

**\$31,000,000\***  
**CALIFORNIA SCHOOL FINANCE AUTHORITY**  
**EDUCATIONAL FACILITY TAXABLE LOAN**  
**(ENVIRONMENTAL CHARTER SCHOOLS)**  
**SERIES 2022**  
**ITEM #6 - RESOLUTION 22-08**

**STAFF SUMMARY**

**EXECUTIVE SUMMARY**

|                            |   |                              |                                 |
|----------------------------|---|------------------------------|---------------------------------|
| <b>Applicant/Borrower:</b> | Menlo Charter Properties, a California nonprofit public benefit corporation (MCP) | <b>Par Amount Requested:</b> | Not-to-Exceed *<br>\$31,000,000 |
|----------------------------|---|------------------------------|---------------------------------|

|                                       |   |
|---------------------------------------|---|
| <b>Financing Term:</b> Up to 35 years | <b>Interest Rate:</b> Not to exceed 5.00% |
|---------------------------------------|---|

**Applicant Description:** MCP is a California nonprofit public benefit corporation formed, and operating exclusively for charitable and educational purposes by conducting or supporting activities for the benefit, or to carry out the purposes, of Environmental Charter Schools.

**Type of Financing:** Educational Facility Taxable Loan

|                      |   |                       |                    |
|----------------------|---|-----------------------|--------------------|
| <b>Project User:</b> | Environmental Charter Schools – Obligated Group | <b>County Served:</b> | Los Angeles County |
|----------------------|---|-----------------------|--------------------|

|  |  |                            |  |
|--|--|----------------------------|--|
| <b>District in Which Project is Located:</b> | Los Angeles County Office of Education | <b>Charter Authorizer:</b> | Los Angeles County Office of Education |
|--|--|----------------------------|--|

**Project Description:** Finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities.

**Project Sites:** 2818 and 2828 Manhattan Beach Blvd, Gardena CA 90249  
812 W 165<sup>th</sup> Pl, Gardena, CA 90247  
3600 W Imperial Hwy, Inglewood, CA 90303  
809 and 813 W 165<sup>th</sup> Pl, Gardena CA 90247

| <b>Financing Team:</b> |                                     | <b>Financing Details:</b>  |   |
|------------------------|-------------------------------------|----------------------------|---|
| Bond Counsel:          | N/A                                 | <b>Type of Issue:</b>      | Educational Facility Taxable Loan (Private Placement) |
| Lender:                | Equitable Facilities Fund, Inc.     | <b>Tax Status:</b>         | Taxable   |
| Lender's Counsel:      | Orrick, Herrington & Sutcliffe LLP  | <b>Maturity:</b>           | Up to 35 years  |
| Borrower's Counsel:    | Musick, Peeler & Garrett LLP        | <b>Credit Enhancement:</b> | No  |
| Issuer's Counsel:      | Attorney General's Office           | <b>Credit Rating:</b>      | BB/BB+  |
| Issuer:                | California School Finance Authority | <b>Fees:</b>               | See Costs of Issuance Table                           |
| Trustee:               | Wilmington Trust, N.A.              |                            |   |

**CSFA Analyst:** Robby Biegler, Michael Pack

|  |                                 |
|--|---------------------------------|
| <b>Date of CSFA Board Meeting:</b> February 24, 2022 | <b>Resolution Number:</b> 22-08 |
|--|---------------------------------|

**Staff Recommendation:** Staff recommends the California School Finance Authority Board approve Resolution Number 22-08 authorizing an Educational Facility Taxable Loan in an amount not to exceed \$31,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located in Los Angeles County for use by Environmental Charter Schools.

## BACKGROUND AND HISTORY

Environmental Charter Schools (ECS) is a California nonprofit public benefit corporation. ECS operates four schools, currently servicing a total of 1,329 students. Three of those schools, Environmental Charter High School Gardena (ECHG), Environmental Charter Middle School Gardena (ECMG) and Environmental Charter Middle School Inglewood (ECMI) are involved in this loan.

- ECHG launched in 2021 with 110 students in grade 9 and expects to reach full enrollment of 500 students in grades 9-12 by FY 26.
- ECMG launched in 2010 and currently serves 349 students in grades 6-8. 89.9% of students are eligible for free or reduced price meals (FRPM), while 17.3% are designated English language learners (ELL).
- ECMI launched in 2013 and currently serves 354 students in grades 6-8. 92.2% of students are eligible for FRPM, while 19.6% are designated ELL.

All three charters were authorized by the Los Angeles County Office of Education (LACOE).

The Equitable Facilities Fund, Inc. (EFF) 2022 Loan transaction will establish a Master Trust Indenture (Indenture) for future ECS-EFF transactions. The financing for ECHG, ECMG and ECMI will be completed pursuant to that Indenture, and the landlord entities, MBB & Gardena LLC, Menlo 165<sup>th</sup> Place LLC, and Yukon LLC, will become members of the obligated group created thereby. MCP is the initial obligated group representative, and borrower under the Loan Agreement, but is not a member of the obligated group.

| ECS Charter Terms/Financing Obligations          |               |           |
|--|---------------|-----------|
| School Full Name                                 | Charter Term  | EFF Loan  |
| 1. Environmental Charter Middle School Gardena   | June 30, 2026 | 2022 Loan |
| 2. Environmental Charter Middle School Inglewood | June 30, 2025 | 2022 Loan |
| 3. Environmental Charter High School Gardena     | June 30, 2027 | 2022 Loan |

Current Demographics for the obligated group include:

| ECS         |                  |                |                |
|-------------|------------------|----------------|----------------|
| Description | Inglewood MS (%) | Gardena MS (%) | Gardena HS (%) |
| FRL         | 92%              | 90%            | 72%            |
| Latinx      | 83%              | 82%            | 77%            |
| Black       | 15%              | 13%            | 17%            |
| ELL         | 19%              | 17%            | 11%            |
| SPED        | 11%              | 14%            | 17%            |

Current enrollment projections for the obligated group include:

| Obligated Group Schools     |        |              |              |              |              |              |              |              |              |
|-----------------------------|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| School                      | Grades | FY 18        | FY 19        | FY 20        | FY 21        | FY 22        | FY 23        | FY 24        | FY 25        |
| <i>Gardena MS</i>           | 6-8    | 356          | 346          | 349          | 346          | 349          | 352          | 354          | 354          |
| <i>Inglewood MS</i>         | 6-8    | 303          | 359          | 358          | 358          | 354          | 353          | 357          | 357          |
| <i>Gardena HS*</i>          | 9      | NA           |              |              |              | 110          | 130          | 125          | 125          |
|                             | 10     | NA           |              |              |              | NA           | 110          | 125          | 125          |
|                             | 11     | NA           |              |              |              | NA           | NA           | 109          | 125          |
|                             | 12     | NA           |              |              |              | NA           | NA           | NA           | 107          |
|                             | 9-12   | NA           |              |              |              | 110          | 240          | 359          | 482          |
| <b>Subtotal:</b>            |        | <b>659</b>   | <b>705</b>   | <b>707</b>   | <b>704</b>   | <b>813</b>   | <b>945</b>   | <b>1,070</b> | <b>1,193</b> |
| Non-Obligated Group Schools |        |              |              |              |              |              |              |              |              |
| <i>Lawndale HS</i>          | 9-12   | 523          | 523          | 517          | 521          | 516          | 516          | 516          | 516          |
| <b>Total:</b>               |        | <b>1,182</b> | <b>1,228</b> | <b>1,224</b> | <b>1,225</b> | <b>1,329</b> | <b>1,461</b> | <b>1,586</b> | <b>1,709</b> |

Projected increases in enrollment for the obligated group are largely attributable to the grade expansion of ECHG and the matriculation of students from ECMG.

Financial projections for this loan are included as Appendix A. ECS leadership is included as Appendix B.

**PROJECT DESCRIPTION**

The proceeds of the loan 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 at 2818 and 2828 Manhattan Beach Blvd, Gardena, California 90249, 812 West 165th Place, Gardena, California 90247, 809 West 165th Place, Gardena, California 90247, 813 West 165th Place, Gardena, California 90247, and 3600 West Imperial Highway, Inglewood, California 90303; and (ii) pay certain costs of delivery of the loan.

The proceeds allocated to the properties located at 812 West 165th Place, Gardena, California 90247 and 3600 West Imperial Highway, Inglewood, California 90303 will be used to refinance \$7,604,401 in outstanding loans relating to those properties. The proceeds allocated to the properties located at 809 and 813 West 165th Place, Gardena, California 90247 will be used to purchase approximately 7,981 acres of land located at those addresses.

| <b>Bond Proceeds</b>   |                                   |   |                       |                     |
|--|-----------------------------------|---|-----------------------|---------------------|
| <b>Site</b>  | <b>Landlord</b>                   | <b>Location</b>   | <b>Purpose</b>        | <b>Amount</b>       |
| ECHG   | MBB & Gardena LLC                 | 2818 and 2828 Manhattan Beach Blvd. Gardena                           | Purchase & Renovation | \$21,600,000        |
| ECMG   | Menlo 165 <sup>th</sup> Place LLC | 812 West 165 <sup>th</sup> Place, Gardena                             | Refinancing           | \$4,539,401         |
| ECMI   | Yukon LLC (Leased Facility)       | 3600 W Imperial Highway, Inglewood                                    | Refinancing           | \$3,065,000         |
| ECMG Lots  | MCP                               | 809 W 165 <sup>th</sup> Place & 813 W 165 <sup>th</sup> Place Gardena | Purchase              | \$1,500,000         |
| <b>Total Estimated Project Costs (Including ECS Equity Contribution)</b> |                                   |   |                       | <b>\$31,034,401</b> |

The ECHG project site is a 2-acre parcel located at 2818 and 2828 Manhattan Beach Blvd that includes: 40,000 sq. ft. of buildings (a 24,000 sq. ft. educational building, a 10,000 sq. ft. sanctuary and office complex and a 6,000 sq. ft. triplex); 112 parking spots; a central courtyard with play area and a smaller garden courtyard; a small amphitheater; and basketball courts. The buildings include roughly 18 classrooms (5 STEM), multiple small learning spaces and multipurpose rooms, 5 private offices, a reception area, kitchenette, waiting area, a tech room, and a back stage area.

The loans being refinanced were for acquisition and lease costs, respectively, of the ECMG and ECMI campuses. The \$4.5 million loan associated with ECMG is with Beneficial State Bank. The \$3.1 million loan associated with ECMI is with California Credit Union.

The two lots being acquired total approximately 7,981 acres and will be used for outdoor education programming and as a passive lunch and play area primarily for ECMG.

MCP was formed in 2013 and serves as the borrower. Its purpose is to acquire, develop, own and lease property in support of the programs of ECS and for charitable purposes within the meaning of Section 501(c)(3) of the Code. The Borrower operates exclusively to support ECS.

**EFF / Orrick, Herrington & Sutcliffe LLP Relationship**

EFF is a Delaware-based nonstock nonprofit corporation that has 501(c)(3) tax-exempt status as a public charity. EFF was initially funded by philanthropic contributions from the Walton Family Foundation, and is organized to make low-cost, long-term, fixed rate loans to charter schools for facilities. The EFF program is set up as a revolving loan fund, so that as existing school loans are repaid, the loan repayment revenues can be used to make new loans. In addition, EFF has obtained, and will continue to seek, capital market financing in the form of tax-exempt bonds to leverage the revenue streams from their pool of school loans. Depending on the locations of the projects financed by the loans over time, EFF will issue bonds using various conduit issuers in various jurisdictions, and, as it did in connection with its first issuance of bonds in 2019, its second issuance of bonds in 2020, and its third issuance of bonds in 2021, possibly use a national conduit issuer that has authority to finance projects in multiple jurisdictions. EFF will use the proceeds of such bonds to reimburse itself for loans it previously originated, in order to make additional loans.

*Orrick, Herrington & Sutcliffe LLP (Orrick) represents EFF, and acts as its primary outside counsel on all lending and financing transactions nationally. Orrick's relationship with EFF is managed by Eugene Clark-Herrera.*

In the proposed loan to the Borrower, structured as a conduit loan through CSFA, Orrick would act as EFF's counsel. Although Orrick would not have an attorney-client relationship with CSFA on the ECS transaction, Orrick would perform most, if not all, of the tasks ordinarily performed in other transactions when acting as bond counsel to CSFA. While these tasks are associated with the role of "bond counsel", there is no legal or ethical requirement that the firm performing these tasks be retained by the conduit issuer. In this transaction, EFF and ECS have agreed that Orrick should perform these tasks because of its prior experience in doing so on similar transactions. The only difference on this transaction would be that Orrick's client relationship is not with CSFA, but instead with EFF. Therefore, in this transaction, the Attorney General's Office will represent CSFA (as issuer's counsel), without need for an additional law firm to act as CSFA's outside bond counsel.

The financing will be structured as a tri-party loan, with EFF as the lender, CSFA as the conduit loan facilitator, and MCP as the borrower. As with the previous loans through EFF the intercept will lower the costs for ECS vs. a conventionally-structured loan.

## FINANCING

The facilities acquired and/or refinanced with the proceeds of the Loan will be leased by MBB & Gardena LLC, Menlo 165<sup>th</sup> Place LLC, and Yukon LLC (each, a Landlord) to ECS (Lessee), pursuant to a lease by and between the Lessee and the Landlord. The Facilities will be used by the Lessee to operate ECMI, ECMG, and ECHG.

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

The Loan will be secured by an obligation issued pursuant to a Master Indenture that establishes an Obligated Group, including a pledge of rental revenues and mortgages on all related property interests naming Master Trustee as mortgagee. The lease with Lessee will be subject to Intercept. Lessee is required under the lease to maintain certain financial covenants. As additional security, and in connection with the issuance of the Loan, ECS will provide instructions to the State Controller's Office to make an apportionment to EFF with respect to ECHG, ECMG and ECMI in the amounts, and on the dates provided, in a written notice sufficient in the aggregate to repay the Loan and pay necessary and incidental costs (Intercept). Funds received by the Lender pursuant to such Intercept will be applied solely for payment of debt service on the Loan. Under the laws of the State of California, no party, including any Landlord, the Lessee, or any of their respective creditors will have any claim to the money apportioned or to be apportioned to the Lender 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.

**Sources and Uses**

| <b>Sources:</b>                |  | <b>2022 Taxable Loan</b> |
|--------------------------------|--|--------------------------|
| <b>Loan Proceeds:</b>          |  |                          |
| Par Amount                     |  | \$26,288,117.77          |
| Bond Premium                   |  | \$4,711,882.23           |
| Equity Contribution            |  | \$34,401.00              |
| <b>Total:</b>                  |  | <b>\$31,034,401.00</b>   |
| <b>Uses:</b>                   |  | <b>2022 Taxable Loan</b> |
| <b>Project Fund Deposits:</b>  |  |                          |
| ECHG                           |  | \$21,600,000             |
| Acquisition                    |  |                          |
| ECMG Refinancing               |  | \$4,539,401              |
| ECMI Refinancing               |  | \$3,065,000              |
| Lots                           |  | \$1,500,000              |
| <b>Project Total</b>           |  | <b>\$30,704,401</b>      |
| <b>Delivery Date Expenses:</b> |  |                          |
| Cost of Issuance               |  | \$330,000.00*            |
| <b>Total:</b>                  |  | <b>\$31,034,401</b>      |

**Total Costs of Issuance\***

| <b>Expense</b>                  | <b>Amount</b>    |
|---------------------------------|------------------|
| Lender's Counsel Fee            | \$125,000        |
| Borrower's Counsel Fee          | \$50,000         |
| CSFA Issuance Fee               | \$24,800         |
| CSFA 1st Admin Fee              | \$4,440          |
| Agent for Sale Fee              | \$6,000          |
| CDLAC Fee                       | \$5,000          |
| Issuer's Counsel (AG)           | \$15,000         |
| Trustee & Trustee's Counsel Fee | \$5,000          |
| Title Insurance/Escrow          | \$55,000         |
| Rating Agency Fee               | \$20,000         |
| Appraiser Fee                   | \$4,000          |
| Contingency                     | \$7,519.10       |
| Other                           | \$8,240.90       |
| <b>Total</b>                    | <b>\$330,000</b> |

\*Estimates based on a not-to-exceed Par Amount of \$31,000,000.

**SALES RESTRICTIONS**

The following sales restrictions will apply. The Authority's sales restrictions can be viewed at: <http://treasurer.ca.gov/csfa/financings/guidelines.pdf>.

The Loan will be non-transferable except between EFF and its affiliated entity, Equitable School Revolving Fund, LLC (ESRF), and in the case of default, to QIBs. The following restrictions will apply:

1. The Note will not be broken into smaller denominations;
2. The Note will be privately placed with EFF and/or ESRF;
3. EFF and ESRF will each be required to execute an Investor Letter;
4. Subsequent transfers of the Note will be limited to transfers between EFF and ESRF or to Qualified Institutional Buyers in the case of a default;
5. Sales restrictions will be conspicuously noted on the Note and described in detail in offering materials, if any, as well as included in the Loan documents;
6. Loan repayments will be made via the intercept mechanism outlined in Section 17199.4 of the Education Code.

## OTHER PROJECT DATA

**Tax Equity and Fiscal Responsibility Act (TEFRA):** Not applicable as this is a taxable loan.

**Due Diligence Undertaken to Date:** The financial, operating and other information concerning the Borrower, the Project and related matters presented in this Staff Summary was provided by the Borrower and Lender. The analysis contained herein was prepared by CSFA Staff for the limited purpose of determining financial feasibility pursuant to Section 17183.5 of the CSFA Act and providing the CSFA Board with information concerning certain aspects of the Project. The review undertaken by CSFA staff, the recommendation of CSFA Staff to the CSFA Board to approve the financing, or any approval by the CSFA Board are not intended to, and did not, include all of the due diligence activities and other investigations necessary or desirable for the purpose of making an investment decision relating to the making of the financing by the Lender, and should not be relied on by any party for such purpose.

**Borrower Financial Data:** MCP was formed in 2013 and serves as the borrower. MCP is a California nonprofit public benefit corporation. MCP was formed, and operates, exclusively for charitable and educational purposes by conducting or supporting activities for the benefit, or to carry out the purposes, of ECS. MCP's principal activities are to acquire, develop, rehabilitate, operate and maintain certain real property and improvements located in Los Angeles County, California for exclusive use and occupancy by ECS to operate one or more charter schools.

## STAFF RECOMMENDATION

Staff recommends the California School Finance Authority's (CSFA) Board approve Resolution Number 22-08 authorizing the Educational Facility Taxable Loan in an amount not to exceed \$31,000,000 to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located in Los Angeles County, California for use by Menlo Charter Properties, a California nonprofit public benefit corporation.

1. **Applicant / Borrower:** Menlo Charter Properties, a California nonprofit public benefit corporation
2. **Project:** Lease Purchase to Buy School Facility, Lots, Refinance Outstanding Loans
3. **Amount of Financing:** Not –to- exceed \$31,000,000
4. **Maturity: Up to 35 years**
5. **Repayment/Security:** Lease Payments and Deed of Trust on Real Property
6. **Interest Rate:** Not to exceed 5%
7. **Fees:** \$330,000\* 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 enter into the loan agreement no later than 12 months from such date. Once the approval has expired, the item must return to the Board for new approval.



# APPENDIX A: ESTIMATED BUDGET AND ENROLLMENT (PROJECTED)

## EFF Financial Worksheet Template

INSTITUTION NAME: Environmental Charter Schools Obliga

| Fiscal Year                                 | 2021       | 2022       | 2023       | 2024       | 2025       | 2026       |
|---|------------|------------|------------|------------|------------|------------|
| Fiscal Year End                             | 06/30/2021 | 06/30/2022 | 06/30/2023 | 06/30/2024 | 06/30/2025 | 06/30/2026 |
| Statement Basis                             | Annual     | Projected  | Projected  | Projected  | Projected  | Projected  |
| <b>Student Demand and Enrollment</b>        |            |            |            |            |            |            |
| Grades Offered                              | 6-8        | 6-9        | 6-10       | 6-11       | 6-12       | 6-12       |
| Total FTE Enrollment (Daily Avg Attendance) | 704        | 813        | 945        | 1,070      | 1,193      | 1,220      |

**Revenues**

Per Pupil Funding:

|   |           |           |            |            |            |            |
|---|-----------|-----------|------------|------------|------------|------------|
| Local Funding -                           | 7,396,135 | 9,135,881 | 11,573,951 | 13,867,005 | 16,234,263 | 17,097,018 |
| State Funding -                           | 1,675,044 | 2,540,508 | 2,475,409  | 2,730,111  | 2,990,055  | 3,034,304  |
| Federal Funding (including CARES/ESSER) - | 1,454,236 | 2,108,455 | 3,080,082  | 2,186,427  | 1,243,541  | 1,274,500  |
| Other Revenue                             | 95,028    | 1,405,503 | 696        | 696        | 696        | 696        |
| Grants/Fundraising/Contributions          | 532,802   | 440,097   | 400,000    | 250,000    | 350,000    | 150,000    |

|                      |                   |                   |                   |                   |                   |                   |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total Revenue</b> | <b>11,153,246</b> | <b>15,630,444</b> | <b>17,530,138</b> | <b>19,034,239</b> | <b>20,818,555</b> | <b>21,556,518</b> |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|

**Expenses**

|                                   |           |           |            |            |            |            |
|-----------------------------------|-----------|-----------|------------|------------|------------|------------|
| Program Services                  | 9,174,095 | 9,961,399 | 11,329,703 | 12,482,149 | 13,552,723 | 13,893,531 |
| Management and General            | 3,953,647 | 3,884,808 | 4,289,102  | 4,625,159  | 4,604,189  |            |
| Capital Outlay                    |           |           |            |            |            |            |
| Site and Building                 |           |           |            |            |            |            |
| Fundraising and Community Service |           |           |            |            |            |            |
| Other Exp                         |           |           |            |            |            |            |
| Rent expense (lease expense)      | 638,289   | 1,179,225 | 1,751,298  | 1,751,298  | 1,856,556  | 1,856,556  |
| Depreciation                      | 107,256   | 120,813   | 110,061    | 110,141    | 106,726    | 106,726    |
| Interest Expense                  |           |           |            |            |            |            |

|                       |                  |                   |                   |                   |                   |                   |
|-----------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total Expenses</b> | <b>9,919,640</b> | <b>15,215,084</b> | <b>17,075,870</b> | <b>18,632,691</b> | <b>20,141,164</b> | <b>20,461,002</b> |
|-----------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|

|                                       |                  |                |                |                |                |                  |
|---------------------------------------|------------------|----------------|----------------|----------------|----------------|------------------|
| <b>Excess of Revenue Over Expense</b> | <b>1,233,606</b> | <b>415,360</b> | <b>454,268</b> | <b>401,548</b> | <b>677,391</b> | <b>1,095,516</b> |
|---------------------------------------|------------------|----------------|----------------|----------------|----------------|------------------|

|                                       |         |           |           |           |           |           |
|---------------------------------------|---------|-----------|-----------|-----------|-----------|-----------|
| Add Back: Depreciation & Amortization | 107,256 | 120,813   | 110,061   | 110,141   | 106,726   | 106,726   |
| Annual Lease Expense                  | 638,289 | 1,179,225 | 1,751,298 | 1,751,298 | 1,856,556 | 1,856,556 |
| Annual Interest Expense               | 0       | 0         | 0         | 0         | 0         | 0         |

|   |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Balance Available for Debt Service</b> | <b>1,979,151</b> | <b>1,715,398</b> | <b>2,315,627</b> | <b>2,262,988</b> | <b>2,640,673</b> | <b>3,058,798</b> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|

|   |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Principal Payments on Long-Term Debt              |           |           |           |           |           |           |
| Lease-Adjusted Annual Debt Service (ADS)          | 638,289   | 1,179,225 | 1,751,298 | 1,751,298 | 1,856,556 | 1,856,556 |
| Lease-Adjusted Maximum Annual Debt Service (MADS) | 1,856,556 | 1,856,556 | 1,856,556 | 1,856,556 | 1,856,556 | 1,856,556 |

**COVERAGE RATIOS**

|                              |      |      |      |      |      |      |
|------------------------------|------|------|------|------|------|------|
| Lease-Adjusted ADS Coverage  | 3.10 | 1.45 | 1.32 | 1.29 | 1.42 | 1.65 |
| Lease-Adjusted MADS Coverage | 1.07 | 0.92 | 1.25 | 1.22 | 1.42 | 1.65 |

|  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Total Unrestricted Cash &amp; Investments</b> | <b>2,791,124</b> | <b>3,382,551</b> | <b>3,448,506</b> | <b>3,618,773</b> | <b>4,012,996</b> | <b>5,096,259</b> |
| <b>Days Cash on Hand</b>                         | <b>103.8</b>     | <b>81.8</b>      | <b>74.2</b>      | <b>71.3</b>      | <b>73.1</b>      | <b>91.4</b>      |

**APPENDIX B:  
SCHOOL GOVERNANCE**

***Officers***

|                          |                                     |
|--------------------------|-------------------------------------|
| Farnaz Golshani Flechner | CEO/Executive Director              |
| Danielle Kelsick         | Chief Academic Officer              |
| Tracy Bondi              | Director of Finance                 |
| Jeremiah David           | Director of Compliance & Operations |
| Sarah Jameison           | Director of Human Resources         |

***Board of Directors***

|                   |                |
|-------------------|----------------|
| Anthony Jowid     | President      |
| Ken Deemer        | Vice President |
| Zena Bong         | Secretary      |
| Jenina Ramirez    | Trustee        |
| Dr. Madu Chatwani | Trustee        |
| Kennedy Hilario   | Trustee        |