

HIGH DESERT MONTESSORI CHARTER SCHOOL

Board of Directors Meeting

Wednesday, April 10, 2019 @ 5:00 P.M.

Star Peak Room

2025 Silverada Blvd, Reno, NV

MINUTES of MEETING

Board Binder Available Upon Request

Members Present Doug Whitener
 Terry Fowler
 Reid Riker
 Max Haynes
 Linda Aaquist
 Bryce Ganes

Excused Absence Scott Hernandez

Also Present Principal Rhonda Turnipseed
 Assistant Principal Tamra Hopkins
 Bookkeeper Adista Emler

1. Call to Order and Roll Call

Chairperson Terry Fowler called the meeting to order at 5:00p.m. with a quorum of six board members. Amanda Baldwin joined the meeting at 5:15p.m.

2. Public Comment

NONE

3. Chairman Report

Chairperson Terry Fowler read the below paragraph to the board that is on the board agenda.

“High Desert Montessori School provides a safe, nurturing school environment that fosters independence, problem-solving skills and great work in our students. We offer tools to explore the universe through Montessori’s Cosmic Education, the purpose of which is to link all areas of human knowledge. We urge all of our students to be participating members of a socially-conscious and green community by inspiring them to be critical thinkers capable of reflection,

communication and action. We comply with all Nevada State and Common Core State Standards.”

Mr. Fowler stated that tonight’s board meeting is to understand some options to meet that mission. Mr. Fowler stated that the board is pursuing a major capital expense and upgrade. Mr. Fowler went on to say that the goal of tonight’s meeting is to educate the board and staff on the different options that will be presented tonight.

4. Adopt the Agenda

Max Haynes moved to adopt the agenda with the understand that item nos. 5 and 6 are an interrelated discussion. Reid Riker seconded the motion. The motion carried.

The adopted agenda is attached to these minutes as “Exhibit A.”

5. Sale of Orovada

See discussion in item no. 6, below.

6. Red Hook Proposal involving sale, renovations, leaseback, repurchase of three-story building/Silverada Building.

Architect conceptual renderings and Red Hook proposal are attached to these minutes as “Exhibit B.”

Board Co-Chairperson Max Haynes led the discussion related to the sale of the Orovada property and renovation of the Silverada properties. Mr. Haynes stated that there are three (3) points which needed to be discussed during the board meeting, including: 1. Excess property and possible sale of the Orovada building, 2. Architectural renderings, and 3. Cost of renovation of Silverada properties and financing options. These three items are running parallel with other initiatives at the school, including the strategic planning work conducted by Blueprint Collaborative. Mr. Haynes went on to summarize the work the Facilities Committee has performed throughout this school year, which included vetting and selecting the architecture firm JK Architecture and realtor Coldwell Banker.

1. Excess Property: Mr. Haynes facilitated a discussion with the board and attendees regarding the excess property HDMS currently owns. Over the last few years the school has gone through the process of vetting options for school expansion which included selling the three-story building and building on the empty lot. The Facilities Committee concluded and the board approved that it was best to sell the Orovada property and vacant lot and move the entire school to the Silverada properties to provide a more cohesive and safe school environment. The square footage of these properties were discussed. The following information was presented to the board:

Orovada building: 20,000 sf
Silverada main building 18,000 sf
Silverada 3 story 32,000 sf
Current square footage being utilized: 38,000 sf
Future square footage available: 50,000 sf

By moving the entire school to the Silverada properties, the school would increase its square footage by 12,000 sf and allow room for expansion. The school has not been able to increase the number of students enrolled for the past six (6) years due to space limitations. The school has consistently maintained strong waiting lists of up to 400 students. The demand for a larger school has been demonstrated. Enrollment projections would eventually add one classroom to each level which would increase the student population from approximately 400 to 500 students. However, any growth must be done in a gradual manner due to not impair the complexities of a Montessori classroom and to provide trained Montessori teachers.

The additional square footage with this plan would allow for student growth to occur in the future. There is a full price offer of \$2.5 million to purchase the Orovada property. Honor's Academy is the potential buyer with financing provided through Red Hook Capital Partners. Honor's Academy and Red Hook are aware that HDMS cannot move out of the Orovada building until the Silverada property is ready to be occupied. The timeline for this transition could be 24 months from the date that the Orovada building is sold.

2. Architectural Renderings: JK Architecture with architects Jason Dhuy and Chris Vicencio have been working closely with the Facilities Committee to provide concept designs of the Silverada properties. This includes remodeling the main one-story building and renovating the three-story building. There have been numerous meetings with stakeholders. Additionally, discussions from previous school years in terms of all the wants and needs for facility planning and function. The concept designs were presented on March 12th and April 9th with final designs expected to be presented within the next few weeks. These concept designs include a mission statement focused on what the new building should represent for decades to come. The concept designs will be used for three primary reasons, including: 1. conceptual designs of what the stakeholders want the facility to encompass; 2. cost of construction; and 3. possible donor funding. The board and attendees went through the current renderings and offered suggestions for minor revisions. **See attached Conceptual Renderings for details, which are attached hereto as Exhibit "B."**

3. Cost of renovation of Silverada properties and financing options: Mr. Haynes reported that he has been in communication with Red Hook Capital Partners, which is based out of Los Angeles. Red Hook is interested in purchasing the Orovada building for Honor's Academy, as well as lending HDMS the funding to renovate the Silverada properties. Red Hook took the concept designs from JK Architecture and figured out the cost and timeline of renovating the Silverada properties. The cost could be anywhere from \$8 million to \$14 million based on their information. The average cost of renovation is approximately \$200 a square foot. If the school was considering a new construction project, the cost would be closer to \$400 a square foot. Information regarding cost comparisons of new construction from Washoe County School District was shared with the board and included \$23 million for an elementary (700 students), \$55 million for middle school (1400 students) and \$110 million for high schools (2,000 students). Information regarding Doral Academy was presented as well. They have a 30-year loan with Pinecrest Academy of Nevada Foundation who built and leases the 56,000 sf building to Doral. Doral Academy will be transferring to a bond with the state, which sets a lower interest rate. More information will be needed at a future date as to how bonds work through the Charter Schools Association of Nevada (CSAN). The board reviewed current HDMS mortgage information as indicated below:

Property	Mortgage	Monthly Payment	As of 4/9/19
Vacant Lot	\$346,096.93	\$4,420.82	
Orovada	\$1,746,673.13	\$15,159.57	
Silverada	\$610,917	\$20,000	Last payment November 2021
Totals	\$2,703,686.70	\$39,580.39	

There was further discussion regarding the options available in terms of what would need to happen first, the timeline and overlapping of one project to the next, and the opportunities to look at costs along the way so the school does not have to finance \$12 million to \$14 million for this project. There was also a discussion about the financial feasibility of this project. The school's monthly debt and deferred maintenance is currently around \$50,000 a month. Three options were outlined depending on the scale of work to be completed. **See attached "Red Hook Capital Partners Developing and Investing in Charter Schools" for details, which are attached hereto as Exhibit "3."** If the board decides to go with Option 1, the school's possible monthly debt could be \$100,000 a month, while Option 2 would be \$85,000 a month, and Option 3 would be \$75,000 a month. Adding more students and receiving additional DSA from the state would allow the school to make these larger monthly payments. Red Hook would oversee the entire project, including all the permitting and construction at a premium cost.

Mr. Haynes solicited feedback from strategic planner Gretchen Bietz in how Blueprint Collaborative would support the school in obtaining donors to help fund this project. Gretchen stated that the concept designs from JK Architecture needed to be completed. The next step would be for a small group to meet with a handful of donors to get a feel of whether there is support for this type of project. She stated that it is unrealistic that donors would fund the entire project, but the school may be able to obtain donor support for half of what it would cost.

The board stated that they needed time to take in all of this information and agreed to take on assorted tasks in preparation for the board meeting to be held on April 24th. The items on the agenda were to be tabled to the April 24th board meeting. Bryce Ganes will be meeting with the school's registrar to analyze enrollment. Reid Riker, Amanda Baldwin and Adista Emler will be setting up a phone conference with Red Hook. It was noted that the decision to sell the Orovada building needed to take place soon, as well as a decision on whether the asking price needs to be increased. If the school sold the Orovada building, they would have the funds to begin the abatement and structural engineering processes related to the three-story building. Even though Red Hook provided information regarding costs, the true cost will not be known until the work is done with structural engineers. Red Hook is ready to work with and fund the school on this project as a buyer, seller, project manager and renovator.

7. Public Comment

NONE

8. Adjournment and Future Agenda Items

Reid Riker moved to adjourn the meeting. Linda Aaquist seconded the motion. Motion carries.

Property	Mortgage	Monthly Payment	As of 4/9/19
Vacant Lot	\$346,096.93	\$4,420.82	
Orovada	\$1,746,673.13	\$15,159.57	
Siverada	\$610,917	\$20,000	Last payment November 2021
Totals	\$2,703,686.70	\$39,580.39	

Red Hook



capital partners



**DEVELOPING & INVESTING IN
CHARTER SCHOOLS**

High Desert Montessori

Task Name	Duration	Start	Finish	Predecessors	Comments
OPTION 1 - 2005 SILVERADA (3-STORY BUILDING)					
1	Developmental Schedule				
2	280d	03/12/19	06/03/20		
3	Design	03/12/19	06/03/19		3 months
4	Design Approval (Committee & Board)	06/04/19	07/01/19		4 months
5	Construction Documents Development	07/02/19	10/21/19		5
6	Plan Check Submittal	10/21/19	10/21/19		6 months
7	Plan Check Process (Building Dept.)	10/22/19	04/06/20		7
8	Plan Approval/Permit Issuance	04/06/20	04/06/20		
9	Abatement	02/03/20	02/21/20		Early abatement
10	Demolition	02/24/20	03/27/20		Early demo permit required
11	Construction	04/07/20	01/25/21		10 months
12	Occupancy	01/25/21	01/25/21		
13	Occupancy	01/25/21	01/25/21		
14	Demolition	06/14/21	06/25/21		Summer work after regular school year ends
15	Construction	06/28/21	11/26/21		5 months
17	Final Inspections	11/29/21	12/10/21		
18	Occupancy	12/10/21	12/10/21		
19	Occupancy				
20	Occupancy				
OPTION 2 - REPAIRS SCORE OF WORK TO 2005 SILVERADA					
21	Developmental Schedule				
22	260d	03/12/19	04/06/20		
22	Design	03/12/19	06/03/19		3 months
23	Design Approval (Committee & Board)	06/04/19	07/01/19		4 months
24	Construction Documents Development	07/02/19	10/21/19		23
25	Plan Check Submittal	10/21/19	10/21/19		24
26	Plan Check Process (Building Dept.)	10/22/19	04/06/20		25
27	Plan Approval/Permit Issuance	04/06/20	04/06/20		26
28	Abatement	02/03/20	02/21/20		Early abatement
29	Demolition	02/24/20	03/27/20		Early demo permit required
30	Construction	04/07/20	01/25/21		10 months
31	Occupancy	01/25/21	01/25/21		31
32	Occupancy				
33	Occupancy				
34	Demo & Construction	06/14/21	08/06/21		Summer work after regular school year ends
35	Occupancy	08/06/21	08/06/21		34
36	Occupancy				
37	Occupancy				
OPTION 3 - ONLY 2005 SILVERADA (3-STORY BUILDING)					
38	Developmental Schedule				
39	280d	03/12/19	04/06/20		
39	Design	03/12/19	06/03/19		3 months
40	Design Approval (Committee & Board)	06/04/19	07/01/19		39
41	Construction Documents Development	07/02/19	10/21/19		4 months
42	Plan Check Submittal	10/21/19	10/21/19		41

Task Name	Duration	Start	Finish	Predecessor's	Comments
43 Plan Check Process (Building Dept.)	24w	10/22/19	04/06/20	42	6 months
44 Plan Approval/Permit Issuance	0	04/06/20	04/06/20	43	
45 Construction - 2005 Silverada (3-story building)	256d	02/03/20	01/25/21		
46 Abatement	3w	02/03/20	02/21/20		Early abatement
47 Demolition	5w	02/24/20	03/27/20		Early demo permit required
48 Construction	42w	04/07/20	01/25/21		10 months
49 Occupancy	0	01/25/21	01/25/21		
50					
51					
52					

High Speed Rail Station
2005 Riverside Boulevard

OPTION 1

Building A Building B

32,000 ft building
Improvement
[D-dirty building] [L-dirty building]

TOTAL

OPTION 2

Building A Building B

32,000 ft building
Improvement
[P-dirty building] [L-dirty building]

TOTAL

OPTION 3

Building A Building B

32,000 ft building
Improvement
[D-dirty building] [L-dirty building]

TOTAL

REMOVED BY WORK
SCORE
IMPROVEMENTS
NO



Item	Unit	Rate	Quantity	Amount	Notes
32,000 ft building	sq ft	11.17	32,000	357,440.00	
Improvement	sq ft	1.00	32,000	32,000.00	
[D-dirty building]	sq ft	0.50	32,000	16,000.00	
[L-dirty building]	sq ft	0.50	32,000	16,000.00	
TOTAL				411,440.00	
32,000 ft building	sq ft	11.17	32,000	357,440.00	
Improvement	sq ft	1.00	32,000	32,000.00	
[P-dirty building]	sq ft	0.50	32,000	16,000.00	
[L-dirty building]	sq ft	0.50	32,000	16,000.00	
TOTAL				421,440.00	
32,000 ft building	sq ft	11.17	32,000	357,440.00	
Improvement	sq ft	1.00	32,000	32,000.00	
[D-dirty building]	sq ft	0.50	32,000	16,000.00	
[L-dirty building]	sq ft	0.50	32,000	16,000.00	
TOTAL				421,440.00	

Overall Total 75% 25% 10% 0%
 1,000,000.00
 1,000,000.00
 1,000,000.00

Overall Total 75% 25% 10% 0%
 1,000,000.00
 1,000,000.00
 1,000,000.00

Overall Total 75% 25% 10% 0%
 1,000,000.00
 1,000,000.00
 1,000,000.00

Note: The costs for the proposed project were developed by comparison to a similar project in the same area. The project was estimated to be completed in 2005. Source was 2005 General Construction Cost Index (Geographic Cost Adjustment). However, actual costs may be affected by current construction market conditions for the City of Reno.

Note: The costs for the proposed project were developed by comparison to a similar project in the same area. The project was estimated to be completed in 2005. Source was 2005 General Construction Cost Index (Geographic Cost Adjustment). However, actual costs may be affected by current construction market conditions for the City of Reno.

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High Desert Montessori
2095 Silverada Boulevard

OPTION 1	
Building A	Building B



32,000 sf building 16,000 sf building
Improvement (3-story building) Improvement (1-story building)
BUDGET BUDGET TOTAL

Acquisition Total	2,200,000.00	1,800,000.00	3,000,000.00	REMOVED ACQUISITION AMOUNT
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Hard Costs	Building A	Building B	TOTAL	NOTES FOR BUILDING A and B
2100 New Construction	5,640,640.00	2,106,000.00	7,746,640.00	\$183 P/S for Bldg A (structural retrofit required), \$117 P/S for Bldg B
2100 Demolition	390,000.00	78,000.00	468,000.00	Included in New Construction number for Building A
2100 Sitework	390,000.00	390,000.00	780,000.00	ROM Allowance (removal of asphalt, new play yard equipment, garden, etc)
2200 Office Construction	39,000.00	39,000.00	78,000.00	ROM Allowance (sidewalk repairs, curbs, gutter, parking, etc)
2300 Utilities Installation	78,000.00	78,000.00	156,000.00	ROM Allowance (potential upgrades to power, gas, water, etc)
4400 Environmental Remediation	195,000.00	39,000.00	234,000.00	Included in New Construction number
2100 Furniture, Fixtures and Equipment	6,542,640.00	2,223,000.00	8,765,640.00	Low Voltage Allowance (WAPS, CCTV, infrastructure, security, access control, PA, etc.)
2700 Other Hard Costs				
Hard Cost Total	12,946,640.00	5,673,000.00	18,619,640.00	

Soft Costs	Building A	Building B	TOTAL	NOTES FOR BUILDING A and B
6000 Management	419,383.22	142,494.30	561,877.52	
6000 Development Fee	419,383.22	142,494.30	561,877.52	
Soft Costs Total	838,766.44	284,988.60	1,123,755.04	13% of HC (Additional information needed on permits and fees)

Loan Costs Total				INFORMATION NEEDED ON FINANCING COSTS
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Contingency	Building A	Building B	TOTAL	NOTES FOR BUILDING A and B
8000 Hard Cost Contingency	981,396.00	333,450.00	1,314,846.00	15% for 32k building, 10% for 18k building
8010 Soft Cost Contingency	78,517.68	26,676.00	105,193.68	10% SC
Contingency Total	1,059,913.68	360,126.00	1,420,039.68	

Proceeds from Building A & B (1,200,000.00) (1,800,000.00) (3,000,000.00)

Total 8,807,047.70 2,997,380.30 11,799,428.00

Grand Total 75% 25% \$ 11,799,428.00

Proceeds from Ororoda (1,000,000.00)

Optional Grand Total 10,799,428.00

Note - The costs for the proposed project were developed by comparison to a similar project in Los Angeles. We applied a 22% reduction as a cost modifier for the City of Reno. Source WAS BNI 2019 General Construction Costbook Geographic Cost Modifiers. However, actual costs may be impacted by current construction market conditions for the City of Reno.

**High Desert Montessori
Option 1 A**



Lease Start Date 4/1/2021
 Initial Rent Rate 8.50%
 Annual Lease Increase 3.00%
 Purchase Option (Unlevered IRR) 11.00%

Buy back 3-5

Project Costs

Land - Building	\$3,000,000
Tenant Contribution	(\$3,000,000)
Broker Fee	\$0
Capital Credit	\$30,000
Hard Costs	\$8,765,640
Soft Costs	\$1,051,877
Contingencies	\$1,420,034
Development Fee	\$561,878
Purchase Transaction Costs	\$100,000
Capitalized Interest	\$494,476
Lender Fee	\$81,284
Total Project Costs	\$12,505,188

Proforma Cash Flow Statement - Annual

	Academic Year										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Rent	\$925,644	\$1,183,835	\$1,222,143	\$1,261,685	\$1,302,500	\$1,344,627	\$1,389,094	\$1,434,035	\$1,480,423	\$462,299	
Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Rent	\$925,644	\$1,183,835	\$1,222,143	\$1,261,685	\$1,302,500	\$1,344,627	\$1,389,094	\$1,434,035	\$1,480,423	\$462,299	
Option Purchase Price			\$14,491,225	\$14,933,398	\$15,387,568	\$15,853,956	\$16,337,444				
Projected Bond Debt Service (6.0% Bond Rate)			(\$1,069,500)	(\$1,102,100)	(\$1,135,600)	(\$1,170,100)	(\$1,205,700)				

High Desert Montessori Option 1 B



Lease Start Date	4/1/2021
Initial Rent Rate	8.50%
Annual Lease Increase	3.00%
Purchase Option (Unlevered IRR)	11.00%

Project Costs	
Land - Building	\$3,000,000
Tenant Contribution	(\$4,000,000)
Broker Fee	\$0
Capital Credit	\$30,000
Hard Costs	\$8,765,640
Soft Costs	\$1,051,877
Contingencies	\$1,420,034
Development Fee	\$561,878
Purchase Transaction Costs	\$100,000
Capitalized Interest	\$453,026
Lender Fee	\$74,470
Total Project Costs	\$11,456,924

Proforma Cash Flow Statement - Annual

	Academic Year										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Rent	\$848,051	\$1,084,598	\$1,119,696	\$1,155,923	\$1,193,316	\$1,231,912	\$1,272,652	\$1,313,825	\$1,356,324	\$423,546	
Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Rent	\$848,051	\$1,084,598	\$1,119,696	\$1,155,923	\$1,193,316	\$1,231,912	\$1,272,652	\$1,313,825	\$1,356,324	\$423,546	
Option Purchase Price			\$13,283,604	\$13,689,397	\$14,106,257	\$14,534,394	\$14,978,294				
Projected Bond Debt Service (6.0% Bond Rate)			(\$980,400)	(\$1,010,300)	(\$1,041,100)	(\$1,072,700)	(\$1,105,400)				

High Desert Menzies
2005 Silverada Boulevard

OPTION 2
Building A Building B



32,000 sq ft building
Improvement
(3-story building)
Budget

\$1MM Total
Budget

TOTAL

REMOVED ACQUISITION AMOUNT

NOTES FOR BUILDING A and B

Acquisition Total	1,200,000.00	1,800,000.00	3,000,000.00	REMOVED ACQUISITION AMOUNT
Hard Costs				
2000 New Construction	5,840,640.00		5,840,640.00	1543 PSF for Bldg A (shorter if retrofit required), 1117 PSF for Bldg B
2220 Demolition				Included in New Construction number for Building A
2100 Sitework	390,000.00		390,000.00	ROW Allowance (removal of asphalt, new play yard equipment, garden, etc)
2280 Civic Construction	99,000.00		99,000.00	ROW Allowance (sidewalk repair, curbs, gutter, pathway, etc)
2300 Utilities Installation	78,000.00		78,000.00	ROW Allowance (potential upgrades to power, gas, water, etc)
2400 Environmental Remediation				Included in New Construction number
2500 Furniture, Fixtures and Equipment	195,000.00		195,000.00	Low Voltage Allowance (WAVS, CCTV, Infrastructure, security, access control, PA, etc.)
2700 Other Hard Costs				
Hard Cost Total	6,542,640.00	715,000.00	7,257,640.00	
Soft Costs				
5000 Development Fee	419,388.22	48,075.00	467,463.22	
6000 Management Fees	419,388.22	48,075.00	467,463.22	
Loan Costs Total				INFORMATION NEEDED ON FINANCING COSTS
50% Contingency				
8000 Hard Cost Contingency	981,396.00	113,500.00	1,094,896.00	15% for 32k building, 10% for 18k building
8100 Soft Cost Contingency	78,311.88	9,000.00	87,311.88	10% SC
Contingency Total	1,059,707.88	122,500.00	1,182,207.88	
Proceeds from Building A & B	(1,200,000.00)	(1,800,000.00)	(3,000,000.00)	
Total	8,807,097.70	1,095,575.00	9,816,422.70	

6000 Development Fee	419,388.22	48,075.00	467,463.22
6000 Management Fees	419,388.22	48,075.00	467,463.22
Loan Costs Total			
50% Contingency			
8000 Hard Cost Contingency	981,396.00	113,500.00	1,094,896.00
8100 Soft Cost Contingency	78,311.88	9,000.00	87,311.88
Contingency Total	1,059,707.88	122,500.00	1,182,207.88
Proceeds from Building A & B	(1,200,000.00)	(1,800,000.00)	(3,000,000.00)
Total	8,807,097.70	1,095,575.00	9,816,422.70

Grand Total 90% 9,816,422.70
 Proceeds from Overseas (1,000,000.00)
 Optional Grand Total 8,816,422.70

Note - The costs for the proposed project were developed by comparison to a similar project in Los Angeles. We applied a 22% reduction as a cost modifier for the City of Reno. Source was BIR 2019 General Construction Costbook (Geographic Cost Modifiers). However, actual costs may be impacted by current construction market conditions for the City of Reno.

High Desert Montessori Option 2 A



Lease Start Date 4/1/2021
 Initial Rent Rate 8.50%
 Annual Lease Increase 3.00%
 Purchase Option (Unlevered IRR) 11.00%

Project Costs
 Land - Building \$3,000,000
 Tenant Contribution (\$3,000,000)
 Broker Fee \$0
 Capital Credit \$30,000
 Hard Costs \$7,292,640
 Soft Costs \$875,117
 Contingencies \$1,181,408
 Development Fee \$467,458
 Purchase Transaction Costs \$100,000
 Capitalized Interest \$412,288
 Lender Fee \$67,773
Total Project Costs \$10,426,685

Proforma Cash Flow Statement - Annual

	Academic Year										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Rent	\$771,792	\$987,068	\$1,019,009	\$1,051,979	\$1,086,010	\$1,121,135	\$1,158,211	\$1,195,682	\$1,234,360	\$385,460	
Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Rent	\$771,792	\$987,068	\$1,019,009	\$1,051,979	\$1,086,010	\$1,121,135	\$1,158,211	\$1,195,682	\$1,234,360	\$385,460	
Option Purchase Price			\$12,097,069	\$12,467,253	\$12,847,605	\$13,238,328	\$13,643,519				
Projected Bond Debt Service (6.0% Bond Rate)			(\$892,800)	(\$920,100)	(\$948,200)	(\$977,000)	(\$1,006,900)				

**High Desert Montessori
Option 2 B**



Lease Start Date 4/1/2021
 Initial Rent Rate 8.50%
 Annual Lease Increase 3.00%
 Purchase Option (Unlevered IRR) 11.00%

Project Costs
 Land - Building \$3,000,000
 Tenant Contribution (\$4,000,000)
 Broker Fee \$0
 Capital Credit \$30,000
 Hard Costs \$7,292,640
 Soft Costs \$875,117
 Contingencies \$1,181,408
 Development Fee \$467,458
 Purchase Transaction Costs \$100,000
 Capitalized Interest \$370,838
 Lender Fee \$60,960
 Total Project Costs \$9,378,421

Proforma Cash Flow Statement - Annual

	Academic Year										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Rent	\$694,199	\$887,831	\$916,562	\$946,217	\$976,826	\$1,008,420	\$1,041,769	\$1,075,473	\$1,110,261	\$346,707	
Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Rent	\$694,199	\$887,831	\$916,562	\$946,217	\$976,826	\$1,008,420	\$1,041,769	\$1,075,473	\$1,110,261	\$346,707	
Option Purchase Price			\$10,889,758	\$11,223,701	\$11,566,899	\$11,919,543	\$12,285,337				
Projected Bond Debt Service (6.0% Bond Rate)			(\$803,700)	(\$828,300)	(\$853,700)	(\$879,700)	(\$906,700)				

High Desert Montessori
2005 Silverada Boulevard



OPTION 3	
Building A	Building B
32,000 sf building Improvement (3-story building) LIMITED 3RD FLOOR SCOPE	NO
REDUCED SITE WORK BUDGET	IMPROVEMENTS BUDGET
	TOTAL

Acquisition Total	1,200,000.00	1,200,000.00	REMOVED ACQUISITION AMOUNT
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Item Code	Description	Amount	Notes
2000	New Construction	5,840,640.00	5,840,640.00
2050	Demolition	-	5183 PSF for Bldg A (structural retrofit required); 5117 PSF for Bldg B
2100	Sitework	50,000.00	Included in New Construction number for Building A
2200	Offsite Construction	39,000.00	MINIMAL SITE WORK ALLOWANCE (no play equipment, garden, etc)
3300	Utilities Installation	78,000.00	ROM Allowance (sewer, water, gas, electric, etc)
2400	Environmental Remediation	-	ROM Allowance (potential upgrades to power, gas, water, etc)
2500	Furniture, Fixtures and Equipment	-	Included in New Construction number
2700	Other Hard Costs	-	ALL LOW VOLTAGE WIRING AND EQUIPMENT BY SCHOOL
	Hard Cost Total	6,007,640.00	6,007,640.00
		-	NO IMPROVEMENT TO BUILDING B

Soft Costs	720,916.80	720,916.80	12% of HC (Additional information needed on permits and fees)
6000	Development Fee	385,089.72	385,089.72
	Management Fee	335,827.08	5% of HC + SC + Contingency
	Loan Costs Total	-	INFORMATION NEEDED ON FINANCING COSTS

Contingency	973,237.68	973,237.68	10% of HC + SC
8000	Hard Cost Contingency	901,146.00	15% for 32k building, 10% for 18k building
8010	Soft Cost Contingency	72,091.68	10% SC
	Contingency Total	973,237.68	

Proceeds from Building A (1,200,000.00)

Total 8,086,884.20

Grand Total 100% 8,086,884.20 Total project budget (Reno)

Proceeds from Oroveda (1,000,000.00)

Optional Grand Total 7,086,884.20

Note - The costs for the proposed project were developed by comparison to a similar project in Los Angeles. We applied a 22% reduction as a cost modifier for the City of Reno. Source was 2015 General Construction Costbook (Geographic Cost Modifier). However, actual costs may be impacted by current construction market conditions for the City of Reno.

**High Desert Montessori
Option 3 A**



Lease Start Date	3/1/2021
Initial Rent Rate	8.50%
Annual Lease Increase	3.00%
Purchase Option (Unlevered IRR)	11.00%

Project Costs	
Land - Building	\$1,200,000
Tenant Contribution	(\$1,200,000)
Broker Fee	\$0
Capital Credit	\$12,000
Hard Costs	\$6,007,640
Soft Costs	\$720,917
Contingencies	\$973,238
Development Fee	\$385,090
Purchase Transaction Costs	\$100,000
Capitalized Interest	\$281,101
Lender Fee	\$55,481
Total Project Costs	\$8,535,466

Proforma Cash Flow Statement - Annual

	Academic Year									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Rent	\$725,515	\$811,422	\$837,688	\$864,801	\$892,787	\$921,673	\$951,489	\$982,264	\$1,014,030	\$315,544
Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Rent	\$725,515	\$811,422	\$837,688	\$864,801	\$892,787	\$921,673	\$951,489	\$982,264	\$1,014,030	\$315,544
Option Purchase Price			\$9,875,800	\$10,170,500	\$10,472,500	\$10,781,700	\$11,101,500			
Projected Bond Debt Service (5.0% Bond Rate)			(\$728,900)	(\$750,600)	(\$772,900)	(\$795,700)	(\$819,300)			

High Desert Montessori Option 3 B



Lease Start Date 3/1/2021
 Initial Rent Rate 8.50%
 Annual Lease Increase 3.00%
 Purchase Option (Unlevered IRR) 11.00%

Project Costs
 Land - Building \$1,200,000
 Tenant Contribution (\$2,200,000)
 Broker Fee \$0
 Capital Credit \$12,000
 Hard Costs \$6,007,640
 Soft Costs \$720,917
 Contingencies \$973,238
 Development Fee \$385,090
 Purchase Transaction Costs \$100,000
 Capitalized Interest \$246,816
 Lender Fee \$48,714
Total Project Costs \$7,494,414

Proforma Cash Flow Statement - Annual

	Academic Year									
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Rent	\$637,025	\$712,454	\$735,517	\$759,323	\$783,895	\$809,258	\$835,438	\$862,460	\$890,351	\$277,058
Abatement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Rent	\$637,025	\$712,454	\$735,517	\$759,323	\$783,895	\$809,258	\$835,438	\$862,460	\$890,351	\$277,058
Option Purchase Price			\$8,690,100	\$8,950,900	\$9,218,300	\$9,492,400	\$9,775,900			
Projected Bond Debt Service (6.0% Bond Rate)			(\$641,300)	(\$660,600)	(\$680,300)	(\$700,600)	(\$721,500)			

HDMS Building and Facilities Expansion Timeline

By Tammie Stockton

March 5, 2019

- 2005: Orovada building purchased by Lifestyle Homes Foundation. Charter schools were not allowed to own their own properties in Nevada and must have a supporting organization to do this. Mentors of Montessori (MOM) formed which owned HDMS properties.
- 2009: Portables placed on west Orovada parking lot for middle school
- 2011: Upper EI and Middle School moved to 2025 Silverada in April, lease agreement with Acorn Corporation for building renovations and monthly rent through MOM
- 2012: Richard Offerdahl, who owns the Acorn Corporation, approached HDMS to purchase the Silverada properties including the 3 story building.
- 2013: Mentors of Montessori purchased the Silverada properties from the Acorn Corporation
- 2014: Nevada NRS changed guidelines regarding charter schools owning their own property. HDMS applied for a 501c3 with the IRS as well as filed articles of incorporation with the State of Nevada. Attorney's Drinkwater and Associates facilitated this process.
- 2015: IRS awarded HDMS their 501c3 (3.18.15), Mentors of Montessori transferred the mortgages of Orovada (Lifestyle Homes) and Silverada (Acorn Corporation) to HDMS, HDMS refinanced the Orovada mortgage with Lifestyle Homes to CDFI Clearinghouse (6.30.15)
- 2016: HDMS purchased 1.75 acre lot from the Karadinas family with financing through Building Hope (6.30.16)
- 2017: HDMS worked with TMCC's architect program and HDMS EcoStudents in designing plans for a building and gardens for the empty lot.
- 2017-2018: Due diligence occurred working through trying to sell 3 story building. Issues continued to be separation of utilities, safety and security, a more cohesive school and not knowing who would own the building which is adjoining and 25 feet apart. Each expert we spoke with steered us towards renovation of the 3 story due to cost and having our school campus more unified. Engaged working with Blueprint Collaborative on a strategic plan including a capital campaign with a top priority of eliminating debt.
- 2018-2019: Facilities Committee formed in conjunction with Blueprint Collaborative. Solicited bids for architecture and listing of Orovada properties.