

**\$19,000,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY (CSFA)**  
**EDUCATIONAL FACILITIES REVENUE BONDS**  
**(NEW DESIGNS CHARTER SCHOOL ADAMS CAMPUS PROJECT)**  
**SERIES 2019A \$17,660,000 (TAX-EXEMPT) AND 2019B \$595,000 (TAXABLE)**  
**RESOLUTION 19-19**

\*Not-to-Exceed Amount

**STAFF REPORT**

**EXECUTIVE SUMMARY**

<b>Applicant/Borrower:</b>	New Designs Charter Schools/University Park and Watts LLC	<b>Par Amount Requested:</b>	Not-to-Exceed *\$19,000,000
<b>Financing Term:</b> August 2019-June 2050		<b>Interest Rate:</b> <b>Estimated TIC – 4.25%</b>	
<b>Estimated Source of Funds:</b> Tax Exempt Bonds (Series 2019 A): \$17,660,000 Taxable Bonds (Series 2019 B): \$595,000		<b>Estimated Use of Funds:</b> Acquisition, and renovation, of capital projects for the benefit of New Designs Charter School Adams Campus; funding of a capitalized interest funds account, a reserve fund, and a costs of issuance fund. Also would repay existing bank loan and line of credit.	
<b>Applicant Description:</b> University Park and Watts LLC, a limited liability company whose sole member is New Designs Charter School, a California nonprofit public benefit corporation, exempt from federal income taxes as an organization described in section 501(c)(3) of the Internal Revenue Code.			
<b>Type of Financing:</b> Educational Facility Revenue Bonds (Tax-Exempt & Taxable Series)			
<b>Project Users:</b>	New Designs Charter School Adams Campus	<b>County Served:</b>	Los Angeles
<b>District in Which Project is Located:</b>	Los Angeles Unified School District	<b>Charter Authorizer:</b>	Los Angeles Unified School District
<b>Project Description:</b> Acquisition, construction and renovation of school facilities, including 18 classrooms, a library, and eight administrative offices.			
<b>Potential Project Sites:</b>		1314-1342 W. Adams Blvd. Los Angeles, CA 90007	
<b>Plan of Finance:</b> \$18,000,000 for Project Costs (including capitalized interest and costs of issuance), repayment of outstanding bank loan and line of credit, and funding for a Debt Service Reserve Fund of approximately \$1,100,000.			
<b>Type of Issue:</b> Educational Facilities Revenue Bonds			
<b>Tax Status:</b> Tax-Exempt and Taxable			
<b>Maturity:</b> June 1, 2050 (Tax-Exempt); June 1, 2022 (Taxable)			
<b>Credit Enhancement:</b> No			
<b>Credit Rating:</b> BB+			
<b>CSFA Fees:</b> \$6,000 Issuance Fee			
<b>Other Fees:</b> See Costs of Issuance Table			

<b>Estimated Sources of Funds</b>		<b>Estimated Use of Funds</b>	
Tax Exempt Bond Proceeds	\$17,660,000	Acquisition Costs	\$10,000,000
Taxable Bond Proceeds	\$595,000	Bank Loan Payoff	\$2,811,000
Premium	\$458,442	Renovation Reimbursement	\$1,439,000
<b>Total</b>	<b>\$18,713,442</b>	Payoff Line of Credit	\$1,200,000
<b>Financing Team:</b>		Additional Renovations	\$1,000,000
Bond Counsel:	Kutak Rock LLP	Real Estate Expenses	\$245,000
Underwriter:	Robert W. Baird & Co. Inc.	Debt Service Reserve Fund	\$1,101,375
Underwriter's Counsel:	Squire Patton Boggs LLP	Cost of Issuance	\$635,000
Financial Advisor:	Specialized Public Finance, Inc.	Underwriter's Discount	\$273,825
Issuer's Counsel:	Attorney General's Office	Contingency	\$8,242
Issuer:	California School Finance Authority	<b>Total</b>	<b>\$18,713,442</b>
Master Trustee:	Zions Bancorporation, National Association		
Agent for Sale:	State Treasurer's Office		
<b>Public Benefits:</b> By lowering the cost of borrowing for New Designs Charter School, resources otherwise spent on outstanding and future financial obligations instead be used in the classroom.			
<b>CSFA Staff:</b> Robby Biegler and Jose Franco		<b>Date of Staff Report:</b> July 1, 2019	
<b>Date of CSFA Board Meeting:</b> July 18, 2019		<b>Resolution Number:</b> 19-19	
<b>Support for Staff Recommendation:</b> 1. New Designs has successfully issued bonds twice previously through CSFA. 2. New Designs has the present and prospective revenues to pay the proposed debt service. 3. A tax exemption issue, which previously delayed this transaction, has been resolved.			
<b>Staff Recommendation:</b>  Staff recommends CSFA approve Resolution Number 19-19 Authorizing the Issuance of Educational Facilities Revenue Bonds in an Amount Not to Exceed \$19,000,000 to Finance and Refinance the Acquisition, Construction, Renovation, Furnishing, and Equipping of certain Educational Facilities Located in Los Angeles County, California for New Designs Charter School.			

## BACKGROUND AND HISTORY

New Designs opened its first campus, University Park, in 2004-2005. The University Park campus is located south of downtown, near the University of Southern California, in the University Park neighborhood of Los Angeles. At that time, the school had 120 students in grades 6-8. The school subsequently opened a high school, in the 2009-10 academic year, and New Designs opened its second campus, in Watts. The Adams campus will be its third campus and it is set to open in the 2019-20 school year, with 186 students in grades 6-8, expanding one grade per year, ultimately to serve grades 6-12.

The communities the New Designs campuses' serve are inner-city neighborhoods traditionally viewed as underserved from a resources perspective. The curriculum is career-based and college preparatory, with a Career Pathways element. Beginning in ninth grade the schools offer annual electives for students, once they choose their preferred discipline, amongst Law & Diplomacy; Medical Sciences; Finance; Information Technology, and Engineering.

In January 2019, Los Angeles Unified School District approved New Designs Charter School's charter renewal petition for a five- year term, with benchmarks. Additionally, the Board authorized an enrollment cap increase from 910 – 1,395 students, for grades 6-12, to be served at facilities located at two Los Angeles campuses 1) 1342 West Adams Blvd., and 2) 2303 South Figueroa Way.

This is the third bond issuance for the school. The school has previously issued debt in 2012 and 2014. The 2012 issuance was for \$19,865,000 and received a BBB- rating. The 2014 issuance was for \$7,380,000 and received a BB+ rating.

Due to a clerical error at the IRS, New Designs briefly lost its tax-exempt status. As a result, approval of this financing was delayed; even so, a TEFRA hearing was held for the issuance on March 15, 2019. Tax-exempt status was reinstated with a formal letter from the IRS dated June 10, 2019. The financing, therefore, is being brought to the July Board meeting. The Borrower has also requested a new TEFRA hearing to increase the authorized maximum par amount of the Bonds by \$1,000,000 to reflect additional construction costs due to the delay.

Board Members and Executive Staff for New Designs Charter Schools are included as Exhibit A. Enrollment projections for all campuses for the next six years are included in Exhibit B. Enrollment projections broken out by campus are included as Exhibit B.

## PROJECT DESCRIPTION

The proceeds of the Bonds will be used to 1) finance the acquisition and renovation of certain educational facilities located at 1314-1342 West Adams Boulevard in Los Angeles, CA, 2) fund a debt service reserve fund, 3) repay outstanding bank loan and line of credit; 4) fund a capitalize interest account, and 5) pay cost of issuance.

Site	Landlord	Location	Purpose	Amount
NDCS – Adams Campus	University Park and Watts, LLC	1314-1342 W Adams Blvd.	Purchase	\$10,000,000.00
NDCS – Adams Campus	University Park and Watts, LLC	1314-1342 W Adams Blvd	Renovation	\$6,695,000.00

<b>Total Estimated Project Costs</b>	<b>\$16,695,000.00</b>
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The Adams Facilities acquisition consists of land and three existing buildings, all on a single lot approximately 37,742 square feet (sf). The Adams Facilities, located at 1314-1342 West Adams Boulevard, Los Angeles, California, are the former William T. Bishop Church and residences, which is listed on the California Register of Historical Places, and as such, is subject to certain federal and state laws, rules and regulations in connection with the use, maintenance, repair and replacement of the building. The three one-story buildings, on site, are 21,697, 7,406 and 1,414 sf, and will be converted for charter school uses as a part of the Series 2019 Project.

The Adams Facilities are located approximately two miles from downtown Los Angeles near the New Designs-University Park campus and the University of Southern California campus. New Designs estimates the Adams Facilities will initially accommodate approximately 186 students during the 2019-20 school year, and will ultimately have physical capacity to accommodate approximately 630 students, which will require an increase from the enrollment cap set in the current charter contract for New Designs-University Park. The Adams Facilities site will have parking that meets or exceeds the City of Los Angeles requirements.

As designed, the Adams Facilities, when completed, will include:

- 18 classrooms,
- A teachers' lounge,
- A full service cafeteria,
- Computer labs,
- Science labs,
- Eight administrative offices,
- A library,
- Book store,
- An assembly hall/auditorium, and
- A janitorial room.

University Park and Watts, LLC, is a California Limited Liability Company, whose sole managing member is New Designs Charter School, a California nonprofit public benefit corporation and a 501(c)(3) entity. These entities are the Borrower and Lessor for the proposed project. The Borrower was created for the purpose of holding the Mortgaged Property, which includes the Adams Facilities.

New Designs Charter School (a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986), established and operates the New Designs Charter School and New Designs Charter School-Watts, and will operate New Designs Charter School-Adams Campus (the Project Facilities located at 1314-1342 W. Adams Blvd., Los Angeles, CA 90007) as public charter schools.

## FINANCING STRUCTURE

**CSFA Term Sheet**  
**New Designs Charter School**  
**Board Meeting Date: July 18, 2019**

<b>Loan Amount:</b>	Not-to-Exceed \$19,000,000
<b>Type of Offering:</b>	Public Sale
<b>Underwriter:</b>	Robert W. Baird & Co. Inc.
<b>Confirmed Credit Rating:</b>	BB+
<b>Interest:</b>	Estimated at 4.25%*
<b>Maturity:</b>	June 1, 2050 (Tax Exempt); June 1, 2022 (Taxable)
<b>Collateral:</b>	Lease Payments and a Deed of Trust on Real Property
<b>Closing Date:</b>	August 15, 2019*
<b>Conduit Transaction:</b>	The Bonds are special, limited obligations payable solely from payments made by the Borrower under the transaction documents and CSFA shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of CSFA for all or any portion of payment to be made pursuant to the Bonds.

\* Please note that Interest Rate and Closing Date are subject to change.

The Bonds will be issued in two series: (1) Series 2019A (tax-exempt) will be approximately \$17,660,000 and (2) Series 2019B (taxable) will be approximately \$595,000. 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 the costs of issuance in excess of 2% of the tax-exempt series. The tax-exempt series

is expected to consist of three term bonds maturing on 6/1/2030, 6/1/2040, and 6/1/2050. The taxable series is expected to be issued as one term bond, maturing on 6/1/2022.

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 New Designs Charter School – Adams Campus, which is managed by New Designs Charter School.

### **Security and Source of Payment**

The Bonds will be payable out of Outflows under the Indenture, consisting primarily of Loan Repayments under the Loan Agreement. The obligations of the Borrower under the Loan Agreement are secured by: (1) the rent payments received under the Lease (and potentially leases in the future due to the obligated group structure); (ii) real property described in the Deed of Trust on the Adams Facilities; and (iii) the Reserve Account.

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 the New Designs Charter School 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 State Controller 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

<b>Sources:</b>	<b>Series 2019A (Tax-Exempt)</b>	<b>Series 2019B (Taxable)</b>	<b>Total</b>
<b>Bond Proceeds:</b>			
Par Amount	\$17,660,000	\$595,000	\$18,255,000
Premium	\$458,442	\$0.00	\$458,442
<b>Total:</b>	<b>\$18,118,442</b>	<b>\$595,000</b>	<b>\$18,713,442</b>
<b>Uses:</b>	<b>Series 2019A (Tax-Exempt)</b>	<b>Series 2019B (Taxable)</b>	<b>Total</b>
<b>Project Fund Deposits:</b>			
Acquisition Cost	\$10,000,000	\$0.00	\$10,000,000
Bank Loan Payoff	\$2,811,000	\$0.00	\$2,811,000
Renovation Reimbursement	\$1,439,000	\$0.00	\$1,439,000
Line of Credit Payoff	\$1,200,000	\$0.00	\$1,200,000
Additional Renovation	\$1,000,000	\$0.00	\$1,000,000
Real Estate Expenses	\$245,000		\$245,000
	<b>\$16,695,000</b>	<b>\$0.00</b>	<b>\$16,695,000</b>
<b>Other Fund Deposits:</b>			
Debt Service Reserve Fund	<b>\$1,065,476</b>	<b>\$35,898</b>	<b>\$1,101,375</b>
<b>Delivery Date Expenses:</b>			
Cost of Issuance	\$88,300	\$546,700	\$635,000
Underwriter's Discount	\$264,900	\$8,925	\$273,825
	<b>\$353,200</b>	<b>\$555,625</b>	<b>\$908,825</b>
<b>Other Uses of Funds:</b>			
Additional Proceeds	<b>\$4,765</b>	<b>\$3,476</b>	<b>\$8,242</b>
<b>Total:</b>	<b>\$18,118,442</b>	<b>\$595,000</b>	<b>\$18,713,442</b>

### Costs of Issuance

Expense	Amount
CSFA Issuance Fees	\$18,500
Issuer Application Fee	\$1,500
CSFA Admin Fees	\$2,550
Issuer's Counsel Fees	\$25,000
Agent-for-Sale Fees	\$6,000
CDLAC Fee	\$4,250
Financial Advisor Fee	\$86,000
Underwriter's/Disclosure Counsel Fees	\$175,000
Bond Counsel Fees	\$135,000
Borrower's Counsel Fees	\$122,000
Trustee Fees	\$7,000
Trustee's Counsel Fee	\$2,000
Rating Agency Fees	\$38,000
Financial Printer Fee	\$3,000
Underwriter Expense Reimbursement	\$7,500
Contingency Fees	\$700
Dissemination Agent Fee	\$1,000
<b>Total</b>	<b>\$635,000</b>

*\*Estimates based on a total Par Amount of \$18,255,000.00*

### PUBLIC BENEFITS

By lowering the cost of borrowing for New Designs Charter School, resources otherwise spent on outstanding and future financial obligations instead be used in the classroom.

### SALES RESTRICTIONS

The following sales restrictions will apply to the financing given the expected rating of BB+. 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

## OTHER PROJECT DATA

### Permits and Approvals

All required approvals have been obtained.

### TEFRA

Date of TEFRA Publication: July 11<sup>th</sup>, 2019

Publications: CSFA Website

Date of TEFRA Hearing: July 18<sup>th</sup>, 2019

Oral/Written Comments: None anticipated, will provide update to the Board if any are received.

### Eligibility Review

Applicant meets all of CSFA's eligibility criteria.

1. Project is a charter school in the State of California.
2. The Borrower is capable of meeting the obligations of the relevant financing agreements.
3. The Borrower and Financing Agreements have been vetted and meet all legal requirements.
4. Payments made by the Borrower to CSFA under the financing agreements are adequate to pay CSFA expenses connected to the financing and to make all scheduled proposed payments.
5. The proposed financing is appropriate for the project.

### Borrower Financial Data

The Borrower is a California nonprofit public benefit corporation formed as a support organization for charter schools formed and controlled by New Designs. The sole managing member of 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.

The limited liability company of which the Borrower is the sole member 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 holding the Facility and are not expected to have any other assets or revenue available to it to make payments due under the Loan Agreement. Attached at Exhibit B is a schedule of New Designs' five-year budget and its 2017-18 Financial Position.

## Due Diligence Undertaken to Date

No information was disclosed to question the financial viability or legal integrity of the Borrower. Standard opinions of counsel (i.e., that the borrowing entity 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.

## STAFF RECOMMENDATION

Staff recommends CSFA approve Resolution Number 19-19 Authorizing the Issuance of Educational Facilities Revenue Bonds in an Amount Not to Exceed \$19,000,000 to Finance and Refinance the Acquisition, Construction, Renovation, Furnishing, and Equipping of certain Educational Facilities Located in Los Angeles County, California for New Designs Charter School.

1. **Applicant / Borrower:** New Designs Charter Schools/University Park and Watts LLC
2. **Project:** Construction and Improvement
3. **Amount of Financing:** not to exceed \$19,000,000
4. **Maturity:** June 1, 2050 (Tax-Exempt); June 1, 2022 (Taxable)
5. **Repayment/Security:** Lease Payments and Deed of Trust on Real Property
6. **Interest Rate:** Estimated to be 4.25%
7. **Fees:** \$1,145,470.80 is the total Cost 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 financing 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 New Designs Charter School must enter into the financing 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. **Financing Agreement Covenants:** N/A

## APPENDIX A: GOVERNANCE AND MANAGEMENT

### Board of Directors

Lloyd T. McKinney	Board President	Northrop Grumman
Sheldon Zaslansky	Finance Committee Chair	Founder, Consulting Firm
Derek Asiedu-Akrofi	Board Secretary	Lawyer and Professor
Diego Abba	Board Member	COO/CFO, Sleepy Giant Technology
Kojoe Eissen	Board Member	Executive/Educator

### Officers

Paul Okaiteye, MBA	Chief Executive Officer
Sam Kyeremanten	Chief Financial Officer
Edward Frimpong, MBA	Director of Human Resources

## APPENDIX B: FINANCIAL PROJECTIONS AND ENROLLMENT

### New Designs Charter School<sup>1</sup>

*Historical and Projected Revenues and Expenses - All Campuses*

Key Assumptions	FY-18/19 PROJECTED	FY-19/20	FY-20/21	FY-21/22	FY-22/23	FY-23/24
Assumed General Expense Inflation Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Assumed High School Enrollment	670	767	883	991	1072	1155
Assumed 6th Grade Enrollment	165	248	248	248	248	248
Assumed 7-8th Grade Enrollment	451	496	497	529	587	624
<b>TOTAL ENROLLMENT</b>	<b>1,286</b>	<b>1,511</b>	<b>1,628</b>	<b>1,768</b>	<b>1,907</b>	<b>2,027</b>
<b>REVENUES (@ 100% Enrollment)</b>						
Revenue Limit Sources	\$14,100,821	\$16,397,980	\$18,133,252	\$19,899,317	\$21,323,472	\$22,552,959
Federal Revenues	2,361,995	2,768,254	2,979,508	3,232,293	3,483,271	3,699,944
Other State Revenues	2,888,004	3,321,063	3,553,878	3,829,894	4,104,528	4,344,345
Other Local Revenues	93,526	93,526	93,526	93,526	93,526	93,526
<b>TOTAL GENERAL REVENUES</b>	<b>\$19,444,346</b>	<b>\$22,580,823</b>	<b>\$24,760,164</b>	<b>\$27,055,030</b>	<b>\$29,004,798</b>	<b>\$30,690,774</b>
<b>EXPENSES</b>						
Total Salary and Wages	\$7,049,302	\$8,307,874	\$9,079,390	\$9,974,546	\$10,908,621	\$11,810,355
Total Benefits and Related	1,945,866	2,294,626	2,508,588	2,757,057	3,016,352	3,266,554
Total Operations	5,629,521	6,409,551	7,092,791	7,676,150	8,265,769	8,815,320
Total Facilities	744,386	1,000,499	1,182,433	1,394,086	1,619,574	1,843,326
<b>TOTAL OPERATING EXPENSES</b>	<b>\$15,369,076</b>	<b>\$18,012,550</b>	<b>\$19,863,202</b>	<b>\$21,801,840</b>	<b>\$23,810,316</b>	<b>\$25,735,555</b>
<b>NET AVAILABLE BEFORE LEASE &amp; DEBT SERVICE</b>	<b>\$4,075,271</b>	<b>\$4,568,273</b>	<b>\$4,896,963</b>	<b>\$5,253,190</b>	<b>\$5,194,482</b>	<b>\$4,955,219</b>
Series 2012 Debt Service (University Park)	\$1,384,600	\$1,383,700	\$1,386,050	\$1,381,300	\$1,384,800	\$1,383,463
Series 2014 Debt Service (Watts)	526,038	530,100	528,688	527,038	530,150	527,788
Facility Lease / Series 2019 <sup>2</sup> Debt Service (Adams)	490,953	615,943	1,100,313	1,097,438	1,100,243	1,098,183
<b>NET DEBT SERVICE &amp; LEASE EXPENSE</b>	<b>\$2,401,591</b>	<b>\$2,529,743</b>	<b>\$3,015,051</b>	<b>\$3,005,775</b>	<b>\$3,015,193</b>	<b>\$3,009,433</b>
<b>ANNUAL DEBT SERVICE COVERAGE</b>	<b>1.70x</b>	<b>1.81x</b>	<b>1.62x</b>	<b>1.75x</b>	<b>1.72x</b>	<b>1.65x</b>
MADS	2,964,675	2,964,675	2,964,675	2,964,675	2,964,675	2,964,675
<b>MADS DEBT SERVICE COVERAGE<sup>3</sup></b>	<b>1.37x</b>	<b>1.54x</b>	<b>1.65x</b>	<b>1.77x</b>	<b>1.75x</b>	<b>1.67x</b>
<b>SYSTEMWIDE DAYS CASH ON HAND CALCULATION</b>						
Beginning Cash on Hand <sup>4</sup>	\$3,401,818	\$5,075,498	\$7,114,028	\$8,995,940	\$11,243,355	\$13,422,645
Plus Surplus / (Deficit)	1,673,680	2,038,530	1,881,912	2,247,415	2,179,290	1,945,787
Ending Cash on Hand	5,075,498	7,114,028	8,995,940	11,243,355	13,422,645	15,368,432
<b>DAILY OPERATING EXPENSE</b>	<b>\$42,107</b>	<b>\$49,349</b>	<b>\$54,420</b>	<b>\$59,731</b>	<b>\$65,234</b>	<b>\$70,508</b>
<b>DAYS CASH ON HAND<sup>5</sup></b>	<b>121</b>	<b>144</b>	<b>165</b>	<b>188</b>	<b>206</b>	<b>218</b>

**Notes:**

1. Data provided by the School
2. Rates of June 19, 2019, are preliminary and subject to change.
3. Coverage Ratio Covenant: Net Income Available for Debt Service equal at least 120% MADS on indebtedness then outstanding.
4. Beginning cash per the University Park & Watts FY2018 audit. Future operating cash does not take into consideration pay-go projects or other one time expenses.
5. Days Cash Covenant: School to maintain unrestricted Cash on Hand sufficient to cover 45 days of Operating Expenses.

NEW DESIGNS - PROJECTED ENROLLMENT					
Grade	2019-20	2020-21	2021-22	2022-23	2023-24
University Park					
6th	124	124	124	124	124
7th	124	124	124	124	124
8th	124	124	124	124	124
9th	124	124	124	124	124
10th	124	124	124	124	124
11th	118	124	124	124	124
12th	108	118	124	124	124
Total University Park:	846	862	868	868	868

New Designs - Adams					
6th	62	62	62	62	62
7th	62	62	93	93	93
8th	62	62	62	93	93
9th	-	62	62	62	93
10th	-	-	62	62	62
11th	-	-	-	62	62
12th	-	-	-	-	62
Total Adams:	186	248	341	434	527

Total University Park and Adams:	1,032	1,110	1,209	1,302	1,395
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New Designs - Watts					
6th	62	62	62	62	62
7th	62	63	63	90	95
8th	62	62	63	63	95
9th	105	90	95	95	95
10th	76	105	95	95	95
11th	60	76	105	95	95
12th	52	60	76	105	95
Total Adams:	479	518	559	605	632

New Designs Grand Total:	1,511	1,628	1,768	1,907	2,027
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