



OFFICE OF ECONOMIC AND SMALL BUSINESS DEVELOPMENT


Governmental Center Annex

115 S. Andrews Avenue, Room A680 • Fort Lauderdale, Florida 33301 • 954-357-6400 • FAX 954-357-5674

Date: January 18, 2019

To: George Tablack, CFO/Director, Department of Finance and Administrative Services
Annika Ashton, Senior Assistant County Attorney, Section Head, Finance and Real Property
Sandy-Michael McDonald, Director, Office of Economic and Small Business Development

CC: Stephen Farmer, Finance Manager, Department of Finance and Administrative Services
Alicia Lobeiras, Assistant County Attorney, County Attorney's Office
Lori Fortenberry, Investment Coordinator, Department of Finance and Administrative Services
Jerry Heniser, Chairman, Broward County Bond Review Committee

From: Steven Tinsley, Economic Development Manager, Office of Economic and Small Business Development 

Subject: Industrial Revenue Development Bond Application – Imagine School at Broward

Pursuant to Broward County Administrative Code Chapter 18, Part III, Section 18.62, Paragraph (d), the Broward County Bond Review Committee (Bond Review Committee) met on Wednesday, December 5, 2018 at 2:00 p.m. and Tuesday, January 15, 2019 at 2:00 p.m. at the Governmental Center Annex, Room A-680 (the Office of Economic and Small Business Development) for the purpose of reviewing an Industrial Development Revenue Bond application for Imagine at Broward, Inc. (Imagine School). Imagine School is a non-profit Florida Charter School located in Coral Springs, Broward County, Florida. The entity seeks revenue bond financing in an amount not to exceed \$22 million for estimated project costs comprising the acquisition of the 71,918 square foot facility in which it currently operates in Coral Springs, Broward County, Florida. Imagine School currently employs approximately 98 persons. The project is expected to result in additional employment of 1 person. The entity's current annual payroll is \$3.6 million.

Imagine School anticipates the sale of the bonds to the public. Per Broward County Administrative Code Chapter 18, Part III, Section 18.62, Paragraph (f)(3), a minimum rating of AA is required for issuance of revenue bonds that are to be sold to the public. Bonds related to charter school projects are on average rated below the County's minimum rating of AA. The Bond Review Committee has acknowledged that bonds issued for this project would likely not meet Broward County's minimum rating requirement of AA and would therefore require the Broward County Board of County Commissioners to waive the Administrative Code rating requirement in order to issue the bonds. However, finding that the issuance is nevertheless sound and will inure to the benefit of the residents of Broward County, Florida, the Bond Review Committee voted unanimously to recommend this project for use of Industrial Revenue Development Bond financing on the terms presented by Imagine School.

Please contact me directly at 954-357-8075 or stinsley@broward.org for any questions or if any additional information is required.

Enclosures

IMAGINE SCHOOL AT BROWARD

Bond Financing Presentation

Wednesday, December 5, 2018



D|A|DAVIDSON



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SECTION I

» Imagine School at Broward

→ Overview & Academics



Enclosure 1 - Imagine School Presentation to Bond Review Committee



School Overview

- Imagine School at Broward (the “School”) opened its doors in Coral Springs, Florida as an elementary school in August 2008 with approximately 320 students. In July 2010, the School expanded by receiving a 5 year charter to include a middle school
- Designated by the State of Florida as a “**High Performing Charter School**” and a “**School of Excellence**”
- The K-8 enrollment for the 2018-19 academic year is at capacity with 840 students with 60 students in a VPK program
- The School maintains a waitlist of over 600 students



- Empower students to grow and evolve into global thinkers and lifelong learners. Each child is recognized as a unique individual and is encouraged to reach his/her own true potential. Through collaborative efforts, parents, students, and staff will foster a positive, warm, loving environment in which students develop their whole selves.

Enclosure 1 - Imagine School Presentation to Bond Review Committee



- The initial charter contract was approved by Broward County in 2008 for the elementary school and 2010 for the middle school. The charter of the combined schools will expire on June 30, 2025
- Imagine School at Broward maintains a positive working relationship with Broward County School District
- The school is accredited by SACS and will be up for renewal on June 25, 2020
 - In the 2014-2015 school year, we went through the AdvancED Accreditation process and received accreditation. This assisted us in becoming eligible to receive Capital Outlay Funds from the state



- The governing board is responsible for:
 - Management and the business affairs of the Governing Board
 - Approval of the annual budget of anticipated income and expenditures, as well as the preparation of the annual financial audit report
 - Filing of the annual report to the School Board
 - Maintenance of written records of attendance and minutes of its meetings
 - Elects community replacements when members' terms expire
 - Meetings of the Governing Board are open to the public and comply with the Sunshine Laws of the State of Florida

Board of Directors

Board Member	Board Position	Acumen	Profession	Term Expiration
Brian Schlang	Chairperson	Finance	Certified Public Accountant	2020
LuAnn Comes	Secretary	Education	Retired Educator	2019
John Gerun	Member	Engineering & Finance		2021
Christopher Buckley	Member	Technology	Tech Sales	2021



- Debra Darling – School Leader
 - Second year as Principal and 13 years at the School
 - Master’s in Educational Leadership, MBA, and BSBA in Finance. Certified as a K-6th elementary education, 5th-9th Middles Grades Integrated Curriculum, Educational Leadership, Gifted and ESOL. Teacher of the Year, Team Leader, Curriculum Coach, and Middle School leader
- Misha Fletcher – Assistant Principal
 - Second year as Assistant Principal and sixth year at the School
 - Master’s in Educational Leadership, K-6th elementary educations, Gifted and ESOL. Team leader, testing coordinator, and Marzano certified
- Kim Dura – Curriculum Coach
 - Fifth year as curriculum coach and tenth year at the School
 - Bachelor’s of Arts in Education. Team leader, teacher mentor, and Teacher of the Year. Certified as a K-6th teacher



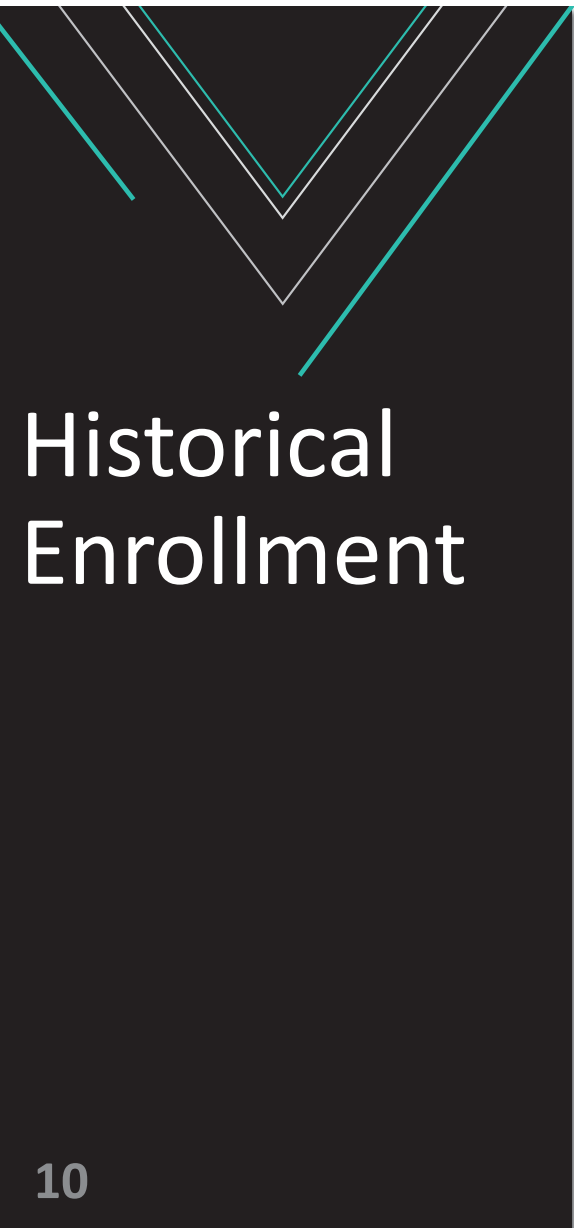
- Imagine Schools is a national non-profit network of 55 public charter campuses educating more than 30,000 students in 11 states and the District of Columbia
- The Governing Board at Imagine Broward works closely with the Principal and Regional Office holding bimonthly meetings
- The refinance will allow Imagine Broward to continue with Imagine's philosophy of developing character and enriching minds while minimizing lease costs to invest in additional staff and resources to continue to be a high performing school
- The South Florida Region consists of four schools, three of the which are "A" rated
- The schools frequently collaborate on professional development, training/trade days, etc.

- The School has maintained steady enrollment since stabilizing its K-8 program
- Some attrition occurs in grade 6 if the student is admitted to the nearby Coral Springs and seeks a natural feeder into a high school

Student Enrollment

	2014-15	2015-16	2016-17	2017-18	2018-19
KINDERGARTEN	107	92	100	89	90
1ST	108	103	100	99	92
2ND	103	103	119	100	109
3RD	88	100	102	108	108
4TH	91	90	97	92	111
5TH	150	93	84	94	91
6TH	86	133	69	81	91
7TH	81	90	114	66	80
8TH	53	74	79	106	68
TOTAL	867	878	864	835	840

Source: The School



Historical Enrollment

- The School is located in the district of Broward and serves a student population which is representative. Charter schools in Broward County serve over 44,000 students

Student Demographics %

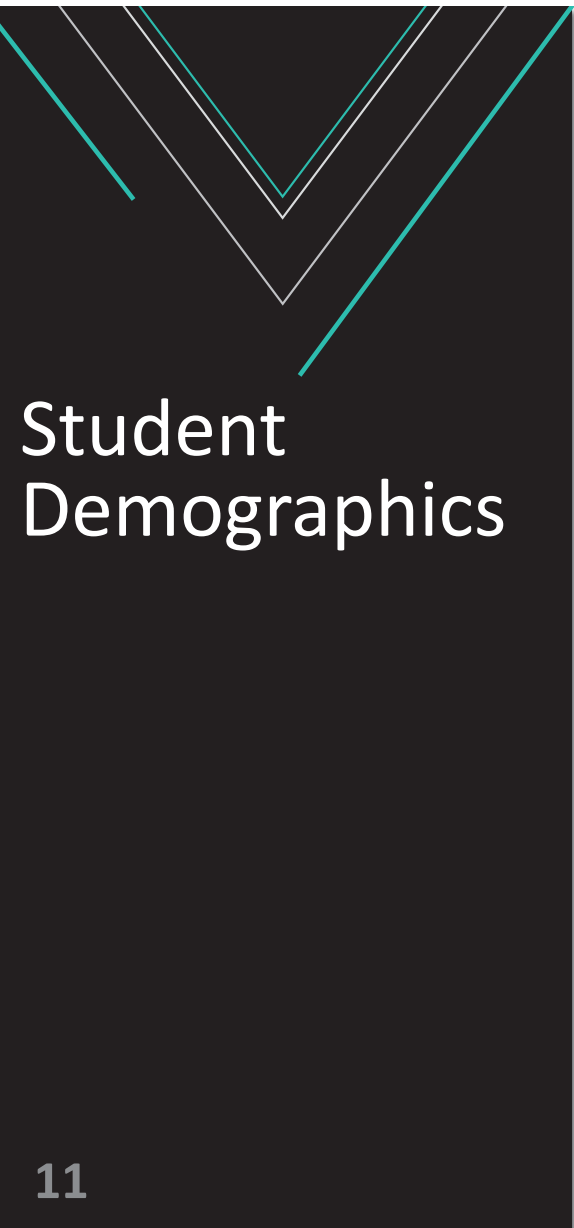
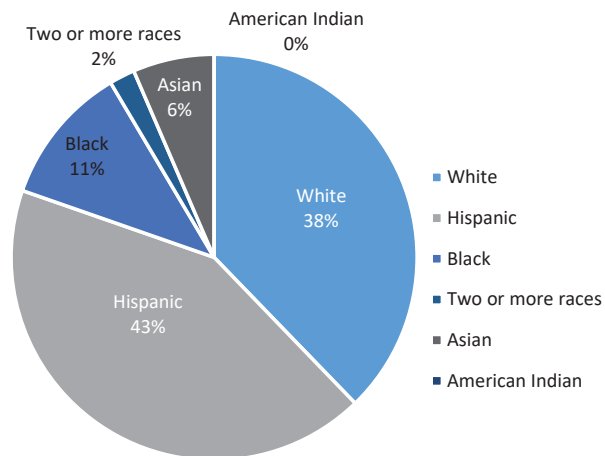
Race	2017-18
White	38%
Hispanic	43%
Black	11%
Two or more races	2%
Asian	6%
American Indian	0%

English Language Learners %

Year	%
2014-15	8%
2015-16	11%
2016-17	11%
2017-18	8%
2018-19	16%

Free & Reduced Lunch %

Year	%
2014-15	30%
2015-16	47%
2016-17	43%
2017-18	39%
2018-19	40%



Student Demographics

- The School purges the waitlist annually and resets it to zero at year end. Students must then re-apply

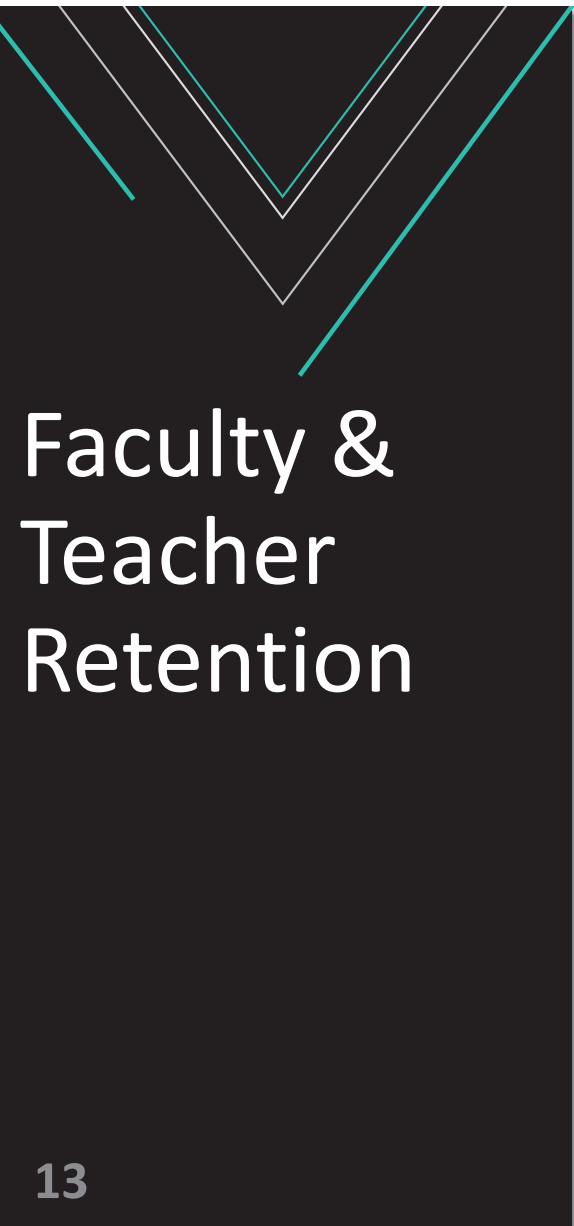
	2015-16	2016-17	2017-18	2018-19
Total Waitlist	429	868	790	622

	2015-16	2016-17	2017-18	2018-19
Student Retention	87%	85%	91%	88%



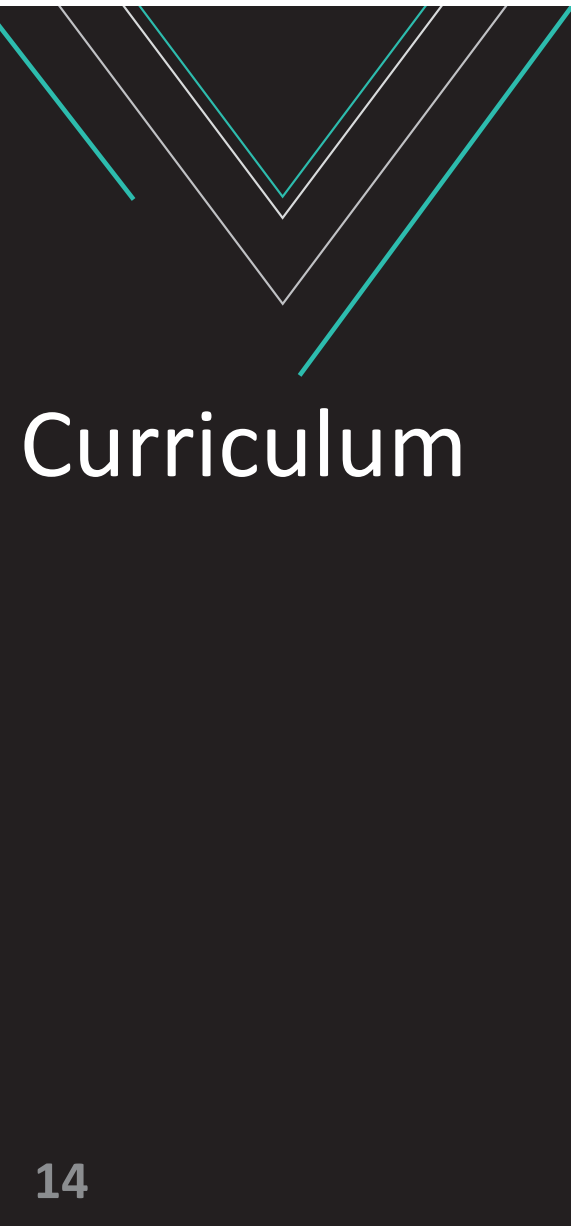
Waitlist & Demand

12



- Staff at the School are employees of Imagine Schools. The yearly contracts are renewed by June. Renewals are based on teacher evaluations and teacher certification
- To compete with District jobs, the School provides a competitive pay scale with a benefits package as well as stipends and bonuses within budgetary means (401k not state pension plan). Imagine 401k match up to 5%
- Work environment of collaboration and support, as well as the benefits package makes the school highly competitive in attracting highly qualified educators
- 96% of full-time faculty members are licensed
- 16% of full-time faculty members have specialized certifications
- 12% of full-time faculty members have advanced degrees
- Faculty average 9 years of teaching experience
- 8% are faculty of color

	2015-16	2016-17	2017-18	2018-19
Teacher Retention	81%	88%	77%	86%




- **Clusters** - Teachers work with a partner and share two different classes. One teacher instructs Mathematics and Science, the other Reading, Writing and Social Studies allowing teachers to become masters of their subject area
- **Teaming** – teachers in the same grade level and subject meeting at least weekly to develop lesson plans, analyze data, and discuss student progress
- **Character Development** - Imagine teachers and staff teach, model and integrate virtues into every aspect of the school curriculum and culture. Students learn to set academic and personal goals. They grow in their ability to successfully meet their goals as they practice integrity and diligence, while taking responsibility for their studies. Our focus on character helps students attain the virtuous habits needed to live fruitful, honorable lives
- **Imagine That Showcase** – integrated into the curriculum are service learning and STEAM projects. For the Character Development of Civic Responsibility, students engage in service learning projects that help those in the community. STEAM projects to integrate and apply knowledge of math, arts and science in order to create technologies and solutions for real-world problems, using an engineering design approach
- **High School Courses** – middle school students are able to be enriched with high school credit courses in Algebra, Geometry and Spanish
- **Electives** – middle school offers a wide variety of electives to meet the interests of all students. Band, drama, art, and graphic design for the arts. PE, team sports, healthy living, and yoga for the physical education requirement. In addition, electives offered are: debate, journalism, yearbook, environmental science, intensive reading, intensive math, and business education

Enclosure 1 - Imagine School Presentation to Bond Review Committee

- “A” rated school for the past six years
- Designated a “School of Excellence” performing in the 80th percentile of schools
- SACS accredited



Academic Awards & Distinctions



**Academic
Accountability**
School Grade

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- The school grading system in Florida is based on student success measures: achievement, learning gains, graduation, acceleration success, maintaining a focus on students who need the most support
- The School is designated by the State of Florida as a **“high performing charter school”** meeting the following criteria:

Imagine School at Broward
Historical School Grades

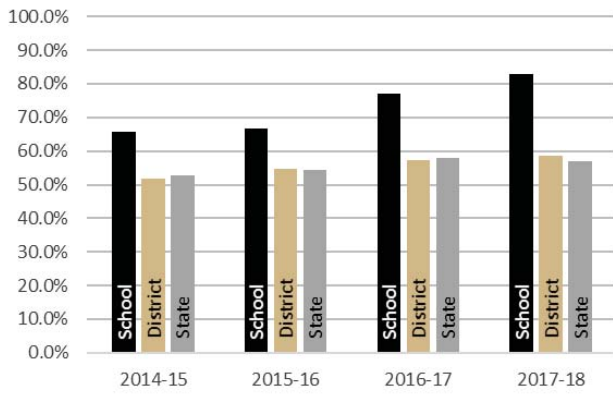
Year	School Grade
2018	A
2017	A
2016	A
2015	A
2014	A
2013	A
2012	B
2011	A



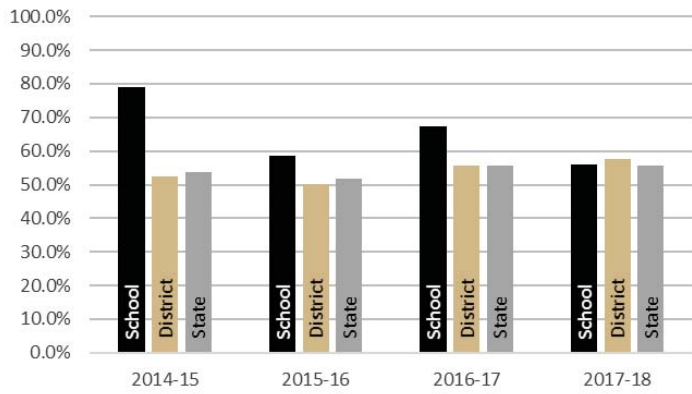
- Florida's K-12 assessment system measures students' achievement of Florida's education standards, which were developed and implemented to ensure that all students graduate from high school ready for success in college, career, and life
- The Florida Standards Assessments, which measure student success with the Florida Standards, include assessments in English Language Arts (grades 3-10), Mathematics (grades 3-8), and End-of-Course (EOC) assessments for Algebra 1 and Geometry
 - Most schools scores decrease when the state transitioned from FCAT to FSA testing in 2013-14. However, Imagine School at Broward scores did not drop
 - EOC passing rate 98% to 100% (how a student receives high school credit)

ACADEMIC PERFORMANCE

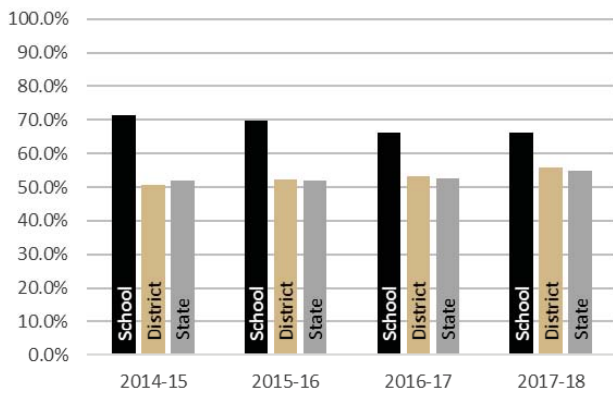
Comparison Results - Grade 3



Comparison Results - Grade 4



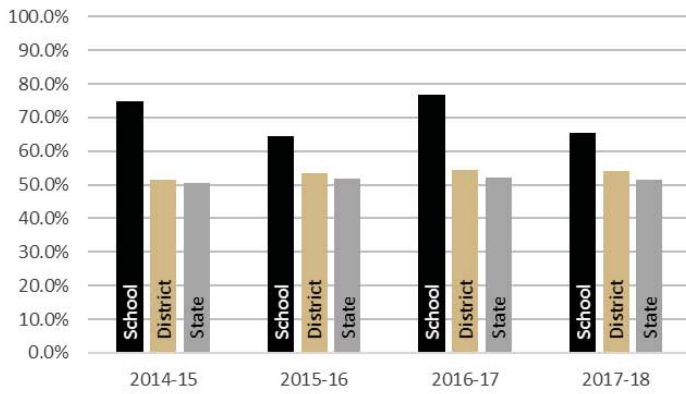
Comparison Results- Grade 5



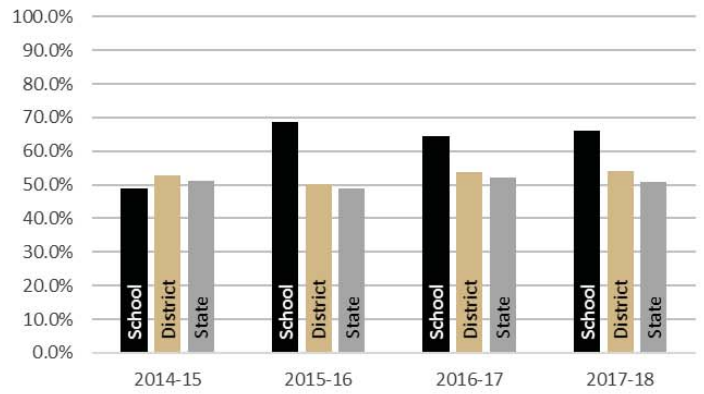
Florida Standard Assessments
English Language Arts – Elementary School
% of Students Level 3 and Above

ACADEMIC PERFORMANCE

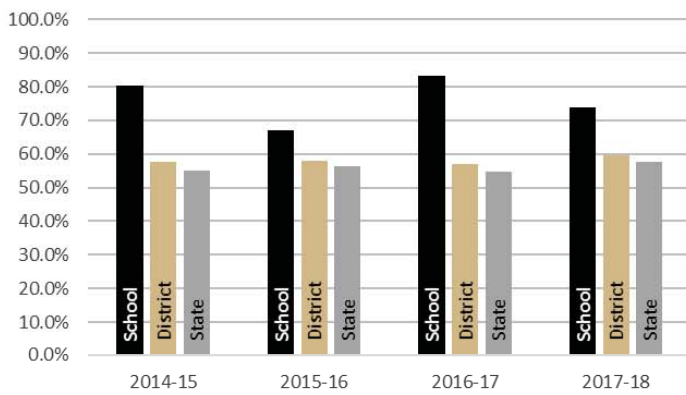
Comparison Results - Grade 6



Comparison Results - Grade 7



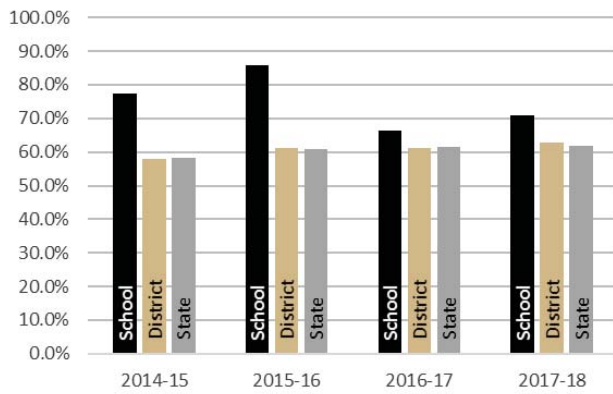
Comparison Results - Grade 8



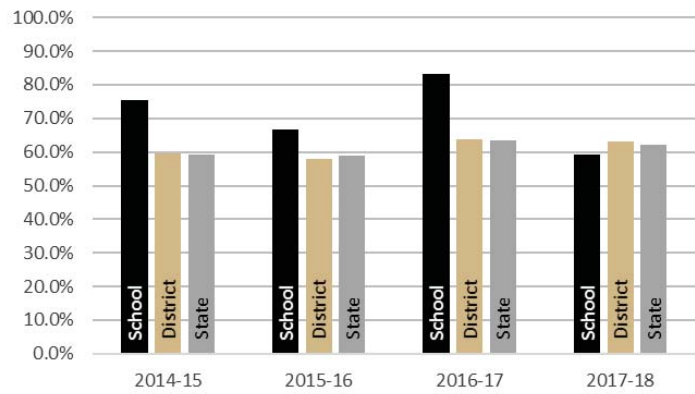
Florida Standard Assessments
English Language Arts – Middle School
% of Students Level 3 and Above

ACADEMIC PERFORMANCE

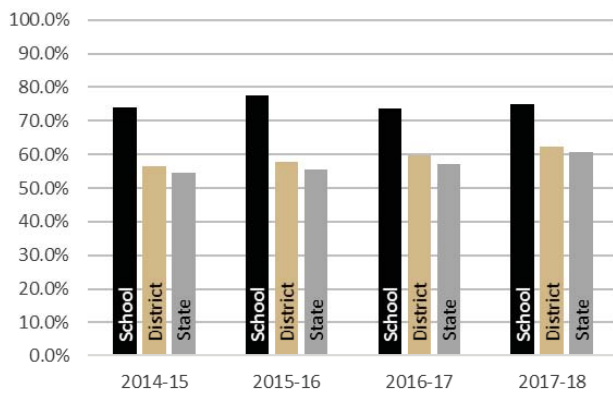
Comparison Results - Grade 3



Comparison Results - Grade 4



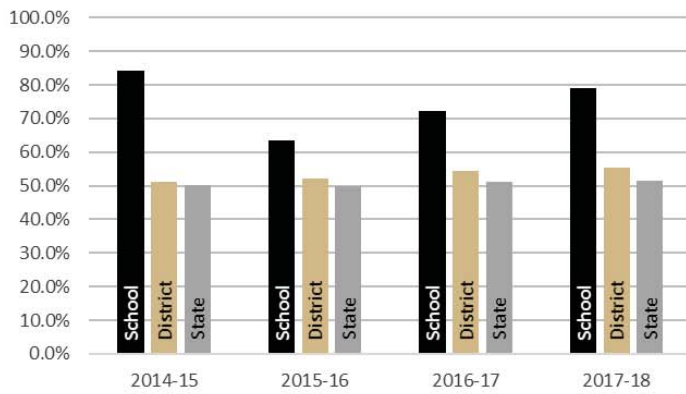
Comparison Results- Grade 5



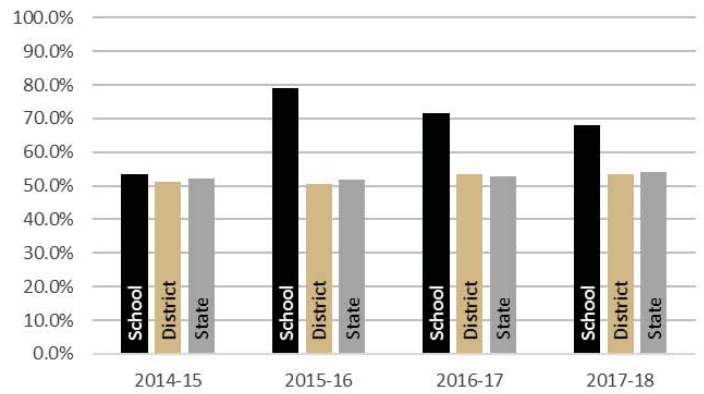
Florida Standard Assessments
Mathematics – Elementary School
% of Students Level 3 and Above

ACADEMIC PERFORMANCE

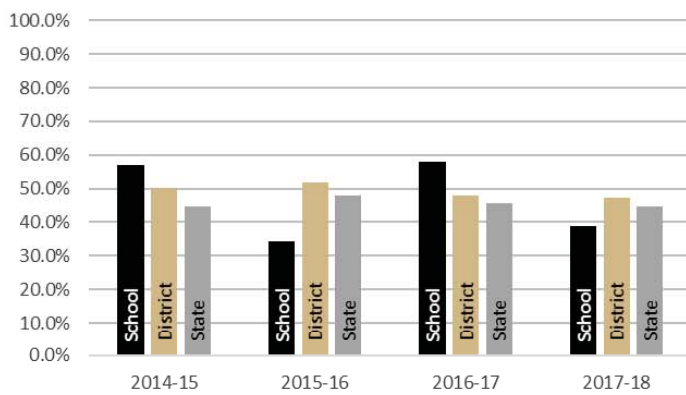
Comparison Results - Grade 6



Comparison Results - Grade 7



Comparison Results - Grade 8



Florida Standard Assessments
Mathematics – Middle School
% of Students Level 3 and Above

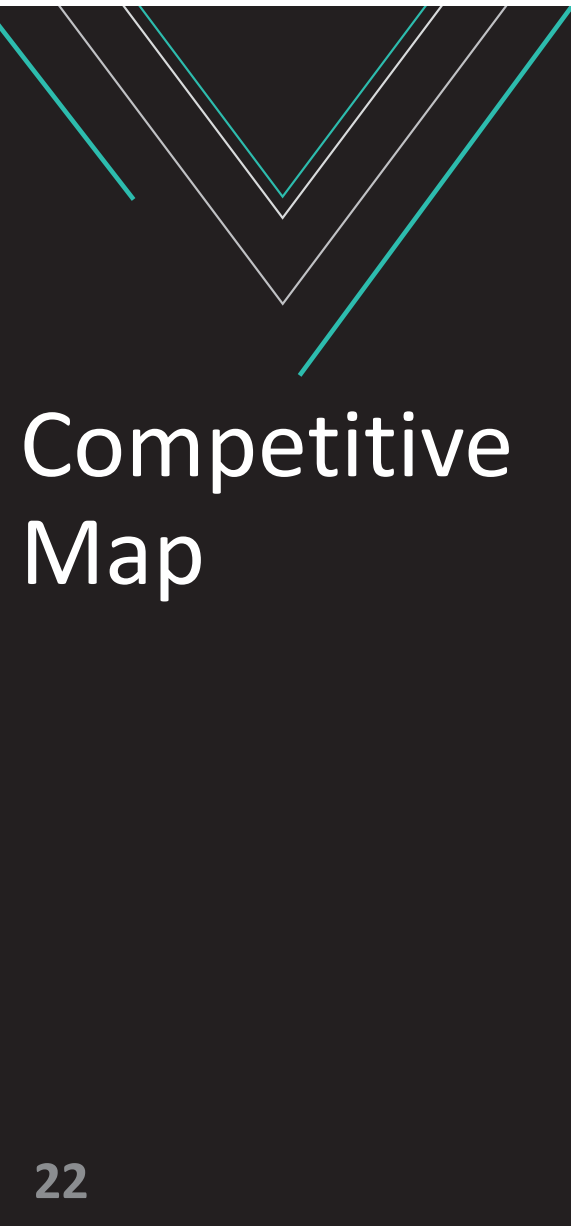
» *Note Math results appear low because the stronger math students are in Geometry and Algebra I and are not captured in the assessment results*

- The following table displays the district and charter elementary and middle schools programs within a 3 mile radius of the School

Competitive Map - 3 mile radius

School Name	School Type	Grades	Distance	School Grade	Achievement	
					ELA	Math
Imagine School at Broward	Charter	K-8	-	A	70	73
Coral Park Elementary School	District	PK-5	.58 miles	B	62	69
Country Hills Elementary School	District	PK-5	1.26 miles	A	73	74
Coral Springs Middle School	District	6-8	1.4 miles	B	61	63
Westglades Middle School	District	6-8	1.63 miles	A	78	81
Park Trails Elementary School	District	PK-5	1.88 miles	A	80	82
City of Coral Springs Charter School	Charter	6-12	1.99 miles	A	70	70
James S Hunt Elementary School	District	PK-5	2.04 miles	C	45	70
Eagle Ridge Elementary School	District	PK-5	2.12 miles	A	78	77
Forest Hills Elementary School	District	PK-5	2.17 miles	B	58	60
Riverglades Elementary School	District	PK-5	2.26 miles	A	81	87
Forest Glen Middle School	District	6-8	2.28 miles	B	57	63
Coral Springs Elementary School	District	PK-8	2.28 miles	C	44	47
Park Springs Elementary School	District	PK-5	2.34 miles	B	66	69
Parkside Elementary School	District	PK-5	2.4 miles	B	56	65
Heron Heights Elementary School	District	PK-5	2.41 miles	A	80	83

Source: Greatschools.com; Florida Department of Education



SECTION I

» Imagine School at Broward

→ Financial Performance

» The Project

» Bond Specifics



Enclosure 1 - Imagine School Presentation to Bond Review Committee

**Imagine School at Broward
(A division of Imagine at Broward, Inc.)**

STATEMENT OF NET POSITION

June 30, 2018

Governmental
Activities

<i>ASSETS</i>		
ASSETS		
Cash		\$ 1,430,706
Due from other agencies		11,985
Net due to/from management company		102,909
Accounts receivable		9,040
Prepaid expenses		4,593
Deposit		<u>4,165</u>
Total current assets		<u>1,563,398</u>
CAPITAL ASSETS		
Capital assets, net of accumulated depreciation		
Computer software		901
Information technology equipment		38,549
Building and fixed equipment		12,331
Leasehold improvements		374,460
Furniture, fixtures and equipment		<u>31,472</u>
Total capital assets		<u>457,713</u>
Total assets		<u>2,021,111</u>
LIABILITIES		
Accounts payable		23,696
Accrued payroll and other expenses		402,081
Unearned revenue		<u>5,190</u>
Total liabilities		<u>430,967</u>
NET POSITION		
Net investment in capital assets		457,713
Unrestricted		<u>1,132,431</u>
Total net position		<u>\$ 1,590,144</u>

**Financial
Statements**
Financial Position

Enclosure 1 - Imagine School Presentation to Bond Review Committee

Imagine School at Broward
(A division of Imagine at Broward, Inc.)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the year ended June 30, 2018

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through state	\$ -	\$ -	\$ 278,609	\$ 278,609
State passed through school district	5,783,884	383,568	-	6,167,452
Other local revenues	996,576	-	-	996,576
Total revenues	6,780,460	383,568	278,609	7,442,637
Expenditures				
Current:				
Instruction	2,959,769	-	-	2,959,769
Media services	58,414	-	-	58,414
Curriculum development	152,926	-	-	152,926
Board of directors	17,999	-	-	17,999
School administration	1,418,889	-	-	1,418,889
Food service	-	-	286,514	286,514
Central services	4,359	-	-	4,359
Operation of plant	1,492,676	383,568	-	1,876,244
Maintenance of plant	128,386	-	-	128,386
Community service	291,881	-	-	291,881
Capital outlay	79,323	-	-	79,323
Total expenditures	6,604,622	383,568	286,514	7,274,704
Excess (deficiency) of revenues over (under) expenditures	175,838	-	(7,905)	167,933
Other financing sources and (uses):				
Transfers in	-	-	5,972	5,972
Transfers out	(5,972)	-	-	(5,972)
Total other financing sources and (uses)	(5,972)	-	5,972	-
Net change in fund balances	169,866	-	(1,933)	167,933
Fund balances at July 1, 2017	962,565	-	1,933	964,498
Fund balances at June 30, 2018	<u>\$ 1,132,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132,431</u>

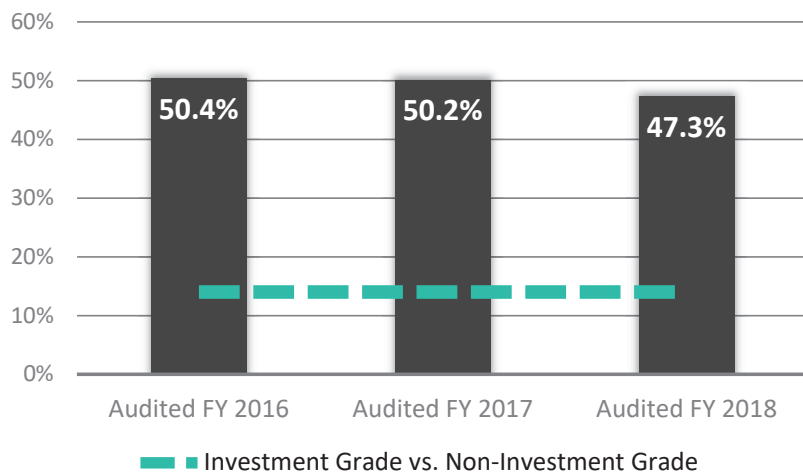
Financial Statements

Statement of Activities

HISTORICAL FINANCIAL RATIOS – *Operations*

» The following table displays the School’s two year average operating cash flow margin as compared to Moody’s published medians and ratio calculation

TWO YEAR AVERAGE OPERATING CASH FLOW MARGIN



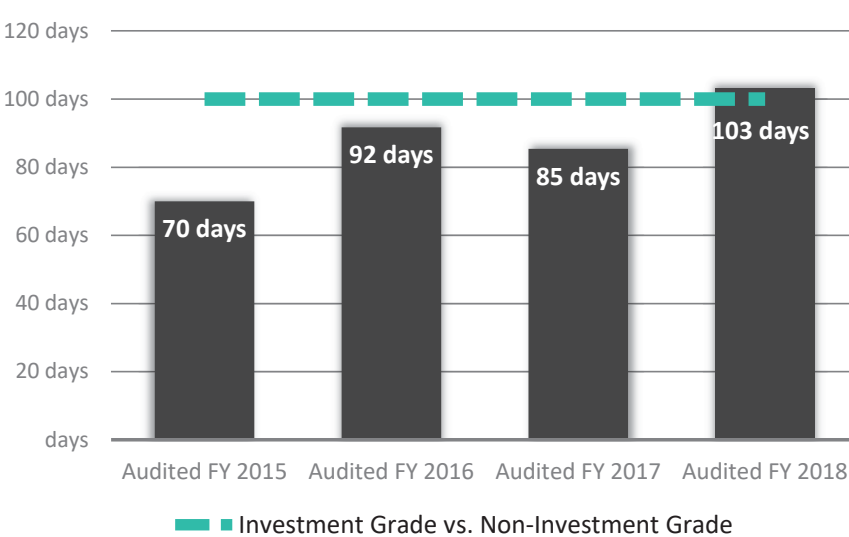
Operating Performance

	Audited FY 2016	Audited FY 2017	Audited FY 2018
Two-year Operating Cash Flow Margin	50.4%	50.2%	47.3%
Operating expenses	\$ 7,017,130	\$ 7,350,537	\$ 7,274,704
(-) interest expense (lease payment)	1,365,387	1,373,577	1,383,672
(-) depreciation/amortization (capital outlay)	216,418	242,461	79,323
(-) management fee	739,167	751,253	748,871
(-) other non-cash items (one time expenses)	-	-	-
(=) operating expenses, net	\$ 4,696,158	\$ 4,983,246	\$ 5,062,838
Operating Revenues	\$ 7,171,350	\$ 7,357,570	\$ 7,442,637
(-) operating expenses, net	4,696,158	4,983,246	5,062,838
= Operating Cash Flow	\$ 2,475,192	\$ 2,374,324	\$ 2,379,799
Single-year operating margin	52.7%	47.6%	47.0%
= prior two single-year margins	100.8%	100.4%	94.7%
/ divided by two	2	2	2
= Two-year Average Operating Cash Flow Margin	50.4%	50.2%	47.3%

HISTORICAL FINANCIAL RATIOS – *Liquidity*

» The following table displays the School’s monthly days cash on hand as compared to Moody’s published medians and ratio calculation

DAYS CASH ON HAND



Liquidity

Days Cash on Hand

Total cash and investments
 (+) other unrestricted funds for operations
 (-) restricted funds
 (=) total unrestricted cash and investments

Operating expenses, net
 (/) 365 days
 (=) one day of expenses

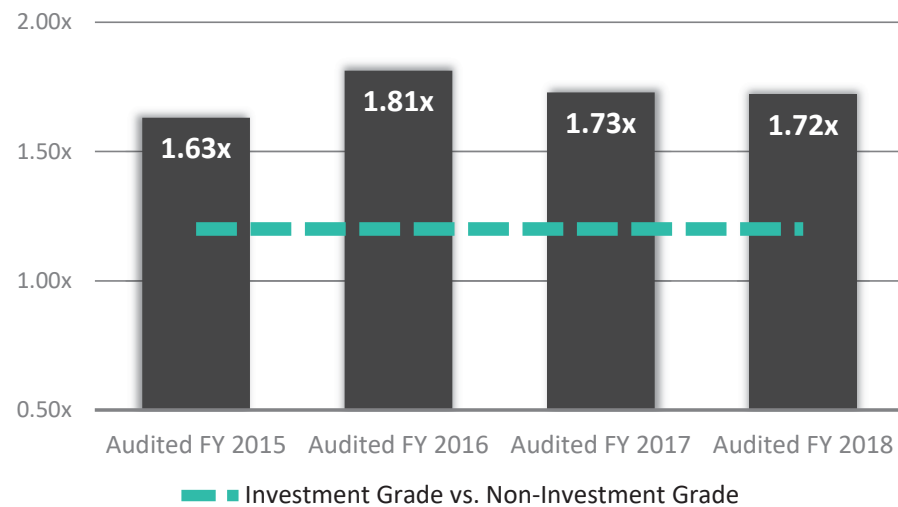
Unrestricted cash and investments
 (/) one day expenses
 (=) Days Cash on Hand

	Audited FY 2016	Audited FY 2017	Audited FY 2018
Total cash and investments	\$ 1,179,786	\$ 1,165,921	\$ 1,430,706
(+) other unrestricted funds for operations	-	-	-
(-) restricted funds	-	-	-
(=) total unrestricted cash and investments	\$ 1,179,786	\$ 1,165,921	\$ 1,430,706
Operating expenses, net	\$ 4,696,158	\$ 4,983,246	\$ 5,062,838
(/) 365 days	365	365	365
(=) one day of expenses	\$ 12,866	\$ 13,653	\$ 13,871
Unrestricted cash and investments	\$ 1,179,786	\$ 1,165,921	\$ 1,430,706
(/) one day expenses	12,866	13,653	13,871
(=) Days Cash on Hand	92 days	85 days	103 days

HISTORICAL FINANCIAL RATIOS – Coverage & Leverage

» The following table displays the School’s annual debt service coverage as compared to Moody’s published medians and ratio calculation

ANNUAL DEBT SERVICE COVERAGE



	Audited FY 2016	Audited FY 2017	Audited FY 2018
Operating expenses	\$ 7,017,130	\$ 7,350,537	\$ 7,274,704
(-) interest expense (lease payment)	1,365,387	1,373,577	1,383,672
(-) depreciation/amortization (capital outlay)	216,418	242,461	79,323
(-) management fee	739,167	751,253	748,871
(-) other non-cash items (one time expenses)	-	-	-
(=) operating expenses, net	\$ 4,696,158	\$ 4,983,246	\$ 5,062,838
Operating Revenues	\$ 7,171,350	\$ 7,357,570	\$ 7,442,637
(-) operating expenses, net	4,696,158	4,983,246	5,062,838
= Operating Cash Flow	\$ 2,475,192	\$ 2,374,324	\$ 2,379,799
Annual Debt Service Coverage	1.81x	1.73x	1.72x
Annual lease expense/debt service	\$ 1,365,387	\$ 1,373,577	\$ 1,383,672
(=) Annual Debt Service	\$ 1,365,387	\$ 1,373,577	\$ 1,383,672
Operating Cash Flow	\$ 2,475,192	\$ 2,374,324	\$ 2,379,799
(/) Annual Debt Service	1,365,387	1,373,577	1,383,672
(=) Annual Debt Service Coverage	1.81x	1.73x	1.72x

SECTION II

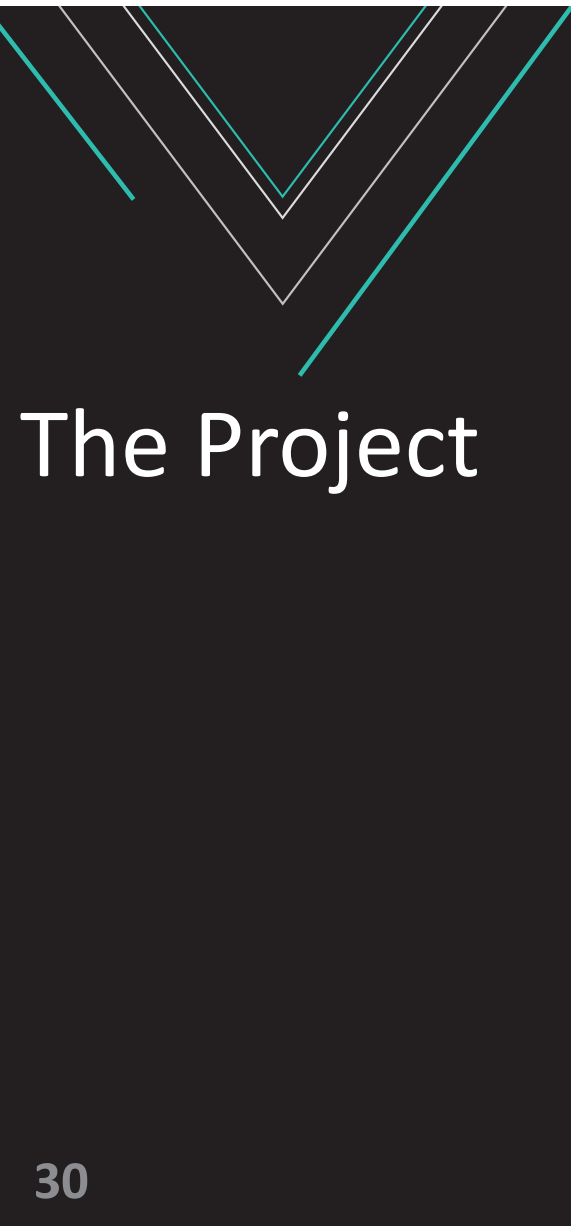
» Imagine School at Broward

» The Project

→ Facility Detail & Plans

» Bond Specifics



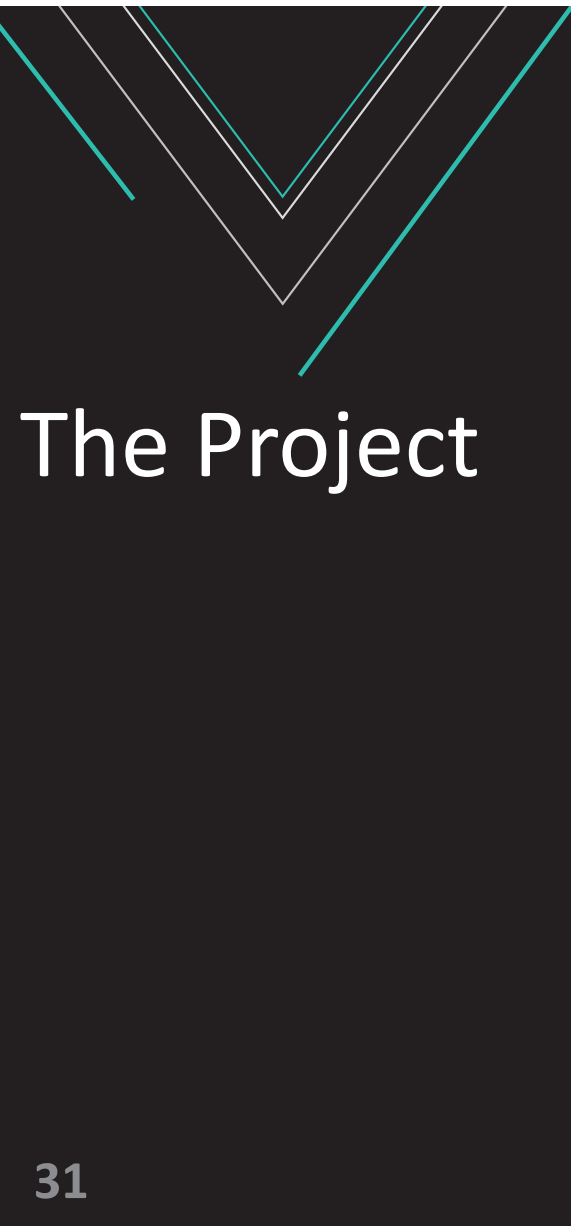


The Project

Facility Overview

Enclosure 1 - Imagine School Presentation to Bond Review Committee

- The campus consists of 44 classrooms, a media center, band room, art room, indoor PE area, conference room, and two specialized rooms for ESE and Speech
- There are 10 office spaces for: Principal, Assistant Principal, Registrar, Administrative Assistant, ESE Specialist, Guidance/Behavior Support, Curriculum Coach, Business Manager, Maintenance, and Food Service Provider
- Purchase price: approximately \$19.45 million
- Appraised value to be provided when available
- New money considerations: potential for technology and security upgrades, gymnasium and stage. Waiting to receive amount of funding available and construction costs estimates



Enclosure 1: Imagine School Presentation to Bond Review Committee

More money in the classrooms...

- The current lease was executed in December 2009 for a 20 year term. The lease payment for the fiscal year 2018 was \$115,306 monthly or approximately \$1,383,671 annually and will increase by CPI each subsequent year
- This bond financing will provide the School with a fixed long term payment lower than the escalating lease
- An increase in projected cash flow will allow for the hiring of additional support staff that will enhance student learning. Positions for consideration: full time guidance counselor, social worker, resource teachers, and aids
- Technology – there is one laptop/ipad cart per two classrooms in grades 2nd – 8th and one ipad cart per grade level in grades K and 1st. Cash flow savings would allow the purchase of one cart per classroom

SECTION III

» Imagine School at Broward

» The Project

» **Bond Specifics**



- The following provides an estimated sources and uses for the proposed financing assuming the purchase of the existing campus and no additional new money

Sources of Funds	Series 2018A	Series 2018B	Combined
Par Amount	\$ 20,520,000	\$ 230,000	\$ 20,750,000
OID/OIP	746,024	-	746,024
Total Sources of Funds	\$ 21,266,024	\$ 230,000	\$ 21,496,024

Uses of Funds	Series 2018A	Series 2018B	Combined
Project Fund	\$ 19,450,000	\$ -	\$ 19,450,000
Debt Service Reserve Fund	1,404,297	15,740	1,420,038
Costs of Issuance	410,800	211,700	622,500
Rounding Amount	927	2,560	3,487
Total Uses of Funds	\$ 21,266,024	\$ 230,000	\$ 21,496,024



Sources & Uses

Enclosure 1 - Imagine School Presentation to Bond Review Committee

- The bonds are expected to be issued through Broward County with an initial meeting on Wednesday, December 5, 2018
- The financing team aims to price and close in the middle/end of January



Financing Timeline

Enclosure 1 - Imagine School Presentation to Bond Review Committee



THANK YOU.

We look forward to working with you.

Fwd: Conditional Bond Committee Recommendation - Imagine School

Richard Moreno <richmoreno6@gmail.com>

Tue 12/11/2018 8:36 PM

To: Tinsley, Steven <STINSLEY@broward.org>;

External Email Warning: This email originated from outside the Broward County email system. Do not reply, click links, or open attachments unless you recognize the sender's **email address** (not just the name) as legitimate and know the content is safe. Report any suspicious emails to ETSSecurity@broward.org.

Please see below.

Thanks.

Sent from my iPhone

Begin forwarded message:

Resent-From: <rmoreno@bhope.org>

From: Karl Huber <karl.huber@schoolhousefinance.com>

Date: December 11, 2018 at 8:26:17 PM EST

To: Richard Moreno <rmoreno@bhope.org>

Cc: Ken Brown <ken.brown@schoolhousefinance.com>

Subject: RE: Conditional Bond Committee Recommendation - Imagine School

Richard: I've spoken with our CEO and General Counsel and we would be willing to agree to subordination of our indirect allocation payments/management fees at Imagine Broward with certain conditions and modification to our Affiliate Agreement (operating agreement). Our preliminary analysis indicates that the following changes to the Affiliate Agreement in connection with subordination would be required:

1. Elimination of any obligation on part of ISNP to make operating advances to Imagine Broward.
2. Subordination of Indirect Cost Allocation only (not Direct Expenses). Any deferred Indirect Cost Allocation payments would accrue interest at a rate of 0.83% per month calculated on a daily basis.
3. ISNP would have the right to terminate the Affiliate Agreement if it does not receive Indirect Cost Allocation payments for 6 months.

Of course, final detailed documentation would need to be worked out with our general counsel.

Best regards,

Karl Huber
Vice President

Schoolhouse Finance, LLC
941-587-6109

From: Richard Moreno [<mailto:rmoreno@bhope.org>]
Sent: Monday, December 10, 2018 11:22 AM
To: Karl Huber
Subject: Fwd: Conditional Bond Committee Recommendation - Imagine School

As per our conversation, please see the last item.

Thanks...

----- Forwarded message -----

From: Tinsley, Steven <STINSLEY@broward.org>
Date: Wed, Dec 5, 2018 at 5:42 PM
Subject: Conditional Bond Committee Recommendation - Imagine School
To: Richard Moreno <rmoreno@bhope.org>

Hi Richard,

Congratulations on the conditional recommendation approved by the Broward County Bond Review Committee today! Per our conversation, please see the conditions outlined by the Committee in order to issue a the recommendation:

- Clarification of the advance (fund balance assistance) fees described in Note E Paragraph 1 (pg. 22) to the financial statements
- Copy of the bylaws governing the appointment, replacement and control of the Board
- Articles of incorporation of the borrower
- Copy of the management agreement
- Appraisal (when available)
- Verification/proof of subordination of management fees to debt service

Please call me with any questions.

Thanks,
Steve



Steven Tinsley, PhD, MBA, CEcD, Economic Development Manager

Office of Economic and Small Business Development
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