

**\$87,000,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY (CSFA)**  
**COLLEGE HOUSING REVENUE BONDS**  
**(NCCD - SANTA ROSA PROPERTIES LLC - SONOMA COUNTY JUNIOR COLLEGE DISTRICT PROJECT)**  
**SERIES 2020A \$85,000,000 (TAX-EXEMPT) AND 2020B \$2,000,000 (TAXABLE)**  
**ITEM # 4- RESOLUTION 20-28**

**STAFF SUMMARY**

EXECUTIVE SUMMARY																																	
<b>Applicant/Borrower:</b>	NCCD – Santa Rosa Properties LLC	<b>Par Amount Requested:</b>	Not-to-Exceed * \$87,000,000																														
<b>Financing Term:</b> 40 years for Tax-Exempt, maturing in 2060; 3 years for Taxable, maturing in 2023*		<b>Interest Rate:</b> 4.5% - 5.5% on the Tax-Exempt; 3% - 5% on the Taxable																															
<b>Applicant Description:</b> NCCD – Santa Rosa Properties, LLC is a limited liability company formed for the purpose of financing, acquiring, constructing, furnishing, equipping and operating a housing facility located on the property of the Sonoma County Junior College District.																																	
<b>Type of Financing:</b> Tax-Exempt and Taxable College Housing Revenue Bonds																																	
<b>Project User:</b>	Santa Rosa Junior College	<b>County Served:</b>	Sonoma County																														
<b>District in Which Project is Located:</b>	Sonoma County Junior College District																																
<b>Project Description:</b> Campus housing for Santa Rosa Junior College.																																	
<b>Project Sites:</b> 1501 Mendocino Ave, Santa Rosa, CA or elsewhere on the Santa Rosa Junior College campus.																																	
<table><tr><th colspan="2">Financing Team:</th></tr><tr><td>Bond Counsel:</td><td>Kutak Rock LLP</td></tr><tr><td>Underwriter:</td><td>Sitfel Nicolaus &amp; Co.</td></tr><tr><td>Underwriter’s Counsel:</td><td>Stradling Yocca Carlson &amp; Rauth</td></tr><tr><td>Borrower’s Counsel</td><td>Waller Lansden Dortch &amp; Davis, LLP</td></tr><tr><td>Issuer’s Counsel:</td><td>Attorney General’s Office</td></tr><tr><td>Issuer:</td><td>California School Finance Authority</td></tr><tr><td>Bond/ Trustee:</td><td>BNY Mellon</td></tr></table>		Financing Team:		Bond Counsel:	Kutak Rock LLP	Underwriter:	Sitfel Nicolaus & Co.	Underwriter’s Counsel:	Stradling Yocca Carlson & Rauth	Borrower’s Counsel	Waller Lansden Dortch & Davis, LLP	Issuer’s Counsel:	Attorney General’s Office	Issuer:	California School Finance Authority	Bond/ Trustee:	BNY Mellon	<table><tr><th colspan="2">Financing Details:</th></tr><tr><td><b>Type of Issue:</b></td><td>College Housing Revenue Bonds</td></tr><tr><td><b>Tax Status:</b></td><td>Tax-Exempt &amp; Taxable</td></tr><tr><td><b>Maturity:</b></td><td>2023 (Taxable) &amp; 2060 (Tax-Exempt)</td></tr><tr><td><b>Credit Enhancement:</b></td><td>No</td></tr><tr><td><b>Credit Rating:</b></td><td>BB+* (*anticipated)</td></tr><tr><td><b>Fees:</b></td><td>See Costs of Issuance Table</td></tr></table>		Financing Details:		<b>Type of Issue:</b>	College Housing Revenue Bonds	<b>Tax Status:</b>	Tax-Exempt & Taxable	<b>Maturity:</b>	2023 (Taxable) & 2060 (Tax-Exempt)	<b>Credit Enhancement:</b>	No	<b>Credit Rating:</b>	BB+* (*anticipated)	<b>Fees:</b>	See Costs of Issuance Table
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<b>CSFA Analyst:</b> Robby Biegler		<b>Date of Staff Report:</b> September 24, 2020																															
<b>Date of CSFA Board Meeting:</b> September 24, 2020		<b>Resolution Number:</b> 20-28																															
<b>Staff Recommendation:</b> Staff recommends the California School Finance Authority Board approve Resolution Number 20-28 authorizing the issuance of College Housing Revenue Bonds in an amount not to exceed \$87,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of certain educational facilities located in Sonoma County for Santa Rosa Junior College.																																	

\* Preliminary, subject to change.

## BACKGROUND AND HISTORY

Santa Rosa Junior College (SRJC), located in Sonoma County, opened in 1918 and is the tenth oldest community college in California. Since opening, and with the addition of the Petaluma Campus in 1986, SRJC has become a highly regarded institution, providing essential higher learning opportunities to Northern California for over a century. SRJC is located primarily in Sonoma County, about 60 miles north of San Francisco and 100 miles west of Sacramento.

Between their Santa Rosa and Petaluma campuses SRJC services over 26,674 students in nearly 300 degree and certificate programs on 80 acres. While classically a feeder for UC Berkeley, students have used SRJC as a launching pad to numerous schools and for varied careers. The SRJC Santa Rosa campus includes comprehensive nursing and theatre arts programs as well a public safety training center. SRJC also operates Shone Farm, a 365-acre outdoor learning laboratory in the Russian River Valley dedicated to its agriculture and viticulture students.

In 2016, SRJC issued a \$410,000,000 bond to overhaul and update the campus. The proposed housing financing will complement the work that renovation started.

SRJC and its affiliated campuses are managed by the Sonoma County Junior College District (SCJCD). Governed by a locally elected eight-member Board of Trustees, SCJCD plays an important role in greater Sonoma County by responding to the cultural, academic, and social needs of an evolving and increasingly diverse student population. The SCJCD Board of Trustees and SRJC leadership are included as Appendix A.

The proposed project will be developed by the National Campus and Community Development Corporation (NCCD). NCCD is an Austin-based nonprofit 501(c)(3) corporation that focuses on college campus based development, specifically housing. NCCD has provided financing for thirteen colleges and universities, including eight student living facilities with a total of 6,598 beds. For each project NCCD creates a separate entity and manages the financing through negotiations, closing, funding, and subsequent ongoing responsibilities of ownership for the life of the financing. NCCD has ownership responsibility for more than \$1 billion of higher education facilities, most with 30 to 40 year financing terms.

NCCD – Santa Rosa Properties LLC (NCCD-SRP) is a single purpose, bankruptcy remote limited liability company, the sole member of which is NCCD. NCCD-SRP will be the borrower/owner of the debt. The debt will be issued to finance the Project (as described below), which will be used and operated in conjunction with SCJCD.

## PROJECT DESCRIPTION

The proceeds of the bonds will be used to (i) finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain educational facilities located in Santa Rosa, CA; (ii) fund any reserve funds, capitalized interest and/or related working capital in connection with such bonds, as necessary; and (iii) pay certain costs of issuance of the bonds.

Site	Landlord	Location	Purpose	Amount
Santa Rosa Junior College Campus	Servitas (Property Manager)	1501 Mendocino Ave, Santa Rosa, CA	New Construction	\$57,020,276
<b>Total Estimated Project Costs</b>				<b>\$57,020,276</b>

The SRJC proposed housing project (Project) will be the first student housing built on the SRJC campus, specifically the Santa Rosa campus. It is intended to meet the desires of current and future students for on-campus housing that is affordable, safe and location-centric. The Project has been designed in response to students' unit type and rental rate preferences. Construction is scheduled to commence in November of 2020 with an anticipated August 2022 opening and move-in date.

Prior to Project proposal a feasibility study and subsequent analysis determined a threshold demand of 499 beds at SRJC.

The Project will have 95,281 gross square footage and 43,417 net square footage and will offer 352 total beds, consisting of traditional single and double beds, semi-suite singles, and 4-bedroom apartments (singles and doubles). The 352 total beds are 147 less than the need assessed in the feasibility study to ensure all beds are filled without potential of excess inventory. Additionally conversations with SRJC Student Life and a campus engagement task force shaped the type of units in the Project, with more individual rooms leading to fewer beds. Finally design efficiency in construction was factored in.

The project will include living room/common areas; common kitchens and grab and go options; public restrooms; activity lounges; game rooms; study areas; quiet study areas; co-ed restrooms; and an approximately 92 space surface parking lot on the additional property. Beyond construction, the financing will additionally include acquisition of furniture, fixtures, and equipment as well as associated site development.

The Project will be developed and subsequently managed by Servitas LLC. Servitas LLC is a Texas-based developer of on-campus student housing and recently completed Orange Coast College's first ever residence hall.

#### **The Tentatively Proposed Rent Schedule Includes:**

<b>Type</b>	<b>Total Beds</b>	<b>% of Beds</b>	<b>2020 Proposed Monthly Rents</b>
Traditional Single	180	51%	\$1,188
Traditional Double	116	33%	\$958
Semi-Suite	32	9%	\$1,515
4 Bedroom Apt Single	8	2%	\$1,667
4 Bedroom Apt Double	16	5%	\$1,562
<b>TOTAL</b>	<b>352</b>		

## Current Off-Campus Comparable Rents

Unit Type	Rental Rate + Utilities per Bedroom					
	2015	2016	2017	2018	2019	2020
<b>2-Mile (Multi-Family)</b>						
Studio	\$1,020	\$1,071	\$1,123	\$1,166	\$1,199	\$1,192
1-BR	\$1,395	\$1,472	\$1,521	\$1,568	\$1,589	\$1,579
2-BR	\$903	\$957	\$980	\$1,007	\$999	\$996
3-BR	\$849	\$892	\$924	\$955	\$953	\$961
<b>Average (2-Mile / All Configurations)</b>	<b>\$1,042</b>	<b>\$1,098</b>	<b>\$1,137</b>	<b>\$1,174</b>	<b>\$1,185</b>	<b>\$1,182</b>
<b>Average (2-Mile / Multi-Bedroom Only)</b>	<b>\$876</b>	<b>\$924</b>	<b>\$952</b>	<b>\$981</b>	<b>\$976</b>	<b>\$978</b>
<b>5-Mile (Multi-Family)</b>						
Studio	\$1,014	\$1,063	\$1,115	\$1,157	\$1,189	\$1,189
1-BR	\$1,450	\$1,533	\$1,582	\$1,641	\$1,664	\$1,648
2-BR	\$928	\$981	\$1,012	\$1,049	\$1,042	\$1,048
3-BR	\$815	\$858	\$879	\$923	\$919	\$919
<b>Average (5-Mile / All Configurations)</b>	<b>\$1,052</b>	<b>\$1,109</b>	<b>\$1,147</b>	<b>\$1,192</b>	<b>\$1,204</b>	<b>\$1,201</b>
<b>Average (5-Mile / Multi-Bedroom Only)</b>	<b>\$872</b>	<b>\$919</b>	<b>\$945</b>	<b>\$986</b>	<b>\$981</b>	<b>\$984</b>

Rents for the SRJC Project were determined with a combination of project affordability and rent affordability in mind. Additionally savings from costs that are typically associated with off-campus rentals but are not applicable to the SRJC Project, or built into the rent, including initial deposits, lease-sharing, furniture, utilities, easy access to laundry and 24/7 security, have also been factored in. Finally students receiving financial aid that also require housing will see increased awards to match cost-of-living increases.

The community college resident base in general is price sensitive, and SRJC is no exception. As such there have been preliminary, ongoing conversations on ways to subsidize rents on an ongoing basis for at-need students. While there still isn't substantive enough understanding of precisely what improved affordability looks like for SRJC residents it is a long-term goal of the Project.

SRJC is also instituting a one-year residency requirement for international students, with certain exceptions, requiring all international students to live in on-campus housing for one enrollment year.

Under Section 17180 of the Education Code, CSFA is permitted to *make loans to a participating party to finance or refinance a project*. Based on information provided by NCCD-SRP, the Facility proposed to be financed as set forth in this application is an *educational facility* under the definition of *project* in Section 17173(j) of the Education Code and the project set forth in the Application is eligible under Section 17180 of the Education Code.

The Attorney General's Office (AG), Issuer's Counsel for CSFA on this transaction, has determined that on-campus student housing fits within the definition of *educational facility* described above.

NCCD-SRP will borrow the loan proceeds from the Authority. NCCD-SRP will lease certain real property from SCJCD pursuant to a Ground Lease, under which NCCD-SRP will agree to construct and operate a student housing facility on such leased real property. The facility is to be operated by NCCD-SRP in conjunction with SCJCD, predominantly for occupancy by students of SRJC.

NCCD-SRP will be entering into the loan agreement with CSFA in conjunction with SCJCD, each as a *participating party* under paragraphs (3) and (2), respectively, of the definition thereof as set forth in Section (17173(i)) of the Education Code.

## FINANCING

The bonds will be issued in two series: (1) Series 2020A (tax-exempt) will be approximately \$85,000,000 and (2) Series 2020B (taxable) will be approximately \$2,000,000 (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 and prior to May 1, 2060. The taxable series is expected to be issued as one term bond, maturing on May 1, 2023.

The facilities financed with proceeds of the Bonds will be operated by NCCD-SRP and managed by Servitas, pursuant to a Management Agreement between NCCD-SRP and Servitas. Servitas will lease the housing units of the of the Project to certain eligible residents, which are expected to be predominantly students, of SRJC, with the potential for some non-students, specifically SRJC faculty, employees and summer users of the campus, to use the facility as needed. SRJC finances are included as Appendix B.

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

As provided in the Indenture, the Bonds, together with interest thereon, will be limited and not general obligations of the Authority giving rise to no pecuniary liability of the Authority, will be payable solely from the Security, including the revenues and receipts derived from or in connection with the Project, including all moneys received under the Loan Agreement, which are required to be set apart and transferred to the Bond Fund and the Redemption Fund, which revenues and receipts (except for the Unassigned Rights) are specifically pledged and assigned to the Trustee as provided in the Indenture for the equal and ratable payment of the Bonds and will be used for no other purpose than to pay the Debt Service Payments on the Bonds, except as may be otherwise expressly authorized in the Indenture. As security for the payments required to be made to the Authority under the Loan Agreement and the Notes, the Borrower will execute and deliver the Leasehold Deed of Trust, the Security Agreement, and the Assignment of Contracts and Agreements.

### **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 2020A (Tax-Exempt)</b>	<b>Series 2020B (Taxable)</b>	<b>Total</b>
<b>Bond Proceeds:</b>			
Par Amount	\$62,100,000	\$700,000	\$62,800,000
Bond Premium	\$5,615,614		\$5,615,614
Equity Contribution	\$1,800,000		\$1,800,000
<b>Total:</b>	<b>\$69,515,614</b>	<b>\$700,000</b>	<b>\$70,215,614</b>
<b>Uses:</b>	<b>Series 2020A (Tax-Exempt)</b>	<b>Series 2020B (Taxable)</b>	<b>Total</b>
<b>Project Fund Deposits:</b>			
Student Housing	\$56,920,653.80	\$0	\$56,920,653.80
COI Over 2% Limit	\$0	\$562,000.62	\$562,000.62
	<b>\$56,920,63.80</b>	<b>\$562,000.62</b>	<b>\$57,484,654.42</b>
<b>Other Fund Deposits</b>			
Debt Service Reserve Fund	\$4,015,00	\$0	\$4,015,000
Capitalized Interest Fund	\$6,689,411.32	\$75,629.17	\$6,765,040.49
<b>Delivery Date Expenses:</b>			
Cost of Issuance	\$653,820	\$0.00	\$653,820
Underwriter's Discount	\$1,151,165.44	\$0.00	\$1,151,165.44
	<b>\$1,804,985.44</b>	<b>\$0.00</b>	<b>\$1,804,985.44</b>
<b>Other Uses of Funds:</b>			
Contingency	\$85,563.44	\$50,470.21	\$136,033.65
<b>Total:</b>	<b>\$69,515,614</b>	<b>\$700,000</b>	<b>\$70,215,614</b>

### Total Costs of Issuance\*

<b>Expense</b>	<b>Amount</b>
Underwriter's Discount	\$1,149,329
Bond Counsel	\$155,000
Ownership Counsel	\$125,000
Underwriter's Counsel	\$55,000
CSFA Issuance & Admin Fee	\$42,190
CSFA Issuer Fee - PFD Fee	\$8,000
Issuer's Counsel (AG)	\$20,000
Trustee & Trustee's Counsel Fee	\$5,000
S&P Rating Fee	\$48,500
Title Insurance/Escrow	\$75,000
Developer's Counsel Fee	\$95,000
Printer Fee	\$5,000
Syndicate Costs	\$10,000
Contingency	\$10,000
<b>Total</b>	<b>\$1,804,985.44</b>

\*Estimates based on a not-to-exceed Par Amount of \$87,000,000

## SALES RESTRICTIONS

Typically, for a financing rated BB+ or below, CSFA requires Sales Restrictions that include:

- Bonds in minimum denominations of \$100,000;
- Sales and transfers limited to Qualified Institutional Buyers (QIBs);
- If sales and transfers are opened to Accredited Investors (AIs) in addition QIBs denominations must be \$250,000 or higher.

A QIB manages \$100,000,000 or more in securities. An AI, alternatively, need only be worth \$1,000,000 or more. The intent of the Sales Restrictions has generally been to both protect smaller investors from risk and the Authority from legal exposure.

Because of the size of this issuance and the market for the bonds it has been requested that the Sales Restrictions be adjusted so that:

- Initial sales and subsequent transfers be in minimum denominations of \$100,000 and open to QIBs and Institutional AIs.

Institutional AIs are generally worth \$5,000,000 or more and are typically institutional investors vs. wealthy individuals.

CSFA and the State Treasurer's Public Finance Department, along with AG and STO counsel, have agreed to the amendments to the Sales Restrictions provided. Additionally, the parties have agreed preliminarily that the Investor Letter to be delivered by each bond purchaser at closing will include indemnification of CSFA by the purchaser for all claims arising out of transfers of the bonds in violation of the Indenture restrictions.

The bonds are anticipated to be rated BB+. The Borrower is requesting, and Authority is granting, a variance from the Authority's standard sales restrictions (which standard restrictions can be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>) as follows:

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 Institutional AIs *(as defined in paragraphs (1), (2), (3), or (7), of subsection (a) of Section 501 of Regulation D promulgated under the Securities Act of 1933.)*
3. The initial Bond purchasers will be required to execute an Investor Letter;
4. Subsequent transfers of Bonds will *also* be limited to QIBs and Institutional AIs; *and*
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

## OTHER PROJECT DATA

**Tax Equity and Fiscal Responsibility Act (TEFRA):** The TEFRA Notice was published on the CSFA Webpage on September 17, 2020. The TEFRA hearing will take place on Thursday, September 24, 2020. Staff does not anticipate any comments but will provide an update to the Board if any are received.

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

Additionally, 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, NCCD – Santa Rosa Properties LLC (NCCD-SRP) is a single purpose, bankruptcy remote limited liability company, the sole member of which is NCCD. NCCD-SRP will be the borrower/owner of the debt. The debt will be issued to finance the Project (as described below), which will be used and operated in conjunction with SCJCD.

NCCD-SRP is a single purpose entity with no assets other than the Project. 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 20-28 authorizing the issuance of College Housing Revenue Bonds in an amount not to exceed \$87,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, furnishing, and/or equipping of certain educational facilities located in Sonoma County, California for use by Santa Rosa Junior College.

1. **Applicant / Borrower:** NCCD Santa Rosa Properties LLC
2. **Project:** New Construction
3. **Amount of Financing:** Not to exceed \$87,000,000
4. **Maturity:** May 1, 2060
5. **Repayment/Security:** Loan Payments and Deed of Trust on Real Property
6. **Interest Rate:** 4.5%-5.5% on tax-exempts and 3%-5% on taxable
7. **Fees:** \$1,804,985.44 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

<p align="center"><b>APPENDIX A: SCHOOL GOVERNANCE</b></p>
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***Officers***

Frank Chong	Superintendent/President
Pedro Avila	Vice President Student Services/Assistant Superintendent
Kate Jolley	Vice President Finance/Administrative Services
Robert Ethington	Senior Dean of Students

***Board of Directors***

Jordan Burns	Board President
Dorothy Battenfeld	Board Vice President
Marianna Martinez	Board Clerk
Don Edgar	Trustee
Maggie Fishman	Trustee
Jeff Kunde	Trustee
W. Terry Lindley	Trustee
Jocelyn Toscano	Student Trustee

## APPENDIX B: ESTIMATED BUDGET PROJECTIONS AND ENROLLMENT

### *Santa Rosa Junior College Student Housing Project*

#### *Summary Projections*

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Students Rentals	4,498,324	\$5,559,929	\$5,726,727	\$5,898,529	\$6,075,484	\$6,257,749	\$6,445,481	\$6,638,846	\$6,838,011	\$7,043,152
Vacancies	(\$224,916)	(\$648,658)	(\$668,118)	(\$688,162)	(\$708,807)	(\$730,071)	(\$751,973)	(\$774,532)	(\$797,768)	(\$821,701)
<b>Net Rental Revenues</b>	<b>\$4,273,408</b>	<b>\$4,911,271</b>	<b>\$5,058,609</b>	<b>\$5,210,367</b>	<b>\$5,366,678</b>	<b>\$5,527,678</b>	<b>\$5,693,509</b>	<b>\$5,864,314</b>	<b>\$6,040,243</b>	<b>\$6,221,451</b>
Other Operating Revenue	\$64,107	\$79,236	\$81,613	\$84,061	\$86,583	\$89,181	\$91,856	\$94,612	\$97,450	\$100,374
<b>Operating Revenues</b>	<b>\$4,337,515</b>	<b>\$4,990,506</b>	<b>\$5,140,222</b>	<b>\$5,294,428</b>	<b>\$5,453,261</b>	<b>\$5,616,859</b>	<b>\$5,785,365</b>	<b>\$5,958,926</b>	<b>\$6,137,693</b>	<b>\$6,321,824</b>
Operating Expenses & Reserves*	(934,772)	(1,122,376)	(1,156,047)	(1,190,729)	(1,226,450)	(1,263,244)	(1,301,141)	(1,340,175)	(1,380,381)	(1,421,792)
<b>Income Available for Debt Service</b>	<b>\$3,402,742</b>	<b>\$3,868,130</b>	<b>\$3,984,174</b>	<b>\$4,103,700</b>	<b>\$4,226,811</b>	<b>\$4,353,615</b>	<b>\$4,484,223</b>	<b>\$4,618,750</b>	<b>\$4,757,313</b>	<b>\$4,900,032</b>
DSRF Earnings	\$0	\$7,945	\$7,945	\$7,945	\$7,945	\$7,945	\$7,945	\$7,945	\$7,945	\$7,945
Capital Interest Fund	\$2,086,667	-	-	-	-	-	-	-	-	-
<b>Net Revenues Available Before Debt Service</b>	<b>\$5,489,409</b>	<b>\$3,876,075</b>	<b>\$3,992,119</b>	<b>\$4,111,645</b>	<b>\$4,234,756</b>	<b>\$4,361,560</b>	<b>\$4,492,168</b>	<b>\$4,626,695</b>	<b>\$4,765,258</b>	<b>\$4,907,977</b>
Annual Debt Service	\$3,130,000	\$3,227,500	\$3,222,500	\$3,217,500	\$3,212,500	\$3,402,500	\$3,485,000	\$3,562,500	\$3,635,000	\$3,702,500
<b>Debt Service Coverage (x)</b>	<b>1.75x</b>	<b>1.20x</b>	<b>1.24x</b>	<b>1.28x</b>	<b>1.32x</b>	<b>1.28x</b>	<b>1.29x</b>	<b>1.30x</b>	<b>1.31x</b>	<b>1.33x</b>
<b>Net Revenues Available After Debt Service</b>	<b>\$2,359,409</b>	<b>\$648,575</b>	<b>\$769,619</b>	<b>\$894,145</b>	<b>\$1,022,256</b>	<b>\$959,060</b>	<b>\$1,007,168</b>	<b>\$1,064,195</b>	<b>\$1,130,258</b>	<b>\$1,205,477</b>
Expense Reimbursement Back to the College if 1.20x is Achieved	(260,000)	(321,360)	(331,001)	(340,931)	(351,159)	(361,604)	(372,544)	(383,721)	(395,232)	(407,089)
Subordinated Expenses	(85,395)	(98,481)	(101,435)	(104,478)	(107,612)	(110,841)	(114,166)	(117,591)	(121,119)	(124,752)
<b>Net Revenues to the College</b>	<b>\$2,013,814</b>	<b>\$228,735</b>	<b>\$337,184</b>	<b>\$448,736</b>	<b>\$563,485</b>	<b>\$486,526</b>	<b>\$520,458</b>	<b>\$562,884</b>	<b>\$613,907</b>	<b>\$673,636</b>
<b>Cumulative Net Revenues to the College</b>	<b>\$2,013,814</b>	<b>\$2,242,549</b>	<b>\$2,579,733</b>	<b>\$3,028,469</b>	<b>\$3,591,953</b>	<b>\$4,078,479</b>	<b>\$4,598,937</b>	<b>\$5,161,820</b>	<b>\$5,775,727</b>	<b>\$6,449,363</b>