the ESSA. Beginning with the graduating class of 2017, the State’s End of Course examinations took the place of the High School Proficiency Examination as a graduation requirement for a Nevada standard diploma. The following describes the current State mandated assessments that must be administered by the Borrower. The Nevada Board of Education is in the process of interpreting recent State legislation that will likely necessitate changes in the following assessments.

#### *Grades K-3: Measure of Academic Progress:*

For grades K-3 the State utilizes Measure of Academic Progress (“MAP”), a computer-adaptive assessment that monitors student growth and informs teachers in a way that allows them to personalize instruction. This assessment program was adopted in the State to help achieve the Read by Grade Three Act that aims to ensure all students are able to read proficiently by the end of the 3<sup>rd</sup> grade. A student taking a MAP assessment will first answer a question that is appropriate for that student’s grade level, as the test continues, the questions dynamically adapt in response to the student’s performance. The results of the MAP assessments are easy to understand and designed to help educators recognize each individual student’s needs.

#### *Grades 3-8: Smarter Balanced Assessments:*

The Smarter Balanced Assessment is a computer testing system aligned with the Common Core State Standards in English language arts and mathematics and is given to students in grades 3 through 8. It was developed by a group of states known as the Smarter Balanced Assessment Consortium (“SBAC”). The goal in implementing the Smarter Balanced Assessment is to prepare all State students for success in college and careers readiness. The online format of this assessment allows for more meaningful feedback for both teachers and parents. The computer adaptive technology makes each testing experience customized. During the test if a student answers a question correctly, the next question will be harder, an incorrect answer will be followed by an easier question. In addition to multiple choice questions, this assessment includes writing questions which allow students to demonstrate their research, writing, and problem solving skills.

#### *Grades 5, 8 & 10: Science:*

Federal testing regulations require all public school students in fifth, eighth, and tenth grade to participate in Science assessments. These assessments are computer-based tests that are administered once a year by schools in

the spring. Student performance is measured against the recently adopted Nevada Academic Content Standards for Science.

In the fifth grade students are expected to demonstrate grade-appropriate proficiency in the following areas to demonstrate understanding of the core ideas: developing and using models, planning and carrying out investigations, analyzing and interpreting data, using mathematics and computational thinking, engaging in argument from evidence, and obtaining, evaluating, and communicating information.

By the eighth grade, students are expected to complete Physical Science, Life Science, Earth and Space Science, and Engineering Design. Students are expected to be able to define a problem by precisely specifying criteria and constraints for solutions as well as potential impacts on society and the natural environment, systematically evaluating alternative solutions, analyzing data from tests of different solutions and combining the best ideas into an improved solution, and developing a model and iteratively testing and improving it to reach an optimal solution.

*Grades 7-13: End of Course Examinations:*

The End of Course examinations are designed to measure student understanding of the courses they are enrolled in. These exams are aligned to the Nevada Academic Content Standards in ELA, mathematics, and science. The End of Course exams are administered for Math I Emphasis on Algebra I, Math II Emphasis on Geometry, Integrated Mathematics 1, Integrated Mathematics 2, English language arts I with a Focus on Reading Comprehension, English language arts II with a Focus on Writing, Science with a focus on Life Science for Graduation Cohort 2020 and beyond, ELA Combined (reading and writing) for Graduation Cohort 2020 and beyond.

**Student Performance.** The Borrower uses a data-driven model for student placement into academic levels, and to measure achievement throughout the year. Students participate in two-minute weekly reading assessments, weekly or semi-weekly math exams and regular spelling, science and history exams. With this frequency the Borrower is able to make rapid changes to a student's achievement level group to ensure they constantly remain at the correct achievement pace throughout the year.

**State Assessments.** Students are also evaluated annually using statewide proficiency exams. These exams allow the Borrower to measure the Borrower's success compared to the State's public school districts.

The Nevada Department of Education's ("NDE") testing program consists of different state prescribed tests. NDE develops or selects and administers all state assessments. All students enrolled in public schools, including the Borrower, at a grade level where a mandated test is administered statewide, will participate in test administration per Nevada statutes. Federal and state requirements have been aligned so that all students must participate fully and meaningfully in the state assessments. Students with disabilities and students classified as English learners must also participate and may use accommodations and/or designated supports, as appropriate.

The following tables indicate the scores on the state administered tests for the Pledged Facilities (individually) and the Borrower (System-wide).

### Borrower SBAC Results – 2016/2017

3rd Grade ELA				
Total Students: 568	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	30%	30%	25%	15%
Lone Mountain	27%	31%	26%	16%
Losee	23%	26%	30%	21%
NLV	26%	27%	30%	17%
Sky Pointe	42%	31%	17%	10%
Stephanie	31%	35%	23%	11%

3rd Grade Math				
Total Students: 574	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	27%	37%	22%	14%
Lone Mountain	25%	37%	25%	13%
Losee	22%	26%	31%	21%
NLV	27%	31%	21%	21%
Sky Pointe	37%	41%	15%	7%
Stephanie	28%	43%	19%	10%

4th Grade ELA				
Total Students: 594	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	33%	30%	21%	17%
Lone Mountain	42%	25%	21%	12%
Losee	20%	34%	26%	20%
NLV	19%	26%	27%	28%
Sky Pointe	42%	34%	15%	9%
Stephanie	43%	29%	17%	11%

4th Grade Math				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	28%	35%	27%	10%
Lone Mountain	34%	36%	25%	5%
Losee	15%	37%	37%	11%
NLV	12%	30%	35%	23%
Sky Pointe	41%	35%	18%	6%
Stephanie	37%	37%	19%	7%

5th Grade ELA				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	26%	38%	20%	16%
Lone Mountain	25%	43%	20%	10%
Losee	27%	31%	26%	16%
NLV	19%	36%	20%	25%
Sky Pointe	33%	43%	14%	10%
Stephanie	29%	38%	18%	15%

5th Grade Math				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	27%	24%	31%	18%
Lone Mountain	18%	33%	34%	15%
Losee	21%	26%	29%	24%
NLV	24%	13%	42%	21%
Sky Pointe	46%	27%	23%	4%
Stephanie	25%	24%	28%	23%

6th Grade ELA				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	12%	32%	32%	24%
Lone Mountain	15%	31%	34%	20%
Losee	8%	28%	31%	33%
NLV	7%	25%	38%	30%
Sky Pointe	13%	40%	32%	15%
Stephanie	18%	35%	26%	21%

6th Grade Math				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	10%	22%	38%	30%
Lone Mountain	10%	25%	40%	25%
Losee	7%	17%	34%	42%
NLV	7%	16%	41%	36%
Sky Pointe	16%	28%	39%	17%
Stephanie	9%	26%	35%	30%

7th Grade ELA				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	19%	40%	23%	18%
Lone Mountain	19%	52%	19%	10%
Losee	10%	41%	28%	21%
NLV	8%	33%	22%	37%
Sky Pointe	19%	41%	28%	12%
Stephanie	40%	32%	19%	9%

7th Grade Math				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	14%	24%	34%	28%
Lone Mountain	12%	29%	39%	21%
Losee	9%	17%	41%	33%
NLV	5%	21%	35%	39%
Sky Pointe	16%	27%	30%	27%
Stephanie	29%	28%	25%	18%

8th Grade ELA				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	12%	42%	28%	18%
Lone Mountain	18%	56%	23%	3%
Losee	11%	27%	35%	27%
NLV	10%	30%	26%	34%
Sky Pointe	13%	42%	31%	14%
Stephanie	7%	57%	23%	13%

8th Grade Math				
	Exceeds	Meets	Nearly Meets	Not Met
<b>SYSTEM WIDE DATA</b>	11%	23%	29%	37%
Lone Mountain	16%	32%	26%	26%
Losee	7%	10%	24%	59%
NLV	12%	19%	30%	39%
Sky Pointe	7%	25%	38%	29%
Stephanie	15%	26%	25%	34%

### ELA End of Course Exams

	Advanced	Proficient	Partial Understanding	Minimal Understanding
ELA I	3%	8%	26%	63%
ELA II	15%	39%	27%	19%

### Math End of Course Exams

	Advanced	Proficient	Partial Understanding	Minimal Understanding
Math I	6%	30%	41%	23%
Math II	4%	16%	26%	54%

### Recruitment and Marketing

The Borrower uses multiple means of marketing for student recruitment. Marketing methods include social media (primarily Facebook), social media ads, mailers, and word of mouth. Due to the significant demand and waitlist at each campus, spending on marketing has traditionally been minimal. The Pledged Facilities have large waitlists at each grade level thus making marketing a limited priority for the Borrower. The Borrower also has a specific policy implemented that states that once a new campus or if an existing campus increases by 10%, postcards are sent out to a two-mile radius. See “—Waitlist.”

### Equipment and Teaching Materials

All equipment and teaching materials in place at the Pledged Facilities have been purchased over the last six years and are fully functional. Most furniture is still covered under manufacturer warranties and is in good working order. Curriculum and teaching materials are still current and relevant and all digital curriculum licenses are still accessible. Audio-Visual and technical equipment is used on a daily basis in each classroom and properly maintained for full functionality. See “FINANCIAL INFORMATION OF THE BORROWER—Capital Leases.”

### Reduced Lunch Program

Beginning in the 2017-18 school year, the Borrower participates in the National School Lunch Program (“NSL Program”) at the NLV Campus, the Losee Campus and the Stephanie Campus. Currently, 26% of the students enrolled at the NLV Campus, 25% of the students enrolled at the Stephanie Campus and 32% of the students enrolled at the Losee Campus are participating in the NSL Program. The Sky Pointe Campus is not a participant in the NSL Program.

### Special Education Program

The Borrower provides a special education program to students enrolled at the Pledged Facilities. Currently, 9.82% of the students enrolled at the NLV Campus, 11.90% of the students enrolled at the Sky Pointe Campus, 10.84% of the students enrolled at the Stephanie Campus, and 12.52% of the students enrolled at the Losee Campus are participating in the program.

### Transportation

The Borrower does not provide transportation for students to and from school. Parents are responsible for providing a means of transportation for their student(s).

### NO LITIGATION

On the date of this Limited Offering Memorandum, no action, suit, proceeding or investigation at law or in equity, before or by any court, governmental agency or public board or body is pending or, to the knowledge of the Borrower, overtly threatened, affecting the validity of the Indenture, the Lease or the Series 2018 Bonds or



contesting the corporate existence or powers of the Borrower or that is otherwise material to the business or operations of the Borrower or Academica Nevada.

## FINANCIAL INFORMATION OF THE BORROWER

### State Payments

As further described in “APPENDIX A—CHARTER SCHOOLS IN NEVADA—Funding Process,” Nevada charter schools receive funding from state, local, and federal sources. 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 Distributive School Account (“DSA”) is to “supplement local financial ability to whatever extent necessary” and provide the means by which Nevada meets its guaranteed financial support to school districts under the Nevada Plan. The State Board of Education, through the Nevada Department of Education (“NDE”), is responsible for administering the Nevada Plan and allocating the legislatively-approved funds from the DSA to school districts and charter schools. See “APPENDIX A—CHARTER SCHOOLS IN NEVADA—Funding for Charter Schools.”

### Budgeting and Accounting Principles

**Accounting Principles.** The Borrower follows NDE’s guidelines with respect to budgeting, accounting and auditing of public schools. As set forth in the Charter, the Borrower agrees to establish, maintain and retain appropriate financial records in accordance with all applicable federal, state and local laws, rules, policies and regulations, and to make such records available on a quarterly basis to the State Charter School Authority. In addition, as provided in the Charter, an independent financial audit is to be conducted each fiscal year. The financial statements of the Borrower are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles applicable to government organizations. The Borrower’s audited financial statements for the year ended June 30, 2017 are appended hereto as Appendix C. The following table sets forth the Borrower’s history of revenues and expenditures for the General Fund since the Borrower opened for the 2014-2015 school year.

**Borrower Financial Information.** At the end of each fiscal year the Borrower conducts an annual financial audit. The Board currently employs BDO USA, LLP, as its auditors. See “APPENDIX C—CHARTER SCHOOL AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017” to the Limited Offering Memorandum for the Borrower’s most recent audit. The Borrower’s accounting principles are consistent with GAAP standards and are audited on that basis. Certain unaudited financial and debt service coverage information relating to the Pledged Revenues is provided in Tables 26 and 27 below. See also “APPENDIX A—CHARTER SCHOOLS IN NEVADA—DSA Basic Support per Student” for a description of charter school funding in the State. The following table sets forth the Borrower’s history of revenues and expenditures for the General Fund. The following information should be read together with the Borrower’s financial statements and accompanying notes appended thereto.

**Table 19  
Borrower – Historical Summary of General Fund Revenues, Expenditures and Changes in Fund Balances**

	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
<b>REVENUES:</b>					
State Sources:					
State DSA	\$10,574,232	\$18,676,821	\$28,766,318	\$36,823,655	\$43,283,613
Kindergarten tuition <sup>1</sup>	216,789	297,858	375,918	2,028	--
Special education <sup>2</sup>	--	--	634,089	725,908	1,487,074
Other Sources	--	--	1,077	424,629	37,693
Total Revenues	<u>10,791,021</u>	<u>18,974,679</u>	<u>29,777,402</u>	<u>37,976,220</u>	<u>44,808,380</u>
<b>EXPENDITURES:</b>					
Instruction	5,339,593	9,764,730	14,785,382	21,998,413	23,202,146
Support Services	<u>4,322,289</u>	<u>7,366,681</u>	<u>43,962,361</u> <sup>3</sup>	<u>18,588,714</u>	<u>27,520,443</u>
Total Expenditures	<u>9,661,882</u>	<u>17,131,411</u>	<u>58,747,743</u>	<u>40,587,127</u>	<u>50,722,589</u>
Excess of Revenues Over (Under) Expenditures	1,129,139	1,843,268	(28,970,341)	(2,610,907)	(5,914,209)
<b>Other Financing Sources (Uses)</b>					
Capital Lease Payments	--	--	1,552,995 <sup>4</sup>	1,288,805	922,789
Bond Issuance	--	--	43,228,416 <sup>3</sup>	--	--
Total	--	--	<u>44,781,411</u>	<u>1,288,805</u>	<u>922,789</u>
Net Change in Fund Balance	1,129,139	1,843,268	15,811,070	(1,322,102)	(4,991,420)
Beginning Fund Balance	<u>565,748</u>	<u>1,694,887</u>	<u>913,403</u> <sup>2</sup>	<u>16,724,473</u>	<u>15,402,371</u>
Ending Fund Balance	<u>\$1,694,887</u>	<u>\$3,538,155</u> <sup>2</sup>	<u>\$16,724,473</u>	<u>\$15,402,371</u>	<u>\$10,410,951</u>

<sup>1</sup> Reflected in the State DSA commencing with the 2016/2017 fiscal year.

<sup>2</sup> Prior to the 2013/2014 fiscal years, the Borrower maintained two governmental funds, the Special Education Fund and the General Fund. Beginning with the 2014/2015 fiscal year, the Special Education Fund was merged into the General Fund.

<sup>3</sup> In the 2014/2015 fiscal year the Borrower issued its Series 2015 Bonds for the purpose of purchasing NLV Building 1 and the Sky Pointe Campus.

<sup>4</sup> Represents payments made pursuant to capital leases executed by the Borrower for equipment, furniture, technology and curriculum. See “—Capital Leases” hereafter.

Source: Borrower audited financial statements for fiscal years ended June 30, 2013-2017, and the Borrower

Annual budgets for each of the Borrower’s campuses are prepared by each school’s principal in conjunction with Academica Nevada. Initial tentative budgets are prepared during the months of March and April, with a final budget being presented to the Board in its regularly scheduled June Board Meeting. During the first two quarters of the school year, budgets are monitored with adjustments noted and discussed for any necessary changes. During the second quarter of the school year, necessary adjustments are made to the budget and presented to the Board in its last meeting of the calendar year. This budget is then reviewed, discussed and approved by the Board. The budget continues to be monitored as compared to actual expenditures.

**Table 20  
Borrower—General Fund Budget Summary and Comparison**

	<b>2016-2017 Budget</b>	<b>2017-2018 Budget</b>	<b>2017-2018 Year-to-Date Actual (unaudited) <sup>1</sup></b>
<b>Revenues:</b>			
Budget Revenue	\$40,794,764	\$45,985,323	
Kindergarten Tuition	621,830	-- <sup>2</sup>	
Class Reduction Revenue	227,906	226,100	
Special Education Funding	451,000	772,350	
Special Education Discretionary Unit	<u>1,492,500</u>	<u>1,924,200</u>	
Total Revenues	<u>43,588,000</u>	<u>48,907,973</u>	
<b>Expenses:</b>			
Personnel Costs	26,378,259	28,936,202	
Operations	7,465,589	8,152,768	
Facilities	<u>1,722,600</u>	<u>2,093,138</u>	
Total Expenses	<u>35,566,448</u>	<u>39,182,108</u>	
Surplus (Revenues/Expenses)	<u>\$ 8,021,552</u>	<u>\$ 9,725,765</u>	

<sup>1</sup> Year to date unaudited figures through January 31, 2017.

<sup>2</sup> Beginning with the 2017/2018 school year Kindergarten was fully funded by the State resulting in the elimination of tuition fees for participation in the Borrower's Kindergarten program.

Sources: Borrower 2018 and 2017 Budget Documents and the Borrower

***Pledged Revenue Information.*** The audited financial statements of the Borrower included in Appendix C include information with respect to Non-Pledged Revenues. The financial information relating to the Pledged Revenues presented below is derived from the audited financial statements of the Borrower. This financial information includes all adjustments that management considers necessary to present such information in conformity with generally accepted accounting principles and on a basis consistent with the audited financial statements of the Borrower; however it has not been reviewed or audited by any third party.

**Table 21  
Pledged Revenues — 2017-2018 General Fund Budget Summary**

	<b>North Las Vegas<sup>1</sup></b>	<b>Losee Elementary</b>	<b>Losee Middle/High</b>	<b>Sky Pointe Elementary</b>	<b>Sky Pointe Middle/High</b>	<b>Stephanie</b>
<b>Revenues</b>						
Budget Revenue	\$4,939,484	\$5,047,500	\$6,837,680	\$5,215,750	\$7,658,740	\$6,151,220
Read by 3 Grant	25,704	40,800	--	40,800	--	40,800
Special Education Funding	77,112	129,600	107,500	103,750	156,250	101,250
Special Education Discretionary Unit	<u>190,210</u>	<u>319,680</u>	<u>254,560</u>	<u>245,680</u>	<u>370,000</u>	<u>239,760</u>
Total Revenues	<u>5,232,510</u>	<u>5,537,580</u>	<u>7,199,740</u>	<u>5,605,980</u>	<u>8,184,990</u>	<u>6,533,030</u>
<b>Expenses</b>						
Personnel Costs	3,048,707	3,416,994	4,171,561	3,422,817	4,783,088	4,010,080
Operations	855,109	952,824	1,387,829	906,954	1,398,281	1,164,061
Facilities	<u>198,959</u>	<u>210,680</u>	<u>268,467</u>	<u>213,056</u>	<u>366,232</u>	<u>237,120</u>
Total Expenses	<u>6,512,341</u>	<u>4,580,498</u>	<u>5,827,857</u>	<u>4,542,827</u>	<u>6,547,601</u>	<u>5,411,261</u>
Surplus (Revenues/Expenses)	<u>\$4,102,775</u>	<u>\$ 957,082</u>	<u>\$1,371,883</u>	<u>\$1,063,153</u>	<u>\$1,637,389</u>	<u>\$1,121,769</u>

<sup>1</sup> Calculated at 63% of the total for the NLV Campus. See "INTRODUCTION—Pledged Facilities and Pledged Revenues" in this Appendix B.

Sources: Borrower 2018 Budget Documents and the Borrower

**Table 22**  
**Pledged Revenues—Statement of Net Position<sup>1</sup>**  
**(unaudited)**

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Revenues:					
Budget Revenue					
Read by 3 Grant					
Special Education Funding					
Special Education Discretionary Unit					
Total Revenues					
Expenses:					
Personnel Costs					
Operations					
Facilities					
Total Expenses					
Surplus (Revenues/Expenses)					

<sup>1</sup> Calculated at 63% of the total for the NLV Campus. See “INTRODUCTION—Pledged Facilities and Pledged Revenues” in this Appendix B.  
Sources: The Borrower

**Other Outstanding Borrower Financial Obligations**

**Series 2015 Bonds.** The Director issued its \$42,995,000 Charter School Lease Revenue Bonds (Somerset Academy), Series 2015A (the “Series 2015A Bonds”) and its \$85,000 Charter School Lease Revenue Bonds (Somerset Academy), Series 2015B Federally Taxable (the “Series 2015B Bonds” together with the Series 2015A Bonds, the “Series 2015 Bonds”) to finance: (i) the acquisition by the Trustee of NLV Building 1 to be leased to, and operated by, the Borrower as a charter school; the acquisition by the Trustee of the Sky Pointe Campus to be leased to, and operated by, the Borrower as a charter school; and the construction of an addition and certain improvements to the Sky Pointe Campus (collectively, the “2015 Facilities”); and (ii) the costs of issuance of the Series 2015 Bonds. The 2015 Facilities are owned by the Trustee and leased by the Trustee to the Borrower pursuant to the Lease. The Borrower is required to make monthly lease payments in stated amounts which are sufficient to pay the principal of and the interest on the Series 2015 Bonds coming due annually as set forth in the Lease. On June 30, 2017, the Series 2015 Bonds were outstanding in the principal amount of \$42,207,500. Pursuant to the Lease, the Borrower is to make lease payments totaling \$2,813,213 in the 2017-2018 fiscal year for the 2015 Facilities.

The Series 2018 Bonds will be issued on a parity with the Series 2015 Bonds.

**Facility Leases.**

**NLV Building 2.** NLV Building 2, located at 375 West Centennial Parkway, in North Las Vegas, Nevada is being leased to **the Borrower** by the NLV-2 Landlord pursuant to the NLV-2 Lease. The NLV-2 Lease is effective through July 31, 2022, subject to two adjustments for 60 months each, unless earlier terminated or canceled pursuant to any of the conditions or covenants of the NLV-2 Lease. Monthly payments are \$\_\_\_\_ for the 2017-2018 school year, increasing annually on July 1 incrementally to a monthly payment of \$125,801 in 2041.

**Lone Mountain Campus.** The Lone Mountain Campus, located at 4491 North Rainbow Boulevard, in Las Vegas, Nevada is being leased to the Borrower by CA Las Vegas NRB LLC, a Delaware limited liability company (“CA Las Vegas North Rainbow”) pursuant to a Lease Agreement dated August 15, 2014, as amended by that certain First Amendment to Lease Agreement dated as of April 15, 2015, and further amended by the Second Amendment to Lease Agreement dated December 5, 2016 (as amended, the “Lone Mountain Lease”). The Lone Mountain Lease is effective through June 30, 2044, unless earlier terminated or canceled pursuant to any of the conditions or covenants of the Lone Mountain Lease. The Borrower also has an option to purchase only during the

period commencing with the thirty-seventh full calendar month of the term and ending after completion of the fifty-sixth full calendar month of the Lone Mountain Lease term as provided in an Option Agreement executed between the Borrower and CA Las Vegas North Rainbow.

The Borrower pays CA Las Vegas North Rainbow a Base Rent in amounts provided in the schedule appended to the Lone Mountain Lease ranging from an annual amount of \$845,500 in the 2017-2018 school year (\$70,458/month) to an annual amount of \$1,641,043 in the 2043-2044 school year (\$136,754/month).

*Losee Campus.* The Losee Campus, located at 4650 Losee Road, in North Las Vegas, Nevada is being leased to the Borrower by CA Las Vegas Losee Road LLC, a Delaware limited liability company pursuant to a Lease Agreement dated November 1, 2013, as amended by that certain First Amendment to Lease Agreement dated as of April 15, 2015, and further amended by the Second Amendment to Lease Agreement dated March 16, 2017. The Borrower pays CA Las Vegas Losee a Base Rent in amounts provided in the schedule appended to the Losee Lease ranging from an annual amount of \$1,738,500 in the 2017-2018 school year (\$144,875/month) to an annual amount of \$4,979,036 in the 2042-2043 school year (\$414,920/month).

The Borrower expects to utilize proceeds of the Series 2018 Bonds in the amount of \$33,536,842 to exercise the purchase option under the Losee Lease and terminate such lease in accordance with its terms. See “THE SERIES 2018 BONDS—Use of Bond Proceeds.” Upon acquisition of the Losee Campus, the Losee Lease will terminate and the Borrower will enter into the Lease with the Trustee for the Losee Campus and the Stephanie Campus.

*Stephanie Campus.* The Stephanie Campus, located at 50 North Stephanie Street, in Henderson, Nevada is being leased to the Borrower by CA Las Vegas Stephanie Road LLC, a Delaware limited liability company pursuant to a Lease Agreement dated December 20, 2013. The Borrower pays CA Las Vegas Stephanie a Base Rent in amounts provided in the schedule appended to the Lone Mountain Lease ranging from an annual amount of \$900,000 in the 2017-2018 school year (\$75,000/month) to an annual amount of \$1,722,284 in the 2042-2043 school year (\$143,524/month).

The Borrower expects to utilize proceeds of the Series 2018 Bonds in the amount of \$11,821,106 to exercise the purchase option under the Stephanie Lease and terminate such lease in accordance with its terms. See “THE SERIES 2018 BONDS—Use of Bond Proceeds.” Upon acquisition of the Stephanie Campus, the Stephanie Lease will terminate and the Borrower will enter into the Lease with the Trustee for the Losee Campus and the Stephanie Campus.

*Capital Leases.* The Borrower and Zions Credit Corporation d/b/a Vectra Equipment Finance (“Vectra Bank”) executed a Master Finance Lease on July 21, 2011 (the “Master Lease”) whereby the Borrower leases all of the furniture, fixtures, equipment, and curriculum purchased in the start-year of an individual campus over four years pursuant to separate Equipment Schedules executed thereto (each Equipment Lease and Master Lease referred to as a “Capital Lease”). As of the date of this Limited Offering Memorandum, Vectra Bank and the Borrower have entered into five Capital Leases for the leasing of furniture, fixtures, equipment and curriculum for the Somerset Academy Campuses. As of June 30, 2017, the amount outstanding on the Capital Leases was \$2,296,482.

The following table sets forth information on outstanding financial obligations of the Borrower upon issuance of the Series 2018 Bonds.

**Table 23**  
**BORROWER OUTSTANDING FINANCIAL OBLIGATIONS <sup>1</sup>**

<b>BASE RENT PAYMENTS</b>						
<b>Related Series of Bonds</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>	<b>2017-2018 Annual Payment</b>	<b>2017-2018 Monthly Payment</b>		<b>Maturity Date</b>
2015	\$43,080,000	\$42,207,500	\$2,813,213	NLV-1	\$ 67,986	12/1/2045
				Sky Pointe	<u>166,448</u>	
				Total	<u>\$234,434</u>	
2018	\$50,820,000*	\$50,820,000*	\$ _____*	Losee*	\$	12/15/2048*
				Stephanie*		
				Total*	\$	

**FACILITY LEASES**

<b>Campus</b>	<b>2017-2018 Lease Payment</b>	
	<b>Annual</b>	<b>Monthly</b>
NLV-2	\$ 494,695	\$ 41,225
Lone Mountain	<u>845,500</u>	<u>70,458</u>
Total	<u>\$1,340,195</u>	<u>\$111,683</u>

**CAPITAL LEASES**

<b>Date of Lease</b>	<b>Creditor</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>	<b>Purpose of Lease</b>	<b>Maturity Date</b>	<b>Campus</b>
11/24/14	Vectra Bank	\$1,552,995	\$ 570,016	Purchase equipment, furniture, technology and curriculum	11/24/2018	All
11/15/15	Vectra Bank	1,054,230	651,124	Purchase equipment, furniture, technology and curriculum	11/15/2019	Sky Pointe, Stephanie, Losee, Lone Mountain
12/05/16	Vectra Bank	722,366	635,073	Purchase equipment, furniture, technology and curriculum	12/05/2020	All
4/04/16	Vectra Bank	234,575	144,662	Purchase and update technology	4/04/2019	NLV
4/28/17	Vectra Bank	<u>200,423</u>	<u>189,584</u>	Purchase and update technology	4/28/2020	Stephanie
Total		<u>\$4,960,217</u>	<u>\$2,296,486</u>			

<sup>1</sup> Upon issuance of the Series 2018 Bonds.

<sup>2</sup> Preliminary; subject to change.

**Historical and Projected Revenues and Expenditures;  
Debt Service Coverage;  
Days Cash on Hand of Borrower**

The following tables provide projected revenue and expense information, including projected debt service coverage, as well as projected Cash on Hand of the Borrower. See “SECURITY FOR THE SERIES 2018 BONDS—The Lease—Covenant as to Cash on Hand” and “—Coverage Ratio Covenant” in the Limited Offering Memorandum for a description of the covenant requirements under the Lease.

The following projections are “forward-looking statements” and are subject to the general qualifications and limitations described under “INTRODUCTION—Forward-Looking Statements” with respect to such statements.

The information contained in the following table has been prepared by Specialized Public Finance, Inc. in consultation with the Borrower. Such projections relate only to a limited number of fiscal years and consequently do not cover the entire period that the Series 2018 Bonds will be outstanding. Neither the Underwriter nor the Director have independently verified the following projections, and they make no representation nor give any assurances that such projections or the assumptions underlying them are complete or correct. The financial projections are based on assumptions made by the Borrower (on matters such as future enrollment, revenues and anticipated expenses), but there can be no assurance that actual enrollment, revenues and expenses will be consistent with such assumptions. Actual operating results of the Borrower may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient enrollment, reduced payments from the State, or otherwise), employee relations, changes in taxes, changes to applicable government regulation, changes in demographic trends, factors associated with education, competition for students, and changes in local or general economic conditions.

NO REPRESENTATION OR ASSURANCE CAN BE GIVEN THAT THE BORROWER WILL REALIZE REVENUES IN AMOUNTS SUFFICIENT TO MAKE ALL REQUIRED PAYMENTS ON THE BONDS. THE REALIZATION OF FUTURE REVENUES DEPENDS ON, AMONG OTHER THINGS, THE MATTERS DESCRIBED IN "RISK FACTORS" AND FUTURE CHANGES IN ECONOMIC AND OTHER CONDITIONS THAT ARE UNPREDICTABLE AND CANNOT BE DETERMINED AT THIS TIME. THE UNDERWRITER AND DIRECTOR MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE PROJECTIONS CONTAINED HEREIN, OR AS TO THE ASSUMPTIONS ON WHICH THE PROJECTIONS ARE BASED.

**[INSERT PROJECTIONS]**

**APPENDIX C**

**CHARTER SCHOOL AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**APPENDIX D**

**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS  
OF THE INDENTURE AND THE LEASE**

**APPENDIX E**  
**FORM OF BOND COUNSEL OPINION**

[to be provided]

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2018 (this “Disclosure Agreement”), is executed and delivered by and between Somerset Academy of Nevada, a Nevada public charter school and a Nevada nonprofit corporation (the “Charter School”), and ZB, National Association, dba Zions Bank, as trustee and dissemination agent, (the “Trustee” and “Dissemination Agent”), in connection with the issuance by the Director of the State of Nevada Department of Business and Industry (the “Director”) of its \$\_\_\_\_\_ Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A Bonds (the “Series 2018A Bonds”) and \$\_\_\_\_\_ Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B Bonds (Federally Taxable) (the “Series 2018B Bonds,” and together with the Series 2018A Bonds, the “Series 2018 Bonds”). The Series 2018 Bonds are being issued by the Director pursuant to a Trust Indenture, dated as of \_\_\_\_\_, 2018 (the “Indenture”), between the Director and the Trustee. Capitalized terms used but not otherwise defined in this Disclosure Agreement shall have the meanings assigned thereto in the Indenture.

1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Charter School for the benefit of the Registered Owners of the Series 2018 Bonds (for such purpose beneficial owners of the Series 2018 Bonds shall also be considered Registered Owners of the Series 2018 Bonds) and to assist D.A. Davidson & Co. and Robert W. Baird & Co. Incorporated (together, the “Underwriters”), in complying with the Rule.

2. Defined Terms.

“Annual Report” means the financial information and operating data required to be transferred by the Charter School to the Dissemination Agent pursuant to the Section 3(a) of this Disclosure Agreement.

“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 Series 2018 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2018 Bonds for federal income tax purposes.

“Charter School” means Somerset Academy of Las Vegas, a Nevada public charter school and a Nevada nonprofit corporation, its successors and assigns.

“Director” means the Director of the State of Nevada Department of Business and Industry, its successors and assigns.

“Dissemination Agent” means the Trustee, as dissemination agent under this Disclosure Agreement, 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.

“Indenture” means the Trust Indenture, dated as of \_\_\_\_\_, 2018, between the Director and the Trustee.

“Limited Offering Memorandum” means the Limited Offering Memorandum, dated \_\_\_\_\_, 2018, relating to the Series 2018 Bonds.

“Listed Events” means the notices required to be given by the Charter School pursuant to Section 5 of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is [www.msrb.org](http://www.msrb.org) and [www.emma.msrb.org](http://www.emma.msrb.org) (for municipal disclosures and market data).

“Repository” means EMMA.

“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 2018 Bonds” means the Director’s Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A and Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B Bonds (Federally Taxable).

“Trustee” means ZB, National Association, dba Zions Bank, its successors and assigns.

“Underwriters” means Robert W. Baird & Co. Incorporated and D.A. Davidson & Co., as original purchasers of the Series 2018 Bonds, their successors and assigns.

### 3. Provision of Annual Reports.

(a) *Annual Reports.* Not later than one hundred eighty (180) days after the end of the Charter School’s fiscal year, commencing with the fiscal year ended June 30, 2018, the Charter School shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Charter School 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 the audited financial statements are not available by that date, but the unaudited financial information available on such date is submitted. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. The Charter School may change its current fiscal year, but must notify the Director and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of a new fiscal year and the end of the fiscal year that occurs before the former fiscal year would have ended.

(b) As soon as is practicable after the completion of the Annual Report required by paragraph (a) (collectively referred to as the “Disclosure Reports”), the Charter School shall provide each Disclosure Report to the Dissemination Agent. The Dissemination Agent shall, at the Charter School’s cost, transmit the information contained in the Disclosure Reports in accordance with the requirements of Section 7 hereof.

(c) If the Charter School does not provide to the Dissemination Agent a copy of an Annual Report by the applicable dates required in Section 3(a) above, the Dissemination Agent shall send a notice to the Charter School, the Repository, and the Underwriters, in substantially the form attached as EXHIBIT B. In the event that the Charter School files the Disclosure Report directly with the Repository on or before the dates required in Section 3(a) above, the Charter School shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Disclosure Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address (physical or electronic, as applicable) of each Repository; and

(ii) provided the Annual Report has been provided to the Dissemination Agent by the Charter School, file a report with the Charter School, and (if the Dissemination Agent is not the Trustee)

the Dissemination Agent certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided, and listing all the Repositories to which it was provided.

#### 4. Content of Annual Reports.

(a) *Annual Reports.* The Annual Report shall contain or include by reference the audited financial statements of the Charter School for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time. If the Charter School's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain financial statements that have not been reviewed in a format similar to the Charter School's audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

To the extent not included in the audited final statements of the Charter School, the Annual Report shall also include (i) updates to Table 9 ("Historical Student Enrollment and Projected Growth for the Obligated Group," but only as to the historical data) and Table 13 ("Waitlist Data") presented in "APPENDIX B—THE BORROWER, THE FACILITIES, AND THE SOMERSET ACADEMY SCHOOLS" attached to the Limited Offering Memorandum; and (ii) a certificate substantially in the form attached hereto as EXHIBIT A that provides certain Charter School data and demonstrates the Charter School's compliance with certain operating covenants contained in the Loan Agreement.

(b) Any or all of the Disclosure Report may be incorporated by reference from other documents, including Limited Offering Memorandums, 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 Charter School 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.

#### 5. Material Events.

(a) Pursuant to the provisions of this Section 5, the Charter School shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2018 Bonds in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event:

- (i) principal and interest payment delinquencies with respect to the Series 2018 Bonds;
- (ii) non-payment related defaults with respect to the Series 2018 Bonds, if material;
- (iii) unscheduled draws on any debt service reserve reflecting financial difficulties;
- (iv) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2018 Bonds, or other material events affecting the tax status of the Series 2018 Bonds;
- (vii) modifications to rights of holders of the Series 2018 Bonds, if material;
- (viii) (1) bond calls, if material, and (2) tender offers;
- (ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Charter School;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Charter School or the sale of all or substantially all of the assets of the Charter School, other than in the ordinary course of business, 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 pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Charter School obtains knowledge of the occurrence of a Listed Event, the Charter School shall as soon as possible determine if such event would be material under applicable federal securities laws; provided, however, that any listed event under subsections (a)(i), (iii), (iv), (v), (vi) (viii)(2), (ix), (xi) and (xii) will always be deemed to be material.

(c) If the Charter School determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Dissemination Agent shall, in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, the Charter School may cause the Trustee/Dissemination Agent to give the notice of Listed Events described in subsections (a)(viii) and (ix), and such notice need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected bonds pursuant to the Indenture.

6. EMMA. The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Dissemination Agent shall make all filings required under this Disclosure Agreement solely with EMMA.

7. Dissemination Agent. The Charter School has engaged the Trustee to assist the Charter School in disseminating information hereunder (the "Dissemination Agent"). The Charter School shall send all Disclosure Reports required by Section 3 hereof, and Listed Events required by Section 5 hereof, to the Dissemination Agent. The Dissemination Agent shall, within thirty (30) days of receipt of such Disclosure Report and within ten (10) days of the occurrence of a Listed Event requiring a notice, forward such information to (i) the Repository and/or the MSRB or any other filing system approved by the SEC, as appropriate; (ii) the Director; (iii) the Underwriters; and (iv) any Registered or Beneficial Owner of the Series 2018 Bonds identified in writing by the Underwriters. The Charter School agrees to pay any reasonable costs incurred by the Dissemination Agent as a result of disseminating information to any requesting Registered or Beneficial Owners of the Series 2018 Bonds. The Charter School may discharge the Dissemination Agent or any successor Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent does not have any duty to review the materials described in this paragraph prior to disseminating such materials.

8. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the Charter School's obligation to provide the Disclosure Reports and any Listed Events notice, as set forth in this Disclosure Agreement, shall terminate if and when the Charter School no longer remains an obligated person with respect to the Series 2018 Bonds, which shall occur upon either payment of the Series 2018 Bonds in full or the legal defeasance of the Series 2018 Bonds in accordance with the Indenture.

9. Enforceability and Remedies. This Disclosure Agreement is intended to be for the sole benefit of the Registered Owners of the Series 2018 Bonds (for such purpose beneficial owners of the Series 2018 Bonds shall

also be considered Registered Owners of the Series 2018 Bonds), the Director, and the Underwriters and shall create no rights in any other person or entity.

This Disclosure Agreement shall be enforceable by or on behalf of any such Registered Owner of the Series 2018 Bonds, provided that the right of any Registered Owner to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Disclosure Agreement shall be limited to an action by or on behalf of Registered Owners representing at least 25% of the aggregate outstanding principal amount of the Series 2018 Bonds. This Disclosure Agreement is also enforceable on behalf of the Registered Owners of the Series 2018 Bonds by the Trustee, and the Trustee may, and upon the written direction of (i) the Registered Owners of not less than 25% of the aggregate outstanding principal amount of the Series 2018 Bonds or (ii) the Underwriters shall, proceed to protect and enforce the rights of the Registered Owners of the Series 2018 Bonds pursuant to this Disclosure Agreement; provided that in all cases the Trustee shall be entitled to the indemnification and other provisions of the Indenture with regard to any actions. Prior to proceeding at the request or direction of the Underwriters the Trustee may require the same types of indemnification and related protections from the Underwriters to which the Trustee would otherwise be entitled under the Indenture if so requested or directed by the Registered Owners under the terms of the Indenture. Any failure by the Charter School to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Loan Agreement or the Indenture.

The Registered Owners' and the Trustee's rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel the Charter School to perform the Charter School's obligations under this Disclosure Agreement, and the Charter School, its directors, officers and employees shall incur no liability under this Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section 9 entitles the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance; provided that the Trustee shall nevertheless be entitled to attorneys' fees and such other rights and amounts as provided in the Indenture.

10. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Charter School and the Trustee may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, without the consent of the Registered Owners but with the consent of the Trustee, under the following conditions:

(a) The amendment or waiver 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 the Charter School, or type of business conducted;

(b) This Disclosure Agreement, as amended or with the provision so waived, would have complied with the requirements of the Rule at the time of the original issuance of the Series 2018 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interest of Registered Owners of the Series 2018 Bonds, as determined either by parties unaffiliated with the Charter School (which shall include the Trustee or Bond Counsel, or any other party determined by any of them to be unaffiliated), or by approving vote of Registered Owners of the Series 2018 Bonds pursuant to the terms of the Indenture at the time of the amendment or waiver.

The Charter School shall provide notice of each amendment or waiver to the Repository or any other filing system approved by the SEC. The initial annual financial or operating information provided by the Charter School after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the type of operating data or financial information being provided.

11. 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.

12. 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.

13. 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.

14. Other Instruments. The Charter School 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.

15. 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.

16. 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, we have set our hands as of the date set forth above.

SOMERSET ACADEMY OF LAS VEGAS, as Charter School

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ZB, NATIONAL ASSOCIATION, DBA ZIONS BANK, as Trustee and Dissemination Agent

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**EXHIBIT A**

**FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN OPERATING COVENANTS**

Name of Director: The Director of the State of Nevada  
Department of Business and Industry

Name of Bond Issue: Charter School Revenue Bonds  
(Somerset Academy), Series 2018A  
Charter School Lease Revenue Bonds  
(Somerset Academy), Series 2018B (Federally Taxable)

Dissemination Agent: ZB, National Association, dba Zions Bank

Name of Charter School: Somerset Academy of Las Vegas

Date of Issuance: \_\_\_\_\_, 2018

NOTICE IS HEREBY GIVEN that the Charter School is providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2018 (the "Disclosure Agreement"), between the Dissemination Agent and the Charter School. The Disclosure Agreement requires that the Charter School provide this information to the Dissemination Agent within one hundred eighty (180) days of the end of each fiscal year. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Trust Indenture, dated as of March 1, 2018 (the "Indenture"), between the Director and the Dissemination Agent, as trustee. The information contained below is unaudited.

As of June 30, 20\_\_, the Charter School's:

- (a) Cash on Hand was equal to \$\_\_\_\_\_.
- (b) Days Cash on Hand was \_\_\_\_ days (Cash on Hand in the amount of \$\_\_\_\_\_, divided by the quotient of Operating Expenses for the 20\_\_ fiscal year of \$\_\_\_\_\_ for the fiscal year ended June 30, divided by 365).
- (c) The amount on deposit in the Repair and Replacement Fund is \$\_\_\_\_\_.
- (d) The Charter School Debt Service Coverage Ratio for fiscal year 20\_\_ was \_\_\_\_x.

This certificate is being provided by the Charter School to the Dissemination Agent on a date which is [within][outside] of one hundred eighty (180) days from the end of the Charter School's prior fiscal year.

Dated: \_\_\_\_\_

**SOMERSET ACADEMY OF LAS VEGAS,**  
as Charter School

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

**EXHIBIT B**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Director: The Director of the State of Nevada  
Department of Business and Industry

Name of Bond Issue: Charter School Revenue Bonds  
(Somerset Academy), Series 2018A  
Charter School Lease Revenue Bonds  
(Somerset Academy), Series 2018B (Federally Taxable)

Dissemination Agent: ZB, National Association, dba Zions Bank

Name of Charter School: Somerset Academy of Las Vegas

Date of Issuance: \_\_\_\_\_, 2018

NOTICE IS HEREBY GIVEN that the Charter School has not provided an Annual Report with respect to the above-named Series 2018 Bonds as required by the Continuing Disclosure Agreement, dated as of \_\_\_\_\_, 2018, between the undersigned Dissemination Agent and the Charter School. The Charter School anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

ZB, National Association, dba Zions Bank  
as Dissemination Agent

By \_\_\_\_\_  
Authorized Signatory

cc: Somerset Academy of Nevada  
Robert W. Baird & Co. Incorporated  
D.A. Davidson & Co.

## APPENDIX G

### BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning The Depository Trust Company (“DTC”) New York, New York and DTC’s book-entry-only system has been obtained from DTC, and the Director, Charter School, Trustee and the Underwriters take no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Series 2018 Bonds. The Series 2018 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 each Series of the Series 2018 Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of each Series of the Series 2018 Bonds and deposited with DTC.

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 3.5 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 post trade 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 & 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 Standard & Poor’s 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](http://www.dtcc.com).

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2018 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 Series 2018 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 the Series 2018 Bonds, except in the event that use of the book entry-system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 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 Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2018 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts 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 the Series 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 Bond documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 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 will be sent to DTC. If less than all of the Series 2018 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 Series 2018 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 Director 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 the Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2018 Bonds are to 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 Director or 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 Director, 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 name as may be requested by an authorized representative of DTC) is the responsibility of the Director 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.

A Beneficial Owner shall give notice to elect to have its Series 2018 Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Series 2018 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2018 Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Series 2018 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2018 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Series 2018 Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the Director or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2018 Bond certificates are required to be printed and delivered.

The Director 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.

## APPENDIX H

### FORM OF LETTER OF BENEFICIAL OWNER

Director of the State of Nevada  
Department of Business and Industry  
Carson City, Nevada

ZB, National Association, dba Zions Bank  
Boise, Idaho

D.A. Davidson & Co.  
Denver, Colorado

Robert W. Baird & Co. Incorporated  
Denver, Colorado

The undersigned, an authorized representative of \_\_\_\_\_, a \_\_\_\_\_ (the “Beneficial Owner”), does hereby represent and agree, as follows:

1. The Beneficial Owner is purchasing \$\_\_\_\_\_ outstanding aggregate principal amount of the Charter School Lease Revenue Bonds (Somerset Academy) Series 2018A (the “Series 2018A Bonds”) and \$\_\_\_\_\_ outstanding aggregate principal amount of the Charter School Lease Revenue Bonds (Somerset Academy) Series 2018B (Federally Taxable) (the “Series 2018B Bonds”) and together with the Series 2018A Bonds, the “Series 2018 Bonds”) of the Director of the State of Nevada Department of Business and Industry (the “Director”), which Series 2018 Bonds have been issued and delivered on the date of this Certificate.

2. The Beneficial Owner acknowledges that the Series 2018 Bonds are not general obligations of the Director, but are limited obligations payable and secured solely as provided for in the Trust Indenture, dated as of April 1, 2015, as supplemented and amended by the First Supplemental Trust Indenture, dated as of March 1, 2018 (together, the “Indenture”), each by and between the Director and ZB, National Association, dba Zions Bank (the “Trustee”).

3. The Beneficial Owner has full power and authority to carry on its business as currently conducted.

4. The Beneficial Owner has the ability to bear the economic risks of an investment in the Series 2018 Bonds, and is a “qualified institutional buyer” as that term is defined under Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”).

5. The Beneficial Owner is not now and has never been controlled by, or under common control, with Somerset Academy of Las Vegas (the “Charter School”). The Charter School has never been and is not now controlled by the Beneficial Owner.

6. The Beneficial Owner has received a copy of the Limited Offering Memorandum relating to the Series 2018 Bonds. Except as otherwise set forth in the Limited Offering Memorandum, the Director and the Trustee have not undertaken and will not undertake steps to ascertain the accuracy or completeness of the information contained in the Limited Offering Memorandum or otherwise furnished to the Beneficial Owner with respect to the Charter School, the Series 2018 Bonds or the Project financed by the Series 2018 Bonds. The Beneficial Owner has not relied nor will rely upon the Director or the Trustee in any way with regard to the accuracy or completeness of the information contained in the Limited Offering Memorandum or otherwise furnished to the Beneficial Owner in connection with its purchase of the Series 2018 Bonds, nor have any such parties made any representation to the Beneficial Owner with respect to that information, except as otherwise set forth in the Limited Offering Memorandum.

7. The Beneficial Owner is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Series 2018 Bonds, and is capable of and has made its own investigation of the Charter School and the Project in connection with its decision to purchase the Series 2018 Bonds.

8. The Series 2018 Bonds are being purchased by the Beneficial Owner for the purpose of investment, and the Beneficial Owner intends to hold the Series 2018 Bonds for its own account, without a current view to any distribution or sale of the Series 2018 Bonds. The Beneficial Owner acknowledges that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible. Notwithstanding the foregoing, the undersigned has the right to sell, offer for sale, pledge, transfer, convey, hypothecate, mortgage or dispose of the Series 2018 Bonds at some future date determined by it, provided that such disposition is not in violation of the restrictions on sale, assignment, negotiation or transfer of the Series 2018 Bonds set forth in paragraph 10, below.

9. The Beneficial Owner acknowledges that the Series 2018 Bonds will not be listed on any stock or other securities exchange and were issued without registration under the provisions of the Securities Act, or any state securities laws.

10. The Beneficial Owner agrees that, unless the Trustee and the Director have received an Investment Grade Notice (as defined in the Indenture), the beneficial ownership of the Series 2018 Bonds may be transferred only to a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act. Any transfer in violation of this requirement shall be null and void.

IN WITNESS WHEREOF, the undersigned has hereunto set its hands this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_,  
as Beneficial Owner

By \_\_\_\_\_  
Name:  
Title:

# SOMERSET ACADEMY OF LAS VEGAS

## Support Summary

Meeting Date: February 15, 2018  
Agenda Item: 5 – Discussion and Possible Action Regarding Revised Grade-Level Maximum Enrollment for the 2018/2019 School Year  
Number of Enclosures: 1

### **SUBJECT: Enrollment Targets for 2018/2019 School Year**

Action  
 Appointments  
 Approval  
 Consent Agenda  
 Information  
 Public Hearing  
 Regular Adoption

Presenter (s): Trevor Goodsell

Recommendation:

Proposed wording for motion/action:

Fiscal Impact: N/A

Estimated Length of time for consideration (in minutes): 5-10 Minutes

Background:

1. Skye Canyon would like to add a 5th class at 4th and 5th grades.
2. Losee is increasing enrollment in the middle school from 180 to 210 (6th through 8th) grade.
3. Clarification on Sky Pointe: There was a mistake in the initially approved support materials that had some elementary at 26:1 or 130 per grade. This was just a clerical error and we want to make sure the support materials tie to what was said at the board meeting with class ratios at 25:1.

Submitted By: Staff

	Skye Canyon	Aliante	Losee	Lone Mtn	Stephanie	NLV	Sky Pointe
Total Students (FTEs)	860	790	1,950	960	980	1,110	1,980
Kinder	100	125	125	100	100	125	125
1st Grade	100	125	125	100	100	125	125
2nd Grade	100	125	125	100	100	125	125
3rd Grade	100	125	125	100	100	125	125
4th Grade	125	100	125	100	125	125	125
5th Grade	125	100	125	100	125	125	125
6th Grade	120	60	210	120	120	120	180
7th Grade	60	30	210	120	120	120	180
8th Grade	30	-	210	120	90	120	180
9th Grade	-	-	210	-	-	-	240
10th Grade	-	-	180	-	-	-	180
11th Grade	-	-	120	-	-	-	150
12th Grade	-	-	60	-	-	-	120
Total Students (FTEs)	860	790	1,950	960	980	1,110	1,980