Leman Academy of Excellence is working with Lawson Financial, a firm that serves educational clients by providing 100% financing and turnkey development to school facilities. Lawson Financial is an Arizona company that has financed start up and second stage bond funding to dozens on charter schools in Arizona and around the United States. Lawson Financial as the experience and knowledge to ensure all financial aspects of the LAE are managed within budget. Lawson Financial employs auditors that work closely with the LAE administration and governing board to ensure academic excellence and compliance with all State charter requirements.

The Lawson Financial team will work closely with the Leman Academy of Excellence Governing Board and administration to develop a facilities plan. The plan currently is to build the school in phases to accommodate the schools enrollment targets. Phase one will include a 35-40,000 square foot main building, which would include administration offices, classrooms and a multi purpose gymnasium. Phase one would include play areas, landscaping and all security aspect of the school. Phases two and three may be built in tandem to provide facilities for growing enrollment or these phases may be separated until enrollment targets justify further capacity. The total projected budget for phases 1 thru 3 will not exceed $12,000,000.

Proposed Funding Mechanism

The funding mechanism that Lawson Financial is proposing for the LAE is a two-tiered system, which allows for maximum choice and flexibility to match the growth requirements of the LAE charter school.

Lawson intends to package and under write the school initially as a lease with term no less than 2 years but up to 5 years or longer depending on the intentions of the LAE governing board. The LAE board will have the discretion to continue under a lease arrangement with renegotiation points every five years or to elect to permanently finance the project into a long term loan using the municipal bond market. The Lawson Financial Company works closely with the Pima County Industrial Development Association to facilitate the tax-free municipal bond funding programs. The lease term and optional long term financing options will have a rate calculated at the time of closing. The three-year budget of the LAE assumes a lease rate of no more than 11%.

Items included in financing

Land Options:
Lawson has been in discussion on two properties identified by the LAE board as suitable for the construction of the LAE charter school. The locations are: Oro Valley Market Place and Riverside Plaza (see chart on page 5 and provided marketing fliers for each property)

The LAE Board is working with Pat Welchert from Picor Real Estate. Mr. Welchert is a well-respected commercial realtor with over 25 years experience in the Pima County market. Pat has worked with multiple other charter schools in the Pima County region including the newly opened Copper Point Charter School.

The LAE and Lawson have done preliminary site reviews and are analyzing the demographics of each of our target facilities to ensure our target population and socio-economic targets match our schools charter and mission.

Timeline for Real Estate Acquisition

August/September 2014	Initial price negotiations to be conducted with property owners to ensure that the properly identified property fits the LAE/Lawson budget requirement.
October/November 2014	The offer will involve a 60 day period to review all local zoning and site related issues.
November to February 2014	Assuming issuance of the charter by the State of Arizona, the property of choice will be entered into escrow with a close date no later than February of 2015. Underwriting by Lawson will be conducted, rates will be locked in and land and construction contracts will be issued.
March/April of 2015	Building designs, civil engineering, on/off sites and construction documents will be created and construction begins.
July 2015	Take occupancy of building

The budget that LAE and Lawson have established for land acquisition is between $1 and $1.3 million.

Development Budget:
It is estimated that the charter school first phase of construction will cost between $6.5 and $7.5 million. This will include, development, construction, land, entitlements and permits and taxes. All computer networking, flooring, landscaping, security systems, millwork, lighting fixtures, signage, parking facilities and common areas will be included. LAE has contracted with Canyon Design and Build for the construction portion of the project.

Furniture Fixtures and Equipment:
As part of the Lawson Financial lease-funding package, $650,000 to $750,000 will be used for Furniture Fixtures &Equipment's (FF&E) which will include, classroom and office furniture, classroom technology to include servers and end user computing plans, white boards and computer lab as prescribed. Additional requirements for the school gymnasium, outdoor play areas, lockers, and cabinetry.

Funding includes set a side for loan fees and an operational reserve to manage lease payments until state dollars get paid to the school based on student enrollment. Based on the enrollment projections we are confident that the FF&E budget will adequately equip the school with all needed resources.

A. Description of Facility Necessary for Program

The chart on the following page combines space needs with the growth pattern for years one, two and three when the school will experience the most significant increases in enrollment from year to year. Year six is provided to represent the school when it reaches full enrollment.

Factors to Determine Facility Specifications for Leman Academy of Excellence Building					
Factor		**Year One**	**Year Two**	**Year Three**	**Year Six**
Students		412	593	775	1165
Total Staff		30	43.5	57.5	85
Grades Serves		K-6	K-7	K-8	K-8
Number of Classrooms		16	23	30	45
Specialized Rooms:					
	Art	1 art teacher	1.5 art teachers	2 art teachers	3 art teachers
	Music	1 music teacher	1.5 music teachers	2 music teachers	3 music teachers
	P.E.	1 PE teacher	1.5 PE teachers	3 PE teachers	3 PE teachers
	Faculty Lounge	30 staff	43.5 staff	57.5 staff	85 staff
	Health Services	✓	✓	✓	✓
	Auditorium	✓	✓	✓	✓
	Conference Room	✓	✓	✓	✓
	Cafeteria	✓	✓	✓	✓
	Special Education	Serving 42 scholars	Serving 59 scholars	Serving 78 scholars	Serving 110 scholars
Office Space Requirements:					
	Principal	1	1	1	1
	Assistant Principal	1	1	1	1
	Business manager	1	1	1	1
	Reception	1	1	2	2
	Registrar		1	1	1
	Latin Teachers	2	3	4	6

LAE provided the above facility needs and growth projection to architect Mark Cueva, principal at Carhuff & Cueva Architects, LLC located in Tucson, Arizona. Based on the above data and anecdotal conversations with LAE principals, Mr. Cueva provided floor plans – with phased build out - to accommodate the needs of LAE. The floor plans are provided as supporting documents to this section. The square footage for classrooms is denoted on the attached floor plans. For ease of reference, the chart on the following page synthesizes information provided by Mr. Cueva in conversation and in floor plans regarding square footage information.

Square Foot Allotment for Leman Academy of Excellence Facility	
Room Description	**Square Foot Allotment**
Classrooms	Between 711-802
Bathrooms	Average 300
Cafeteria / Gymnasium	6,980
Stage / Platform for Auditorium	1,061
Administration (4 offices, a conference room, a nurse room, two file rooms, teacher work room, staff restrooms, reception and lobby)	Total: 2,500

B. Available Properties

There are four potential land opportunities in Oro Valley, which all correlate geographically with LAE's target population, and could easily accommodate a facility for the Leman Academy of Excellence. Marketing fliers for each property are included as attachments for this section. The chart below compares the four properties.

Real Estate Options in Oro Valley for Leman Academy of Excellence Facility				
Property Attribute	**First Choice**	**Option 2**	**Option 3**	**Option 4**
Name/Location	Oro Valley Marketplace	7987 W. Tangerine Road	Oracle Vistos Commercial Loop	Riverside Plaza
Acreage	8.4 acres	10 acres	8.01 acres	4.9 acres
List Price	$1,300,000	$765,000	$1,980,000	$1,250,000
Pros/Cons	Pro: Centrally located	Pro: affordability Con: located in a more industrial area	Con: Price	Con: Price Pro: Near a park, library and community walking path

C. Time Frame for Facility Acquisition
The timeline for real estate acquisition is as follows:

August/September 2014	Initial price negotiations to be conducted with property owners to ensure that the properly identified property fits the LAE/Lawson budget requirement.
October/November 2014	The offer will involve a 60 day period to review all local zoning and site related issues.
November to February 2014	Assuming issuance of the charter by the State of Arizona, the property of choice will be entered into escrow with a close date no later than February of 2015. Underwriting by Lawson will be conducted, rates will be locked in and land and construction contracts will be issued.
March/April of 2015	Building designs, civil engineering, on/off sites and construction documents will be created and construction begins.
July 2015	Take occupancy of building

The budget that LAE and Lawson have established for land acquisition is between $1 and $1.3 million.

The start-date for the Leman Academy of Excellence, as identified on the Target Population Page, is Tuesday, August 4, 2015. However, staff and faculty will arrive on Thursday, July 30, to get the classrooms ready and the school in shape to receive families and scholars.

Starting July 13, 2015 LAE is hosting an 8-day Orientation and in-Service Training Program. While running this program at the LAE facility would be ideal, it is not a requirement for the program to be a success.

Upon award of a Charter from the ASBCS, Lawson Financial will secure the real estate. As noted above, we have a first choice option and two back up options. LAE Board Chairman, Joe Higgins, and Advisory Board Member, Michael Farley, will keep abreast of the property availability and continue to prospect for real estate in case one or more of LAE's prospective locations becomes unavailable. The first choice property, Oro Valley Marketplace at Tangerine and La Cañada Roads, already has the civil engineering (water drainage, utility placement, etc.) done for the plat.

While the land is being secured/purchased by Lawson Financial, Carhuff & Cueva Architects, LLC finalizes design on our buildings and layout of the campus. The builder, Canyon Design & Build, and architect work together to secure necessary permits for the campus with local municipalities. From discussion with the architect, builder and

financer, LAE understands that charter schools are exempt from many of the restrictive zoning laws that could slow down the process.

Before construction begins, the school enters into a lease with Lawson Financial or designee, in which Lawson Financial or designee become joint lessors of the facility to be built, while the LAE school becomes the lessee. At negotiated points throughout the life of the lease, the school is given purchase options, at which times the school is contractually permitted to purchase the building and become its sole owner, taking Lawson Financial or designees out of the role of lessor (see D. Costs & Financing Arrangements below).

The total time for land acquisition, architectural design, permits and building will be approximately six to seven months. The team that LAE has assembled has a track record of completing projects on time; Canyon Design & Build has a solid working relationship with Carhuff & Cueva Architects. As an example this team successfully supported the design and build of the Oro Valley, AZ campus of Basis Charter School, the Speedway and Alvernon, Tucson AZ campus of Basis Charter School among others in Arizona and around the US.

D. Costs & Financial Arrangements for Facilities Acquisition

All of the costs associated with building a facility for the Leman Academy of Excellence – the land purchase; fees to Carhuff & Cueva Architects, LLC and Canyon Design & Build; permits; furniture, fixtures & equipment (FF&E) will be 100% covered by Lawson Financial as part of the initial funding package. FF&E includes student and office technology as well as student and office furniture and equipment.

LAE will lease the facility from Lawson Financial at a rate of between 15%-20% of revenue per year. The three-year operating budget reflects these expenses in the lease / rent line item of the budget at the following rates: year one – $307,694 (15%), year two - $500,899 (17%) and year three - $736,411 (20%). Lawson Financials lease is based on cost only.

In subsequent years, LAE will have the option to buyout the lease and move the financing to long-term municipal bonds. As of August 2014, the bond rate for these instruments is 6%. The buyout costs with Lawson Financial are established at the time of refinancing. Lawson Financial has worked with numerous charter schools in Arizona and around the US on utilizing municipal tax-free bonding orchestrated with the Pima County Industrial Development Authority.

Please find attached a letter from Lawson Financial Group that validates and reconfirms the financial arrangements described above.