

Utah Charter School Credit Enhancement Program Standards for Participation

Established by SB 152 of the 2012 Utah legislative general session, the Charter School Credit Enhancement Program provides qualifying Utah charter schools with a means of obtaining favorable financing and is enacted within Utah Code section 53G-5-601 et seq¹. As detailed within section 606, these Standards for Participation establish the criteria for a charter school to be designated as a qualifying charter school for purposes of issuing bonds pursuant to the Charter School Credit Enhancement Program.

Basic Eligibility

1. Availability of the Utah Charter School Credit Enhancement Program (Program) is limited to those Applicants issuing bonds through the Utah Charter School Finance Authority (UCSFA).
2. Bonds, notes and other obligations issued by the UCSFA under the Program are limited obligations of the UCSFA and (1) do not constitute a debt or liability of the State of Utah, or of any county, city, town, school district, or any other political subdivision of the State of Utah; (2) do not constitute the loan of credit of the UCSFA, the State of Utah or of any county, city, town, school district, or any other political subdivision of the State of Utah; and (3) will not be paid from funds other than loan payments received from a charter school or other sources provided by a charter school or amounts that may be appropriated by the State of Utah.
3. The Applicant must be in compliance with all chartering requirements under the Utah Code and all terms of the charter agreement between the Applicant and its chartering entity. The UCSFA will obtain from the Applicant's chartering entity a certificate that verifies the charter is in place, that the Applicant is in good standing, is meeting all chartering requirements and criteria established within the charter agreement, that there are no serious outstanding or unresolved concerns relative to the Applicant and in the case of Applicants chartered by the State Charter School Board (SCSB), that there are no outstanding deficiencies as defined within R277-481.
4. The Applicant must obtain an underlying rating from Fitch Ratings, Moody's Investors Service, or S&P Global Ratings of BB (or equivalent) or higher. The Applicant will provide a copy of the rating report, verifying that the rating is in place for the bonds the UCSFA is being asked to issue. The Applicant must provide a copy of its most recent rating agency presentation upon request of the UCSFA. The UCSFA will analyze the ratings report to note any credit weaknesses outlined therein, and will take such credit weaknesses into account in determining the Applicant's eligibility for participation in the Program.
 - a. For private placement transactions, an Applicant may submit an application without obtaining a new rating if:
 - i. The applicant has existing bonds under the Program.
 - ii. The proposed financing is less than \$5 million,
 - iii. The Applicant has less than \$5 million in aggregate debt issued in this way,
 - iv. The Applicant provides a copy of a recent rating report or annual surveillance report confirming an outstanding rating of BBB- (or equivalent) or higher, and
 - v. The Applicant meets all other Standards for Credit Enhancement.
5. The Applicant must demonstrate a stable or improving financial operating history for at least three years and provide independently audited financial statements for the most recent five years (if the Applicant has been in operation that long).

6. The Applicant must provide a statement explaining its approved mission and describing any special emphasis offered within its curriculum.
7. The Applicant must certify that either it has or has not previously borrowed proceeds from a tax-exempt or other tax advantaged financing, and that, if so, it is not in default under any of the covenants into which it has entered related to such financing, including, but not limited to, continuing disclosure filing obligations, arbitrage rebate calculations, and filing of Form 990 (as applicable).

Enrollment/Student Demand

8. The Applicant should have minimum enrollment of 400 students. The UCSFA will consider an Applicant with enrollment of less than 400 students for Program eligibility if the Applicant's waiting list is large enough to offset the greater risk which is associated with smaller enrollment.
9. The chartering entity must include in its letter of certification to the UCSFA (discussed under #3 above) an enrollment history for the Applicant since its inception, broken down by grade, and totaled. This information must include the numerical limit on enrollment as listed in the Applicant's charter agreement. A drop in total enrollment in any of the most recent 5 years must be analyzed and satisfactorily explained by the Applicant. Total enrollment should be stable or increasing. Enrollment that has dropped by more than 5% in either of the two most recent years, or by more than 10% in the most recent year, is a negative factor.
10. The chartering entity will also certify that the Applicant's most recent total re-enrollment rate is not less than 80%. If the most recent re-enrollment rate is less than 80%, the Applicant must demonstrate that it serves a student population with unique itinerant characteristics and a history of enrolling new students that consistently offsets the risks of a low re-enrollment rate.
11. The Applicant should maintain, for the three consecutive years preceding application, an Average Daily Membership ("ADM") rate, as calculated by the chartering entity, of 90% or greater.
12. The Applicant must provide the following:
 - a. Its waiting list for enrollment by grade. The waiting list must be maintained electronically and updated annually. Each student on the waiting list must be updated and confirmed electronically or in writing each year. Waiting list details must include the date each application was received or confirmed, and duplicate applications must be eliminated from the waiting list as part of the annual update and confirmation process. When a child is accepted or declined for enrollment, that child must be removed from the waiting list. The Applicant must certify to the UCSFA as to the waiting list's accuracy and effective date.
 - b. Its annual re-enrollment rate by grade for the three consecutive years preceding application.

Academic Performance

13. The Applicant's chartering entity will include within its certification a determination that the Applicant's academic performance is adequate to maintain its enrollment plans, summarizing Applicable academic performance standards;
 - a. Applicable academic performance standards;
 - b. The Applicant's performance relative to competing schools, and
 - c. The analysis used by the chartering entity to make such determination.

Management

14. The Applicant shall have in place sound and detailed management policies and practices, adopted by its board, which guide all aspects of financial, debt, risk management, and post issuance compliance requirements. The Board should also have a succession plan for key personnel and a contingency plan for the potential loss of key expertise, which should clearly document board recruiting plans and activities in detail.
15. The Applicant's board should include members with legal, accounting and education expertise. Board members should serve staggered terms and should not be involved in, or related to any individual that is involved in the day-to-day management of the school. Exceptions must be disclosed to the UCSFA and maintained in conformity with the provisions of 53A-1a-518. High turnover rates among board members will be a negative factor.
16. The Applicant must employ a financial officer who has been trained in accounting and/or finance, who should have at least five years of experience in the finance or accounting fields, and who has demonstrated the ability to maintain accurate financial records. Alternatively, the Applicant may employ a charter school educational service provider with proven expertise and a good track record for at least three years in the financial management of charter schools.
17. The Municipal Advisor to the Authority will confirm that the Applicant has demonstrated reasonable proficiency in forecasting revenues and expenditures as shown by a comparison of budgeted to actual revenues and expenditures for each of the last three years. Actual revenues and expenditures should deviate no more than 5% from the Applicant's original budget over the last three years. Deviations greater than 5% must be satisfactorily explained by the Applicant and such explanation must be supported with relevant data.
18. Enrollment, WPU and cash flow projections must be based on reasonable, conservative and well-developed assumptions. Projected enrollment will be compared to the capacity of the projected facilities as well as to the timing of the availability of new facilities to be constructed with bond proceeds. The Applicant must provide assurance that the facility has capacity to operate at the projected enrollment levels. Projected cash flows that depend upon rapid enrollment growth could be a negative factor.
19. The Applicant must have at least 75 Days Cash on Hand.

Days Cash On Hand is defined as unrestricted cash as shown on the Applicant's most recent audited financial statements divided by the quotient of operating expenses divided by 365. Operating expenses do not include depreciation, interest, or capital outlay expense. Days Cash On Hand will be exclusive of any bond proceeds and may include federal funds receivable for services already rendered or for expenditures previously incurred.

20. The Applicant must meet the following Debt Coverage Ratio at the time of application:

If Rating is:	Then	Debt Coverage Ratio must be:
BB		At Least 120%
BB+		At Least 115%
BBB- or Higher		At Least 110%

Further, the Applicant must demonstrate stable and/or improving performance as measured by this ratio, demonstrating substantial compliance for the three years prior to application.

The Debt Coverage Ratio is calculated using the following formula:
 (revenues – expenditures + interest cost + depreciation + capital outlay) divided by annual debt service

Or, if facilities are being leased:
 (revenues – expenditures + facility lease payment + real property taxes + depreciation) divided by projected annual debt service

21. The Applicant must meet the following Debt Burden Ratio at the time of application:

If Rating is:	Then	Debt Burden Ratio must be:
BB		Less than 16%
BB+		Less than 18%
BBB- or Higher		Less than 20%

Further, the Applicant must demonstrate stable and/or improving performance as measured by this ratio, demonstrating substantial compliance for the three years prior to application.

The Debt Burden Ratio is calculated as maximum annual debt service divided by unrestricted operating revenues.

22. The Applicant must meet the following Operating Margin requirement at the time of application:

If Rating is:	Then	Operating Margin must be:
BB		At Least 14%
BB+		At Least 12%
BBB-		At Least 10%

Further, the Applicant must demonstrate stable and/or improving performance as measured by this ratio, demonstrating substantial compliance for the three years prior to application.

The Operating Margin (also known as the “working capital reserve”) is defined as (unrestricted operating revenues less (unrestricted operating expenses + interest cost + depreciation + capital outlay)) divided by unrestricted revenues, where unrestricted operating expenses are expressed as a negative number.

If facilities are being leased, then the Operating Margin is defined as (unrestricted operating revenues less (unrestricted operating expenses + facility lease payment + real property taxes + depreciation)) divided by unrestricted revenues, where unrestricted operating expenses are expressed as a negative number.

23. The Applicant’s Current Ratio should be at least 150% at the time of application.

Further, the Applicant should demonstrate stable and/or improving performance as measured by this ratio, demonstrating substantial compliance for the three years prior to application.

The Current Ratio is defined as current assets (excluding restricted assets) divided by current liabilities which excludes short term debt such as lines of credit and loans used for operating purposes.

Bond Documents

24. The Applicant's legal bond documents must include the following:
- a. The debt must be a full faith and credit general obligation of the Applicant;
 - b. Bond purchasers must be granted a first lien mortgage on the facilities being constructed, purchased or refinanced with bond proceeds;
 - c. A fully-funded debt service reserve fund held by a Trustee. The reserve must be equal to maximum annual debt service on the bonds. (This reserve is separate from and in addition to the Charter School Reserve Account.) The bond documents must require that the Trustee report to the UCSFA immediately any deficiency in loan payments to be deposited in the bond fund. In addition, the Trustee must be required to notify the UCSFA by November 15th of each year regarding any shortfall in the Applicant's debt service reserve fund;
 - d. Debt service payments must be structured to allow for timely appropriation by the legislature to restore amounts on deposit in the Applicant's debt service reserve fund if ever drawn upon (e.g. semiannual payments of April 15 and October 15);
 - e. A flow of funds schedule that allows the Trustee to intercept WPU revenues and capture debt service payments and other related amounts before the remaining funds are transferred to the Applicant;
 - f. A covenant that the Applicant maintain sufficient insurance on all facilities which act as collateral for the bond issue;
 - g. A covenant that the Applicant maintain a minimum debt coverage ratio (based on projected maximum annual debt service) throughout the life of the bonds equal to the table found under #20 above;
 - h. An additional bonds test coverage ratio wherein projected net available revenues must be equal to the table found under #20 above. Exceptions may be made for refunding bonds if, after the refunding, annual debt service payments decrease.
 - i. An acceptable environmental assessment report (at minimum a Phase I report dated within 6 months of bond issuance with a reliance letter to the Authority and bond trustee);
 - j. Provisions that require that the Applicant obtain the consent of the UCSFA related to changes in the debt service reserve requirements, amendments to the Indenture or Supplemental Indenture, and changes to the maturity schedule of the bonds, including acceleration;
 - k. Provisions that require the Applicant to provide notice to the UCSFA in the event of any defaults, draws on debt service reserve funds, bond refundings, changes in the Trustee, the commencement of any legal proceedings against the Applicant, or the commencement of any bankruptcy proceedings;
 - l. A covenant that in the event of a draw on the state's moral obligation, that Applicant will replenish those monies to the State by reimbursing the Charter School Reserve Account;
 - m. The proposed debt service schedule must provide for roughly level annual debt service payments (P&I) after any initial capitalized interest period or a period of projected enrollment growth not exceeding two years, and allowing for the application of the debt service reserve fund to the final payment on the bonds. The schedule may not incorporate or take into consideration the annual assessment which is described under #30 below;
 - n. Provisions that require any additional bonds issued under the bond documents to be issued under the Program, without consent from the Authority Board.
25. In the event of a draw on the State's moral obligation, the UCSFA must be granted the same rights typically provided to bond insurance companies. These include:

- a. the right to step into the shoes of the bond holders and direct proceedings to enforce remedies under the terms of the Program and bond loan documents including the right to mandate certain expenditure reductions and controls and to accelerate the bond debt;
 - b. the right to receive notices;
 - c. indemnification by the Applicant for expenses in connection with the enforcement, defense, or preservation of rights under the Indenture, including litigation.
26. The Applicant must covenant with the UCSFA that it will provide certain continuing disclosure information to allow the UCSFA to monitor certain key financial information. At a minimum, that information should include the items set forth below in #27:
27. The Applicant must covenant with the UCSFA to file with the MSRB's Electronic Municipal Market Access (EMMA) website the following:
- a. annual financial statements (including the auditor's certification of compliance with all debt coverage requirements)
 - b. updated enrollment waiting list information, broken down by grade, that meets the requirements of paragraph 11.
 - c. current enrollment history, broken down by grade and totaled.
 - d. current re-enrollment data by grade level.
 - e. the school's annual budget within 30 days of its adoption;
 - f. the school's unaudited quarterly financial statements within 60 days of the end of each calendar quarter, which shall include a comparison of such calendar quarter to the budget of the school.
28. In November or December each year, commencing on or about the first November following the issuance of bonds approved for enhancement by the Authority, the Applicant shall arrange an annual conference call with registered owners, beneficial owners, and potential purchasers of the bonds, regarding the Applicant's performance for the period ending June 30. The call shall address, at a minimum:
- a. Enrollment data and trends
 - b. Budget overview
 - c. Discussion of fiscal year-end financial statements and the final audit thereof
 - d. Academic performance
 - e. Financial performance
 - f. Other material factors or events which reflect the school's performance outlook

The Applicant shall provide at least 30 days' notice of such calls to the Electronic Municipal Market Access system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org> ("EMMA").

29. The Applicant must covenant that in the event it fails to meet its debt service coverage requirements, management will immediately report the event to the UCSFA and pursue cost containment measures and/or efforts to increase enrollment.

Program Assessments

30. The UCSFA will assess a one-time, up-front assessment equal to 1.5% of the par amount of the bond issue. This fee will be payable upon bond closing and will be deposited into the Charter School Reserve Account net of any fees and expenses of the UCSFA. This assessment will **not** be

returned to the Applicant upon final payment of the bonds, but will remain the property of the State of Utah. No new up-front assessments will be charged for refunding issues if the bonds being refunded were issued under the Program and subjected previously to the up-front assessment.

31. The UCSFA will charge an annual assessment as follows:
 - a. For Schools rated BB, 0.25% of the principal amount outstanding.
 - b. For School rated BB+, 0.15% of the principal amount outstanding.

This assessment is due on July 1 of each year the bonds are outstanding and will be deposited into the Charter School Reserve Account, net of any assessments and expenses, of the UCSFA. The annual assessment is charged in addition to the up-front assessment discussed under item #29 above.

32. If a participating Applicant fails to meet any of the covenants contained in the bond documents or its charter agreement, the UCSFA may increase the annual assessment deposited into the Charter School Reserve Account up to 0.50% of the principal amount outstanding.

Other

33. The UCSFA will prepare an annual report to the SCSB and chartering entities detailing the applications received under this program and the disposition of those applications.



ZIONS PUBLIC FINANCE, INC.

MEMORANDUM

DATE: Friday, March 27 2026

TO: Marlo Oaks, State Treasurer and Utah Charter School Finance Authority Board

FROM: Japheth McGee, Vice President and Johnathan Ward, Senior Vice President of Zions Public Finance

RE: Syracuse Arts Academy Application to the Utah Charter School Finance Authority and Credit Enhancement Program

Conflicts of Interest

In general, Zions Bancorporation, National Association is made up of many departments and provides various services. Some of those services and departments can be involved on the same transaction. Zions Public Finance Inc. and Zions Corporate Trust are affiliated entities operating under Zions Bancorporation and we all benefit from a strong stock price derived from strong performance by the company and its component members and affiliates across the country. Zions Public Finance does not receive financial or other benefits in association with transactions performed by Zions Corporate Trust who may act as Trustee on charter school transactions. Likewise, Zions Public Finance operates separately from commercial loan divisions of the Bancorporation who may have provided private financing to developers or charter schools to construct the school initially. Zions Public Finance is not aware of the circumstances where this occurs unless told when a charter school applies. Zions Public Finance does not receive financial or other benefits that could result from actions taken by the Charter School Finance Authority outside of the agreed upon fees for services rendered to the Authority.

Zions' entities engaged with the School:

Zions Public Finance:	Yes. (Advisor to the Authority)
Zions Corporate Trust:	No
Zions Commercial Involvement:	No

Executive Summary

Borrower:	Syracuse Arts Academy
Management Company:	Business Manager: AW Services (fma Academica West)
Municipal Advisor:	LRB Public Finance Advisors, Inc.: David Robertson
Borrower's Counsel:	Dorsey & Whitney: Nate Canova
Lead Underwriter:	DA Davidson: Eric Duran
Co-Managing Underwriter:	Raymond James: Wes Olson

Bond Counsel:	Gilmore & Bell: Jacob Carlton
Issuer's Counsel:	Chapman & Cutler: Eric Hunter
Trustee:	US Bank: Laurel Bailey
Par Amount:	\$77,980,000 in tax-exempt bonds.
Enhancement Requested:	Yes
Purpose:	Fund an expansion to the School's Antelope Campus, purchase the South Campus, restructure the Series 2017 bonds, fund capitalized interest, fund a debt service reserve fund, and pay costs of issuance.
Structure:	Bonds will be repaid with a roughly level amortization of principal and interest over 35 years after a capitalized interest period. The bonds will carry a fixed rate of interest.
Term:	Final maturity in 2061. Bonds will likely carry an 8 to 10-yr call feature.
Rating:	S&P Global Ratings: BBB-
Costs of Issuance Estimate:	\$500,500
Underwriter Fee Estimate:	\$3.90/\$1,000 (est. \$311,181)
Litigation:	None of which we are aware.
Summary:	The School is issuing a significant amount of new debt while restructuring an already significant debt profile. Syracuse Academy will be the largest single issuer of debt within the Credit Enhancement Program. The School is reliant on expanded enrollment to meet the increase in debt service. The School has a moderate waitlist it can draw on to meet this new debt and significant liquidity on which it can rely. Recent bond issuances created a murky financial picture that clouds how successful the School might be. The most recent fiscal year did not have expenditures related to bond issues and showed a strong financial position that, when coupled with current liquidity, would allow the School to operate for some time without issues.

Purpose

The purpose of this memo is to document the adherence of Syracuse Arts Academy (the "School") to the application requirements of the Utah Charter School Finance Authority (the "Authority") Credit Enhancement Program Standards and provide credit analysis of the School for the Authority's consideration. The analysis contained herein is based on the School's application to the Authority and inquiry for clarification of the Municipal Advisor to the Authority.

Introduction

The School is a non-profit, 501c3 designated, public K-9 charter school with four campuses in Syracuse. The School was approved by the Utah State Charter School Board (the "SCSB") and opened for operation in 2007. The Antelope campus which consists of an elementary school and junior high school began operations in 2007-2008, the North campus consisting of one building serving students in grades K-6 began operations in the 2015-2016 school year, and the South campus is in its first year of operation.

MISSION STATEMENT

Syracuse Arts Academy provides a challenging, differentiated curriculum where academic excellence, character development, and individual growth are nurtured in a safe, orderly, and pleasant environment.

Enrollment/Student Demand

October enrollment for the 2025 - 2026 school year was 2,050 students. It's highest enrollment ever. The School has a moderate waitlist and has shown strong retention and resulting enrollment throughout the entire look back period. Average daily membership is above 98%.

The School added an additional elementary campus known as the South Campus. The South Campus is currently in its first year of operations with nearly 400 students as of October 2025.

	ADM		Re-enrollment Rates		
			'22-'23	'23-'24	'24-'25
2025	99%				
2024	98%	SAA	91%	90%	91%
2023	98%	Utah	83%	83%	84%

Syracuse Arts Academy Enrollment by School Year

Grade	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	178	171	178	173	159	260	282	308	310	310
1	184	187	173	177	182	237	294	318	330	310
2	183	182	188	185	174	235	256	329	330	330
3	189	184	186	188	184	223	235	256	351	350
4	183	186	184	187	184	198	227	235	280	351
5	200	194	187	185	188	237	218	227	257	280
6	196	192	205	191	182	208	230	218	255	257
7	175	157	152	168	169	160	175	250	250	250
8	151	154	146	146	158	150	158	175	250	250
9	130	137	141	140	138	142	154	175	175	250
Totals	1,769	1,744	1,740	1,740	1,718	2,050	2,229	2,491	2,788	2,938

Antelope Campus Enrollment by School Year

Grade	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	71	66	74	69	63	54	75	100	100	100
1	79	80	71	74	74	71	75	100	100	100
2	77	76	80	80	73	75	75	100	100	100
3	81	77	80	80	76	72	75	75	100	100
4	79	81	78	80	79	66	75	75	75	100
5	95	93	83	81	80	82	75	75	75	75
6	96	90	101	84	78	72	75	75	75	75
7	175	157	152	168	169	160	175	250	250	250
8	151	154	146	146	158	150	158	175	250	250
9	130	137	141	140	138	142	154	175	175	250
Totals	1,034	1,011	1,006	1,002	988	944	1,012	1,200	1,300	1,400

North Campus Enrollment by School Year

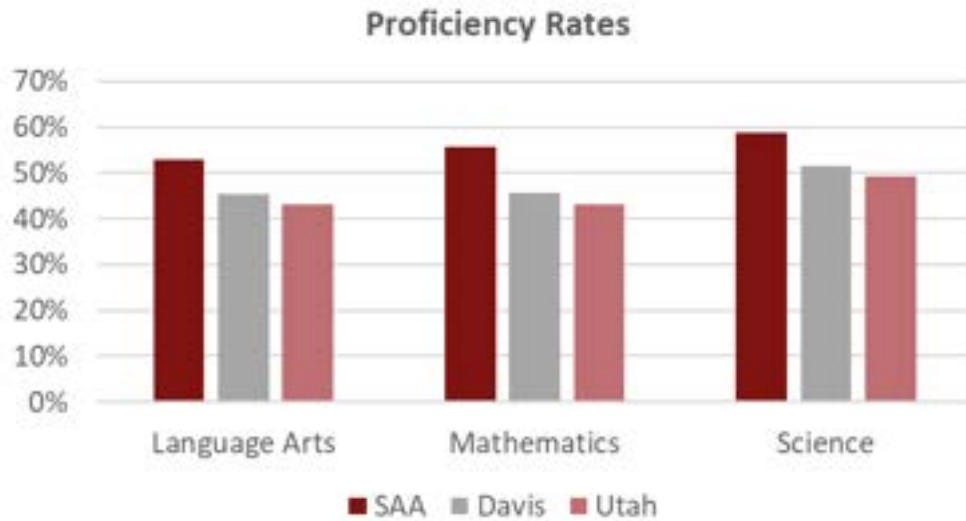
Grade	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	107	105	104	104	96	86	87	88	110	110
1	105	107	102	103	108	100	98	98	110	110
2	106	106	108	105	101	108	106	108	110	110
3	108	107	106	108	108	107	108	106	130	130
4	104	105	106	107	105	103	102	108	130	130
5	105	101	104	104	108	106	108	102	130	130
6	100	102	104	107	104	106	107	108	130	130
Totals	735	733	734	738	730	716	716	718	850	850

South Campus Enrollment by School Year

Grade	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	120	120	120	100	100
1	66	121	120	120	100
2	52	75	121	120	120
3	44	52	75	121	120
4	29	50	52	75	121
5	49	35	50	52	75
6	30	48	35	50	52
Totals	390	501	573	638	688

Grade	Antelope Waitlist		North Waitlist		South Waitlist	
	'24-'25	'25-'26	'24-'25	'25-'26	'24-'25	'25-'26
K	88	58	-	73	-	28
1	34	-	19	-	-	-
2	-	1	-	17	-	1
3	2	1	3	17	-	3
4	6	2	-	2	-	1
5	21	12	24	17	-	4
6	17	3	3	26	-	5
7	-	4	-	-	-	-
8	6	6	-	-	-	-
9	1	8	-	-	-	-
Totals	175	95	49	152	0	42

Academic Performance



Management

1. The School currently has a five-member board. The board members have backgrounds in: education, healthcare, government finance, and business operations.
2. The School employs Kellie Mudrow as Lead Director. She has a master's and bachelor's degree from the University of Toledo and obtained her administrative license through Utah State University. She previously served as the Professional Learning and Quality Staffing Director for the Davis School District, an elementary teacher and administrator, high school assistant principal, and junior high principal.
3. The School employs AW Services (formerly Academica West) for business management services.
4. The School has formal policies for budgeting, cash handling, debt, investments, fundraising and donations, and procurement.

Plan of Finance

The School is seeking authorization to sell up to \$77,980,000 of BBB- rated bonds via negotiated sale with DA Davidson and Co. serving as the Lead Managing Underwriter and Raymond James and Co serving as Co-Managing Underwriter. The School is seeking credit enhancement through the Utah Charter School Credit Enhancement Program. The bonds will be tax-exempt bonds for the purpose of funding an expansion at the Antelope campus (8 new classrooms, a 45,000 sq ft gymnasium and theater building, and storage space), an expansion at the Junior High facility for Career and Technical Education, a debt service reserve fund, capitalized interest, and costs of issuance. Construction on the School's addition is expected to be completed by Fall 2027. The bonds will carry a fixed rate of interest and will likely carry an 8 to 10-year call. The bonds are secured by an assignment and secured interest in the revenues of the School and trust accounts and a security interest and pledge of the deed of trust in the land and building located at:

- 2893 W. 1700 S., Syracuse, Utah 84075
- 2211 W. 3060 S., Syracuse, Utah 84075
- 2895 W. 1700 S., Syracuse, Utah 84075
- 357 S. 1550 W., Syracuse, Utah 84075

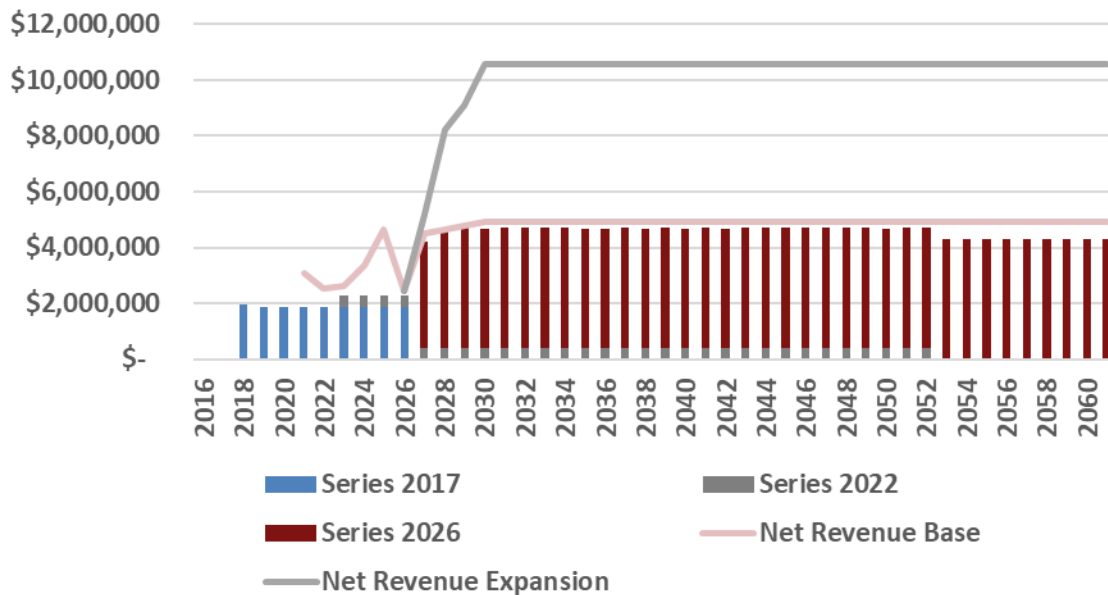
Ratings

The School is still in the process of receiving its rating. It currently has a rating on the Series 2017 bonds of BBB-. The School has been evaluated below on the basis of both a BBB- and a BB+ rating.

Financial Performance

Summary:

Syracuse Arts Academy last issued debt in FY 2022 and that debt issuance shows up in the School’s financials by creating choppy looking financials. The School has seen an improving operating position over the past several years. Liquidity is a bright spot in the School’s financials and should allow it to smooth over growing pains in the near term. However, even in its best operating year the School did not meet 100% coverage on the expected future debt service. The School is relying on expanded enrollment to meet a significantly increased debt load.



1. The School has large differentials between original budgets are actuals in FY 21 and FY 22 driven by large capital outlay expenditures for land purchases in FY 21 and subsequent improvements to that land in FY 22 for sports fields. This also led to audited financials and final fiscal reports that were wildly divergent from the original budgeted amounts.

	Actual Variation from Budget				
	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Revenue	6.2%	10.7%	-9.9%	6.7%	3.7%
Expenditures	25.5%	32.6%	-7.9%	4.6%	1.0%

2. Cash Position

<u>Requirement</u>	<u>Measure at end of FY 2025</u>
At least 75 days	187

The School's days cash on hand peaked at 212 DCOH in FY 2022. The School has been able to maintain strong cash levels despite utilizing significant amounts of cash over the past 5 years on capital projects.

Days Cash on Hand				
'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
89	171	212	152	187

3. Fund Balance

<u>Requirement</u>	<u>Measure at end of FY 2025</u>
At least 15% of following year expenses	32%

At the end of FY 2025, the School had an unassigned fund balance of 32% of the following year's operating expenses. Fund balance has moved around as the School utilized existing fund balance for property acquisitions but it remains elevated.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Fund Balance	4,766,092	8,217,932	7,914,439	7,270,178	7,978,173
Following Year Operating Expenses	19,146,077	16,771,909	20,732,366	19,094,503	25,146,700
Fund Balance % of Future Expenses	25%	49%	38%	38%	32%

	'25-'26	'26-'27	'27-'28	'28-'29
Fund Balance	8,088,819	8,298,361	8,250,164	8,307,153
Following Year Operating Expenses	22,679,988	23,360,387	24,061,199	24,783,035
Fund Balance % of Future Expenses	36%	36%	34%	34%

4. Debt Coverage Ratio

	BB+ Requirement	BBB- Requirement	Measure at end of FY 2025
	At least 115%	At least 110%	196%

FY 2026 projections show debt coverage dropping to 52%. However, that number would be the lowest net revenue figure the School achieved over the past five years and seems unlikely. The School's recent addition of the South campus could cause some disruption as schools tend to see fluctuations as new expenditures are brought on. This was evident in the FY 2022 and FY 2023 audits as the School worked through its most recent expansion. If the School is able to return to FY 2025 operating performance, it would be able to roughly cover existing and new debt service.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	3,101,984	2,522,551	2,626,515	3,376,190	4,627,107
Annual Debt Service	1,888,700	2,397,496	2,292,196	2,436,626	2,366,470
Debt Coverage Ratio	164%	105%	115%	139%	196%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	2,440,453	4,498,133	4,632,418	4,770,717	4,913,153
Annual Debt Service	2,292,925	4,218,743	4,696,681	4,694,731	4,690,381
Debt Coverage Ratio	106%	107%	99%	102%	105%

	Expansion Based MADS				
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	2,440,453	5,213,858	8,224,462	9,119,731	10,561,677
MADS Annual Debt Service	2,292,925	4,218,743	4,696,681	4,694,731	4,690,381
Debt Coverage Ratio	52%	111%	175%	194%	225%

5. Debt Burden Ratio

	BB+ Requirement	BBB- Requirement	Measure at end of FY 2025
	Less than 18%	Less than 20%	10.6%

The debt burden ratio gives an idea of operational flexibility. When a School has a low debt burden it means that fixed costs are low and the School has more room to focus on operational costs. As debt burden increases the ability to be flexible in budgeting would decline. This could potentially lead to larger misses on budgets than the School has historically seen. The School will be operating with a heavier debt burden but it should remain within both the BB+ and BBB- requirements.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Maximum Annual Debt Service	1,888,700	2,397,496	2,292,196	2,436,626	2,366,470
Unrestricted Operating Revenues	16,413,913	18,284,334	18,834,303	21,159,913	22,293,082
Debt Burden Ratio	11.5%	13.1%	12.2%	11.5%	10.6%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Maximum Annual Debt Service	4,696,681	4,696,681	4,696,681	4,696,681	4,696,681
Unrestricted Operating Revenues	27,587,153	27,178,121	27,992,805	28,831,916	29,696,188
Debt Burden Ratio	17.0%	17.3%	16.8%	16.3%	15.8%

	Expansion Based				
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Maximum Annual Debt Service	4,696,681	4,696,681	4,696,681	4,696,681	4,696,681
Unrestricted Operating Revenues	27,587,153	29,322,535	35,149,143	38,347,953	41,506,213
Debt Burden Ratio	17.0%	16.0%	13.4%	12.2%	11.3%

6. Operating Margin

	BB+ Requirement	BBB- Requirement	Measure at end of FY 2025
	At least 12%	At least 10%	20.8%

The School met this metric for both rating levels each of the prior five years. The School's current projections show weak operating margins in the first year of operating the South campus. However, if the School is able to achieve FY 2025 net income levels it would be at nearly 17% operating margins. Even 2024 operating performance would leave the School with roughly 12% operating margins.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	3,101,984	2,522,551	2,626,515	3,376,190	4,627,107
Revenues	16,413,913	18,284,334	18,834,303	21,159,913	22,293,082
Operating Margin	18.9%	13.8%	13.9%	16.0%	20.8%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	2,440,453	4,498,133	4,632,418	4,770,717	4,913,153
Revenues	27,587,153	27,178,121	27,992,805	28,831,916	29,696,188
Operating Margin	8.8%	16.6%	16.5%	16.5%	16.5%

	Expansion Based				
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	2,440,453	5,213,858	8,224,462	9,119,731	10,561,677
Revenues	27,587,153	29,322,535	35,149,143	38,347,953	41,506,213
Operating Margin	8.8%	17.8%	23.4%	23.8%	25.4%

7. Current Ratio

	Requirement	Measure at end of FY 2025
	At least 150%	309%

The current ratio is defined as current unrestricted assets divided by current liabilities (including current year debt service). The School's current ratio has been consistent for the past several years with a slight dip in FY 2024 that was quickly reversed in FY 2025.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Current Assets	6,943,134	10,302,773	10,232,695	8,999,156	10,444,330
Current Liabilities	1,999,388	2,213,065	2,542,153	2,600,652	3,380,640
Current Ratio	347%	466%	403%	346%	309%

Bond Documents

Legal bond documents are being reviewed by Chapman & Cutler in its capacity as Issuer's Special Counsel to the Authority, and all requirements are being incorporated. In addition, Gilmore & Bell, as Bond Counsel, has certified that each of the required legal provisions is present in the bond documents.

Continuing Disclosure

The School appears to have properly filed each operating report, budget, and annual financial report since it last issued bonds in FY 2022. The School has an acceptable continuing disclosure policy.

Conclusion

The School is issuing a significant amount of new debt while restructuring an already significant debt profile. Syracuse Academy will be the largest single issuer of debt within the Credit Enhancement Program. The School is reliant on expanded enrollment to meet the increase in debt service. The School has a moderate waitlist it can draw on to meet this new debt and significant liquidity on which it can rely. Recent bond issuances created a murky financial picture that clouds how successful the School might be. The most recent fiscal year did not have expenditures related to bond issues and showed a strong financial position that, when coupled with current liquidity, would allow the School to operate for some time without issues.



ZIONS PUBLIC FINANCE, INC.

MEMORANDUM

DATE: Friday, March 27, 2026

TO: Marlo Oaks, State Treasurer and Utah Charter School Finance Authority Board

FROM: Japheth McGee, Vice President and Johnathan Ward, Senior Vice President of Zions Public Finance

RE: George Washington Academy Application to the Utah Charter School Finance Authority and Credit Enhancement Program

Conflicts of Interest

In general, Zions Bancorporation, National Association is made up of many departments and provides various services. Some of those services and departments can be involved on the same transaction. Zions Public Finance Inc. and Zions Corporate Trust are affiliated entities operating under Zions Bancorporation and we all benefit from a strong stock price derived from strong performance by the company and its component members and affiliates across the country. Zions Public Finance does not receive financial or other benefits in association with transactions performed by Zions Corporate Trust who may act as Trustee on charter school transactions. Likewise, Zions Public Finance operates separately from commercial loan divisions of the Bancorporation who may have provided private financing to developers or charter schools to construct the school initially. Zions Public Finance is not aware of the circumstances where this occurs unless told when a charter school applies. Zions Public Finance does not receive financial or other benefits that could result from actions taken by the Charter School Finance Authority outside of the agreed upon fees for services rendered to the Authority.

Zions' entities engaged with the School:

Zions Public Finance:	Yes. (Advisor to the Authority)
Zions Corporate Trust:	No
Zions Commercial Involvement:	No

Executive Summary

Borrower:	Lincoln Academy
Management Company:	Business Manager: Red Apple
Municipal Advisor:	LRB Public Finance Advisors, Inc.: David Robertson
Borrower's Counsel:	Farnsworth Johnson: Brandon Johnson
Underwriter:	Piper Sandler & Co: Nick Hagen
Bond Counsel:	Orrick, Herrington, and Sutcliffe: Eugene Clark-Herrera

Issuer's Counsel:	Gilmore & Bell: Jacob Carlton
Trustee:	US Bank: Laurel Bailey
Par Amount:	\$18,030,000 in tax-exempt bonds.
Enhancement Requested:	Yes
Purpose:	Fund an expansion to the School's existing facility (classrooms, office space, and an auditorium), 12-18 months of capitalized interest, a debt service reserve fund, and costs of issuance.
Structure:	Bonds will be repaid with a roughly level amortization of principal and interest over 30 years. The bonds will carry a fixed rate of interest.
Term:	Final maturity in 2056. Bonds will likely carry an 8 to 10-yr call feature.
Sale Method:	Negotiated underwriting
Rating:	S&P Global Ratings: BBB-
Costs of Issuance Estimate:	\$244,000
Underwriter Fee Estimate:	\$4.00/\$1,000 (est. \$72,120)
Litigation:	None of which we are aware.
Summary:	The School has been a part of the credit enhancement program and is modestly expanding its debt load. The School has a waitlist that is roughly twice the size of the expected enrollment increases it will use to help pay back the new debt. Current operating margins and debt coverage levels, as of FY 2025, would allow the School to meet the expanded debt service obligations even if enrollment were to stay at current levels.

Purpose

The purpose of this memo is to document the adherence of George Washington Academy (the "School") to the application requirements of the Utah Charter School Finance Authority (the "Authority") Credit Enhancement Program Standards and provide credit analysis of the School for the Authority's consideration. The analysis contained herein is based on the School's application to the Authority and inquiry for clarification of the Municipal Advisor to the Authority.

Introduction

The School is a non-profit, 501c3 designated, public K-7 charter school with one campus in St. George. The School was approved by the Utah State Charter School Board (the "SCSB") in 2006.

MISSION STATEMENT

George Washington Academy is a free K-7 public charter school. We are a community of learners who empower students to take ownership of their learning through academic excellence and student-led leadership. We are committed to student learning, peer collaboration, and data-driven best practices that support every student's success as a confident learner and leader in their classrooms, families, and communities.

Enrollment/Student Demand

October enrollment for the 2025 - 2026 school year is 1,030 students. The School is using funds from this financing to expand educational space and increase student enrollment to 1,144 by 2030. The School has a moderate waitlist and has shown strong retention and resulting enrollment throughout the entire look back period. Average daily membership is above 98%.

	ADM	Re-enrollment Rates		
		'22-'23	'23-'24	'24-'25
2025	99%			
2024	99%	GWA	83%	85%
2023	98%	Utah	83%	84%

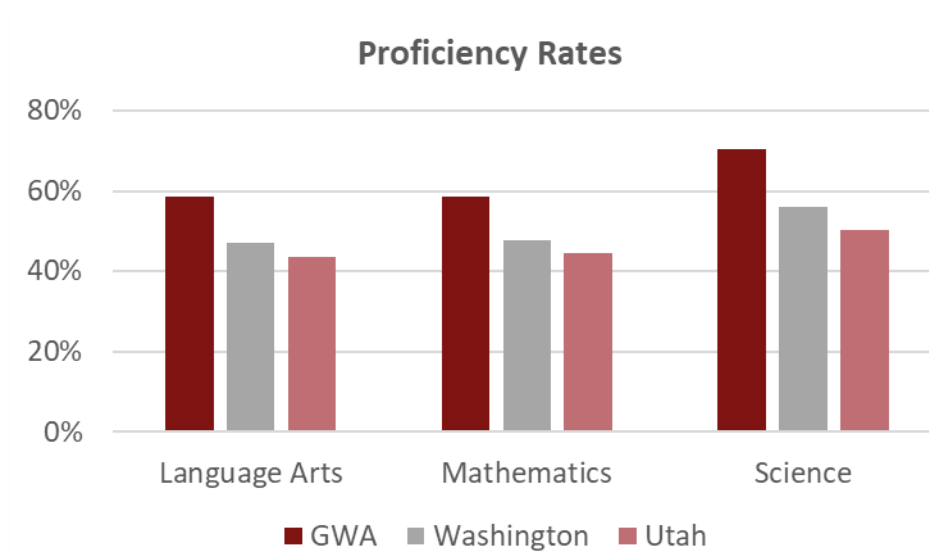
George Washington Academy Enrollment by School Year

Grade	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	138	140	133	135	140	140	140	140	168	168
1	137	138	130	133	136	139	140	140	168	168
2	140	135	140	131	138	140	140	140	140	168
3	132	133	140	135	135	141	140	140	140	140
4	133	130	121	130	140	135	140	140	140	140
5	132	131	132	121	125	137	140	140	140	140
6	112	107	108	115	105	110	110	120	120	120
7	87	103	99	96	95	88	100	100	100	100
Totals	1,011	1,017	1,003	996	1,014	1,030	1,050	1,060	1,116	1,144

George Washington Academy Waitlist by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
K	184	195	171	161	181
1	45	34	33	22	19
2	25	19	22	18	22
3	15	15	24	21	12
4	20	16	11	12	15
5	16	3	9	7	8
6	13	9	17	12	13
7	6	10	5	6	4
Totals	324	301	292	259	274
Total Enrollment	1,017	1,003	996	1,014	1,030
% of Enrollment	32%	30%	29%	26%	27%

Academic Performance



Management

1. The School currently has an eight-member board. The board members have backgrounds in: education, business management, finance, law, real estate, and nutrition.
2. The School employs Blake Clark as Executive Director. Mr. Clark received a Bachelor's in Elementary Education and a Master's in Educational Leadership both from Southern Utah University.
3. The School employs Red Apple for business management services.
4. The School has formal policies for budgeting, cash handling, debt, fundraising and donations, and procurement. The School does not have a formal policy for investments.

Plan of Finance

The School is seeking authorization to sell to \$18,030,000 of BBB- rated bonds via negotiated sale with Piper Sandler and Co. serving as the Underwriter. The School is seeking credit enhancement through the Utah Charter School Credit Enhancement Program. The bonds will be tax-exempt bonds for the purpose of funding an expansion at the current facility (16 new classrooms, additional office space, a 300-person auditorium, meeting rooms, a small library, custodial space, and storage space), a debt service reserve fund, capitalized interest, and costs of issuance. The bonds will carry a fixed rate of interest and will likely carry an 8 to 10-year call. The bonds are secured by an assignment and secured interest in the revenues of the School and trust accounts and a security interest and pledge of the deed of trust in the land and building located at:

- 2277 S. 330 E, St. George, Utah, 84790

Ratings

The bonds are rated BBB- by S&P Global Ratings. S&P noted the following positive factors in its rating report.

- Stable market position including excellent academics.
- Trend of robust operating surpluses.
- Healthy days cash on hand (in spite of recent land purchases)
- Utah's favorable charter school funding and authorizer environment.

The following factors for concern were noted:

- Moderately high debt burden coupled with additional near-term debt plans (the current expansion).
- Inherent risks related to charter schools being closed for non-performance.

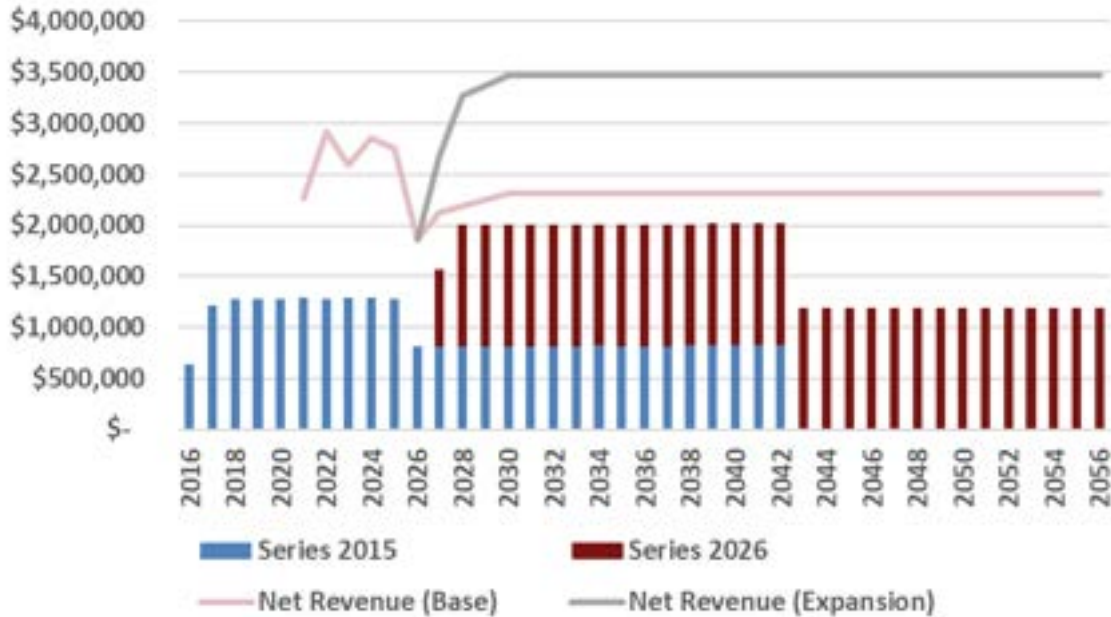
S&P noted that the School could achieve a rating increase (deemed as unlikely) with sustained coverage, cash, and growing enrollment while executing the expansion plans. A rating downgrade could occur if financial metrics materially weakened as a result of the expansion.

Financial Performance

Summary:

The School has a strong history of operations. The School has been a part of the credit enhancement program for several years with no concerns. Debt coverage ratios, as shown in the graph below, have been sufficient to more than cover both the existing debt and the future debt plans at the School. S&P noted the excellent liquidity position of the School with days cash on hand at nearly a full year of operating expenses. The School does have a more conservative approach to budgeting

than most charter schools as seen by the consistent near double digit overperformance in revenues from budgets to actuals.



- As noted, the School has been conservative in its projections. No revenue projections were within 5% of the original school year budget. Expenditures also came in well above budgets but, with the exception of FY 2024, revenue actuals more than covered for those disparities. FY 2024 expenditures missed actuals by more than other years in part due to a higher than usual capita outlay for that year as the School purchased new property.

	Actual Variation from Budget				
	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Revenue	12.4%	17.4%	9.3%	8.9%	5.3%
Expenditures	7.2%	7.6%	5.0%	12.2%	-2.7%

2. Cash Position

Requirement	Measure at end of FY 2025
At least 75 days	348

The School’s cash on hand of 348 DCOH is incredibly strong and should allow it to operate for some time even if expansion does not provide strong revenue growth as projected.

Days Cash on Hand				
'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
239	276	362	275	348

3. Fund Balance

Requirement	Measure at end of FY 2025
At least 15% of following year expenses	77%

At the end of FY 2025, the School had an unassigned fund balance of 77% of the following year's projected operating expenses. Fund balance was strong and generally growing over the past five years.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Fund Balance	4,643,306	5,735,427	6,464,263	6,446,268	8,013,220
Following Year Operating Expenses	7,460,595	8,211,054	10,046,369	9,157,042	10,409,534
Fund Balance % of Future Expenses	62%	70%	64%	70%	77%

	'25-'26	'26-'27	'27-'28	'28-'29
Fund Balance	8,807,884	9,791,659	10,179,903	10,458,167
Following Year Operating Expenses	10,721,820	11,043,475	11,374,779	11,716,022
Fund Balance % of Future Expenses	82%	89%	89%	89%

4. Debt Coverage Ratio

BBB- Requirement	Measure at end of FY 2025
At least 110%	210%

The School is projecting conservatively that without student enrollment increases it will only have net income that is roughly equal to the expanded debt load. However, the School was able to achieve sufficient net revenues in each of the prior five years to cover the expanded debt load. The additional operating capacity and students will bring new expenditures but those costs are generally scalable. The past performance of the School suggests it should be able to meet the expanded debt service requirements.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	2,268,094	2,919,150	2,591,075	2,849,704	2,749,515
Annual Debt Service	1,290,913	1,338,152	1,293,213	1,336,182	1,308,892
Debt Coverage Ratio	176%	218%	200%	213%	210%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	1,867,665	2,123,613	2,187,321	2,252,940	2,320,529
Annual Debt Service	808,113	811,913	1,669,663	1,881,921	1,882,134
Debt Coverage Ratio	231%	262%	131%	120%	123%

Expansion Based MADS					
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	1,867,665	2,680,961	3,263,920	3,364,838	3,468,783
Maximum Annual Debt Service	808,113	811,913	1,669,663	1,881,921	1,882,134
Debt Coverage Ratio	99%	142%	173%	179%	184%

5. Debt Burden Ratio

BBB- Requirement	Measure at end of FY 2025
Less than 20%	11.1%

The School has met this metric in each of the prior 5 years and is expected to continue to meet this metric going forward without much concern. The School qualifies even under the more strict BB metric of less than 16%.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Maximum Annual Debt Service	1,290,913	1,338,152	1,293,213	1,336,182	1,308,892
Unrestricted Operating Revenues	8,845,373	9,953,818	10,174,216	11,326,420	11,765,212
Debt Burden Ratio	14.6%	13.4%	12.7%	11.8%	11.1%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Maximum Annual Debt Service	1,882,134	1,882,134	1,882,134	1,882,134	1,882,134
Unrestricted Operating Revenues	12,277,199	12,845,433	13,230,796	13,627,719	14,036,551
Debt Burden Ratio	15.3%	14.7%	14.2%	13.8%	13.4%

Expansion Based					
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Maximum Annual Debt Service	1,882,134	1,882,134	1,882,134	1,882,134	1,882,134
Unrestricted Operating Revenues	12,277,199	13,827,602	15,029,156	15,480,031	15,944,432
Debt Burden Ratio	15.3%	13.6%	12.5%	12.2%	11.8%

6. Operating Margin

BBB- Requirement	Measure at end of FY 2025
At least 10%	23.4%

The operating margin for the School is healthy and has been more than double the requirement each of the past five years. The School is conservatively projecting margins to decrease but it seems reasonable that it will continue to operate with strong margins going forward. The School qualifies under the more strict BB metric of at least 14%.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	2,268,094	2,919,150	2,591,075	2,849,704	2,749,515
Revenues	8,845,373	9,953,818	10,174,216	11,326,420	11,765,212
Operating Margin	25.6%	29.3%	25.5%	25.2%	23.4%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	1,867,665	2,123,613	2,187,321	2,252,940	2,320,529
Revenues	12,277,199	12,845,433	13,230,796	13,627,719	14,036,551
Operating Margin	15.2%	16.5%	16.5%	16.5%	16.5%

Expansion Based					
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	1,867,665	2,680,961	3,263,920	3,364,838	3,468,783
Revenues	12,277,199	13,827,602	15,029,156	15,480,031	15,944,432
Operating Margin	15.2%	19.4%	21.7%	21.7%	21.8%

7. Current Ratio

Requirement	Measure at end of FY 2025
At least 150%	949%

The current ratio is defined as current unrestricted assets divided by current liabilities (including current year debt service). The School's current ratio has been stable with an increase in the prior fiscal year.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Current Assets	6,073,227	7,315,139	8,388,841	7,903,113	9,094,955
Current Liabilities	1,519,837	1,594,957	2,073,814	1,679,753	958,675
Current Ratio	400%	459%	405%	470%	949%

Bond Documents

Legal bond documents are being reviewed by Gilmore & Bell in its capacity as Issuer's Special Counsel to the Authority, and all requirements are being incorporated. In addition, Orrick, Herrington, and Sutcliffe, as Bond Counsel, has certified that each of the required legal provisions is present in the bond documents.

Continuing Disclosure

The School has an acceptable continuing disclosure policy. The School has a strong track record of providing annual audited financial statements on time.

Conclusion

The School is expecting modest growth in enrollment. It currently has a more than sufficient waitlist to draw down upon to meet the expansion goals. At current operating levels the School should be able to meet the expanded debt service without any trouble.



ZIONS PUBLIC FINANCE, INC.

MEMORANDUM

DATE: Friday, March 27, 2026

TO: Marlo Oaks, State Treasurer and Utah Charter School Finance Authority Board

FROM: Japheth McGee, Vice President and Johnathan Ward, Senior Vice President of Zions Public Finance

RE: Lincoln Academy Application to the Utah Charter School Finance Authority and Credit Enhancement Program

Conflicts of Interest

In general, Zions Bancorporation, National Association is made up of many departments and provides various services. Some of those services and departments can be involved on the same transaction. Zions Public Finance Inc. and Zions Corporate Trust are affiliated entities operating under Zions Bancorporation and we all benefit from a strong stock price derived from strong performance by the company and its component members and affiliates across the country. Zions Public Finance does not receive financial or other benefits in association with transactions performed by Zions Corporate Trust who may act as Trustee on charter school transactions. Likewise, Zions Public Finance operates separately from commercial loan divisions of the Bancorporation who may have provided private financing to developers or charter schools to construct the school initially. Zions Public Finance is not aware of the circumstances where this occurs unless told when a charter school applies. Zions Public Finance does not receive financial or other benefits that could result from actions taken by the Charter School Finance Authority outside of the agreed upon fees for services rendered to the Authority.

Zions' entities engaged with the School:

Zions Public Finance:	Yes. (Advisor to the Authority)
Zions Corporate Trust:	No
Zions Commercial Involvement:	No

Executive Summary

Borrower:	Lincoln Academy
Management Company:	In-house Business Manager: Marie Eads
Municipal Advisor:	LRB Public Finance Advisors, Inc.: David Robertson
Borrower's Counsel:	Farnsworth Johnson: Brandon Johnson
Underwriter:	Crews and Associates: Marcus Keller
Bond Counsel:	Chapman & Cutler: Eric Hunter

Issuer's Counsel:	Dorsey & Whitney: Nate Canova
Trustee:	US Bank: Laurel Bailey
Par Amount:	\$7,710,000 in tax-exempt bonds.
Enhancement Requested:	Yes
Purpose:	Fund an expansion to the School's existing facility, capitalized interest, a debt service reserve fund, and pay costs of issuance.
Structure:	Bonds will be repaid with a roughly level amortization of principal and interest over 30 years after an 18-month capitalized interest period. The bonds will carry a fixed rate of interest.
Term:	Final maturity in 2056. Bonds will likely carry an 8 to 10-yr call feature.
Rating:	S&P Global Ratings: BBB-
Costs of Issuance Estimate:	\$206,000
Underwriter Fee Estimate:	\$6.45/\$1,000 (est. \$49,697)
Litigation:	None of which we are aware.
Summary:	The School has a strong history of operations and healthy liquidity. The School is expanding its current campus modestly to accommodate new growth. It will be able to draw down its sizable waitlist to accommodate the new growth while still maintaining a healthy waitlist. Current operations are sufficient to meet the new obligation at 100% coverage. Enrollment growth is necessary to fully cover debt service at 110%.

Purpose

The purpose of this memo is to document the adherence of Lincoln Academy (the "School") to the application requirements of the Utah Charter School Finance Authority (the "Authority") Credit Enhancement Program Standards and provide credit analysis of the School for the Authority's consideration. The analysis contained herein is based on the School's application to the Authority and inquiry for clarification of the Municipal Advisor to the Authority.

Introduction

The School is a non-profit, 501c3 designated, public K-9 charter school with one campus in Pleasant Grove. The School was approved by the Utah State Charter School Board (the "SCSB") and opened for operation in 2005.

MISSION AND VISION

Mission: Empowering our students to SOAR!

Vision: Lincoln will help students have SOAR by having opportunities to:

- | | | |
|---|---|---|
| <p><u>Serve</u></p> <ul style="list-style-type: none"> • I can serve others • I can serve my school • I can serve my community • I can serve my country | <ul style="list-style-type: none"> • I can overcome fears • I can overcome poor habits • I can overcome circumstances | <ul style="list-style-type: none"> • I can achieve technologically |
| <p><u>Overcome</u></p> <ul style="list-style-type: none"> • I can overcome frustrations | <p><u>Achieve</u></p> <ul style="list-style-type: none"> • I can achieve individually • I can achieve collaboratively • I can achieve academically | <p><u>Ready</u></p> <ul style="list-style-type: none"> • Ready to learn • Ready to contribute • Ready to create • Ready to lead with my strengths |

Enrollment/Student Demand

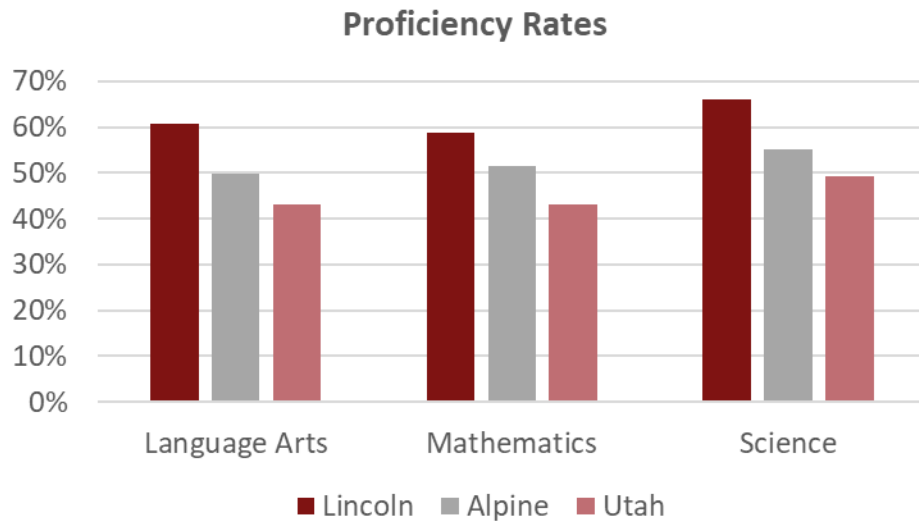
October enrollment for the 2025 - 2026 school year was 909 students. The School is using funds from this financing to expand educational space and increase student enrollment to 1,048 by 2030. The School has a strong waitlist and has shown strong retention and resulting enrollment throughout the entire look back period. Average daily membership is above 98%.

	ADM	Re-enrollment Rates			
		'22-'23	'23-'24	'24-'25	
2025	99%				
2024	98%	Lincoln	89%	87%	91%
2023	99%	Utah	83%	83%	84%

Grade	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
K	64	76	75	74	74	75	72	100	100	100
1	78	75	75	75	75	75	75	100	100	100
2	75	75	75	75	75	75	75	100	100	104
3	80	81	81	79	80	80	78	104	104	104
4	81	81	81	81	81	81	81	104	104	108
5	83	82	81	82	81	82	81	104	108	108
6	99	101	108	109	108	108	110	104	108	108
7	133	118	115	119	117	116	120	104	108	108
8	101	122	118	117	121	120	113	115	105	108
9	88	91	106	100	99	97	102	100	105	100
Totals	882	902	915	911	911	909	907	1,035	1,042	1,048

Grade	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
K	58	44	58	105	192	185
1	21	52	65	90	92	79
2	25	57	44	70	83	85
3	41	41	54	59	84	81
4	21	25	48	52	60	61
5	44	29	29	71	77	79
6	9	1	12	15	43	26
7	1	2	-	61	78	72
8	3	9	-	6	20	16
9	5	-	8	8	3	2
Totals	228	260	318	537	732	686
Total Enrollment	882	902	915	911	911	909
% of Enrollment	26%	29%	35%	59%	80%	75%

Academic Performance



Management

1. The School currently has a eight-member board. The board members have backgrounds in: law, sales/accounting, education, business strategy, and construction management
2. The School employs Jake Hunt as Executive Director. Mr. Veasey received a Bachelor's of Education from Utah Tech University and a Master's in Educational Leadership and Administration from the University of Phoenix. He joined Lincoln Academy in 2006.
3. The School employs Marie Eads for business management services. Marie has been with the School since 2005 and has served as business manager for 18 years. She is a graduate of Utah Valley University where she majored in accounting.
4. The School has formal policies for budgeting, cash handling, debt, fundraising and donations, and procurement. The School does not have a policy for investments.

Plan of Finance

The School is seeking authorization to sell up to \$7,710,000 of BBB- rated bonds via negotiated sale with Crews and Associates serving as the Underwriter. The School is seeking credit enhancement through the Utah Charter School Credit Enhancement Program. The bonds will be tax-exempt bonds for the purpose of funding a 6 to 8 classroom expansion at the current facility, capitalized interest, a debt service reserve fund, and costs of issuance. The bonds will carry a fixed rate of interest and will likely carry an 8 to 10-year call. The bonds are secured by an assignment and secured interest in the revenues of the School and trust accounts and a security interest and pledge of the deed of trust in the land and building located at:

- 1582 W 3300 N, Pleasant Grove, Utah 84062

Ratings

The bonds are rated BBB- by S&P Global Ratings. Noted the following positive factors in its rating report.

- Solid enterprise profile with high academic performance, steady demand, and a healthy waitlist.
- Stable and well-seasoned management team.
- Healthy liquidity above 200 days cash on hand.
- History of positive operations.

The following constraining factors were noted:

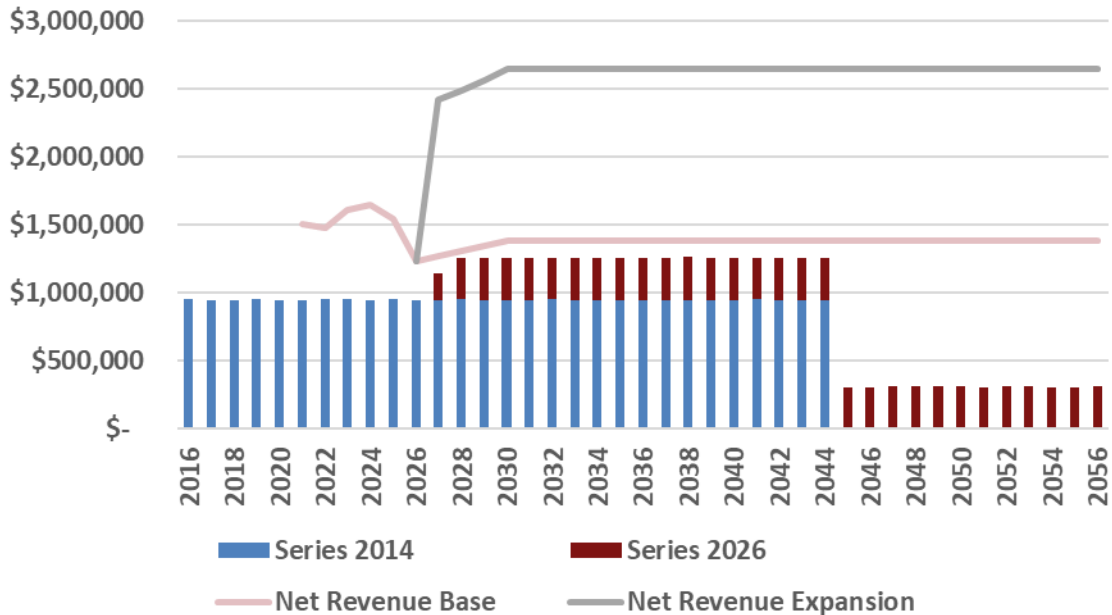
- Moderately high debt burden and relatively modest size relative to that of higher rated peers.
- Possibility of additional debt in the near to medium term.
- Typical charter school risks related to charter revocation.

S&P noted that it could downgrade the rating if demand metrics materially weaken impairing MADS coverage or operating performance. If there was a meaningful draw down in reserves it could also lead to a rating downgrade. A rating upgrade could occur if the School demonstrates sustained MADS coverage and liquidity commensurate with higher-rated peers.

Financial Performance

Summary:

Lincoln Academy's debt plans are fairly modest considering the most recent operating years. Recent margins and coverage ratios are supportive of debt at the current level and should not put significant strain on the School. As S&P noted, cash on hand is strong and the School has a history of solid operating performance.



1. The School has been conservative in its projections. All budgets have produced actual expenditures within 5% of the budget with most years seeing revenues more than 5% greater than initial budgets.

	Actual Variation from Budget				
	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Revenue	6.5%	8.1%	5.9%	9.5%	3.7%
Expenditures	2.6%	5.0%	0.1%	3.0%	-1.0%

2. Cash Position

Requirement	Measure at end of FY 2025
At least 75 days	218

The School's cash on hand of 218 DCOH falls in the lower end of the A rating range for Moody's Investor Services. The School has held this level of cash for quite some time.

Days Cash on Hand				
'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
208	205	223	203	218

3. Fund Balance

Requirement	Measure at end of FY 2025
At least 15% of following year expenses	54%

At the end of FY 2024, the School had an unassigned fund balance of 454% of the following year's operating expenses. Fund balance was strong and stable over the past five years.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Fund Balance	3,398,284	3,822,410	4,457,005	5,229,998	5,666,134
Following Year Operating Expenses	7,626,178	8,091,605	9,492,633	9,809,779	10,441,553
Fund Balance % of Future Expenses	45%	47%	47%	53%	54%

	'25-'26	'26-'27	'27-'28	'28-'29
Fund Balance	5,878,338	6,118,282	6,024,788	5,960,724
Following Year Operating Expenses	10,754,800	11,077,444	11,409,767	11,752,060
Fund Balance % of Future Expenses	55%	55%	53%	51%

4. Debt Coverage Ratio

BBB- Requirement	Measure at end of FY 2025
At least 110%	157%

In FY 2025, the School had debt coverage of 157%. Coverage in each of the prior five years was sufficient to meet the expanded debt service obligation, though not at the required 110%. Expanded enrollment should allow the School to meet debt service obligations even with modest enrollment growth. The School's waitlist is more than sufficient to meet projected enrollment growth and still remain significant.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	1,511,286	1,481,398	1,614,541	1,644,307	1,540,352
Annual Debt Service	982,693	983,223	983,873	978,103	981,993
Debt Coverage Ratio	154%	151%	164%	168%	157%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	1,232,938	1,269,926	1,308,023	1,347,264	1,387,682
Annual Debt Service	950,000	950,000	1,432,682	1,432,682	1,432,682
Debt Coverage Ratio	130%	134%	91%	94%	97%

	Expansion Based				
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	1,232,938	2,423,003	2,490,133	2,565,003	2,642,850
Annual Debt Service	950,000	950,000	1,432,682	1,432,682	1,432,682
Debt Coverage Ratio	86%	169%	174%	179%	184%

5. Debt Burden Ratio

BBB- Requirement	Measure at end of FY 2025
Less than 20%	8.7%

The debt burden ratio gives an idea of operational flexibility. When a School has a low debt burden it means that fixed costs are low and the School has more room to focus on operational costs. The Schools debt burden was well below the threshold for BBB- schools and is even expected to remain below the BB benchmark for the Credit Enhancement Program.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Maximum Annual Debt Service	982,693	983,223	983,873	978,103	981,993
Unrestricted Operating Revenues	8,311,660	9,107,576	9,706,146	11,136,940	11,350,131
Debt Burden Ratio	11.8%	10.8%	10.1%	8.8%	8.7%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Maximum Annual Debt Service	1,432,682	1,432,682	1,432,682	1,432,682	1,432,682
Unrestricted Operating Revenues	11,674,491	12,024,726	12,385,467	12,757,031	13,139,742
Debt Burden Ratio	12.3%	11.9%	11.6%	11.2%	10.9%

Expansion Based					
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Maximum Annual Debt Service	1,432,682	1,432,682	1,432,682	1,432,682	1,432,682
Unrestricted Operating Revenues	11,674,491	13,736,303	14,141,827	14,565,242	15,002,092
Debt Burden Ratio	12.3%	10.4%	10.1%	9.8%	9.5%

6. Operating Margin

BBB- Requirement	Measure at end of FY 2025
At least 10%	13.6%

The School has met this metric over each of the prior five years. The conservative projection figures show the operating margin at just above the Authority requirement.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Net Income Available for Debt Service	1,511,286	1,481,398	1,614,541	1,644,307	1,540,352
Revenues	8,311,660	9,107,576	9,706,146	11,136,940	11,350,131
Operating Margin	18.2%	16.3%	16.6%	14.8%	13.6%

	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	1,232,938	1,269,926	1,308,023	1,347,264	1,387,682
Revenues	11,674,491	12,024,726	12,385,467	12,757,031	13,139,742
Operating Margin	10.6%	10.6%	10.6%	10.6%	10.6%

Expansion Based					
	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30
Net Income Available for Debt Service	1,232,938	2,423,003	2,490,133	2,565,003	2,642,850
Revenues	11,674,491	13,736,303	14,141,827	14,565,242	15,002,092
Operating Margin	10.6%	17.6%	17.6%	17.6%	17.6%

7. Current Ratio

Requirement	Measure at end of FY 2025
At least 150%	613%

The current ratio is defined as current unrestricted assets divided by current liabilities (including current year debt service). The School's current ratio has been strong each of the past five years.

	'20-'21	'21-'22	'22-'23	'23-'24	'24-'25
Current Assets	4,030,273	4,459,744	5,064,136	5,511,793	6,381,624
Current Liabilities	899,695	845,894	834,271	229,169	1,041,283
Current Ratio	448%	527%	607%	2405%	613%

Bond Documents

Legal bond documents are being reviewed by Dorsey & Whitney in its capacity as Issuer's Special Counsel to the Authority, and all requirements are being incorporated. In addition, Chapman & Cutler, as Bond Counsel, has certified that each of the required legal provisions is present in the bond documents.

Continuing Disclosure

The School has filed all audited financials in a timely fashion. Our review of the other continuing disclosure requirements did not yield any concerns. The School has an acceptable continuing disclosure policy.

Conclusion

The School has a strong history of operations and healthy liquidity. The School is expanding its current campus modestly to accommodate new growth. It will be able to draw down its sizable waitlist to accommodate the new growth while still maintaining a healthy waitlist. Current operations are sufficient to meet the new obligation at 100% coverage. Enrollment growth is necessary to fully cover debt service at 110%.