C. BUSINESS PLAN

C.1. FACILITY ACQUISITION

FACILITY REQUIEREMENTS			
Classrooms	**# Classrooms**	**Total # of Sdt**	**Year Open**
Kindergarten #1 (20 students/classroom)	1	20	Year 1 (2013)
First Grade (30 students/classroom)	2	60	Year 1 (2013)
Second Grade (30 students/classroom)	2	60	Year 1 (2013)
Third Grade (30 students/classroom)	2	60	Year 1 (2013)
Four Grade (30 students/classroom)	2	60	Year 1 (2013)
Fifth Grade (30 students/classroom)	2	60	Year 2 (2014)
Sixth Grade (30 students/classroom)	2	60	Year 3 (2015)
Kindergarten #2 (20 students/classroom)	1	20	Year 3 (2015)
TOTAL	**14**	**400**	---
Space Requirement	**Room Space**	**No. of Rooms**	**Total Space**
Reception	200 sf	1	200 sf
2 Principal's Offices	75 sf	2	150 sf
Resource Room	250 sf	1	250 sf
Teacher's Lunch room	150 sf	1	150 sf
Kindergarten Classroom size	640 sf	2	1,280 sf
Grade 1- 6 Classroom size	780 sf	12	9,360 sf
All Purpose Grand Room	1,600 sf	1	1,600 sf
Library and Computer Lab	750 sf	1	750 sf
Teacher's work room;	150 sf	1	150 sf
Healthcare/sick room	150 sf	1	150 sf
Total Interior Usable Space = 75% of school bldg	---	---	***14,190 sf***
Circulation (hallways/bathrooms/storage) = 25% bldg	---	---	***4,730 sf***
Total facility space at full capacity with 400 students	---	---	***18,920 sf***
Facility Square Footage/Student (18,240 sf/400 stds)	---	---	***47.30 sf/sdt***
Healthcare/sick room bathroom	100 sf	1	100 sf
Students' bathroom	150 sf	4	600 sf
Staff's bathroom	120 sf	2	240 sf
Storage room	250 sf	1	250 sf
Hallways	---	---	3,540 sf
Total building square footage required in Year-1 with for 260 students (Gr K-4). (47.30 sf/student)	---	---	***12,298 sf***
Total building square footage required in Year-2 with for 320 students (Gr K-5). (47.30 sf/student)	---	---	***15,136 sf***
Total building square footage required in Year-3 with for 400 students (Gr K-6). (47.30 sf/student)	---	---	***18,920 sf***

Table 1. Facility Requirements in Year 1, 2 and 3

C.1. a. Facility Description

Although Seneca Preparatory Academy (SPA) has identified a few empty facilities that might be converted into school facilities, SPA is still looking for the ideal facility that will meet its specific requirements for a school within the target area. The ideal facility will preferably be a former school facility, a former church, an empty warehouse or any facility that will require little or no tenant improvement to meet school facility codes. In addition, the ideal school facility will be located near the highly traveled major roads that delimit the target area; that is, 22nd Street (north), Alvernon Road (east), Valencia Road (south) and in I-10/I-19 (west).

Seneca Preparatory Academy (SPA) has used Arizona Administrative Code R7-6-210-A-B and the National Charter School Resource Center recommendations to determine the adequate square footage required for the school facility and to design a potential school layout as shown in Exhibit 1. In Table 1, as recommended by AAC R7-6-210, SPA uses a 32 square foot (sf) per kindergarten student to estimate the square footage of the kindergarten classrooms. In addition, the School takes into consideration the square footages recommended by the National Charter School Resource Center (NCSRC, 2011) to estimate the size of the other classrooms (780 sf each). Consequently as shown in Table 1, SPA has determined that it will require a total interior usable space of 14,190 sf for classrooms and other school activity rooms at full capacity with 400 students in Year-3. The interior usable space represents 75% of the total facility square footage. The remaining 25% of the facility square footage (4,730 sf) represents the circulation space (hallways, bathrooms and storage space).

Table 1 shows that to carry school activities adequately at full capacity with 400 students, Seneca Preparatory Academy (SPA) will need an 18,920 sf facility (14,190 sf + 4,730 sf). This corresponds to 47.30 sf/student. Using this space requirement and the expected enrollments of 260, 320 and 400 in Year 1, 2 and 3 respectively show that SPA will require a facility of 12,298 sf in Year 1; a 15,136 sf facility in Year 2; and a 18,920 sf facility in Year 3.

However, to conduct school operations successfully regardless of the school year (1, 2 or 3) as shown in Table 1, Seneca Preparatory Academy (SPA) will need the following rooms/spaces:

- 1 Reception Room (200 sf); 2 School Directors offices (total 150 sf).
- 1 All Purpose Grand Room (1,600 sf); 1 Library/Computer Room (750 sf); 1 Resource Room (250 sf).
- 1 Teachers' Lounge (150 sf); 1 Teacher Workroom (150 sf).
- 4 Student Bathrooms (total 600 sf); 1 healthcare bathroom (100 sf); 2 staff bathrooms (total 240 sf); and a storage room of 250 sf.

In addition, as shown in Table 1 during each one of the first 3 school years, SPA will need the following classroom spaces:

- Year-1 school year (260 students; 9 classrooms; 12,298 sf facility):

    - For grade K; 1 classroom of 640 sf; 20 students/classroom.
    - For grade 1; 2 classrooms of 780 sf each; 30 students/classroom.
    - For grade 2; 2 classrooms of 780 sf each; 30 students/classroom.
    - For grade 3; 2 classrooms of 780 sf each; 30 students/classroom.
    - For grade 4; 2 classrooms of 780 sf each; 30 students/classroom.
- Year-2 school year (320 students; 11 classrooms; 15,136 sf):
    - Add 2 fifth grade classrooms; 780 sf each; 30 students/classroom.
- Year-3 school year (400 students; 14 classrooms; 18,920 sf):
    - Add 2 sixth grade classrooms; 780 sf each; 30 students/classroom.
    - Add 1 kindergarten classroom; 640 sf; 20 students/classroom.

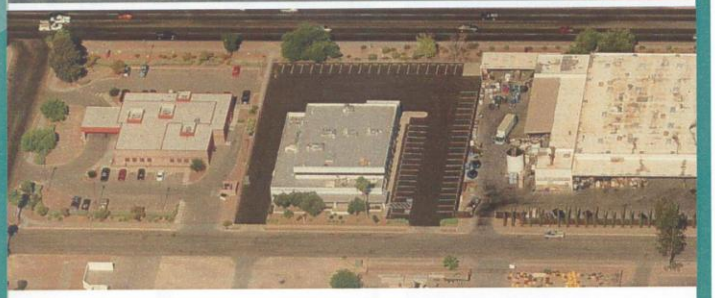
C.1. b. Available Facilities in the Target Area

Exhibits # 1, 2, and 3 are examples of available facilities in the target area that could adequately support Seneca Preparatory Academy (SPA) school operations.

FOR SALE — OFFICE BUILDING

TUCSON BUSINESS PARK

GARDEN
OFFICE
BUILDING



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CBRE | Tucson
CB RICHARD ELLIS

Location:	4370 S. Fremont just south of Park and Ajo in Tucson, Arizona
Size:	Approximately 19,724 square feet
Price:	**$1,200,000 ($61 PSF)**
Zoning:	I-1 (Light Industrial, City of Tucson)
Parking:	88 spaces
Signage:	Building signage available
Power:	120/208 3-phase 1000 amp
Year Built:	1979
Tax ID:	132-17-1220
Comments:	This office building, previously occupied by Raytheon, is available for immediate occupancy. This concrete-and-block, 2-story, elevator-served, office building features a perimeter office layout surrounding a central bullpen on both floors. Extensive windowlines on both floors provide a pleasant office environment. There are numerous security features throughout including reinforced front entry, vault and extensive alarm and entry controls.

Exhibit 1. 4370 S. Fremont Available Facility.

FOR SALE (±50,900 SF)

FOR LEASE (±8,450-50,900 SF)

3160 E. TRANSCON WAY :: TUCSON, ARIZONA

± 2,680 SF (Whse)
± 8,450 SF (Office)
± 39,770 SF (Office/Mfg)
± 50,900 SF (Entire Bldg)

- Abundant parking: 5.64:1,000
- Furnished
- T3 data service available
- VOIP compatible
- Backup generator
- Temperature-controlled server room
- Former call center

For Sale:

$4,200,000 ($82.51 psf)

For Rent:

$7/PSF/NNN)

FOR MORE INFORMATION PLEASE CONTACT

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CBRE
CB RICHARD ELLIS

Exhibit 2. 3160 E. Transcon Way Available Facility

OFFICE/WAREHOUSE/FLEX FOR LEASE AND SALE

1501 E. 21ST STREET
TUCSON, AZ 85719

PROPERTY INFORMATION

- Space Available: 15,387 SF
  - Warehouse: 9,701 SF
  - Showroom: 1,627 SF
  - Office: 5,685 SF on two (2) floors, which includes a 1,432 SF conference area and break room
- Lot Size: +/- .97 Acres (42,253 SF)
- Year Built: 1999
- Yard Size - Fenced/Enclosed: 26,866 SF
- Exterior: Masonry / Metal
- Ceiling Height in Warehouse: 18-20 feet
- Sprinklers: Yes
- Roll-Up Doors: Two 15 foot doors
- Electrical: 400 Amp / 3 Phase

- Location:
  - Central Distribution area of Tucson, near Aviation Parkway and Campbell Ave.
  - Just south of U of A Campus
  - East of Downtown
  - Close to I-10 and I-19

LEASE INFORMATION

- Lease Rate: $0.63/SF/Mo.
- Sale Price: $1,610,000.00
- Lease Type: Triple Net
- Lease Term: 5 Years

EXCLUSIVELY REPRESENTED BY:

TERRY LAVERY

Oxford
ASSET MANAGEMENT, LLC
6340 N. Campbell Ave., Suite 200
Tucson, AZ 85718
Phone (520) 232-0200
Fax (520) 232-0300
www.oxfordrealtyadvisors.com

The information contained herein has been given to us by the owner of the property or obtained from sources we deem reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

Exhibit 3. 1501 E. 21st Street Available Facility.

C.1. c. Timeframe for Securing a Facility

Seneca Preparatory Academy (SPA) has been conducting some fruitful and positive discussions with a few real estate agents who manage some available properties located in the target area that would be suitable for school operations in terms of size, location and zoning requirements. SPA has also been involved in excellent financial arrangement discussions with a few community development financial institutions that specialize in charter school financing.

These discussions will continue while the charter contract application is moving forward in the application process. Ultimately, as progress is made with the application; it is SPA belief that the discussions with facilities owners through their real estate agents will lead to negotiations and contractual financial agreements that will convince and lead the owner(s) to start tenant improvements soon after the charter contract approval in early January 2013. In this situation, SPA will be able to occupy the facility on July 1 and start school in August 2013 as specified in this application.

However, Seneca Preparatory Academy (SPA) is also well aware that opening the school in August 2013 might not be logistically possible. In this situation, the tenant improvements will probably start around January 2014 so that SPA can occupy the facility on July 1, 2014 and start school in August 2014.

C.1. d. Cost of Securing Facility and Compliance with Applicable Laws and Regulations

Compliance with Applicable Laws and Regulations

A certificate of educational occupancy and compliance with all applicable laws and regulations will be required before Seneca Preparatory Academy (SPA) is allowed to open its doors; and obtaining a certificate of educational occupancy can be a fairly involving and costly process that requires a building and safety review, and a zoning review. Certificates of educational occupancy are obtained through the City of Tucson Planning & Development Services Department.

The building and safety review is usually conducted after construction/building improvement is done or is about to be finished by a construction team that traditionally include architects, engineers and building contractors. The construction team has to secure a construction permit before any construction can start; and securing a construction permit is by itself a long process that can take several months in Tucson. In addition, this process can take even more time if a zoning change is required.

Since there is no absolute certainty that Seneca Preparatory Academy (SPA) will be able to secure a certificate of educational occupancy early enough to start school in August 2013; as result, SPA is also very much prepared to open the school the following year, in August 2014.

Costs Associated with Securing the School Facility

In the financial analysis of this project, Seneca Preparatory Academy (SPA) will make the following two assumptions:

(1) SPA will seek school-ready facilities; however, for any facility that might require tenant improvements (TI) to bring the facility to school codes, the owner(s) of the facility will assume all the TI costs. In addition, as suggested by Ike Isaacson's letter, VP of Brokerage Services at CBRE, these TI costs will be added to the lease and amortized over a 5-year period at 8% annual interest rate.

(2) SPA will secure financing from a Community Development Financial Institution (CDFI) that specializes in charter school facility financing. The CDFI will act as a lease "co-signer" and through a lease agreement with SPA will guarantee the first and last month lease payments. As a result, Seneca Preparatory Academy (SPA) will not have a lease payment due for the month of July 2013 when it occupies the facility.

However, SPA will be responsible for the following expenses associated with the services required to run the School when Seneca Preparatory Academy (SPA) takes possession of the facility:

• Purchased accounting/legal/business management svcs deposit:	$500
• Utilities deposit (electricity/ gas/ water/sewage):	$500
• Telephone/communication/ internet deposit:	$250
• Property/casualty insurance deposit:	$250
• Liability insurance deposit:	$250
TOTAL	$1,750

These expenses are reported in the Start-Up Budget

C.1. e. Financial Arrangements for Securing the Facility

Arrangements for School Facility to be renovated by the Facility Owner(s)

Seneca Preparatory Academy (SPA) has conducted an extensive due diligence with regard to the academic and financial feasibility of this school project. In this process, SPA has learned that to secure long-term lease on their properties, commercial facilities owners routinely finance the tenant improvements required to meet customers' needs. The tenant improvement costs are then added to the facility lease rates. This fact is confirmed by the enclosed letter from Ike Isaacson, Vice-President of Brokerage Services at CBRE in Tucson, Arizona.

Arrangements made through Personal Financial Contribution

Mrs. Dyer-Abougou will provide a $24,000 start-up loan to Seneca Preparatory Academy (SPA) at 10% annual interest rate payable in Year 2 and 3. In addition, Dr. Abougou will provide a non-cash $11,250 sweat equity contribution to SPA Start-Up Budget from the unpaid portion of his pre-opening administrator stipend.

Arrangements with Community Development Financial Institutions (CDFIs)

Seneca Preparatory Academy (SPA) has been involved in some positive financial discussions with a few national community development financial institutions (CDFIs) that specialize in charter school financing. These financial discussions will move to higher gears once a charter contract is awarded to SPA in January 2013.

These CDFIs have acted as "co-signers" on school leases in Arizona and throughout the nation, and have helped these schools obtain leases and loans at reasonable prices. In addition, these institutions have offered a variety of loan products that provide charter schools - especially new schools with little or no operating or credit history, and those serving low-income communities - with affordable financing options for the acquisition, construction, renovation and expansion of educational facilities.

Financial Arrangements through Grant and Donations

Seneca Preparatory Academy (SPA) has compiled a list of potential donors in Tucson, Arizona and will actively seek donations once a charter school contract is awarded in January 2013. In addition, SPA will apply for the Arizona Charter School Start-Up grant with the Arizona Department of Education.

C.1. f. Facility Layout Consistency with the Narrative

As shown in the enclosed layout space exhibit, the information provided in the narrative is consistent with the exhibit.

C.1. g. Costs Listed in the Start-Up and Three-Year Operational Budgets

The following costs associated with securing the school facility are reported in the Start-Up Budget:

• Purchased accounting/legal/business management svcs deposit:	$500
• Utilities deposit (electricity/ gas/ water/sewage):	$500
• Telephone/communication/ internet deposit:	$250
• Property/casualty insurance deposit:	$250
• Liability insurance deposit:	$250
TOTAL	$1,750

C.1.h. Facility Narrative Consistency with the Application

Seneca Preparatory Academy (SPA) believes the information on facility acquisition provided in section C.1 is consistent with all sections of the application.

BIBLIOGRAPHY

- R7-6-210. Arizona Administrative Code. http://www.azsos.gov/public_services/Title_07/7-06.htm. Retrieved on 11-26-11.

- NCSRC, 2011. National Charter School Resource Center. From http://www.charterresource.org/files/TFPCostEstimationTool.pdf.