

3 Schools: 3 Financing Options

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Panelist: Scott Sznitken – Franklin Academy
 Constance Ortiz – Odyssey Charter School
 Will Staros – FORZA Education

Session Agenda



Introductions



Financing Options



Franklin Academy



FORZA Education Management



Odyssey Charter School

Facility Financing | Balance Timing & Options

	Year 0-3 Launch & Grow	Year 3-5 Stabilize	Year 5+ Codify Model
Facility Needs	Start up Space Rent or Lease	Renovation or New Construction Path to a Permanent Facility	Grow Existing Site Expand or Replicate
Financing Options	Short-Term Bridge Loan Cash Flow	Traditional Lending New Market Tax Credits Real Estate Developer (lease to own) Bond Financing	Traditional Lending New Market Tax Credits Real Estate Developer (Lease to own) Bond Financing

Facility Financing Options

Short Term Financing	8.5%+	Developer Full Scale Lease to Purchase No money upfront from the school; developer assumes risk & provides upfront equity to acquire the land/building and develop the facility; delayed purchase option helps school build a path to ownership
	6%+	Financing Only CDFI & Non-Profit Funds No equity upfront from the school; the school acquires the site and leads the facility development and construction process; An FA is encouraged to facilitate the process and consider staff capacity to manage the day-today project
	6%+	Traditional Loan Commercial Bank 20-30% Equity required upfront; typically not an option for early stage charter schools
Long Term Financing	6%+	Tax Exempt Bonds School Hires a financial advisor (FA) to put together the financial modeling and package to take to the bond market; fixed rate over 30+ years

Facilities Projects - Best Practices



Timing – Give yourself more time than you think you need!



Build in a purchase option if leasing



Have the right project team



Plan growth carefully; create a strategic plan and grow at the right pace for your school and community



Create a financial plan that allows for enrollment growth; typically, schools don't start fully enrolled



Have a contingency plan in place for everything



Financial Management

Present strategy

- Start budgeting process in January
- Budget comes together February through April (lead by Director of Finance)
- Approve budget at June board meeting

Lessons Learned and Best Practices

- Have the right people on the team at the beginning (leadership team, board, financial consultants, etc)
- Growth mindset (evolved from paper to electronic record-keeping, for example)
- Don't be afraid to change
- Building Hope Services helped develop systems to provide real time tracking of budget versus actual

Franklin Academy

Case Study



Franklin Academy Overview

- Franklin Academy is a network currently serving 8,700 in grades K-12
- Operates campuses in Palm Beach and Broward Counties
- Founded in 2011



- Franklin Academy currently operates 7 schools across 6 campuses
- 4 of the 7 charters had earned a “high performing” designation from the state of Florida as of 2020

Franklin Academy Timeline

2011

Franklin Academy founded with its Pembroke Pines K-8 schools

2013
Opens Boynton Beach K-8 and Cooper City K-8 campuses

2014
Opens Palm Beach Gardens K-8 campus

2015
Opens Sunrise K-8 campus

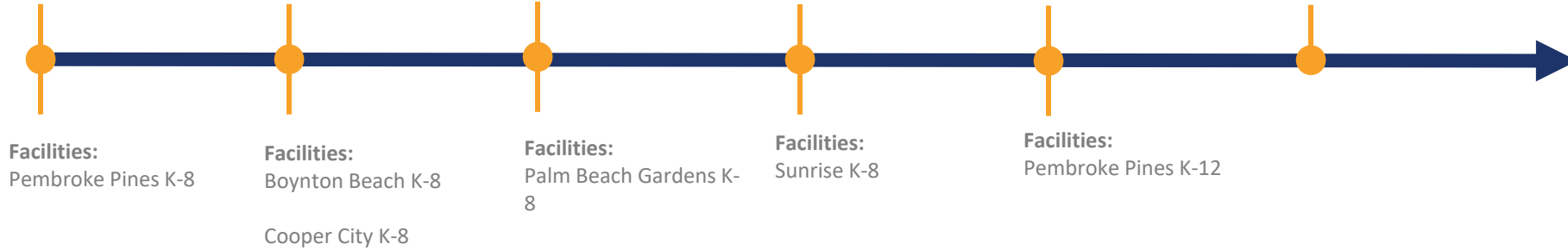
2016

Opened Pembroke Pines K-12 campus

Bonds issued to acquire its Boynton Beach and Cooper City facilities

2020

Bonds issued to acquire its Palm Beach Gardens K-8 and Pembroke Pines facilities K-12





Gulf Coast Charter Academy South



Gulf Coast Charter Academy South

- Developed within an existing facility in Collier County and required significant retrofitting in order to operate as a school.
- Secured financing of its facility (2013) and expansion (2014) project through a rental agreement with the property owner.
- Used a \$300,000 tenant improvement loan during Year 1.
 - FORZA and the landlord contributed additional funds for an additional 20,000 sq feet during the expansion project to meet the enrollment demands.
- Original rental agreement was for 30 years and included rent escalators that, if not for Bond Financing, would have resulted in reduced money available for staff salary increases and additional student curriculum.
- In 2018, once the school reached its enrollment capacity, Gulf Coast worked through the Bond Financing
 - support from Building Hope and BB&T Bank
 - secured approximately \$8.5 million financing over 30 years
 - lower annual payment
 - does not increase over time and allows the school to own its facility and its future.



Oak Creek Charter School of Bonita Springs



- FORZA Education Management assumed management in 2016 with an existing facility and rental agreement from another management company.
 - needed to reduce monthly expenses and plan for future expansion
 - held a rental agreement, which also included rental escalators
 - needed to inject significant financial resources to bring the school up to current teaching standards
 - began looking for ways to reduce monthly expenses and plan for future expansion
- In 2021, the school worked through the Bond Financing process
 - secured a 30-year, \$19 million Bond Financing agreement
 - support from Building Hope and Truist Bank
 - lowered monthly payments
 - removed rent escalators
 - provided an opportunity to embark on an expansion project which doubled the capacity, added athletic courts and fields, and provided additional funding to add fencing and playground improvements; all while owning its facility.



OAK CREEK CHARTER SCHOOL
of Bonita Springs





PARRISH CHARTER ACADEMY
SOARING BEYOND EXPECTATIONS!



Parrish Charter Academy >>>

- FORZA's only direct land acquisition and facility build
- Secured the land and hired a design and construction company to build its facility.
- Once demand exceeded capacity, the school started plans for a new entrance and parking lot area.
 - secured a loan through Building Hope to purchase additional acreage.
- The 18 acres provided space for the existing facility and athletic field, the new parking lot entrance, and a new 66,000 sq ft state-of-the-art, 2-story facility.
- Securing loans and land, reducing rental costs, and beginning the Bond Financing process was essential.
- In 2022, the school secured approx. \$22 million in Bond Financing:
 - reduced the monthly rental costs and provided the capital needed to repay loans to build its new expansion.
 - current financing is a 5-year loan:
 - option to extend at the end of the term or return to the bond market, which will be based on current interest rates
 - allows the school to ramp up the enrollment to full capacity.





THE ODYSSEY

A 25-Year Journey

"The journey is its own reward." ~ Homer



Our Holistic Mission for Every Child

- *Our Mission is to work in partnership with the family and community with the aim of helping each child reach full potential in all areas of life.*
- *We seek to educate the whole child with the understanding that each person must achieve a balance of intellectual, physical, emotional, spiritual and social skills as a foundation for life.*



FINANCIAL HISTORY OF ODYSSEY CHARTER SCHOOL, INC.

1999 Founding Year - OCS leases from a church and opens with 112 students and grows to maximum building capacity of 165 students over next 3 years

2002

Capital Campaign begins with plans for “Green” building modeled after mission

2004 Million Dollar Land grant provided by local Bayside Lakes Developer; Conventional building loan secured for 3.95 MM

2005

Eldron “Green” Building opens to 515 students

2008

Awarded 1.5 MM dollars worth of Educational Impact Fee dollars to expand the “green” building and healthy café

2012

Wyoming campus lease approved to move 7th and 8th grades. Highschool added following year.

2013

Odyssey replicates its model and opens Odyssey Preparatory Academy and co-locates to Wyoming campus

2017

Financed 16MM bonds at 5% to purchase the 95000 sq ft. Wyoming Campus on 24 acres and refinance the 55000 sq ft. Eldron campus located on 9.44 acres

2019 Financed 11MM bonds at 4.75% to add a 10000 sq ft. Eldron addition and 24000 sq ft. gymnasium and performing arts centre, including parking lots and soccer fields

2023

Odyssey surpasses 2300 students and begins plans for a 60000 sq ft school campus to open in July of 2025

THE ODYSSEY RECIPE FOR HEALTHY CHILDREN

WHOLE-SCHOOL

Enriched Environments:
"Green" and Healthy Schools

Holistic Education:
Helping the Whole Child Achieve Academic Excellence

WHOLE-CHILD

Health & Wellness:
Developing Healthy Lifestyles

The Odyssey Model



"Green" and Healthy School Campus



Wellness, Health, and Nutrition



Montessori Philosophy and Growth Mindset



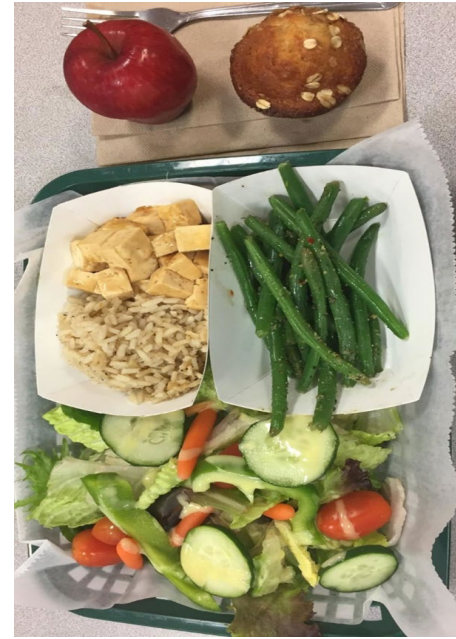
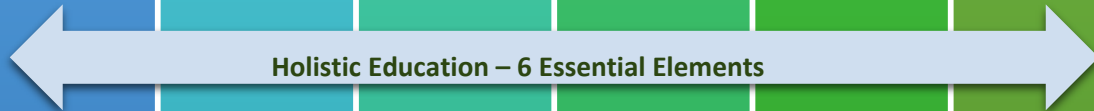
Creating the Culture for Learning through Positive Discipline & Problem Solving



Collaborative Leadership and Professional Learning Communities



Academic Rigor and STEAM



Eldron Campus

- 9.44 Acres
- Existing 55,000 sq ft facility
- Added in 2020
 - Purchased 3 additional acres
 - 10,000 sq ft classroom addition
 - Staff parking lot
 - Extended car loop
 - Soccer field and additional playground



Wyoming Campus

- 24.37 Acres
- Existing 95,000 sq ft facility
- Added in 2020
 - 24,000 sq ft gymnasium and performing arts centre
 - Running track and soccer field
 - Outside pavilion and organic farm
 - Constance Ortiz Wellness and Performing Arts Centre



The Journey begins by having a great mission for children...

Budgeting Strategies

- Start your process in November by planning for your larger Capital and Technology needs for the following year
- Continue your budgeting work January – May
- Budget at 90-95% or pay attention to your historical student enrollment trends
- Maintain a minimum 2% cushion
- Approve preliminary Budget at May Board Meeting and approve final Budget at August Board Meeting to allow for final adjustment based on revenue received
- Track budget vs. actual throughout the year
- Review financials at every Board meeting with CPA

Financing Strategies

- Expand as waitlist grows
- Watch growth patterns in your local area
- Assemble the right finance team, utilize their expertise, but know you are ultimately responsible to make certain the numbers work
- Create a 5-Year Forecast/Budget with current interest rates and building costs to ensure your success
- Stay on top of your building timelines and attend weekly construction meetings
- Fully commit for the long term
- Be proactive. Pay attention to the details. Be responsible and tighten your belt.