Estrella Educational Foundation intends to partner with and lease the required facilities for Maricopa Institute of Technology (MIT) from the Riverside Elementary District #2 (RESD2). The facility is being developed by RESD#2 and they will own the school and lease to MIT and approved by the Riverside School District Board of Directors during the March 13, 2014 board meeting.

A. Description of Facility Necessary for Program

MIT's target enrollment goal in year 1 is 150 ninth grade students, 300 in year two with ninth and tenth grade students, and 450 in year three with ninth, tenth, and eleventh grade students. The facility needed to implement the Science, Technology, Engineering, and Math (STEM) Program at MIT in the first year will require six classrooms and a science laboratory. In year two, 12 classrooms and an additional science laboratory. In the third year, 18 classrooms and four science laboratories are needed. Each classroom should be approximately 800 square feet with a minimum of four science laboratories. One multi-purpose room is needed for assemblies at approximately 6,500 square feet, a faculty work room, and at least 5 administrative offices, a health office, and a computer lab for a Technology classroom. The facility should also have bathrooms on the top and bottom floor to serve 600 students. Storage should be included in the top and bottom floors for Science and Technology Laboratory supplies.

B. Description of the Facility

Maricopa Institute of Technology (MIT) will be operating out of a two story 60,000 square foot facility located on 55th Avenue and Jones in Phoenix, Arizona. Maricopa Institute of Technology will be located between the two RESD2 schools that are located on 67th Avenue between Broadway and Elway and 51st Avenue between Lower Buckeye and Upper Buckeye.

The Riverside School District #2 has committed to financing the design and construction of a two story 60,000 square foot facility with 14 classrooms, four science labs (each of the labs have capacity to be split into two science labs), 1 lecture/presentation hall, a health office, six administrative offices, a warming kitchen with a serving area, two faculty workrooms, a reading area for students, a conference room on the bottom and top floor, and boys and girls bathrooms on the bottom and top floor. There is a janitor's closet on the top and bottom floor. There is a lobby and multipurpose room as you walk in the front entrance.

The first floor has six classrooms that are 1088 square feet each, one lecture classroom at 2176 square feet with at 97 student capacity, and two science labs at 2176 square feet each. Each science lab can be divided into two science labs of 1088 square feet each. Total number of classrooms on the bottom floor is 10 classrooms at 1088 square feet and 1 lecture hall at 2176 square feet. There are computers in all classrooms for technology access to accommodate learning in science, technology, engineering and math.

The second floor has eight classrooms that are 1088 square feet each, and two science labs at 2176 square feet each. Each science lab can be divided into two science labs at 1088 square feet each. Total number of classrooms on the top floor is 12 classrooms at 1088 square feet each. There are computers in all classrooms for technology access to accommodate learning in science, technology, engineering and math.

The science labs will be divided for use when the school has 450 students enrolled in year three. The floorplans for the facility are included as the required exhibits for this section.

Facility Requirements for Year 1, 2, and 3

Year 1 150 Students	Year 2 300 Students	Year 3 450 Students
Classrooms 6 Administrative Offices 2	Classrooms 12 Administrative Offices 3	Classrooms 18 Administrative Offices 5
Grade 9	Grades 9 and 10	Grades 9, 10, and 11

C.1 Facility Requirements

C. Timeframe for Securing a Facility

The Riverside School District #2 (RESD2) is in the design phase of the facility. Orcutt Winslow architects are working with RESD2 on this phase and should be completed in March of 2015. The permitting process and plans have been made to begin construction on April of 2015.

Construction is expected to be completed by April of 2016. This twelve month timeframe, according to Core Construction, is in line with other similar sized facilities they have constructed.

Riverside expects to have secured an Educational Certificate of Occupancy by the beginning of April of 2016. Move in is expected to occur in the end of April.

D. Costs Associated with Securing the Facility

The Riverside School District #2 has committed to the costs, construction, applicable fees for obtaining an Educational Certificate of Occupancy and all required permits, for securing the facility for MIT. MIT will be responsible for the monthly costs related to the facility, including monthly lease and maintenance expenses, utilities, and insurance, after the building is complete.

A breakdown of the costs is below:

Contracted Services Operation and Maintenance

Assumes contracted janitorial services at $2,500 per month, $30,000 per year in year 1, $35,000 in year 2, and 40,000 increase in year 3.

Building Rent/Lease/Loan & Improvements, Fees/Permits

- Assumes MIT will annually pay Riverside ten percent (10%) of revenues as base support level pursuant to A.R.S. 15-943 and any additional state assistance pursuant to A.R.S. 15-185 unless otherwise agreed upon by both parties. Assumes 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. The parties agree to annually reconcile the amount owed under the annual fee based upon monies actually received by MIT.
- Assumes we have 150 students year 1= $1,027,933, 300 students in year two= $2,000,878, and 450 students in year 3= $2,917,387.

- Assumes land and improvement built into lease.
- Assumes $500 permits and fees in year 1, 2, and 3.

Building & Improvements

- Assumes maintenance cost is 0 for first year.
- Assumes building maintenance of 15,000 year 2, and 15,500 in year 3.

Liability Insurance, Property/Casualty Insurance

- Assumes $30,000 general liability insurance and umbrella insurance in year 1.
- Assumes $40,000 general liability insurance and umbrella insurance, in year 2.
- Assumes $50,000 general liability insurance and umbrella insurance in year 3.
- These costs assumptions were provided by The Trust.
- Assumes workers' compensation insurance at $2,482 in year 1, $4,821 in year 2, and $7,446 in year 3. This cost assumption was provided by the RESD Business Manager and is based on 0.42 per 100 in payroll.
- Assumes all insurance costs are included in the Liability Insurance line item.

Utilities

- Assumes 52,000 in electric services in Year 1. This is based on current expenses for the same services through SRP and adjusted for the bigger size facility but smaller population in year 1, $73,000 in year 2, and 110,000 in year 3.
- Assumes increase in student population and electric service in Years 2 & 3.
- Assumes $11,000 in water and trash services in Year 1. This based on current expenses for the same services through the City of Phoenix and adjusted for the larger facility and smaller population of MIT.
- Assumes water and trash services increase to 22,000 in year 2 based on population increases and increase in rates.
- Assumes water and trash services increase to 30,000 in year 3 based on population increases and increase in rates.

Phone/Communication/Internet Connectivity

- Assumes $28,369 for telephone and internet connectivity in year 1. Cost is based on phone and internet connectivity with Century Link bundle services.
- Assumes increase to $41,000 in Year 2 and $55,000 in year 3 due to student population growth and increase in services.

E. Financial Arrangements for Securing a Facility

- MIT will lease the facility from the Riverside School District #2 beginning in May of 2016.
- Assumes MIT will annually pay Riverside ten percent (10%) of revenues as base support level pursuant to A.R.S. 15-943 and any additional state assistance pursuant to A.R.S. 15-185 unless otherwise agreed upon by both parties. Assumes 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. The parties agree

to annually reconcile the amount owed under the annual fee based upon monies actually received by MIT.