



# TEACH Public Schools

Lease vs. Purchase – Financing Considerations

July 24, 2019





# Background

- Should TEACH purchase its High School and/or Elementary School today or wait until the first available option date available in the lease agreement?
- We completed analyses comparing lease payments vs. today's estimated debt payments
- We completed breakeven analyses comparing purchasing today vs. purchasing in the future at a lower purchase price
- In addition to comparing total, annual and present value payments, TEACH should also consider:
  - Current interest rate environment
  - Credit consideration of the elementary school
  - Costs/time savings of bundling at elementary school today

- Costs (time savings of practicing at elementary school)
- Credit consolidation of the elementary school
- Correct answer: the environment

How often are they considered?

In studies, the comparison group is used and dispersed value measurements throughout the future and lower performance

The completed preschool analysis comparing preschool scores with the completed high school scores

The completed analysis comparing tests that include the scores in later achievement

and/or with children's first available option (the available in the school) and high school, and the elementary school

## Psychology







# Today's Options

- TEACH has three primary options to purchase its facilities
- Option 1:
  - Purchase High School and Parking Lot today
  - Purchase Elementary School in 2 years
- Option 2:
  - Purchase High School and Parking Lot today
  - Purchase Elementary School today
- Option 3:
  - Purchase High School and Parking Lot in 2 years
  - Purchase Elementary School in 2 years





# Rent Schedule

- Rent provided by Red Hook included:
  - Abatement for 1-2 years
  - 3% annual growth
  - 25-year rent schedule
- Lease schedule shown extrapolated to 2058 for debt service comparison

Period Ending	High School	Parking Lot	Total HS	Elementary School	Grand Total
1/1/2021	861,970	65,916	927,886	326,367	1,254,253
1/1/2022	887,829	67,893	955,722	384,384	1,340,106
1/1/2023	914,464	69,930	984,394	444,854	1,429,248
1/1/2024	941,897	72,028	1,013,925	458,200	1,472,125
1/1/2025	970,154	74,189	1,044,343	471,946	1,516,289
1/1/2026	999,259	76,415	1,075,674	486,104	1,561,778
1/1/2027	1,029,237	78,707	1,107,944	500,687	1,608,631
1/1/2028	1,060,114	81,068	1,141,182	515,708	1,656,890
1/1/2029	1,091,917	83,500	1,175,417	531,179	1,706,596
1/1/2030	1,124,675	86,005	1,210,680	547,115	1,757,795
1/1/2031	1,158,415	88,585	1,247,000	563,528	1,810,528
1/1/2032	1,193,168	91,243	1,284,411	580,434	1,864,845
1/1/2033	1,228,963	93,980	1,322,943	597,847	1,920,790
1/1/2034	1,265,831	96,800	1,362,631	615,783	1,978,414
1/1/2035	1,303,806	99,704	1,403,510	634,256	2,037,766
1/1/2036	1,342,921	102,695	1,445,616	653,283	2,098,899
1/1/2037	1,383,208	105,776	1,488,984	672,882	2,161,866
1/1/2038	1,424,704	108,949	1,533,653	693,068	2,226,721
1/1/2039	1,467,446	112,217	1,579,663	713,861	2,293,524
1/1/2040	1,511,469	115,584	1,627,053	735,276	2,362,329
1/1/2041	1,556,813	119,051	1,675,864	757,334	2,433,198
1/1/2042	1,603,517	122,623	1,726,140	780,054	2,506,194
1/1/2043	1,651,623	126,302	1,777,925	803,456	2,581,381
1/1/2044	1,701,172	130,091	1,831,263	827,560	2,658,822
1/1/2045	1,752,207	133,994	1,886,201	852,386	2,738,587
1/1/2046	1,804,773	138,014	1,942,787	877,958	2,820,745
1/1/2047	1,858,916	142,154	2,001,070	904,297	2,905,367
1/1/2048	1,914,684	146,419	2,061,102	931,426	2,992,528
1/1/2049	1,972,124	150,811	2,122,935	959,368	3,082,304
1/1/2050	2,031,288	155,335	2,186,623	988,150	3,174,773
1/1/2051	2,092,227	159,996	2,252,222	1,017,794	3,270,016
1/1/2052	2,154,993	164,795	2,319,789	1,048,328	3,368,117
1/1/2053	2,219,643	169,739	2,389,382	1,079,778	3,469,160
1/1/2054	2,286,232	174,831	2,461,064	1,112,171	3,573,235
1/1/2055	2,354,819	180,076	2,534,896	1,145,536	3,680,432
1/1/2056	2,425,464	185,479	2,610,943	1,179,902	3,790,845
1/1/2057	2,498,228	191,043	2,689,271	1,215,299	3,904,570
1/1/2058	2,573,175	196,774	2,769,949	1,251,758	4,021,707
<b>TOTAL</b>	<b>59,613,346</b>	<b>4,558,711</b>	<b>64,172,057</b>	<b>28,859,318</b>	<b>93,031,375</b>

# ROTH IRA

- ROTH provided by Fidelity
- Investment for 15 years
- 5% starting growth
- 22 year old son's gift
- Lesser schedule dividend rates
- Contribution

Account	Investment	Balance	Market	Rate	Dividend	Yield
1	ROTH IRA	10000	10000	0%	0	0%
2	ROTH IRA	10000	10000	0%	0	0%
3	ROTH IRA	10000	10000	0%	0	0%
4	ROTH IRA	10000	10000	0%	0	0%
5	ROTH IRA	10000	10000	0%	0	0%
6	ROTH IRA	10000	10000	0%	0	0%
7	ROTH IRA	10000	10000	0%	0	0%
8	ROTH IRA	10000	10000	0%	0	0%
9	ROTH IRA	10000	10000	0%	0	0%
10	ROTH IRA	10000	10000	0%	0	0%
11	ROTH IRA	10000	10000	0%	0	0%
12	ROTH IRA	10000	10000	0%	0	0%
13	ROTH IRA	10000	10000	0%	0	0%
14	ROTH IRA	10000	10000	0%	0	0%
15	ROTH IRA	10000	10000	0%	0	0%
16	ROTH IRA	10000	10000	0%	0	0%
17	ROTH IRA	10000	10000	0%	0	0%
18	ROTH IRA	10000	10000	0%	0	0%
19	ROTH IRA	10000	10000	0%	0	0%
20	ROTH IRA	10000	10000	0%	0	0%
21	ROTH IRA	10000	10000	0%	0	0%
22	ROTH IRA	10000	10000	0%	0	0%
23	ROTH IRA	10000	10000	0%	0	0%
24	ROTH IRA	10000	10000	0%	0	0%
25	ROTH IRA	10000	10000	0%	0	0%
26	ROTH IRA	10000	10000	0%	0	0%
27	ROTH IRA	10000	10000	0%	0	0%
28	ROTH IRA	10000	10000	0%	0	0%
29	ROTH IRA	10000	10000	0%	0	0%
30	ROTH IRA	10000	10000	0%	0	0%
31	ROTH IRA	10000	10000	0%	0	0%
32	ROTH IRA	10000	10000	0%	0	0%
33	ROTH IRA	10000	10000	0%	0	0%
34	ROTH IRA	10000	10000	0%	0	0%
35	ROTH IRA	10000	10000	0%	0	0%
36	ROTH IRA	10000	10000	0%	0	0%
37	ROTH IRA	10000	10000	0%	0	0%
38	ROTH IRA	10000	10000	0%	0	0%
39	ROTH IRA	10000	10000	0%	0	0%
40	ROTH IRA	10000	10000	0%	0	0%
41	ROTH IRA	10000	10000	0%	0	0%
42	ROTH IRA	10000	10000	0%	0	0%
43	ROTH IRA	10000	10000	0%	0	0%
44	ROTH IRA	10000	10000	0%	0	0%
45	ROTH IRA	10000	10000	0%	0	0%
46	ROTH IRA	10000	10000	0%	0	0%
47	ROTH IRA	10000	10000	0%	0	0%
48	ROTH IRA	10000	10000	0%	0	0%
49	ROTH IRA	10000	10000	0%	0	0%
50	ROTH IRA	10000	10000	0%	0	0%

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# Review of Purchase Price

Property	Early Purchase Price	Effective Date	First Option Price	Effective Date
High School	13,050,000	1/1/2020	12,750,000	1/1/2021
Adjacent Parking Lot (BBQ Restaurant)	900,000	1/15/2020	900,000	1/15/2022
Elementary School	6,250,000	3/1/2020	5,925,000	3/1/2022

- Purchase price higher today than in 2 years because:
  - Lender prepayment penalties
  - Giving up rent for 2 years
  - Investor capital uninvested



# Review of Purchase Price

Effective Date:	8/1/2011	8/1/2011	8/1/2011	8/1/2011
Account:	1000000	1000000	1000000	1000000
Account Details:	1000000	1000000	1000000	1000000
Item:	1000000	1000000	1000000	1000000
Item Details:	1000000	1000000	1000000	1000000
Item Price:	1000000	1000000	1000000	1000000
Item Quantity:	1000000	1000000	1000000	1000000
Item Total:	1000000	1000000	1000000	1000000

- Purchase price of higher value than in 2 years because
- Lower purchase price
- Giving the result for 5 years
- Investment cost of 1000000



# High School and Parking Lot Analysis

10/13

10/13/2001 and 10/13/2002

10/13





## Lease vs. Early Takeout Bond Payments

### Assumptions

- Bonds for 38 Years
- Interest rate at 5%, 5.7% and breakeven
  - We believe 5% is at the high range of where TEACH would issue at today
  - Using the spreads of the 2016 Bonds, today's interest would be 5.7%
  - The breakeven analysis was completed by comparing the present value

Period Ending	Rent Payments	Bonds at 5.0%	Bonds at 5.7%	Breakeven at 8.629%
1/1/2021	927,886	915,000	<b>1,008,215</b>	<b>1,434,600</b>
1/1/2022	955,722	912,750	<b>1,006,090</b>	<b>1,439,422</b>
1/1/2023	984,394	915,250	<b>1,003,680</b>	<b>1,438,382</b>
1/1/2024	1,013,925	912,250	<b>1,005,985</b>	<b>1,436,910</b>
1/1/2025	1,044,343	914,000	<b>1,007,720</b>	<b>1,435,007</b>
1/1/2026	1,075,674	910,250	<b>1,003,885</b>	<b>1,437,672</b>
1/1/2027	1,107,944	911,250	<b>1,004,765</b>	<b>1,434,475</b>
1/1/2028	1,141,182	911,750	<b>1,005,075</b>	<b>1,435,846</b>
1/1/2029	1,175,417	911,750	<b>1,004,815</b>	<b>1,436,354</b>
1/1/2030	1,210,680	911,250	<b>1,003,985</b>	<b>1,435,999</b>
1/1/2031	1,247,000	910,250	<b>1,007,585</b>	<b>1,434,781</b>
1/1/2032	1,284,411	913,750	<b>1,005,330</b>	<b>1,437,701</b>
1/1/2033	1,322,943	911,500	<b>1,007,505</b>	<b>1,434,326</b>
1/1/2034	1,362,631	913,750	<b>1,003,825</b>	<b>1,435,088</b>
1/1/2035	1,403,510	915,250	<b>1,004,575</b>	<b>1,434,556</b>
1/1/2036	1,445,616	911,000	<b>1,004,470</b>	<b>1,437,729</b>
1/1/2037	1,488,984	911,250	<b>1,003,510</b>	<b>1,434,177</b>
1/1/2038	1,533,653	910,750	<b>1,006,695</b>	<b>1,439,330</b>
1/1/2039	1,579,663	914,500	<b>1,003,740</b>	<b>1,437,326</b>
1/1/2040	1,627,053	912,250	<b>1,004,930</b>	<b>1,438,597</b>
1/1/2041	1,675,864	914,250	<b>1,004,980</b>	<b>1,437,710</b>
1/1/2042	1,726,140	915,250	<b>1,003,890</b>	<b>1,434,665</b>
1/1/2043	1,777,925	915,250	<b>1,006,660</b>	<b>1,439,464</b>
1/1/2044	1,831,263	914,250	<b>1,008,005</b>	<b>1,436,242</b>
1/1/2045	1,886,201	912,250	<b>1,007,925</b>	<b>1,435,432</b>
1/1/2046	1,942,787	914,250	<b>1,006,420</b>	<b>1,436,601</b>
1/1/2047	2,001,070	915,000	<b>1,003,490</b>	<b>1,434,319</b>
1/1/2048	2,061,102	914,500	<b>1,004,135</b>	<b>1,438,586</b>
1/1/2049	2,122,935	912,750	<b>1,008,070</b>	<b>1,438,537</b>
1/1/2050	2,186,623	914,750	<b>1,005,010</b>	<b>1,434,175</b>
1/1/2051	2,252,222	915,250	<b>1,005,240</b>	<b>1,435,497</b>
1/1/2052	2,319,789	914,250	<b>1,008,475</b>	<b>1,436,643</b>
1/1/2053	2,389,382	911,750	<b>1,004,430</b>	<b>1,437,179</b>
1/1/2054	2,461,064	912,750	<b>1,008,390</b>	<b>1,436,676</b>
1/1/2055	2,534,896	912,000	<b>1,004,785</b>	<b>1,434,700</b>
1/1/2056	2,610,943	914,500	<b>1,003,900</b>	<b>1,435,821</b>
1/1/2057	2,689,271	915,000	<b>1,005,450</b>	<b>1,434,177</b>
1/1/2058	2,769,949	(1,750)	(4,065)	(130)
TOTAL	64,172,057	33,786,000	37,201,570	53,144,573
PV @ 5.0%	23,809,597	15,132,864	16,667,200	23,809,402

**FACTOR AFFECTING THE DIRECTION ASPECT**

THE DIRECTIONAL ANALYSIS WAS CONDUCTED

FOR THE PURPOSES OF THE JAC

— THE RESULTS OF THE JAC

— THE RESULTS OF THE JAC

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- THE RESULTS OF THE JAC

**ASSESSMENT**

THE RESULTS OF THE JAC

Item	Value	Unit	Category	Notes
1.00	100.00	100%	100%	100%
2.00	200.00	200%	200%	200%
3.00	300.00	300%	300%	300%
4.00	400.00	400%	400%	400%
5.00	500.00	500%	500%	500%
6.00	600.00	600%	600%	600%
7.00	700.00	700%	700%	700%
8.00	800.00	800%	800%	800%
9.00	900.00	900%	900%	900%
10.00	1000.00	1000%	1000%	1000%



# Issuing in 2020 vs. 2021

## Assumptions

- Purchase price of \$13.05 million vs \$12.75 million for the High school
- Purchase price of \$900K for parking lot
- Interest rate assumed at 5.0% and breakeven rate
- The breakeven analysis was completed by comparing the present value

Period	Ending	Rent	1/1/2020	1/1/2021	1/1/2021
		Payments	Bonds at 5.0%	Bonds at 5.0%	at 5.074%
1/1/2021	927,886	927,886	915,000	927,886	927,886
1/1/2022	955,722	955,722	912,750	904,250	910,920
1/1/2023	984,394	984,394	915,250	901,750	913,563
1/1/2024	1,013,925	1,013,925	912,250	904,000	910,698
1/1/2025	1,044,343	1,044,343	914,000	900,750	912,580
1/1/2026	1,075,674	1,075,674	910,250	902,250	913,954
1/1/2027	1,107,944	1,107,944	911,250	903,250	909,821
1/1/2028	1,141,182	1,141,182	911,750	903,750	910,434
1/1/2029	1,175,417	1,175,417	911,750	903,750	910,540
1/1/2030	1,210,680	1,210,680	911,250	903,250	910,138
1/1/2031	1,247,000	1,247,000	910,250	902,250	914,229
1/1/2032	1,284,411	1,284,411	913,750	900,750	912,559
1/1/2033	1,322,943	1,322,943	911,500	903,750	910,381
1/1/2034	1,362,631	1,362,631	913,750	901,000	912,696
1/1/2035	1,403,510	1,403,510	915,250	902,750	914,250
1/1/2036	1,445,616	1,445,616	911,000	903,750	910,043
1/1/2037	1,488,984	1,488,984	911,250	904,000	910,328
1/1/2038	1,533,653	1,533,653	910,750	903,500	909,853
1/1/2039	1,579,663	1,579,663	914,500	902,250	913,616
1/1/2040	1,627,053	1,627,053	912,250	900,250	911,364
1/1/2041	1,675,864	1,675,864	914,250	902,500	913,351
1/1/2042	1,726,140	1,726,140	915,250	903,750	914,324
1/1/2043	1,777,925	1,777,925	915,250	904,000	914,282
1/1/2044	1,831,263	1,831,263	914,250	903,250	913,225
1/1/2045	1,886,201	1,886,201	912,250	901,500	911,153
1/1/2046	1,942,787	1,942,787	914,250	903,750	913,066
1/1/2047	2,001,070	2,001,070	915,000	899,750	913,711
1/1/2048	2,061,102	2,061,102	914,500	904,750	913,087
1/1/2049	2,122,935	2,122,935	912,750	903,250	911,195
1/1/2050	2,186,623	2,186,623	914,750	900,500	913,034
1/1/2051	2,252,222	2,252,222	915,250	901,500	913,351
1/1/2052	2,319,789	2,319,789	914,250	901,000	912,146
1/1/2053	2,389,382	2,389,382	911,750	904,000	914,419
1/1/2054	2,461,064	2,461,064	912,750	900,250	909,916
1/1/2055	2,534,896	2,534,896	912,000	900,000	913,890
1/1/2056	2,610,943	2,610,943	914,500	903,000	910,835
1/1/2057	2,689,271	2,689,271	915,000	904,000	911,004
1/1/2058	2,769,949	2,769,949	(1,750)	(1,750)	(180)
TOTAL	64,172,057	64,172,057	33,786,000	33,418,136	33,765,660
PV @ 5.0%	23,809,597	23,809,597	15,132,864	14,986,307	15,132,323





# Elementary Analysis

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## Lease vs. Early Takeout Bond Payments

### Assumptions

- Bonds for 38 Years
  - No additional fixed costs of issuance
- Interest rate at 5%, 5.7% and breakeven
  - We believe 5% is at the high range of where TEACH would issue at today
  - Using the spreads of the 2016 Bonds, today's interest would be 5.7%
  - The breakeven analysis was completed by comparing the present value

Period Ending	Rent Payments	Bonds at 5.0%	Bonds at 5.7%	Breakeven at 8.7889%
1/1/2021	326,367	402,750	442,315	640,160
1/1/2022	384,384	399,500	439,180	642,963
1/1/2023	444,854	401,250	441,045	640,327
1/1/2024	458,200	402,750	442,625	642,690
1/1/2025	471,946	399,000	438,920	639,614
1/1/2026	486,104	400,250	440,215	641,539
1/1/2027	500,687	401,250	441,225	643,023
1/1/2028	515,708	402,000	441,950	644,069
1/1/2029	531,179	402,500	442,390	639,675
1/1/2030	547,115	397,750	442,545	640,281
1/1/2031	563,528	398,000	442,415	640,447
1/1/2032	580,434	398,000	442,000	640,175
1/1/2033	597,847	397,750	441,300	639,462
1/1/2034	615,783	402,250	440,315	643,311
1/1/2035	634,256	401,250	439,045	641,280
1/1/2036	653,283	400,000	442,490	643,811
1/1/2037	672,882	398,500	440,365	640,462
1/1/2038	693,068	401,750	442,955	641,674
1/1/2039	713,861	399,500	439,975	642,007
1/1/2040	735,276	402,000	441,710	641,462
1/1/2041	757,334	399,000	437,875	640,037
1/1/2042	780,054	400,750	438,755	642,734
1/1/2043	803,456	402,000	439,065	639,113
1/1/2044	827,560	397,750	438,805	639,612
1/1/2045	852,386	398,250	442,975	638,794
1/1/2046	877,958	398,250	441,290	641,657
1/1/2047	904,297	402,750	439,035	642,763
1/1/2048	931,426	401,500	441,210	642,111
1/1/2049	959,368	399,750	442,530	639,702
1/1/2050	988,150	402,500	437,995	640,535
1/1/2051	1,017,794	399,500	437,890	639,171
1/1/2052	1,048,328	401,000	441,930	640,610
1/1/2053	1,079,778	401,750	439,830	639,413
1/1/2054	1,112,171	401,750	441,875	640,579
1/1/2055	1,145,536	401,000	442,780	643,669
1/1/2056	1,179,902	399,500	442,545	643,244
1/1/2057	1,215,299	402,250	441,170	639,304
1/1/2058	1,251,758	(3,750)	(4,320)	(2,220)
TOTAL	28,859,318	14,813,500	16,308,215	23,719,262
PV @ 5.0%	10,628,201	6,637,658	7,308,724	10,628,390







# Issuing in 2020 vs. 2022

## Assumptions

- Purchase price of \$6.25 million vs \$5.925 million for the Elementary School
- Additional costs of issuance of \$300K in 2022
- Interest rate assumed at 5.0% and breakeven rate
- The breakeven analysis was completed by comparing the present value

Period Ending	Rent Payments	1/1/2020 Bonds at 5.0%	1/1/2022 Bonds at 5.0%	1/1/2022 at 4.985%
1/1/2021	326,367	402,750	326,367	326,367
1/1/2022	384,384	399,500	384,384	384,384
1/1/2023	444,854	401,250	407,000	405,740
1/1/2024	458,200	402,750	408,500	407,250
1/1/2025	471,946	399,000	404,750	408,512
1/1/2026	486,104	400,250	406,000	404,524
1/1/2027	500,687	401,250	407,000	405,536
1/1/2028	515,708	402,000	407,750	406,298
1/1/2029	531,179	402,500	408,250	406,812
1/1/2030	547,115	397,750	408,500	407,076
1/1/2031	563,528	398,000	408,500	407,091
1/1/2032	580,434	398,000	408,250	406,857
1/1/2033	597,847	397,750	407,750	406,373
1/1/2034	615,783	402,250	407,000	405,641
1/1/2035	634,256	401,250	406,000	404,659
1/1/2036	653,283	400,000	409,750	403,427
1/1/2037	672,882	398,500	408,000	406,947
1/1/2038	693,068	401,750	406,000	404,968
1/1/2039	713,861	399,500	408,750	407,740
1/1/2040	735,276	402,000	406,000	405,013
1/1/2041	757,334	399,000	408,000	407,037
1/1/2042	780,054	400,750	409,500	408,562
1/1/2043	803,456	402,000	405,500	404,589
1/1/2044	827,560	397,750	406,250	405,367
1/1/2045	852,386	398,250	406,500	405,646
1/1/2046	877,958	398,250	406,250	405,427
1/1/2047	904,297	402,750	405,500	404,709
1/1/2048	931,426	401,500	409,250	408,493
1/1/2049	959,368	399,750	407,250	406,529
1/1/2050	988,150	402,500	404,750	404,067
1/1/2051	1,017,794	399,500	406,750	406,106
1/1/2052	1,048,328	401,000	408,000	407,397
1/1/2053	1,079,778	401,750	408,500	407,940
1/1/2054	1,112,171	401,750	408,250	407,736
1/1/2055	1,145,536	401,000	407,250	406,784
1/1/2056	1,179,902	399,500	405,500	405,084
1/1/2057	1,215,299	402,250	408,000	407,637
1/1/2058	1,251,758	(3,750)	(250)	(4,370)
TOTAL	28,859,318	14,813,500	14,965,251	14,925,951
PV @ 5.0%	10,628,201	6,637,658	6,653,534	6,637,577

# Summary

comparing the present value

The breakeven analysis was completed by

present value

interest rate assumption of 2.0% and

2025

Additional costs of insurance of \$500K in

million for the Elementary School

Project savings of \$0.25 million vs \$2.925

## Assumptions

Issuing in 2020 vs 2025



Year	Present Value	Present Value	Present Value	Present Value	Present Value
2020	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2021	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2022	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2023	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2024	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2025	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2026	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2027	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2028	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2029	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2030	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2031	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2032	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2033	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2034	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2035	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2036	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2037	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2038	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2039	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2040	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2041	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2042	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2043	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2044	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2045	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2046	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2047	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2048	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2049	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
2050	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
TOTAL	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000



# Considerations and Recommendations



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# Considerations

- At 5.0% and 5.70%, purchasing both facilities today is economically advantageous compared to renting
- Based on a present value analysis, interest rates have to be above 8.6% for the TEACH to be better off renting
- If interest rates increase more than 0.08%, TEACH is better off purchasing the High School today vs. 2021
- Although we assumed a 5.0% interest rate, we believe TEACH's High School financing would be in the mid to low 4% range due to the following reasons:
  - Current interest rate environment
  - 2nd issuance by TEACH
  - Strong performance from TEACH middle school

# Conclusions

- Fed's 0.25% and 0.50% purchasing both facilitates economic recovery and encourages more lending
- Based on a present and a superior interest rates have to be effective
- 0.25% for the LEACH is a better off lending
- 0.50% interest rate increase more than 0.25% LEACH is better off
- Purchasing the 10 billion today vs 2001
- Although we announced a 0.50% interest rate, we believe the Fed's High School financing would be in the end so far the range due to the following reasons:
  - current interest rate environment
  - secondary by LEACH
  - strong help came from LEACH in the 2000



# Considerations

- Although the Elementary School analysis shows that it makes sense to purchase the facility today, TEACH should consider the following:
  - Ability to qualify for bonds today due to credit factors such as financial profile and student demand
  - May harmfully impact the interest rate on the High School Bonds
- Interest rate risk: Although most market participants believe that interest rates will be low for the next year, during higher interest rate periods CA CMOs financed at the following 30-year rates:
  - 2010 Aspire (BBB): 6.35%
  - 2011 Green Dot (BBB-): 7.25%
  - 2011 Alliance (BBB-): 7.25%
  - 2012 Alliance (BBB-): 6.375%
  - 2013 Alliance (BBB-): 6.40%





# Considerations

- Although the Elementary School analysis shows that it makes sense to purchase the facility today, FACT should consider the following:
  - Ability to quantify the future benefits due to credit factors such as:
    - o Annual office and student demand
    - o High probability of need if the interest rate on the High School Bonds
  - Interest rate risk: Although most market participants believe that interest rates will be low for the next year, a sharp rise in interest rates may bring the following 30-year interest

2010 Apple (AAPL) @ 20%
2011 Green Corp (GGP) @ 25%
2011 Allstate (ALL) @ 20%
2011 Allstate (ALL) @ 25%
2012 Allstate (ALL) @ 20%





## Recommendations and Next Steps

- Begin the financing process for the High School and Parking Lot
- Bring back the TEACH Financing Team
- Confirm appropriate fees of TEACH Team members
- Schedule kickoff meeting
- Review the credit and underwriting qualification for the Elementary School
- Further analyze the impact on adding the Elementary School to the High School financing
- Add Elementary School financing if appropriate

- Add elementary school financing if appropriate
- High School Financing
- Further analyze the impact on adding the elementary school to the School
- Review the credit and underspending justification for the Elementary
- Schedule kickoff meeting
- Confirm appointment fees of TEACH team members
- Bring back the TEACH Financing Team
- Begin the financing process for the High School and Parking lot

## Recommendations and Next Steps

# Regulatory Disclosure

**Disclosure of Conflicts of Interest and Legal or Disciplinary Events.** Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients and potential clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of Urban Futures, Inc. (“UFI”) and its associated persons.

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If UFI becomes aware of any additional potential or actual conflict of interest after this disclosure, UFI will disclose the detailed information in writing to the issuer or obligated person in a timely manner.

**Legal or Disciplinary Events.** UFI does not have any legal events or disciplinary history on UFI’s Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access UFI’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against UFI, UFI will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate UFI, its management and personnel.

# BEEFINGTON DISCUSSION

Questioning of the text is a central part of the course. The text is a collection of essays by various authors, and the course is designed to help students understand the text and its context. The course is divided into two main parts: the first part is a general introduction to the text, and the second part is a more detailed discussion of the text's themes and characters.

The first part of the course is a general introduction to the text. This part is designed to help students understand the text's context and its main themes. The course begins with a discussion of the text's historical background, and then moves on to a discussion of the text's main themes. The course then discusses the text's characters and their roles in the story.

The second part of the course is a more detailed discussion of the text's themes and characters. This part is designed to help students understand the text's deeper meaning and its characters' motivations. The course begins with a discussion of the text's main themes, and then moves on to a discussion of the text's characters and their roles in the story.

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