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APPROVED MINUTES

CORAL ACADEMY OF SCIENCE LAS VEGAS SPECIAL MEETING OF BOARD OF GOVERNORS

Meeting Information

Date: Thursday, June 17, 2021
Time: 4:00 p.m.
Location: 1051 Sandy Ridge Ave, Henderson, NV 89052

Posting of Agenda:

This agenda was posted at the following locations:

Coral Academy of Science Las Vegas ("CASLV") Campuses, Green Valley Library, Enterprise Library, James Gibson Library, Paseo Verde Library, Whitney Library, CASLV website at www.caslv.org, and Nevada Public Notice website at <http://notice.nv.gov>.

Format / Procedures / Rules:

[See the Agenda for information regarding the format, procedure, and rules governing the meeting.]

Agenda

Call to order

Ms. Diggins called the meeting to order at 4:08 p.m.

The Board chair paused the meeting from 6:08 p.m. to 6:24 p.m.

Roll Call

Present: (In-person:) Mr. Gibson, Ms. Kazelskis, Ms. Diggins, and Dr. Warren. (Videoconference call via WebEx:) Mr. Tandogan. There was a quorum.

Mr. Zhang and Ms. Hayman were absent.

Non-Board Members in attendance, joined in-person and via WebEx conference call, included: Mr. Gardberg, legal counsel, Mr. John Phan, financial advisor, Nate Keninitz, bond underwriter, Mr. Hiltz, CASLV broker, Mr. Mark McGinty, KNIT Architecture, and Mr. Mark Hobica, CORE Construction. CASLV staff in attendance included Mr. Ercan, Mr. Nick, Ms. Peevy, and Ms. Shepard.

Pledge of Allegiance

A. Public Comment (*Information*)

[Please see the Agenda for the procedures and rules regarding Public Comments.]

No public comment.

B. Consent Agenda (*For Possible Action*)

- 1. Approval of the May 22, 2021 Regular Board Meeting Minutes (*For Possible Action*)**
- 2. AP Exam Fees Payment (*For Possible Action*)**
- 3. Change Order for the Replacement of the Asphalt at Tamarus Campus Parking Lot (*For Possible Action*)**

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4. Change Order for the Sandy Ridge Campus Student Restrooms Renovation *(For Possible Action)*

Dr. Warren made a motion to approve the consent agenda, seconded by Ms. Kazelskis.

ACTION: Motion unanimously carried.

C. Discussion & Possible Action Items

1. Resolution of the Board Approving Bond Financing for the Cadence Project, Approving Bond Financing Documents and Ratifying Directors and Officers *(For Possible Action)*

Mr. Ercan indicated that the bond financing was approved at a previous board meeting. The project was projected for \$21.5 million, however, once we received the GMP estimate from the CMAR construction company, there was a huge difference (primarily due to pandemic-generated material costs), and the project cost increased to \$45 million. We discussed this with the architect and CMAR company. The original plan was to develop the entire 20 acres but since it is almost half a million to develop one acre (even with mere landscaping), we decided to shrink the first phase down to 8.5 acres. Our plan is to delay the start of the High School and postpone the gym construction as well. This dropped the size of the building from 115,000 square ft. to 105,000 square ft. Lumber prices have already started to drop significantly. Mr. Ercan added that approval for \$45 million is being requested. The construction costs will be about \$29 million but the additional amount is a buffer in case there's more volatility in the market.

Mr. Nate Keninitz and Mr. John Phan presented a timeline and information regarding the budget increase. Mr. Phan noted interest rates have gone down significantly. The interest rate was 4.5% a couple of months ago and it is anticipated that the rate will be around 3.5% now. Mr. Phan discussed the details of the contract amount. He stated that interest rates are declining, therefore the overall bond cost will remain similar to the original cost over the life of the bond. Mr. Phan noted the financing looks very strong in relation to the percentage of debt payments relative to revenue. In terms of the financials, we are still in a very good position.

Mr. Keninitz walked the board through the timeline of the transaction and how the increased project budget fits into a potential financing timeline. After discussing this with CORE Construction and KNIT Architecture, he and Mr. Phan presented the board with two options. The main differentiator is whether or not to close as soon as possible and price the bonds before receiving the guaranteed maximum price (GMP) from CORE Construction or wait until after the GMP is received. The first option would close on August 19th and the second option would put the closing at the end of August. This will not affect the project completion timeline under either option. CORE Construction confirmed they will still be able to meet the June 2022 deadline so CASLV can open the campus on-time (for the 2022-23 school year).

Ms. Diggins solicited board questions or comments. Dr. Warren asked if there will be enough of a building to promote education and maintain revenue. Mr. Gardberg noted that the building will have the same capacity for 1,850 students. What was primarily postponed for now, in Phase I at the least, were two soccer fields and a gym. Those are tentatively slated for Phase II in 2024.

Mr. Gibson asked if the resolution is binding and if the GMP comes in very high can we postpone the project? Mr. Phan said the only caveat is the land purchase. You do

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not have to do the financing if this resolution is approved. It is final when everything is signed on the dotted line and the process is very long. If CASLV approves this resolution, it will not be bound to do the bond transaction.

Mr. Mark McGinty with KNIT Architecture presented his update to the board. The design development drawings were submitted today and they (KNIT) are expediting their process to save CASLV on inflation prices. They are designing the gym, music and robotics shop, and will determine what can be added as the project proceeds. Mr. McGinty added this is an unprecedented time in the market, and KNIT Architecture is committed to help get every penny that they can into the facility.

Ms. Kazelskis added she just wants to be sure when we are cutting costs that we are not cutting safety. Mr. McGinty said they are employing, for example, active-shooter deterrents and they are not giving up on security. Mr. McGinty gave further explanation of security details they will have in place. Ms. Diggins added that the board would like to be more closely involved regarding cutting costs around safety decisions. Mr. Gibson added he wants to be sure that Mr. McGinty understands that the aesthetics, lighting, and the environment for student learning is very important.

Mr. Mark Hobaica with CORE Construction presented to the board, noting the cost of the project is very concerning to everyone in any building scenario today. The lumber costs are coming down so they are optimistic. CMAR is the best way to build a school and the key is working side by side with the board as well as KNIT Architecture on the design and having the cost estimates. There are no hidden costs during this process. Prevailing wage adds costs to labor which can add anywhere from 25%-30%. When the pandemic hit, manufacturing plants shut down and the surplus of material is rapidly decreasing. Material costs have increased which has further strained the production of materials. Contingency reserves are built in and we are anticipating more competitive bids. CORE is optimistic subcontractors will be interested in this project and provide competitive bids.

Mr. Ercan said he has discussed this with other people who are in construction and that 30% is understandable due to these factors, but he asked why it is almost 100%. Mr. Hobaica said had a CMAR been selected originally then the number would have been higher than \$21 million. They knew from a CMAR perspective they would be able to work out a better number. Mr. Ercan noted this was not discussed during the initial interview. Mr. Hobaica added they are not going to say in an interview that the budget number is way off. They did not want to over or under promise at the interview. Mr. Gardberg asked schedule wise, if CORE Construction is still confident it can deliver in July 2022 with the teachers getting in the facility on time, and Mr. Hobaica said that he is.

The possibility of postponing the project after buying the land in whole was discussed in detail with all parties. Mr. Phan stated inflation is a risk and it is difficult to predict what the market will do. He thinks that rates will remain low until December 2021 but he cannot predict a year from now.

Ms. Diggins asked for discussion from the board and gave an overview of the discussions thus far. Mr. Gibson said he is relying heavily on Mr. Ercan and his staff's judgment and that all issues and challenges discussed are accounted for. Mr. Ercan stated it will be challenging, however he is confident the project can be managed despite the size and scope. We are financially stable and it should not be a problem. The only challenge Mr. Ercan sees is teacher recruitment. Dr. Warren said although she is fiscally conservative and has concerns regarding the project, she has faith in

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the CASLV staff. Mr. Tandogan said it looks very reasonable to him after his calculations and that we should proceed.

Ms. Diggins said she also relies heavily on the staff and that recruiting teachers will always be a problem, but there is a huge need for this project. She thinks we are taking some risks here but there are always risks with these projects.

Ms. Diggins made a motion that we adopt the reworded resolution for the construction project as proposed, with the maximum amount being increased to \$45 million, seconded by Mr. Gibson.

ACTION: Motion unanimously carried.

2. Purchase of the Land for the new Campus Project *(Information)*

Mr. Ercan stated we anticipated the bond to close in August of 2021. However, he is concerned if we postpone the acquisition, which would require notice to our authorizer, CASLV may lose the opportunity to purchase the land. According to the seller, off site work and a new access road will not proceed until we close on the land purchase. That would delay the project as per the architect. It will not affect our cash flow negatively to close using cash. Mr. Ercan added if we close after June 30th there may be property tax in the amount of about \$15,000. However, after communication with the county, we can appeal the tax after one year.

Mr. Gibson made a motion to approve the Purchase Sale Agreement, as drafted with the July 1, 2021 closing date, from our cash account, seconded by Dr. Warren.

ACTION: Motion unanimously carried.

3. Path Forward Program of Distance Education *(Information)*

Mr. Vu explained the Path Forward Program has been requested by the Nevada State Superintendent of Public Instruction. This is the plan CASLV will implement for 2021-22 school year distant learning. This plan is required for us to send out medical excuse forms to families with a medical accommodation to opt for distance learning. Mr. Ercan summarized that similar to the 2020-21 school year, CASLV has a reopening plan. The State Public Charter School Authority (SPCSA) is again requesting a roadmap of our safety protocols. They would like us to provide online education to those students that cannot attend school due to medical reasons or in quarantine due to close contact/contraction of COVID-19.

Mr. Ercan explained we have been working with our team to find the best option because we do not want teachers teaching in-person and online. The executive team decided each campus will be allowed to hire an additional teacher to teach distance learners. Ms. Diggins asked about testing, and Mr. Ercan explained that they are mandated to test onsite. Mr. Vu added this is a combination of three documents, the Path Forward Plan for distant learning, the plan for in-person learning, and the Senate Bill 215 that states schools need to have an Emergency Closure plan to share with students, staff, and parents in the event of the possibility of a 10-day school closure.

Ms. Kazelskis added we need to promote vaccinations options and information from the SNHD to parents. Mr. Gibson raised privacy concerns regarding mask requirements and to proceed with caution. Mr. Gardberg said it is better for administration to enforce any mask mandates, but it is equally important for the teachers to know which students are vaccinated as a matter of teacher health; he agrees this needs to be discussed and vetted very carefully.

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Ms. Diggins made a motion that we adopt the Path Forward Program and the Reopening Plan as described and as required by the State Department of Education, seconded by Mr. Gibson.

ACTION: Motion unanimously carried.

4. Amendment of the Salary Scale (*Information*)

Mr. Ercan indicated salaries will not remain frozen this upcoming school year and teachers are receiving a one-step increase. Unfortunately, the current salary scale does not include enough steps for all our current teachers to receive equal pay increases. Currently 20 teachers are not eligible for a pay increase this upcoming school year with the current salary scale. We are proposing to amend the salary scale by adding additional steps for a relatively fair and uniform pay increase for all teachers. We would like to increase Class D, Step 12 from \$55,500 to \$56,300. We also propose increasing the salary comparable to Step 12 for Class D, Step 14 as well as add a Step 15. Ms. Diggins said we should absolutely retain teachers as a general policy goal.

Ms. Kazelskis made a motion to amend the Salary Scale as presented for the 2021-2022 school year, seconded by Dr. Warren.

ACTION: Motion unanimously carried.

D. Privileged & Confidential Attorney/Client Conference with CASLV Legal Counsel pursuant to NRS 241.015(3)(b)(2) (*Information, Deliberation*). Note: per the Open Meeting Law ("OML), this constitutes a non-public meeting that is statutorily exempt from the OML.

The closed session took place from 6:24 p.m. – 6:44 p.m.

E. Potential Action(s), if any, re. the legal matters heard during the Closed Session. (Item G). (*For Possible Action*). Note: this may consist, for example, of a decision to submit a written demand on a potential litigant (e.g., a cease-and-desist letter), to authorize litigation, to conduct further legal research, to propose a settlement to a litigant, or to tender a matter to insurance.

No action taken.

F. Public Comments (*Information*)

Please see the procedures and rules referenced in item A above.

No public comment.

G. Adjournment (*Action*)

Ms. Diggins made a motion to adjourn the meeting, seconded by Ms. Kazelskis.

ACTION: Motion unanimously carried.

The meeting was adjourned at 6:45 p.m.