APPENDIX A
APPLICATION AND SUPPORT MATERIALS

1. REPLICATION SUMMARY REVIEW
2. APPLICATION FORM
3. APPLICATION DOCUMENTS
4. FINANCIAL RESPONSE
5. FINANCIAL RESPONSE EVALUATION
### Charter CTDS:

**Charter Corporate Name:** BASIS Schools, Inc.  
**Charter Entity ID:** 10-87-25-000  
**Physical Address:** 3825 E. Speedway Blvd, Tucson, AZ 85712  
**School CTDS:**  

<table>
<thead>
<tr>
<th>School Name</th>
<th>BASIS Tucson Primary</th>
<th></th>
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<tbody>
<tr>
<td><strong>Charter Status:</strong></td>
<td>Closed</td>
<td></td>
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<tr>
<td><strong>School Open Date:</strong></td>
<td>07/01/1998</td>
<td></td>
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<tr>
<td><strong>School Entity ID:</strong></td>
<td>6065</td>
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<tr>
<td><strong>Fax:</strong></td>
<td>480-289-2088</td>
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</tr>
<tr>
<td><strong>Number of Schools:</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Contractual Days:</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Current School Year:</strong></td>
<td>FY 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Grade Levels Served:</strong></td>
<td>5-7</td>
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</table>

### Board Expectations

1. Does the delivery of the education program and operation meet expectations?  
   - **1.a.** Does the delivery of the education program and operation meet expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  

2. Is the charter holder complying with reporting requirements defined in state and federal law?  
   - **2.a.** Do the charter holder's annual audit reporting packages meet expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **2.b.** Is the charter holder administering student admission and enrollment policies with fidelity?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **2.c.** Is the charter holder maintaining a safe environment for all students?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **2.d.** Is the charter holder holding its contract partners accountable for adhering to the terms of contract?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **2.e.** Are the charter school's students meeting state academic achievement standards?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **2.f.** Is the charter holder complying with reporting requirements to other entities to which the charter holder is accountable?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  

3. Is the charter holder maintaining financial performance expectations?  
   - **3.a.** Are the school's financial statements properly reviewed and audited?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **3.b.** Are the school's financial statements properly reviewed and audited?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **3.c.** Are the school's financial statements properly reviewed and audited?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **3.d.** Are the school's financial statements properly reviewed and audited?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  

4. Is the charter holder meeting operational expectations?  
   - **4.a.** Are the school's operational policies, procedures, and programs meeting expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **4.b.** Are the school's operational policies, procedures, and programs meeting expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **4.c.** Are the school's operational policies, procedures, and programs meeting expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **4.d.** Are the school's operational policies, procedures, and programs meeting expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  

5. Is the charter holder maintaining legal and regulatory compliance expectations?  
   - **5.a.** Are the school's legal and regulatory compliance policies, procedures, and programs meeting expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **5.b.** Are the school's legal and regulatory compliance policies, procedures, and programs meeting expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **5.c.** Are the school's legal and regulatory compliance policies, procedures, and programs meeting expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  
   - **5.d.** Are the school's legal and regulatory compliance policies, procedures, and programs meeting expectations?  
     - Meets  
     - Does Not Meet  
     - Meets --  
     - **Target:** 100  

6. Overall Rating
   - **Overall Rating:** 7.5  
   - **100 Points:**
     - **1. Growth Measure:**  
       - Meets  
       - Does Not Meet  
       - Meets --  
       - **Target:** 100  
     - **2. Proficiency:**  
       - Meets  
       - Does Not Meet  
       - Meets --  
       - **Target:** 100  
     - **3. Total Accountability:**  
       - Meets  
       - Does Not Meet  
       - Meets --  
       - **Target:** 100  
     - **4. Evaluation:**  
       - Meets  
       - Does Not Meet  
       - Meets --  
       - **Target:** 100  
   - **100 Points**:
     - **1. Growth Measure:**  
       - Meets  
       - Does Not Meet  
       - Meets --  
       - **Target:** 100  
     - **2. Proficiency:**  
       - Meets  
       - Does Not Meet  
       - Meets --  
       - **Target:** 100  
     - **3. Total Accountability:**  
       - Meets  
       - Does Not Meet  
       - Meets --  
       - **Target:** 100  
     - **4. Evaluation:**  
       - Meets  
       - Does Not Meet  
       - Meets --  
       - **Target:** 100  

**Last Updated:** 2017-07-03 09:02:53
Replication Application

1. Applicant Agreement

Application Agreement Information
I certify all information contained in this application is complete and accurate, realizing that any misrepresentation could result in disqualification from the replication application process or revocation after award. I understand that incomplete applications will not be considered.

The Applicant acknowledges that all information presented in the application package, if approved, becomes part of the charter and will be used for accountability purposes throughout the term of the charter, and that the charter may be amended or modified by mutual agreement, in writing, of the parties pursuant to the terms of the charter contract when signed.

The Applicant acknowledges that the officers, directors, members, or partners are aware of their responsibilities in the operation of a charter school as described in Arizona statute and that the Applicant is subject to and will ensure compliance with all relevant federal, state and local laws and requirements.

The Applicant acknowledges that the most current academic data will be provided to the Board for its consideration of the application.

The Applicant acknowledges that if approved to operate a charter school, the Applicant must begin providing educational services no later than the second fiscal year after the Board's decision to grant the charter. Failure to do so may result in revocation of the charter.

The Applicant acknowledges that if approved to operate a charter school, the Applicant must provide the number of days of instruction as approved in the application within the State’s fiscal year that begins July 1st and ends June 30th. Failure to do so may result in revocation of the charter.

Application Agreement Signature
Carolyn McGarvey 08/30/2017

2. Entity Information

Name of Charter Holder Entity Eligible for Replication
BASIS Schools, Inc.

Name of Replication Model School
BASIS Tucson Primary and BASIS Scottsdale

Name of Proposed Charter School
BASIS Phoenix Primary

Will the replication charter be held by the existing entity?
Yes, the existing entity will hold the replication charter.

A: Entity and Corporate Principals

Statement of Consistency
- By checking this box, I understand and agree that the Replication Application process requires the organizational structure of the new entity to be consistent with the organizational structure of the existing entity.

Name of Entity
BASIS Schools, Inc.

Authorized Representative for Entity
- Carolyn McGarvey
Authorized Representative Mailing Address

County

Day Time Phone

Fax

Form of Organization
Non Profit Corporation

Entity Type
Domestic Corporation

Charter Principals Background Information
Upload all required background information for each Officer, Director, Member, or Partner of the new entity.

Charter Principals
- Craig Barrett
- Terry Sarvas
- Donald Budinger
- John Morton

- Mittida Raksanaves

- Steve Twist

- Shelly Esque

Files:
- Fingerprint Clearance Card
- Affidavit
- Background Information Sheet
- Resume
- Verification of Coursework/Degree
- Current Charter Affiliations
3. Governance Structure

Statement of Consistency
- By checking this box, I understand and agree that the Replication Application process requires the governance structure of the new school to be consistent with the governance structure of the Replication Model School.

Answer the following question by checking the appropriate box and completing any additional information requested.

How will the governance structure of the new school relate to the Replication Model School?
The new school will be operated by the existing entity and have the same governing body as the Replication Model School. (Skip Section B and go to Education Service Providers.)

B: Governing Body

- Carolyn McGarvey (Charter Organization)
- DeAnna Rowe (Charter Organization)
- Kristen Jordison (School Staff)
- Michael Beaulieu (School Staff)
- Mittida Raksanaves (Community)
- Anthony Pitucco (Community)
- Hanqing Jiang (Community)
- Shashi Jasthi (Community)
- Rizwan Safdar (Community)

4. Education Service Provider

Does the existing entity have a relationship with an ESP?
Yes - Contractual (Complete Section C.1)

C.1: Education Service Providers -- Contractual Relationship

Statement of Consistency
- By checking this box, I understand and agree the Replication Application process requires that the contractual relationship of the replication charter with an ESP to be consistent with the contractual relationship of the existing entity with an ESP.

What is the name of the ESP?
BASIS Educational Group, LLC. dba BASIS.ed

Required Exhibits for C.1
- Download File - Copy of the service agreement as executed between the existing entity and the ESP.

C.2: Education Service Providers -- Governance Relationship

Statement of Consistency
(No response)

Describe the nature of the governance relationship:

Required Exhibits for C.2
No documents were uploaded.

5. Educational Plan

Target Population and Enrollment of New School

Statement of Consistency
- By checking this box, I understand and agree that the target population of the new school should be similar to the population of the Replication Model School, and that differences must be addressed in responses to the questions below as a component of the Replication Application process.

Statement of Consistency
- By checking this box, I understand and agree that the Replication Application process requires the enrollment policies of the new school to be consistent with the enrollment policies of the Replication Model School, and that enrollment of students cannot begin until the charter is signed.

Grades Requested for Replication Charter Contract
- K
- 1st
- 2nd
- 3rd
6. Operational and Business Plan

Enrollment Cap
750

Grades Served Year 1
K-5

Projected Enrollment Cap Year 1
750

Grades Served Year 2
K-5

Projected Enrollment Cap Year 2
750

Grades Served Year 3
K-5

Projected Enrollment Cap Year 3
750

School Calendar Type
Standard

Instructional Days
180

Target Start Date
08/06/2018

School Characteristics
- College Preparatory
- Math and Science/STEM

Target Population and Enrollment of New School Narrative — Download File

Program of Instruction

Statement of Consistency
- By checking this box, I understand and agree that the Replication Application process requires that the Educational Plan of the new entity and school to be consistent with the Educational Plan of the existing entity and Replication Model School.

Mission Statement
BASIS Phoenix Primary will provide an accelerated liberal arts education at internationally competitive levels for all students, including economically disadvantaged students. The rigorous college preparatory education at BASIS readies students for the competitive admissions process, helps them become eligible for scholarships, prepares them to prosper at top colleges, and enriches their lives.

Program of Instruction Narrative — Download File

Operational Plan Narrative — Download File

Required Exhibits
- Download File — Staffing chart
- Download File — Enrollment matrix
- Download File — Board authorization for replication application

Facility Acquisition for New School

Has a confirmed facility been acquired for the new school?
Yes (Complete Section D.1)

D.1: Confirmed Facility

Address of Confirmed Facility
11850 N 32nd St, Phoenix, AZ 85028

Required Exhibits for D.1:
- Download File — Floor Plan

D.2: Planned Facility

Identify the proposed location of new school by providing cross streets that would be the center of a 2.5 mile radius.

Business Plan
7. Additional Information

Additional Information
Do not complete this section unless specifically directed to do so in the application being completed.
1. Provide a description of the Charter Holder’s philosophical approach to improving pupil achievement. Include how this philosophy has impacted the success of the existing school. If a different population will be served in the new school, explain how this philosophical approach will apply.

Philosophy

BASIS Schools, Inc. (BSI) seeks to provide an accelerated liberal arts education at internationally competitive levels for all students. We believe that advanced coursework is for all students, not just the gifted; to that end, the BASIS.ed curriculum is designed to help students develop autonomy and organizational skills as well as academics. Most importantly, we try to provide students with a deep knowledge base and a passion for learning, which will motivate them to reach their highest academic potential and prepare them for the demands of college and the workforce. BASIS.ed’s educational philosophy rests on several key tenets:

1. Creating and reinforcing a belief that learning is exciting, rewarding, and worthwhile
The BASIS school culture makes high academic achievement and intellectual engagement the norm. The goal of all faculty in BSI schools is to give students the overall sense that learning is exciting, rewarding, and worthwhile—and not just now, but for a lifetime. Teachers model this high-achieving community not just by demonstrating passion for their subject matter expertise, but also by showing students that synthesizing the content and skills from various courses is the key to education.

2. Teaching Personal Responsibility
BASIS.ed affirms that students who develop skills to hold themselves accountable for setting and meeting their own goals are well-equipped to be confident and high-performing in the face of academic challenges. Student autonomy is built up gradually over a number of years, and it is critical that it begin in the primary grades. Even young students at BASIS.ed schools learn that they are responsible for information disseminated in class, for homework, and for assessments; our primary students are inspired to take their education seriously and learn to “own it.”

3. Teaching Good Study Habits and Providing Support
One of the fundamental methods of developing student responsibility is by teaching strong study habits. As an integral part of our model, students learn how to take notes, manage their time, and organize their work. These skills, when learned early with consistent reinforcement, are one of the fundamental advantages of a BASIS.ed primary education, and they enable students to successfully meet the challenges of grades 5-12. Further, our Academic Support Program ensures that any student who may struggle with these challenges is provided one-on-one guidance and advocacy. As our students progress through the grade levels, they become models for younger students and help create a culture of positive and purposeful peer support.

4. Mastery of the Basics
Students at BASIS Charter Schools learn that mastering the basics is the precondition for moving beyond them. In order to help our students master the basics, we have crafted a curriculum that spirals content downwards from Advanced Placement courses, all the way into Kindergarten. This kind of backwards planning allows for our teachers and students to know exactly where they’re headed, and what is necessary for them to know and be able to do in order to get there. Our approach not only allows students to achieve high scores on the AP exams early enough to take post-AP and capstone courses before they graduate, but also provides primary students with the ability to practice experiencing difficult concepts and high-stakes testing environments for many years. While the AP-level content is spiraled down, age-appropriate social, emotional, and physical benchmarks are spiraled up, to ensure that students’ needs are being met at every age. BASIS students feel comfortable encountering new
information and using what they already know to meet new challenges head-on. Perhaps most importantly, this approach helps students understand that each course they take is not an island of isolated content, but is rather a stepping stone on a path of integrated education.

2. Describe the existing program of instruction of the current school, including methods of instruction and curriculum for the core academic content areas, which supports this philosophy and aligns to Arizona Academic Standards.

Our Professionals

BASIS.ed’s Kindergarten is conducted in self-contained, co-taught classrooms. All Kindergarten teachers at BASIS schools are professionals who are experienced and passionate about educating young children, and who are equally focused on the social, emotional, physical, and academic development of their students. In every classroom is a Lead Teacher as well as a Teaching Fellow (TF) who aspires to become a Lead Teacher. The Lead Teacher is responsible for most of the instruction; however, in specialized disciplines, such as Mandarin, a Subject Expert Teacher (with a degree in their subject matter) replaces the Lead Teacher. Having the two caring professionals in the classroom guarantees that every student’s needs are met, that learning will be appropriately differentiated, and that students can proceed along our accelerated curriculum with the support they need to flourish.

In 1st grade, students at BASIS schools advance out of a self-contained classroom, but not the co-teaching model. In every discipline, a Subject Expert Teacher (SET) leads the students. Teaching alongside the SET, a Learning Expert Teacher (LET) is responsible for making sure students understand the material and master essential organizational and study skills. LETs travel with their students throughout the school day to aid in scholastic development and provide high level progress-monitoring, parent communication, and enrichment to all students. The synergy of a class’s SETs and LET supports a relatively rapid transition from instruction in foundational skills and knowledge, to independent thinking and active learning in the primary grades, in preparation for the advanced, college-preparatory curriculum of our 5-12 program.

BASIS.ed Kindergarten Curriculum: Core Courses
BASIS.ed’s Kindergarten curriculum provides a rich, enjoyable, and intentional learning environment that encourages the use of imagination and creativity to ask the questions that help children relate to the world around them. We call our Kinder courses “Foundations.” These Foundations courses serve as the base of the spiraled curriculum at BASIS schools; learning and organizational habits will be reinforced and concepts will be revisited in greater depth and complexity through the primary, middle, and high school years.

Language and Literacy: BASIS.ed Kindergarten has a thorough program of teaching phonics, whole language, writing, grammar and spelling, reading strategies, and reading comprehension. We build on those foundations with strategies to develop a love for reading and writing. Teachers at BASIS schools use many tools when teaching these vital concepts through small-group centers, whole groups, songs, dances, rhymes, and more.

Civics, History, and Science: BASIS.ed Kindergarten instills an overarching interest in science, social studies, and civics quite early. We familiarize students with key topics that are reintroduced at a deeper level later in the journey at BSI schools. Students investigate regions of the world and the peoples in it, using tools, sources, and experiments. Each week, students continue building these foundations through hands-on experiments, books, virtual field trips, study centers, and more.

Math: BASIS.ed uses Saxon Math, which teaches a wide array of math skills; these concepts are revisited in each successive year for a fully spiraled curriculum from Kindergarten up through Calculus. BASIS.ed Kindergarten
students work through Kindergarten topics to complete Saxon First Grade, mastering basic mathematical concepts and processes such as patterns, money, times and dates, basic geometry, word problems, skip-counting, and more.

**Our Primary Curriculum: Core Courses in Grades 1-4**

BSI uses integrated blocks of Arizona K-12 Standards-aligned content for most of the courses in our primary grades. This inter-disciplinary approach teaches students that the ability to synthesize information and methods among various content areas is a powerful tool necessary to understand and change the world. The BASIS.ed curriculum also spirals content from kindergarten through AP courses and beyond—as students progress, the connections they make across subjects promote critical thinking skills and deep understanding.

Humanities: Humanities helps students strengthen the essential skills for reading and writing, including phonics and grammar, reading comprehension strategies, and vocabulary enrichment. The themes of literacy instruction are determined by a social studies focus; students learn the geography, governments, and cultures of the world, and develop historical thinking habits.

Math & Science: BASIS.ed continues to move through the Saxon Math progression in an accelerated pace (averaging one year ahead). The connections between math and science are highlighted during science labs, during which students may be asked to collect, record, and interpret data; apply measurement skills; and use graphs to organize and present information.

READ: Students enjoy twenty minutes of ungraded independent reading time each day to improve their comprehension skills and foster a love of reading. Students also work on projects based on their reading, and share what they have read with their classmates.

Literacy Enrichment: This course, being implemented first at our new primary campuses in grades 1-3, focuses on explicitly developing students’ reading skills, primarily by exploring phonics. Students begin by studying the relationship between spoken and written language, and later move to word patterns and comprehension strategies. Lessons engage students in whole-class, small group, and individual instruction on phonemic awareness, word study, sight words, and beginning reading comprehension skills.

**Instructional Model: Middle (Intermediate) Grades**

Grade 5 is considered the beginning of the “Intermediate Grades” in the BASIS.ed academic model. The curriculum is consistent with the highest international academic standards and is designed to help students develop the academic and organizational skills that will prepare them for the rigorous BASIS.ed curriculum in later grades. By introducing high-level content standards in lower grade levels, we ensure students are exposed to these concepts early and often. The BASIS.ed middle school curriculum also includes interdisciplinary courses designed to help students deepen and contextualize their knowledge in the core courses. Such interdisciplinary courses include Classics and Latin in Grade 5, which are complemented by three Fine Arts courses and Physical Education. The BASIS.ed curriculum for grades 5 exceeds the scope, sequence, and concepts/skills identified for this grade in the Arizona K-12 Standards.

Math: Introduction to Pre-Algebra provides students with knowledge of general mathematics by practicing addition, subtraction, multiplication, and division of whole numbers, fractions, mixed numbers, decimals, and negative numbers; as well as introducing them to pre-algebra concepts before entering 6th grade.
English: 5th grade English introduces students to the basic elements of reading, writing, grammar, and literary concepts, thereby preparing students for BASIS.ed curricula in following years. It consists of five major components: Conventions, Reading, Writing, Scholarship, and Reasoning.

Physical Geography: This course develops an understanding of planet Earth, both the physical world and how it affects the people and cultures on it. It combines classical geography—the study of landforms, inhabitants, and maps—with Earth science concepts. Students learn states and countries around the world, and be introduced to cultural geography topics including languages, religions, trade, populations, and natural resources. History topics are split between Physical Geography and Classics.

Introduction to Science: 5th Grade Introduction to Science is a survey course designed to prepare students for the intensive middle school science curriculum at BASIS.ed-managed schools. Students study basic principles in Biology, Space Science, Geology, Chemistry, and Physics.

Learning effective organizational skills, study skills, and time-management skills at an early age is an important part of managing the number of subjects the students take. It is crucial preparation for high school and is thus an integral part of our middle school curriculum. To promote these organizational skills, students are required to use planners common to all BASIS students, called Communication Journals. Students learn to take responsibility for their assignments in part through these planners, and they are encouraged to help each other stay accountable for homework and studying. Study skills are explicitly taught in the middle grades, as in the primary grades. BASIS.ed believes that students can hold themselves accountable for their learning, and can manage their progress in increasingly autonomous ways—these are critical components of what our students accomplish in our middle grades.

Students with Disabilities

Our inclusion-based model of special education enables all students to access BASIS.ed’s revolutionary liberal arts curriculum while receiving appropriate supports in the regular classroom setting. The increased faculty support built into the BASIS.ed model that advocates individuality and all types of learners is a particularly welcoming environment for many students with disabilities. We employ a rigorous and thorough process of frequent assessment together with a complete system of learning interventions, tailored to each individual’s needs. Depending on a student’s progress, his/her teachers, guardians, administrators, and the school’s Special Education team may decide to create and implement an appropriate IEP or 504 plan.

English Language Learners

The curriculum at existing BSI Primary (K-4) schools was built to include the Arizona English Language Proficiency (ELP) Standards. These standards include the four major language domains: Speaking, Listening, Reading, and Writing. These standards help teachers, administrators, and ELL coordinators evaluate students’ baseline language proficiency when they come to BASIS, and help our staff monitor progress in order to celebrate improvements.

3. Present an explanation of how the implementation of the existing program of instruction meets the needs of the proposed target population.

BASIS.ed’s co-teaching model in grades K-4 helps all students succeed in our accelerated, rigorous curriculum with the support they need. Incoming BASIS Phoenix Primary students will arrive with a wide variety of literacy and numeracy levels and preparation for school. Having two loving professionals in each classroom allows for more the creation of centers—small groups of students who work together during portions of the day, while each
teacher provides individualized attention to one group at a time—and a floating teacher during whole-group instruction. This unique level of student/teacher engagement allows teachers to quickly identify students who are struggling, and to assist them in getting the extra support they may need to prevent them from falling behind.

All BASIS.ed primary teachers are trained in the implementation of proven instructional methods throughout their tenure. Teachers, together with their administration and the Academics and School Management Departments of BASIS.ed, continually reevaluate the instructional methods used to help their students master foundational, standards-based skills as well as the higher order thinking skills incorporated into the BASIS.ed curriculum. Teachers are encouraged to engage in a wide variety of research-based, differentiated instruction. The diversity of methods employed by teachers at BASIS schools is appropriate for the BASIS Phoenix Primary student population because it demands that teachers know where every student is as they progress through the course material. This is good for all students, including ELLs, students with disabilities, and transfer students.

A common misconception about BASIS.ed schools is that all of our students are geniuses and are just inherently “good at school.” In reality, our students have an incredible variety of skills, abilities, and challenges. BASIS.ed curriculum is accelerated and rigorous; however, even students who come to us below grade level are able to move at our pace because our integration of topics and courses helps create connections between prior knowledge and new concepts skills. Students find that our spiraled curriculum helps them “hit the ground running” each year, and helps them know what to expect in the years to come. The consistency of courses and major topics throughout the primary program helps students feel comfortable and confident with even advanced material.

Occasionally, however, students may struggle and need additional support in order to succeed. BASIS.ed’s Academic Support Program centers around three central objectives for these students: motivation, communication, and intervention. Teachers, administrators, and Teaching Fellows actively monitor students’ progress. If a student’s grade falls below 70% in a course, or a student fails to make adequate progress on benchmarking exams, a student is placed in the Academic Student Support Program. Each student in the program is assigned a designated Academic Advisor; this person meets weekly with the student to develop and then discuss a customized Study Plan, oversees the implementation of interventions in his/her courses, communicates regularly with parents, and continues checking in even after the student has exited Student Support.

The BASIS.ed-triple-focus on accountability, support, and celebrating achievements creates even more motivation to succeed. We assess students often, not only to track progress and the success of interventions, but also to assess instructional methods. Excellent performance on formative assessments and summative/standardized assessments proves to the students that their hard work matters, and proves that the BASIS.ed educational philosophy, academic model, and school culture work for those students who strive for success. On the 2016 AzMERIT exam, for instance, 46% of Arizona 4th graders were Proficient on the ELA portion, with only 12% Highly Proficient. BSI 4th graders, by contrast, ranged from 72% to 91% Proficient, with up to 56% Highly Proficient. (These scores generally depend on the age of the BSI school that students attend, with more-established BASIS schools demonstrating higher proficiency.) On the Math exam, 45% of Arizona 4th graders were Proficient, with only 10% rated as Highly Proficient. BSI 4th graders scored from 67% to >98% Proficient, with up to 47% scoring Highly Proficient. These 2016 scores were taken from BSI campuses in Ahwatukee, Chandler, Flagstaff, Goodyear, Mesa, Phoenix Central, Prescott, Oro Valley, and Tucson, where our students have a wide variety of races, socioeconomic statuses, language proficiencies, and educational backgrounds.

BSI’s AzMERIT results clearly show we are successful in building and maintaining academic excellence throughout years of operation and expansion. The target population at BASIS Phoenix Primary will differ from that found at
BASIS Tucson Primary, but the BASIS.ed philosophy determines that every student can be successful at BASIS Phoenix Primary. Not only do our teachers and staff model an excellent work ethic for their students, they ensure all students have every opportunity to receive support they might need on their way through the BASIS Primary program. The families who choose to send their students to BASIS schools are those seeking the best education in the world. As demonstrated by our success throughout the state, the BASIS.ed Program is replicable for students in the Phoenix target population area. There is no doubt that the high academic standards, the positive school culture, and the emphasis on student accountability that are the foundation of the BASIS philosophy have helped our students achieve academic excellence at every BASIS school. Parents and students in the northern Phoenix area have been requesting a BASIS school for several years; we now seek the opportunity to meet that demand.

4. Describe the level of proficiency that students must obtain to demonstrate mastery of academic core content and clear criteria for promotion from one level to the next.

The proficiency level of each student will be based on the student’s performance on multiple sources of assessment, including homework, class participation, quizzes, tests, and state assessments, which will be aligned with Arizona K-12 Academic Standards. A Course Progress Grade reflects a student’s performance in a course during a given grading period (out of five total grading periods in the year). It is calculated according to a teacher’s grading policy published in the course syllabus and the policies in the BASIS Charter Schools Parent-Student Handbook (hereafter, “Handbook”), as well as any grading period-specific regulations.

To be promoted to the next grade level in K-5, a student must earn a minimum cumulative average of 60% in each of the core courses, and/or Grade P (Pass) in all courses or projects taken during the year. Students who fail to meet their cumulative 60% requirement do not qualify for promotion status. Their parents/guardians must request, in writing and within two weeks, permission to obtain conditional promotion status. A School Director will then meet with these students and their parents/guardians to discuss the conditions required (summer projects, significant makeup work, etc.) before promotional status can be granted.

Students who fail to earn promotional status are retained. Additionally, third grade students who fall Below Expectations on the AzMERIT Reading assessment will be retained, per Arizona Revised Statute 15-701, provided they do not meet the acceptable exceptions for this statute (e.g., English Language Learners or students with, or in the process of acquiring, an IEP). In all other cases, BASIS abides by the Handbook, which states that the Head of School will make the final determination for promotion and retention based on teacher recommendation and passing grades.

5. If your school serves a high school population, identify graduation requirements for the school that will meet State requirements. Describe the process and criteria for awarding course credit.

N/A
1. **Describe the organization's strategic growth plan and desired outcomes in Arizona over the next five years. Include the following: Number of schools and grades served, including expansion progression; Projected opening dates; and Projected number of students served.**

Over the next five years, BASIS Schools, Inc. (“BSI”) plans to continue supporting the outstanding academic achievement at its existing schools while also growing at a steady rate. Below are BSI's tentative plans for Arizona in the next five years. These plans are subject to change based on numerous factors including availability of land and the presence of sufficient local demand.

- 2017-2018 (year 1): 20 schools, grades K-12, 13,699 students
- 2018-2019 (year 2): 22 schools, grades K-12, 15,230 students
- 2019-2020 (year 3): 25 schools, grades K-12, 16,773 students
- 2021-2022 (year 4): 25 schools, grades K-12, 17,115 students
- 2022-2023 (year 5): 25 schools, grades K-12, 17,946 students

All campuses will open in August of each year.

Due to BSI’s strong academic track record, we feel confident in stating that our objective in this expansion plan is to provide the option of a K-12 BASIS education to as many Arizona families as possible. Since BSI schools now exist throughout the Phoenix and Tucson metropolitan areas and in northern Arizona, most Arizona families have access to the BASIS.ed academic program within driving distance of their home. Our focus moving forward will be primarily adding grades K-4 to our existing schools that only serve grades 5-12. We will also be opening new schools in the few areas currently not served by a BASIS.ed-managed school such as South Phoenix (opening fall 2017) and South Tucson. The BASIS.ed model that includes hiring expert teachers, holding students to high standards, and emphasizing individual student accountability continues to attract parents and students to our schools.
2. Discuss your operational capacity to open and operate schools successfully, including: Lessons learned from past expansion; and How you plan to avoid or minimize challenges in the replication school.

BSI maintains a vast operational capacity to open and operate schools. The schools’ EMO relationship with BASIS.ed is, in fact, designed specifically for this purpose. This arrangement allows the standardized BASIS.ed curriculum, staffing structure, financing platform, and facilities arrangements to be deployed to any new school, and maintained and bolstered at existing schools, with relative ease. The EMO arrangement also relieves individual schools of most of the burden for accounting, legal issues, IT, and HR. BASIS.ed provides additional support for compliance. BASIS.ed can hire additional staff in these areas when the need for such staff becomes apparent.

The outcome from this vast operational infrastructure is visible in the continued success of the existing BASIS.ed-managed schools (BASIS schools). BASIS Scottsdale, BASIS Tucson North, BASIS Oro Valley, BASIS Peoria, and BASIS Chandler were ranked number 1, 2, 3, 5, and 7 in the United States in 2017 by *U.S. News and World Report*. These schools, along with BASIS Flagstaff, also outscored every world economy in 2015 on a version of the internationally benchmarked PISA exam, which tests students in critical thinking and problem solving ability.

These results are only possible with BASIS.ed’s openness to honest self-evaluation and continual improvement. Problems from past years such as lower-than-projected student enrollment and late delivery of facilities were not encountered in the 2016-17 school year, thanks to significantly stepped-up outreach efforts to families and an earlier schedule for securing financing.

3. Summarize the organization’s plan to support: The quality and long-term academic success of the replication school; The quality and long-term operational success of the replication school; and The financial viability of the replication school.

BSI, the Charter Holder for each of the Arizona BASIS Schools is well positioned to support the proposed growth of additional BASIS schools as described in Section 10.1. Maintaining the high caliber of academic performance and strong fiscal health of each BASIS school drives all BSI planning. Through the service agreement with BASIS.ed, BSI ensures that each new BASIS school will maintain the same level of academic excellence and fiscal health as each school in the network. Among the metrics that the Board reviews quarterly with the management company are: academic performance, student enrollment, organizational structure, teaching resources, legal and regulatory compliance and growth plans.

Financially, BSI and the individual BASIS schools are all in very strong positions to support future growth. BSI grew rapidly in FY 2015. After successfully opening several new schools, BSI’s assets grew by approximately 13 percent. BSI closed FY 2015 with a current ratio of 1.88—a healthy number considering that current ratios above 1.00 are indicative of organizations with high levels of operational efficiency. New BASIS schools can tap into BSI’s large working capital reserves (~$11M) to ensure financial viability during their formative years.

Academically, individual BASIS.ed managed schools will have Subject Advisors (SADs) that will support academic success. The SADs are BASIS.ed teachers with a particular expertise in their subject, and they are responsible for creating the templates (sample syllabi, including mandatory
topics) for each variant of our courses. Perhaps more importantly, they are deeply committed to collaboration and creating a community that enables and celebrates the success of their peers. These subject experts are able to provide deep content support for teachers and are also in the classroom teaching on a day-to-day basis, so they have direct daily experience with the issues teachers are facing. Most BASIS schools have at least one SAD on-campus, and SADs occasionally visit other campuses, but much of the time SAD mentorship occurs over email, phone calls, and discussion boards on our SharePoint pages.

Minimum Qualifications:

- Thorough understanding and appreciation of BASIS.ed curriculum and culture
- Bachelor’s degree in subject area, Master’s preferred
- Experience coaching other teachers
- Experience creating curricula and defining learning objectives for subject area
- Understanding of student learning styles and pedagogical approaches

Preferred Qualifications:

- 5+ years of experience teaching the subject content
- Knowledge of and experience with standardized testing (aimsweb, state tests/PARCC, SAT, ACT, PISA, ISA etc.)

BASIS.ed has also built an extensive data analysis team to track the academic progress of each school and each teacher to identify best practices and facilitate sharing them across the network.
SERVICES AGREEMENT

BETWEEN

BASIS SCHOOLS, INC. AND BASIS EDUCATIONAL GROUP, LLC

BASIS Schools Inc., an Arizona nonprofit corporation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code (“BSI”) engages BASIS Educational Group, LLC, an Arizona limited liability company f/k/a BASIS Educational Group, Inc. (“BASIS.ed”) (each individually a “Party”) through a confidential Services Agreement (“Agreement”) to provide comprehensive education management services to BSI charter schools (“Schools”).

In order to ensure our Schools receive the quality and scope of services required to deliver a globally competitive education, the Agreement contains a detailed inventory of services, programming, and responsibilities of each Party; therefore, we cannot attach the executed Agreement because this information is a protected trade secret and, in order for us to maintain that protection, we must maintain the Agreement’s confidentiality. Below is a discussion of both the proprietary nature of the Agreement as well as a summary of its material terms.

The Agreement Contains Information that is a Trade Secret

In Arizona, a trade secret is “information, including a formula, pattern, compilation, program, device, method, technique, or process, that both: (a) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” (A.R.S. § 44-401).

Since the inception of BASIS.ed in 2009, we have invested incalculable resources to develop a comprehensive educational management program capable of providing students with a globally competitive education (the “Program”). Not only does the Program compile the highest-quality educational management strategies from around the world, but it includes a multitude of proprietary techniques, methods, processes, and formulas that have been have created through the intentional investment of significant resources. For example, the formula used to calculate fees in the Agreement and the management structure is the result of research, analysis, and negotiation that resulted in a unique arrangement that carefully allocates expenses, ensures classrooms never go without resources, and is agile enough to weather the ever-changing school finance landscape. Combined with the success realized year-in and year-out by our students, other educational service providers would obtain both economic and educational value from the disclosure of the Agreement. We, therefore, must maintain the confidentiality of the Agreement in order to prevent it from being ascertainable through proper means by those who would obtain such value from its disclosure.

To that end, we exert great effort to maintain the secrecy of the Agreement’s provisions. A non-exhaustive list of such efforts include: (i) the Agreement is marked “Confidential” and it is maintained with other confidential documents with restricted access in locked file cabinets; (ii) a
limited number of “need to know” individuals have access to the Agreement; (iii) anyone who does have access to the Agreement is required to sign non-disclosure and confidentiality agreements; (iv) reproduction of the Agreement is strictly controlled; and (v) all employees of both BASIS.ed and BSI are instructed both verbally and in writing about the procedures for handling the Agreement, if allowed, as well as the confidential information underlying the Agreement.

Because we believe it is imperative that we expand to serve more students, yet are required to maintain the confidentiality of the Agreement, we respectfully submit the summary information below.

**Summary of the Agreement**

*Why BASIS.ed?*

Since 2009, BSI and BASIS.ed have worked together to transform American education by equipping students with the knowledge, skills, and mindsets necessary to compete at the highest international levels. BASIS.ed currently manages all of BSI’s Arizona charter schools, and additional charter schools in Texas and Washington, D.C. Together, BSI and BASIS.ed have produced some of the top-performing public schools in the nation and, as BSI expands, this demonstrated track-record of impact will be as vital as ever to properly serve students in BSI’s schools going forward. In short, because of BASIS.ed’s demonstrated skill, expertise, resources, and professional competence in the provision of comprehensive educational management services, it is in BSI’s best interest to continue to work with BASIS.ed to deliver a globally competitive education to its students.

*Services Provided by BASIS.ed*

For the benefit of BSI, under various sections of the Agreement, BASIS.ed is required to manage, administer, and supervise the operations and activities of the School, including:

A. **Management services, including:**

   a. Furnishing BSI with curriculum, assessments, and academic analyses and reports;
   b. Supervision, management, and professional support of School staff, faculty, and management;
   c. IT services, including design of the School’s overall IT system, strategies, purchasing, and database design and maintenance;
   d. Student recruitment and enrollment support, including policy design, training, analysis, and implementation;
   e. Public relations strategy, outreach, and response;
   f. Development support, including identifying grant opportunities as well as grant writing and application support;
   g. Management of special fundraising projects;
   h. Negotiating, coordinating, and supervising facility maintenance and repair;
   i. Negotiating and coordinating capital equipment purchases;
   j. Managing and negotiating vendor contracts;
k. Supporting the BSI board, including maintenance of necessary records per Arizona’s record retention schedules applicable to charter schools; and
l. Preparation of authorizer required reports and other School-management documents, such as School calendars.

B. Operational Services, including:
   a. Supervising operations related to student enrollment, registration, wait-list maintenance, records, withdrawals and support for student retention;
   b. Drafting manuals, policies, procedures, and staff trainings;
   c. SAIS support;
   d. Curriculum implementation and evaluation;
   e. Human resources support;
   f. Teacher and staff recruitment, screening, compliance, and training; and
   g. Special education support, including coordinating outside service providers.

C. Financial Services, including:
   a. At the direction of the Governing Board, prepare proposed, adopted, and adjusted School budgets;
   b. Prepare financial reports for BSI’s consideration;
   c. Liaison with ADE as necessary to ensure all financial reports are properly submitted;
   d. Cooperate in the preparation of the School’s annual audit and any other accounting or financial review undertaken by independent CPAs or auditors, as selected by BSI;
   e. Maintain the School’s financial records;
   f. Assist in the preparation of the School’s tax returns and submit the same to the BSI for review and approval;
   g. Manage the School’s accounts payable and receivable; and
   h. Assure compliance with bond covenants, if any.

Holding BASIS.ed Accountable

BSI has high expectations for service providers just as it does for students. As such, the Agreement reinforces BSI’s independence and contains extensive accountability measures to ensure BSI has the information and control necessary to hold BASIS.ed accountable. Such measures include:

A. BSI has the option to, and in-fact did, hire an independent qualified specialist to determine whether the fees charged by BASIS.ed are reasonable compensation for the services provided;
B. BASIS.ed is required to ensure all the schools it manages meet the high-academic benchmarks BSI is known for;
C. BASIS.ed is responsible for implementing reasonable information and reporting systems that enable BSI to monitor key areas of business, legal, and regulatory compliance and risk;
D. BSI regularly tests cash disbursements for BSI costs and expenses managed by BASIS.ed to ensure all are properly supported, processed, and recorded;
E. BASIS.ed’s authority with respect to BSI activities is carefully curtailed through documented limits;
F. BSI has the right to inspect and copy BASIS.ed’s books and records as they relate to BASIS.ed’s provision of services under the Agreement;
G. BSI may annually audit BASIS.ed’s compliance with this Agreement;
H. BASIS.ed acknowledges this Agreement is subject to the terms of the charter contract, the Act, and other federal and State laws applicable to the School;
I. BASIS.ed submits itself to state and federal law bearing on the services it provides to BSI, such as the Family Educational Rights and Privacy Act;
J. BASIS.ed shall not act or fail to act, in any manner that would result in a breach of the School’s charter contract or applicable law;
K. BASIS.ed is required to regularly report to BSI, which requires:
   a. Reporting on current academic performance, student enrollment, teaching resources, new schools activity, legal and regulatory compliance, organizational structure, and risk management;
   b. Providing an overview of what has occurred in each of those areas since the last report, including any items of concern, improvement, or changes in noted items of concern from prior reports, areas needing additional attention or resources from BSI, steps BASIS.ed has taken to control or mitigate any areas of concern, and other detail material or relevant to the services and BSI’s operations of the School; and
   c. Giving BSI the opportunity to review and discuss the report with knowledgeable BASIS.ed personnel and to request additional information and follow up, as necessary.

If all else fails, BSI has the authority to terminate the Agreement, in which case, BASIS.ed would be required to cooperate in the transition of services to the new management company.

Relationship of BASIS.ed and BSI

BSI is an independent nonprofit corporation led and overseen by its board of directors (“Board”) and the Agreement acknowledges and reinforces this independence in many ways, including:

A. The Board is the ultimate fiduciary and retains ultimate decision-making authority over all activities of the School, including the authority to reject or accept any recommendation made by BASIS.ed;
B. BSI is responsible for overseeing all of its charter schools and has discretion in selecting a management company to assist with operating them;
C. As charter holder, BSI remains ultimately responsible for ensuring compliance with the charter contract as well as considering and approving all reports, budgets, and filings incumbent upon an Arizona charter school;
D. Once hired, BASIS.ed operates subject to BSI’s policies and at the Board’s ultimate direction and oversight;
E. BASIS.ed is required to promptly furnish all information, documents, reports, or forms necessary or convenient for BSI to perform its obligations under the charter contract or the Agreement; and

F. Clear delegations of authority by the Board to BASIS.ed are memorialized and only include enough authority necessary for BASIS.ed to perform the services considered by the Agreement.

Conclusion

BSI and BASIS.ed have successfully worked together to redefine education in Arizona and beyond and we are eager to serve additional students as contemplated in the current application. Should your office have any questions on the Agreement or this Exhibit, please do not hesitate to reach out.
Target Population and Enrollment of New Student Narrative

1. Describe the student population of the Replication Model School, including: The demographic profile; The academic performance of students entering the school; and The distance traveled by current students.

The Replication Model School, BASIS Tucson Primary, draws from a wide geographic area for its student population, with a majority of students living inside the Tucson Unified School District (TUSD) boundaries. This area is generally populated by lower- to middle-income families, with 69 percent of the student population on free or reduced lunch. TUSD received a grade of “C” from the Arizona Department of Education in 2014, the most recent year for which letter grades are available. In 2016, only 30 percent of TUSD students passed the AzMERIT English/Language Arts test and 27 percent passed the Math test. Many students who first enter BASIS Tucson Primary have similar levels of academic performance, though others commute in from other school districts with higher results.

At BASIS Tucson Primary, approximately 56 percent of students are Caucasian, 17 percent are Asian, 17 percent are Hispanic, and 4 percent are African-American. Student commutes range from less than one mile to more than 25 miles. Most students live within a 5-mile radius of the school.

2. Identify the target population of the proposed school, and demonstrate a clear understanding of the students the proposed school intends to serve, to include the following: A demographic profile of the student population; Current levels of academic performance; Whether the students will be primarily neighborhood or commuter; and How the target population of the proposed school is similar to, or different from, the student population currently served by the Replication Model School. If the target population of the proposed school is different from the student population currently served by the Replication Model School, explain those differences.

BASIS Phoenix Primary will serve a somewhat different target population than BASIS Tucson Primary. While the academic program of BASIS Phoenix Primary will be identical to all other BASIS charter schools, BASIS Phoenix Primary will be prepared to adapt its operations to the unique needs of the community in north Phoenix.

Since BASIS Phoenix Primary will be located in the existing BASIS Phoenix building, we can reasonably anticipate that the student population at BASIS Phoenix Primary will mirror that of BASIS Phoenix. At BASIS Phoenix, 7 percent of students are Hispanic, 57 percent are Caucasian, 2 percent are African-American, and 33 percent are Asian. Some students live within walking distance of the school, while others commute from up to 30 miles away. In the Paradise Valley Unified School District, where BASIS Phoenix Primary will be located, 58 percent of students are non-Hispanic Caucasian, 30 percent are Hispanic, 3 percent are African-American, and 4 percent are Asian.

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1 2015-16 school year enrollment counts available from the Arizona Department of Education: http://www.azed.gov/research-evaluation/arizona-enrollment-figures/
BASIS Phoenix Primary’s primary value-add for the neighborhood will be to provide students with an education on par with their most successful international peers. No nearby schools offer the BASIS.ed program’s unique combination of requiring teachers to be experts in their subjects, providing an accelerated curriculum for all students, and emphasizing individual responsibility and independence for students. The student population will be a mix of neighborhood residents and commuters from the surrounding region, with the vast majority of students expected to live less than 5 miles from the school.

As far as academic performance, listed in the table below are the 2016 AzMERIT scores for students who reached both “Level 3” (passing) and “Level 4” (exceeding the standard) for the Paradise Valley Unified School District and for BASIS Tucson Primary. The table shows that students entering BASIS Phoenix Primary from the surrounding district have significantly higher performance than students entering the Replication Model School, BASIS Tucson Primary. We expect students entering BASIS Phoenix Primary to perform, at the point they enter the school, at roughly the same levels as the students in Paradise Valley Unified District.

2016 AzMERIT Scores, Paradise Valley Unified School District

<table>
<thead>
<tr>
<th>Grade</th>
<th>ELA Passing</th>
<th>ELA % Level 4</th>
<th>Math Passing</th>
<th>MATH % Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd grade</td>
<td>53</td>
<td>17</td>
<td>54</td>
<td>23</td>
</tr>
<tr>
<td>4th grade</td>
<td>57</td>
<td>18</td>
<td>57</td>
<td>17</td>
</tr>
<tr>
<td>5th grade</td>
<td>57</td>
<td>19</td>
<td>52</td>
<td>18</td>
</tr>
</tbody>
</table>

2016 AzMERIT Scores, BASIS Tucson Primary*

<table>
<thead>
<tr>
<th>Grade</th>
<th>ELA Passing</th>
<th>ELA % Level 4</th>
<th>Math Passing</th>
<th>Math % Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd grade</td>
<td>82</td>
<td>47</td>
<td>92</td>
<td>68</td>
</tr>
<tr>
<td>4th grade</td>
<td>84</td>
<td>43</td>
<td>88</td>
<td>28</td>
</tr>
<tr>
<td>5th grade</td>
<td>78</td>
<td>31</td>
<td>76</td>
<td>23</td>
</tr>
</tbody>
</table>

* BASIS Tucson Primary served grades K-6 in the 2015-16 school year, though it served only grades K-4 for the 2016-17 year.

While we do not have an advance count of the number of Students with Disabilities and/or English Language Learners that we will be serving, we know that Paradise Valley Unified School District had a Special Education population (for ages 3-21) of approximately 13 percent in the 2015-2016 school year. We will prepare to see similar demographics at BASIS Phoenix Primary, but we will adapt our staffing to meet the needs of all of our students as they come to us. We have an Exceptional Student Services Team at each campus that can help

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[1] Available at: https://cms.azed.gov/home/GetDocumentFile?id=5925f4cc3217e1232ce38b4c (Special Education Count) in conjunction with http://www.azed.gov/research-evaluation/files/2011/06/october-1-fy16-enrollment.xlsx (October 1 Enrollment Figures)
identify a Special Education student through Child Find or a parent request for evaluation, and that works with a child’s general education teachers to fulfill any student’s existing Individualized Education Plan (IEP). We will create Individual Language Plans for students who identify as English Language Learners, and will monitor frequently for progress. Please see the Education Plan narrative for more detail on how BASIS Phoenix Primary plans to meet the needs of our Exceptional Students. Due to the younger age of students, we anticipate a slightly larger Special Education percentage at BASIS Phoenix Primary than at BASIS Phoenix.

Regardless of exceptionality, BASIS Phoenix Primary will offer significant support from day one to incoming students in preparation for the rigorous BASIS.ed curriculum. We have a robust Academic Support Program to serve students and their families; the Dean of Students, or another staff member, is assigned immediately to work with students who need additional support in order to thrive in their classes (Please see the Education Plan narrative for more detail on our Academic Support Program). This support is in addition to the guidance and encouragement that is part of our model, including tutoring opportunities, explicit instruction in study skills and organizational skills, and daily homework help and conceptual reinforcement in the Academic Enrichment (AE) program.

3. Provide a detailed description of how the Charter Holder will meet the identified enrollment targets. Include: A clear description of the advertising and promotion plan that supports the successful enrollment of the projected student count identified in this application; and The timeline for enrollment at the proposed school, and how it will be communicated to the public.

Parents in the north Phoenix area have demonstrated strong interest in the BASIS Primary model. With only a handful of emails sent and one information session held, the BASIS Phoenix Primary interest list reached 590 students in only 30 days. Opening BASIS Phoenix Primary would allow the families on that list, and many hundreds more who have not yet heard about the school, the chance for their younger children to experience an education at a BASIS.ed-managed school.

As of the 2010 census, there were 22,098 students aged 5-11 within five miles of the proposed school location. The projected first-year enrollment of 750 students equates to approximately 3.4 percent of this population, compared to BASIS Tucson Primary’s enrollment of more than 5.5 percent of the age 5-9 population within five miles.

BSI intends to launch a more concerted marketing campaign in October and early November 2017 to ensure that as many families in the region as possible know about the possibility of this new, high-performing educational option coming to their area. This marketing campaign is planned to include online advertising, radio advertising, flyer distribution, participation in community events, and other methods.

Pending approval of the BASIS Phoenix Primary charter in the summer of 2017, the Open Enrollment period at BASIS Phoenix Primary would last for one month, from mid-November to mid-December 2017. Students who apply after this period will be accepted on a first-come, first-served basis, following the policies described below in question 4. The Open Enrollment period will be communicated to the public via the advertising methods described above, in addition to emails directly to all families on the BASIS Phoenix Primary interest list.

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2 The total number of children aged 10-14 is lumped together in a single category in US Census data. An equal distribution across these ages was assumed for this document.
4. Describe the fair and equitable enrollment procedures and policies compliant with A.R.S. §15-184 of the Replication Model School, that will be implemented at the proposed school, including the timeframe, waitlist, lottery, and documents included in the enrollment packet.

BASIS Schools, Inc. operates open-enrollment public charter schools which do not charge tuition and do not administer entrance examinations. BASIS Schools, Inc. follows the admissions requirements for charter schools set forth in A.R.S. §15–184 and 20 U.S.C. §7221i (1) (H) 1. Enrollment is based on a fair and equitable system which provides for an Enrollment Period, a lottery, if necessary, and a waitlist.

APPLICATION PROCEDURES

1. Who Should Apply

- Potential BASIS students
- Waitlisted BASIS applicants as waitlisted applications do not roll over to the next year
- Current BASIS students wishing to transfer to a different BASIS campus.
- Current BASIS students that will complete the highest grade offered at their current BASIS school and wish to apply to the next grade level at another BASIS school or to a designated BASIS affiliate school. (See below for designated affiliate school information).

Please Note: current BASIS students wishing to attend the same campus for the following school year should not register using this process. Re-registration occurs at each BASIS campus during the spring for all currently enrolled students that are eligible for the next grade level at the same BASIS school.

2. When to Apply

The Open Enrollment period is the period prior to the start of each school year when parents/guardians can complete an application for each child to their desired school(s). Open Enrollment dates for the upcoming school year will be posted on each BASIS school website. Applications received after the Open Enrollment period will not be eligible to enter the Open Enrollment lottery. Instead, these applications will be processed on a first-come, first-served basis behind applications received during the Open Enrollment period.

3. How to Apply

During the Open Enrollment period, parents/guardians complete applications for each student to their desired BASIS School(s). All applications must be submitted online through the enrollment portal. Applications need not be signed to be entered into the lottery or considered for an offer of enrollment. Applicants who are offered enrollment will be given instructions on how to accept the seat offer, and print and sign the Registration Packet.

4. Applicant Age Requirements

We cannot guarantee that any student who enrolls will enroll at the age-appropriate grade level. In some cases, students will be enrolled in lower grades in order to ensure their grade level matches their level of preparation and content knowledge. Ultimately, we make every effort to set our students up for success, which includes reserving the right to place students in lower grade levels.
Age Requirements for Kindergarten Applicants for the 2017-18 school year:

Children who will turn five prior to September 1, 2017: Students who wish to enroll at a BASIS school for kindergarten must turn five before September 1st of the year in which they wish to start kindergarten.

Children who will turn five on or after September 1, 2017, but on or before December 31, 2017: Students who turn five on or before December 31st, but after September 1st, of the year in which they wish to enroll, may complete an application and may be considered for early admission to kindergarten. To ensure that early admission is in the best interest of the child, consideration will be granted on a case-by-case basis as determined by an individual evaluation. This evaluation may include a maturity assessment, and interviews with the Head of School or designee, and/or academic diagnostic testing. The Head of School shall make the final determination on early acceptance at BASIS. If your child receives an offer of enrollment, the school will work with you to schedule any applicable evaluation.

BASIS offers a rigorous academic program and does not encourage early admission to the kindergarten program. Full-day Kindergarten is strongly recommended for any student enrolled through early admission (for the fees associated with the full day program, contact the school).

Children who will turn five on or after January 1, 2018: Arizona Revised Statute (A.R.S.) 15-821 prohibits the admission of any student into a public kindergarten program who does not turn five by January 1st of the school year for which they will be enrolled.

Age Requirements for First Grade Applicants for the 2017-18 school year:

Children who will turn six prior to September 1, 2017: Students who wish to enroll at a BASIS Primary school for first grade must turn six before September 1st of the year in which they wish to enroll.

Children who will turn six on or after September 1, 2017, but on or before December 31, 2017: Students who turn six on or before December 31st, but after September 1st, of the year in which they wish to enroll, may complete an application and may be considered for early admission to first grade. Consideration will be granted on a case-by-case basis as determined by an individual evaluation. If your child receives an offer of enrollment, the school will work with you to schedule any applicable evaluation.

Children who will turn six on or after January 1, 2018: Arizona Revised Statute (A.R.S.) 15-821 prohibits the admission of any student into a public first grade program who does not turn six by January 1st of the school year for which they will be enrolled.

LOTTERY & ENROLLMENT PROCEDURES

1. Procedures When Applications Do Not Exceed Capacity

At the close of the Open Enrollment Period, the total number of students with completed applications is determined for each grade at each school. If the total number of applicants is less than or equal to the total capacity designated for a particular grade level at a particular school, all applicants for that grade level at that school will be offered enrollment.
2. Procedures When Registration Exceeds Capacity

If, for any grade level, the number of applicants exceeds the number of openings, there will be a lottery to determine enrollment and waitlist numbers.

3. Open Enrollment Lottery

The Open Enrollment period for BASIS Charter Schools is **NOT** first-come, first served. Only applications completed during the Open Enrollment period are included within the lottery pool. Applications completed after Open Enrollment will be processed on a first-come, first-served basis behind applications received during the Open Enrollment period.

Lotteries will be held at some point after the Open Enrollment period, and results will be available after lotteries have been conducted. Dates for both events are TBD, and will be added to the BASIS Schools’ enrollment pages once they are finalized.

The lottery is an electronic system that randomly identifies students for enrollment. During the lottery process all students who have completed applications during the Open Enrollment period are grouped according to applicable and verified enrollment priorities. A separate lottery is performed for each of these priority groups in the order listed below; the final lottery is for students who have no applicable enrollment priorities. Within each priority category, applicants are sorted and numbered in random order. Lottery results will determine the enrollment or waitlist status of each applicant that applied during the Open Enrollment period.

4. Enrollment Priorities

In accordance with Arizona Revised Statute **A.R.S. §15–184**, BASIS Schools, Inc. has developed policies regarding enrollment priorities. In the lottery process, enrollment priority will be given to students who meet the following criteria in the order listed:

1. To students who are children, grandchildren, or legal wards of employees or leased employees of the school, employees of the management organization of Arizona charter schools, members of the governing body of the school or directors, officers, partners or board members of the charter holder.

2. To BASIS students graduating from a designated BASIS affiliate school applying to a designated BASIS recipient campus. (See below for designated affiliate school information).

3. To students who are siblings of current BASIS students enrolled at the same campus. (See below for the definition of sibling.)

4. To students who are siblings of current BASIS students enrolled at the designated affiliate school. (See below for designated affiliate school information).

5. To students who are transferring from one BASIS campus to another, and who have completed the required Transfer Request Form. (See below for the definition of a transfer student.)
6. To students who are siblings of current BASIS students enrolled at a different non-affiliated BASIS campus within the state of Arizona. (The term sibling is defined below.)

7. To students who had previously attended a BASIS school in Arizona, left in good-standing, and had met all the BASIS requirements for promotion to the subsequent grade. Former BASIS Student Priority Status is subject to the approval of the Head of School, and granted on a case-by-case basis.

DESIGNATED BASIS AFFILIATE SCHOOLS:

The Designated BASIS Affiliate Schools for the 2017-18 school year are:

- BASIS Chandler Primary North Campus and BASIS Chandler
- BASIS Chandler Primary South Campus and BASIS Chandler
- BASIS Goodyear Primary and BASIS Goodyear
- BASIS Oro Valley Primary and BASIS Oro Valley
- BASIS Peoria Primary and BASIS Peoria
- BASIS Phoenix Central and BASIS Phoenix
- BASIS Scottsdale Primary and BASIS Scottsdale
- BASIS Tucson Primary and BASIS Tucson North

Affiliate school priority status is provided for BASIS students promoting* from the exit grade of a designated affiliate school and applying to its designated recipient school.

A Transfer Request form is not needed for students who are promoting* from the exit grade of a designated affiliate school and applying to the entry grade of its designated recipient.

*promotion is defined as having met all the BASIS requirements for promotion to the subsequent grade.

Definition of Sibling: A sibling is defined as an individual having one or both parents in common or a step-sister or step-brother that resides under the same roof as the applicant. Documentation may be requested to confirm sibling preference. If the sibling withdraws from the school before the applicant is offered enrollment, priority status will be revoked.

Sibling Priority Status: All students who are enrolled at a BASIS school during the 2016-17 school year and who timely elect to re-enroll at the same BASIS campus for the subsequent school year will be enrolled—for the purposes of sibling preference, these re-enrolled students are considered currently enrolled.

For new applicants, if one sibling is randomly selected by lottery for enrollment, the other sibling(s) will be given sibling preference in the enrollment process at the same BASIS school or at the designated affiliate school for the campus to which the sibling applied.
**Definition of Transfer:** A student may only request a transfer to ONE specific BASIS campus. A completed Transfer Request form must be signed by the Heads of Schools at both campuses to be eligible for the transfer priority. Transfer requests are reviewed by the desired campus, and the application will be marked for “transfer priority” once the request is approved. Students approved for transfer are required to successfully finish out the year in their current grade at their current BASIS campus before being eligible to transfer to their new BASIS campus of choice for the next school year. Transfer priority does NOT guarantee enrollment, but rather places the transfer application in a prioritized position on the waitlist for the desired BASIS campus/grade level. Students requesting a transfer must not be in the process of being expelled from their current BASIS campus.

**ACCEPTING/DECLINING OFFERED ENROLLMENT**

1. **How to Accept an Offer of Enrollment**

   When an applicant is offered enrollment, his or her parent/guardian will receive instructions on how to accept the enrollment offer and complete the student’s files at that school. These parents/guardians will be asked to login to their online enrollment account to:

   **a. Accept/Decline the offer of enrollment;**

   **b. Print a copy of the completed registration packet; and**

   **c. Establish a SMART for Charters account (for payment of the refundable security deposit).**

   Once an applicant has accepted an offer of enrollment and printed their completed registration packet, they will be asked to bring their completed registration packet to the school in order to finalize enrollment and complete the student’s enrollment file. The school will provide specific drop-off dates and times for submitting completed registration packets.

2. **Registration Packet**

   The Registration Packet consists of the Student Registration Form, Student Record Transmittal Request, Emergency Contact and Medical Information Form, Media Release Form, Primary Language other than English (PHLOTE) Form, Arizona Residency Documentation Form or Affidavit of Shared Residency, and copies of the student’s proof of identification and Immunization Records. Parents will also be asked to provide custody information (e.g. court decision regarding sole custody), Medical Alert (e.g. physician’s instructions for severe health conditions), and Legal Alert (e.g. custody or restraining order information) if applicable. All forms must be filled out in full, signed, and submitted to the school in order for the student to be registered.

   **Arizona Residency Documentation:**

   A.R.S. § 15-802(B) requires school districts and charter schools to obtain and maintain verifiable documentation of Arizona residency upon enrollment in an Arizona public school. Students with out-
of-state or international addresses at the time of application may complete the application process. Only applicants who are offered enrollment must provide proof of residency in the state of Arizona no later than the first day of the 2017-2018 school year.

3. Date Registration Complete

The date of pre-registration is when the completed registration packet is submitted by the parent/guardian.

1. Pursuant to ARS §15–184(J) BASIS Schools, Inc. does not admit any pupil who has been expelled from another educational institution or who is in the process of being expelled from another educational institution.

WAITLIST PROCEDURES

Applicants who are not randomly selected for enrollment in the lottery process will be placed on a grade-specific waitlist based on lottery results.

Students who submit completed applications after the Open Enrollment period will be offered enrollment if there is space available in the grade level of interest. If space is not available, the student will be placed on a waitlist for the grade level based on the date he/she submitted the completed application to the school; however, students with applicable and verifiable enrollment priorities will receive waitlist numbers according to their priority type. Consult the section of this document on Enrollment Priorities for more information.

Each time an opening becomes available in a particular grade, the school will contact the parent of the student next on the waitlist for the grade and offer them the open spot for their child. If the parent declines the spot, it will be offered to the parent of the next student in line on the waitlist for that grade, and so on in accordance with the requirements of A.R.S. §15–184A.

Parents with children on the waitlist are encouraged to advise the school of any change in their contact information so that they may be reached if a spot opens for which their child is eligible. Parents are also asked to notify the school and decline the seat from the enrollment portal if they no longer wish to have their child included on the waitlist, so that the waitlist can be updated accordingly.

Our waitlists do not roll over from year to year; parents with students on a waitlist for the current school year must complete a new application for the next school year in order to be eligible for enrollment for that school year.

It is not possible for us to determine your child’s chances of being offered a spot if they are on a waitlist. Once our classes are full, any spots that open up are the result of student withdrawals. Although we do typically see a number of spots open up before the start of school, we have no way of knowing in which grades spots will open up or how many spots will become available.
Security Deposit

The school requires a refundable security deposit that becomes due when registration packets are submitted (i.e. once your student has secured a spot at the school). The security deposit for students enrolling in grades K–7 is $150 and for grades 8–12 is $300.

The Security Deposit is to:

1. Assure students return Instructional Materials (e.g. textbooks, workbooks, resource books, software, art supplies, and science lab supplies) provided by the school in satisfactory condition;

2. Cover any cost resulting from the student’s destruction of property; and

3. Assure payment of fees and/or other charges due to BASIS, such as extracurricular or Late Bird fees.

Families may apply for financial aid or financial payment plans. For specific details please contact the Head of Operations at your BASIS campus.

The deposit will be refunded at the parent/guardian’s request upon the notification of the student’s withdrawal or graduation from BASIS, and after all Instructional Materials have been returned in good condition and all of the parent’s financial obligations to the school have been met.

NOTICE OF NON DISCRIMINATION

In accordance with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Title II of the Americans with Disabilities Act of 1990, the Boy Scouts of America Equal Access Act and applicable state law, BASIS does not discriminate on the basis of actual or perceived race, color, religion, national origin, sex, age, disability, gender identity or expression, or any other classification protected by law in any of its business activities, including its educational programs and activities which comply fully with the requirements of state and federal law and Title IX. The following person has been designated to handle inquiries regarding BASIS’ non-discrimination policies: Anastasia Korte, Managing Director, Compliance, BASIS Educational Group, LLC, 10130 North Oracle Rood, Suite 210, Tucson, AZ 85704, 520.219.6000.

*As used in this policy, the term "BASIS" refers to: BASIS.ed and BASIS Schools, Inc.
Complete the table to provide the target enrollment, indicating the timeline for the proposed school.

**Directions***:

- In each box under the “Number of Students” columns, identify the number of students served per grade for the first three fiscal years the proposed school will be in operation.
- In the “Total Enrollment” row, provide the total enrollment for each fiscal year.

<table>
<thead>
<tr>
<th>Proposed School Name:</th>
<th>Number of Students</th>
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<td><strong>Grade Level</strong></td>
<td>Target—FY19</td>
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</tr>
<tr>
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<tr>
<td>12&lt;sup&gt;th&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td><strong>Total Enrollment</strong></td>
<td>750</td>
</tr>
</tbody>
</table>
Complete the table to provide the anticipated staffing for the proposed school.

**Directions***:
- In each box under the “Number of Staff Members” columns, identify the number of staff members for each position/category for the first three fiscal years the school will be in operation.

<table>
<thead>
<tr>
<th>Proposed School Name: BASIS Phoenix Primary</th>
<th>Number of Staff Members</th>
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<td><strong>Position</strong></td>
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<td>Teachers/Instructional Staff</td>
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<td>Kindergarten</td>
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<td>10th</td>
<td></td>
</tr>
<tr>
<td>11th</td>
<td></td>
</tr>
<tr>
<td>12th</td>
<td></td>
</tr>
<tr>
<td>Specialty Staff (Music, Art, PE, etc.)</td>
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<td>Special Education</td>
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<td>Paraprofessional</td>
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<tr>
<td>Additional Staff</td>
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</tr>
<tr>
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<td>List title: Registrar, Front Office Assistants, Dean</td>
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<tr>
<td>List title: IT, Health, Facilities Coordinators</td>
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<tr>
<td>List title: Monitors (part time)</td>
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</table>

**Total Number of Staff Members**

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<tr>
<th></th>
<th>Anticipated—FY19</th>
<th>Anticipated—FY20</th>
<th>Anticipated—FY21</th>
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</thead>
<tbody>
<tr>
<td>61</td>
<td>60</td>
<td>62</td>
<td></td>
</tr>
</tbody>
</table>
Supplemental Response

2a. Net Income.

The $9.921 million non-cash expense can be broken down as follows:

**Extinguishment of Debt:**

- BASIS Oro Valley Primary - $523,450
- BASIS DC - $7,010,717
- Total Debt Extinguishment = $7,534,167

**Defeasance**

- BASIS Tucson Primary - $395,998
- BASIS Scottsdale - $131,999
- BASIS Tucson North - $601,057
- BASIS Oro Valley Primary - $261,158
- BASIS DC - $997,500
- Total defeased interest - $2,387,712.

The refunding of BASIS DC and BASIS Oro Valley Primary resulted in $8,792,825 of non-cash one-time expense recorded in FY16. Both of these transactions yielded positive cash flow and positive NPV. Please see attached BASIS 2016A (OG) Exhibit 1, summarized here:

- BASIS Oro Valley Primary – cash flow savings of $783,152, Net PV Savings of $959,604
- BASIS DC – cash flow savings of $1,171,514, Net PV Savings of $6,537,937

The remaining $1,129,054 is for non-cash defeased interest expense related to other BASIS Schools that were refinanced as part of the 2015A bond series during FY15. This debt was retired in 2015 via securities or cash:

- BASIS Tucson Primary – funded escrows with open market securities, see BASIS securities Exhibit 2.
- BASIS Tucson North – funded escrows with open market securities, see BASIS securities Exhibit 2.
- BASIS Oro Valley Primary – funded with cash, bonds redeemed within 90 days of closing
- BASIS Scottsdale – funded with cash, bonds redeemed within 90 days of closing.

The principal and interest of those securities and cash processed escrowed from the new debt issuances was used to pay the $1,129,504, resulting in a non-cash interest expense for that amount required per GAAP. Please see FAS 76 for more detail: [http://www.fasb.org/pdf/fas76.pdf](http://www.fasb.org/pdf/fas76.pdf)

We have also included internally prepared, unaudited FY17 consolidated statements as Exhibit 3. These statements show a positive net surplus on the statement of activities and are presented in advance of the annual audit for the Board’s consideration. Please note that these statements do not include the non-cash expenses from the 2017A bond series. As noted in previous submissions to the Board, BASIS expects the net surplus to run negative due to capital restructuring activities until all BASIS charter schools have been refinanced.
2c. Fixed Charge Coverage Ratio.

Please see included, unaudited FY17 consolidated statements Exhibit 3. From these statements we are calculating a Fixed Charge Coverage ratio of 0.98, an improvement of 0.57 above the FY16 ratio. While FY17 unaudited FCC does not meet the 1.1 threshold, we ask the Board to consider our improvement year over year. We continue to remain focused on trimming administrative costs and capital restructuring to bring increased cash flow and improvement in the FCC ratio over time.
# TABLE OF CONTENTS

The Industrial Development Authority of the City of Phoenix, Arizona
Education Facility Revenue Bonds
(BASIS Schools Project)
Series 2016A

FINAL REVISED (12-10-15)

<table>
<thead>
<tr>
<th>Report</th>
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<td>Summary of Refunding Results</td>
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# SAVINGS

The Industrial Development Authority of the City of Phoenix, Arizona
Education Facility Revenue Bonds
(BASIS Schools Project)
Series 2016A

**FINAL REVISED (12-10-15)**

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<th>Prior Net Cash Flow</th>
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<th>Refunding Receipts</th>
<th>Refunding Net Cash Flow</th>
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<td>22,108,868.76</td>
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83,691,884.62  47,500.00  83,644,384.62  88,244,027.77  6,554,309.85  81,689,717.92  1,954,666.70  7,480,956.62

# Savings Summary

PV of savings from cash flow: 7,480,956.62
Plus: Refunding funds on hand: 107,945.21
Net PV Savings: 7,588,901.83
SUMMARY OF REFUNDING RESULTS

The Industrial Development Authority of the City of Phoenix, Arizona
Education Facility Revenue Bonds
(BASIS Schools Project)
Series 2016A

Dated Date 01/05/2016
Delivery Date 01/05/2016
Arbitrage yield 4.809737%
Escrow yield 0.889119%
Value of Negative Arbitrage 669,748.87

Bond Par Amount 44,160,000.00
True Interest Cost 4.909832%
Net Interest Cost 4.938288%
Average Coupon 4.944571%
Average Life 20.189

Par amount of refunded bonds 34,205,000.00
PV of prior debt to 01/05/2016 @ 4.809737% 49,372,639.53
Net PV Savings 7,588,901.83
Percentage savings of refunded bonds 22.186528%
Percentage savings of refunding bonds 17.185013%
Savings Summary

| PV of savings from cash flow | 943,018.63 |
| Plus: Refunding funds on hand | 16,585.38 |
| Net PV Savings | 959,604.01 |

Feb 29, 2016  4:18 pm Prepared by RBC Capital Markets
### SUMMARY OF REFUNDING RESULTS

**Oro Valley Primary Refunding**

Refund to 1/1/2018 at 103 Redemption Price

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## SAVINGS

### DC Refunding

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63,516,250.00  67,558,607.77  5,213,872.03  62,344,735.74  1,171,514.26  6,537,937.99

**Savings Summary**

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### SUMMARY OF REFUNDING RESULTS

**DC Refunding**

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<td>Delivery Date</td>
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<tr>
<td>Arbitrage yield</td>
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<td>Escrow yield</td>
<td>0.889119%</td>
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<td>Value of Negative Arbitrage</td>
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### Securities Details

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**BASIS Schools, INC**

**FY 2017 Unaudited Statement of Financial Activities**

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<td><strong>Total Expenses</strong></td>
<td>$125,450,415</td>
</tr>
<tr>
<td><strong>Net Surplus</strong></td>
<td>$2,713,323</td>
</tr>
</tbody>
</table>
## BASIS Schools INC
### Balance Sheet as of 6-30-17

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>$33,131,096</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>$14,687,322</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>$47,818,419</td>
</tr>
<tr>
<td><strong>Non-Current Assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Property &amp; Equipment, Net</td>
<td>$196,202,874</td>
</tr>
<tr>
<td>Other Non-Current Assets</td>
<td>$30,468,093</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>$226,670,967</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$274,489,386</td>
</tr>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable and other current liabilities</td>
<td>$19,468,633</td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>$3,042,858</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>$22,511,491</td>
</tr>
<tr>
<td><strong>Long Term Debt, Net of Current Maturities</strong></td>
<td>$272,253,997</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$294,765,488</td>
</tr>
<tr>
<td>Beginning Net Assets</td>
<td>$(22,989,424)</td>
</tr>
<tr>
<td>Net Surplus</td>
<td>$2,713,323</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>$(20,276,101)</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; NET ASSETS</strong></td>
<td>$274,489,386</td>
</tr>
</tbody>
</table>

*Unaudited, confidential, not for distribution*
FY 2016 Financial Performance Response

Analysis

The net surplus for the year falls below $1 threshold primarily due to the GAAP effect of our capital restructuring. In Fiscal Year 2016, multiple schools were refinanced into our obligated group debt structure resulting in non-cash expenses of $9.921 million. Recording these transactions results in unamortized loan issuance costs and early repayment premiums being expensed in full on the statement of activities. These are non-cash expenses that are added back to the net surplus during most financial evaluations and ratio calculations. Each single bond refinancing is a non-recurring event.

Part of the $9.921 million non-cash expense is $2.387 million in defeased interest and $7.534 million in extinguishment of debt for Tucson, Tucson North, Scottsdale, Oro Valley Primary and DC bond series at the time of the 2015A and 2016AB obligated group closing. This is the Fiscal Year 2016 interest expense for the bond defeasance negotiated with the previous bondholder for these schools. This is a non-cash expense that would have been amortized over the 30-year life of the old debt. Instead, per GAAP this amount will be expensed in full through the defeasance period. This accounting results in an acceleration of interest expense onto the statement of activities, though the refinancing of these schools provides for positive cash flow and NPV on each bond series.

It is expected that all new expansion will be funded through the obligated group structure and that BASIS will continue to refinance the existing, higher priced debt until all debt has been consolidated into the group. In summary, FY 2016 closed with a positive change in net asset of $244, 681 before write off of loan issuance costs and prepayment penalties.

1. **Net Surplus Adjustments**

Given the non-recurring/extraordinary nature of the events described in #1, BASIS believes that their effect on the financials have to be negated before evaluating its financial viability. In conclusion, here are the changes to the net surplus (deficit) to negate the above events:

| Beginning Net Surplus(Deficit)-PER AUDIT | ($9,677,198) |
| Debt Refinancing adjustment | + | $9,921,879 |
| Ending Net Surplus (Deficit) | | $244,681 |

Net Surplus(Deficit) now meets standards of equal or exceeding $1, which is the requirement for indicator 2a. *Net Income-Sustainability Indicator.*

2. **Fixed Charge Coverage Ratio Adjustments**

Given the above changes, the revised Fixed Charge Coverage Ratio will be calculated as follows.
Fixed Charge Coverage Ratio

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending Net Surplus(Deficit)</td>
<td>$244,681</td>
</tr>
<tr>
<td>Add Amortization</td>
<td>$181,728</td>
</tr>
<tr>
<td>Add Depreciation</td>
<td>$4,990,441</td>
</tr>
<tr>
<td>Add Interest</td>
<td>$10,650,782</td>
</tr>
<tr>
<td><strong>Total Cash Available</strong></td>
<td><strong>$16,067,632</strong></td>
</tr>
<tr>
<td>Total Current Year Interest + Current Maturities of Long-term Debt</td>
<td>$13,693,640</td>
</tr>
</tbody>
</table>

Fixed Charge Coverage Ratio | **1.17**

Fixed Charge Coverage Ratio now meets the standard of 1.10 or greater, which is the requirement for indicator 2c. *Fixed Charge Coverage Ratio.*
Arizona State Board for Charter Schools (Board) staff completed the Financial Performance Response Evaluation Instrument for the Board in its consideration of applicable requests made by the charter holder. For each measure where the charter holder did not meet the target for the most recent audited fiscal year presented in the dashboard, Appendix C of the Financial Performance Framework requires the charter holder to answer three questions: 1) why did we not meet the measure’s target in the audited fiscal year; 2) what specifically have we done to improve our performance so that it’s possible to meet the measure’s target in the next fiscal year or a subsequent fiscal year; and 3) what can we provide to support our explanations and analysis? A “Not Acceptable” evaluation means the response for that measure did not sufficiently address one or more of these questions. “Not Acceptable” answers may adversely affect the Board’s decision regarding a charter holder’s request.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Reason(s) for “Not Acceptable” Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Going Concern</td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>☒</td>
</tr>
<tr>
<td>1b. Unrestricted Days Liquidity</td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>☒</td>
</tr>
<tr>
<td>1c. Default</td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>☒</td>
</tr>
<tr>
<td>2a. Net Income</td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>☒</td>
</tr>
<tr>
<td>Not Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>☐</td>
</tr>
<tr>
<td>Measure</td>
<td>Reason(s) for “Not Acceptable” Rating</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td><strong>2b. Cash Flow</strong></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>☒</td>
</tr>
<tr>
<td><strong>2c. Fixed Charge Coverage Ratio</strong></td>
<td></td>
</tr>
<tr>
<td>Acceptable</td>
<td>☒</td>
</tr>
<tr>
<td>Not Acceptable</td>
<td>☐</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>☐</td>
</tr>
</tbody>
</table>

Using the unaudited 2017 consolidated financial statements provided with the response, the charter holder states, “...we are calculating a Fixed Charge Coverage Ratio of 0.98, an improvement of 0.57 above the FY16 ratio”. The improved net income before write-offs for non-cash expenses associated with the 2017A bond series should translate to a higher ratio for the charter holder in 2017, assuming the 2017 write-off is similar in amount to 2016. Since the response did not include the amount of the 2017 write-off, it is not possible to identify the magnitude of improvement from 2016 to 2017 using the financial framework’s calculation. Improvement from 2016 to 2017 is supported when the 2016 and 2017 ratios are calculated using the charter holder’s respective net incomes before write-offs. The preceding clarifies, but does not affect, the charter holder’s general assertion of improved performance in 2017, which is why this measure received an “acceptable” rating.