$17,000,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY (CSFA)
CHARTER SCHOOL REVENUE BONDS
(CONTRA COSTA SCHOOL OF PERFORMING ARTS)
SERIES 2020A $16,500,000 (TAX-EXEMPT) AND 2020B $500,000 (TAXABLE)
ITEM #7 - RESOLUTION 20-21

STAFF SUMMARY

EXECUTIVE SUMMARY

Applicant/Borrower:	2730 Mitchell Drive, LLC on behalf of Charthouse Public Schools	**Par Amount Requested:**	Not-to-Exceed *$17,000,000
Financing Term: 38 years for tax-exempt, maturing in 2058; 6 years for taxable, maturing in 2026		**Interest Rate:** 5.5% on the Tax-Exempt; 7.5% on the Taxable	

Applicant Description: 2730 Mitchell Drive, LLC is a limited liability company formed for the single purpose of supporting its sole member, Charthouse Public Schools, a 501(c)(3) nonprofit public benefit corporation that operates CCSPA.

Type of Financing: Tax-Exempt and Taxable Charter School Revenue Bonds

Project User:	Contra Costa School of Performing Arts	**County Served:**	Contra Costa County
District in Which Project is Located:	Mt. Diablo Unified School District	**Charter Authorizer:**	Contra Costa County Board of Education

Project Description: Acquisition of a facility currently rented by Contra Costa School of Performing Arts.

Project Sites: 2730 Mitchell Drive, Walnut Creek, CA 94598

Financing Team:	
Bond Counsel:	Kutak Rock LLP
Placement Agent:	Robert W. Baird & Co.
Purchaser	RM Charter Master Fund LP
Purchaser's Counsel:	Orrick, Herrington & Sutcliffe LLP
Borrower's Counsel:	Young Minney & Corr
Issuer's Counsel:	Attorney General's Office
Issuer:	California School Finance Authority
Bond/ Trustee:	UMB Bank, NA
Financial Advisor	Choice Advisors

Financing Details:	
Type of Issue:	Charter School Revenue Bonds
Tax Status:	Tax-Exempt & Taxable
Maturity:	2026 (Taxable) & 2058 (Tax-Exempt)
Credit Enhancement:	No
Credit Rating:	No
Fees:	See Costs of Issuance Table

CSFA Analyst: Robby Biegler	**Date of Staff Report:** July 10, 2020
Date of CSFA Board Meeting: July 30, 2020	**Resolution Number:** 20-21

Staff Recommendation: Staff recommends the California School Finance Authority Board approve Resolution Number 20-21 authorizing the issuance of Charter School Revenue Bonds in an amount not to exceed $17,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of certain educational facilities located in Contra Costa County for Contra Costa School of Performing Arts.

BACKGROUND AND HISTORY

Contra Costa School of Performing Arts (CCSPA) is a grade 6-12 performing arts school that first opened in 2016. For the 2019-20 school year CCSPA had a total enrollment of 451 students. According to information provided by the applicant, CCSPA is the only performing arts school in Contra Costa County. CCSPA's curriculum blends common core standard conventional academics with a performing arts program offering professional training in four artistic conservatories: Theater; Music; Dance; and Production and Design. CCSPA graduates have gone on to attend the NYU Tisch School of the Arts, Emerson College, and Purchase College, to name a few.

As this is the last year of their charter term, CCSPA is currently working through the early stage renewal process with their authorizer, the Contra Costa County Board of Education (CCCBE). CCSPA has a positive working relationship with CCCBE and does not anticipate any charter renewal setbacks. Demographics for CCSPA include 43% white, 29% Latinx, 10% African American and 27% FRPM. Historic and projected enrollments and Average Daily Attedance (ADA) for CCSPA are:

Historical Enrollment by Grade[1]

					Projected				
Grade Level	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
6th	92	104	106	88	90	95	99	99	99
7th	66	98	100	105	96	99	99	99	99
8th	60	73	97	100	96	99	99	99	99
9th	64	59	56	57	85	86	90	99	99
10th	26	60	53	43	40	75	76	80	90
11th	-	26	43	30	35	35	65	66	72
12th	-	-	16	28	30	30	30	60	60
Total	308	420	471	451	472	519	558	602	618

ADA by Grade[2]

					Projected				
Grade Level	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
4-6	83	91	97	87	87	90	94	94	94
7-8	114	150	178	198	198	188	188	188	188
9-12	79	127	147	147	147	215	248	290	305
Total	276	369	422	432	432	493	530	572	587

[1] *Historical enrollment provided by California Department of Education*

[2] *ADA provided by Management*

The jump in enrollment for ninth grade in the 2020-21 school year is owed to ongoing efforts made by CCSPA to retain students in the transition from junior high to high school. Current enrollment actuals for the 2020-21 ninth grade class are 86. *Overall increases in enrollment projections are attributed to the school's new facility (first settled in the 2018-19 school year) and the aforementioned work done to retain students between the junior high and high school transitions.*

PROJECT DESCRIPTION

The proceeds of the bonds will be used to (1) finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located at 2730 Mitchell Drive Walnut Creek, CA 94598; (2) fund any reserve funds, capitalized interest, and/or related working capital in connection with such bonds, as necessary; and (3) pay certain costs of issuance of the bonds.

Site	Landlord	Location	Purpose	Amount
Contra Costa School of Performing Arts	2730 Mitchell Drive, LLC	2730 Mitchell Drive Walnut Creek, CA 94598	Acquisition	$13,650,000
Total Estimated Project Costs				**$13,650,000**

2730 Mitchell Drive, LLC will be the Borrower on behalf of Charthouse Public Schools (CPS) and will lease the Series 2020 Facilities to CCSPA. CPS is the sole member of 2730 Mitchell Drive LLC. CPS is the California 501(c)(3) corporation that manages CCPSA. CPS board members and advisory board members have served in California public schools as school superintendents, district level administrators, charter school leaders, and public education advocates. CCSPA leadership is included as Appendix A. CCSPA will use proceeds to acquire an approximately 42,000 square foot facility with 28 classrooms, pay costs of issuance, and pay capitalized interest. The facility features a dance studio, theater, production design room, vocal music room, instrumental music room, multi-use room, counseling office, staff lounge, conference room, IT department, and administration rooms.

The facility is currently owned, and leased to CCSPA, by RM COLL PREP CA LLC (the Lessor). The Lessor provided CCSPA with a term sheet to convert the lease, which had an option to purchase, to tax-exempt bonds. CCSPA has one year remaining on their lease before the option to purchase the building from the Lessor is available. However, the Lessor is giving CCSPA the option to purchase the building early if RM Charter Master Fund LP (RM Charter), a related entity, is the sole purchaser of the bonds. The conversion will provide significant annual savings on facility costs due to a 2.5% annually escalating lease payment. RM Charter will serve as Bondholder Representative after issuance of the bonds. RM Charter has not requested the bonds to be rated. RM Charter is a division of Rosemawr Management (Rosemawr), a registered investment advisor with the Securities and Exchange Commission and alternative investment firm focused exclusively on investing in the U.S. municipal market. Rosemawr is a frequent purchaser of charter school bonds, including those issued by CSFA, and has $1.1 billion in assets under management. *Of note, CCSPA does not qualify for SB 740 funding as the school does not fulfill 740 requirements. Consequently 740 funds will not be used for bond repayment.*

Rosemawr & Transaction Structure: As this is the second such financing brought to CSFA in as many months, we are providing some context on Rosemawr and their role in the charter facility space. In November 2019, Rosemawr acquired a portfolio of 47 charter school campuses located in 20 states for approximately $450 million. The seller was a real estate investment trust (REIT), EPR Properties. EPR invests in and develops myriad facilities, including charter schools. Several of the properties in the EPR portfolio were built to spec by developers hired by EPR for lease to the schools. Some of the properties were built by Highmark. Highmark now manages the entire portfolio (as property manager) under contract with Rosemawr. As Rosemawr is not traditionally in the business of being a landlord, since the November 2019 portfolio acquisition, it has been entertaining offers from the charter school tenants in the portfolio to exercise purchase options under their leases. The schools request bond issuance through conduit issuers, such as CSFA, Rosemawr purchases the bonds, and the schools use the bond proceeds to purchase the properties from Rosemawr. In effect, Rosemawr moves from being the school's landlord, to being its tax-exempt bond investor, more fitting for Roesemawr's business model. College Prep (CPMS) was the first such transaction in California; CCSPA is the second. Rosemawr negotiates the terms of financing with the school and its registered municipal advisor on an arms-length basis. Additionally, Rosemawr underwrites the credit of the school, as it would prior to any decision to invest in tax-exempt bonds of a charter school. All school credits have been approved through Rosemawr's underwriting process subject to final documentation.

In the case of the CPMS transaction, Rosemawr created a bankruptcy remote grantor Tender Option Bond (TOB) trust and deposited the CSFA bonds in the trust (by transfer of its beneficial interest in the bonds to the trust). The trust is a QIB and/or AI that met the transfer restrictions of the CSFA Indenture.

The trust issued certificates representing the certificate holders right to receive income from the trust, which income will consist of interest and principal received from beneficial ownership of the CSFA bonds. The certificates were divided into two tranches – one tranche to be sold to third parties (A tranche), and the other tranche to be purchased by Rosemawr (B tranche). The A tranche certificates were guaranteed by a letter of credit or other instrument issued by Mizuho Bank. The A tranche certificates were rated, based on the credit rating of the Mizuho wrap. Trust certificates were sold in authorized denominations that conform to the transfer restrictions of the CSFA Indenture. Purchasers of the A tranche certificates will be QIBs or AIs, in conformity with the CSFA Indenture. It is anticipated that purchasers of the A tranche certificates will be money market funds. The CCSPA transaction has one of two potential structures – the structure will be determined prior to the bond pricing. Regardless of the structure, the staff summary and resolution contemplate sales restrictions that will be in place for either of the sale outcomes outlined below. In addition, the Authority's standard investor letter may be modified to include indemnification language given the unique structures outlined below.

1) Rosemawr purchases the bonds via placement agent (RW Baird), and transfers them to a Tender Option Bond (TOB) trust. In this approach, we would have CSFA board approve RM Charter Master Fund LP as the initial purchaser of the bonds.

2) Mizuho Bank purchases the bonds via placement agent (RW Baird), and holds the bonds. Mizuho then enters into a Total Return Swap (TRS) agreement with Rosemawr as the counterparty. Under the terms of the TRS, Rosemawr agrees to pay Mizuho a floating interest rate (e.g., LIBOR + some spread, or MMD) as applied to a notional principal amount equal to the principal outstanding of the CCSPA bonds. In exchange, Mizuho agrees to pay Rosemawr a fixed interest rate that is the same as the interest rate borne by the CCSPA bonds it owns, as applied to a notional principal amount equal to the principal amount of the outstanding CCSPA bonds it owns. In effect, Rosemawr will receive an income stream that is equal to the income stream Mizuho receives as owner of the CCSPA bonds (the "total returns" on those bonds), while Mizuho receives a variable interest rate based on a market standard index. Mizuho will then enter into a matching hedge transaction with another unknown unrelated counterparty to offset its variable rate income exposure. This is a common way for banks to own assets and hedge the risks associated with those assets. And, a mechanism by which Rosemawr can realize the economics of ownership of the CCSPA bonds without owning them. Under the TRS, Mizuho will appoint Rosemawr as the Bondholder Representative, meaning Rosemawr will still control remedies under the indenture and approve actions and consents requested by the borrower.

FINANCING

The Bonds will have one tax-exempt term bond, maturing in 2058 and one taxable term bond, maturing in 2026. The tax-exempt portion will carry a fixed interest rate of 5.5% per annum and the taxable portion will carry a fixed interest rate of 7.5% per annum. The facilities financed with proceeds of the Bonds will be leased to CCSPA (Lessee), a 501(c)(3) nonprofit public benefit corporation, by CPS, a limited liability company of which RSPA is the sole member formed for the exclusive purpose of supporting CCSPA. Finances for CCSPA are included as Appendix B.

Security and Source of Payment

The Bonds will be general obligations of the Borrower, secured by lease payments made by CCSPA to the Borrower, a first mortgage lien on the Properties, and all legally available gross revenues of CCSPA including accounts receivable, income, gifts and donations (unless restricted), and intangibles of CCSPA, and the Capital Reserve Fund.

As additional security and in connection with the issuance of the Bonds, CCSPA will provide instructions to the State Controller's Office to make an apportionment to the Trustee 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 CCSPA, 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.

COVID Note and 2020-21 Budget: The CCSPA budget was adjusted to meet the Governor's May revise, their Board approved it and submitted the update to the County, which included a 10% reduction. Consequently the budget enacted some salary and hiring freezes. Now that the Legislature and Governor have agreed on an approved budget that reinstates the majority of the May revise cuts, CCSPA will be in a better position than currently projected for 2020-21 and may reinstate its salary increases and specific hiring needs. In addition, CCSPA has sufficient reserves to weather the proposed deferrals included in the approved State budget, should federal assistance fail to come through.

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	$16,130,000	$175,000	$16,305,000
Bond Discount	-$967,800	-$10,500	-$978,300
Total:	**$15,162,000**	**$164,500**	**$15,326,700**
Uses:	**Series 2020A (Tax-Exempt)**	**Series 2020B (Taxable)**	**Total**
Project Fund Deposits:			
Facility Acquisition	$13,650,000	$0	$13,650,000
Eligible Facility Acquisition Fees	$15,680		$15,680
	$13,665,680	**$0**	**$13,665,680**
Other Fund Deposits:			
Capitalized Interest Fund	$1,100,000	$0	$1,100,000
Debt Service Reserve Fund	$0	$0	$0
	$1,100,000	**$0**	**$1,100,000**
Delivery Date Expenses:			
Costs of Issuance	$395,474	$164,500	$559,974
Underwriter's Discount[1]	$0	$0	$0
	$395,474	**$164,500**	**$559,974**
Other Uses of Funds:			
Contingency	$1,045.79	$0	$1,045.79
Total:	**$15,162,000**	**$164,500**	**$15,326,700**

[1] There is no Underwriter's Discount since this will be a private placement

Total Costs of Issuance*

Expense	Amount
Placement Agent Fee	$65,220
Financial Advisor Fee	$163,050
Bond Counsel	$130,000
Borrower's Counsel	$75,000
Issuer's Counsel	$7,500
CSFA Issuance Fee	$18,153
CSFA 1st Admin Fee	$2,052
CSFA Issuer Fee - PFD Fee	$4,000
Issuer's Counsel (AG)	$7,500
Trustee & Dissemination Fee	$7,500
LOM Printing	$30,000
Contingency	$46,000
Total	**$559,974**

**Estimates based on a not-to-exceed Par Amount of $17,000,000*

There is no debt service reserve fund as RM Charter and Rosemawr Management are not requiring it. The $46,000 covers the disclosure agent fee as well as the fee for counsel for the bondholder representative. Both are currently being negotiated.

SALES RESTRICTIONS

The following sales restrictions will apply to the financing given the bonds are nonrated. 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. The initial Bond purchaser will be required to execute an Investor Letter (which may be modified to include reflect indemnification language);
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. Physical Delivery; or
    c. Limited initial sale to QIBs, with subsequent transfers limited to QIBs as well; or
    d. 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 July 23, 2020**.** The TEFRA hearing will take place on Thursday, July 30, 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 cause 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, section 17183.5 of the CSFA Act states that 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 limited liability company formed as a support organization for charter schools formed and controlled by CCSPA, its sole member. CCSPA has received a determination letter from the Internal Revenue Service recognizing it as an entity described in Section 501(c)(3) of the Code. For federal tax purposes, the Borrower is treated as a “disregarded entity” of CCSPA because CCSPA is its sole member.

The 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. The limited liability company was formed for the purpose of owning facilities 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 20-21 authorizing the issuance of Charter School Revenue Bonds in an amount not to exceed $17,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of certain educational facilities located in Contra Costa County, California for use by Contra Costa School of Performing Arts.

1. Applicant / Borrower: 2730 Mitchell Drive, LLC on behalf of Charthouse Public Schools
2. **Project:** Acquisition
3. **Amount of Financing:** Not to exceed $17,000,000
4. **Maturity:** June 15, 2058
5. **Repayment/Security:** Lease Payments and Deed of Trust on Real Property
6. **Interest Rate:** 5.5% on tax-exempts and 7.5% on taxable
7. **Fees:** $559,974 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 must issue the bonds 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

Officers

Neil McChesney	Executive Director
Robert Chalwell	Principal
Lisa Kingsbury	Director of Community Engagement
Salam Mustafa	Dean of Students

Board of Directors

Deborah Padberg	Board Chair
David Wendt	Board Chief Financial Officer
Heather Vega	Secretary
Marie Issa Gil	Trustee
Tamara Gerlach	Trustee
Jill Wilk	Trustee

APPENDIX B:
ESTIMATED BUDGET PROJECTIONS AND ENROLLMENT

	Audit 2018-19	*Actuals 2019-20*	*Forecast 2020-21*	*Forecast 2021-22*	*Forecast 2022-23*	*Forecast 2023-24*	*Forecast 2024-25*
Revenues							
State	$ 3,872,236	$ 3,964,067	$ 4,707,201	$ 5,158,113	$ 5,560,249	$ 6,020,288	$ 6,189,050
Federal	58,527	80,875	79,788	84,744	92,553	99,611	105,905
Local	1,178,763	770,004	353,554	359,065	363,638	368,796	370,672
Total Revenue	$ 5,109,526	$ 4,814,946	$ 5,140,543	$ 5,601,922	$ 6,016,440	$ 6,488,695	$ 6,665,627
Expenses							
Certificated Salaries	$ 1,780,955	$ 1,765,397	$ 1,836,467	$ 1,911,467	$ 1,986,467	$ 2,061,467	$ 2,061,467
Classified Salaries	701,802	622,500	616,137	667,137	718,137	769,137	769,137
Benefits	629,504	638,695	649,423	680,803	739,321	758,826	758,826
Books and Supplies	144,132	234,100	333,926	370,479	392,768	417,915	427,059
Services & Other Operating Expenses	1,043,713	1,263,370	1,326,445	1,592,815	1,780,587	2,012,163	2,207,532
Depreciation	86,858	53,519	53,519	53,519	53,519	53,519	53,519
Other Outgoing	19,858	-	-	-	-	-	-
Total Expense	$ 4,406,821	$ 4,577,581	$ 4,815,917	$ 5,276,220	$ 5,670,799	$ 6,073,027	$ 6,277,540
Change in Net Assets	$ 702,705	$ 237,365	$ 324,626	$ 325,702	$ 345,641	$ 415,668	$ 388,087
Beginning Net Assets	$ (352,131)	$ 350,573	$ 587,938	$ 912,564	$ 1,238,266	$ 1,583,907	$ 1,999,575
Ending Net Assets	$ 350,574	$ 587,938	$ 912,564	$ 1,238,266	$ 1,583,907	$ 1,999,575	$ 2,387,662

	Audit 2018-19	*Actuals 2019-20*	*Forecast 2020-21*	*Forecast 2021-22*	*Forecast 2022-23*	*Forecast 2023-24*	*Forecast 2024-25*
Debt Service Coverage Ratio:							
Change in Net Assets	$ 702,705	$ 237,365	$ 324,626	$ 325,702	$ 345,641	$ 415,668	$ 388,087
(+) Depreciation	86,858	53,519	53,519	53,519	53,519	53,519	53,519
(+) Lease Expense	177,783	306,509	353,033	553,033	703,033	892,872	1,065,433
(+) Existing Annual Debt Service	51,055	50,774	50,488	50,205	-	-	-
(=) Net Income Available for Debt Service	$ 1,018,400	$ 648,167	$ 781,666	$ 982,459	$ 1,102,193	$ 1,362,059	$ 1,507,039
Existing Annual Debt Service	$ 51,055	$ 50,774	$ 50,488	$ 50,205	$ -	$ -	$ -
(+) Lease Expense[1]	177,783	306,509	73,549	-	-	-	-
(+) Annual Pro Forma Net Debt Service[2]	-	-	205,231	550,275	700,275	900,275	1,070,275
(=) Total Lease & Annual Net Debt Service	$ 228,838	$ 357,283	$ 329,267	$ 600,480	$ 700,275	$ 900,275	$ 1,070,275
Net Income Available for Debt Service	$ 1,018,400	$ 648,167	$ 781,666	$ 982,459	$ 1,102,193	$ 1,362,059	$ 1,507,039
(/) Total Lease & Annual Net Debt Service	228,838	357,283	329,267	600,480	700,275	900,275	1,070,275
Debt Service Coverage Ratio	4.45x	1.81x	2.37x	1.64x	1.57x	1.51x	1.41x

Days Cash on Hand:							
Beginning Unrestricted Cash and Investments		$ 77,533	$ 314,898	$ 663,290	$ 941,545	$ 1,289,944	$ 1,698,209
(+) Change in Net Assets		237,365	324,626	325,702	345,641	415,668	388,087
(+) Lease Expense			353,033	553,033	703,033	892,872	1,065,433
(-) Annual Pro Forma Net Debt Service[2]			329,267	600,480	700,275	900,275	1,070,275
(=) Ending Unrestricted Cash and Investments	$ 77,533	$ 314,898	$ 663,290	$ 941,545	$ 1,289,944	$ 1,698,209	$ 2,081,454
Total Expense	$ 4,406,821	$ 4,577,581	$ 4,815,917	$ 5,276,220	$ 5,670,799	$ 6,073,027	$ 6,277,540
(-) Depreciation	86,858	53,519	53,519	53,519	53,519	53,519	53,519
(-) Lease Expense			353,033	553,033	703,033	892,872	1,065,433
(+) Annual Pro Forma Net Debt Service[2]			329,267	600,480	700,275	900,275	1,070,275
(=) Adjusted Operating Expense	$ 4,319,963	$ 4,524,062	$ 4,738,632	$ 5,270,148	$ 5,614,522	$ 6,026,911	$ 6,228,863
One Day Expenses	$ 2,790	$ 12,395	$ 12,983	$ 14,439	$ 15,382	$ 16,512	$ 17,065
Days Cash on Hand	28 days	25 days	51 days	65 days	84 days	103 days	122 days

[1] *2020-21 Lease Expense is prorated for mid-August closing*

[2] *Annual Pro Forma Net Debt Service is preliminary and subject to change*