

\$45,000,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY (CSFA)
CHARTER SCHOOL REVENUE BONDS
(ASPIRE PUBLIC SCHOOLS – OBLIGATED GROUP – ISSUE NO. 3)
SERIES 2020A \$40,000,000 (TAX-EXEMPT) AND 2020B \$5,000,000 (TAXABLE)
ITEM # - RESOLUTION 20-15

*Not-to-Exceed Amount

STAFF SUMMARY

EXECUTIVE SUMMARY			
Applicant/Borrower:	College for Certain, Inc.	Par Amount Requested:	Not-to-Exceed *\$45,000,000
Financing Term: 40 years		Interest Rate: 5.00% (Estimated)	
Applicant Description: College for Certain, Inc. is a separate 501(c)(3) nonprofit public benefit corporation formed for the sole purpose of supporting Aspire Public Schools.			
Type of Financing: Charter School Revenue Bonds (Tax-Exempt and Taxable)			
Project Users:	Aspire Capitol Heights Academy; Aspire Langston Hughes Academy; Aspire Port City Academy; Aspire Stockton TK-5 Elementary and 6-12 Secondary Academies; Aspire Alexander Twilight College Preparatory and Secondary Academies; Aspire East Palo Alto	Counties Served:	Sacramento, San Joaquin and San Mateo
Districts in Which Projects are Located:	Sacramento City Unified, San Juan Unified, Stockton Unified and Ravenswood City School District	Charter Authorizers:	Sacramento City Unified, San Juan Unified, Stockton Unified and Ravenswood City School District
Project Description: Facility acquisition and construction.			

Project Sites: Facilities and Amounts listed in Project Description section.

Financing Team:	
Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter:	Stifel Nicolaus
Underwriter's Counsel:	Stradling Yocca Carlson & Rauth
Borrower's Counsel:	Musick Peeler & Garrett
Issuer's Counsel:	Attorney General's Office
Issuer:	California School Finance Authority
Master Trustee:	MUFG Union Bank

Financing Team:	
Type of Issue:	Charter School Revenue Bonds
Tax Status:	Tax-Exempt and Taxable
Maturity:	August 1, 2060
Credit Enhancement:	No
Credit Rating:	BBB* (subject to change upon S&P review)
CSFA Fees:	See Costs of Issuance Table
Other Fees:	See Costs of Issuance Table

CSFA Staff: Robby Biegler

Date of Staff Report: June 10, 2020

Date of CSFA Board Meeting: June 25, 2020

Resolution Number: 20-15

Staff Recommendation: Staff recommends the California School Finance Authority Board approve Resolution Number 20-15 authorizing the issuance of Charter School Revenue Bonds in an amount not to exceed \$45,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located in Sacramento, San Joaquin, and San Mateo Counties for use by Aspire Public Schools.

BACKGROUND AND HISTORY

Aspire Public Schools (APS) is a California 501(c)(3) nonprofit public benefit corporation operating charter schools throughout California. APS opened its first school, Aspire Vincent Shavley Academy, in North Stockton in the 1999-00 school year. The school was opened in a former grocery store and served 220 students. Aspire now has a total of 40 schools, including 36 in California and four in Tennessee. The four Tennessee schools are being spun off in the end of June, and will no longer be a part of Aspire Public Schools. None of the Tennessee schools were bond-financed or are part of the obligated group. Of the California campuses, 14 are in the Central Valley, 11 are in the Bay Area, and another 11 are located in Southern California. There are currently over 17,000 students enrolled in Aspire schools. College for Certain LLC (CFC) and College for Certain II LLC (CFC II) are the nonprofit public benefit corporations established exclusively for the purposes of managing facilities for APS.

According to information provided by APS, of the APS student population, 94% are in a cultural minority, 87% are low-income, and 22% are English language-learners. Aspire high school students outperform their California peers in both English Language Arts and Math. Black and Latinx Aspire students specifically outperform their peers by an average of ten percent in both metrics. Aspire alumni attend 186 colleges.

The California School Finance Authority (CSFA) has issued six bonds and notes on behalf of 13 APS campuses, for a total of \$125,975,000. Four of those are Revenue Anticipation Notes that have already been repaid. Aspire has two outstanding bond issues, both issued by CSFA, one in 2015 and the other in 2016. Both issues were done as part of an obligated group structure. The obligated group currently includes 13 schools. It is expected that the 2020 bond issuance will be issued on parity with the 2015 and 2016 bonds. The 2020 bonds will finance projects at seven schools (four of which are already part of the obligated group and three new schools will be added to the obligated group as part of this financing). After the 2020 Bonds are completed, there will be 16 schools in the obligated group.

School Full Name	Abbreviation	Bonds
1. Aspire River Oaks Charter	ROCS	2015 Bonds
2. Aspire Benjamin Holt College Preparatory Academy	BHCPA	2015 Bonds
3. Aspire Benjamin Holt Middle	BHMS	2015 Bonds
4. Aspire Langston Hughes Academy	LHA	2016 Bonds, 2020 Bonds
5. Aspire Port City Academy	PCA	2016 Bonds, 2020 Bonds
6. Aspire Alexander Twilight College Preparatory Academy	ATCPA	2016 Bonds, 2020 Bonds
7. Aspire Alexander Twilight Secondary Academy	ATSA	2016 Bonds, 2020 Bonds
8. Aspire Lionel Wilson College Preparatory Academy	LWCPA	2016 Bonds
9. Aspire East Palo Alto Phoenix Academy ¹	EPAPA	2016 Bonds
10. Aspire Golden State Preparatory Academy	GSPA	2016 Bonds
11. Aspire Junior Collegiate Academy	JCA	2016 Bonds
12. Aspire Titan Academy	ATA	2016 Bonds
13. Aspire Pacific Academy	APA	2016 Bonds
14. Aspire Capitol Heights Academy	CHA	2020 Bonds
15. Aspire Stockton TK-5 Elementary Academy	STK TK-5	2020 Bonds
16. Aspire East Palo Alto Charter School	EPACS	2020 Bonds

Charter terms and authorizers and demographics for Aspire campuses that will be financed as part of the 2020 bonds are:

School Full Name	Abbreviation	Grades Served	Authorizer	Charter Term
Aspire Langston Hughes Academy	LHA	6-12	Stockton USD	2018-2023
Aspire Port City Academy	PCA	TK-5	Stockton USD	2018-2023
Aspire Alexander Twilight College Preparatory Academy	ATCPA	TK-5	San Juan USD	2016-2021
Aspire Alexander Twilight Secondary Academy	ATSA	6-12	San Juan USD	2016-2021
Aspire Capitol Heights Academy	CHA	TK-8	Sacramento USD	2018-2023
Aspire Stockton TK-5 Elementary Academy (March Lane)	STK TK-5	TK-5	Stockton USD	2019-2024
Aspire East Palo Alto Charter School	EPACS	TK-8	Ravenswood CSD	2019-2024
Aspire Stockton 6-12 Secondary Academy*	STK 6-12	6-12	Stockton USD	2019-2024

*A small portion of proceeds will be used to finance pre-development/site work for an incubator site, but Aspire STK 6-12 will not become an Obligated Group School.

2019-20 Obligated Group Demographics	% Free- Reduced Price Meals	% of Minority Students (Non-White)	% of English- Language Learners
Aspire Obligated Group	80.2%	95.0%	20.0%

Enrollment projections for the obligated group over the next six years include:

Aspire Public Schools - Obligated Group Enrollment Projections by Grade

Grades	Forecast 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
TK	88	96	136	136	136	136	136
K	416	474	522	522	522	522	522
1	428	423	511	535	535	535	535
2	425	430	513	513	537	537	537
3	419	419	506	506	509	533	533
4	426	417	437	501	506	509	533
5	413	417	433	433	497	502	505
6	729	723	713	773	773	773	773
7	748	754	725	713	773	773	773
8	755	738	749	721	721	781	781
9	629	657	659	659	629	629	629
10	506	604	628	629	629	601	599
11	490	474	564	582	582	582	552
12	429	454	448	529	529	529	529
Total	6,899	7,080	7,544	7,752	7,878	7,942	7,937

The enrollment jumps in the elementary grades are attributed specifically to Aspire Stockton TK-5 March Lane (March Lane), a new campus opening in 2020-21.

PROJECT DESCRIPTION

The proceeds of the bonds will be used to 1) finance the construction, acquisition and improvements of six campuses for APS, listed below; 2) fund a debt service reserve; 3) fund a capitalized interest fund; and, 4) pay costs of issuance.

Site	Landlord	Location	Purpose	Amount
Aspire Capitol Heights Academy	College for Certain II, LLC	7300 Folsom Blvd. Sacramento	Acquisition/Improvements	\$11,650,000
Aspire Langston Hughes Academy & Aspire Port City Academy	College for Certain, LLC	2040 & 2050 West Lane, Stockton	Acquisition & Improvements	\$3,900,000
Aspire Alexander Twilight College Preparatory & Secondary Academies	College for Certain, LLC	2360 El Camino Ave., Sacramento	Acquisition & Improvements	\$1,513,537
Aspire Stockton TK-5 Elementary Academy	College for Certain II, LLC	1605 East March Lane, Stockton	Acquisition & Improvements	\$10,500,000
Aspire East Palo Alto Charter School	College for Certain II, LLC	1286 Runnymede Street, East Palo Alto	Improvements	\$6,500,000
Aspire Stockton TK-5 Elementary & 6-12 Secondary Academies	College for Certain II, LLC	City of Stockton, County of San Joaquin, at an address to be designated within the area bisected by Belleview Avenue (formerly known as Belleview Street) and bounded generally by Arriba Road and 10th Street to the north, Anne Street to the east, 11th Street to the south and Volney Street to the west	Incubator Space	\$750,000
Total Estimated Project Costs				\$34,813,537

CFC II plans to expend bond proceeds on acquisition, construction and renovation at six APS campuses, specifically:

Aspire Capitol Heights Academy Proceeds will be used for the acquisition and construction of a facility located at 7300 Folsom Blvd, in Sacramento, for the purposes of operating Aspire Capitol Heights Academy (CHA). The facility will be owned by CFC II and leased to Aspire. CHA is currently a TK-5, and is expanding to serve TK-8. A material revision to expand grades and enrollment is scheduled to go before Sacramento Unified School District on June 18, 2020. The improved two-story facility, located on 1.41 acres will include 26 classrooms, a cafeteria, study areas, collaboration spaces, science labs and administration space. Site improvements will include new fencing, auto gates, basketball courts, play areas, a softball play area, and landscaping. The site will also include 45 parking spaces. The facility is expected to be completed and in operation by Fall 2022.

Aspire Langston Hughes Academy & Aspire Port City Academy Proceeds will be used to acquire certain capital improvements (modular classrooms) from APS at 2050 & 2040 West Lane, Stockton, CA for the operation of Aspire Langston Hughes Academy (LHA) and Aspire Port City Academy (PCA). These improvements were paid for by APS. APS will sell them to the landlord, Colledge for Certain LLC, (CFC), of the LHA & PCA Facilities, who will then lease them back to APS. The improvements include two 96 x 36 foot modular classroom buildings for a total of 3,456 square feet. The modular classrooms were installed to accommodate expanded enrollment.

Aspire Alexander Twilight College Preparatory Academy & Alexander Twilight Secondary Academy Proceeds will be used to acquire certain capital improvements (modular classrooms) from APS at 2360 El Camino Ave, Sacramento, for the operation of Aspire Alexander Twilight College Preparatory Academy (ATCPA) and Aspire Alexander Twilight Secondary Academy (ATSA). These improvements were paid for by APS. APS will sell them to the landlord, (CFC) of the ATCPA & ATSA Facilities, who will then lease them back to APS. The improvements include two 96 x 36 foot modular classroom buildings for a total of 3,456 square feet. The modular classrooms were installed to accommodate expanded enrollment.

Aspire Stockton TK-5/March Lane Proceeds will be used for the acquisition and construction of a facility located at 1605 East March Lane, Stockton, CA for the operation of Aspire Stockton TK-5 Elementary Academy (STK TK-5 or March Lane). March Lane is a new charter that will serve TK-5. The charter has been approved by Stockton Unified School District. The improved two-story facility will be located on a 4.02 acre site and will include 21 classrooms, a cafeteria, study areas, collaboration and administrative space. Site improvements include new fencing, gates, basketball courts, play areas, a softball play area, and landscaping. The site will include 50 parking spaces. The facility is expected to be completed and in operation by Fall 2022.

March Lane will open in Fall 2020 with 66 students serving kindergarten. In Fall 2021, March Lane will serve grades TK-3, and by Fall 2023, March Lane will serve grades TK-5. APS hired a permanent principal for March Lane in March 2020. As of this month, APS has completed 100% of the hiring for March Lane that is needed to open in Fall 2020. Simultaneously, APS has been recruiting new students for March Lane and is able to fill its first year classes easily by pulling from existing wait lists for other APS schools in the area and to a lesser degree by recruiting in the local neighborhoods.

APS has been operating charter schools (8 schools serving over 3,900 students as of Fall 2019) within the City of Stockton for over 21 years. March Lane is within the same trade area as its existing schools; only three miles away from Aspire APEX, Aspire Port City, and Aspire River Oaks (also TK-5s). Aspire has tremendous student demand within the City of Stockton with substantial wait lists historically. APS decided to open March Lane to meet the student demand from their families in the Stockton area.

Aspire East Palo Alto Charter School Proceeds will be used for the acquisition and development of modular classrooms at 1286 Runnymede St, East Palo Alto, for the operation of Aspire East Palo Alto Charter School. The additional 12 modular units will be installed in two phases and will accommodate the relocation of grades 6-8 previously served at the East Palo Alto Preparatory Academy (EPAPA) site. While Aspire East Palo Alto Charter School will benefit from this financing it is not part of the obligated group.

Incubator Space A small amount of proceeds will be used to fund pre-development and site-work for temporary incubator space to be used by March Lane and Aspire Stockton 6-12 Secondary Academy (Sierra Vista) until permanent facilities are constructed.

FINANCING

The bonds will be issued in two series: (1) Series 2020A (tax-exempt) will be approximately \$40,000,000 and (2) Series 2020B (taxable) will be approximately \$5,000,000 (Bonds). The tax-exempt series will be issued to finance items eligible for use of tax-exempt bond proceeds. The taxable series will be used to finance items not eligible for use of tax-exempt bond proceeds. The tax-exempt series is expected to consist of several term bonds with the final term bond maturing August 1, 2059. The taxable series is expected to be issued as one term bond, maturing on August 1, 2029.

The facilities financed with proceeds of the Bonds will be leased to a nonprofit public benefit corporation, pursuant to certain leases by and between the lessee and the landlord. The Facilities will be used by the lessee to operate the seven campuses in this financing.

Security and Source of Payment

The Bonds will be payable out of payments under the Indenture, consisting primarily of Loan Repayments under the Loan Agreement. The obligations of the Borrower under the Loan Agreement are secured by a pledge of each Obligated Group Member's unrestricted revenues, including rent payments received under the lease or leases entered into between Aspire Public Schools and each of College for Certain, LLC and College for Certain II, LLC (and any additional leases entered into in the future between Aspire Public Schools and an Obligated Group Member).

As additional security and in connection with the issuance of the Bonds, the lessee will provide instructions to the State Controller's Office to make an apportionment to the Trustee with respect to APS in the amounts, and on the dates provided in a written notice, sufficient in the aggregate to repay the Bonds and pay necessary and incidental costs. Funds received by the Trustee pursuant to such Intercept will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including if necessary, the payment of debt service on the Bonds. Under the laws of the State of California, no party, including the lessee, the Borrower or any of their respective creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the SCO pursuant to the Intercept.

Preliminary Sources and Uses and Preliminary Costs of Issuance

Below are the preliminary estimated sources and uses, and detailed information about the expected costs of issuance for board consideration. Please note these figures are subject to change between the time the board packets are distributed and the time the board meets, and are further subject to final pricing. Members will be provided updated figures should significant changes occur before the board meeting date.

Sources and Uses			
Sources:	Series 2020A (Tax-Exempt)	Series 2020B (Taxable)	Total
Bond Proceeds:			
Par Amount	\$37,060,000.00	\$3,640,000.00	\$40,700,000.00
Total:	\$37,060,000.00	\$3,640,000.00	\$40,700,000.00
Uses:	Series 2020A (Tax-Exempt)	Series 2020B (Taxable)	Total
Project Fund Deposits:			
Capitol Heights Academy	\$11,650,000.00	-	\$11,650,000.00
March Lane/STK TK-5	10,500,000.00	-	10,500,000.00
EPACS Expansion	6,500,000.00	-	6,500,000.00
LHA/PCA Modulares	3,321,815.00	578,185.00	3,900,000.00
ATCPA/ATSA Modulares	-	1,513,537.00	1,513,537.00
Incubator Dev. Costs	-	750,000.00	750,000.00
	\$31,971,815.00	\$2,841,722.00	\$34,813,537.00
Other Fund Deposits:			
Capitalized Interest Fund	\$2,089,772.23	\$246,306.67	\$2,336,078.90
Debt Service Reserve Fund	2,261,160.81	222,089.19	2,483,250.00
	\$4,350,933.04	\$468,395.86	\$4,819,328.90
Delivery Date Expenses:			
Cost of Issuance	\$454,180.16	201,274.84	\$655,455.00
Underwriter's Discount	282,019.85	124,980.15	407,000.00
	\$736,200.01	\$326,254.99	\$1,062,455.00
Other Uses of Funds:			
Additional Proceeds	\$1,051.95	\$3,627.15	\$4,679.10
Total:	\$37,060,000.00	\$3,640,000.00	\$40,700,000.00

*Acquisition of certain prior capital improvements (modular classrooms) for Aspire Langston Hughes, Aspire Port City & Aspire Alexander Twilight College Prep & Alexander Twilight Secondary Academy.

Total Costs of Issuance*

Expense	Amount
Underwriter's Discount	\$407,000
Bond Counsel	\$175,000
Borrower's Counsel	\$120,000
Underwriter's & Disclosure Counsel	\$100,000
CSFA Issuance Fee	\$30,350
CSFA 1st Admin Fee	\$6,104
CSFA Issuer Fee - PFD Fee	\$6,000
Issuer's Counsel (AG)	\$8,000
Rating Agency - S&P	\$55,000
Bond Trustee & Trustee's Counsel	\$10,000
Title Insurance	\$70,000
Appraisal	\$40,000
Printer & Roadshow	\$5,000
Contingency	\$30,000
Total	\$1,062,455

**Estimates based on a proposed bond size of \$40,700,000.*

Bond Rating

S&P confirmed a BBB credit rating for APS in December, but revised the outlook to negative due to waning financial results and a decline in cash. Those declines are specifically owed to expanded operational spending for APS, primarily on its site-based support teams and regional home office support teams, that was not correlated with student (revenue) growth as the hires exclusively increased staffing at already operating schools. In the report, S&P warned that future negative operating results could likely result in a downgrade to BBB- or BB+. APS and S&P have begun the rating review process and plan to have a rating and credit opinion resolved in time for pricing. For the purposes of Board approval the sales restrictions presented reflect the sales restrictions for both an investment grade transaction and a transaction rated BB+ or less.

2020-21 Budget

As Local Control Funding Formula (LCFF) funding grew over the past several years, APS invested funds to expand its site-based support teams and regional home office support teams. In 2018-19, the 13 school Obligated Group had 6,150 students with a total budget of \$80,804,237 (total expenses of \$79,363,040). In 2019-20, the 13 school Obligated Group had 6,899 students with a total budget of \$92,762,363 (total expenses of \$90,471,150).

In 2020-21, APS had projected enrollment of 7,080 students and an Obligated Group budget of \$89,401,026 (total expenses of \$90,232,710). Representing a 7.5% reduction in LCFF funding from 2019-20, which is in line with the May Revise. APS plans to balance its budget in 2020-21 by keeping Certificated Salaries and Benefits flat (in 2020-21, Certificated Salaries and Benefits will rise modestly

from 2019-20 – a \$698K increase despite slightly increasing enrollment) and by continuing to reduce headcount for its home office & support teams (resulting in a decrease of \$926K from 2019-20 to 2020-21) by keeping open positions vacant, implementing layoffs and reducing discretionary spending.

For the next few years, APS plans to keep unfilled classified positions vacant, unless the position is deemed mission critical. Similarly, APS plans to keep salaries for its certificated and classified employees flat, except for slight increases to pension benefits. Health benefits will remain flat based on a negotiated multiyear contract with their insurer.

SALES RESTRICTIONS

The following sales restrictions will apply to the financing in the event of a non-investment grade rating. The Authority's sales restrictions can be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

1. Bonds will be in minimum denominations of \$100,000;
2. Bonds will be privately placed or publicly offered initially to Qualified Institutional Buyers (QIBs) and Accredited Investors (AIs).
3. Initial bond purchasers will be required to execute an Investor Letter;
4. Subsequent transfers of bonds will be limited to QIBs and AIs;
5. Sales restrictions will be conspicuously noted on bond and described in detail in offering materials, if any, as well as in the bond documents;
6. One or more of the following will be required depending on the transaction, as requested by the financing team and approved by the Authority:
 - a. Traveling Investor Letter; or
 - b. Higher minimum denominations of \$250,000; or
 - c. Physical Delivery; or
 - d. Limited initial sale to QIBs, with subsequent transfers limited to QIBs as well; or
 - e. Other investor protection measures
7. Bond payments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code

The following sales restrictions will apply to the financing in the event of a BBB or BBB- rating. The Authority's sales restrictions can be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

1. Bonds will be in minimum denominations of \$25,000 (BBB)
2. Bonds may be publicly offered or privately placed
3. Bonds will be sold initially only to Qualified Institutional Buyers (QIB) and Accredited Investors (AI)
4. Subsequent transfers of bonds are limited to QIBs and AIs
5. Sales restrictions conspicuously noted on bond and described in detail in offering materials, if any, as well as in the bond documents
6. If the rating is BB+ or below or the bonds are unrated, one or more of the following will be required depending on the transaction, as requested by the financing team and approved by the Authority:
 - a. Traveling Investor Letter; or
 - b. Higher minimum denominations of \$250,000; or
 - c. Physical Delivery; or

- d. Limited initial sale to QIBs, with subsequent transfers limited to QIBs as well; or
 - e. Other investor protection measures
7. Bond payments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code

OTHER PROJECT DATA

Tax Equity and Fiscal Responsibility Act (TEFRA): The TEFRA Notice was published on the CSFA Webpage on June 18, 2020. The TEFRA hearing will take place on Thursday, June 25, 2020. Staff does not anticipate any comments but will provide an update to the Board if any are received.

Due Diligence Undertaken to Date: No information disclosed caused CSFA to question the financial viability or legal integrity of the Borrower. Standard opinions of counsel (i.e., that the borrowing entity and/or its sole member has been duly organized, is in good standing, is a disregarded subsidiary of a 501(c)(3) organization, has the full authority to enter into all documents which are valid and binding, etc.) will be delivered at closing.

Additionally, in enacting the CSFA Act, Section 17183.5, it is the intent of the Legislature to provide financing only for projects demonstrated by the participating party to be financially feasible. In demonstrating financial feasibility, the participating party may take into account all of its funds, and may base future projections upon historical experience or reasonable expectations, or a combination thereof. Nothing in this section shall be construed to imply that any project is required to produce revenue in order to be financed under this chapter.

Borrower Financial Data: The Borrower is a California nonprofit public benefit corporation formed as a support organization for charter schools formed and controlled by Aspire Public Schools. The Borrower has received a determination letter from the Internal Revenue Service recognizing it as an entity described in Section 501(c)(3) of the Code.

Each limited liability company is a single purpose entity with no assets other than the applicable Facility and its rights under the Lease, which will be assigned to the Trustee. Each limited liability company was formed for the purpose of owning its respective Facility and is not expected to have any other assets or revenue available to it to make payments due under the Loan Agreement.

STAFF RECOMMENDATION

Staff recommends the California School Finance Authority’s (CSFA) Board approve Resolution Number 20-15 authorizing the issuance of Charter School Revenue Bonds in an amount not to exceed \$45,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located in Sacramento, San Joaquin and San Mateo County, California for use by Aspire Public Schools.

- 1. **Applicant / Borrower:** Aspire Public Schools – Obligated Group.
- 2. **Project:** Acquisition, Renovation and Construction
- 3. **Amount of Financing:** Not to exceed \$45,000,000
- 4. **Maturity:** Not later than August 1, 2061
- 5. **Repayment/Security:** Lease Payments and Deed of Trust on Real Property
- 6. **Interest Rate:** Estimated to be between 4.00% - 5.00%
- 7. **Fees:** \$1,062,349 is the total Costs of Issuance

8. **Not an Unconditional Commitment:** The CSFA resolution shall not be construed as unconditional commitment to finance the Project, but rather CSFA's approval pursuant to the resolution conditioned upon entry by CSFA and the Borrower into a loan agreement, in form and substance satisfactory to CSFA and its counsel.
9. **Limited Time:** The Board's approval expires 12 months from the date of its adoption. Thus, CSFA and the Borrower must enter into the loan agreement no later than 12 months from such date. Once the approval has expired, the item must return to the Board for new approval.
10. **Loan Agreement Covenants:** N/A

**APPENDIX A:
SCHOOL GOVERNANCE**

Board of Directors

Member	Profession
Beth Hunkapiller, <i>Chair</i>	Former Educator/Administrator
Anthony Barkett	Real Estate Investor & Farmer
Carol Ornelas	CEO, Visionary Home Builders of California, Inc.
Kay Hong	CEO, Proenza Schouler
Leslie Hume	Community Volunteer
Jim Boyd	Executive Director, Pyramid Peak Foundation
Warren Felson	Private Investor
Nisa Frank	Head of School, Prospect Sierra

Executive Staff

Member	Position
Mala Batra	Chief Executive Officer
Jeanine Hawk	Chief Financial Officer
Mary Cha-Caswell	Chief Operating Officer
Jennifer Garcia	Chief Academic Officer
Anupam Mishra	Chief People Officer
Bess Kennedy	Executive Director, Aspire Public Schools Foundation
Dan Soleimani	Chief of staff

APPENDIX B: FINANCIAL PROJECTIONS AND ENROLLMENT

Aspire Public Schools - Obligated Group

Fiscal Year	Forecast 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Enrollment							
Grades Served							
Total Enrollment	6,899	7,080	7,544	7,752	7,878	7,942	7,937
Total ADA %	95.8%	95.6%	95.6%	95.6%	95.7%	95.7%	95.6%
Total ADA	6,609	6,769	7,215	7,413	7,536	7,597	7,591
Staff Assumption							
Number of Certificated Staff	543	537	527	520	519	520	519
Number of Classified Staff	176	165	136	118	116	117	118
Total Number of Employees (FTEs)	719	703	662	638	634	637	637

Revenue Assumptions							
LCFF Per ADA	\$ 10,627	\$ 9,831	\$ 9,236	\$ 8,897	\$ 8,913	\$ 9,088	\$ 9,269
Annual LCFF Per ADA Growth		-7.5%	-6.0%	-3.7%	0.2%	2.0%	2.0%

Revenue							
LCFF Per-Pupil Funding	\$ 70,232,638	\$ 66,543,178	\$ 66,638,684	\$ 65,949,152	\$ 67,165,886	\$ 69,038,671	\$ 70,364,872
State Revenue - SB740	4,617,681	4,435,859	4,897,540	5,205,738	5,294,486	5,302,062	5,304,903
Other State Revenue	7,226,545	7,127,810	6,147,452	6,116,538	6,153,237	6,276,301	6,401,827
Federal Revenue	7,219,019	8,601,740	7,490,276	7,385,265	7,418,499	7,566,869	7,718,206
Local Revenue	1,913,981	1,357,466	1,205,258	1,238,456	1,240,933	1,265,752	1,291,067
Interfund Transfers In	1,552,500	1,334,973	-	-	-	-	-
Total Revenue	\$ 92,762,363	\$ 89,401,026	\$ 86,379,210	\$ 85,895,148	\$ 87,273,040	\$ 89,449,654	\$ 91,080,875

Expenses							
Certificated Salaries & Benefits	\$ 42,609,408	\$ 43,307,854	\$ 43,223,881	\$ 43,643,447	\$ 44,206,316	\$ 45,260,442	\$ 46,105,651
Classified Salaries & Benefits	15,028,927	14,102,579	11,215,872	9,649,915	9,627,913	9,920,471	10,218,881
Books, Supplies, & Equipment	4,630,819	3,776,226	3,715,451	3,291,269	3,366,295	3,458,021	3,511,081
Other Operating Expenses	8,910,011	9,841,013	9,301,768	9,163,647	9,129,420	9,267,009	9,407,349
Subordinated Home Office Management Fees	6,657,422	9,763,337	10,119,555	10,409,108	10,727,199	10,964,467	11,115,988
Subordinated Regional Office Management Fees	2,802,356	-	-	-	-	-	-
Interfund Transfers Out	1,218,888	1,158,960	1,260,268	1,303,654	1,366,092	1,401,671	1,422,412
Series 2015 Base Rent	1,385,612	1,386,945	1,386,945	1,386,945	1,386,945	1,386,945	1,386,945
Series 2016 Base Rent	5,316,645	5,316,937	4,863,791	4,863,889	4,863,889	4,863,889	4,863,889
Series 2020 Base Rent	336,406	-	861,313	2,067,150	2,422,025	2,420,350	2,421,500
Depreciation & Amortization	1,574,657	1,578,859	2,317,486	1,990,448	1,990,448	1,990,448	1,990,448
Total Expenses	\$ 90,471,150	\$ 90,232,710	\$ 88,266,330	\$ 87,769,472	\$ 89,086,541	\$ 90,933,713	\$ 92,444,143

Net Operating Income	\$ 2,291,213	\$ (831,683)	\$ (1,887,119)	\$ (1,874,324)	\$ (1,813,501)	\$ (1,484,059)	\$ (1,363,268)
Add Back: Series 2015 Base Rent	1,385,612	1,386,945	1,386,945	1,386,945	1,386,945	1,386,945	1,386,945
Add Back: Series 2016 Base Rent	5,316,645	5,316,937	4,863,791	4,863,889	4,863,889	4,863,889	4,863,889
Add Back: Series 2020 Base Rent	336,406	-	861,313	2,067,150	2,422,025	2,420,350	2,421,500
Add Back: Depreciation & Amortization	1,574,657	1,578,859	2,317,486	1,990,448	1,990,448	1,990,448	1,990,448
Add Back: Home Office Management Fees	6,657,422	9,763,337	10,119,555	10,409,108	10,727,199	10,964,467	11,115,988
Add Back: Regional Office Management Fees	2,802,356	-	-	-	-	-	-
Net Income Available for Rent	\$ 20,364,310.50	\$ 17,214,395	\$ 17,661,970	\$ 18,843,215	\$ 19,577,005	\$ 20,142,040	\$ 20,415,501
Consolidated Base Rent Coverage	2.89x	2.57x	2.48x	2.27x	2.26x	2.32x	2.35x

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2024-25
Beginning Cash Balance		\$ 10,371,731	\$ 25,618,907	\$ 26,049,273	\$ 26,165,397	\$ 26,342,343	\$ 26,848,733
Plus: Net Operating Income		(831,683)	(1,887,119)	(1,874,324)	(1,813,501)	(1,484,059)	(1,363,268)
Plus: Depreciation		1,578,859	2,317,486	1,990,448	1,990,448	1,990,448	1,990,448
Minus: CapEx		-	-	-	-	-	-
Plus: Sale Proceeds		14,500,000	-	-	-	-	-
Ending Cash Balance	\$ 10,371,731	\$ 25,618,907	\$ 26,049,273	\$ 26,165,397	\$ 26,342,343	\$ 26,848,733	\$ 27,475,912
Total Expenses	\$ 90,471,150	\$ 90,232,710	\$ 88,266,330	\$ 87,769,472	\$ 89,086,541	\$ 90,933,713	\$ 92,444,143
Less: (Home Office Contribution)	(6,657,422)	(9,763,337)	(10,119,555)	(10,409,108)	(10,727,199)	(10,964,467)	(11,115,988)
Less: (Regional Office Contribution)	(2,802,356)	-	-	-	-	-	-
Less: (Base Rent)	7,038,664	6,703,882	7,112,048	8,317,984	8,672,859	8,671,184	8,672,334
Lessee Operating Expenses	\$ 88,050,037	\$ 87,173,255	\$ 85,258,823	\$ 85,678,348	\$ 87,032,200	\$ 88,640,429	\$ 90,000,489
Consolidated Days Cash on Hand	43 days	107 days	112 days	111 days	110 days	111 days	111 days