

**APPENDIX A**

**CERTAIN INFORMATION REGARDING TEACH PUBLIC SCHOOLS, THE SCHOOLS,  
THE BORROWER AND THE OBLIGATED GROUP**

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## APPENDIX A

### CERTAIN INFORMATION REGARDING TEACH PUBLIC SCHOOLS, THE SCHOOLS, THE BORROWER AND THE OBLIGATED GROUP

*Certain statements contained in this Appendix reflect forecasts, projections and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved. Actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Limited Offering Memorandum. Unless otherwise noted, all information, data, and projections in this Appendix were furnished by the Borrower. All capitalized terms in this Appendix A that are not defined herein will have such meaning as given to them in the forepart of this Limited Offering Memorandum.*

#### TEACH PUBLIC SCHOOLS

The following section presents general information regarding TEACH (as defined herein) as a whole and includes information regarding charter schools operated by TEACH other than the Series 2019 Schools (as defined herein). However, the obligation of TEACH to pay amounts due under the Series 2019 Leases (as defined in the forepart of this Limited Offering Memorandum) is limited to the sources of funds described within such Leases. See “INTRODUCTION – Security for the Bonds” and “THE LEASES” in the Limited Offering Memorandum to which this Appendix is attached.

**The inclusion in this appendix of information regarding financial results of or the operation of any charter school other than the Series 2019 Schools does not indicate that such moneys are available for the satisfaction of obligations under the Series 2019 Leases or the Loan Agreement. However, all three charter schools currently operated by TEACH are Obligated Group Schools and are a source of payment for the satisfaction of the Obligated Group’s obligations, including Obligation No. 2.**

Beneficial Owners of the Bonds and the Trustee will not have any rights against the assets of TEACH to pay any debt service on the Bonds, except as specifically provided in the documents governing the issuance of the Bonds and the Series 2019 Leases.

#### Organization

TEACH, Inc., doing business as TEACH Public Schools (“TEACH”), is a charter school management organization that operates charter schools in Los Angeles, California. TEACH currently holds three charters and operates one elementary school, one middle school and one high school serving over \_\_\_ students in kindergarten through grade 12 in South Los Angeles, California. For the 2019-20 school year, TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary School (“TEACH Prep”) is serving 144 students in kindergarten through 2nd grade, TEACH Academy of Technologies (“TEACH Academy”) is serving \_\_\_ students in grades 5-8, and TEACH Tech Charter High School (“TEACH Tech”) is serving 417 students in grades 9-12. TEACH Prep and TEACH Academy are referred to herein as the “Series 2019 Schools” and, together with TEACH Tech, the “Obligated Group Schools.”

TEACH is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code. TEACH is the holder of all school charters and the recipient of all state and federal revenue related to the operation of its affiliated charter schools.

**Mission Statement & Philosophy.** TEACH aims for its charter schools to be innovative, dynamic, creative, and educationally enriching institutions of positive-driven learning. TEACH believes that all children

can learn when taught well and given an opportunity. TEACH adheres to the thinking of philosopher G. Givhan, “What you pay attention to grows.” By looking consistently at its students and the data of its practices, TEACH expects that its teachers and students will “grow” in their development and to great successes in the 21st century.

TEACH intends to reach students of all backgrounds by teaching the entire child which includes the social, physical, emotional and intellectual needs of the student. The mission of TEACH is to create high quality, innovative teaching and learning environments that focuses on literacy, integrating state-of-the-art technologies across the core curriculum to achieve academic proficiency for all students.

***Academic Philosophy.*** TEACH is of the philosophy and attitude that all children can learn when taught well and given an opportunity. Through the effective use of integrated technology and the latest teaching pedagogy, TEACH expects its students to not only meet, but exceed their grade-level standards.

By unpacking and prioritizing State Content Standards and utilizing Backward Design (identifying desired results, designing and aligning assessments to those results, and differentiating instruction to meet the needs of all learners), TEACH intends to be able to plan for the desired results of enduring understandings in all its students.

The founders expected that the typical student attending TEACH schools would come from a socioeconomically marginalized community where low student achievement and low expectations are entrenched. Further, they expected that students would come from low income families where educational attainment is minimal, and most students will need deep academic intervention. TEACH’s approach focuses on personalization in learning, so that the School will be able to reach all students on the achievement continuum.

TEACH believes that effective integration of technology across the curriculum increases achievement across grade levels. Research indicates that there is a positive correlation between technology integration and an increase in math scores regardless of demographics or grade level. Through the implementation of the Backward Design method coupled with a technology-aligned approach with its effective academic delivery, and with appropriate intervention, enrichment, and a strong program of support, TEACH believes that each student will be led towards standards mastery and every student is highly expected to succeed.

Standards Based Instruction. TEACH utilizes research-based instructional practices to promote student achievement. In order to intellectually challenge its students and address the positive learning process, TEACH faculty are trained to: (1) design standards-based instruction (using the principles of Backwards Design), (2) align appropriate assessments to the standards, (3) implement instructional activities that are aligned to standards and reflect research-based best practices, and (4) conduct analysis of achievement outcomes to determine effectiveness.

Integrated Technology Education. TEACH utilizes technology-based interactive instruction and visual learning experiences to support achievement in all core subjects to ensure students become literate and knowledgeable in the technologies of the 21st century. With these tools, low and high achieving students have both the individualized attention and interventions that they need to catch up or excel with the standards-based core coursework. Technology is fully integrated into academic coursework in all classes. All students are able to apply technological solutions (e.g. multi-media presentations, spreadsheet applications, web-design, project management tools, etc.) to academic and real-world situations. Every student is assigned their own Chromebook laptop computer, and all students have Gmail email accounts.

Students and teachers of TEACH school use all forms of discrete educational software programs including integrating learning systems, computer-assisted instruction, and computed-based instruction. Other technology related activities also involve such skill training as typing and the Microsoft Office Suite, as well as

basic design programs such as Adobe Illustrator. Typing is an area of focus starting in grade 5 so that students can comfortably use the variety of tools available to them.

**Character Education.** TEACH aims to educate all students socially, physically, emotionally, aesthetically, intellectually, morally, culturally, and technologically, so that upon graduation, the knowledge and the experiences acquired at TEACH school will be effectively applied to students’ daily lives. TEACH believes that the educated person in the 21st Century must be a perceptive, problem-solving visionary, able to “look forward” and focus beyond the limits of the singular or bi-cultural society, to think critically, ethically, and morally on unbiased levels. There must be complete literacy and a cognitive command, a capacity to speak the global language of the arts and the humanities, with the ability to express feelings skillfully, articulating personal values on sensitive and critical issues.

TEACH strongly encourages sensitivity, community awareness, service, and positive-driven action for its students. TEACH not only seeks to provide the educational tools needed for the 21st century, but also seeks to instill in its students skills for great personal character and an enduring commitment to excellence

TEACH aims to guide its students to great moral character-building through “Character Pillars.” The Character Pillars program encourages students and staff to model the personal traits of dignity, self discipline, hard work, respectful behavior, cooperation, kindness, fairness, integrity, creative problem solving and personal and community responsibility.

**Charter Schools Operated by TEACH**

The table below summarizes the current schools operated by TEACH and information about their respective charters. Each of the Obligated Group Schools is currently operating pursuant to a charter approved by Los Angeles Unified School District (“LAUSD”).

**TABLE 1  
SUMMARY OF CHARTER SCHOOLS  
TEACH**

<i>School</i>	<i>School Year Established</i>	<i>Grades Served (2019-20)</i>	<i>Enrollment (2019-20)</i>	<i>Projected Full Enrollment</i>	<i>Full Enrollment Projected Date</i>	<i>Charter Expiration</i>	<i>Authorizer</i>
<b>Series 2019 Schools</b>							
TEACH Tech	2014-15	9-12				6/30/2024	LAUSD
TEACH Prep	2018-19	K-2 <sup>(1)</sup>				6/30/2023	LAUSD
<b>Subtotal – Series 2019 Schools</b>							
<b>Other Obligated Group School</b>							
TEACH Academy	2010-11	5-8				6/30/2025	LAUSD
<b>Total Network</b>							

<sup>(1)</sup> Expected to expand to kindergarten through grade 4 by the 2021-22 school year.  
Source: TEACH.

**Relationship with Local Charter Authorizer.** Each of the Schools are authorized by LAUSD. LAUSD is charged with conducting annual reviews of the academic programs, operations, governance and finances of the Schools. TEACH has never received any formal notice for correction, violation or revocation from LAUSD related to any of the Schools. LAUSD provided certificates of good standing for each of the Schools as of \_\_\_\_\_, 2019.

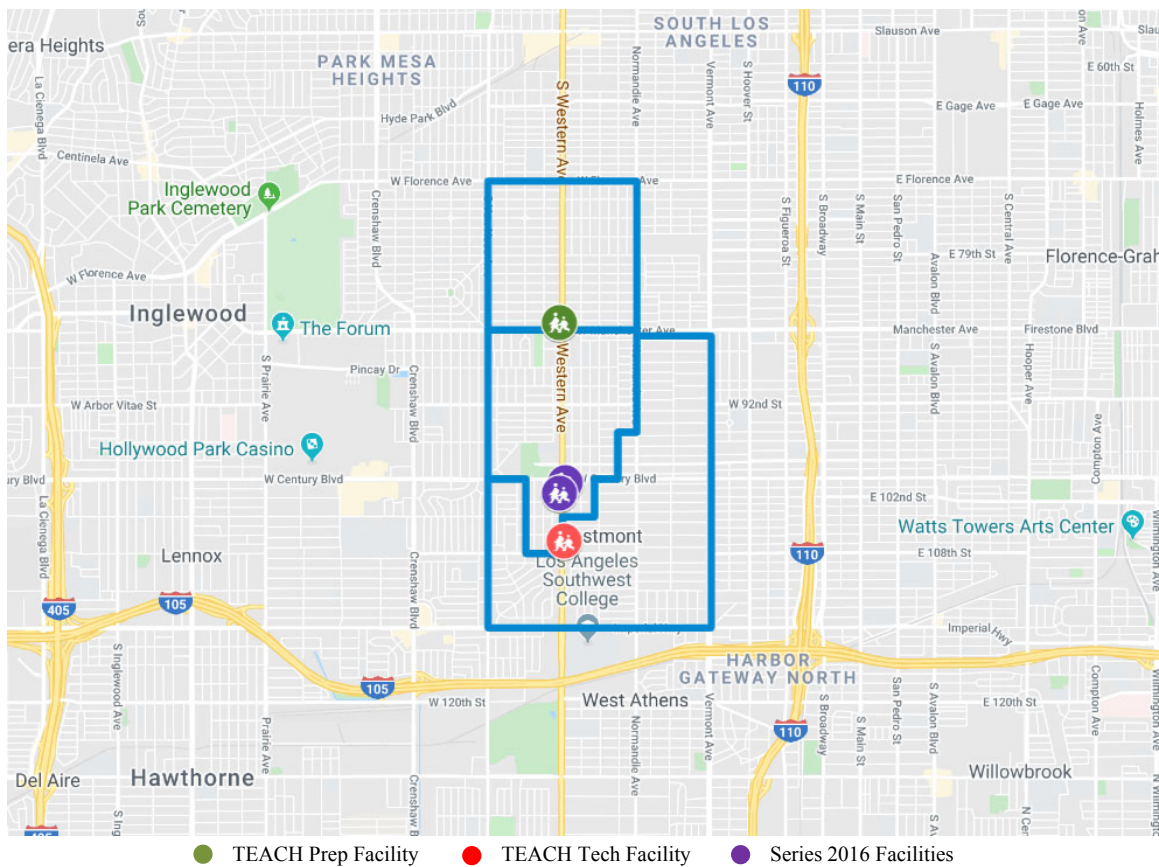
For each of the Schools, the dates of LAUSD’s initial charter approval and most recent renewals, if applicable, are set forth in Table 2 below.

**TABLE 2  
SUMMARY OF ORIGINAL CHARTER PETITIONS & RENEWALS  
TEACH**

<i>School</i>	<i>Authorizer</i>	<i>School Year Established</i>	<i>Original Petition Approved</i>	<i>Original Petition Vote</i>	<i>Most Recent Renewal</i>	<i>Most Recent Renewal Vote</i>	<i>Charter Expiration</i>
<b>Series 2019 Schools</b>							
TEACH Tech	LAUSD	2014-15	2/11/2014	5-1	10/23/2018	6-0	6/30/2024
TEACH Prep	LAUSD	2018-19	5/1/2018		--	--	6/30/2023
<b>Other Obligated Group School</b>							
TEACH Academy	LAUSD	2010-11			9/24/2019		6/30/2025

*Source: TEACH.*

***Neighborhood and TEACH Network Demographics.*** Each of the Facilities are located within a 1.6 mile stretch of South Western Avenue in, or near the border of, the neighborhood of Gramercy Park, in South Los Angeles. the adjacent neighborhoods of Westmont, Gramercy Park and Manchester Square, in South Los Angeles. Below is a map showing the locations of the Facilities within the boundaries of Gramercy Park, and the adjacent neighborhoods of Manchester Square to the north and Westmont to the south.



*Source: TEACH.*

The following table presents certain demographic information about the neighborhoods of Gramercy Park, Manchester Square and Westmont, based on data from the Los Angeles Times’s Mapping L.A. project,

an analysis of neighborhoods in Los Angeles. Rankings represent the ranking of each neighborhood among Los Angeles County’s 265 neighborhoods.

**TABLE 3**  
**NEIGHBORHOOD DEMOGRAPHICS**  
Gramercy Park, Manchester Square and Westmont

<i>Neighborhood</i>	<i>Population</i>	<i>Density (Ranking)</i>	<i>% Black</i>	<i>% Latino</i>	<i>Median Household Income (Ranking)</i>	<i>% 4-Year Degree</i>	<i>% HS Diploma or Less</i>	<i>% Foreign Born</i>
Gramercy Park	8,859	115	86.4%	11.5%	153	14.9%	21.5%	9.3%
Manchester Square	11,449	73	78.6	19.2	209	11.7	27.2	13.2
Westmont	17,066	28	57.5	39.3	242	5.7	24.2	23.7

*Source: TEACH.*

The demographics of the Schools reflects those of the East Los Angeles neighborhood, with approximately 93.4% of TEACH’s students during the 2018-19 school year qualifying for free and reduced priced meals and approximately 98.5% Black or Latino.

**TABLE 4**  
**NETWORK DEMOGRAPHICS**  
**2018-19**  
**TEACH**

% of Free-Reduced Price Meals	93.4%
% of Black Students	34.3
% of Latino Students	64.2
% of English-Language Learners	22.9

*Source: TEACH.*

### **History of TEACH and the Schools**

In August 2010, TEACH opened TEACH Academy of Technologies under a charter authorized by LAUSD, initially serving approximately 75 students in grades 5 and 6. TEACH Academy originally operated in privately leased facilities and one LAUSD facility pursuant to a Proposition 39 use agreement. In August 2015, after occupying several temporary sites, TEACH Academy moved to its new, current campus in a portion of the Series 2016 Facilities located at 10000 S. Western Avenue and 10045 S. Western Avenue in Los Angeles, California (the “Series 2016 Facilities”). In 2019-20, TEACH Academy is serving \_\_\_ students in grades 5-8.

In August 2014, TEACH opened its second school, TEACH Tech Charter High School (“TEACH Tech”), under a charter authorized by LAUSD, initially serving approximately 100 students in grades 9 and 10 in privately leased facilities. TEACH Tech currently operates at a charter school facility located at 10616 S. Western Avenue in Los Angeles, California (as further described in the forepart of this Limited Offering Memorandum, the “TEACH Tech Facility”). In 2019-20, TEACH Tech is serving 417 students in grades 9-12.

In August 2018, TEACH opened its third school, TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary School (“TEACH Prep”), under a charter authorized by LAUSD, initially serving 80 students in kindergarten in grade 1 at a charter school facility located at 8505 S. Western Avenue in Los Angeles, California (as further described in the forepart of this Limited Offering Memorandum, the “TEACH Prep Facility”). In 2019-20, TEACH Prep is serving 144 students in kindergarten through grade 2.

TEACH Prep and TEACH Tech are referred to herein as the “Series 2019 Schools” and, together with TEACH Academy, the “Schools.” TEACH ultimately expects to serve approximately \_\_\_\_\_ students in kindergarten through grade 12 at full enrollment of the three Schools, and does not plan to subsequently open any additional schools.

The TEACH Tech Facility and TEACH Prep Facility will both be acquired by Wooten Avila LLC, a California limited liability company the sole member of which is TEACH (the “Borrower”), using proceeds of the Bonds, and TEACH will lease each such facility from the Borrower for the continued operation of TEACH Tech and TEACH Prep, respectively, pursuant to the Series 2019 Leases (as defined in the forepart of this Limited Offering Memorandum).

TEACH leases the Series 2016 Leases from Cunningham & Morris LLC, a limited liability company the sole member of which is TEACH (the “Series 2016 Landlord”), pursuant to the Series 2016 Lease, which such facilities were acquired by the Series 2016 Landlord in connection with the issuance of the Prior Bonds (each as defined in the forepart of this Limited Offering Memorandum).

**Payment of Rent by TEACH under the Series 2019 Leases is the main source of revenues of the Borrower for the payment of debt service on the Bonds. Payment of Rent by TEACH under the Series 2016 Lease is not a source of revenues of the Borrower for payment of debt service on the Bonds; however, in the event of the nonpayment of Rent under the Series 2019 Leases or the Series 2016 Lease, TEACH would be obligated to pay additional rent under the other Leases in an amount equal to such shortfall. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Cross-Collateralization; Extraordinary Monthly Rent” in the forepart of this Limited Offering Memorandum.**

**Accreditation.** Both TEACH Academy and TEACH Tech are accredited by the Western Association of Schools and Colleges (“WASC”). [TEACH PREP?]

### **School Facilities**

Over its history, TEACH’s charter schools have been located at a variety of facilities, and in several years TEACH has operated its charter schools on multiple campuses. Despite this history of facilities instability, TEACH has typically enrolled the maximum number of students possible at each of its facilities. Since the 2017-18 school year, TEACH Academy and TEACH Tech have each operated in their current, permanent Facilities: the Series 2016 Facilities and the TEACH Tech Facility, respectively. TEACH Prep has operated at the TEACH Prep Facility, its current permanent facility, since beginning operations in the 2018-19 school year.

The Series 2016 Landlord acquired the Series 2016 Facilities with proceeds of the Series 2016 Bonds. A portion of the proceeds of the Bonds will be used by the Borrower to acquire the TEACH Tech Facility and the TEACH Prep Facility, and continue leasing such Series 2019 Facilities to TEACH for the operation of the Series 2019 Schools.



The Schools' students reside primarily in the 90044 and 90047 zip codes, which combined for approximately \_\_\_% of the 2019-20 aggregate enrollment of the Schools. The following figure shows the location of the Facilities along with the zip codes from which the Schools draw their students, along with a table showing the breakdown by zip code for each School, for the 2019-20 school year.

**FIGURE 1**  
**STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES**  
 2019-20  
 TEACH

[MAP TO COME]

Zip Code	% of Students		
	TEACH Prep	TEACH Academy	TEACH Tech
<b>Total</b>			

Source: TEACH.

**Educational Program**

TEACH’s academic program offers a fully inclusive curriculum that is geared to put all students on track for academic proficiency and eventual college success. TEACH’s curriculum framework is developed for 5th through 8th grades with the explicit purpose of helping all students reach grade-level proficiency and beyond by the end of 8th grade. This model pulls together curricular and instructional practices proven most effective with a strong emphasis on low achieving students who are struggling academically in the traditional school setting. All teaching and learning is directed toward student mastery of the California State Standards as well as key college-prep skills, learning strategies, and work habits crucial for long-term academic success.

TEACH’s students move through an age-appropriate curriculum for English-Language Arts, Mathematics, History, Social Studies, Science, and Visual/Performing Arts at each grade level. Spanish and Digital Media electives available to students who have gone through the remediation courses and subsequently need significantly less time for literacy and numeracy remediation.

**Extended Day; Extended Year.** TEACH’s extended daily schedule offers additional academic programming and culture-building, character-building, personalized support systems, and activities to help students develop the personal skills and resilience they need for college and life success.

- **Tutorial** – After-school classes where students receive individual guided practice and homework assistance from teachers and tutors. The Tutorial period is explicitly designed to respond to student achievement data and target student areas of difficulty. Students are also coached and given the opportunity to practice the learning strategies and work habits that they encounter in their regular course work. For those students needing further intervention, one-on-one tutoring and supplementary remedial instruction may be provided.
- **Saturday Academies** – Students receive additional coaching and practice time to learn school culture and master key standards. The Saturday sessions occasionally include team-building and college-related activities, along with arts and enrichment programs

- **Summer Session** – A set of programs ranging from pre-5th grade orientation to accelerated opportunities for high achieving 8th graders. Summer programs provide critical support for struggling students as well as acceleration and enrichment opportunities for students who have reached grade-level proficiency.

***An Educated Person in the 21st Century.*** TEACH believes that the educated person in the 21st Century must have the critical thinking skills necessary to engage in continuous learning – essential for adaptation to the constantly changing economic and social environment of tomorrow. The educated person must not only value academic pursuits such as reading, writing, and mathematics, but also community interests and a respect for cultural diversity. The educated person uses knowledge and skills to analyze situations, formulate questions and ideas, and creatively present findings. Exercising such skills enables the educated person to perform well in the economic workforce and to become an active participant in the diverse global community.

***How Learning Best Occurs at TEACH Academy.*** The National Assessment of Educational Progress (NAEP), Scholastic Aptitude Test (SAT), and American College Test (ACT) consistently demonstrate gaps in performance between students by race and income. Research shows that African-American, Latino, Native American, and low-income students demonstrate lower performance than their white, Asian, and economically advantaged peers. The TEACH development teams have studied examples of effective practices that have worked to close this “achievement gap.”

TEACH incorporates the following philosophies:

- **Have uniform standards:** TEACH will have clear and high expectations of all students that fully align with the Common Core State Standards.
- **Make the curriculum challenging:** Rigorous curriculum will be organized around major concepts that students are to know deeply.
- **Help students catch up:** A personalized environment and regular assessments will ensure that no students fall behind. Extra support before and after school will be given to those students in need.
- **Provide good teachers:** All TEACH core subject teachers will have an appropriate credential in their subject matter based on NCLB requirements for highly qualified teachers. In addition, regular planning and professional development time will allow teachers to improve their practice.

TEACH believes that students learn best when they are challenged by clear and high expectations and supported by a caring community. They are excited by education that is meaningful and dynamic. Students are motivated by learning that requires them to problem solve and collaborate. Students learn best when they have an opportunity to form meaningful relationships with teachers, administrators, peers, and the surrounding community. They thrive in an environment where teachers, parents, and students work collectively to set goals and celebrate achievements.

TEACH believes that young people want to make a difference in their families and communities and they value experiences that empower them to do so. Accordingly, learning must both reflect students’ lives and expand their understanding to encompass a global perspective. TEACH feels that schools must provide opportunities for students to develop personal responsibility, self-management of their own learning, and practice democratic principles. Additionally, they must celebrate authentic accomplishments, as well as cultural and individual diversity in an environment of tolerance and respect. These concepts are the foundation of TEACH.

## Organizational Structure and Leadership Team

TEACH employs a central office team whose purpose is to provide the systems and supports necessary for the Schools to operate successfully. TEACH currently employs \_\_\_ personnel, the large majority being school-specific staff. Approximately \_\_ employees serve in an administrative or support function on the central office team. The following organization charts shows the relationship of the TEACH Board of Directors, central TEACH leadership and school-level leadership among the TEACH organization.

**FIGURE 2**  
**CMO ORGANIZATIONAL CHART**  
**TEACH**

[TO COME]

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*Source: TEACH.*

**Executive Team.** TEACH's Co-Founder and Executive Director, Mildred Cunningham, leads an experienced team of professionals, brief biographies of whom are below.

**Mildred Cunningham:** Co-Founder and Executive Director. Ms. Cunningham is a UCLA Writing Fellow and distinguished teacher of Language/Theater Arts, is skilled in business administration and human relations, and has 36 years' experience in the field of education with a broad range of experiences working in ethnically and culturally diverse, inner city schools. As an artist, author and entrepreneur, Ms. Cunningham has brought unique talents and skills to the classroom experience for children. Ms. Cunningham's work with middle school students earned her the distinguished California League of Middle Schools' Educator of the Year award (1995) for Region 8, encompassing five counties within the state of California.

**Dr. Raul Carranza:** Superintendent. Dr. Carranza joined TEACH in 2011 as the Principal of TEACH Academy. After two and a half years in that position, Dr. Carranza was appointed as Superintendent of Schools for TEACH in July 2014. Prior to joining TEACH, Dr. Carranza served in various administrative positions in public and charter schools in southern California, including as principal at several schools. Prior to his administrative positions, Dr. Carranza taught English, visual and performing arts, Spanish, history and social studies at various high schools in and around Los Angeles for over six years. Dr. Carranza earned his BA in Spanish and Latin American and Iberian Studies from University of California Santa Barbara, his MA in Educational Administration from California State University San Bernardino, his Ed.D from Argosy University, and his Ph.D. in Comparative Spanish Literature from University of Southern California.

**Matt Brown:** Chief Operating Officer. Mr. Brown believes that education inequality is the civil rights issue of our time, and hopes to close this gap by developing high performing charter schools that implement a rigorous and engaging common core curriculum in low-income minority communities of Southern California. Mr. Brown brings a breadth of professional experience in law and education realm. Mr. Brown possesses a law degree from the University of Michigan Law School and Masters degrees in Teaching and Charter & Autonomous School Leadership from the University of Southern California and Charter & California State University Dominguez Hills, respectively.

**Spencer Styles:** Business Services Provider, President of Charter Impact. Mr. Styles was hired by TEACH as a consultant (through his firm Charter Impact, as described herein) to provide budgeting and forecasting, bookkeeping services, financial management and reporting, payroll, funding/reporting, student data services, and other related services necessary to fulfill the business management and accounting requirements of TEACH.

Prior to joining Charter Impact, Mr. Styles was the Vice President of Finance for Alliance (as defined herein) for four years. As Vice President, Mr. Styles was responsible for maintaining all accounting systems, ensuring the accuracy of financial reporting and compliance, designing and implementing the internal control framework, overseeing and actively managing the budget process, developing cash flow projections and forecasts for organizational growth and providing guidance on fiscal best practices.

Mr. Styles is a board member for “CharterSAFE,” a joint powers authority that provides insurance pooling for charter schools in California, and “Parent Revolution,” a nonprofit parent advocacy organization. Mr. Styles holds a Bachelor’s degree in Accounting and a Master’s degree in Professional Accountancy from the University of Wisconsin.

**Management Services Provided to the Schools**

TEACH’s central office personnel manage the implementation and evaluation of all TEACH school-related systems, and ensure that TEACH’s charter schools and respective school-based personnel have the resources, support, and training they need to meet the schools’ ambitious academic performance targets.

In consideration for the provision of administration and management services provided by TEACH, each School pays TEACH a monthly management fee equal to \_\_\_% of the total revenues of such School for such month. The following table shows the management fees paid by each School for the last two fiscal years, and the budgeted amount to be paid for the current fiscal year.

**TABLE 5  
MANAGEMENT FEES  
2017-18 through 2019-20  
TEACH**

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<b><i>SERIES 2019 SCHOOLS</i></b>			
TEACH Tech			
TEACH Prep			
<b><i>Subtotal</i></b>	_____	_____	_____
<b><i>OTHER OBLIGATED GROUP SCHOOL</i></b>			
TEACH Academy			
<b><i>Total Network</i></b>	_____	_____	_____

*Source: TEACH.*

TEACH has entered into a Management and Accounting Services Agreement with Charter Impact, Inc. (“Charter Impact”), dated as of July 1, 2019 and effective through June 30, 2020, for the provision of budgeting and forecasting, bookkeeping, financial management and reporting, funding, payroll, student data and other related services. As compensation, TEACH will pay Charter Impact a fee equal to \_\_\_% of revenue, as well as other itemized fees. TEACH paid Charter Impact \$\_\_\_\_\_ in fees for the year ended June 30, 2019, and has budgeted \$\_\_\_\_\_ in fees to Charter Impact for the fiscal year ending June 30, 2020.

In connection with the Bonds, TEACH will subordinate its management fees to the payment of Rent under the Series 2019 Leases. See “THE LEASES – Payment of Rent” in the forepart of this Limited Offering Memorandum.

**TEACH Board of Directors**

TEACH is governed by a Board of Directors (the “Board”) which consists of between 5 and 9 members. Presently, the Board is composed of seven members, each serving two-year terms. Vacancies on the Board are filled by approval of the then-current members. Under the TEACH governing documents, the Board is required to meet at least annually for the purpose of organization, appointment of officers and the transaction of other business. Annually, the Board elects the officers of TEACH, which currently include a President, a Secretary, a Chairman of the Board, and a Vice Chairman of the Board. The Chairman of the Board, the President, or another officer empowered by the Board may appoint other officers of TEACH. Standing committees on the Board include committees on Education, Parent/School Relations, Community Relations, Kudos & Complaints, and Environment.

Brief biographies of the five members of the Board follow.

**TABLE 6  
BOARD OF DIRECTORS  
TEACH**

<i>Name</i>	<i>Position</i>	<i>Affiliation</i>	<i>Term Beginning</i>	<i>Term Expires</i>
Lori Butler	Chair			2/2020
Sonali Tucker	Secretary			9/2020
Spencer Burrows	Member			5/2021
Kelvin Piazza	Member			5/2020
Luz Castillo	Member			5/2021
James Lobdell	Member			9/2020
Austin Dragon	Member			7/2021

*Source: TEACH.*

*Lori Butler.* [TO COME]

*Sonali Tucker.* [TO COME]

*Spencer Burrows.* [TO COME]

*Kelvin Piazza.* [TO COME]

*Luz Castillo.* [TO COME]

*James Lobdell.* [TO COME]

*Austin Dragon.* [TO COME]

**THE SCHOOLS**

**School Leadership**

The daily operations of each of the Schools are managed by a Principal. Brief biographies of the School for each of the Schools are below.

***Sharon Rhee, Principal, TEACH Prep.*** [TO COME]

***Greg Perez, Principal, TEACH Academy.*** Mr. Perez is a former teacher, dean of students, and now principal at TEACH Academy. Prior to joining TEACH, Mr. Perez had nine years' experience in Youth Development and Physical Activity with LAUSD's Beyond the Bell and A World Fit for Kids, a nonprofit organization. Mr. Perez earned his B.S. from California State University Los Angeles, and his M.A. in Educational Administration from National University.

***Dr. Monique Woodley, Principal, TEACH Tech.*** [TO COME]

## **Enrollment, Attendance, Demographics and Student Retention**

***Student Recruitment.*** TEACH has implemented an outreach plan that includes, but is not limited to, the following elements or strategies which focus on achieving and maintaining a racial, ethnic, economic, and academic balance among students that is reflective of the general population residing within the South Los Angeles area and the surrounding communities:

- An enrollment process that is scheduled and adopted to include a timeline that allows for a broad-based application process.
- The development and distribution of promotional and informational material that reaches out to all of the various racial and ethnic groups.
- Presentations and booths in multiple locations throughout LAUSD to generate interest throughout LAUSD.
- Advertised open houses/tours at the Schools.
- Purposefully recruit and reach out to students from zip codes 90044 and 90047, which are largely made up of low-achieving and socioeconomically disadvantaged students.

TEACH does not discriminate against any pupil on the basis of disability, gender, gender identity, gender expression, nationality, race or ethnicity, religion, sexual orientation, or any other characteristic that is contained in the definition of hate crimes set forth in Section 422.55 of the Penal Code. TEACH uses the community as its primary means of student recruitment. TEACH holds informational meetings with resident families yearly in the spring in order to create an awareness of the Schools and its intentions. In addition to these community meetings, TEACH advertises in the community via flyers (in English, Spanish, and other languages prevalent in the community) placed in community centers, businesses, libraries, social service agencies, faith-based organizations, apartment complexes, and grocery stores. The Schools' founders have made significant connections with local community organizations that help with recruitment.

***Admission Lottery.*** TEACH admits all pupils who reside in the State of California who wish to attend the Schools subject to the provisions set forth below. No test or assessment is administered to students prior to acceptance and enrollment into any School.

Applications are accepted during a publicly advertised open application period each year for enrollment in the following school year. Signs, banners, and posters announcing open enrollment are displayed in key areas in the TEACH neighborhood. Following the open enrollment period of January-March each year, applications are counted to determine whether any grade level has received more applications than availability. In the event that this happens, TEACH announces the lottery grade levels, timeline, and procedures in written and email form. The lottery date, time, and location are sent to LAUSD, as well as the interested families.

By March 30<sup>th</sup> of each year, each School holds a public random drawing in the respective School’s multipurpose room to determine enrollment for the impacted grade level(s), with the exception of existing students who are guaranteed enrollment in the following school year. Enrollment preferences in the case of a public random drawing are as follows:

- (1) Siblings of students already admitted to the respective School;
- (2) Founding Families (not to exceed 10%) and children of TEACH regular employees (not to exceed 10%) who reside in LAUSD;
- (3) Children residing within LAUSD; and
- (4) All other students who reside in the State of California

**Waitlist.** Space request forms for each school year are entered into the waitlist folder in chronological order, beginning with the forms received prior to the lottery/public random drawing, and ending at the end of the next school year. The waitlist is housed in the space request folder and consists of all space requests that have been completed and submitted to the school office. A new waitlist is started each January as new space request forms are submitted for the next school year. The waitlist for the current school does not “roll over”; applicants must reapply for the lottery annually if the school is unable to offer them admission for the current year.

The following table sets forth the number of students at each school, by grade, who were on the wait list to enroll for the 2019-20 school year, as of \_\_\_\_\_, 2019.

**TABLE 7**  
**WAIT LIST<sup>(1)</sup>**  
**2019-20**  
**TEACH**

<i>Grade</i>	<i>TEACH Prep</i>	<i>TEACH Tech</i>	<i>Series 2019 School Subtotal</i>	<i>TEACH Academy</i>	<i>Total Obligated Group</i>
Kindergarten		--		--	
1st Grade		--		--	
2nd Grade		--		--	
3rd Grade		--		--	
4th Grade		--		--	
5th Grade	--	--	--		
6th Grade	--	--	--		
7th Grade	--	--	--		
8th Grade	--	--	--		
9th Grade	--			--	
10th Grade	--			--	
11th Grade	--			--	
12th Grade	--			--	
Total					

<sup>(1)</sup> As of \_\_\_\_\_, 2019.  
Source: TEACH.

**Enrollment.** The following table presents historical and projected enrollment at each of TEACH’s charter schools.

**TABLE 8  
HISTORICAL & PROJECTED ENROLLMENT<sup>(1)</sup>  
2016-17 through 2024-25  
TEACH**

<i>School</i>	<i>Historical</i>				<i>Projected</i>				
	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
<b>SERIES 2019 SCHOOLS</b>									
TEACH Tech	239	282	365						
TEACH Prep	--	--	80						
<b>Subtotal</b>	<b>239</b>	<b>282</b>	<b>445</b>						
<b>OTHER OBLIGATED GROUP SCHOOL</b>									
TEACH Academy	317	359	430						
<b>Total Network</b>	<b>556</b>	<b>641</b>	<b>875</b>						

<sup>(1)</sup> For school years 2016-17 and 2018-19, reflects certified enrollment as of the fall census day (the first Wednesday in October), as reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year. For 2019-20, reflects actual enrollment as of August 23, 2019.

<sup>(2)</sup> First year of instruction was 2018-19.

Source: TEACH.



The table below shows grade level enrollment for the Schools in the school years 2016-17 through 2019-20, as well as projected enrollment by grade level through the 2024-25 school year.

**TABLE 9  
ENROLLMENT BY GRADE<sup>(1)</sup>  
2016-17 through 2024-25  
TEACH**

<i>TEACH Prep<sup>(2)</sup></i>									
<i>Grade Level</i>	<i>Historical Enrollment</i>				<i>Projected Enrollment</i>				
	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
Kindergarten	--	--	47						
1st Grade	--	--	33						
2nd Grade	--	--	--						
3rd Grade	--	--	--	--					
4th Grade	--	--	--	--	--				
Totals	--	--	80						

<i>TEACH Academy</i>									
<i>Grade Level</i>	<i>Historical Enrollment</i>				<i>Projected Enrollment</i>				
	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
5th Grade	26	25	48						
6th Grade	103	131	141						
7th Grade	96	105	133						
8th Grade	92	98	108						
Totals	317	359	430						

<i>TEACH Tech</i>									
<i>Grade Level</i>	<i>Historical Enrollment</i>				<i>Projected Enrollment</i>				
	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>
9th Grade	96	101	115						
10th Grade	76	84	102						
11th Grade	48	61	78						
12th Grade	19	36	70						
Totals	239	282	365						

<sup>(1)</sup> For school years 2016-17 through 2019-20, data reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System (“CALPADS”) in each school year. Enrollment may vary throughout the school year as students enroll or leave the Schools.

<sup>(2)</sup> TEACH Prep’s first year of operation was 2018-19. TEACH Prep expects to expand by one grade each year, until it serves kindergarten through grade 4 beginning in the 2021-22 school year.

Source: TEACH.

**Average Daily Attendance and EL/LI Enrollment.** The table below shows each School’s average daily attendance (“ADA”), attendance rate, and percentage of English learners and low income (“EL/LI”) student enrollment, from the 2015-16 school year through the 2019-20 school year. Attendance rate is calculated as each School’s Average Daily Attendance for each year divided by the total school enrollment. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Local Control Funding Formula” in the forepart of this Limited Offering Memorandum.

**TABLE 10  
AVERAGE DAILY ATTENDANCE AND EL/LI ENROLLMENT  
2015-16 through 2019-20  
TEACH**

	<i>TEACH Prep</i>			<i>TEACH Tech</i>			<i>Subtotal – Series 2019 Schools</i>		
	<i>ADA<sup>(1)</sup></i>	<i>Attendance Rate<sup>(2)</sup></i>	<i>% of EL/LI Enrollment<sup>(3)</sup></i>	<i>ADA<sup>(1)</sup></i>	<i>Attendance Rate<sup>(2)</sup></i>	<i>% of EL/LI Enrollment<sup>(3)</sup></i>	<i>ADA<sup>(1)</sup></i>	<i>Attendance Rate<sup>(2)</sup></i>	<i>% of EL/LI Enrollment<sup>(3)</sup></i>
2015-16	--	--	--	153.5	94.8%	93.8%	153.5	94.8%	93.8%
2016-17	--	--	--	219.6	91.9	91.4	219.6	91.9	91.4
2017-18	--	--	--	259.5	92.0	92.8	259.5	92.0	92.8
2018-19	69.4	86.7%	93.8%	327.4	89.7	92.8	396.8	89.2	93.0
2019-20 <sup>(4)</sup>									

	<i>TEACH Academy</i>			<i>Total Network</i>		
	<i>ADA<sup>(1)</sup></i>	<i>Attendance Rate<sup>(2)</sup></i>	<i>% of EL/LI Enrollment<sup>(3)</sup></i>	<i>ADA<sup>(1)</sup></i>	<i>Attendance Rate<sup>(2)</sup></i>	<i>% of EL/LI Enrollment<sup>(3)</sup></i>
2015-16	251.8	92.6%	95.5%	405.3	93.4%	94.9%
2016-17	296.3	93.5	95.4	515.8	92.8	93.7
2017-18	333.3	92.8	95.6	592.8	92.5	94.4
2018-19	389.4	90.6	95.8	786.2	89.8	94.3
2019-20 <sup>(4)</sup>						

<sup>(1)</sup> Reflects ADA as of the second principal reporting period (“P-2 ADA”), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school.

<sup>(2)</sup> Calculated as the School’s P-2 ADA divided by CALPADS enrollment for each given year.

<sup>(3)</sup> Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to CALPADS in each school year and is used to calculate the School’s unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the State Department of Education. Each School’s percentage of unduplicated EL/LI students is based on a rolling average of its EL/LI enrollment for the current fiscal year and the two immediately preceding fiscal years.

<sup>(4)</sup> Projected.

Source: TEACH.

Certain student demographics for TEACH’s charter schools are presented in the following table.

**TABLE 11  
STUDENT DEMOGRAPHICS  
2019-20  
TEACH**

<i>School</i>	<i>Total Students<sup>(1)</sup></i>	<i>Percentage FRPM<sup>(2)</sup></i>	<i>English Learner Percentage</i>	<i>% Latino</i>	<i>% African American</i>	<i>% White</i>
<b>SERIES 2019 SCHOOLS</b>						
TEACH Tech						
TEACH Prep						
<i>Subtotal</i>						
<b>OTHER OBLIGATED GROUP SCHOOL</b>						
TEACH Academy						
<i>Total Network</i>						

<sup>(1)</sup> Enrollment as of October, 2019.

<sup>(2)</sup> Percent of students eligible for free and reduced priced meals (“FRPM”).

Source: TEACH.

**Student Retention.** The following table sets forth, for the periods shown, the percentage of students enrolled from the prior school year that returned as students in the latter school year (without regard to graduating students).

**TABLE 12**  
**HISTORICAL STUDENT RETENTION<sup>(1)</sup>**  
**2016-17 through 2019-20**  
**TEACH**

	<u>TEACH Prep<sup>(2)</sup></u>	<u>TEACH Tech</u>	<u>Subtotal – Series 2019 Schools</u>	<u>TEACH Academy</u>	<u>Total Obligated Group</u>
2016-17 to 2017-18					
2017-18 to 2018-19					
2018-19 to 2019-20					

<sup>(1)</sup> Reflects CALPADS enrollment.

<sup>(2)</sup> TEACH Prep’s first year of operation was 2018-19.

Source: TEACH.

Each of the Schools are operated pursuant to separate charters. As a result, students finishing 4th grade at TEACH Prep (once offered) and students finishing 8th grade at TEACH Academy have to apply for admission in order to continue 5th grade at TEACH Academy and 9th grade at TEACH Tech, respectively, and are not guaranteed admission. TEACH has experienced a [high] rate of matriculation between the Schools, with \_\_\_% of TEACH Prep and \_\_\_% of TEACH Academy graduating students continuing on to TEACH Academy and TEACH Tech, respectively, in the 2019-20 school year, and \_\_\_% of TEACH Prep and \_\_\_% of TEACH Academy graduates in the 2018-19 school year.

**Staffing and Teacher Retention**

**School Staffing.** The following table sets forth information regarding TEACH’s FTE employees attributable to the Schools for the current and last three school years.

**TABLE 13**  
**EMPLOYMENT AND STAFFING**  
**School Years 2016-17 through 2019-20**  
**TEACH**

	<i>TEACH Prep<sup>(1)</sup></i>	
	<u>2018-19</u>	<u>2019-20</u>
Teachers		
School Support Staff		
School Leaders		
Total Employees		
Total Number of Students		
Student-to-Teacher Ratio		

<sup>(1)</sup> TEACH Prep’s first year of operation was 2018-19.

Source: TEACH.

**TABLE 13 (continued)**  
**EMPLOYMENT AND STAFFING**  
**School Years 2016-17 through 2019-20**  
**TEACH**

	<i>TEACH Tech</i>			
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Teachers				
School Support Staff				
School Leaders				
Total Employees				
Total Number of Students				
Student-to-Teacher Ratio				
	<i>Subtotal – Series 2019 Schools<sup>(1)</sup></i>			
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Teachers				
School Support Staff				
School Leaders				
Total Employees				
Total Number of Students				
Student-to-Teacher Ratio				
	<i>TEACH Academy</i>			
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Teachers				
School Support Staff				
School Leaders				
Total Employees				
Total Number of Students				
Student-to-Teacher Ratio				
	<i>Total – Obligated Group<sup>(1)</sup></i>			
	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Teachers				
School Support Staff				
School Leaders				
Total Employees				
Total Number of Students				
Student-to-Teacher Ratio				

<sup>(1)</sup> TEACH Prep's first year of operation was 2018-19.  
Source: TEACH.

**Teacher Retention.** The following table sets forth the rate of retention of teachers at each of the Schools, showing for each period the percentage of teachers teaching in the initial school year who returned to teach at the same School in the latter school year.

**TABLE 14  
TEACHER RETENTION  
2016-17 through 2019-20  
TEACH**

	<u>TEACH Prep<sup>(1)</sup></u>	<u>TEACH Tech</u>	<u>Subtotal – Series 2019 Schools</u>	<u>TEACH Academy</u>	<u>Total Obligated Group</u>
2016-17 to 2017-18					
2017-18 to 2018-19					
2018-19 to 2019-20					

<sup>(1)</sup> TEACH Prep’s first year of operation was 2018-19.  
Source: TEACH.

**Academic Outcomes for the Schools**

The following table shows the percentage of the adjusted four-year cohort at TEACH Tech, at LAUSD, and statewide who completed all the courses required for University of California (UC) and/or California State University (CSU) entrance with a grade of “C” or better. These data represent only a portion of the entrance requirements for UC or CSU.

**TABLE 15  
GRADUATES MEETING UC/CSU COURSE REQUIREMENTS  
2016-17 through 2018-19  
TEACH Tech, LAUSD and the State**

	<u>TEACH Tech</u>	<u>LAUSD</u>	<u>State of California</u>
2016-17	63.6%	51.2%	41.2%
2017-18	85.0%	52.5	41.4
2018-19			

Source: TEACH.

The following table displays the four-year adjusted cohort graduation rate at TEACH Tech, at LAUSD, and statewide. The four-year adjusted cohort is based on the number of students who enter grade 9 for the first time adjusted by adding into the cohort any student who transfers in later during grade 9 or during the next three years and subtracting any student from the cohort who transfers out, emigrates to another country, transfers to a prison or juvenile facility, or dies during that same period.

**TABLE 16**  
**GRADUATION RATE**  
**2016-17 through 2018-19**  
 TEACH Tech, LAUSD and the State

	<i>TEACH Tech</i>	<i>LAUSD</i>	<i>State of California</i>
2016-17	77.3%	79.7%	82.7%
2017-18	87.5	80.1	83.0
2018-19			

*Source: TEACH.*

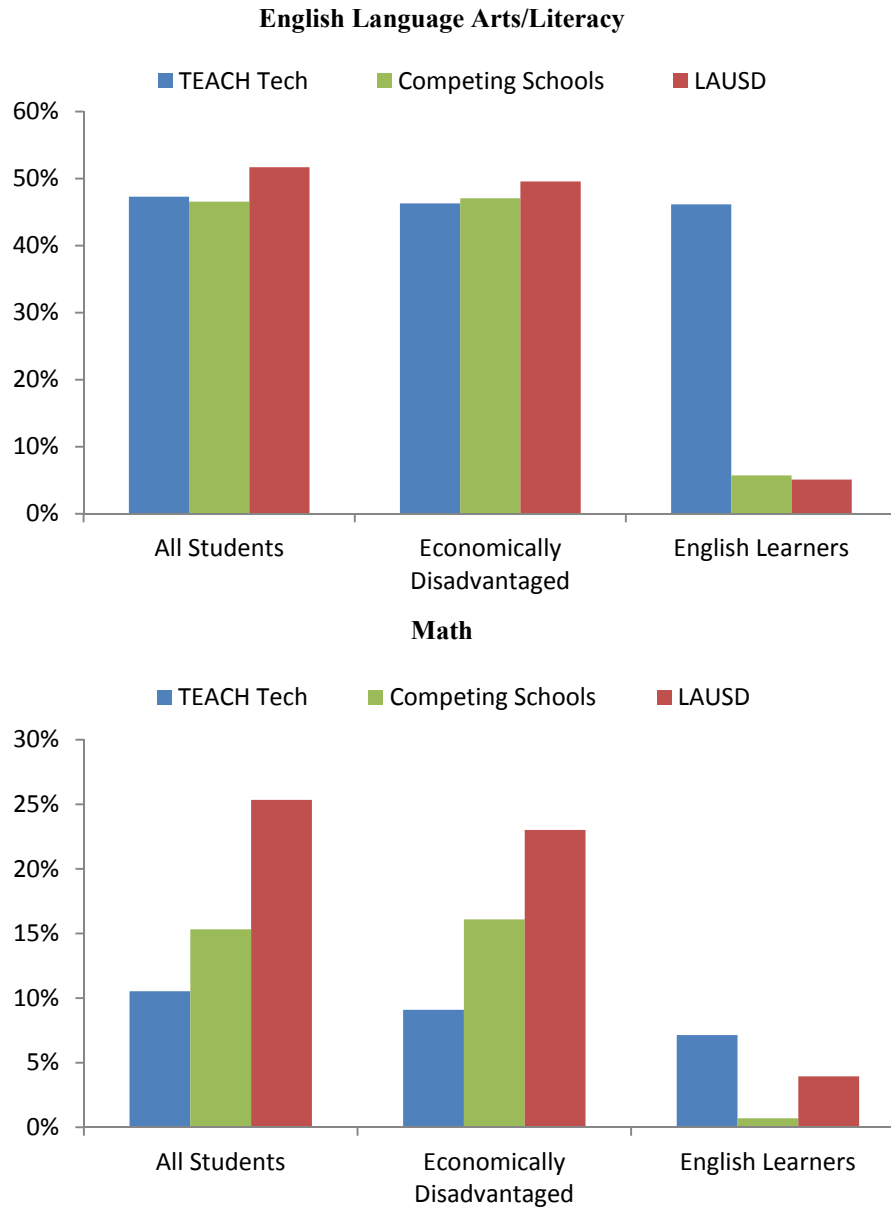
**Post-Graduate College Entrance.** For the high school students graduating in the 2017-18 school year, 59.5% of TEACH Tech graduates were enrolled in college within 12 months of graduating, compared to 53.8% of graduates in LAUSD and 64.4% of graduates Statewide.

**CAASPP.** Academic Performance Index (“API”) scores have, in the past, been calculated using results of the State’s STAR program and, for high school students, the California High School Exit Examination (“CAHSEE”). Changes to the Education Code enacted in 2013 deleted certain provisions of State law establishing the STAR program and replaced them with the California Assessment of Student Performance and Progress program (“CAASPP”), effective July 1, 2014. As a means to assess certain elementary and secondary pupils, CAASPP comprises:

- (a) the State’s Smarter Balanced Assessments, composed of (i) summative assessments in English language arts (“ELA”) and mathematics for grades 3 to 8 inclusive, and grade 11, (ii) interim assessments to monitor student progress toward mastery of the Common Core State Standards in ELA and mathematics, and (iii) a “Digital Library” consisting of tools and practices designed to help teachers utilize formative assessment processes for improved teaching and learning;
- (b) alternate assessments for ELA and mathematics in grades 3 through 8 and 11, that are based on alternate achievement standards and aligned with the Common Core State Standards for students with significant cognitive disabilities;
- (c) science assessments in grades 5, 8, and 10, measuring specified content standards, currently composed of (i) the California Standards Test (“CST”) for students in public schools, (ii) the California Modified Assessment (“CMA”) for students with an individualized education program, and the (iii) California Alternate Performance Assessment (“CAPA”) for students with significant cognitive disabilities; and
- (d) the Standards-based Tests in Spanish (“STS”), which are multiple-choice tests that allow Spanish-speaking English learners in grades 2 through 11 to demonstrate their knowledge of California content standards by taking a reading/language arts (“RLA”) assessment in their primary language.

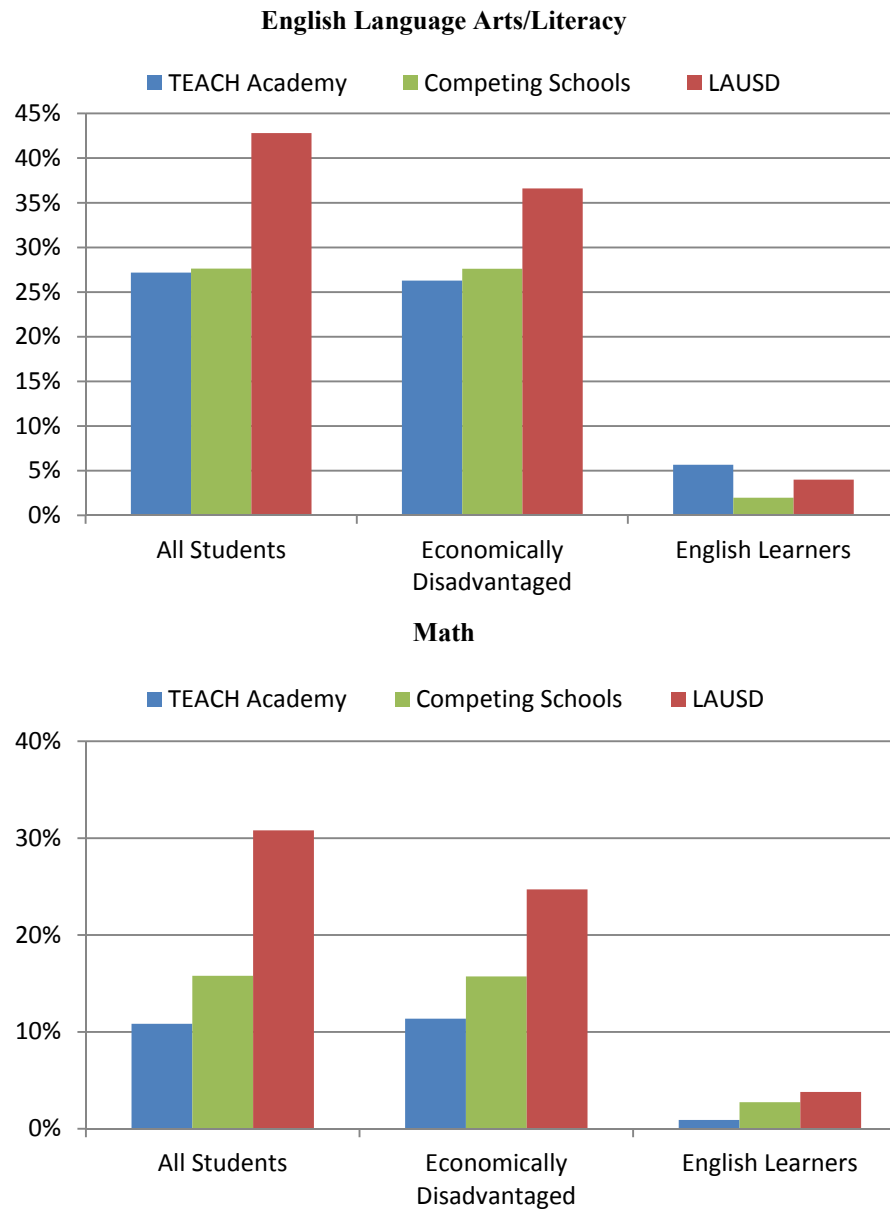
The following figure summarizes the performance of TEACH Academy and TEACH Tech on CAASPP Smarter Balanced Assessments for ELA and mathematics in 2018-19, compared against averages for schools in the State, LAUSD, and competing schools. See “— Competing Schools” herein. TEACH Prep’s first year of operations was 2018-19, and thus does not have test results to report. TEACH Prep will have its first year of results on the CAASPP Smarter Balanced Assessments following the 2020-21 school year, the first year in which it will serve students in 3rd grade.

**FIGURE 3**  
**SMARTER BALANCED ASSESSMENT CONSORTIUM (SBAC) RESULTS<sup>(1)</sup>**  
**2018-19**  
**TEACH Tech**



<sup>(1)</sup> Percentages shown are sums of percentages of students indicated as “Standards Met” and “Standards Exceeded” in Smarter Balanced Assessment results for the 2018-19 school year. For TEACH Tech and LAUSD, represents students in grade 11. For Competing Schools, represents the weighted average of students in the schools and grade ranges shown in the tables under the heading “—Competing Schools” herein.  
 Source: California Department of Education; TEACH.

**FIGURE 4**  
**SMARTER BALANCED ASSESSMENT CONSORTIUM (SBAC) RESULTS<sup>(1)</sup>**  
**2018-19**  
 TEACH Academy



<sup>(1)</sup> Percentages shown are sums of percentages of students indicated as “Standards Met” and “Standards Exceeded” in Smarter Balanced Assessment results for the 2018-19 school year. For TEACH Academy and LAUSD, represents students in grades 6 through 8. For Competing Schools, represents the weighted average of students in the schools and grade ranges shown in the tables under the heading “—Competing Schools” herein.

Source: California Department of Education; TEACH.

**California School Dashboard.** During the 2016-17 school year, the California State Board of Education (“SBE”) approved a new integrated accountability and continuous improvement system (the “Accountability System”) that is used to evaluate local education agency (“LEA”) and school performance in areas critical to students’ preparedness for college and career. The Accountability System is aligned to both (i)



the LCFF priority areas, as required under State law, and (ii) accountability measures required under the provisions of the federal Every Student Succeeds Act. Performance by individual LEAs and schools under the Accountability System is reported through the State’s California School Dashboard (the “Dashboard”).

The Accountability System measures performance in the following priority areas using various state and local indicators:

Priority Areas	State Indicator	Local Indicator
Basic Services or Basic Condition at schools	N/A	Appropriately assigned teachers, access to curriculum-aligned instructional materials, and safe, clean and functional school facilities
Implementation of State Academic Standards	N/A	Progress in implementing state academic standards
Parent Engagement	N/A	Progress in seeking input from parents in decision making and promoting parental participation in programs
Student Achievement	<ul style="list-style-type: none"> <li>• Academic Performance (Grades 3-8 and Grade 11);</li> <li>• English Learners Progress</li> </ul>	N/A
Student Engagement	<ul style="list-style-type: none"> <li>• Graduation Rate;</li> <li>• Chronic Absenteeism</li> </ul>	N/A
School Climate	Suspension Rate	Administration of a local climate survey at least every other year that provides a valid measure of perceptions of school safety and connectedness to students in at least one grade within the grade span(s) that the LEA serves (e.g., K-5, 6-8, 9-12)
Access to a Broad Course of Study	N/A	Annually measures progress on the extent students have access to, and are enrolled in, a broad course of study
Outcomes in a Broad Course of Study	College/Career	N/A

Source: California Department of Education.





**State Indicators.** The Accountability System measures performance on state indicators through a combination of current performance (“Status”) and improvement over time (“Change”). Both Status and Change are weighted equally, and scores approved by SBE serve as performance standards based on the state-wide distribution of Status and Change for each indicator. For each state indicator, a school or LEA will be assigned (i) a Status level of Very High, High, Medium, Low or Very Low; and (ii) a Change level of Increased Significantly, Increased, Maintained, Declined or Declined Significantly. For each state indicator, the combination of Status level and Change level yields a performance level of Blue, Green, Yellow, Orange or Red, with Blue representing the highest performance and Red indicating the lowest performance. Any performance level below Green indicates that improvement is needed.

**Local Indicators.** The local indicators require LEAs (including individual charter schools) to determine whether they have Met, Not Met, or Not Met for More than Two Years the standards for each local indicator. For each local indicator, LEAs (and charter schools) must (i) measure their progress using locally available information, (ii) report the results at a regularly scheduled public meeting of the LEA’s (or charter school’s) local governing board, and (iii) upload the results to the public through the Dashboard.

**School Performance Overview.** Each LEA and school’s School Performance Overview provides the performance level for all students on state and local indicators, including how the current year (status) compares to prior years (change) for each state indicator. Status and change each have five possible levels, which are displayed with the data for each indicator.




Below and on the following page are the State and local indicators for 2018 for TEACH Tech and TEACH Academy. TEACH Prep’s first year of operation was 2018-19, and will not have results on the Dashboard until fall 2019.

**TABLE 17**  
**CALIFORNIA SCHOOL DASHBOARD STATE AND LOCAL INDICATORS**  
**2018**  
 TEACH Academy

<b><u>State Indicators</u></b>	<b><u>All Students Performance<sup>(1)</sup></u></b>	<b><u>Status</u></b>	<b><u>Change</u></b>
Chronic Absenteeism <sup>(2)</sup>		20% chronically absent	Increased (+6.2%)
Suspension Rate <sup>(3)</sup>		0% suspended at least once	Declined (-0.6%)
English Learner Progress <sup>(4)</sup>	--	Level 4: 12.1%; Level 3: 34.5% Level 2: 39.7%; Level 1: 13.8%	N/A
English Language Arts <sup>(5)</sup>		65.2 points below standard	Declined (-10.3 points)
Mathematics <sup>(5)</sup>		129.6 points below standard	Declined (-22.6 points)
<b><u>Local Indicators</u></b>		<b><u>Ratings</u></b>	
Basics: Teachers, Instructional Materials, Facilities)		Not Met	
Implementation of Academic Standards		Not Met	
Parent and Family Engagement		Not Met	
Local Climate Survey		Not Met	
Access to a Broad Course of Study		Not Met	

[TABLE AND FOOTNOTES CONTINUED ON FOLLOWING PAGE]

**TABLE 17 (continued)**  
**CALIFORNIA SCHOOL DASHBOARD STATE AND LOCAL INDICATORS**  
**2018**  
TEACH Tech

<u>State Indicators</u>	<u>All Students Performance<sup>(1)</sup></u>	<u>Status</u>	<u>Change</u>
Suspension Rate <sup>(3)</sup>		0% suspended at least once	Declined (-0.4%)
English Learner Progress <sup>(4)</sup>	--	Level 4: 10.3%; Level 3: 28.2% Level 2: 12.8%; Level 1: 48.7%	N/A
Graduation Rate <sup>(6)</sup>	--	87.5% graduated	Increased (+10.2%)
College/Career <sup>(7)</sup>	--	42.5% prepared	Increased (+28.9 points)
English Language Arts <sup>(5)</sup>		18.9 points above standard	Maintained (-2.9 points)
Mathematics <sup>(5)</sup>		108.6 points below standard	Declined (-24.5 points)

**Local Indicators**

Basics: Teachers, Instructional Materials, Facilities)  
Implementation of Academic Standards  
Parent and Family Engagement  
Local Climate Survey  
Access to a Broad Course of Study

**Ratings**

Not Met  
Not Met  
Not Met  
Not Met  
Not Met

- (1) Performance levels include, from highest to lowest, Blue, Green, Yellow, Orange and Red, based on the Status and Change levels for each indicator. Performance levels are not shown
- (2) Chronic Absenteeism Status level is based on the number of students absent for 10% or more of instructional days within the 2017-18 school year. Chronic Absenteeism Change level is based on the difference between the chronic absenteeism rates for the 2017-18 and 2016-17 school years.
- (3) Suspension Rate Status level is based on the unduplicated number of students suspended within the 2017-18 school year. Suspension Rate Change level is based on the difference between the suspension rates for the 2017-18 and 2016-17 school years.
- (4) English Learner Progress Status level is based on the percentage of English Language Proficiency Assessments for California (“ELPAC”) test takers scoring at each level in the 2017-18 school year. No Change levels are available for 2018, as the 2017-18 school year was the first year that California transitioned from the California English Language Development Test to the ELPAC.
- (5) English Language Arts (“ELA”) and Mathematics Status levels are based on the sum of all grades 3-8 and 11 students’ distance from the minimum score qualifying a student for “Standards Met” on the ELA or Math 2017-18 Smarter Balanced Assessment, divided by the total number of 2017-18 Smarter Balanced Assessment ELA or Math test takers. English Language Arts and Mathematics Change levels are based on the difference between the current year and prior year Status levels.
- (6) Graduation Rate Status level is based on the Class of 2018 graduation rate in the 2017-18 school year. Graduation Rate Change level is based on the difference between the graduation rates for the Class of 2018 and the Class of 2017.
- (7) The College/Career performance indicator is based on the percentage of students in the Class of 2018 identified as “Prepared” graduates. College/Career Change level is based on the difference between the percentage of students in the Class of 2018 and the Class of 2017 identified as “Prepared” graduates. A graduate being identified as “Prepared” is based on each student’s performance throughout the prior four years (for the Class of 2018, 2014-15, 2015-16, 2016-17 and 2017-18), on the Smarter Balanced Assessments, Advanced Placement exams, and IB exams; whether a student completed the CTE Pathway; whether a student met all UC/CSU requirements; whether a student received a State Seal of Biliteracy; and whether a student completed at least two years of courses with a C- or better and scored 3 or higher on either ELA or Math in Leadership/Military Science.

Source: California Department of Education.

**Competing Schools**

**Competing Schools.** The following table below presents a summary of certain demographics and test results for schools located in the vicinity of the Schools’ campuses that the management of TEACH regards as possible competing schools, as well as in LAUSD and the State, indicating for each school the enrollment,

percentages of English Learners (“EL”) and percentages of recipients of Free and Reduced Price Meals (“FRPM”), and the percentage of socioeconomically disadvantaged students in the grades shown for each school who met or exceeded standards for the Smarter Balanced Assessments in English Language Arts and Math.

**TABLE 18**  
**COMPETING SCHOOLS**  
**2018-19**  
**TEACH**

*TEACH Prep*

<i>School</i>	<i>Grades</i>	<i>Distance to the School<sup>(1)</sup></i>	<i>Enrollment</i>	<i>EL(%)</i>	<i>FRPM(%)</i>	<i>Academic Performance (Socioeconomically Disadvantaged)<sup>(2)</sup></i>	
						<i>SBAC ELA Met/Exceeded</i>	<i>SBAC Math Met/Exceeded</i>
<b>TEACH Prep</b>	<b>K-2</b>	--	80		93.8%		
La Salle Avenue Elementary	K-5	0.4	385		95.3	16.7	9.7
Manhattan Place Elementary 2	K-5	0.9	357		92.2	10.9	4.7
Warren Lane Elementary	K-6	1.2	215		88.4	16.1	6.5
74 <sup>th</sup> Street Elementary	K-5	1.2	475		86.7	30.6	27.2
Raymond Avenue Elementary	K-5	1.4	540		95.9	28.7	20.2
95 <sup>th</sup> Street Preparatory School	K-5	1.7	967		96.0	22.2	23.9
LAUSD	K-4	--	--			36.3	34.5
California	K-4	--	--			37.0	35.6

*TEACH Tech*

<i>School</i>	<i>Grades</i>	<i>Distance to the School<sup>(1)</sup></i>	<i>Enrollment</i>	<i>EL(%)</i>	<i>FRPM(%)</i>	<i>Academic Performance (Socioeconomically Disadvantaged)<sup>(2)</sup></i>	
						<i>SBAC ELA Met/Exceeded</i>	<i>SBAC Math Met/Exceeded</i>
<b>TEACH Tech</b>	<b>9-12</b>	--	<b>365</b>		<b>92.9%</b>	<b>46.3%</b>	<b>9.1%</b>
Washington Prep HS	9-12	0.5	814		90.0	31.1	7.4
Animo South Los Angeles	9-12	0.6	610		91.3	36.6	10.8
Middle College HS	9-12	1.2	404		85.4	79.0	31.6
Bright Star Secondary Charter	9-12	1.2	518		91.7	60.6	16.1
Alliance Health Services High	9-12	2.3	512		95.9	46.2	23.9
LAUSD	9-12	--	--			49.6	23.0
California	9-12	--	--	10.9	59.0	47.2	20.9

[TABLE AND FOOTNOTES CONTINUED ON FOLLOWING PAGE]

**TABLE 18 (continued)**  
**COMPETING SCHOOLS**  
**2018-19**  
**TEACH**

*TEACH Academy*

*Academic Performance*  
*(Socioeconomically Disadvantaged)<sup>(2)</sup>*

<i>School</i>	<i>Grades</i>	<i>Distance to the School<sup>(1)</sup></i>	<i>Enrollment</i>	<i>EL(%)</i>	<i>FRPM(%)</i>	<i>SBAC ELA Met/Exceeded<sup>(3)</sup></i>	<i>SBAC Math Met/Exceeded<sup>(3)</sup></i>
<b>TEACH Academy</b>	<b>5-8</b>	--	<b>430</b>		<b>93.7%</b>	<b>26.3%</b>	<b>11.4%</b>
Bret Harte Prep Middle	6-8	1.7	452		96.0	13.9	5.1
Mann UCLA Community School	K-12	2.3	432	21.5	77.1	38.8	28.0
KIPP Academy of Opportunity	5-8	2.6	411		94.4	29.6	19.1
Samuel Gompers Middle	6-8	3.2	428		96.0	24.8	6.2
Alliance Jack H. Skirball	6-8	3.6	446		95.3	47.3	30.9
Charles Drew Middle	6-8	4.6	710		91.4	17.7	9.3
LAUSD	5-8	--	--			36.6	24.7
California	5-8	--	--			38.0	25.1

<sup>(1)</sup> Represents the distance to the Facility, in miles.

<sup>(2)</sup> Represents the percentage of students who met or exceeded standards on the State's 2018-19 Smarter Balanced Assessments in English Language Arts and mathematics.

<sup>(3)</sup> TEACH Prep's first year of operation was 2018-19. TEACH Prep expects to have its first year of results on the Smarter Balanced Assessments following the 2020-21 school year.

Source: TEACH; California Department of Education.

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## OPERATING AND FINANCIAL INFORMATION

### Financial Statements

The consolidated audited financial statements of TEACH (including all three Schools currently operated by TEACH) and its affiliates for the fiscal year ended June 30, 2019 are set forth in “APPENDIX B – CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF TEACH AND ITS AFFILIATES FOR THE FISCAL YEAR ENDED JUNE 30, 2019” attached to this Limited Offering Memorandum. The Borrower (as defined herein) has not had audited financial statements prepared in the past.

### Historical Financial Results

The tables on the following pages present the audited statements of activities and changes in net assets for each of the Schools and the consolidated Obligated Group for fiscal years 2014-15 through 2018-19.

**TABLE 19**  
**STATEMENT OF ACTIVITIES**  
**2014-15 through 2018-19**  
TEACH Prep<sup>(1)</sup>

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>REVENUES</b>					
Local Control Funding Formula	--	--	--	--	
Federal revenue	--	--	--	--	
Other State revenue	--	--	--	--	
Local revenue	--	--	--	--	
Fundraising revenue	--	--	--	--	
Total Revenue	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>EXPENSES</b>					
Program services					
Teacher salaries and benefits	--	--	--	--	
Other student services	--	--	--	--	
Educational programs	--	--	--	--	
Occupancy	--	--	--	--	
Student supplies	--	--	--	--	
Student nutrition	--	--	--	--	
Special education fee	--	--	--	--	
Depreciation	--	--	--	--	
Capital outlay	--	--	--	--	
Subtotal	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Management and general					
Support and administrative salaries and benefits	--	--	--	--	
District supervisory fee	--	--	--	--	
Occupancy	--	--	--	--	
Insurance	--	--	--	--	
Other sources and uses	--	--	--	--	
Operating expenses	--	--	--	--	
Subtotal	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fundraising expense	--	--	--	--	
Total Expenses	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	--	--	--	--	
<b>NET ASSETS, BEGINNING OF YEAR</b>	--	--	--	-	
<b>NET ASSETS, END OF YEAR</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

<sup>(1)</sup> First year of operation for TEACH Prep was 2018-19.

Sources: TEACH; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.

**TABLE 20**  
**STATEMENT OF ACTIVITIES**  
**2014-15 through 2018-19**  
TEACH Tech

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>REVENUES</b>					
Local Control Funding Formula					
Federal revenue					
Other State revenue					
Local revenue					
Fundraising revenue					
Total Revenue					
<b>EXPENSES</b>					
Program services					
Teacher salaries and benefits					
Other student services					
Educational programs					
Occupancy					
Student supplies					
Student nutrition					
Special education fee					
Depreciation					
Capital outlay					
Subtotal					
Management and general					
Support and administrative salaries and benefits					
District supervisory fee					
Occupancy					
Insurance					
Other sources and uses					
Operating expenses					
Subtotal					
Fundraising expense					
Total Expenses					
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>					
<b>NET ASSETS, BEGINNING OF YEAR</b>					
<b>NET ASSETS, END OF YEAR</b>					

*Sources: TEACH; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.*

**TABLE 21**  
**STATEMENT OF ACTIVITIES**  
**2014-15 through 2018-19**  
 TEACH Academy

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>REVENUES</b>					
Local Control Funding Formula					
Federal revenue					
Other State revenue					
Local revenue					
Fundraising revenue					
Total Revenue					
<b>EXPENSES</b>					
Program services					
Teacher salaries and benefits					
Other student services					
Educational programs					
Occupancy					
Student supplies					
Student nutrition					
Special education fee					
Depreciation					
Capital outlay					
Subtotal					
Management and general					
Support and administrative salaries and benefits					
District supervisory fee					
Occupancy					
Insurance					
Other sources and uses					
Operating expenses					
Subtotal					
Fundraising expense					
Total Expenses					
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>					
<b>NET ASSETS, BEGINNING OF YEAR</b>					
<b>NET ASSETS, END OF YEAR</b>					

*Sources: TEACH; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.*



**TABLE 22**  
**STATEMENT OF ACTIVITIES**  
**2014-15 through 2018-19**  
Obligated Group (Consolidated)

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>REVENUES</b>					
Local Control Funding Formula					
Federal revenue					
Other State revenue					
Local revenue					
Fundraising revenue					
Total Revenue					
<b>EXPENSES</b>					
Program services					
Teacher salaries and benefits					
Other student services					
Educational programs					
Occupancy					
Student supplies					
Student nutrition					
Special education fee					
Depreciation					
Capital outlay					
Subtotal					
Management and general					
Support and administrative salaries and benefits					
District supervisory fee					
Occupancy					
Insurance					
Other sources and uses					
Operating expenses					
Subtotal					
Fundraising expense					
Total Expenses					
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>					
<b>NET ASSETS, BEGINNING OF YEAR</b>					
<b>NET ASSETS, END OF YEAR</b>					

Sources: TEACH; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.

## Historical Statements of Financial Position

The following tables set forth the assets, liabilities and net assets of each of the Schools and the consolidated Obligated Group as of June 30 of each year for fiscal years 2014-15 through 2018-19.

**TABLE 23**  
**STATEMENT OF FINANCIAL POSITION**  
**2014-15 through 2018-19**  
TEACH Prep<sup>(1)</sup>

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	--	--	--	--	
Accounts receivable	--	--	--	--	
Intracompany receivables	--	--	--	--	
Prepaid expenses	--	--	--	--	
Total Current Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	
Non-Current Assets					
Fixed assets	--	--	--	--	
Less: accumulated depreciation	--	--	--	--	
Total Non-Current Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	
Total Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	
<b>LIABILITIES</b>					
Current Liabilities					
Bank overdrafts	--	--	--	--	
Accounts payable	--	--	--	--	
Deferred revenue	--	--	--	--	
Intracompany payables	--	--	--	--	
Equipment loan, current portion	--	--	--	--	
Revolving loan, current portion	--	--	--	--	
Total Current Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	
Long-Term Obligations					
Non-current portion of long-term obligations	--	--	--	--	
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	
<b>NET ASSETS</b>					
Unrestricted	--	--	--	--	
Total Liabilities and Net Assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	

<sup>(1)</sup> First year of operation for TEACH Prep was 2018-19.

Sources: TEACH; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.

**TABLE 24**  
**STATEMENT OF FINANCIAL POSITION**  
**2014-15 through 2018-19**  
TEACH Tech

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents					
Accounts receivable					
Intracompany receivables					
Prepaid expenses					
Total Current Assets					
Non-Current Assets					
Fixed assets					
Less: accumulated depreciation					
Total Non-Current Assets					
Total Assets					
<b>LIABILITIES</b>					
Current Liabilities					
Bank overdrafts					
Accounts payable					
Deferred revenue					
Intracompany payables					
Equipment loan, current portion					
Revolving loan, current portion					
Total Current Liabilities					
Long-Term Obligations					
Non-current portion of long-term obligations					
Total Liabilities					
<b>NET ASSETS</b>					
Unrestricted					
Total Liabilities and Net Assets					

*Sources: TEACH; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.*

**TABLE 25**  
**STATEMENT OF FINANCIAL POSITION**  
**2014-15 through 2018-19**  
 TEACH Academy

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents					
Accounts receivable					
Intracompany receivables					
Prepaid expenses					
Total Current Assets					
Non-Current Assets					
Fixed assets					
Less: accumulated depreciation					
Total Non-Current Assets					
Total Assets					
<b>LIABILITIES</b>					
Current Liabilities					
Bank overdrafts					
Accounts payable					
Deferred revenue					
Intracompany payables					
Equipment loan, current portion					
Revolving loan, current portion					
Total Current Liabilities					
Long-Term Obligations					
Non-current portion of long-term obligations					
Total Liabilities					
<b>NET ASSETS</b>					
Unrestricted					
Total Liabilities and Net Assets					

*Sources: TEACH; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.*

**TABLE 26**  
**STATEMENT OF FINANCIAL POSITION**  
**2014-15 through 2018-19**  
Obligated Group (Consolidated)

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents					
Accounts receivable					
Intracompany receivables					
Prepaid expenses					
Total Current Assets					
Non-Current Assets					
Fixed assets					
Less: accumulated depreciation					
Total Non-Current Assets					
Total Assets					
<b>LIABILITIES</b>					
Current Liabilities					
Bank overdrafts					
Accounts payable					
Deferred revenue					
Intracompany payables					
Equipment loan, current portion					
Revolving loan, current portion					
Total Current Liabilities					
Long-Term Obligations					
Non-current portion of long-term obligations					
Total Liabilities					
<b>NET ASSETS</b>					
Unrestricted					
Total Liabilities and Net Assets					

Sources: TEACH; Audited Financial Reports for Fiscal Years 2014-15 through 2018-19.

### Retirement Systems

Qualified employees of TEACH participate in the California State Teachers Retirement System (“STRS”) and the California Public Employees Retirement System (“PERS”). Employees who are not members of STRS or PERS contribute to social security. TEACH makes employer contributions as required by STRS and PERS.

*The information set forth below regarding the STRS and PERS programs, other than the information provided by TEACH regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not be construed as a representation by TEACH or the Underwriter.*

**STRS.** TEACH’s full-time certificated teachers are members of the State Teachers’ Retirement System. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the “STRS Defined Benefit Program”). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources:

employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, participant employers were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 (“AB 1469”) into law as a part of the State’s fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the “2014 Liability”), within 32 years, by increasing member, participant employers and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

**MEMBER CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

*Source: A.B. 1469.*

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, participant employers' contribution rates are increasing over a seven year phase-in period in accordance with the following schedule:

**EMPLOYER CONTRIBUTION RATES  
STRS (Defined Benefit Program)**

<i>Effective Date</i>	<i>Participant Employers</i>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

*Source: A.B. 1469.*

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease participant employers' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for participant employers and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. See "STATE FUNDING OF EDUCATION – General" in the forepart of this Limited Offering Memorandum.

TEACH's contributions to STRS were \$151,033 for fiscal year 2015-16, \$248,478 for fiscal year 2016-17, \$327,072 for fiscal year 2017-18 and \$\_\_\_\_\_ for fiscal year 2018-19. TEACH has budgeted its contribution to STRS to be \$\_\_\_\_\_ for fiscal year 2019-20.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"),

which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

**PERS.** The Public Employees’ Retirement System (“PERS”) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund (“PERF”). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and participant employers (for “classified employees,” which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for schools throughout the State (the “Schools Pool”).

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Participating employers are currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See “—California Public Employees’ Pension Reform Act of 2013” herein.

Pursuant to SB 90, the State Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to the Public Employees’ Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated \$660 million to be applied toward certain unfunded liabilities for K-14 school district employers. See “STATE FUNDING OF EDUCATION – General” in the forepart of this Limited Offering Memorandum. The impact of this appropriation on the 2019-20 and 2020-21 contribution rates has not yet been determined by the Borrower.

TEACH’s contributions to PERS were \$23,609 for fiscal year 2015-16, \$11,472 for fiscal year 2016-17, \$50,260 for fiscal year 2017-18 and \$\_\_\_\_\_ for fiscal year 2018-19. TEACH has budgeted its contribution to PERS to be \$\_\_\_\_\_ for fiscal year 2019-20

**State Pension Trusts.** Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: [www.calstrs.com](http://www.calstrs.com); (ii) PERS: [www.calpers.ca.gov](http://www.calpers.ca.gov). However, the information presented in such financial reports or on such websites is not incorporated into this Limited Offering Memorandum by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.



**FUNDED STATUS**  
**STRS (Defined Benefit Program) and PERS (Schools Pool)**  
**(Dollar Amounts in Millions)<sup>(1)</sup>**  
**Fiscal Years 2010-11 through 2017-18**

<u>STRS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)<sup>(2)</sup></u>	<u>Unfunded Liability (MVA)<sup>(2)</sup></u>	<u>Value of Trust Assets (AVA)<sup>(3)</sup></u>	<u>Unfunded Liability (AVA)<sup>(3)</sup></u>
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

<u>PERS</u>					
<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets (MVA)</u>	<u>Unfunded Liability (MVA)</u>	<u>Value of Trust Assets (AVA)<sup>(3)</sup></u>	<u>Unfunded Liability (AVA)<sup>(3)</sup></u>
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2014-15	73,325	56,814	16,511	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2015-16	77,544	55,785	21,759	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2016-17	84,416	60,865	23,551	-- <sup>(4)</sup>	-- <sup>(4)</sup>
2017-18 <sup>(5)</sup>	92,071	64,846	27,225	-- <sup>(4)</sup>	-- <sup>(4)</sup>

<sup>(1)</sup> Amounts may not add due to rounding.

<sup>(2)</sup> Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

<sup>(3)</sup> Reflects actuarial value of assets.

<sup>(4)</sup> Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

<sup>(5)</sup> On April 16, 2019, the PERS Board (defined below) approved the participant employer contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the “2018 STRS Actuarial Valuation”) reports that the unfunded actuarial obligation decreased by \$109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for participant employers. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect to the State and all other participant employers in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State and all other participant employers.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the

June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

TEACH can make no representations regarding the future program liabilities of STRS, or whether the TEACH will be required to make additional contributions to STRS in the future above those amounts required under A.B. 1469. TEACH can provide no assurances that any required contributions to PERS will not increase in the future.

***California Public Employees' Pension Reform Act of 2013.*** On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to STRS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Among the other changes to STRS, the Reform Act also: (i) requires all new participants enrolled in STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

## **Outstanding Debt**

**Prior Bonds.** On November 2, 2016, the Series 2016 Landlord borrowed the proceeds of the California School Finance Authority’s Charter School Revenue Bonds (TEACH Public Schools – Obligated Group) Series 2016A and Series 2016B (Taxable), issued in an aggregate par amount of \$12,530,000 (the “2016 Bonds”). A portion of the proceeds of the 2016 Bonds were used by the Series 2016 Landlord to acquire the Series 2016 Facilities, which are leased to TEACH pursuant to a Lease Agreement, dated as of November 1, 2016 (the “2016 Lease”). TEACH’s payments on the 2016 Lease represents TEACH’s obligations in connection with the 2016 Bonds, and are in amounts sufficient to pay debt service on the 2016 Bonds each year. TEACH’s obligation to make payments of rent under the 2016 Lease is limited solely to the revenues attributable to TEACH Academy. The 2016 Bonds mature in 2052, and are currently outstanding in the amount of \$12,500,000.

*Line of Credit.* [TO COME]

## **SB 740**

TEACH is currently eligible to receive funding under the California law referred to herein as SB 740, which provides for reimbursement of facilities lease costs of 75% of the actual lease cost to the extent funded by the State up to a limit of \$1,184 per unit of classroom based ADA for the 2019-20 school year. This per-ADA amount may increase in future years based on cost of living adjustments. See “STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – SB 740 Facilities Grant Program Funding” in the forepart of this Limited Offering Memorandum. To be eligible for SB 740 reimbursement, a charter school must serve a student population with at least 55% of its student population eligible for free or reduced lunch, or be located in a public elementary school attendance area with such composition. See “TEACH PUBLIC SCHOOLS – Charter Schools Operated by TEACH – Neighborhood and TEACH Network Demographics” herein.

In fiscal year 2018-19, TEACH was awarded \$79,544.45 in SB 740 funding for TEACH Prep, \$375,562.21 in SB 740 funding for TEACH Tech and \$306,863.97 in SB 740 funding for TEACH Academy. There can be no assurance that any particular level of SB 740 funding will be available in fiscal year 2019-20 or any future year, or that the Schools will remain eligible for such funding. See “CERTAIN RISK FACTORS – Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors,” “— Specific Risks of Charter Schools – Charter School Law” and “— SB 740 Funding” in the forepart of this Limited Offering Memorandum.

## **Facility Lease**

[TO COME]

## **Public Charter Schools Grant Program**

The California Department of Education administers the Federal Public Charter Schools Grant Program (“PCSGP”), which provides funding to nonprofit entities and local educational agencies to assist in the development to open high-quality charter schools. The primary focus of the PCSGP is to create charter schools that will provide public school choice to students whose assigned traditional public school is chronically low performing. TEACH has received funds through PCSGP for TEACH Academy, in the amount of \$600,000, for TEACH Prep, in the amount of \$475,000, and for TEACH Tech, in the amount of \$250,000.

## **No Material Litigation**

No action, suit, proceeding or investigation at law or in equity, before or by any court, governmental agency or public board or body is pending or, to the knowledge of TEACH or the Borrower, threatened,

affecting the validity of the Series 2019 Leases or the Bonds or contesting the corporate existence of the Borrower, TEACH or its authority to operate pursuant to its charters.

TEACH is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the management of TEACH, the aggregate amount of the uninsured liabilities for such lawsuits and claims will not materially affect the finances of TEACH or its operation of the Schools.

### **OBLIGATED GROUP PROJECTIONS AND COVERAGE RATIOS**

Notwithstanding TEACH's history of performance with respect to its existing charter schools, future financial performance of the Schools may not equal or exceed the projections set forth in this Limited Offering Memorandum. Additionally, TEACH Prep's has limited operational history, as its first year of operation was the 2018-19 school year. No assurance is given that such projections will be met, or that the number of students attending the Schools may not diminish in the future. The projections of revenue and expenses for the Schools contained in this Appendix A are based upon the number of students projected to be enrolled at the Schools and were prepared by TEACH for the Borrower and have not been independently verified by any party other than TEACH. See "THE SCHOOLS – Enrollment, Attendance, Demographics and Student Retention" herein for information regarding current and projected enrollment of the Schools.

No feasibility studies have been conducted with respect to operations of the Series 2019 Facilities pertinent to the Bonds. The projections are "forward-looking statements" and are subject to the general qualifications and limitations described herein. The Underwriter has not independently verified the Borrower's projections set forth in Appendix A or otherwise, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Bonds will be outstanding.

TEACH PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF THE FACILITIES, INCLUDING STUDENT ENROLLMENT AND EXPENSES. THERE CAN BE NO ASSURANCE THAT ACTUAL ENROLLMENT REVENUES AND EXPENSES WILL BE CONSISTENT WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS. MOREOVER, NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS OF REVENUES AND EXPENSES INCLUDED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE PROJECTIONS' UNDERLYING ASSUMPTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATIONS, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS. REFER TO "INTRODUCTION" IN THE FOREPART OF THIS LIMITED OFFERING MEMORANDUM FOR QUALIFICATION AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

The table on the following page sets forth the actual and projected consolidated net operating school revenue and consolidated base rent coverage ratio and consolidated days cash on hand for the Obligated Group Schools, for fiscal years 2010-20 through 2023-24.

**TABLE 27**  
**PROJECTED CONSOLIDATED NET OPERATING SCHOOL REVENUE, CONSOLIDATED BASE**  
**RENT COVERAGE RATIO AND CONSOLIDATED DAYS CASH ON HAND**  
**2019-20 through 2023-24**  
The Obligated Group Schools

	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24
<b>ENROLLMENT</b>					
Grades Served					
<b>Enrollment</b>					
ADA %					
<b>Average Daily Attendance ("ADA")</b>					
<b>REVENUE</b>					
State Aid - Revenue Limit					
Other State Revenue					
Federal Revenue					
SB740 Income <sup>(1)</sup>					
Other Local Revenue					
<b>Total Revenues</b>					
<b>EXPENSES</b>					
Certificated Salaries					
Classified Salaries					
Employee Benefits					
Books & Supplies					
Subagreement Services					
Operating & Housekeeping Services					
Other Services & Operations <sup>(2)</sup>					
Other Direct & Indirect Expenses					
Rentals, Leases, Repairs & Noncapitalized Improvements <sup>(3)</sup>					
2016 Bonds Net Debt Service					
2019 Bonds Net Debt Service <sup>(4)</sup>					
<b>Total Expenses</b>					
<b>Net Income</b>					
[A]	Add Back: Rentals, Leases, Repairs & Noncapitalized Improvements <sup>(3)</sup>				
	Add Back: 2016 Bonds Net Debt Service				
[B]	Add Back: 2019 Bonds Net Debt Service <sup>(4)</sup>				
[C]	<b>Net Operating School Revenue</b>				
[A+B]	Base Rent				
(C/D)	<b>Base Rent Coverage Ratio<sup>(5)</sup></b>				
	2019-20	2020-21	2021-22	2022-23	2023-24
	Beginning Cash Balance				
	Plus: Net Income				
	Plus: Reimbursements <sup>(6)</sup>				
[F]	<b>Ending Cash Balance<sup>(7)</sup></b>				
	Total Expenses				
	Less: (Base Rent)				
	Add: Maximum Annual Base Rent				
[G]	<b>Operating Expenses for OG Schools</b>				
(G/365)	<b>Average Daily Expenses</b>				
(F/H)	<b>Days Cash on Hand<sup>(8)</sup></b>				

[FOOTNOTES TO COME]

Source: TEACH.

## THE OBLIGATED GROUP

Wooten & Avila LLC (referred to throughout as the “Borrower”) is a California limited liability company, the sole member of which is TEACH and an organization described in Section 501(c)(3) of the Code. The Borrower was formed to support charter schools operated by TEACH and specifically for the purpose of holding title to property and managing, operating and leasing property, collecting income, and conveying the entire amount of such income, less expenses.

Upon the issuance of the California School Finance Authority’s Charter School Revenue Bonds (TEACH Public Schools – Obligated Group), Series 2019A and Series 2019B (collectively, the “Bonds”), the California School Finance Authority (the “Authority”) will loan the proceeds of the Bonds to the Borrower pursuant to a Loan Agreement (the “Loan Agreement”) between the Authority and the Borrower. Also upon the issuance of the Bonds, the Series 2019 Facilities (as defined in the forepart of this Limited Offering Memorandum) financed with proceeds of the Bonds will be leased to TEACH from the Borrower pursuant to the Series 2019 Leases. The Series 2019 Facilities will be used by TEACH to operate TEACH Prep and TEACH Tech. See “INTRODUCTION – The Bonds” and “THE BONDS” in the forepart of this Limited Offering Memorandum.

The Borrower is a party to the Master Indenture of Trust (as supplemented, the “Master Indenture”), as supplemented by a Supplemental Master Indenture for Obligation No. 1 and a Supplemental Master Indenture for Obligation No. 2, each by and between the Series 2016 Landlord, as representative of the Obligated Group (as defined in the forepart of this Limited Offering Memorandum) and a Member of the Obligated Group, the Borrower, as a Member of the Obligated Group, and Wilmington Trust, National Association, as master trustee (the “Master Trustee”). See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” in the forepart of this Limited Offering Memorandum.

The activities of the Series 2016 Landlord are consolidated with the activities of TEACH and the Schools in the annual audited financial statements of TEACH. The Borrower has not had audited financial statements in the past, but will be consolidated with the activities of TEACH and the Schools in the future.