C.1 Facilities Acquisition

A & B. Description of Available Facilities Necessary to Implement the Program

Alhambra Preparatory Academy (APA) is currently in negotiations with Madison School District to share a campus with Madison Park Middle School, 1431 E. Campbell Avenue, Phoenix, (see Exhibit 1). In the event that a lease arrangement is reached, APA will change their name to Madison Highland Prep (MHP).

Madison Highland Prep's target enrollment goal for year one is 300 students, in year two 350 students, and in year three 400 students (See A.2). In year four, MHP expects to reach its maximum enrollment for the portion of the facility (450 students) that it has targeted to lease. Consistent with these enrollment goals, MHP will need a facility that can accommodate the students, staff, and faculty. To this end, the Director of Operations and the Director of Academics have identified the need for a minimum of one classroom per Teacher with a minimum of 12 classrooms in year one, 14 classrooms in year two, and 15 classrooms in year three and thereafter (See Exhibit 1). MHP has further identified that the Madison Park Middle School's facility has 20,944 square feet of classroom, cafeteria, gymnasium, and administrative office (including four offices, a teacher workroom and reception area) space to support a highly functional STEM college preparatory high school. Further, the Madison Park facility lease will include full access to outdoor courts and recreation fields which will support MHP's extra-curricular program. As mentioned in year three, with approximately 400 students, MHP's usage of the Madison Park facility will increase to 23,380 square feet which includes the three additional classrooms over year one. The Madison Park facility presents the best fit for Madison Highland Prep's STEM college preparatory mandate. Included in the classrooms mentioned are three science classrooms, one of which is being renovated by the Madison School District to ensure quality lab facilities for the school's science program. MHP's administrative team will ensure that the Madison Park lease receives proper zoning and timely educational occupancy.

As mentioned, MHP anticipates an enrollment of 300 students comprised of freshmen and sophomores. MHP will serve these students with twelve classrooms (812 sq. ft. per classroom) in year one. In year two, MHP will serve 350 students utilizing fourteen classrooms, and adding the eleventh grade. In year three, MHP will serve 400 students in fifteen classrooms, with the addition of the twelfth grade. In addition to the projected use of fifteen classrooms, MHP will have use of its own administrative office, which will include four offices, a teacher workroom, and a reception area. The MHP education community will also have access to the Madison Park cafeteria (5500 sq. ft.), gymnasium (4200 sq. ft.), and common areas which include athletic fields, courts, and a running track. The resulting estimate for total space needed during each of the first three years of operation is listed below in Table 1.

Table 1: Facility Space Requirements

FY Year	Classrooms	Classroom Size	Cafeteria Size	Gym Size	Administrative Offices	Square Footage	Grade Level	Students
Y1 2014-2015	12	812	5500	4200	1500	20944	9-10	300

Y2 2015-2016	14	812	5500	4200	1500	22568	9-11	350
Y3 2016-2017	15	812	5500	4200	1500	23380	9-12	400

C. Timeframe for Securing an Appropriate Facility Consistent With Start-Up Date

Through the fall of 2013, Alhambra Preparatory Academy (APA) will continue an active dialogue with Madison School District (on behalf of Madison Highland Prep) in the interest of securing an appropriate facility lease arrangement. Once the charter application is approved in January of 2014, APA will finalize the lease documents for the facility, obtain permits, and ensure that a certificate of occupancy is obtained. Throughout this process, the Director of Operations and the Director of Academics will ensure the facility is in compliance with city ordinances for the target area. Beginning in August 2013, tenant improvements will be made while sections of the building will be used by the Principal and Director of Curriculum for administrative tasks, marketing, and for meeting prospective students and their families. Improvements will be finished by July for teachers to set up classrooms and welcome students at the New Student Orientation day, August 4th and on the first day of school on August 5, 2014.

D. Costs Associated with Securing Facility and Compliance with Applicable Laws and Regulations

Costs
Alhambra Preparatory Academy intends to lease a portion of Madison Park Middle School through the Madison School District (MSD). The lease arrangement under negotiation is for a 5 year renewable term. MSD's interest in the lease arrangement stems from their desire to create a Pre-K through 12th grade STEM college preparatory program consistent with ongoing feedback from their stakeholders. Additionally, the lease agreement will have the effect of generating funds that will offset costs associated with operating an under enrolled school. The costs related to the negotiation of the MSD Lease, have resulted from the need to contract legal counsel for purposes of reviewing the Lease Agreement. These costs will be paid through the AZCSP Start-Up Grant during the fall of 2013, prior to the start-up budget estimated costs. Alhambra Preparatory Academy has budgeted $2,500 for legal fees related to the negotiation of the lease.

Capital Modifications
Madison School District will pay for capital modifications as agreed in writing between the parties. Alhambra Preparatory Academy bears the responsibility of ensuring that all modifications are made such that a certificate of occupancy is issued for the operation of the School.

Utilities
The proposed Lessor, Madison School District agrees to provide the following services or amenities without any additional cost to Alhambra Preparatory Academy during stat-up and implementation.

a. General maintenance of indoor and outdoor facilities
b. Phone access, including direct lines and fax numbers
c. Internet, WIFI, Technical Services
d. Electric, water, sewer and natural gas service

e. Intercom access
f. Security system
g. Pest control

Compliance with Applicable Laws and Regulations

During the start-up phase $1,500 has been budgeted for property and casualty insurance, $2,500 for liability insurance, and $1,000 for permits. Alhambra Preparatory Academy understands the process of acquiring a facility and ensuring compliance with all laws and regulations including obtaining educational occupancy. Alhambra Preparatory Academy will ensure compliance with all applicable laws and regulations including obtaining educational occupancy. Alhambra Preparatory Academy understands the City of Phoenix's policies regarding construction inspections, fire safety inspections, and obtaining educational occupancy. Alhambra Preparatory Academy acknowledges that it is directly responsible for coordinating all inspections and satisfying the requirements for each department's approval on the Certificate of Occupancy form. In order to secure a Certificate of Occupancy the school must first secure a Temporary Certificate of Occupancy. The process for obtaining approval for the Temporary Certificate of Occupancy shall include:

- Fire Department clearance
- No overhead lifting above floor(s) of occupancy
- Building must be enclosed at all levels
- Associated Site and Civil requirements must be met
- Code-required fire and life/safety systems, i.e., sprinklers, fire alarms, smoke detectors, fire rated floor systems, duct, shafts, and penetrations, elevators, exit illumination, exists and exit stairways, must be in place and functional on the level of occupancy considered, one story above and to grade level.
- Accessibility requirements must be in complete compliance to, throughout, and from the area under consideration
- Parking, including accessible spaces, must be available for the occupancy of the area under consideration.
- Sprinklers and standpipes must be functional on floors under construction - proper design pressures and required on the floor of occupancy, the adjacent floor above and to grade
- Other issues pursuant to field conditions

E. Financial Arrangements for Securing the Facility

The Lease Agreement between APA and MSD will result in an annual payment to MSD of fifteen percent (15%) of the revenues received as base support level (A.R.S. Section 15-943) and any additional state assistance pursuant to A.R.S. Section 15-185 for the school (to be named Madison Highland Prep). In the event that Madison has been paid additional funds (due to a decrease in payment by the Arizona Department of Education or any other event which should cause Madison such additional payment), Madison shall promptly refund to Charter the amount which has been paid in excess. The Annual Fee shall be paid in semi-annual installments by January 30th and by June 30th of each fiscal year. The Annual Fee shall be reconciled as soon as possible after the 40th day and 100th day student count.

In the interim, MSD shall provide additional office space to Alhambra Preparatory Academy at the Facility commencing August 1, 2013, for a term of twelve months terminating on July 31, 2014 (August 1, 2013 to January 31st, 2014 will be funded on AZCSP Phase I, and February 1st, 2014 through July 31st,

2014 will be funded on AZCSP Phase 2). Alhambra Preparatory Academy has agreed to pay MSD two thousand dollars ($2,000.00) per month for this office space, which includes maintenance and utilities.

Budgeted Items related to Facility

Office Lease Costs and School Facility Lease

Pre-Start-Up: $2,000 x 6 = $12,000 (AZCSP Phase I)
Start-Up: $2,000 X 6 = $12,000 (AZCSP Phase 2)

Year 1: $1,718,632 X .15 = $257,794.80*
Year 2: $2,034,122 X .15 = $305,118.30*
Year 3: $2,354,619 X .15 = $353,192.85*

Fees/Permits

Start-up: $1,000 (AZCSP Phase 2)

Year 1: $500
Year 2: $500
Year 3: $500

Property/Casualty Insurance

Start-up: $1,500 (AZCSP Phase 2)

Year 1: $6500
Year 2: $6500
Year 3: $6500

Liability Insurance

Start-up: $2,500 (AZCSP Phase 2)

Year 1: $7500
Year 2: $8500
Year 3: $9500

F. Layout of Space

MHP's proposed Layout of Space is supported in the narrative (See Exhibit 1).

G. Costs Are Accounted for in Budgets

MHP's costs described in the narrative are accounted for in the start-up, and three year operational budgets (See C.4 & C.5)