MEMORANDUM

DATE:	Thursday, July 23, 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:	Utah Charter Academies 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:	Yes
Zions Commercial Involvement:	No

Executive Summary

Borrower:	Utah Charter Academies: Dba American Preparatory Academy
Management Company:	Business Manager: American Preparatory Schools, Inc – David Sharette
Municipal Advisor:	Buck Financial Advisors, LLC.: John Buck
Borrower's Counsel:	Farnsworth Johnson: Brandon Johnson
Underwriter:	Robert W. Baird & Co.: Peter Hoselton and Jim Blandford
Bond Counsel:	Chapman & Cutler: Eric Hunter

Issuer's Counsel:	Dorsey & Whitney: Nate Canova
Trustee:	Zions Bank: Josh Elsmore
Par Amount:	$70,370,000 in tax-exempt bonds.
Enhancement Requested:	Yes
Purpose:	Fund an expansion to the School's existing facility in Salem, fund an expansion at the School's existing West Valley 2 campus, construction of a new campus in Eagle Mountain, refunding a USDA loan to put it on parity, fund a debt service reserve fund, fund capitalized interest, and pay costs of issuance.
Structure:	Bonds will be repaid with a roughly level amortization of principal and interest over 35 years including a one-year capitalized interest period. The bonds will carry a fixed rate of interest.
Term:	Final maturity in 2061. Bonds will likely carry an 8-yr call feature.
Rating:	S&P Global Ratings: BB+
Costs of Issuance Estimate:	$524,125
Underwriter Fee Estimate:	$5.00/$1,000 (est. $351,850)
Litigation:	None of which we are aware.
Summary:	The School is in a fast expansion mode. It added a new campus (that was a previously operating charter school) in Cedar City in 2025 and is planning for additional enrollment at nearly every campus with significant increases at West Valley, Salem, and a new Eagle Mountain campus being funded in part by this project. S&P noted that the increased leverage from this project was a reason why they downgraded the School from BBB- to BB+. However, lease adjusted coverage on future debt service based off FY 2024 audited financial figures shows the School has sufficient revenues to repay the obligation. Additional student enrollment should allow the School to meet the new obligation.

Purpose

The purpose of this memo is to document the adherence of Utah Charter Academies dba American Prep 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-12 charter school with seven campuses in Draper, West Valley, Salem, and Cedar City. The proceeds of this financing will begin the process for opening a new campus in Eagle Mountain. The School was approved by the Utah State Charter School Board (the "SCSB") and incorporated in 2003. The School has a unique relationship with its charter management company. The original operating team from the first campus spun a charter management company off the School and have since operated that as a separate for profit entity. The management contract was recently reviewed for renewal and the status of that was not known at the time of this memo.

MISSION STATEMENT

The Charter School is a classical, liberal-arts school dedicated to providing an orderly, safe and nurturing learning environment wherein content-rich, efficient curriculum and research based instructional methodologies are utilized to ensure that every student achieves academic success and develops good character based on concrete measurements.

Enrollment/Student Demand

October enrollment for the 2025 - 2026 school year was 5,451 students. The School is using funds from this financing to expand and increase student enrollment to 7,129 by 2031. The School operates the 16th largest Local Education Authority ("LEA") in the State and the largest charter school LEA. The School has a waitlist that is roughly 25% of total enrollment and has shown strong retention and resulting enrollment throughout the entire look back period. Average daily membership is above 98%.

	ADM
2025	98%
2024	98%
2023	98%

	Re-enrollment Rates		
	'22-'23	'23-'24	'24-'25
APA	83%	85%	87%
Utah	83%	83%	84%

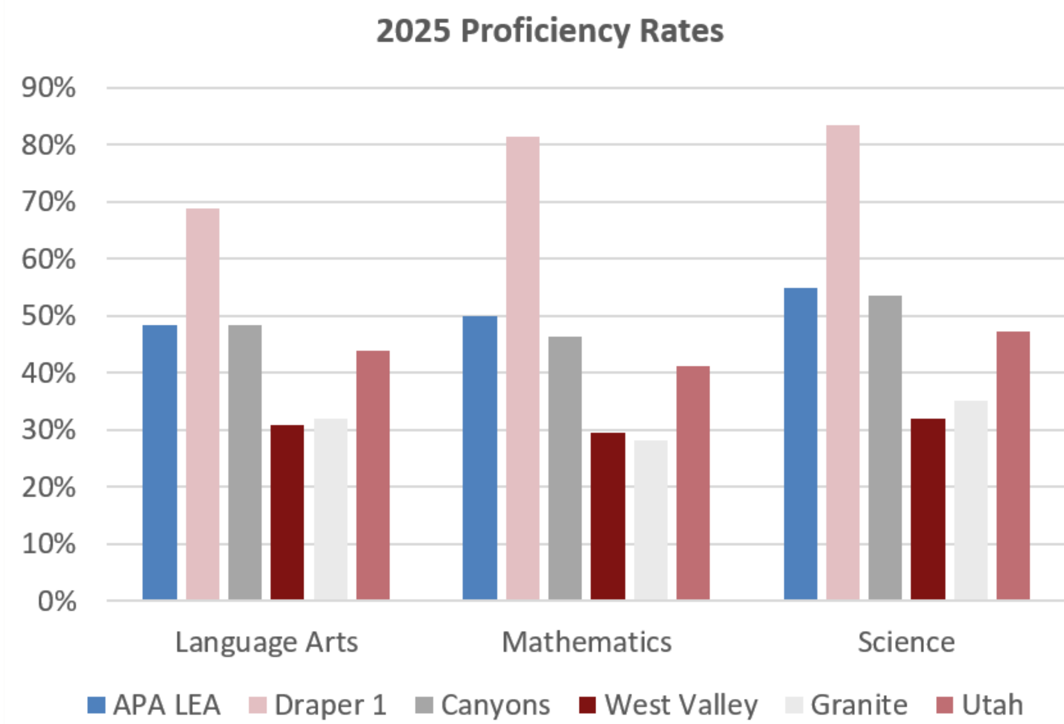
American Preparatory Academy Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	428	441	443	469	508	525	568	656	671	675
1	496	463	478	481	525	526	568	668	689	700
2	506	519	444	499	514	538	571	670	699	710
3	539	506	515	470	524	521	588	660	688	701
4	492	532	494	515	514	535	587	682	685	708
5	511	496	511	502	536	518	571	661	696	702
6	525	510	463	512	510	533	577	673	683	709
7	466	493	462	468	503	495	532	542	542	542
8	421	434	426	445	456	436	453	492	492	492
9	332	295	301	292	316	370	390	390	390	390
10	208	222	208	217	209	260	306	320	326	330
11	152	150	165	177	178	190	220	250	250	250
12	126	135	137	139	158	167	180	183	217	220
Totals	5,202	5,196	5,047	5,186	5,451	5,614	6,111	6,847	7,028	7,129

American Preparatory Academy Waitlist by School Year

Grade	Draper 1	Draper 2	Draper 3	WV 1	WV 2	Salem	Cedar	Total
K	126	155		59	99	88	46	573
1	8	42		15	23	15	11	114
2	9	47		12	7	11	8	94
3	12	52		17	8	12	13	114
4	5	38		8	9	9	10	79
5	3	24		9	9	13	15	73
6	2	9		7	14	20	14	66
7			38		55	14	2	109
8			32		33	3	6	74
9			19		35	-		54
10			10		15			25
11			5		8			13
12			5		5			10
Totals	165	367	109	127	320	185	125	1,398

Academic Performance



Management

1. The School currently has a four-member board but plans to add a fifth member. The board members have backgrounds in: economics, accounting, and charter school development.
2. The School employs Carolyn Sharette as Executive Director. Ms. Sharette holds a bachelor's of science in general studies and a nursing degree from Brigham Young University. She is a past president of the Utah Association of Charter Schools and is the Superintendent of the American Preparatory Schools, Inc. the management company. She is a founding member of the School.
3. The School employs American Preparatory Schools, Inc. ("APS") for business management services. Casey Crellin serves as the Chief Financial Officer of APS and Utah Charter Academies. Mr. Crellin holds an MBA from the University of Colorado, Boulder and BS in Accounting from the University of Utah.
4. The School has formal policies for budgeting, cash handling, investments, fundraising and donations, and procurement. The School does not have a formal debt policy.

Plan of Finance

The School is seeking authorization to sell up to $70,370,000 of BB+ rated bonds via negotiated sale with Robert W Baird & 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 Salem facility ($13 million for a new gym and secondary classrooms), expansion at the West Valley 2 facility ($21 million for a new auditorium, 4 additional secondary classrooms, and 7 additional elementary classrooms), a new Eagle Mountain campus ($22 million for a building with approximately 21 classrooms), refunding a USDA loan ($4 million, to place it on parity with existing bonds), a debt service reserve fund, one year of capitalized interest, and costs of issuance. Construction on the

Salem addition is expected to be completed by Fall 2027. The West Valley and Eagle Mountain projects are expected to be completed by Fall of 2028. The bonds will carry a fixed rate of interest and will likely carry an 8-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 buildings located at:

- 12892 S. Pony Express Road in Draper, Utah
- 11938 S. Lone Peak Parkway, Draper, Utah
- 3636 W. 3100 S., West Valley City, Utah
- 431 W. 11915 S., Draper, Utah
- 1255 W. Crystal Avenue, in West Valley City, Utah
- 1195 S. Elk Ridge Drive, Salem, Utah

Ratings

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

- Large and growing enrollment.
- Improved operating performance and liquidity, in part due to State funding increases.
- Continued state funding growth.

The following factors for concern were noted:

- Pro-forma MADS coverage expected to moderate during expansion.
- Materially higher debt burden.

S&P downgraded the School from its prior rating of BBB-. S&P noted that the current rating outlook was stable on the expectation that financial performance would remain positive and the School will likely meet the enrollment projections it provided. S&P cautioned it could take further negative rating action if the School experiences a drawdown in liquidity or if it failed to meet enrollment projections. S&P did not believe a positive rating action was likely in the next several years but noted that sustained higher liquidity levels and MADS coverage after completion of the expansion could lead to a rating upgrade.

Financial Performance

Summary:

The School has somewhat weak operating margins over the past five years compared to other credit enhanced schools, with operating margin dropping below the Authority standard in FY 2024. This has historically been coupled with a low debt burden relative to the School's operational size. However, with the additional debt the School is taking on that will no longer be the case. Most schools rely on increased operations to help grow margins. The School is already the largest operating charter LEA in the State and it seems unclear whether scale will improve operating margins relative to the increase in debt burden. **All FY 2026 data presented below are initial end of year financials and not audited.**

1. The School has budgeted for deficits in its original budgets each of the past three years. Actual performance only resulted in a paper deficit in one year. Largely this was a product of expected capital expenditures.

	Original Budgets v Actual				
	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Budget Rev	51,935,800	55,836,546	58,847,507	59,243,289	66,748,329
Budget Exp	47,881,411	50,869,000	61,986,550	65,877,621	79,643,319
Actual Rev	54,733,479	56,239,843	59,625,890	62,676,117	70,225,000
Actual Exp	51,870,335	55,525,487	60,507,322	62,399,964	64,546,000

This shows up as significant variation from actuals in several years. Despite this, the School was able to achieve acceptable operating margins in each of the past two years and four of the five years in the look back period.

	Actual Variation from Budget				
	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Revenue	5.4%	0.7%	1.3%	5.8%	5.2%
Expenditures	8.3%	9.2%	-2.4%	-5.3%	-19.0%

2. Cash Position

Requirement	Measure at end of FY 2025
At least 75 days	92

The School's cash on hand rose slightly each of the past three years. Unaudited financials for FY 2026 show another slight increase. Cash levels in FY 2024 were below the Authority requirement for days cash on hand. When asked about the decline in cash levels (as well as related declines in fund balance and the current ratio) the School explained that post-COVID era fiscal funding reductions created a one-time net deficit and reduction in cash balances. The School anticipates continued improvement in cash, fund balance, and current assets.

Days Cash on Hand				
'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
76	88	74	92	107

3. Fund Balance

Requirement	Measure at end of FY 2025
At least 15% of following year expenses	16%

At the end of FY 2025, the School had an unassigned fund balance of 16% of the following year's operating expenses. The School missed this metric in FY 2024. The School provided a similar explanation on fund balance as that on cash. A one-time decrease in cash and fund balance occurred due to post-COVID funding changes.

	'21-'22	'22-'23	'23-'24	'24-'25
Fund Balance	7,639,447	8,189,516	6,315,219	9,240,397
Following Year Operating Expenses	47,527,844	51,804,676	51,643,121	57,142,740
Fund Balance % of Future Expenses	16%	16%	12%	16%

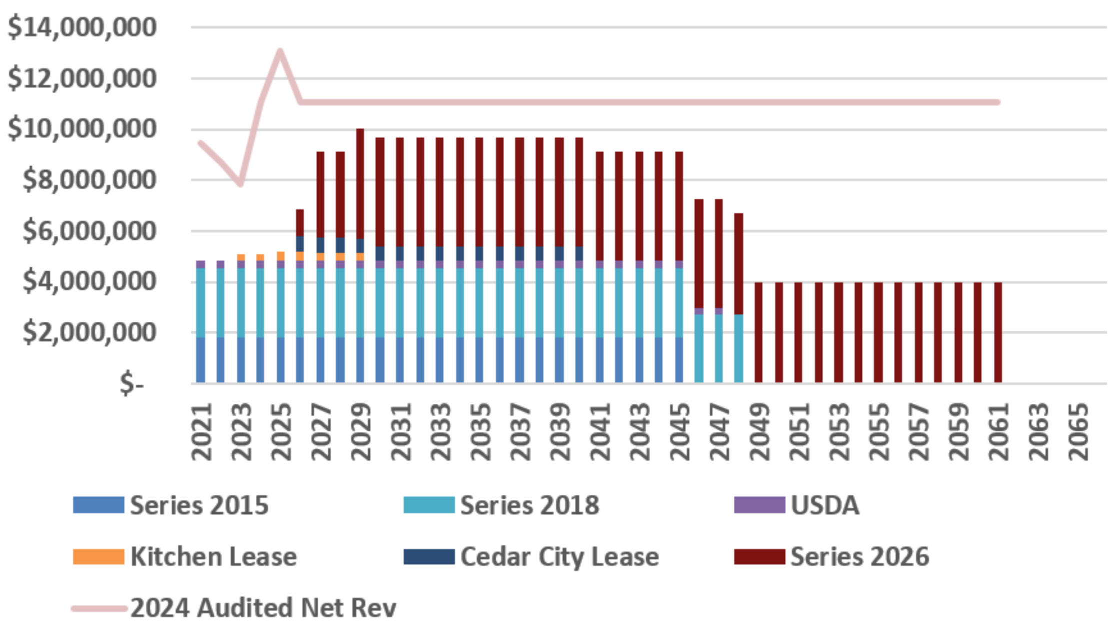
4. Debt Coverage Ratio

BB+ Requirement	Measure at end of FY 2025
At least 115%	203%

The School is adding significant leverage as a result of the current expansion plans. This leverage could put strain on the School's financials. Pro-formas provided by the School show that coverage on Maximum Annual Debt Service ("MADS"), including leases, will drop to 114% when including future debt service. Using the last audited financials coverage on MADS would be 110%. Additional student enrollment should allow the School to improve coverage beyond that 110%.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Net Income Available for Debt Service	9,437,788	8,711,999	7,821,214	11,032,996	13,082,260
Annual Debt Service	4,877,850	5,191,851	5,193,720	5,430,479	6,161,260
Debt Coverage Ratio	193%	168%	151%	203%	212%

	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Net Income Available for Debt Service	11,424,519	16,748,911	15,576,432	18,893,983	20,705,935
Maximum Annual Debt Service	10,006,160	10,006,160	10,006,160	10,006,160	10,006,160
Debt Coverage Ratio	114%	167%	156%	189%	207%



5. Debt Burden Ratio

BB+ Requirement	Measure at end of FY 2027
Less than 18%	13.2%

The debt burden ratio is expected to peak in FY 2027 at 13.2% of operating revenues. This is well below the Authority requirement.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Maximum Annual Debt Service	4,877,850	5,191,851	5,193,720	5,430,479	6,161,260
Unrestricted Operating Revenues	54,733,479	56,239,843	59,625,890	62,676,117	70,225,000
Debt Burden Ratio	8.9%	9.2%	8.7%	8.7%	8.8%

	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Maximum Annual Debt Service	10,006,160	10,006,160	10,006,160	10,006,160	10,006,160
Unrestricted Operating Revenues	75,532,646	76,885,591	99,461,176	108,159,650	115,148,688
Debt Burden Ratio	13.2%	13.0%	10.1%	9.3%	8.7%

6. Operating Margin

BB+ Requirement	Measure at end of FY 2025
At least 14%	17.6%

The School met this requirement in 4 of the last 5 years. FY 2024 was again an outlier related to the funding changes the School explained.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Net Income Available for Debt Service	9,437,788	8,711,999	7,821,214	11,032,996	13,082,260
Revenues	54,733,479	56,239,843	59,625,890	62,676,117	70,225,000
Operating Margin	17.2%	15.5%	13.1%	17.6%	18.6%

	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Net Income Available for Debt Service	11,424,519	16,748,911	15,576,432	18,893,983	20,705,935
Revenues	75,532,646	76,885,591	99,461,176	108,159,650	115,148,688
Operating Margin	15.1%	21.8%	15.7%	17.5%	18.0%

7. Current Ratio

Requirement	Measure at end of FY 2025
At least 150%	186%

The School met this metric in each year of the look back period.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Current Assets	13,462,641	14,217,618	13,778,787	16,856,247	17,855,982
Current Liabilities	5,244,510	7,310,983	8,772,504	9,069,773	7,794,042
Current Ratio	257%	194%	157%	186%	229%

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

For the fiscal years ended June 30, 2022, June 30, 2023, June 30, 2024 and June 30, 2025, the Charter School filed its Audited Financial Statements and certain Annal Financial Information late and without late notice filings. The School has not adopted a formal policy for continuing disclosure.

Conclusion

The School is the largest charter school LEA in the State. It is intending to continue growing its enrollment with expansion projects funded by new bonds. These projects will increase leverage and could put a strain on the School's financials. Overall enrollment in the State of Utah is down over the past few years and charter enrollment is flat. The School is expanding in some high growth areas which should allow it to take advantage of regional growth. Current enrollment is likely sufficient to maintain the expanded debt levels.

Appendix A – Additional Enrollment Information

Draper Campus 1 Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	81	82	85	102	92	93	93	93	93	93
1	88	90	90	87	93	94	95	95	95	96
2	90	91	90	86	90	96	97	98	98	99
3	114	89	83	88	89	93	99	99	99	99
4	87	103	86	89	75	90	94	99	99	99
5	90	84	99	86	87	76	91	95	99	99
6	81	84	78	86	76	87	76	91	95	99
Totals	631	623	611	624	602	629	645	670	678	684

Draper Campus 2 Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	121	130	130	122	120	145	150	160	160	160
1	176	137	147	138	151	150	155	160	164	164
2	182	175	134	155	143	155	154	162	166	166
3	183	169	179	146	162	150	160	158	158	160
4	176	180	172	173	154	165	165	173	160	163
5	161	172	188	161	168	160	160	160	170	160
6	181	148	159	175	151	160	165	170	165	170
Totals	1,180	1,111	1,109	1,070	1,049	1,085	1,109	1,143	1,143	1,143

Draper Campus 3 Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
7	212	231	189	191	208	210	210	210	210	210
8	207	192	202	178	178	180	180	180	180	180
9	133	121	116	122	121	150	150	150	150	150
10	81	104	97	86	78	130	136	140	146	150
11	54	64	76	78	72	80	120	120	120	120
12	51	51	55	64	69	72	80	83	87	90
Totals	738	763	735	719	726	822	876	883	893	900

Cedar City Campus Enrollment by School Year

Grade	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	34	32	32	32	32	32
1	31	32	32	32	32	32
2	22	32	32	32	32	32
3	30	24	28	32	32	32
4	27	29	30	30	32	32
5	27	28	30	32	32	32
6	26	29	30	32	32	32
7	20	20	32	32	32	32
8	21	14	23	32	32	32
Totals	238	240	269	286	288	288

West Valley 1 Campus Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	84	87	81	92	103	98	93	90	90	90
1	87	85	91	100	90	93	96	98	98	98
2	88	93	70	98	102	96	96	99	99	99
3	86	89	91	80	89	96	96	96	96	96
4	91	89	75	91	95	90	98	95	95	95
5	75	86	73	92	91	92	90	95	95	95
6	92	86	79	90	92	95	96	99	99	99
Totals	603	615	560	643	662	660	665	672	672	672

West Valley 2/3 Campus Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	83	82	87	89	95	93	110	116	120	120
1	84	87	86	95	95	93	110	118	122	124
2	88	96	87	96	96	96	112	120	126	128
3	94	96	96	91	93	96	115	120	128	128
4	92	100	96	96	99	99	120	124	128	132
5	127	99	94	103	98	99	120	128	130	132
6	126	130	95	100	103	99	120	130	132	132
7	207	214	211	221	218	210	210	210	210	210
8	183	199	183	214	205	190	190	190	190	190
9	174	147	159	150	167	180	180	180	180	180
10	127	118	111	131	131	130	120	120	120	120
11	98	86	89	99	106	110	100	100	100	100
12	75	84	82	75	89	95	100	100	100	100
Totals	1,558	1,538	1,476	1,560	1,595	1,590	1,707	1,756	1,786	1,796

Salem Campus Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	59	60	60	64	64	64	90	90	90	90
1	61	64	64	61	65	64	80	93	93	93
2	58	64	63	64	61	63	80	87	96	96
3	62	63	66	65	61	62	90	87	93	96
4	46	60	65	66	64	62	80	93	93	99
5	58	55	57	60	65	63	80	85	96	99
6	45	62	52	61	62	63	90	85	90	99
7	47	48	62	56	57	55	80	90	90	90
8	31	43	41	53	52	52	60	90	90	90
9	25	27	26	20	28	40	60	60	60	60
10	0	0	0	0	0	0	50	60	60	60
11	0	0	0	0	0	0	0	30	30	30
12	0	0	0	0	0	0	0	0	30	30
Totals	492	546	556	570	579	588	840	950	1,011	1,032

Eagle Mountain Campus Enrollment by School Year

Grade	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	0	0	75	86	90
1	0	0	72	85	93
2	0	0	72	82	90
3	0	0	68	82	90
4	0	0	68	78	88
5	0	0	66	74	85
6	0	0	66	70	78
Totals	0	0	487	557	614

ZIONS PUBLIC FINANCE, INC.

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Borrower's Counsel:	Farnsworth Johnson: Brandon Johnson
Underwriter:	DA Davidson: Eric Duran
Bond Counsel:	Gilmore & Bell: Jacob Carlton
Issuer's Counsel:	Dorsey & Whitney: Nate Canova
Trustee:	Zions Bancorporation: Pasquel Hansen

Par Amount:	$59,040,000 in tax-exempt bonds.
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Structure:	Bonds will be repaid with a roughly level amortization of principal and interest over 35 years. The bonds will carry a fixed rate of interest.
Term:	Final maturity in 2061. Bonds will likely carry a 10-yr call feature.
Rating:	S&P Global Ratings: BB+
Costs of Issuance Estimate:	$418,900
Underwriter Fee Estimate:	$3.95/$1,000 (est. $233,208)
Litigation:	None of which we are aware.
Summary:	The School has grown significantly over the past several years. That growth has allowed the School to scale fairly significantly to smooth out pressures from earlier times. The School's current enrollment and operating margins are sufficient to meet future debt service obligations at 116%. Additional enrollment should help the School to meet obligations. The School could face pressure in a decreasing enrollment environment or if State funding were to reverse its recent trend of increases.

Purpose

The purpose of this memo is to document the adherence of Wallace Stegner 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-10 charter school with 4 campuses in Salt Lake City, West Valley, Kearns, and Sunset. The School was approved by the Utah State Charter School Board (the "SCSB") and opened for operation in 2016.

MISSION

Wallace Stegner Academy will foster a community of active learners through academic rigor and citizenship by providing an opportunity for at risk students to close the achievement gap and achieve academic excellence through

- Academic rigor
- Direct instruction
- Data-driven instruction
- Ability-based mathematics, language arts, and reading classes
- Positive learning environments
- Character development

Enrollment/Student Demand

October enrollment for the 2025 - 2026 school year was 2,848 students. The School will increase student enrollment to nearly 3,500 by 2028. 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
2025	99%
2024	98%
2023	98%

	Re-enrollment Rates		
	'22-'23	'23-'24	'24-'25
WSA	89%	89%	88%
Utah	83%	83%	84%

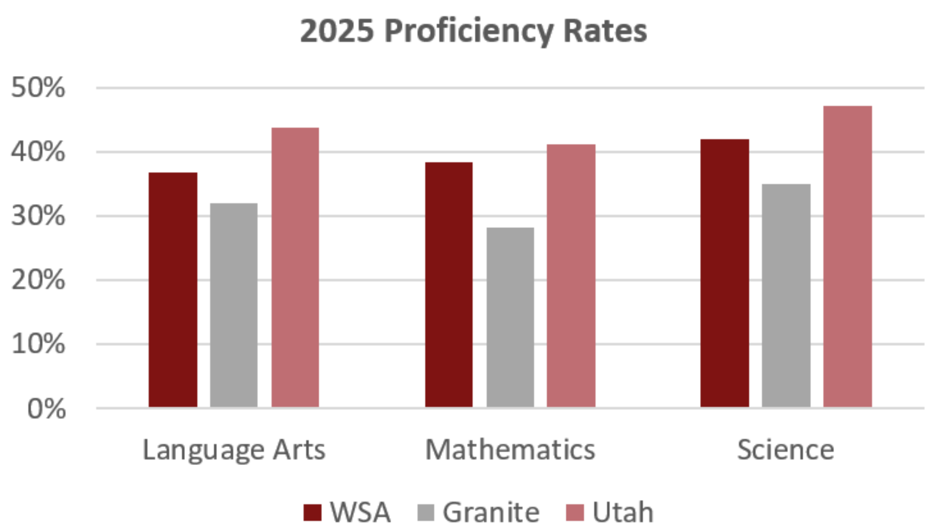
Wallace Stegner Academy Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
K	169	161	154	237	292	319	331	331	331	331
1	143	173	165	232	280	294	324	324	324	324
2	150	154	189	230	267	279	319	319	319	319
3	145	148	148	223	291	306	334	334	334	334
4	132	167	149	225	302	313	349	349	349	349
5	138	130	176	244	288	307	333	333	333	333
6	111	152	129	233	324	334	372	372	372	372
7	137	138	179	223	314	342	372	372	372	372
8	93	123	136	239	263	266	296	296	296	296
9	-	-	-	80	136	136	136	136	136	136
10	-	-	-	-	91	100	100	100	100	100
11	-	-	-	-	-	100	100	100	100	100
12	-	-	-	-	-	-	100	100	100	100
Totals	1,218	1,346	1,425	2,166	2,848	3,096	3,466	3,466	3,466	3,466

Wallace Stegner Academy Waitlist by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
K	61	100	54	265	443
1	6	50	44	138	167
2	11	39	31	147	162
3	7	44	37	151	153
4	5	41	20	136	157
5	1	24	40	118	145
6	6	23	42	178	217
7	1	35	42	149	275
8	-	14	30	150	194
9	-	-	-	97	112
10	-	-	-	-	77
11	-	-	-	-	-
12	-	-	-	-	-
Total Waitlist	98	370	340	1,529	2,102
Total Enrollment	1,218	1,346	1,425	2,166	2,848
% of Enrollment	8%	27%	24%	71%	74%

Academic Performance



Management

1. The School currently has a seven-member board. The board members have backgrounds in: agricultural consulting, healthcare, aviation startup finance, banking, and data analysis.
2. The School employs Adam Gerlach and Anthony Sudweeks as Co-Chief Executive Officers. Mr. Gerlach holds a Master's Degree in Educational Leadership from Southern Utah University and a Bachelor's Degree in Psychology from Weber State University. Mr. Sudweeks holds two Master of Education degrees: one in Educational Leadership and Administrative Development from Southern Utah University, and another in Instructional Design and Educational Technology from the University of Utah. He also earned a Bachelor of Arts in English and holds both a Utah Administrative License and a Level 2 Professional Teaching License.
3. The School employs AW Services for business management services.
4. The School has formal policies for budgeting, cash handling, investments, fundraising and donations, and procurement. The school has no formal policy on debt.

Plan of Finance

The School is seeking authorization to sell up to $59,040,000 of BB+ rated bonds via negotiated sale with DA Davidson & 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 the purchase of the Kearns Elementary and Kearns High School buildings, funding the purchase of the Sunset campus, funding a 5 classroom (plus bathrooms) addition at the Kearns campus, funding a debt service reserve, and paying costs of issuance. The bonds will carry a fixed rate of interest and will likely carry a 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:

- 980 Bending River Road, Salt Lake City, 84104
- 2671 Stegner Way, West Valley City, 84128
- 4590 W 5600 W, Kearns 84120
- 160 W 2525 N, Sunset, 84015

Ratings

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

- Successful expansion to a fourth campus allowing for strong enrollment and expected future growth.
- Healthy academic performance compared to peers.

The following factors for concern were noted:

- Elevated leverage with a high-proforma debt burden and debt per student.
- Relatively short operating history.

S&P noted that the School was unlikely to see a rating upgrade in the near future but could achieve a rating increase with sustained coverage and liquidity after the expansion is complete. A rating downgrade could occur if the School demonstrates a trend of declining liquidity, deficit operations, or below 1x lease-adjusted MADS coverage.

Financial Performance

Summary:
Wallace Stegner Academy has significantly expanded its operations and improved its financial position over the past several years. Coverage and operating margins have been strong in each year since the weak 2022 results. Cash balances have risen despite going through dramatic expansion which tends to lend itself to drawdowns of cash.

1. End-of-year audited financials have differed significantly from original budgets in part due to additional revenues and financials obligations related to its expansion over the past five years.

	Actual Variation from Budget				
	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Revenue	8.3%	27.1%	11.6%	40.5%	22.0%
Expenditures	147.5%	156.7%	15.9%	132.9%	-2.9%

Backing out capital-related expenditures shows a better but still volatile picture.

	Actual Variation from Budget				
	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Revenue	8.3%	27.1%	11.6%	40.5%	22.0%
Expenditures	8.4%	14.5%	1.3%	7.3%	-2.9%

2. Cash Position

Requirement	Measure at end of FY 2025
At least 75 days	205

Moody's threshold for Baa rated schools' cash balance is 125 DCOH. The School is above that mark for the first time in the unaudited FY 2026 financials.

Days Cash on Hand				
'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
82	119	96	96	129

3. Fund Balance

Requirement	Measure at end of FY 2026 (unaudited)
At least 15% of following year expenses	23%

At the end of FY 2025, the School had an unassigned fund balance of 13% of the following year's operating expenses. Below the requirement in the Standards. However, the School added substantially to fund balance in FY 2026 and should be in a good position going forward considering the strength of its operating margins over the past several years. This item is not technically a requirement under the CEP but is something required by the conduit issuance program.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Fund Balance	2,216,090	3,218,240	2,629,026	3,388,400	6,798,033
Following Year Operating Expenses	11,084,805	13,862,104	21,066,457	25,677,579	30,078,754
Fund Balance % of Future Expenses	20%	23%	12%	13%	23%

	'26-'27	'27-'28	'28-'29	'29-'30
Fund Balance	10,024,631	12,878,132	15,951,545	19,250,116
Following Year Operating Expenses	30,981,117	31,910,550	32,867,867	33,853,903
Fund Balance % of Future Expenses	32%	40%	49%	57%

4. Debt Coverage Ratio

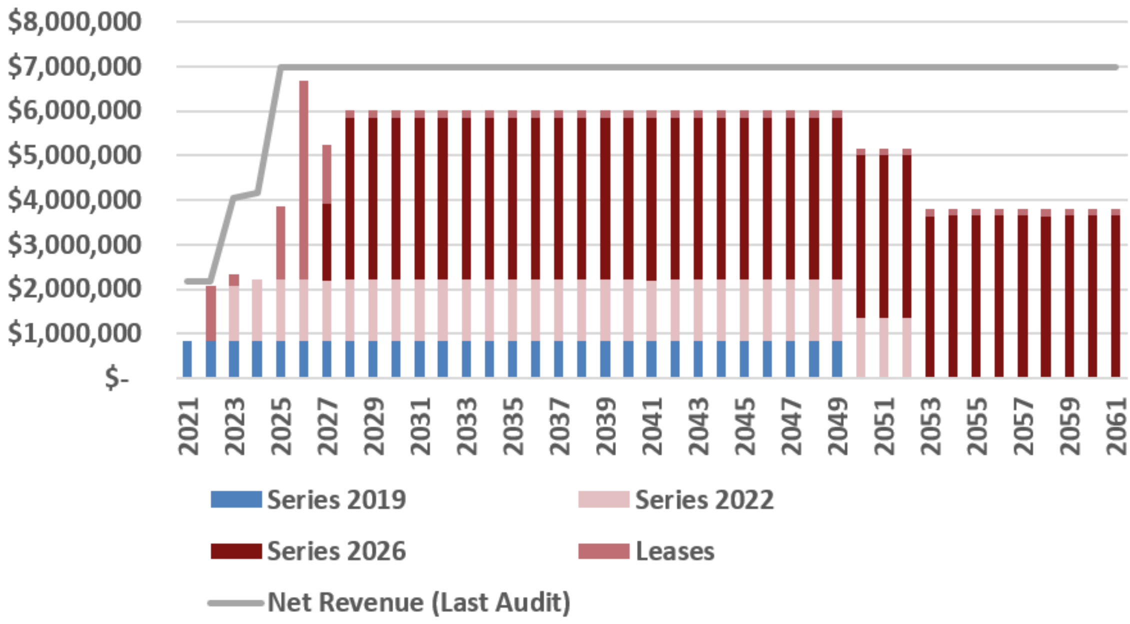
BB+ Requirement	Measure at end of FY 2025
At least 115%	177%

Lease adjusted coverage in FY 2022 was under 110%. However, the School was quickly able to absorb the additional costs and improved coverage significantly. Net revenues in FY 2025 (audited figures) would be sufficient to cover future debt service costs at 116%.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Net Income Available for Debt Service	2,178,345	4,059,862	4,165,606	6,991,018	14,084,715
Annual Debt Service	2,076,452	2,327,686	2,292,204	3,946,742	6,678,030
Debt Coverage Ratio	105%	174%	182%	177%	211%

	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Net Income Available for Debt Service	9,530,024	9,815,924	10,110,403	10,413,714	10,726,126
Annual Debt Service	5,227,893	6,011,257	6,012,519	6,015,619	6,010,907
Debt Coverage Ratio	182%	163%	168%	173%	178%

	Expansion Based				
	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Net Income Available for Debt Service	10,734,380	12,617,685	13,155,751	13,535,161	13,929,014
Annual Debt Service	5,227,893	6,011,257	6,012,519	6,015,619	6,010,907
Debt Coverage Ratio	178%	210%	219%	225%	232%



5. Debt Burden Ratio

BB+ Requirement	Measure at end of FY 2027
Less than 18%	15.2%

The School met this metric in each year of the look back period. FY 2026 unaudited figures contain short term lease payments that will be taken out by the anticipated financing. Debt burden under the expected expansion would be more favorable.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Maximum Annual Debt Service	1,889,437	2,327,686	2,292,204	3,946,742	6,678,030
Unrestricted Operating Revenues	12,160,173	15,144,667	18,027,710	28,057,475	39,762,294
Debt Burden Ratio	15.5%	15.4%	12.7%	14.1%	16.8%

	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Maximum Annual Debt Service	6,015,619	6,015,619	6,015,619	6,015,619	6,015,619
Unrestricted Operating Revenues	39,608,778	40,797,041	42,020,953	43,281,581	44,580,029
Debt Burden Ratio	15.2%	14.7%	14.3%	13.9%	13.5%

	Expansion Based				
	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Maximum Annual Debt Service	6,015,619	6,015,619	6,015,619	6,015,619	6,015,619
Unrestricted Operating Revenues	42,140,289	47,545,288	49,299,462	50,774,439	52,297,063
Debt Burden Ratio	14.3%	12.7%	12.2%	11.8%	11.5%

6. Operating Margin

BB+ Requirement	Measure at end of FY 2025
At least 14%	24.9%

The School has maintained strong operating margins through the past five years and expansion. Projections are in line with the historical past.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Net Income Available for Debt Service	2,178,345	4,059,862	4,165,606	6,991,018	14,084,715
Revenues	12,160,173	15,144,667	18,027,710	28,057,475	39,762,294
Operating Margin	17.9%	26.8%	23.1%	24.9%	35.4%

	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Net Income Available for Debt Service	9,530,024	9,815,924	10,110,403	10,413,714	10,726,126
Revenues	39,608,778	40,797,041	42,020,953	43,281,581	44,580,029
Operating Margin	24.1%	24.1%	24.1%	24.1%	24.1%

	Expansion Based				
	'26-'27	'27-'28	'28-'29	'29-'30	'30-'31
Net Income Available for Debt Service	10,734,380	12,617,685	13,155,751	13,535,161	13,929,014
Revenues	42,140,289	47,545,288	49,299,462	50,774,439	52,297,063
Operating Margin	25.5%	26.5%	26.7%	26.7%	26.6%

7. Current Ratio

Requirement	Measure at end of FY 2025
At least 150%	176%

The School's current ratio was strong for the lookback period. Unaudited financials from FY 2026 did not yet contain payroll accrued liabilities or other end of year entries painting a rosier picture of current liabilities.

	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
Current Assets	3,429,843	4,621,424	4,290,444	6,061,589	9,280,203
Current Liabilities	1,497,055	1,557,302	1,719,078	3,448,544	855,641
Current Ratio	229%	297%	250%	176%	1085%

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, Gilmore & Bell, as Bond Counsel, has certified that each of the required legal provisions is present in the bond documents.

Continuing Disclosure

The School did not have any major issues with disclosure over the past five years. It has an acceptable continuing disclosure policy.

Conclusion

The School has meet each of the requirements of the Credit Enhancement Program. Historical operations have improved significantly with the scale of the School. Academics are strong which is typically associated with a strong future demand profile. The School's current enrollment and operating margins are sufficient to meet future debt service obligations at 116%. Additional enrollment should help the School to meet obligations. The State is in an overall declining student enrollment environment that should be considered but, at current enrollment levels the School should be able to meet the obligations it is planning to incur.

Appendix A: Additional Enrollment Information

Salt Lake

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
K	83	73	72	82	82
1	84	78	73	72	77
2	89	85	71	78	64
3	94	80	79	68	75
4	81	96	72	74	69
5	93	66	88	80	65
6	62	91	65	82	68
7	70	60	93	63	73
8	72	61	57	85	56
Totals	728	690	670	684	629

Sunset

Grade	'25-'26
K	24
1	15
2	10
3	16
4	12
5	17
6	11
Totals	105

West Valley Campus Enrollment by School Year

Grade	'21-'22	'22-'23	'23-'24	'24-'25	'25-'26
K	86	88	82	74	75
1	59	95	92	97	85
2	61	69	118	87	88
3	51	68	69	87	101
4	51	71	77	84	95
5	45	64	88	77	87
6	49	61	64	61	93
7	67	78	86	73	91
8	21	62	79	62	80
Totals	490	656	755	702	795

Kearns

Grade	'24-'25	'25-'26
K	81	111
1	63	103
2	65	105
3	68	99
4	67	126
5	87	119
6	90	152
7	87	150
8	92	127
9	80	136
10	-	91
Totals	780	1,319