

**\$30,000,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY (CSFA)**  
**CHARTER SCHOOL REVENUE BONDS**  
**(TEACH PUBLIC SCHOOLS – OBLIGATED GROUP)**  
**SERIES 2019A \$29,000,000 (TAX-EXEMPT) AND 2019B \$1,000,000 (TAXABLE)**  
**ITEM #4 - RESOLUTION 19-32**

\*Not-to-Exceed Amount

**STAFF SUMMARY**

**EXECUTIVE SUMMARY**

<b>Applicant/Borrower:</b>	Wooten Avila LLC	<b>Par Amount Requested:</b>	Not-to-Exceed *\$30,000,000
<b>Financing Term:</b> 38 years (Tax-Exempt), Three years (Taxable)		<b>Interest Rate:</b> 5.00% (Estimated)	
<b>Estimated Source of Funds:</b> Tax-Exempt Bonds (Series 2019 A): \$29,000,000* Taxable Bonds (Series 2019 B): \$1,000,000 *Not-to-Exceed, Actual Amounts Below		<b>Estimated Use of Funds:</b> Finance the acquisition and improvements of facilities currently leased by TEACH Public Schools to operate an elementary school, high school and parent outreach center.	
<b>Applicant Description:</b> Wooten Avila LLC was formed exclusively to support the TEACH network of schools. Its sole member is TEACH Inc., a 501(c)3 organization.			
<b>Type of Financing:</b> Charter School Revenue Bonds (Tax-Exempt & Taxable Series)			
<b>Project Users:</b>	TEACH Preparatory Elementary School, TEACH Tech High, TEACH Academy & TEACH Parent Outreach Center	<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> Facility acquisition; additional facility improvements; reimbursements.			
<b>Project Sites:</b> (1) 8505 S. Western Ave., Los Angeles (Elementary School); (2) 10616 S. Western Ave., Los Angeles (High School); (3) 10600 S. Western Ave., Los Angeles (Parent Outreach Center for the High School); and (4) 10000, 10001 and 10045 South Western Avenue and 1750 W. Century Boulevard, Los Angeles, California 90047 (Junior High School).			
<b>Type of Issue:</b>	Charter School Revenue Bonds		
<b>Tax Status:</b>	Tax-Exempt and Taxable		
<b>Maturity:</b>	June 1, 2058 (Tax-Exempt); June 1, 2023 (Taxable)		
<b>Credit Enhancement:</b>	No		
<b>Credit Rating:</b>	Unrated		
<b>CSFA Fees:</b>	See Costs of Issuance Table		
<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	\$24,170,000	High School Buyout	\$13,050,000
Taxable Bond Proceeds	\$215,000	Elementary School Buyout	\$6,250,000
<b>Total</b>	<b>\$24,385,000</b>	Elementary School Carports	\$100,000
<b>Financing Team:</b>		Lot Acquisition for Outreach Center	\$900,000
Bond Counsel:	Kutak Rock LLP	Lot Improvements	\$1,000,000
Underwriter:	Stifel, Nicolaus & Company	Misc Capex/TI	\$500,000
Underwriter's Counsel:	Stradling Yocca Carlson & Rauth PC	<b>Total Project Costs</b>	<b>\$21,800,000</b>
Borrower's Counsel:	Young, Minney & Corr	Cost of Issuance	\$434,838
Issuer's Counsel:	Attorney General's Office	Underwriter's Discount	\$243,850
Issuer:	California School Finance Authority	<b>Total Cost of Issuance:</b>	<b>\$678,688</b>
Master Trustee:	Wilmington Trust	Debt Service Reserve Fund	\$1,906,312
Agent for Sale:	State Treasurer's Office	<b>Total Other Costs</b>	<b>\$1,906,312</b>
		<b>Total</b>	<b>\$24,385,000</b>
		Not-to-Exceed Soft Costs	\$5,615,000
		<b>Not-to-Exceed Amount</b>	<b>\$30,000,000</b>
<b>CSFA Staff:</b> Robby Biegler		<b>Date of Staff Report:</b> November 5, 2019	
<b>Date of CSFA Board Meeting:</b> November 14, 2019		<b>Resolution Number:</b> 19-32	
<b>Staff Recommendation:</b> Staff recommends the California School Finance Authority Board approve Resolution Number 19-32 authorizing the issuance of Charter School Revenue Bonds in an amount not to exceed \$30,000,000 to finance and refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain educational facilities located in Los Angeles County for TEACH Preparatory Elementary School, TEACH Tech High, TEACH Academy, and TEACH Parent Outreach Center.			

## BACKGROUND AND HISTORY

The bonds will be issued in two series: (1) Series 2019A (tax-exempt) will be approximately \$29,000,000 and (2) Series 2019B (taxable) will be approximately \$1,000,000 (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 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 June 1, 2030, June 1, 2040, and June 1, 2058. The taxable series is expected to be issued as one term bond, maturing on June 1, 2023. **The issuance additionally includes a \$5,615,000 not-to-exceed cushion, in case of unforeseen costs, so that the Borrower does not have to return to the Board for approval.** This is the second bond issuance for TEACH, which previously issued debt totaling \$12,330,000 in 2016. TEACH used the proceeds to purchase the facilities at 10000 and 10001 S. Western Ave, 10045 S. Western Ave, and 1750 W. Century Blvd for TEACH Academy. The costs for that project included \$10,000,000 for the facilities, \$400,000 for portable facilities reimbursement and \$140,000 for tenant improvements and upgrades. Stifel was also the underwriter on that first transaction and the purchase was made from RHCP. This issuance will add TEACH Prep and TEACH Tech High to the obligated group.

Wooten Avila LLC (Borrower) was formed exclusively to support TEACH Prep, TEACH Tech, and TEACH Academy. Its sole member is TEACH, Inc., a 501(c)3 organization. TEACH Inc. (TEACH) (Lessee) is a charter management organization currently operating three schools in greater South Central Los Angeles, TEACH Preparatory Elementary School (TEACH Prep), currently K-2, and will expand to offer K-4 to reach its full enrollment goals; TEACH Academy of Technologies (TAT), a 5-8; and TEACH Tech Charter High School (TEACH Tech). For 2019-20 TEACH expects to serve approximately 1,000 students. TAT was the first campus the school opened, in 2010. With the success of the middle school TEACH decided to open an adjacent high school in 2014, and an elementary school in 2018. All three campuses are located in South Central Los Angeles. The charters authorized by the Los Angeles Unified School District (LAUSD). Below, please see the terms of each charter:

<u>School</u>	<u>Current Charter Term</u>
<b>TEACH Prep (ES)</b>	July 1, 2018 – June 30, 2023
<b>TEACH Academy (MS)</b>	July 1, 2015 – June 30, 2020 (renewed for July 1, 2020 – June 30, 2025)
<b>TEACH Tech (HS)</b>	July 1, 2019 – June 30, 2024

The curriculum for the TEACH schools is liberal arts-focused and primarily serves students of low socioeconomic status who reside in the attendance area of underperforming non-charter public schools. Demographics for the schools include:

	<b>% Free and Reduced Priced Lunch</b>	<b>% Minority Students</b>	<b>% ELL</b>
<b>TEACH Prep</b>	48.8%	100%	45.0%
<b>TEACH Academy</b>	96.1%	99.5%	22.0%
<b>TEACH Tech</b>	94.0%	99.7%	18.4%

Enrollment projections for the campuses for the next six years include:

TEACH Prep (ES)							
Grade	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
TK/Kindergarten	-	47	60	75	75	75	75
1st Grade	-	33	50	75	75	75	75
2nd Grade	-	-	35	50	75	75	75
3rd Grade	-	-	-	35	50	75	75
4th Grade	-	-	-	-	35	50	65
5th Grade	-	-	-	-	-	35	35
<b>TOTAL</b>	<b>-</b>	<b>80</b>	<b>145</b>	<b>235</b>	<b>310</b>	<b>385</b>	<b>400</b>

TEACH Academy (MS)							
Grade	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
5th Grade	25	48	47	55	55	55	55
6th Grade	131	141	149	150	150	150	150
7th Grade	105	133	141	150	150	150	150
8th Grade	98	108	137	145	145	145	145
<b>TOTAL</b>	<b>359</b>	<b>430</b>	<b>474</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>

TEACH Tech (HS)							
Grade	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
5th Grade	101	115	145	145	145	145	145
6th Grade	84	102	117	130	130	130	130
7th Grade	61	78	92	115	125	125	125
8th Grade	36	70	63	80	95	115	115
<b>TOTAL</b>	<b>282</b>	<b>365</b>	<b>417</b>	<b>470</b>	<b>495</b>	<b>515</b>	<b>515</b>

<b>TOTAL OBLIGATED GROUP</b>	<b>641</b>	<b>875</b>	<b>1,036</b>	<b>1,205</b>	<b>1,305</b>	<b>1,400</b>	<b>1,415</b>
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Enrollment growth information was provided by TEACH, and has been highlighted below for your review and consideration.

**TEACH Prep (Elementary School):** TEACH Public Schools implements an overarching enrollment and recruitment plan for all of its schools, including TEACH Prep. These activities are led by their site principals, Director of Community Relations, and Family Support Coordinators, which include visiting daycares, schools, churches, libraries, community centers, and community events, mailing and delivering of marketing materials, hosting open houses and other site based events, social media and other media, as well as seeking referrals from current and former TEACH families.

**TEACH Academy (Middle School):** TEACH Academy shared facilities with TEACH Tech during the 2017-18 school year. These two schools were capped on enrollment based on the available facility space. In 2018-2019, TEACH Academy shared space with TEACH Prep, which limited the ability to enroll additional students. The school year of 2019-2020 was the first year TEACH Academy was not co-located with another TEACH school. The availability of additional classroom space made it possible to increase enrollment.

**TEACH Tech (High School):** Similarly, TEACH Tech’s enrollment has been dictated by available classroom space. TEACH Tech moved into its current facility during the intersession between first and second semesters of the 2018-2019 school year. The first year TEACH Tech was able to start the school year in its current facility was 2019-2020. As a result, a larger ninth grade class was created and the school’s enrollment increases each year as the smaller initial units graduated.

**PROJECT DESCRIPTION**

The proceeds of the Bonds will be used to 1) finance the acquisition and improvement costs of certain educational facilities located at 8505 S. Western Ave. & 10616 S. Western Ave., Los Angeles, CA (Facilities); 2) finance the acquisition & improvement costs of a parent outreach center located at 10600 S. Western Ave., Los Angeles, CA; (Parent Center) 3) fund \$500,000 in capital improvements at all three campuses; 4) fund a reserve account, and 5) pay cost of issuance.

Site	Landlord	Location	Purpose	Amount
TEACH Prep	Wooten Avila LLC	1750 W. Century Blvd. Los Angeles, CA 90074	Acquisition	\$6,250,000
TEACH Prep	Wooten Avila LLC	1750 W. Century Blvd. Los Angeles, CA 90074	Carports	\$100,000
TEACH Tech High	Wooten Avila LLC	10616 S. Western Ave. Los Angeles, CA 90074	Acquisition	\$13,050,000
TEACH Tech High (Parent Outreach Center)	Wooten Avila LLC	10600 S. Western Ave. Los Angeles, CA 90074	Acquisition	\$900,000
TEACH Tech High (Parent Outreach Center)	Wooten Avila LLC	10600 S. Western Ave. Los Angeles, CA 90074	Improvements	\$1,000,000
Multiple (including TEACH Academy)	Wooten Avila LLC and Cunningham & Morris, LLC	Multiple	Capital Improvements	\$500,000
<b>Total Estimated Project Costs</b>				<b>\$21,800,000</b>

In addition to the project cost listed above, the project has identified approximately \$5,615,000 in Not to Exceed Soft Cost, bring the total need closer to the \$30,000,000 total Not to Exceed request.

Red Hook Capital Partners (RHCP) is a real estate development firm that focuses on working exclusively with charter schools. RHCP identifies and develops sites for schools under turn-key lease arrangements. RHCP is funded by private investors who expect repayment within five years. These investors front all the development costs, including land acquisition, permitting and construction, and own the facility at the outset. The typical RHCP lease escalates in rent each year by 3%, and offers a purchase option sometime in the first three years.

**TEACH Prep Project:** TEACH entered into a lease agreement with RHCP to renovate and lease TEACH Prep. The renovation cost approximately \$750,000. The single-story facility has 11,465 square feet (sq. ft.) of useable space with 13 classrooms. RHCP completed the renovation of the facility and received a conditional use permit in August 2019. TEACH currently leases the facility from RHCP. At the closing of the bonds, proceeds will be held in escrow until March 2020 when Wooten Avila LLC will purchase the building and lease it to TEACH. In addition to the facility, the school intends to finance the development of carpools at the facility, and use some of the tenant improvement proceeds raised to reconfigure several classrooms. The carpools are expected to cost \$100,000.

**TEACH Tech High Project:** TEACH entered into a lease agreement with RHCP to renovate a three-story building for use by TEACH Tech. The facility, a three-story structure, has 25,515 sq. ft. of useable space, 22 classrooms and 40 parking spaces. At the closing of the bonds, Wooten Avila LLC will purchase the facility and lease it to TEACH.

**Parent Outreach Center/Capital Improvements:** TEACH entered into a lease agreement with RHCP to renovate a one-story building for use by TEACH Tech High. The facility has 2,356 sq. ft. of useable space, with six offices and eight parking spaces. TEACH plans to engage RHCP to improve the existing building to convert it into a combination of office space and a parent outreach facility. The improvements are estimated to cost around \$1,000,000. At the closing of the bonds, funds will be placed into escrow until January 2020, when Wooten Avila LLC will purchase the facility and lease it to TEACH. TEACH also plans to raise \$500,000 of proceeds for miscellaneous capital improvements across their three schools. A portion of this will be used for demolition and reconfiguration of some of the classrooms at TEACH Prep. The \$500,000 is projected to be broken out as follows: 1) \$300,000 for capital improvements at TEACH Academy, including retrofitting, parking lot improvements and landscaping; and 2) \$200,000 for capital improvement needs at TEACH Prep.

## FINANCING

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 TEACH Prep and TEACH Tech High as well as the Parent Center.

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

The Bonds will be payable from proceeds derived under the Indenture, consisting primarily of Loan Repayments under the Loan Agreement. The obligations of the Borrower under the Loan Agreement are payable from and secured by the Gross School Revenues of the Borrower.

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 TEACH Prep, TEACH Tech High, and TEACH Academy 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's Office 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.

<b>Sources and Uses</b>			
<b>Sources:</b>	<b>Series 2019A (Tax-Exempt)</b>	<b>Series 2019B (Taxable)</b>	<b>Total</b>
<b>Bond Proceeds:</b>			
Par Amount	\$24,170,000	\$215,000	\$24,385,000
<b>Total:</b>	<b>\$24,170,000</b>	<b>\$215,000</b>	<b>\$24,385,000</b>
<b>Uses:</b>	<b>Series 2019A (Tax-Exempt)</b>	<b>Series 2019B (Taxable)</b>	<b>Total</b>
<b>Project Fund Deposits:</b>			
RHC Buyout – HS	\$13,050,000	\$0.00	\$13,050,000
RHC Buyout – ES	\$6,250,000	\$0.00	\$6,250,000
Carports – ES	\$100,000	\$0.00	\$100,000
Lot Acquisition – Parent Center	\$900,000	\$0.00	\$900,000
Improvements – Parent Center	\$1,000,000	\$0.00	\$1,000,000
Miscellaneous Improvements	\$500,000	\$0.00	\$500,000
	<b>\$21,800,000</b>	<b>\$0.00</b>	<b>\$21,800,000</b>
<b>Other Fund Deposits:</b>			
Debt Service Reserve Fund	<b>\$1,889,504</b>	<b>\$16,808</b>	<b>\$1,906,312</b>
<b>Delivery Date Expenses:</b>			
Underwriter's Discount	\$173,546	\$70,304	\$243,850
Cost of Issuance	\$306,950	\$127,889	\$434,838
	<b>\$480,496</b>	<b>\$198,193</b>	<b>\$678,688</b>
<b>Other Uses of Funds:</b>			
Additional Proceeds			
<b>Total:</b>	<b>\$24,170,000</b>	<b>\$215,000</b>	<b>\$24,385,000</b>

### Total Costs of Issuance

Expense	Amount
CSFA Issuance Fees	\$20,693
Issuer Application Fee	\$1,500
CSFA Admin Fees	\$3,658
Issuer's Counsel Fees	\$8,000
Agent-for-Sale Fees	\$6,000
CDIAC Fee	\$5,000
Underwriter's Discount	\$243,850
Financial Advisor	\$58,000
Underwriter's/Disclosure Counsel Fees	\$75,000
Bond Counsel Fees	\$73,000
Borrower's Counsel Fees	\$50,000
Trustee & Trustee's Counsel Fees	\$10,000
Title Fees & Charges, Endorsements	\$80,000
Financial Printer Fee	\$5,000
Appraisal Fees	\$7,500
Contingency Fees	\$31,488
<b>Total</b>	<b>\$678,688</b>

*\*Estimates based on a not-to-exceed Par Amount of \$30,000,000.00*

### SALES RESTRICTIONS

The following sales restrictions will apply to the financing given the expected absence of a 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 only 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 the Bonds 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

### TEFRA

Date of TEFRA Publication: November 7, 2019

Publications: CSFA Website

Date of TEFRA Hearing: November 14, 2019

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

### 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.

### Borrower Financial Data

Pursuant to Section 17183.5 of the CSFA Act, financing through the Authority is to be provided only to projects demonstrated by the participating party to be financially feasible. In demonstration of 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 Section 17183.5 shall be construed to imply that any project is required to produce revenue in order to be financed under this chapter.

The Borrower is sole member of a California nonprofit public benefit corporation, formed as a support organization for charter schools formed and controlled by the sole member. The sole 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 Borrower is a single purpose California limited liability company with no assets other than the applicable Facilities and its rights under the Lessees, which will be assigned to the Trustee. The LLC was formed for the purpose of holding the Facilities 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 TEACH's five-year budget and Financial Positions as well as enrollment.

## STAFF RECOMMENDATION

Staff recommends the California School Finance Authority's (CSFA) Board approve Resolution Number 19-32 authorizing the issuance of educational facilities revenue bonds in an amount not to exceed \$30,000,000 to finance and refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and equipping of certain educational facilities located in Los Angeles County, California for TEACH Public Schools.

1. **Applicant / Borrower:** Wooten Avila LLC
2. **Project:** Acquisition and Improvements
3. **Amount of Financing:** Not to exceed \$30,000,000
4. **Maturity:** June 1, 2058 (Tax-Exempt); June 1, 2023 (Taxable)
5. **Repayment/Security:** Lease Payments and Deed of Trust on Real Property
6. **Interest Rate:** Estimated to be 5.00%
7. **Fees:** \$678,688 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 TEACH Public Schools 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: FINANCIAL PROJECTIONS AND ENROLLMENT

	Actual 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24
<b>ENROLLMENT</b>						
<b>Enrollment</b>	<b>875</b>	<b>1,030</b>	<b>1,149</b>	<b>1,230</b>	<b>1,305</b>	<b>1,305</b>
TEACH Prep (ES)	80	145	250	325	400	400
TEACH Academy (MS)	430	470	474	480	480	480
TEACH Tech (HS)	365	415	425	425	425	425
Average Daily Attendance ("ADA")	776.4	978.5	1,091.6	1,168.5	1,239.8	1,239.8
ADA %	88.7%	95.0%	95.0%	95.0%	95.0%	95.0%
<b>REVENUE</b>						
LCFF State Revenue	\$ 8,855,495	\$ 11,398,229	\$ 13,073,991	\$ 14,359,746	\$ 15,700,227	\$ 16,202,016
Federal Revenue	1,169,714	1,315,022	1,443,469	1,537,807	1,624,112	1,624,112
State Revenue	1,054,411	904,567	998,063	1,059,985	1,116,583	1,117,785
SB740 Revenue	761,970	978,500	1,091,550	1,168,500	1,239,750	1,239,750
Local Revenue	439,895	2,500	2,560	2,560	2,560	2,560
<b>Total Revenues</b>	<b>\$ 12,281,485</b>	<b>\$ 14,598,818</b>	<b>\$ 16,609,633</b>	<b>\$ 18,128,598</b>	<b>\$ 19,683,233</b>	<b>\$ 20,186,223</b>
<b>EXPENSES</b>						
Certificated Salaries	\$ 2,693,843	\$ 3,377,143	\$ 3,940,747	\$ 4,263,322	\$ 4,591,738	\$ 4,686,881
Classified Salaries	881,304	1,241,165	1,380,860	1,408,477	1,436,647	1,465,380
Employee Benefits	995,395	1,312,126	1,575,418	1,691,794	1,790,311	1,829,645
Supplies	1,066,947	1,387,933	1,609,673	1,778,348	1,944,548	1,983,439
Subagreement Services	542,874	522,203	573,722	614,770	654,774	667,870
Operations & Houskeeping	557,657	425,436	477,652	517,441	555,854	566,972
Facilities Repairs and Other Leases	259,409	270,373	310,199	341,299	371,392	378,820
Existing Rent (ES)	167,980	-	-	-	-	-
Existing Rent (RHC Lease ES & HS)	1,089,284	854,134	-	-	-	-
Base Rent (2016 Bond Payments)	757,181	860,606	863,518	860,606	861,981	862,781
Base Rent (2019 Bond Payments)	-	559,808	1,346,400	1,393,900	1,394,000	1,394,500
Professional Consulting	2,161,911	2,752,497	3,172,577	3,439,692	3,701,339	3,776,532
Depreciation/Amortization	33,220	134,685	137,379	140,127	142,929	145,788
Interest	12,884	2,577	-	-	-	-
<b>Total Expenses</b>	<b>\$ 11,207,005</b>	<b>\$ 13,698,110</b>	<b>\$ 15,388,145</b>	<b>\$ 16,449,776</b>	<b>\$ 17,445,516</b>	<b>\$ 17,758,607</b>
<b>Net Income</b>	<b>\$ 1,074,480</b>	<b>\$ 900,708</b>	<b>\$ 1,221,489</b>	<b>\$ 1,678,823</b>	<b>\$ 2,237,717</b>	<b>\$ 2,427,616</b>
Add Back: Depreciation/Amortization	33,220	134,685	137,379	140,127	142,929	145,788
Add Back: Base Rent	2,014,445	2,274,549	2,209,918	2,254,506	2,255,981	2,257,281
<b>Net Operating School Revenue</b>	<b>\$ 3,122,145</b>	<b>\$ 3,309,942</b>	<b>\$ 3,568,786</b>	<b>\$ 4,073,455</b>	<b>\$ 4,636,628</b>	<b>\$ 4,830,685</b>
Base Rent	\$ 2,014,445	\$ 2,274,549	\$ 2,209,918	\$ 2,254,506	\$ 2,255,981	\$ 2,257,281
<b>Base Rent Coverage Ratio</b>	<b>1.55x</b>	<b>1.46x</b>	<b>1.61x</b>	<b>1.81x</b>	<b>2.06x</b>	<b>2.14x</b>
<b>2018-19</b>						
<b>Ending Cash Balance</b>	<b>\$ 1,279,050</b>	<b>\$ 2,286,410</b>	<b>\$ 3,280,096</b>	<b>\$ 4,866,486</b>	<b>\$ 7,063,116</b>	<b>\$ 9,609,584</b>
Total Expenses	\$ 11,207,005	\$ 13,698,110	\$ 15,388,145	\$ 16,449,776	\$ 17,445,516	\$ 17,758,607
Less: (Depreciation & Amortization)	(33,220)	(134,685)	(137,379)	(140,127)	(142,929)	(145,788)
Less: (Base Rent)	(2,014,445)	(2,274,549)	(2,209,918)	(2,254,506)	(2,255,981)	(2,257,281)
Add: Maximum Annual Base Rent	2,274,549	2,274,549	2,257,281	2,257,281	2,257,281	2,257,281
<b>Operating Expenses</b>	<b>\$ 11,433,889</b>	<b>\$ 13,563,424</b>	<b>\$ 15,298,129</b>	<b>\$ 16,312,424</b>	<b>\$ 17,303,886</b>	<b>\$ 17,612,819</b>
<b>Days Cash on Hand</b>	<b>41 days</b>	<b>62 days</b>	<b>78 days</b>	<b>109 days</b>	<b>149 days</b>	<b>199 days</b>

**APPENDIX B:  
SCHOOL GOVERNANCE**

**Officers**

Mrs. Mildred Cunningham	Co-Founder & Executive Director
Dr. Raul Carranza	Superintendent of Schools
Mr. Matthew Brown	Chief Operating Officer

**Board of Directors**

Lori Butler	Chair Board Member	Education Professional
Sonali Tucker	Board Member and Secretary	Charter Education Professional
Spencer Burrows	Board Member	Adjunct Professor
Kelvin Piazza	Board Member	PSA Counselor
Luz Castillo	Board Member	Education Professional
James Lobdell	Board Member	Pastor
Austin Dragon	Board Member	Fortune 500 Recruiter