

**Charter School Facilities Program
Proposition 51 Funding Round
Staff Summary Report – July 2020**

Applicant/Obligor:	Aspire Public Schools
Project School:	Aspire Berkley Maynard Academy
CDS (County – District – School) Code:	01-61259-0109819
School Address/Proposed Site:	6200 San Pablo Ave., Oakland, 94608
Type of Project:	Rehabilitation
Type of Apportionment:	Advance Apportionment
County:	Alameda County
District in which Project is Located:	Oakland Unified School District
Charter Authorizer:	Oakland Unified School District
Total OPSC Project Cost:*	\$20,411,086
State Apportionment (50% Project Cost):	\$10,205,543
Lump Sum Contribution:	N/A
Total CSFP Financed Amount:	\$10,205,543
Advance Apportionment Amount:	\$2,041,108.60
Length of CSFP Funding Agreement:	30 years
Assumed Interest Rate:	3.00%
Estimated Annual CSFP Payment:	\$520,679
First Year of Occupancy of New Project:	2021-22

**The amount identified as total project costs represents an estimate provided by the Office of Public School Construction for purposes of Advance Apportionment financial soundness review. Final project costs will be provided at the time of Final Apportionment.*

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Aspire Public Schools (CMO or APS) on behalf of Aspire Berkley Maynard Academy (School or Maynard) is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Advance Apportionment. This determination, as it relates to Advance Apportionment, is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon APS, on behalf of Maynard, electing to have its CSFP payments intercepted at the state-level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the Authority Board direct staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.

Application Highlights: Below staff has highlighted key criteria that were evaluated when conducting its financial soundness review of APS on behalf of Maynard. Detailed information is contained in the body of the report.

Criteria	Comments
Obligor Information	
Demographic Information	Aspire Public Schools currently serves 17,277 students in grades K-12. Enrollment in 2020-21 is expected to be 15,919 students. This approximate 8% drop in enrollment is due to the fact that APS will no longer be operating charters schools in the State of Tennessee. Average daily attendance (ADA) rates are projected to be 95.5%, which staff find reasonable.
Debt Service Coverage (DSC)	APS will not provide a lump sum payment but will provide the local matching share through a 30-year lease funding agreement. Aspire Public Schools' DSC is 728.8% and 809.9% for 2022-23 and 2023-24 respectively and exceeds the minimum qualification standards. Staff's determination includes four additional CSFP projects that Aspire Public Schools is the Obligor.
Other Financial Factors	<ul style="list-style-type: none"> • Aspire Public Schools' net assets are projected to be \$86,722,169 as of June 30, 2020. • Aspire Public Schools' expected annual total of CSFP payments of \$1,417,514 is only 0.7% of projected operating revenue on average.
School Information	
Eligibility Criteria	Maynard has met all eligibility criteria: (1) Maynard began operation in 2005; (2) Its charter was renewed in July 2020 and is in place through June 30, 2025; (3) Maynard is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	Aspire Berkley Maynard has performed comparably or better than its authorizing district and local public elementary school. Aspire Berkley Maynard did not perform as well as the closest charter school in the district, but serve a much higher-need demographic.
Demographic Information	Maynard served 577 students in grades K-8 in 2019-2020. Enrollment in 2020-2021 is expected to be 569 students. ADA rates are projected to be 94.8%, which staff find reasonable and consistent to past performance.

Program Eligibility: On July 8, 2020, at CSFA staff's request, verification was received from Oakland Unified School District (OUSD) confirming that Maynard is: (1) in compliance with the terms of its charter agreements, and (2) in good standing with its chartering authority. Maynard's current charter is effective through June 2025.

Legal Status Questionnaire: Staff reviewed the applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed that would lead staff to question the financial or legal integrity of this applicant.

Project Description: APS is applying on behalf of Maynard for rehabilitation of its campus. The estimated project scope included rehabilitating the school's current site to improve the

learning conditions and to serve a projected enrollment of up to 589 students in 24 permanent classrooms located in the main building. This also included American Disabilities Act of 1990 upgrades to all bathrooms and water fountains, repair broken plumbing lines, replace leaking roof, provide energy efficient windows, patch stucco and dry rot in wood facade, remove old playground, repave blacktop, and repair the kitchen.

Obligor Organizational Information: APS began in 1998 under the origination/leadership of public school educator Don Shavley and Silicon Valley entrepreneur Reed Hastings (founder of Netflix), with the intention of opening schools in low-income neighborhoods and preparing the students from those neighborhoods for college. The Aspire system now serves over 15,000 students at 40 schools in California and Tennessee. APS serves three primary geographical regions in California, the Bay Area, Central Valley, and Los Angeles, specifically targeting low-income cities in those areas, including Oakland, East Palo Alto, Huntington Park, and Stockton.

The primary mission of APS is to prepare students in lower income and underserved cities and neighborhoods for college. Maynard, located in a working-class section of Oakland, is no exception. Maynard targets the following students: students who are not currently successful in their core academic subjects; students whose academic or English language learning needs necessitate a small school environment with personalized attention; students whose academic or English language learning needs are not being met in a traditional school environment; students who live in low-income neighborhoods; and students whose racial and ethnic diversities represent their respective communities (communities where the schools are located).

Presently, Aspire's growth mission is focused largely on Memphis, Tennessee, in partnership with that state and Shelby County. Aspire currently has 4 schools in the Memphis area and is planning to grow to 10 total schools.

Pending a funding recovery in California, and if quality facility options are available, Aspire would like to expand its network so that all schools in all regions have a full K-12 Aspire option at hand. The Aspire network is run by CEO Mala Batra, who fields degrees from the University of California, Berkeley and Harvard Business School. Their CFO is Jeanine Hawk, former Chief Financial Officer for Bay Area Council and Bay Area Council Foundation. Dr. Hawk received her Bachelor's Degree in Social Science from the University of California, Irvine, her Master's in Business Administration from Southern Oregon University and her doctorate in Higher Educational Leadership from San Francisco State University.

The following table sets forth the members Aspire Public School’s Board of Directors.

Name	Title	Term	City of Residence
Jim Boyd	Board Member	Expires 06/30/2021	Memphis, TN
Warren Felson	Board Member	Expires 06/30/2024	Newport Beach, CA
Leslie Hume	Board Member	Expires 06/30/2021	San Francisco, CA
Beth Hunkapiller	Board Chair	Expires 06/30/2022	Redwood City, CA
Kay Hong	Board Member	Expires 06/30/2024	So Lake Tahoe, CA
Nisa Frank	Board Member	Expires 06/30/2024	Oakland, CA
Anthony Burkett	Board Member	Expires 06/30/2024	Stockton, CA
Carol Ornelas	Board Member	Expires 06/30/2024	Stockton, CA
Ay’Anna Moody	Board Member	Expires 06/30/2024	Oakland, CA

School Organizational Information: Maynard is a public charter school located within the boundaries and is authorized by the OUSD. Maynard’s most recent charter was approved by the OUSD on July 1 2020 and is active through June 30 2025. The school is a direct-funded independent charter school and is operated by a California public benefit corporation with IRS approved 501(c)(3) status, APS, which oversees 40 public schools in California and formerly in Tennessee.

Maynard emphasizes seven C’s in their curriculum:1) Competence: Identify individual strengths in students’ personalized learning plans, and allow students to make decisions in terms of books they read/projects they do; 2) Confidence: provide students data aligned with their goals, and honor both behavioral and academic student accomplishment at school wide events; 3) Connection: create small schools and classes to allow connection between students and adults, and provide conflict resolution training to help students gently resolve conflict; 4) Character: hold *morning meetings* to create climate of trust, and use restorative justice techniques to provide avenues for problem solving and community re-entry; 5) Contribution: educating about the needs of others in the community, and give each student opportunities to contribute to the school community; 6) Coping: utilize a full-time counselor to support students, and provide explicit instruction on managing stress through exercise and nutrition; and 7) Control: students complete self-reflection forms when making poor decisions, and conduct *morning meetings* to address classroom challenges.

Maynard’s principal is Jason Stack, who has held that role for six years. Mr. Stack has been 3rd/4th/5th grade teacher, as well as a coach, after school educator, and physical education instructor. He is currently finishing his MA at UC Berkley’s Principal Leadership Institute. The School is governed by the same Board of Directors as APS.

School Academic Performance: The following tables represent the 2016-17, 2017-18, and 2018-19 academic performance of Maynard, combined averages of Yu Ming Charter and Anna Yates Elementary (Local Schools), and Oakland Unified (OUSD). The two local schools were selected to cover the same grade span as Maynard. The results are provided through the California Department of Education’s (CDE) The California Assessment of Student Performance and Progress (CAASPP) Smarter Balanced testing data. Due to the COVID-19 pandemic, 2019-20 CAASP tests were not administered. Maynard outperformed OUSD in both English Language Arts and Mathematics

English Language Arts - Comparison

Standard Met or Exceeded			
	2016-17	2017-18	2018-19
Maynard	38.67%	44.99%	44.60%
Local Schools	52.31%	58.38%	64.84%
OUSD	31.86%	33.12%	33.46%

Mathematics - Comparison

Standard Met or Exceeded			
	2016-17	2017-18	2018-19
Maynard	22.05%	32.43%	37.31%
Local School	54.47%	54.67%	58.63%
OUSD	25.50%	26.81%	27.00%

Enrollment Trends and Projections: The tables below present enrollment information for APS and Maynard from 2013-14 through 2023-24. The assumptions made in the projected years are considered reasonable by staff and consistent based on historical data.

APS Enrollment and Average Daily Attendance

Year	2016-17	2017-18	2018-19	2019-20	2020-21*	2021-22	2022-23	2023-24
Enrollment	15,801	16,323	16,891	17,277*	15,919	16,133	16,257	16,410
ADA %	95.3%	95.4%	95.1%	95.4%	95.5%	95.5%	95.5%	95.5%

*APS will cease to operate charters schools in the State of Tennessee as of 2020-21 so there is an enrollment drop from 2019-20 to 2020-21.

Maynard Student Enrollment and Average Daily Attendance

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Enrollment	519	568	587	577	569	569	569	569
ADA %	95.8%	94.2%	94.4%	94.5%	94.8%	94.8%	94.8%	94.8%

Financial Analysis:

Financial Data Sources: This financial analysis is based on the consideration and review of the following for APS, the financial obligor and Applicant, on behalf of Maynard: (1) audited financial statements for 2016-17 through 2018-19; (2) Estimated Financials for 2019-20; and (3) budget projections for 2020-21 through 2023-24 along with assumptions.

Assumptions: APS’s financial projections are based upon the following assumptions: (1) occupancy of the rehabilitation project in 2021-22; (2) CMO-wide enrollment projections as provided above under Enrollment Trends and Projections; (3) Projected CMO-wide ADA rates of at least 95%, which are consistent with historical performance; (4) Local Control Funding Formula (LCFF) per-ADA funding rate of \$8,923 for 2020-21 through 2023-24, (5) cost of living adjustment (COLA) on LCFF per ADA funding rate of 0.0% for 2020-21 and 2022-23.

Long Term Liabilities: As provided by the 2018-19 audited financial statements, APS has \$133,243,848 in long-term debt. The long-term liabilities are from the following: \$99,085,000 payable in general obligation bonds issued through CSFA; \$22,637,602 payable in CSFP project loans (listed below); \$4,495,430 payable in private loans with Boston Community Loan Fund; \$400,004 payable to CSFA’s Revolving Fund Program. \$9,202,925 in unamortized premiums and debt issuance cost. \$8,122,305 is due in FY 2020-21.

Aspire Long Term Obligations for CSFP	
CSFP Project Name	CSFP Principal Amount (Local Match)
Stockton Charter (Aspire Rosa Parks)	\$4,758,509
Aspire Ollin University Preparatory	\$9,834,913
Aspire Antonio Maria Lugo Academy	\$8,229,438
Aspire ERES Academy	\$3,706,191
Total	\$26,529,051

APS obtained a \$10,000,000 revolving line of credit in October 2014 and modified the line of credit to \$15,000,000 in December 2016. As of June 30, 2019, the line had an outstanding balance \$2,800,000. The line is secured by school revenue of select schools which are not already secured by other debt.

Private Contributions: Private contributions for APS average about \$3.56 MM from 2013-14 through 2019-20 and averages 2.3% of operating revenues over the same time. The projected amount of private contributions average 1.1% of operating revenues for 2021-2022 through 2023-24 which is below the program threshold of 15%.

Benchmark Summary and Analysis: The following table and summary listing sets forth the results of staff’s analysis regarding APS’s financial soundness. Where a threshold has been established based on industry standards or practice, the listing indicates whether or not the threshold was met.

OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE METRICS								
	Actual FY 2017	Actual FY 2018	Actual FY 2019	Actual FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024
OPERATIONAL & FINANCIAL								
Enrollment	15,801	16,323	16,891	17,277	15,919	16,133	16,257	16,410
Average Daily Attendance (ADA)	15,058	15,572	16,063	16,482	15,203	15,407	15,525	15,672
Average Daily Attendance (%)	95.3%	95.4%	95.1%	95.4%	95.5%	95.5%	95.5%	95.5%
DEBT SERVICE COVERAGE								
Total Operating Revenues	\$ 168,275,366	\$ 179,412,328	\$ 192,213,420	\$ 232,644,083	\$ 215,178,618	\$ 193,947,245	\$ 192,100,039	\$ 205,884,836
Total Operating Expenses	207,082,592	216,775,936	233,831,568	232,692,630	208,635,517	201,629,381	200,187,944	208,254,410
Total Other Sources/Uses	39,673,491	29,545,334	31,603,555	9,644,508	8,706,305	8,774,660	9,209,038	9,033,163
Net Income Available for CSFP Lease Payment	866,265	(7,818,274)	(10,014,593)	9,595,961	15,249,406	1,092,524	1,121,133	6,663,589
Add Back Capital Outlay	-	-	-	(24,139,064)	-	-	-	-
Add Back Depreciation	6,754,586	7,533,270	8,901,409	9,644,508	8,706,305	8,774,660	9,209,038	9,033,163
Adjusted Net Income Available for CSFP Lease Payment	7,620,851	(285,004)	(1,113,184)	(4,898,595)	23,955,711	9,867,184	10,330,171	15,696,752
CSFP Lease Payments	1,039,340	1,039,340	1,039,340	1,039,340	1,417,514	1,417,514	1,417,514	1,938,193
Free Cash Flow	\$ 6,581,511	\$ (1,324,344)	\$ (2,152,524)	\$ (5,937,935)	\$ 22,538,197	\$ 8,449,670	\$ 8,912,657	\$ 13,758,559
DSC from Adj. Net Income	733.2%	-27.4%	-107.1%	-471.3%	1690.0%	696.1%	728.8%	809.9%
DSC from LCFF Sources subject to CSFA Interceptor	8281.4%	8787.3%	9552.2%	16802.8%	10581.8%	10370.3%	10245.4%	8207.8%
CSFP Lease Payment/Oper. Revenues	0.6%	0.6%	0.5%	0.4%	0.7%	0.7%	0.7%	0.9%
FUNDRAISING								
Fundraising for Operations	\$ 6,318,506	\$ 2,689,082	\$ 3,096,633	\$ 1,420,981	\$ 9,113,603	\$ 180,000	\$ 180,000	\$ 180,000
Fundraising/Oper. Revenues	3.8%	1.5%	1.6%	0.6%	4.2%	0.1%	0.1%	0.1%
DSC without Fundraising	125.3%	-286.2%	-405.0%	-608.0%	1047.1%	683.4%	716.1%	800.6%
% of Fundraising Required for 100% DSC	-4.2%	149.2%	169.5%	517.9%	-147.3%	-4594.3%	-4851.5%	-7543.6%
LIQUIDITY								
Current Assets	\$ 70,935,119	\$ 73,343,056	\$ 70,535,495	\$ 64,750,299				
Current Liabilities	20,158,632	21,212,336	26,832,228	18,751,399				
Net Working Capital	\$ 50,776,487	\$ 52,130,720	\$ 43,703,267	\$ 45,998,900				
Net Working Capital/Oper. Expenses	24.5%	24.0%	18.7%	19.8%				
Unrestricted Cash & Cash Equivalents	\$ 40,680,958	\$ 41,008,458	\$ 37,422,237	\$ 28,684,316				
Unrest. Cash & CE/Oper. Expenses (Days)	72	69	58	45				
Unrest. Cash & CE/All Expenses (Days)	71	69	58	45				

Benchmark Summary:

- Free Cash Flow – Met: \$10,283,103 avg. (>\$0)
- Debt Service Coverage from Adjusted Net Income – Met: 728.8% & 809.9% exceeds minimum requirements
- Net Working Capital as Portion of Operating Expenses – Met: 28.2% (> 5%)
- Unrestricted Cash & Cash Equivalents as Portion of All Expenses – Not Met: 76 days (> 90 days)

Strengths, Weaknesses and Mitigants:

- + APS’s DSC from adjusted net income is 728.8% and 809.9% for 2022-23 and 2023-24, the first two years of repayment, respectively.
- + APS’s ending net assets, as of June 30, 2020, are projected to be \$86,722,169.
- +/- APS projects its operating fund performing at a deficit from 2021-22 through 2023-24, but adjusted net income with depreciation and capital outlay considerations is positive for those same years. APS also has an adequate fund balance at the end of each of these years.

Staff Recommendation: Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Aspire Public Schools (CMO or APS) on behalf of Aspire Berkley Maynard Academy (School or Maynard) is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Advance Apportionment. This determination as it relates to Advance Apportionment is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon Aspire Public Schools, on behalf of Aspire Berkley Maynard Academy, electing to have its CSFP payments intercepted at the state-level, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the Authority Board direct staff to notify the Office of Public School Construction (OPSC) and the State Allocation Board regarding this determination.