C.1 FACILITIES ACQUISITION

Description of Facility Needs

In its first year of operations, Southwest Leadership Academy will enroll up to 150 students. The Board has identified the need for a minimum of one classroom per Teacher (minimum of six) and at least 15,000 square feet of usable space including the classrooms, library, cafeteria for breakfasts/lunches, computer labs, administrative offices and a multi-purpose room. To support afterschool activities, there is also a need for outdoor courts and recreation fields. By year three, with 500 students, the requirements and square footage needs increases. Additional classrooms will be needed, and the Board anticipates at least 45,000 square feet will be needed, based on the footprint of schools with similar enrollment. Ideally, SLA will be located in a former school that can effectively serve its target population. Such a location would aid the Administrators and Teachers in effectively delivering the education model proposed, while minimizing costly modifications to a building, ensuring proper zoning and timely educational occupancy.

Acquired Facility

Southwest Leadership Academy is fortunate to secure, through its Charter Management Organization, such a facility envisioned and in a desired location. Southwest Leadership Academy will utilize a former school (Carl T. Smith Middle School) that is located at 4301 West Fillmore Street, Phoenix, Arizona (APN 103-33-503) through a lease agreement with its Charter Management Organization (details provided in the *Costs and Financial Arrangement* section).

The 48,000 square foot space features 25+ classrooms, a library, cafeteria, science and computer labs, administrative offices, a multi-purpose room and storage area. It also has two full outdoor basketball courts, a six-acre recreation/athletic field, ample parking and shaded ramadas throughout the site. This location is conveniently located on the I-10 exit for 43rd Avenue and is served by municipal bus lines, thereby providing students with transportation options throughout the day.

Another important characteristic of this school is its location. The campus is bordered on the northwest by an industrial district, and a six-acre recreation field on the south. The total land size of this location is 11.41 acres. This former school's West Fillmore address was central to SLA's demographics research. We are confident this location is in an area aligned with our target population and will help support our mission.

Unoccupied portion of Carl T. Smith Middle School: Currently the Carl T. Smith Middle School has a charter school (Mission Charter School) utilizing a portion of the building. Mission has a lease agreement for the use of the Carl T. Smith Middle School with Rite of Passage that runs through June 2013, with an option to lease another year.

Within the Carl T. Smith Middle School neighborhood, our CMO is already engaging the community as a partner. The League of United Latin American Citizens provides a mentoring program to the students at Mission. Once SLA occupies this building, we anticipate opening some rooms for community agencies including Probation Officers, Arizona Department of

Juvenile Corrections, Child Protective Services, and other agencies to provide services to the SLA students.

Southwest Leadership Academy's Use. During the first year of SLA's operation (school year 2013/2014), 15,000 square feet of this school will be made available to SLA students, approximately one third of the facility. In year two, Southwest Leadership Academy's targeted enrollment is 400 students, which will increase the facility usage to 25,000 square feet, and in year three with enrollment estimated at 500 students, SLA will be occupying the whole facility. As enrollment increases, within years two and three, additional space will be used and reflected the Lease Agreement between SLA and Rite of Passage.

Timeframe for Securing Facility

Rite of Passage has successfully secured the Carl T. Smith Middle School with the Isaac School District for use as a charter school. As stated previously, this facility is occupied by another charter school (Mission Charter School) during this 2012/2013 school year. In 2013/2014, Rite of Passage will sublease 15,000 square feet in this facility to Southwest Leadership Academy. In the two school years that follow, Southwest Leadership Academy will have the entire facility for its school to accommodate its expanding enrollment. Because the CMO has the facility secured, SLA has access to this facility as early as March 2013 (for its first series of Open Houses). This early access will ensure all start-up preparations, equipment and materials purchasing and installation as well as on-site training is completed well before the August 5, 2013 beginning of school.

Costs and Financial Arrangements

Terms of Use Agreement for Smith Middle School: Rite of Passage, Inc. (the CMO) has a lease agreement with the Isaac School District for the use of the Carl T. Smith Middle School. This lease agreement was signed, effective July 1, 2012 and is renewed on an annual basis. Terms are $7.00 per square foot, with a not to exceed 4.0% rent modifier per year, with four annual options to renew. The costs associated with the facility include rent, some utilities and maintenance/repair of the facility.

Based on the square footage requirements and the cost per square foot, described above, during the first year, rent payments made by SLA will be $8,750 monthly. In the second year, with the expanded use, monthly rent payments are $15,167 and in year three $29,351. These costs are consistent with the Three Year Operational Budgets found in C.5.

The school was constructed in 2004, and is in compliance with all applicable building codes and regulations and is prepared for educational occupancy. Because the building is currently occupied by another charter school (Mission Charter School), it is in full compliance with all laws and regulations for educational occupancy.