C. BUSINESS PLAN

C.1. FACILITY ACQUISITION

FACILITY REQUIEREMENTS IN YEAR 1, 2 AND			
Rooms and Student Count	**Count**	**Total**	
Grades covered by the School	K-6	7	----
Number of classrooms for Kindergarten	1	1	----
Maximum number of students in each K class	20	20	
Number of classrooms per Grade 1-6	2	12	----
Maximum number of students in each Grade 1-6	28	336	----
Number of extra classrooms to be used for Gr 1, 2 or 3	1	1	
Max. number of Gr 1,2 or 3 students in extra classroom	20	20	----
TOTAL NUMBER OF STUDENTS	----	376	----
Space Requirement	**Room**	**No. of Rooms**	**Total Area**
Reception	200 sf	1	200 sf
2 Principal's Offices	120 sf	2	240 sf
Resource Room	250 sf	1	250 sf
Teacher's Lunch room	150 sf	1	150 sf
Classrooms (Gr K); 32 sf/student; 20 students/class	640 sf	1	640 sf
Classrooms (Gr 1-3); 32 sf/student; 28 students/class	896 sf	6	5,376sf
Extra classroom (Gr 1-3); 32 sf/stdt; 20 students/class	640 sf	1	640 sf
Classrooms (Gr 4-6); 28 sf/student; 28 students/class	784 sf	6	4,704 sf
All Purpose Grand Room (4 sf/student)	1,500 sf	1	1,500 sf
Library and Computer Lab	750 sf	1	750 sf
Teacher's work room;	150 sf	1	150 sf
Healthcare room (150 sf); Hare bathroom (100 sf)	250 sf	1	250 sf
Students' bathroom	150 sf	4	600 sf
Staff's bathroom	120 sf	2	240 sf
Storage room	250 sf	1	250 sf
Total (no bathroom and storage) = 80% of building	-----	-----	14,750 sf
Circulation (hallways/bathroom/storage) = 20% bldg	-----	-----	3,720 sf
Total building square footage required in Year-1 with for 244 students (Gr K-4). (49.12 sf/student)	-----	-----	**11,985 sf**
Total building square footage required in Year-2 with for 320 students (Gr K-5). (49.12 sf/student)	----	-----	**15,718 sf**
Total building square footage required in Year-3 with 376 students (or 49.12 sf/student)	----	-----	**18,470 sf**

Table 1. Seneca Preparatory Academy's Facility Requirements.

SENECA PREPARATORY ACADEMY FLOOR PLAN

Exhibit 1. Example of School Facility Layout at Full Capacity with 376 Students in Year-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 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 specified in Table 1 and shown in Exhibit 1. In Table 1, SPA uses a 32 square foot (sf) per grade K-3 student; and 28 sf per grade 4-6 students to estimate the classroom footage as recommended by R7-6-210-A-B Arizona statute. In addition, the School takes into consideration the square footages recommended by the National Charter School Resource Center (NCSRC, 2011). Consequently as shown in Table 1, SPA has determined that the total classroom space required at full capacity with 376 students in Year-3 is 14,750 sf; this represents 80% of the facility and it does not include circulation space (hallway, bathroom and storage space). The circulation space (20% of building) is 3,720 sf; and the total building square footage required at full capacity with 376 students is 18,470 sf (14,750 sf + 3,720 sf). This amounts to 49.12 sf/student.

Using the space requirement of 49.12 sf/student, Table 1 shows that in Year-1, 2 and 3, SPA will have 3 different square footage requirements for the school facility depending on the different enrollments in these three school years. In Year-1, SPA will need an 11,985 sf school facility for its 244 students. In Year-2, Seneca Preparatory Academy (SPA) will require a 15,718 sf facility for its 320 students; and in Year-3, 18,470 sf for its 376 students.

Exhibit 1 shows an example of a school layout at full capacity in Year-3 with 376 students; this layout has been designed according to R7-6-210-A-B and the National Charter School Resource Center recommendations for school square footage.

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

- 1 Reception Room (200 sf); 2 offices (total 240 sf).
- 1 All Purpose Grand Room (1,500 sf); 1 Library/Computer Room (750 sf); 1 Resource Room (250 sf).
- 1 Teachers' Lounge (150 sf); 1 Teacher Workroom (150 sf); 2 Teacher/Staff Bathrooms (total 240 sf).
- 1 Healthcare Room (150 sf); 1 Healthcare Bathroom (100 sf).

- 4 Student Bathrooms (total 600 sf).

In addition, during each one of the first 3 school years, SPA will need the following classroom spaces:

- Year-1 school year (244 students; 9 classrooms; 11,985 sf):
    - For grade K; 1 classroom of 640 sf; 20 students/classroom; 32 sf/student.
    - For grade 1; 2 classrooms of 896 sf each; 28 students/classroom; 32 sf/student.
    - For grade 2; 2 classrooms of 896 sf each; 28 students/classroom; 32 sf/student.
    - For grade 3; 2 classrooms of 896 sf each; 28 students/classroom; 32 sf/student.
    - For grade 4; 2 classrooms of 784 sf each; 28 students/classroom; 28 sf/student.
- Year-2 school year (320 students; 12 classrooms; 15,718 sf):
    - Add 2 grade 5 classrooms; 784 sf each; 28 students/classroom; 28 sf/student.
    - Add 1 grade 1or 2 or 3 extra classroom; 640 sf; 20 students/classroom; 32 sf/student.
- Year-3 school year (376 students; 14 classrooms; 18,470 sf):
    - Add 2 grade 6 classrooms; 784 sf each; 28 students/classroom; 28 sf/student.

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

The following exhibits # 2, 3, and 4 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

For information, contact:

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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 2. 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 3. 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
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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 4. 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 in Arizona.

These discussions will continue while the charter contract application is moving forward in the 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 2012. In this situation, SPA will be able to occupy the facility on July 15 and start school in August 2012 as specified in this application.

However, Seneca Preparatory Academy (SPA) is also well aware that opening the school in August 2012 might not be logistically possible. In this situation, the tenant improvements will probably start in or around January 2013 so that SPA can occupy the facility on July 1, 2013 and start school in August 2013.

C.1. d. Discussions on Applicable Laws, Regulations and Cost of Associated with Educational Occupancy

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. And this process can take even more time if a zoning change is required.

Since there is no certainty that Seneca Preparatory Academy (SPA) will be able to secure a Certificate of Occupancy early enough to start school in August 2012; therefore, SPA is also very much prepared to open the school the following year, in August 2013.

C.1. e. Discussions of Financial Arrangements made for Securing Facility and Ensuring that the Costs are Properly Reported in Start-Up or 3-Year Budget.

Cost Involved with Building Acquisition

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

(1) If SPA fails to lease a former school facility, and find one that requires tenant improvement (TI); the owner of the school facility will assume all the tenant improvement costs required to bring the facility to school code including all the building inspection costs. The TI cost will then be added to the lease and amortized over 5 years or longer at 8% annual interest rate.

(2) SPA will secure financing from a Community Development Financial Institution (CDFI) that specializes solely in charter school facility financing and that has financed several schools in Arizona. The CDFI will act as a lease "co-signer" and 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 2012 when it occupies the facility.

However, SPA will be responsible for the following expenses associated with the services required when the School takes possession of the facility:

- Utilities deposit (electricity, gas and water): $1,000
- Telephone and internet deposit: $500
- Property/casualty insurance deposit: $321
- Liability insurance deposit: $750
- Accounting/legal services deposit: $916
- SAIS software monthly payment: $507
- School security deposit: $350

These expenses are reported in the Start-Up Budget

Seneca Preparatory Academy (SPA) has made the following financial arrangements to secure the facility:

School Facility Renovated to School-Standards by the Facility Owner(s)

First 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 needed 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.

Financial Arrangements made from Personal Loans Totaling $62,150 Supplemental Funds

Seneca Preparatory Academy Foundation's Board of Directors called an emergency board meeting on November 18, 2011 at 3:30 PM authorizing its President, Dr. Jean-Claude Abougou to borrow up to $60,000 start-up funds from (1) Donka Dyer Abougou Lincoln Financial Group account and/or Diversified Ascension Health Savings Plan account, or from (2) any commercial lending institution; once the charter contract is awarded to Seneca Preparatory Academy (SPA). The Lincoln Financial Group account holds $25,865; and the Diversified Ascension Health Savings Plan has a balance of $62,878.

This brings Dr. Abougou and Mrs. Dyer-Abougou personal loan contribution to $62,150.

The $62,150 loans are reported in the Start-Up Budget

The minutes of the November 18, 2011 Board of Directors meeting are enclosed in this section in a separate document

Financial Arrangements through Community Development Financial Institutions

Seneca Preparatory Academy (SPA) has been involved in some positive financial arrangement negotiations with a national community development financial institution (CDFI) that specializes solely in charter school financing; and that has been very active in the financing of charter school facilities in Arizona. These financial arrangements will move to higher gears once a charter contract is awarded to Seneca Preparatory Academy (SPA) in January 2012.

The CDFI mentioned above has helped several charter schools in Arizona and throughout the nation obtain leases and loans at reasonable prices by acting as a "co-signer" for the school's payment obligations. In addition, this institution has acted as a direct lender "by offering 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".

In addition, the CDFI has a Turnkey Development Program that "finances, designs, constructs and leases cutting edge, custom facilities built to suit the unique needs of each school's educational model, student population and budget. According to this financial company, "our lease-to-own model give young schools access to inviting, modern facilities that they can grow into and take over once they're established".

Finally, this company provides consulting and fee developer services that provide project management from initial site design and financial modeling through permitting and construction to final punch list and opening day of school.

The minutes of the November 18, 2011 Board of Directors meeting are enclosed in the following page.

Financial Arrangements through Grant Applications 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 2012. In addition, SPA is applying for the Arizona Charter School Start-Up grant with the Arizona Department of Education.

C.1. f. Facility Consistency with the Application

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

REFERENCES

- 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.