

\$40,000,000*
CALIFORNIA SCHOOL FINANCE AUTHORITY (AUTHORITY)
SENIOR REVENUE BONDS, SERIES 2024A (WFCS IV) (TAX-EXEMPT) , SERIES 2024B (WFCS IV)
(TAXABLE) AND CALIFORNIA SCHOOL FINANCE AUTHORITY
SUBORDINATE REVENUE BONDS
SERIES 2024C (WFCS IV) (TAX-EXEMPT)

ITEM #4 RESOLUTION 24-34
STAFF SUMMARY

EXECUTIVE SUMMARY

Applicant/Borrower:	WFCS Holdings IV, LLC	Par Amount Requested:	Not-to-Exceed * \$40,000,000
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Financing Term: Fixed rate, up to 40-year financing, 5-year call at 102% descending to par in year 7, with taxable bonds starting amortization first	Projected Interest Rate: 6.60%
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Applicant Description: Wonderful Foundations is a nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 that purchases buildings on behalf of charter schools. WFCS Holdings IV, LLC, is a Minnesota limited liability company, and will be the borrower (Borrower). The Borrower was formed for the specific purpose of acquiring the three charter school facilities in this transaction and leasing such facilities to charter schools.

Type of Financing: Tax-Exempt and Taxable Revenue Bonds

Project User:	Kidinnu Academy; TEAM Charter Academy; TEAM Charter School; School of Arts and Enterprise	County Served:	San Diego County, San Joaquin County, Los Angeles County
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District in Which Project is Located:	Cajon Valley Union School District; Stockton Unified School District; Pomona Unified School District	Charter Authorizer:	Cajon Valley Union School District; Stockton Unified School District; San Joaquin County Office of Education; Pomona Unified School District
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Financing Description: Proceeds will be used to finance and/or refinance the cost of acquisition, construction, improvement, installation, furnishing and equipping of educational facilities located in El Cajon, Stockton and Pomona, California; fund a debt service reserve fund and a construction fund, if necessary; and pay certain costs of issuance.

Project Site: 1) 1701 Granite Hills Drive, El Cajon, CA 92019; 2) 540 E. Main Street, Stockton, CA 95202; 3) 295 North Garey Ave., Pomona, CA 91767; and 4) 375 Main Street, Pomona, CA 91767

Financing Team:		Financing Details:	
Bond Counsel:	Orrick Herrington & Sutcliffe LLP	Type of Issue:	Charter School Revenue Bonds
Underwriter:	Raymond James	Tax Status:	Tax-Exempt & Taxable
Borrower's Counsel:	Taft Stettinius & Hollister	Maturity:	Not to exceed 2064
Underwriter's Counsel:	Kutak Rock	Credit Enhancement:	Yes
Issuer's Counsel:	Office of the Attorney General	Credit Rating:	Unrated

Seller:	Grow Schools		Fees:	See Costs of Issuance Table
Bond Trustee:	UMB Bank			
CSFA Analyst: Robby Biegler			Date of Staff Report: August 22, 2024	
Date of CSFA Board Meeting: August 29, 2024			Resolution Number: 24-34	
Staff Recommendation: Staff recommends the Authority Board approve Resolution Number 24-34 authorizing the issuance of Revenue Bonds in an amount not to exceed \$40,000,000, and with minimum denominations of \$25,000, to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located in San Diego, San Joaquin and Los Angeles Counties for use by the Wonderful Foundation.				

BACKGROUND AND HISTORY

The Wonderful Foundations (TWF) is a national nonprofit that borrows money to purchase charter school facilities on their behalf and then works in partnership with those schools in a more collaborative vs. landlord dynamic. As part of the purchase structure TWF sets aside a portion of rent received to provide annual grants to support student education needs and for capital improvements. When the acquired facility is paid off (typical structure of 35-years) building title is transferred to the charter. TWF was incorporated in 2018 by founders Troy Snyder and Stuart Ellis, both with considerable backgrounds in finance, philanthropy and entrepreneurship. Since inception TWF has raised \$1.3 billion for 20+ facilities impacting around 10,104 students. Historically, TWF pools their facility acquisition financings. This California-focused issuance will be their third pool.

TWF will acquire three facilities for four schools for this transaction, those schools include: Kidinnu Academy Charter School (KACS); TEAM Charter Academy (TCA); TEAM Charter School (TCS); and School of Arts and Enterprise (SAE). KACS is a K-8 that opened in 2019 and serves a majority Chaldean student body in El Cajon. TCA and TCS are part of the same network, opened in 2017 and 2011 respectively, TCS a K-5 and TCA a 6-8, and share a campus in Stockton. SAE, a 6-12, opened in 2003, has a primarily arts focused curriculum and is located in Pomona. SAE has been recognized as an Arts School National Network Exemplary School and is a California Department of Education (CDE) Exemplary Arts Program School. Charter terms and demographic information for the schools are highlighted below:

Property Address(es)	Tenant	School(s)	Authorizer	Charter Expiration Date
1701 Granite Hills Drive, El Cajon, CA 92019	Kidinnu Academy	Kidinnu Academy	Cajon Valley Union School District	6/30/2027
540 E Main St, Stockton, CA 95202	Transformational Education, Inc.	TEAM Charter Academy	Stockton Unified School District	6/30/2025
		TEAM Charter School	San Joaquin County Office of Education	6/30/2027
295 North Garey Avenue, Pomona, CA 375 Main Street, Pomona, CA	School of Arts and Enterprise	School of Arts and Enterprise	Pomona Unified School District	6/30/2027

TCA & TCS

2022-2023 School Year	TEAM CHARTER ACADEMY (6-8th)	TEAM CHARTER (TK-5th)
American Indian/Alaska Native Students	0.5%	1.8%
Asian or Asian/Pacific Islander Students	1.0%	3.4%
Hispanic Students	70.8%	69.3%

Black or African American Students	23.6%	18.7%
White Students	2.1%	2.0%
Nat. Hawaiian or Other Pacific Isl. Students	0.0%	0.7%
Two or More Races Students	2.1%	4.1%
Total	100.0%	100.0%

KACS

2022-2023 School Year	KIDINNU ACADEMY
American Indian/Alaska Native Students	0.0%
Asian or Asian/Pacific Islander Students	0.0%
Hispanic Students	0.9%
Black or African American Students	0.0%
White Students	99.1%
Nat. Hawaiian or Other Pacific Isl. Students	0.0%
Two or More Races Students	0.0%
Total	100.0%

SAE

2022-2023 School Year	SCHOOL OF ARTS AND ENTERPRISE
American Indian/Alaska Native Students	0.3%
Asian or Asian/Pacific Islander Students	2.0%
Hispanic Students	79.1%
Black or African American Students	4.2%
White Students	8.7%
Nat. Hawaiian or Other Pacific Isl. Students	0.0%
Two or More Races Students	5.7%
Total	100.0%

The historical, current, and projected enrollment for the financed campuses include:

KACS

Enrollment by Grade	FY25	FY26	FY27	FY28
TK	40	40	40	40
K	54	50	50	50
1	54	50	50	50
2	55	50	50	50
3	51	50	50	50
4	50	50	50	50
5	50	50	50	50
6	50	50	50	50
7	20	50	50	50
8	-	25	50	50
9				
10				
11				
12				
TOTAL	424	465	490	490

TEAM

Grade	Current FY25	Budget FY25	FY26	FY27
TK	40	40	40	40
K	78	75	75	75
1	62	65	65	65
2	85	81	81	85
3	84	80	80	80
4	92	90	90	90
5	78	75	75	77
6	69	65	66	67
7	59	63	65	65
8	55	60	64	66
TOTAL	702	694	701	710

SAE

GRADE	CURRENT YEAR INITIAL	CURRENT YEAR REVISION #1	CURRENT YEAR REVISION #2	CY + 1	CY + 2	CY + 3	CY + 4
ENROLLMENT BY GRADE							
6	90	90	90	94	97	101	105
7	130	130	130	135	141	146	152
8	120	120	120	125	130	135	140
9	120	120	120	125	130	135	140
10	95	95	95	99	103	107	111
11	80	80	80	83	87	90	94
12	90	90	90	94	97	101	105
TOTAL	725	725	725	754	784	816	848
DAILY ATTENDANCE RATE							
OVERALL AVG	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%	92.50%
AVG DAILY ATTENDANCE BY GRADE							
6	83.25	83.25	83.25	86.6	90.0	93.6	97.4
7	120.25	120.25	120.25	125.1	130.1	135.3	140.7
8	111.00	111.00	111.00	115.4	120.1	124.9	129.9
9	111.00	111.00	111.00	115.4	120.1	124.9	129.9
10	87.88	87.88	87.88	91.4	95.0	98.8	102.8
11	74.00	74.00	74.00	77.0	80.0	83.2	86.6
12	83.25	83.25	83.25	86.6	90.0	93.6	97.4
TOTAL	670.6	670.63	670.63	697.5	725.3	754.4	784.5
AVG DAILY ATTENDANCE BY GRADE RANGE							
TK-3	-	-	-	-	-	-	-
4-6	83.25	83.25	83.25	86.58	90.04	93.64	97.39
7-8	231.25	231.25	231.25	240.50	250.12	260.12	270.53
9-12	356.13	356.13	356.13	370.37	385.18	400.59	416.62
TOTAL	670.63	670.63	670.63	697.45	725.35	754.36	784.54

PROJECT AND FINANCING DESCRIPTION

The proceeds of the bonds will be used to: (1) finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain charter school educational facilities for TWF on behalf of KACS; TCA; TCS: and SAE, located at 1701 Granite Hills Drive, El Cajon; 540 E. Main Street Stockton; 295 North Garey Ave., Pomona; and 375 Main Street, Pomona; (2) to pay certain expenses incurred in connection with the issuance of the Bonds, and (3) to fund all or a portion of a debt service reserve fund, and a construction fund in connection with the Bonds.

A deposit to the Series 2024 Senior Debt Service Reserve Fund for the Senior Bonds in an amount of the Series 2024 Senior Debt Service Reserve Fund Requirement is expected to be funded in part by proceeds of a grant pursuant to the Authority’s Charter School Facilities Credit Enhancement Program or another similar program administered by the Authority, if approved by the Authority.

Facilities Information				
Site	Landlord	Location	Purpose	Amount
Kidinnu Academy	Wonderful Foundation	1701 Granite Hills Drive, El Cajon 92019	Purchase	\$9,673,114.29
TEAM Charter Academy & TEAM Charter School	Wonderful Foundation	540 E. Main Street, Stockton 95202	Purchase	\$6,401,119
Schools of Arts and Enterprise	Wonderful Foundation	295 North Garey Ave & 375 Main Street, Pomona 91767	Purchase	\$9,500,000
All Sites	Wonderful Foundation	All Sites	Construction	\$4,000,000
Total Estimated Project Costs				\$29,574,233.29

The KACS campus, originally constructed as a Mormon Temple in 1991, is a 15,350 square feet building with 34 classrooms, a multiple-purpose room and a playground. The prior use was well suited for a school conversion, with a large multi-purpose room in the center of the building and appropriately sized classrooms on the perimeter. An expansion, adding an additional wing to the existing footprint, is anticipated to be financed in 2025.

The TCA and TCS campus was originally constructed in 1933 and has 90,054 square feet with one building, 13 classrooms, a cafeteria and a playground. Modernizations have been made over the life of the property.

The SAE campus is on two sites that share a location that have 28,173 and 29,814 square feet respectively. Cumulatively there are three buildings with 38 classrooms. Both facilities originated as businesses—a Firestone Tires store and furniture warehouse—and were ultimately converted/reconfigured to facilitate school use. Given its arts focused curriculum, the campus includes a theater and creative space.

The KACS, TCA and TCS campuses are leased from Grow Schools, a subsidiary of Charter School Capital Inc. (CSC). Both Grow Schools and CSC focus on deploying, to worthwhile charter schools, a variety of financing forms for a variety of needs. In 2013, Grow Schools began offering facilities financing to help solve the growing real estate needs of charter schools. Grow Schools acquires and may also finance improvements in school facilities, subsequently entering into long-term triple net leases with school operators. Grow Schools acquires school properties either directly or in partnership with other investors. In 2014, Grow Schools partnered with AIM Education Holdings, LLC to create American Education Properties, LLC to develop, own, lease and finance school properties and subsequently acquired properties including the KACS, TCA and TCS campuses.

The KACS, TCA and TCS real estate and leases are being sold as-is to TWF. The SAE campus is currently owned by the school and will be acquired and leased back by Wonderful Foundations through the proposed financing. Grow Schools will provide real estate and tenant due diligence assistance.

While issuance of these bonds will mimic a conventional issuance, with a disclosure document, a bond purchase agreement, and rate lock and closing, the bonds will be sold to a single investor, Hamlin Capital Management, with an accompanying pre-negotiated rate and term sheet. While rates are still floating, the floor for the tax-exempt portion is 6.5%. The rate is indexed to the 10-year MMD, plus 3.90%. The current calculated rate is 6.60% but will be set/locked for 10-years two days before closing and will be fixed for 10 years.

FINANCING

Borrower: WFCS Holdings IV, LLC, a Minnesota limited liability company, whose sole member at the time of the issuance of the Bonds will be Wonderful Foundations, is the Borrower. The Borrower was formed for the specific purpose of holding real property for the benefit of its members. WFCS Holdings IV, LLC will act as representative of an Obligated Group of which the Borrower will be added as the initial member.

Security and Source of Payment: The Series 2024 Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement. WFCS Holdings IV, LLC, will enter into a Deed of Trust encumbering its fee simple interest in the KACS, TCA, TCS, and SAE campuses, and a Reserve Account will be established under the Indenture. WFCS Holdings IV, LLC will enter into a Security Agreement encumbering its interest in the buildings on the KACS, TCA, TCS, and SAE campuses. As additional security and in connection with the issuance of the bonds, The charter schools will provide instructions to the State Controller's Office

to make an apportionment in the amounts, and on the dates provided, in a written notice sufficient in the aggregate to repay the bonds and pay necessary and incidental costs (the “Intercept”).

Funds received by the Trustee pursuant to the Intercept will be applied solely for the uses and purposes set forth in the Indenture, including the payment of debt service on the Bonds. Under the laws of the State of California, no party, including Wonderful Foundations, the Borrower, or any of their respective creditors, will have any claim to the money apportioned or to be apportioned to the Trustee by the State Controller’s Office pursuant to the Intercept.

Preliminary Sources and Uses and Preliminary Costs of Issuance: Below are the preliminary estimated sources and uses, and detailed information about the expected costs of issuance for board consideration. Please note these figures are subject to change between the time the board packets are distributed and are further subject to final pricing. Members will be provided updated figures should significant changes occur before the board meeting date.

Sources and Uses

Sources:	Series 2024A (Tax-Exempt)	Series 2024B (Taxable)	Series 2024C Subordinate	Enhancement Grant	Total
Bond Proceeds					
Par Amount:	\$29,945,000	\$1,595,000	\$3,000,000		\$34,540,000
Bond Discount	(\$528,230)				(\$528,230)
Other Sources:					
Enhancement Grant				(\$2,000,000)	(\$2,000,000)
Total:	\$29,416,770	\$1,595,000	\$3,000,000	(\$2,000,000)	\$32,011,770
Uses:	Series 2024A (Tax-Exempt)	Series 2024B (Taxable)	Series 2024C Subordinate	Enhancement Grant	Total
Project Fund Deposit					
TEAM Charter Acquisition	\$6,733,114	\$0	\$2,940,000		\$9,673,114
Kidinnu Acquisition	\$6,401,119	\$0	\$0		\$6,401,119
SAE Acquisition	\$9,500,000	\$0	\$0		\$9,500,000
Kidinnu Construction	\$4,000,000	\$0	\$0		\$4,000,000
Cost of Issuance	\$0	\$1,427,747	\$0		\$1,427,747
Underwriter Discount	\$588,335	\$47,840	\$60,000		\$696,175
Debt Service Reserve Fund	\$2,190,708	\$116,687	\$0	(\$2,000,000)	\$307,395
Contingency	\$3,493	\$2,726	\$0.00		\$6,220
Total	\$29,416,770	\$1,595,000	\$3,000,000	(\$2,000,000)	\$32,011,770

Total Costs of Issuance*

Expense	Amount
Bond Counsel	250,000.00
Borrower's Counsel	200,000.00
Placement Agent Counsel	85,000.00
Trustee Counsel	7,500.00
Trustee Upfront	6,000.00
Issuer Counsel	20,000.00
BHR Fee	50,000.00
Purchaser's Counsel	65,000.00
Title	90,000.00
Issuer Application Fee	1,500.00
Agent for Sale Fee	6,500.00
Appraisal	115,000.00
Environmental	10,000.00
PCA	10,000.00
Expense Reserve	275,000.00
Contingency	15,000.00
GS Due Diligence Fee	190,000.00
Issuer Annual Fee	3,977.34
Issuer Initial Issuance Fee	27,270.00
Total	1,427,747.34

**Estimates based on principal amount of \$34,540,000.
Excludes Underwriter Discount, which is incorporated in Sources and Uses.*

Credit Enhancement: If funds are available, there will be a not-to-exceed \$2,000,000 credit enhancement award for the Borrower, on behalf of Wonderful Foundations, for this financing that may be before the Authority Board as subsequent agenda items at the August 29, 2024, meeting. If approved, the enhancement awards will fund up to \$2,000,000 of the financing's debt service reserve fund, reducing the overall borrowing cost for the Borrower.

The actual award amount will be finalized at pricing of the bonds.

SALES RESTRICTIONS

The following sales restrictions generally apply to financings that receive below-investment grade ratings:

1. Bonds will be in minimum denominations of \$100,000;
2. Bonds will be privately placed or publicly offered initially to Qualified Institutional Buyers (QIBs) and Accredited Investors (AIs).
3. Initial Bond purchasers will be required to execute an Investor Letter;
4. Subsequent transfers of Bonds will be limited to QIBs and AIs;
5. Sales restrictions will be conspicuously noted on bond and described in detail in offering materials, if any, as well as in the bond documents;

6. One or more of the following may be required depending on the transaction, as requested by the financing team and approved by the Authority:
 - a. Traveling Investor Letter; or
 - b. Higher minimum denominations of \$250,000; or
 - c. Physical Delivery; or
 - d. Limited initial sale to QIBs, with subsequent transfers limited to QIBs as well; or
 - e. Other investor protection measures
7. Bond payments will be made via the intercept mechanism outlined in Education Code section 17199.4.

Notwithstanding the general requirements above, the senior bonds purchaser (Hamlin) has requested that the Authority approve an exception to allow for minimum authorized denominations of \$25,000 for the senior bonds. Under Hamlin's proposal, the lower authorized denominations would apply only while Hamlin is the Bondholder Representative (which it will be so long as Hamlin's clients own at least a majority of the aggregate principal amount of the senior bonds then outstanding) and the bonds are traded within Hamlin's closed ecosystem. Hamlin's clients, which are all QIBs or AIs, give Hamlin absolute authority and discretion regarding investments, including the purchase and sale of bonds. If at any time Hamlin is not the Bondholder Representative, the authorized denominations for the senior bonds will revert to \$100,000.

OTHER PROJECT DATA

Tax Equity and Fiscal Responsibility Act (TEFRA): The TEFRA Notice was published on the Authority's Webpage on August 22, 2024. The TEFRA hearing will take place on August 29, 2024, prior to the Board meeting, and no comments are anticipated. If any are received, they will be reported at the meeting.

Due Diligence Undertaken to Date: The financial, operating, and other information concerning the Borrower, the Project, and related matters presented in this Staff Summary were provided by the Borrower, The Wonderful Foundations, and the Underwriter. The analysis contained herein was prepared by Authority Staff for the limited purpose of determining financial feasibility pursuant to Education Code section 17183.5 and providing the Authority Board with information concerning certain aspects of the Project. The review undertaken by Authority staff, the recommendation of Authority Staff to the Authority Board to approve the financing, or any approval by the Authority Board are not intended to, and did not, include all of the due diligence activities and other investigations necessary or desirable for the purpose of making an investment decision relating to the making of the financing by the Lender, and should not be relied on by any party for such purpose.

Borrower Financial Data: WFCS Holdings IV, LLC will operate as a single purpose entity of which Wonderful Foundations will be the sole member at the time of issuance of the Bonds, with no assets other than the Facilities owned or leased by it and its rights under the respective leases, which will be assigned to the Trustee. WFCS Holdings IV, LLC was formed for the purpose supporting Wonderful Foundations, including by owning facilities, and is not expected to have any other assets or revenue available to make payments due under the Loan Agreement. The Lessees, Kidinnu Academy, TEAM Charter School, TEAM Charter Academy, and School of Arts and Enterprises, are California nonprofit public benefit corporations and organizations described in Section 501(c)(3) of the Code.

STAFF RECOMMENDATION

Staff recommends the board adopt Resolution 24-34 authorizing the issuance of revenue bonds in an amount not to exceed \$40,000,000, and with minimum denominations of \$25,000, finance and/or

refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and/or equipping of certain educational facilities located in San Diego, San Joaquin and Los Angeles Counties for use by Wonderful Foundation.

1. **Applicant / Borrower:** WFCS Holdings IV, LLC
2. **Project:** Acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of Facilities and related costs
3. **Amount of Financing:** Not to exceed \$40,000,000
4. **Maturity:** Not-to-exceed 40 years
5. **Repayment/Security:** Intercept of Lease Payments and Deed of Trust on Real Property
6. **Preliminary Interest Rate:** 6.60%
7. **Preliminary Cost of Issuance:** The preliminary Costs of Issuance are \$1.4 million
8. **Not an Unconditional Commitment:** The Authority resolution shall not be construed as unconditional commitment to finance the Project, but rather the Authority's approval pursuant to the resolution conditioned upon entry by the Authority and Borrower into a loan agreement, in form and substance satisfactory to the Authority and its counsel.
9. **Limited Time:** The Board's approval expires 12 months from the date of its adoption. Thus, CSFA must issue the bonds no later than 12 months from that date. Once the approval has expired, the item must return to the Board for new approval.

**APPENDIX A:
WONDERFUL GOVERNANCE**

Wonderful Leadership

Member	Position
Troy Snyder	Chair
John Cairns	COO
Michele Shapiro	President

Board of Directors

Member	Role
Troy Snyder	Board Chair
Michele Shapiro	President
Parker Lyons	Treasurer
John Cairns	Secretary

APPENDIX B: BUDGET PROJECTIONS

Estimated Budget (NOI Detail)*									
Period Ending	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033
	<i>9 Months</i>								
TEAM NOI (NN Partial Vacancy)	442,670	605,380	620,514	636,027	651,928	668,226	684,932	702,055	719,606
Kidinnu NOI (NNN)	318,652	437,615	450,744	464,266	478,194	492,540	507,316	522,535	538,211
SAE NOI (NNN)	644,250	884,770	911,313	938,652	966,812	995,816	1,025,691	1,056,462	1,088,155
Total Property NOI	1,405,572	1,927,765	1,982,571	2,038,946	2,096,934	2,156,582	2,217,939	2,281,052	2,345,973
Estimated Budget (Waterfall Detail)									
Period Ending	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031	6/30/2032	6/30/2033
	<i>9 Months</i>								
Total Property NOI	1,405,572	1,927,765	1,982,571	2,038,946	2,096,934	2,156,582	2,217,939	2,281,052	2,345,973
Sr. Structural Expenses									
Trustee Fees	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)
Director Fee	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)
DAC Fee	0	0	0	0	0	0	0	0	0
Banking Fees	(1,200)	(1,224)	(1,248)	(1,273)	(1,299)	(1,325)	(1,351)	(1,378)	(1,406)
Accounting (Office Expense)	(1,000)	(1,020)	(1,040)	(1,061)	(1,082)	(1,104)	(1,126)	(1,149)	(1,172)
Issuer Fee	(5,384)	(5,551)	(5,551)	(5,566)	(5,550)	(5,542)	(5,530)	(5,528)	(5,492)
Total Sr. Structural Expenses	(16,584)	(16,795)	(16,840)	(16,901)	(16,931)	(16,971)	(17,007)	(17,055)	(17,069)
Sr. Property Expenses									
Insurance Expense	(1,406)	(1,928)	(1,983)	(2,039)	(2,097)	(2,157)	(2,218)	(2,281)	(2,346)
Legal Expense Reserve	(15,000)	(15,300)	(15,606)	(15,918)	(16,236)	(16,561)	(16,892)	(17,230)	(17,575)
Total Sr. Property Expenses	(16,406)	(17,228)	(17,589)	(17,957)	(18,333)	(18,718)	(19,110)	(19,511)	(19,921)
Total NOI Less Sr. Fees	1,372,583	1,893,742	1,948,143	2,004,088	2,061,670	2,120,893	2,181,821	2,244,485	2,308,983
Sr. Debt Payment*	(1,369,389)	(1,805,788)	(1,805,788)	(1,810,788)	(1,815,370)	(1,819,535)	(1,848,283)	(1,844,525)	(1,850,768)
<i>Debt Service Coverage Ratio (Before Owner & AM Fee)</i>	<i>1.00</i>	<i>1.05</i>	<i>1.08</i>	<i>1.11</i>	<i>1.14</i>	<i>1.17</i>	<i>1.18</i>	<i>1.22</i>	<i>1.25</i>

*assumes \$28 million financing not including revenues and expenses for Kidinnu expansion