

**Agenda Information Sheet for the Board Meeting 12-15-2009**  
**Executive Director's Report**

**Date:** 12/15/09

**Topic:** Executive Director Report

**Presenter:** Amy Held

**Development and Budget**

- ANNUAL GIVING: \$56,000 raised to date; 81 donors (78 parents and 3 non parents); gifts range from under \$100 to \$5,000; average parent gift is \$684 median parent gift is \$500; 23 zip codes represented. A second mailing is going to all Pali families this week which will be followed up with confirmation emails and a recognition of all donors.
- POOL FUND RAISING: \$127,000 raised year to date (7/1-12/4). Full proposals are going out to 40 foundations for the pool project and letters of inquiry are being sent to an additional 26 foundations. The end of year solicitation letter has gone out, active negotiations are underway with the end users and a tile drive is ongoing with 20% cost savings for tiles purchased before 12/31. Construction continues largely on schedule and on budget and preparations for the ribbon cutting, operating schedule and readying the PE department are underway.
- BUDGET: Greg Wood, Susan Curren and I did a budget presentation at the 12/1 staff development to update the staff on the status of the State budget. There are scheduled leadership team meetings and a meeting with UTLA to strategize about the budget situation and round tables with the school community are being hosted to solicit input. The long range strategic planning work that is envisioned will also inform the approach to the budget.

**District Negotiations:**

- RETIREE HEALTH BENEFIT CHARGES: LAUSD has indicated they are pursuing a final resolution on the question of billing conversion charters for retiree health benefit costs (in light of the potential 100+ additional conversions that could occur with the public school choice initiative). Their stance has been that they will continue to charge the charters for this (approximately \$600,000/yr for Pali) regardless of the fact that they are no longer selling us the benefits package and will not provide retiree health

benefits to future retirees from Pali. It is unclear what legal basis they have for continuing to charge this and the conversions are actively working together to oppose any such continuation of the charge.

- **ELIMINATING INTEGRATION PWT TRANSPORTATION:** The largest piece of new news is that LAUSD is exploring potentially discontinuing funding permits with transportation to Pali. Currently upwards of 600 students schoolwide participate in this integration program which is funded out of Targeted Instructional Improvement Grant (TIIG) funds. These are state funds to support integration and conversion charter students were part of the original base enrollment of students that established the baseline funding level for LAUSD so the conversions contend that we should continue to receive these funds. This would have an enormous impact on Pali. The 25 buses which are TIIG funded could cost as much as \$1.5m for Pali to fund and in all likelihood if transportation were discontinued our demographics would shift dramatically. We have already reached out requesting a meeting to immediately ascertain the likelihood of this proposal moving forward. Special education charges/model and charter policy negotiations are ongoing.

**PRINCIPAL'S E-LETTER**  
**December 15, 2009**

Dear Faculty and Staff,

I can hardly believe we have finished with Thanksgiving and are moving toward our Winter Break! There is still so much to accomplish in these few short weeks, and I know how diligently everyone is working with our students on a daily basis.

My classroom visits have proved to be stimulating, energizing and engaging! Every minute spent in a challenging classroom reminds of the reason why I entered the field of education to begin with.

I have heard students discuss literature in a Socratic Seminar, watched students stand and read from personal journals, stood beside students conducting lab experiments as a team, listened to students discuss and analyze poetry in pairs and eavesdropped on students critiquing one another's essays according to a Rubric.

I continue to be impressed by the quality of instruction I see at Pali and the educational program our students receive everyday. Thank you teachers!

Many wonderful things have been occurring around the campus as well:

**Tideline**-Was awarded a Gold Medal by the Columbia Scholastic Press Association for excellence in journalism.

**Sandra Martin**-Was a presenter in San Diego, representing PCHS, at the Associated Council of Teachers of Foreign Language.

**Karen Perkins**-Was recently named a National Board Certified Teacher (NBC).

**The Village Nation**-Marcia Haskin and Steve Burr participated in a luncheon celebration of TVN schools on Saturday, November 21, along with Chatsworth HS, Citrus Hill, Cleveland HS, and Dorsey HS.

Tami Christopher and 160 Village Nation students at Pali took a bus downtown on Thanksgiving morning to give out gifts to the homeless.

Susan Curren's art students were named as Second and Third place winners in a recent statewide art contest sponsored by the Young and

**Middleton law firm that represents PCHS and other charter schools throughout California. Congratulations to Susan!**

**Congratulations to all of these outstanding students and faculty members who consistently bring honor to our school.**

**Some reminders for the month of December:**

**Principal Chat**-We will meet each Wednesday at lunch in Rm. 204. I hope to see many of you there to discuss relevant topics or anything that is on your mind.

**Executive Director Roundtable**-Amy Held will be resuming her weekly Friday discussions with faculty and staff. Please meet during lunch in the Faculty Cafeteria for updates and discussions with Amy.

**Faculty/Staff Holiday Party**-We will celebrate together on Friday, December 11 from 4 p.m. until 9 p.m. We will inform you of the locale for the party imminently.

**Faculty/Staff Holiday Breakfast**-The Administrative Staff will host the faculty and staff for a holiday breakfast on Thursday, December 17, 2009 at 7:00 a.m. in the Faculty Cafeteria.

**Former Mayor Richard Riordan** will join us for the holiday breakfast and will speak to our group as well. I will also reprise the song I wrote two years ago with a few sneaky updates!! Please be sure to arrive by 7:20 a.m. to participate in all the frivolity!

**Drama Department's Fall Play**-“The Diviners” opened Friday, December 4, 2009 in Mercer Hall. Please support these wonderful actors and their teacher Ms. Lisa Kraus by attending one of the shows.

**Monica Iannessa and I will be attending on Thursday, December 10 if you wish to join us for dinner beforehand!**

**I will write again before the Winter Break, but for now, keep up the great work and stay well!**

**Always,  
Marcia**



**PALISADES CHARTER HIGH SCHOOL  
Chief Business Officer's Report  
Board of Directors Meeting  
December 15, 2009**

**Financial Update**

**2008-2009**

The 2008-2009 Annual Audit is being finalized this week with a December 15<sup>th</sup> due date to the State. The Report will be presented to the Budget & Finance Committee and the Audit Firm will attend and present the Audited Financials at the next Board Meeting.

Expenditure Reports were filed with the CDE last week on the Title III Limited English Proficient (LEP) Program for students. This funding amounted to \$15,580 in 2008-2009. Anticipated funding for 2009-2010 is \$15,590.

**2009-2010**

Enrollment for PCHS through the end of the third month (November) of instruction showed a total of 2,826 (854-9<sup>th</sup>, 770 10<sup>th</sup>, 603 11<sup>th</sup> & 599 12<sup>th</sup> grade) students enrolled, including 41 students currently enrolled at Temescal Academy). The cumulative ADA to date is 2,724.5 at an Attendance Rate of 95.7%(including Temescal). Enrollment and ADA at the end of November 2008 were 2,701 & 2,628.6 respectively-at an Attendance rate of 96.6% . The updated projection for ADA for the year is projecting ADA at 2,681, or 1 ADA above the current approved 2009-2010 Budget of 2,680 (Including Temescal).

Due to the timing of the Current Board Meeting, Payroll Comparisons including the December 10<sup>th</sup> payroll are not available. These comparisons will be made available during the course of the Board Meeting on December 15, 2009.

The First Interim Financial Report to the CDE is Due December 15, 2009. This report represents actual Revenue/Expenses through October 31, 2009 and projections through June 30, 2010. This report will be presented at the next Board Meeting.

The Second Federal Stimulus Expenditure Report is in the process of being compiled for the December filing with the CDE.

Cafeteria Operations have had mixed operating results to date. The State & Federal Reimbursements are up \$4,000 from October 2009 to October 2008 but Cash Sales are down \$22,000. Efforts are being made to look at current menu items, discuss with students on preferences and reinforce the requests for Free & Reduced applications (Free & Reduced Students at October 2009= 740, at October 2008=720 students).



**Agenda Information Sheet for the Board Meeting 12-15-2009**  
**Procedures For Responding To The Death Of A PCHS Student**

**Date:** November 30, 2009

**Topic:** Procedures for Responding to a Death of a PCHS Student

**Presenter:** Julia O'Grady, Policy Committee Chair

**Recommendation:** The proposed policy should be passed.

**Costs:** Minimal (Small ceramic tile. Please see PCHS Campus Memorials Policy-attached).  
Time commitment by PCHS Staff

**Background:** School Psychologist Bella McGowan brought this proposal to the Policy Committee in September 2009. The proposal was written because *"Unfortunately, in prior situations where students have died, we have not acted with sufficient respect, compassion and responsibility as a school. This policy and the guidelines within it strive to increase awareness and responsibility for all PCHS stakeholders and offers best practices for how to deal with the tragic loss of a student."* (Please see Bella McGowan School Policy Suggestion Form-attached)

**Prior discussions and / or action:** The proposal was discussed and refined at September, October and November Policy Committee meetings. Mrs. Davenport brought the proposal to administration team meetings and it has been approved by the administration team.

**Alternatives:** The alternative is to have no procedure in place to follow upon the death of a PCHS student.

**Pros & Cons:** The policy speaks for itself in terms of the "pros" of passing it. There are no "cons" to passing it.

**Relevance to PCHS' mission:** Death is part of the cycle of life. Following best practices for how to deal with the tragic loss of a student gives PCHS students a model for compassionate respectful and professional behavior that they can call upon later in life if confronted with a similar situation as they become contributors and leaders in our global society.

**Stakeholder input:** This policy was passed unanimously by the Policy Committee at the November 18, 2009 meeting.

**Additional Information:**

**Number of accompanying materials: 3**

## **PROCEDURES FOR RESPONDING TO A DEATH OF A PCHS STUDENT POLICY**

In the event of the death of a currently enrolled PCHS student, all stakeholders and staff will respond with compassion, sensitivity and responsibility and adhere to the following guidelines:

1. Selected PCHS staff (which may include the Principal, the Executive Director or designee, and when appropriate additional staff members) will personally contact the family of the student to convey condolences, to understand the family's wishes for the specific communication to students regarding their child's demise, and to obtain information regarding service/funeral arrangements.
2. The Principal will inform the school community of the death of a student by one or several of the following means:
  - a. Public Announcement with a moment of silence,
  - b. Email to the school staff and community,
  - c. Written statement delivered to every classroom and read by the teacher,
  - d. Letter to the school community with resources for grief reactions and counseling support,
  - e. If the PCHS student's death occurs during a school break or summer period, a communication will be sent to the school community.
3. A member of the school administration staff and/or a member of the Board of Directors will be in attendance at the service/funeral.
4. Grieving and emotionally impacted students and school staff will have ample opportunity to access counseling support services on campus. Students will be allowed to grieve in established areas on campus with school support personnel for a designated period of time; class absences will be excused with written passes. Individual teacher discretion may allow for adjustments to assignments, class expectations, test/project completion and/or make-up work, attendance, and other academic expectations for students who are significantly impacted by the death of a student. This will be assessed on an individual basis.
5. The family of the deceased student will be contacted at a later time by a PCHS staff member to consider memorial options. The PCHS Campus Memorials Policy was established in May 2009.
6. At the time of the deceased student's anticipated graduation from PCHS the following will occur:
  - a. The student's name will be alphabetically placed in the graduation program with an "in memoriam" notation.
  - b. The student's family will be personally invited to the graduation by the Principal. The family will receive the student's diploma and other mementos before or after the graduation ceremony.
  - c. At graduation, the Principal will acknowledge the loss of the student in the Principal's Address, in accordance with the parents' wishes.
  - d. Student speakers or performers, selected to speak at graduation, may freely chose to incorporate comments and/or reflections regarding the student who has died.

The above PCHS policy is the standard and minimum that will uniformly be adhered to when the loss of a student occurs. Additional tributes, memorials and specific recognition will be considered dependent upon the individual, the circumstances, the wishes of the family, and the PCHS Campus Memorials Policy.

PCHS will act with sensitivity, respect and a profound sense of responsibility toward the family of the student who has died and the entire school community.

*This policy was passed at the November 18, 2009, Policy Committee meeting. It will be presented to the Board of Trustees at the next meeting.*



## School Policy Suggestion Form Palisades Charter High School (PCHS)

**Purpose:** This form will be used by the Policy Committee to introduce new items for discussion. In order for an issue to be introduced to the committee, it must first be submitted on this form.

**Directions:** For thorough consideration by the Policy Committee, please complete the entire form. Incomplete forms will not be considered. You may attach additional materials as needed. **Please e-mail the completed form to Julia O'Grady, Policy Committee Chair, at [jogrady@palihigh.org](mailto:jogrady@palihigh.org).** You must attend the meeting at which this is discussed.

### I. DESCRIBE THE ISSUE

Student deaths are rare, tragic and unfortunately unavoidable. The impact on our entire school community is significant, all encompassing, profound, and long lasting. It is important and crucial that we recognize the responsibility we all have to act with respect and humility, and with a policy that helps to guide us through difficult circumstances.

### II. TO THE BEST OF YOUR KNOWLEDGE, WHAT IS THE CURRENT POLICY OR EVERY-DAY PRACTICE REGARDING THIS ISSUE?

There is none to my knowledge. We do have a new policy that deals with 'memorials' for students who have died but there is no protocol for dealing directly with a student's death.

### III. WHO IN THE SCHOOL COMMUNITY IS AFFECTED BY THE ISSUE AND HOW MANY PEOPLE ARE INVOLVED? (Students, faculty, parents, etc. Please be as specific as possible.)

Every member of our school community is impacted by the death of a student.

### IV. HOW OFTEN DOES THE PROBLEM OCCUR?

Rarely. This is something that cannot be predicted but desperately needs to be properly prepared for.

### V. SUGGESTED RECOMMENDATION

How do you think this issue could best be addressed? Please explain why you think this addresses the problem well.

Unfortunately, in prior situations where students have died, we have not acted with sufficient respect, compassion and responsibility as a school. This policy and the guidelines within it strive to increase awareness and responsibility for all PCHS stakeholders and offers best practices for how to deal with the tragic loss of a student.

### VI. IDENTIFICATION

Name: \_\_Bella McGowan\_\_ Date: \_\_09/06/09\_\_

Relationship to PCHS: \_\_School Psychologist\_\_

Phone: \_\_310-230-6665\_\_

Email: \_\_bmcgowan@palihigh.org\_\_



**Agenda Information Sheet for the Board Meeting 12-15-2009**  
**Ad Hoc Long Range Planning Committee**

**Date:** 12-15-2009

**Topic:** Ad Hoc Long Range Planning Committee

**Presenter:**

**Recommendation:**

Creation of an Ad Hoc Board Fundraising Committee to investigate and recommend to the board the role, status, and composition of a permanent Long Range Planning Committee.



**Agenda Information Sheet for the Board Meeting (12-15-2009)**  
**Pool Loan**

**Date:** 12/15/09

**Topic:** Financing to complete pool construction to be repaid by civic center permit fees.

**Presenter:** Amy Held and Greg Wood

**Recommendation:** Board authorize financing to complete construction of the pool.

**Costs:** \$1.5m to be repaid by civic center permit revenue

**Background:**

The pool project has been underway for several years (in design, undergoing environmental review, fund raising) and construction commenced last spring with 75% of the project cost raised. Aggressive fund raising has been ongoing. The pool is scheduled to open in April 2010. To ensure construction continues and to avoid both additional costs associated with stopping construction and resuming it later (mobilization costs, defaulting on contracts, increases in construction costs over time, etc.) as well as the long term impact to the school's ability to conduct future capital projects (both in terms of fund raising, community relations and LAUSD) it is recommended that the board authorize financing for the remaining \$1.5m needed to complete the project. This same model of financing was successfully used previously at Pali to finance the renovation of the track and field. Civic center permit fees are collected from outside groups who permit (rent) our facilities after hours. These fees can only be used to cover direct costs associated with maintaining or upgrading the facility. They cannot be used to cover general fund expenditures such as teacher salaries or textbooks. The projected permit revenue is based on fees that have already been discussed with the various user groups for the track and field, baseball field, gymnasiums and pool. We have received commitments from user groups that result in 75% of the available permit time for the pool being full and we are in talks with several other groups that will likely bring that number to 100% full by the time the facility opens.

**Prior discussions and/or action:**

**Alternatives:**

- stop construction on the project which is 70% complete resulting in:
  - o a default on contracts (contractor, architect, etc.) and likely legal claims;

- the need to return/refund donations to donors;
- the need to pay to fill in the excavated areas and resurface/repave the entire area or the need to remobilize in the future to complete construction
- intangible costs such as a future unwillingness by the community and LAUSD to support Pali facilities upgrades
- borrow the money from the general fund reserves

**Pros & Cons:**

Authorizing the financing means that civic center permit revenue will fund the debt service on the loan. It also means construction will continue on schedule and budget, the community and LAUSD retain commitment to project; loan is repaid both by funds raised between now and project completion and by permit revenues thereafter.

**Relevance to PCHS' mission:**

Most new high schools being built now include a pool to ensure students are water safe upon graduation and have a facility to learn the State's PE aquatic standards as well as host the school's swim team (and water polo and diving teams) and community groups seeking an aquatic facility. The addition of the MGAC will ensure all our diverse students develop the survival skill of being water safe.

**Stakeholder input:** There has been no formal vehicle for gathering stakeholder input on this item. However it is clear that it is a priority in this economic climate that the construction of this facility not impact the general fund.

**Additional Information:**

See attached.

**Number of accompanying materials:**

Attached are both the materials from the last board meeting (the consultant's independent verification of the projected costs and revenues of the pool's operating budget, the pool's operating budget, the information on the loan, cash flows for the pool) as well as some additional information requested.

V.C.



**MAGGIE GILBERT  
AQUATIC CENTER:  
EVALUATION OF FINANCIAL  
PROJECTIONS**

Prepared for

**PALISADES CHARTER HIGH SCHOOL  
PACIFIC PALISADES, CALIFORNIA**

November 13, 2009

by

**DAVID M. ROWLAND**

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## **I. INTRODUCTION**

Lutra Aquatics LLC (“Lutra”), an aquatics consulting firm specializing in maximizing the financial performance of community aquatics facilities, was engaged by Palisades Charter High School (“School”) to conduct a brief evaluation of the preliminary revenue and expense projections, as prepared by School officials, for the Maggie Gilbert Aquatic Center (“Center”).

The Center, currently under construction, consists of a 13-lane, 25-yard competition pool to be maintained at 79 degrees, as well as a two-lane instructional or special-purpose pool to be maintained at 84 degrees. The pools are outdoors, enclosed by fencing, with dedicated shower/locker facilities and bleachers next to the competition pool. One primary access point is envisioned.

The Center is anticipated to serve primarily rental groups (swim teams, water polo teams) as well as the School’s physical education and athletic departments. The projected schedule consists of rentals of the competition pool to third-party groups from 5-7AM and 4-10PM weekdays, as well as 8-10AM on weekends. In addition, the projections call for rental to summer camps from 9AM-3PM weekdays during the eight-week summer season, as well as rentals to third-party swim instruction and water fitness providers at various times.

Certain unlimited-use passes have been sold in connection with fundraising, and the School envisions that the Center will provide open swim times for community use during much of the available weekend hours.

The School’s financial projections estimate more than \$503,000 in annual revenue for the Center, against \$324,000 in annual expenses, leaving approximately \$179,000 for a repair reserve and operating profit.

The following sections of this report will evaluate the School’s financial projections for the Center. Section 0 evaluates revenue projections, and Section III discusses the expense forecasts.

## **II. REVENUE PROJECTIONS**

This section evaluates the revenue projections prepared by School officials, by broad revenue category.

### **A. Team Rentals (Including Water Polo)**

The School projects total annual rental revenues associated with teams of \$264,870. This includes youth and Masters swim teams and water polo teams. Assumed rental rates are \$8 per lane-hour for water polo, \$10 for Masters, and \$15 for youth swim teams (each rental block assumes 12 of the pool's 13 lanes are rented). As noted earlier, team rental are anticipated to occupy the bulk of the weekday schedule.

Lutra understands that youth swim teams and youth water polo teams are interested in renting pool space at the assumed rates and times, and that Masters swimming and water polo team rentals are pending, as are potential rentals to adult triathlon teams. It should be noted that Lutra's analysis, in the current scope of work, does not include an independent evaluation of this level of team-based demand.

However, the rental rates assumed appear reasonable for the area, and given the popularity of swimming in the area it is entirely conceivable that the School could meet the revenues associated with these projections. In the event that all the envisioned team rentals do not materialize in year one, completely filling the available hours with external rentals could take 2-3 years to realize.

Provided sufficient teams exist to fill the available rental blocks, it would be optimal to rent the entire competition pool to these groups, as the remaining single lane of the pool would be essentially worthless during their practices.

As will be discussed below, the only problem immediately apparent (provided demand exists) with these revenue projections is the fact that this degree of rental activity effectively precludes substantial revenue streams (via single-visit fees, monthly passes, etc.) associated with independent use by individuals/families.



## **B. Swim Lessons**

The School's projections assume rental to third-party swim lesson providers at rates of \$75 per lane-hour during the school year and \$105 per lane-hour during the summer period. During the school year, this rental involves only the smaller pool's two lanes for two hours each weekday and four hours on Saturdays. During the summer, this rental extends to include an additional two lanes of the competition pool, and encompasses seven hours each weekday and seven hours on Saturdays. The resulting total annual revenue projected is \$173,970.

Lutra views the projections for this revenue category to be overly aggressive. Given the limited amount of space available for swimming instruction, and the expenses faced by a third-party provider (in addition to the rental fees), Lutra feels that the projections have dramatically overstated the possibilities for this revenue category.

Market rates for swim lessons in the area appear to range from \$10 per half-hour lesson to as much as \$16 per half-hour lesson. Assuming a class size of 5 students, occupying one lane, the vendor's total revenues per hour of pool use would likely be between \$100 and \$160. The vendor would face expenses for instructor wages, marketing expense, credit card fees, administrative time, and other overhead, resulting in a gross margin ranging from approximately \$60 to \$100 per hour.

Certainly, there will be specific peak periods where a vendor could have substantially higher revenues. For example, there may be times when it is possible to fill three lessons in each half-hour slot, using two lanes, with six students in each class. But this level of demand likely could not be sustained over the course of every lesson slot.

Lutra recommends using more conservative rental rates for these projections. A rate of \$40 per lane-hour for lessons during the school year, and possibly up to \$60 per lane-hour during the summer months, would be more appropriate. Using these figures would reduce projections for this revenue category to approximately \$98,000 per year—a loss of roughly \$75,000 per year from the revenue forecasts as prepared.

### **C. Water Fitness**

The School's projections assume rental to a third-party water fitness provider, at the rate of \$50 per lane-hour, of two lanes for one hour six days per week. Similar to the lesson revenue projections, Lutra feels that this rental rate is aggressive, particularly as it may be difficult to locate an external provider of water fitness programs for a single hour per day.

However, it is entirely possible that the School could fill this time with revenue-producing activities, perhaps in the form of rental to personal trainers or triathlon coaches for one-on-one or group training purposes. Assuming a rental rate of \$30-\$40 per lane hour may be more appropriate.

### **D. Scuba Rentals**

The projections assume rental to SCUBA lesson providers from 9-10PM certain weekday evenings, twice per week for 35 weeks of the year, at a rate of \$60 per hour for the entire facility (technically quoted at \$5 per lane-hour for 12 lanes). This level of usage should be easily attainable, and could be exceeded. Further, it may be possible to develop users for this space at a higher rental rate. However, it is unlikely that these rentals would develop into a significant revenue stream.

### **E. Swim Meets**

The projections assume the facility will be used for all-weekend swim meets two weekends per year, at a rental rate of \$1,500 per day. The rate and level of usage assumed appear extremely reasonable. The School should, however, carefully consider the manner in which rental agreements for this purpose assign responsibility for staffing, crowd control, clean-up, reimbursement for damages, etc.

### **F. Summer Camp Rentals**

Lutra understands that a variety of summer camps already use the School's other facilities, and have expressed interest in adding an aquatic component to their plans. Given that the user groups already exist (and are already on site), Lutra sees no major problems with the revenues projected in this category.

## **G. Open Swim/Party Rentals**

The projections did not include estimates of revenues from open swim or party rentals. School officials noted this omission, and sought guidance in terms of estimating these potential revenues. Although it is not possible, in the context of this limited scope analysis, to develop rigorous demand projections, Lutra is able to provide some general guidance and considerations relating to these prospective revenue streams.

### **1. Open Swim**

The projections do include staffing expense associated with lifeguards (between 2-3 on duty at any particular time) during weekends (12 hours each day), and thus the revenue projections should account for entry fees associated with use during this time.

Lutra does not anticipate that the Center will draw significant traffic during these open swim times, primarily because the overall availability of the Center is so limited. While there is substantial availability on weekends, since there is little rental group activity assumed (only swim teams from 8-10AM), there is virtually no available pool space during the week—both in the school year (due to school uses) and in the summer (due to summer camp rentals). Because the facility is only available on the weekends, it would be difficult to make it a top-of-mind choice for individuals/families seeking recreation or fitness opportunities.

Fitness users, for example, will likely see little value in a facility available only on weekends—these users will pursue a membership at a health club or other aquatics venue with wide availability. While they may be interested in occasional use, it is unlikely that there would be a significant user base for the Center among fitness users.

Recreational users may be more inclined to use the facility during its weekend availability, but the lack of wider availability will lead substantial customer groups to pursue other venues as their preferred choice. In any event, recreational usage will likely be concentrated into the summer months, and possibly shoulder seasons, with little usage during the colder times of year.

For these reasons, Lutra recommends that the School consider condensing the open swim availability during weekends into 4-6 hour afternoon blocks. Since fitness users are likely to have limited interest in the facility, and there is light recreation demand during early morning and late evening hours, consolidated blocks of availability may serve the interested users just as well as more extended hours, and would have the benefit of reducing staffing expense.

It is conceivable that the Center could draw an average of 10 users per hour during such blocks, at an entry fee of \$4-\$5 per person. Usage would likely be significantly higher in summer months, but lower (or perhaps nearly non-existent) in colder months. Using these estimates, the resulting revenues may range between \$15,000 and \$24,000 per year. While actual revenues could be higher, Lutra recommends adopting conservative estimates in this category, for the reasons discussed above.

## **2. Party Rentals**

Lutra anticipates that the Center could have more success drawing users with an effective party rental program, particularly if the pool is but one component of a larger party program that also offers access to other School facilities. Birthday (or other) parties could draw revenues of between \$200-\$400 per party, depending on size. It is entirely possible that the Center could draw extensive party usage during the summer months (easily 2-3 parties per weekend day), and occasional party rentals during the cooler months. Just one party (on average) per weekend day at \$300 per party would result in roughly \$30,000 in annual revenue.

The advantage of parties is that they involve relatively low staffing expense—little is needed beyond lifeguard(s) and a “party leader.” More importantly, this staffing expense need only be incurred when a revenue-producing party is actually scheduled.

Of course, developing an effective (and popular) party program would require additional managerial oversight and likely a significant addition to the advertising budget, at least initially. However, once a successful program is established, it tends to grow virally (since each party booked brings in a host of potential customers).

### **III. EXPENSE PROJECTIONS**

This section addresses the expense projections prepared by the School.

#### **A. Staffing**

##### **1. Management Staff**

The School's expense projections assume a full-time pool manager, a half-time head lifeguard, and a small allocation of business office time. Lutra understands that the Head Lifeguard would have primary responsibility for staffing, and the pool manager would be responsible for scheduling, marketing, relationships with third-party rental groups, etc. The two positions together would have responsibility for water chemistry maintenance.

In the early phases of operation, it is likely that two (or more) management staff will be required for the process of developing the lifeguard staff, marketing to large user groups, working out an appropriate pool schedule, etc. However, once the initial start-up phase is complete, and the Center has a trained staff, a more or less stable schedule of rental groups, and codified procedures for operations, Lutra anticipates that there will be little need for two individuals to fulfill the necessary management functions. If operations follow the projected approach (intensive rental group occupancy), the pool manager may have little useful work to perform after the first six months of operation. It may be possible to consolidate these positions into one manager role—and likely at a lower annual salary than estimated for the pool manager position.

An alternative would be to share portions of this function with existing school-related administrative positions.

##### **2. Lifeguard Staff**

The School's expense projections assume a single lifeguard on duty for six hours during school-year weekdays (corresponding to use by the School's internal physical education activities), and roughly three lifeguards on duty during weekend operations and summer weekday operations. The lifeguard staffing seems more or less appropriate for

periods when the facility is open to the public, depending on the activity level at the Center on weekends.

However, as noted above, revenue considerations may make it appropriate for the Center to limit the open swim hours on weekends, condensing them into 4-6 hour afternoon blocks. In this case, the expense associated with lifeguard staffing should be reduced in a corresponding manner. Current projections assume weekend operation of 12 hours each day, so if the actual open swim hours were reduced to 4-6 hours per day, the lifeguard expense associated with weekends (totaling almost \$36,000 per year, before "benefits") could be reduced by one-half or two-thirds. Further, if demand is (as expected) significantly lighter outside of the summer months, the level of staffing could be reduced further during these times.

It should also be noted that, because the Center is not staffed during rental group use, all license agreements with third-party groups should be carefully crafted to place all responsibility for safety on the rental groups. The School should also require that all such rental groups provide proof of appropriate insurance coverage and add the School as an additional insured on their policies.

## **B. Utilities**

The School's projections assume \$80,000 per year in utility expense, which Lutra assumes encompasses water supply (pool and domestic), heating for the pools and domestic water, and electricity for lights, pumps, office equipment, etc. This estimate would appear to be conservative in nature. It is likely that actual expenses will be somewhat lower than this estimate, particularly if thermal blankets are used. Although an extensive analysis of California utility rates, climate, and specific pool equipment was not possible within the scope of this analysis, Lutra has seen, for example, an indoor facility in northern Michigan, of comparable size, with utility costs under \$80,000 per year. An outdoor facility should be capable of lower utility expense, absent substantial differences in energy/water unit costs.

### **C. Equipment & Supplies**

The School's projections estimate \$29,000 per year for equipment and supplies, including pool chemicals. This figure excludes an allotment for deferred maintenance/repairs, which is allocated separately based on a percentage of net profit.

This estimate may, in Lutra's opinion, understate actual expenses. Depending on the specific chemical systems employed for the facility, pool chemicals alone could, accounting for the constant exposure to the sun and relatively high rates of use associated with significant team presence, approach or even exceed \$20,000 per year. Custodial supplies for the locker rooms, office supplies, miscellaneous small equipment, and other expenses could rapidly add up. For a facility of this size, Lutra recommends an equipment and supplies (including pool chemicals) expense estimate of approximately \$40,000 per year, as well as an explicit allocation of at least \$50,000 per year in depreciation/deferred maintenance expense, to provide for the ultimate replacement of filters, pumps, roofs, pool surfaces, etc.

### **D. Insurance**

Lutra understands that the School's insurance carrier quoted an additional insurance premium of \$10,000 per year associated with the Center. There is little need to analyze a firm quote from the actual vendor.

### **E. Advertising**

The projections assume \$5,000 per year in advertising expense. Given the Center's projected rental-based operating plan, it does not seem likely that funds exceeding this amount would be required. If the School chose to pursue its own in-house swim lesson program, instead of renting space to third-party providers, this estimate would need to be increased.

### **F. Omitted Expenses**

Lutra identified certain functions which are important to the operation of an aquatics facility, but which have not been addressed in the expense projections. These

obstacles are not insurmountable, and may not materially impact the financial projections, but they do represent issues the School should address in its operating plan.

**1. Customer Service/Access Control During Rental Groups**

Lutra's primary concern with the expense projections involves the omission of any expense associated with a customer service/reception/access control function. Lutra understands that the School's permit staff will be on site after-school hours, but it is not entirely clear that this staff will be capable of completely fulfilling the function at the Center.

It is Lutra's opinion that an aquatics facility should be staffed at its main access point during all hours of operation, in order to prevent unauthorized entry. To the extent that the Center can be locked to outside users during school use, this function is not necessary. However, Lutra is concerned that third-party rental groups may not be interested/willing/capable of adequately securing the premises against unauthorized use during their rental times. This is a concern that should be addressed in the operating plan for the facility.

**2. Customer Service/Access Control During Open Swim**

To the extent that the School plans to open the Center for community use during weekends, the expense projections do not include any estimate for a customer service/access control function. It is possible, though unlikely, that lifeguards could be cross-trained in customer service/register functions, and that the two to three lifeguards scheduled for duty during weekends could, collectively, fulfill both lifeguarding and customer service. (This could occur if two lifeguards were involved monitoring the pools, and the "off" lifeguard were assigned to monitor the gate.) However, a more prudent approach would involve a dedicated customer service staff monitoring the gate, and this expense has not been accounted for.

**3. Cleaning of Pools and Decks**

Because the projections do not include a specific expense associated with cleaning of the pool decks and the pools themselves, Lutra assumes that the lifeguard staff will be tasked with performing these duties.



This is generally an appropriate (and cost-effective) approach. However, given the low levels of staffing involved in the projections (since the pool is not staffed during third-party rentals), there may be deficiencies in the level of cleaning, due simply to the extended periods of time when no Center staff is present at the facility.

In addition to routine cleaning, there may be situations that arise that call for “emergency” cleaning or attention to water chemistry (blood or other bodily fluids on the pool deck, fecal matter in the pools). In these cases, not having Center staff on hand to immediately deal with the situation could cause a disruption in service.

#### **4. Opening/Closing of the Facility**

The current projections assume, essentially, that the Center is turned over to rental groups for extended periods during the beginning and end of each day. That is, the projections assume that no School (or Center) staff is present during the opening and closing portions of the day. This situation may cause problems in terms of certain pool operations.

To begin, the (seemingly) simple act of securing the facility at night is a task that requires accountability—failure to adequately secure the Center at night could expose the School to liabilities of large magnitude, as well as the possibility of vandalism or theft. Similarly, if rental groups are given access (keys) to the facility in order to “let themselves in” for early morning rentals, the School is exposed to methods of entry outside its direct control. While it is possible to manage these concerns, it requires an additional level of commitment and oversight.

Further, certain pool maintenance functions may be required at the opening/closing periods. It may be necessary to start/stop an automatic pool vacuum, clear the pool of floating debris that accumulated either overnight or during the day, perform chemical treatments, etc. There are certain activities that can only be performed when a facility is closed, and these activities may require School/Center staff on hand to perform them.

That said, given that the School has “permit staff” on hand during off-hours to monitor/manage various uses of the School’s properties, it may be possible for these functions to be handled by that staff. Assuming this staff is present at 5AM and 10PM, at the very least this staff could handle the opening and closing of the facility. Given the fact that the Center would in all likelihood be used lightly during the school day, it may be possible to conduct various pool maintenance activities at this time.

**5. Unanticipated Vacancies**

Unlike a track or gymnasium, which can be left unattended for periods of time, a pool should never be left unattended and unsecured. The School should adequately plan for the possibility of scheduled rental groups not showing up, or ending their use of the facility early. In these cases, if the permit staff is not in the immediate vicinity and aware of these occurrences, there is a danger that the pool could be left unattended. In the case of a track or gymnasium, this possibility likely involves a small risk of vandalism and little else. In the case of a pool, however, it involves the risk of a significant tragedy.

#### **IV. SUMMARY**

Lutra's review of the School's financial projections associated with the Center identified a few areas of concern, and areas for further thought and planning. In addition, Lutra recommends changes in certain revenue and expense categories that will have a significant (negative) impact on the facility's overall projected financial performance, relative to the projections.

Lutra's primary concern in terms of revenue projections involves swim lesson revenues (via a third-party provider). The use of more realistic estimates in this category would reduce expected revenues by more than \$75,000 per year. This reduction is somewhat offset by the addition of (limited) revenue streams associated with open swim and party rentals.

On the expense side, Lutra feels that the management labor expense could be reduced, particularly after the start-up phase, and that lifeguarding expense could be reduced significantly by reducing the hours of operation for open swim on weekends. Conversely, Lutra recommends a substantial increase in the estimate for equipment and supplies, and also recommends that the projections include an explicit allowance for deferred maintenance (rather than making this allowance dependent on operating profit). However, the School may realize utility expenses lower than those forecast.

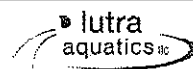
Finally, while the strategy of not staffing the facility during rental group use is wise, and serves to dramatically reduce the expected labor costs, there are certain crucial functions associated with facility operation that are not satisfied. Lutra strongly recommends that the School develop a plan for addressing these functions, and incorporate the additional cost into its financial projections.

## **ABOUT LUTRA AQUATICS LLC**

Lutra Aquatics LLC assists in the development, design, and operation of commercial indoor aquatics facilities, helping our clients maximize the financial performance of their facilities through our consulting and management services. Lutra combines business acumen with a passion for swimming and the specialized knowledge of aquatics operations that comes from extensive experience actually managing successful community aquatics facilities.

Lutra principals have 30 years' collective experience managing successful, self-supporting aquatics facilities. Our facilities provide outstanding aquatics services to their communities, without burdening facility owners with unnecessary operating costs. Lutra-affiliated companies are responsible for the management of Cornerstone Aquatics Center (West Hartford, Connecticut) and Swim Center at Westminster School (Simsbury, Connecticut). In addition, a Lutra principal owned and operated the former Swim Center One (Granby, Connecticut) for 14 years before selling the facility to the YMCA.

The effectiveness of Lutra's management approach was recognized by *Aquatics International* magazine, which selected Cornerstone Aquatics Center as its "Best of Aquatics" award winner for 2005. Cornerstone competes in the largest facility size category, and the award is based on strength of programming, marketing, and attendance levels.



## ABOUT THE AUTHOR

**David M. Rowland.** An avid swimmer, Mr. Rowland is the founder and President of Lutra Aquatics LLC, President & CEO of Aquatics For Life, Inc., and President of Aquatics For Living LLC. As he manages operations at two large aquatics facilities, Mr. Rowland's focus is on operational strategy and revenue production via enhanced customer service and innovative programming.

Mr. Rowland received his Masters in Business Administration degree with High Distinction from Harvard Business School, where he was named a George F. Baker Scholar, a distinction bestowed on the top 5 percent of the graduating class. Mr. Rowland also holds a Bachelor of Arts degree, *cum laude* and with Highest Honors in Economics, from Williams College.

Prior to dedicating himself to the operation of self-supporting aquatics facilities, Mr. Rowland was a Consultant with National Economic Research Associates, Inc., a worldwide economic consulting firm providing expert testimony and advice in regulatory and legal proceedings.

PALISADES CHARTER HIGH SCHOOL  
MAGGIE GILBERT AQUATIC CENTER  
BUDGET/OPERATIONS OVERVIEW  
NOVEMBER 17,2009

Total Aquatic Center Budget	\$ 4,550,000	<u>Reference to Information Noted</u> See Budget tab <i>P.2</i>
Funds Raised To Date (Including \$164,000 in Pledges)	\$ 3,151,115	See Recap @ Oct 31,2009 tab <i>P.3 - P.4</i>
Net Requirement to Complete	<u>\$ 1,398,885</u>	Loan Amount Requested (See Loan Comparisons tab) <i>P.7</i>
 <u>OPERATIONS</u>		
Pool Estimated Revenue-Annually (Year 1)	\$ 448,580	See Pool Operating Statement Tab <i>P.5</i>
Pool Estimated Expenses-Annually	<u>324,015</u>	See Pool Expenses Tab <i>P.6</i>
Net Operating Profit Contribution	<u>\$ 124,565</u>	See Independent Consultants Review on Lunatics pdf document

**PALISADES CHARTER HIGH SCHOOL  
MAGGIE GILBERT AQUATIC CENTER  
CONSTRUCTION BUDGET  
NOVEMBER 17,2009**

	<u>BUDGET</u>	<u>Expenditures YTD *</u>
<b>Construction Costs</b>	<b>\$ 3,830,000</b>	<b>\$ 1,332,657</b>
<b>Architecture/Design</b>	<b>310,000</b>	<b>244,698</b>
<b>Fundraising/Marketing Costs</b>	<b>160,000</b>	<b>152,081</b>
<b>Oversight Management (Inspectors/Owner's Rep)</b>	<b>100,000</b>	<b>39,943</b>
<b>Engineering</b>	<b>50,000</b>	<b>50,835</b>
<b>Legal Costs</b>	<b>40,000</b>	<b>16,770</b>
<b>CEQA</b>	<b>40,000</b>	<b>39,473</b>
<b>Miscellaneous</b>	<b>20,000</b>	<b>16,835</b>
<b>Total</b>	<b><u>\$ 4,550,000</u></b>	<b><u>\$ 1,893,292</u></b>

\*- Expenditures through October 31,2009

**PALISADES CHARTER HIGH SCHOOL  
POOL FUND DONATIONS ACCOUNTING**

As Of October 31, 2009

Amount  
Received

③

**Revenue**

	<u>Donations</u>	
2006	Mar-Dec	\$ 457,158
2007		
	1/1-12/31	\$ 292,310
2008	Year To Date	\$ 1,893,673
2009	Year To Date	\$ 129,973
2009	July	\$ 1,266
	August	\$ 1,450
	September	\$ 60,024
	October	\$ 51,013
	Year To Date	\$ 113,751
	 Cumulative Donations	 \$ 2,886,866
	 <u>Interest</u>	
2006	3/1-12/31	\$ 8,784
2007	1/1-12/31	\$ 19,992
2008	Year To Date	\$ 44,185
2009	Year To Date	\$ 20,487
2009	July	\$ 2,418
	August	\$ 2,123
	September	\$ 827
	October	\$ 612
	Year To Date	\$ 5,980
	 Cumulative Interest	 \$ 99,429
	 Total Revenue to Date	 \$ 2,986,295
	Outstanding Pledges	\$ 164,820
	Total Received & Pledged	\$ 3,151,115



**PALISADES CHARTER HIGH SCHOOL  
POOL FUND DONATIONS ACCOUNTING  
As Of October 31, 2009**

④

**Expenses**

2006	3/1-12/31	\$	4,863.93
2007	1/1-12/31	\$	123,586.81
2008	Year To Date	\$	<u>209,463.29</u>
2009	January	\$	30,093.25
	February		12,979.54
	March		19,045.42
	April		405,721.89
	May		6,624.94
	June-		45,777.04
2009	Year To Date	\$	<u>520,242.08</u>
	July		226,066.11
	August		344,649.71
	September		153,301.80
	October		311,118.14
	Year To Date		<u>1,035,135.76</u>

Cumulative Expenses to Date      \$ 1,893,291.87

Net Pool Balance                      \$ 1,093,002.92

**Investments at October 31,2009**

Wells Fargo Operating Account	\$	97,182.24
Wells Fargo Money Market Account		844,072.47
Cal National Money Market Account		43,052.51
Citibank Certificate of Deposit		108,695.70
	\$	<u>1,093,002.92</u>

Add: Deposits In Transit      \$ 12,320.50

Less: Outstanding Checks      (25,197.77)

Combined Pool Fund Balance at October 31,2009      \$ 1,080,125.65

**PLEDGES OUTSTANDING**

Westside Anon donor	\$	50,000
Ross Family		17,500
Rose G.-Lane		50,000
Boosters		25,000
Kaplan		10,000
In Transit	\$	12,320
	\$	<u>164,820</u>

**Other Fundraising Opportunities**

Naming Opportunities-(Lanes/Scoreboard,etc.)	\$	750,000
End User Agreements	\$60,000-\$100,000	
Personalized Tiles	\$	75,000
Individual Donors	\$25,000-\$50,000	

5

PALISADES CHARTER HIGH SCHOOL  
POOL COMMITTEE  
OPERATING BUDGET

Revenue:

(1)	(2)	(3)	(4)	(5)	(6)=(5)*(4)*(3)* (2)*(1)			
Event	Time Used	# of Lanes	Period Used	Total Hours	Rate/Lane	Total Income	Pool Used	
			# Days/ Week					
<b>Swim Team:</b>								
49 (49 weeks/Year)	5:00-7:00 am	6	Week Days Tu/Th	2	\$ 15.00	\$ 17,640	LP	
49 (49 weeks/Year)	4:00-6:00 pm	12	Week Days	5	\$ 15.00	\$ 88,200	LP	
49 (49 weeks/Year)	6:00-7:00 pm	6	Week Days	5	\$ 15.00	\$ 22,050	LP	
49 (49 weeks/Year)	8:00-10:00 am	12	Week Ends	2	\$ 15.00	\$ 35,280	LP	
						\$ 163,170		
<b>Lessons:</b>								
29 (29 wks/yr) School Yr	4:00-6:00 pm	2	Week Days	5	\$ 40.00	\$ 11,600	SP	
37 (37 wks/yr) School Yr	9:00 am-1:00 pm	2	Saturday	1	\$ 40.00	\$ 5,920	SP	
8 (8 wks/yr) Summer	9:00 am-5:00 pm	4	Week Days	5	\$ 60.00	\$ 67,200	SP/LP	
8 (8 wks/yr) Summer	9:00 am-5:00 pm	4	Saturday	1	\$ 60.00	\$ 13,440	SP/LP	
						\$ 98,160		
<b>Water Aerobics:</b>								
49 (49 weeks/Year)	6:00-7:00 am/ 6:00-7:00 pm	2	6 days/Week	6	\$ 40.00	\$ 11,760	SP	
<b>Swim Meets:</b>								
		12	2 weekends (4 days)	All	All Day	\$ 1,500.00	\$ 6,000	LP
<b>52 Open Swim Fees-Public</b>								
	10:00 am-4:00 pm		Week Ends	2	\$ 4.00	\$ 12,490	LP	
	TBD		Week Days	5	\$ 4.00	\$ 2,500	LP	
<b>30 Party Rentals</b>								
	TBD		Week Ends	1	\$ 12.50	\$ 9,000	LP	
<b>Water Polo:</b>								
40 (40 wks/yr)	5:00-7:00 am	6	Week Days-M/W/F	3	\$ 8.00	\$ 11,520	LP	
40 (40 wks/yr)	7:00-9:00 pm	12	6 days/wk	6	\$ 8.00	\$ 46,080	LP	
<b>Scuba:</b>								
35 (35 weeks/Year)	9:00-10:00 pm	12	2 days/wk	2	\$ 5.00	\$ 4,200	LP	
<b>Master's Classes:</b>								
49 (49 weeks/Year)	5:00-7:00 am	6	Week Days	5	\$ 10.00	\$ 29,400	LP	
49 (49 weeks/Year)	6:00-7:00 pm	6	Week Days	5	\$ 10.00	\$ 14,700	LP	
8 Summer/Swim Camps (8 wks/yr)	8:00am -3:00 pm	11	Week Days	5	\$15.00	\$ 39,600	LP	
<b>Total Revenue Projection</b>						\$ 448,580		
<b>Total Expense Projection-(Attached page)</b>						\$ 324,015		
<b>Net Reserve/Contingency for Uncertainties</b>						\$ 124,565		

PALISADES CHARTER HIGH SCHOOL  
POOL COMMITTEE  
OPERATING BUDGET  
Rev.11/10/09

Expenses:

Salaries & Benefits

1	Pool Manager						\$	60,000
1	Facility Business Supervisor (4 HRS/WEEK)						\$	4,992
1	Head Life Guard (Half time)						\$	20,000
							\$	<u>84,992</u>

Part-Time Life Guards:

2	Summer	12	\$	12.00	Junior	Week Days		5,760
2	Yr Round	9	\$	12.00	Junior	Week Ends		10,584
2	Summer	14	\$	13.50	Regular	Week Days		7,560
2	Yr Round	9	\$	13.50	Regular	Week Ends		11,907
2	School Yr	6	\$	15.00	Senior	Week Days		18,450
2	Summer	14	\$	15.00	Senior	Week Days		8,400
2	Yr Round	9	\$	15.00	Senior	Week Ends		13,230
								<u>75,891</u>
								<u>Total Salaries</u> \$ 160,883

Benefits:

Full-Time	at 40%							24,000
Part Time	at 15%							15,132
								<u>39,132</u>
								<u>Total Benefits</u> 39,132
								<u>Total Salary &amp; Benefits</u> \$ 200,015

Operating Expenses:

Utilities-Lower Due to Solar/Blankets		\$	70,000
Equipment & Supplies			39,000
Insurance			10,000
Advertising & Public Relations			5,000
			<u>124,000</u>
			<u>\$ 324,015</u>

PALISADES CHARTER HIGH SCHOOL  
AQUATIC CENTER FUNDING  
POTENTIAL LENDERS/CURRENT PROPOSAL

Institutions Approached :

CalNational Bank	See Proposal Below
Wells Fargo	See Proposal Below
Bank of America	Proposal In Process
NCB Capital	Proposal In Process

Proposal(s)

Wells Fargo

Type of Loan : 5 Year Loan Term Amortized over 15 years (Lower montly payment, Re-finance or pay off remaining balane at the end of 5 years)

Rate (Fixed): 5.65% Secured by Cash Collateral

Payments: \$ 11,552 Monthly Payment (\$138,660 annual payment) for 5 years

Remaining Loan Amount at January 2015 (5 year loan period)- \$1,050,000

CalNational Bank

Type of Loan :

Rate (Variable): 6.5% (floor) Rate Based upon Prime +1%- (no ceiling discussed)

Payments: \$ 27,393 Monthly-Assuming no rate increase of 5 year period of loan

Would be paid off after 8 year period (January 2016)

Amounts to be repald from Civic Center Permit Revenue which amounted to approx. \$220,000 In 2008-2009 and Pool Operating Budget expected to generate approx. \$450,000 In first full year and net \$125,000 after expenses

No prepayment penalty should entire amount not be needed/Additional Fundraising occur

**PALISADES CHARTER HIGH SCHOOL  
POOL FUND DONATIONS ACCOUNTING**

*V.C.*

As Of December 3, 2009

Amount  
Received

**Revenue**

	<u>Donations</u>	
2006	Mar-Dec	<u>\$ 457,158.33</u>
2007		
	1/1-12/31	<u>\$ 292,310.30</u>
2008	Year To Date	<u>\$ 1,893,673.13</u>
2009	Year To Date	<u>\$ 129,973.33</u>
2009	July	\$ 1,265.00
	August	\$ 1,450.00
	September	\$ 60,023.50
	October	\$ 51,012.50
	November	\$ 13,680.50
	Year To Date	<u>\$ 127,431.50</u>

Cumulative Donations \$ 2,900,546.59

	<u>Interest</u>	
2006	3/1-12/31	<u>\$ 8,783.88</u>
2007	1/1-12/31	<u>\$ 19,992.43</u>
2008	Year To Date	<u>44,185.34</u>
2009	Year To Date	<u>20,486.59</u>
2009	July	2,418.13
	August	2,123.49
	September	827.09
	October	611.75
	November	<u>344.07</u>
	Year To Date	<u>6,324.53</u>

Cumulative Interest \$ 99,772.77

Total Revenue to Date	<u>\$ 3,000,319.36</u>
Add: Pledges Outstanding	<u>\$ 159,700.00</u>
	<u>\$ 3,160,019.36</u>

**PLEDGES OUTSTANDING**

Westside Anon donor	\$ 50,000
Ross Family	17,500
Rose G.-Lane	50,000
Boosters	25,000
Kaplan	10,000
In Transit	\$ 7,200
	<u>\$ 159,700</u>

**PALISADES CHARTER HIGH SCHOOL  
POOL FUND DONATIONS ACCOUNTING  
As Of December 3, 2009**

**Expenses**

2006	3/1-12/31	\$	4,863.93
2007	1/1-12/31	\$	123,586.81
2008	Year To Date	\$	<u>209,463.29</u>
2009	January	\$	30,093.25
	February		12,979.54
	March		19,045.42
	April		405,721.89
	May		6,624.94
	June-		45,777.04
2009	Year To Date	\$	<u>520,242.08</u>
	July		226,066.11
	August		344,649.71
	September		153,301.80
	October		311,118.14
	November		<u>346,176.37</u>
	Year To Date		1,381,312.13

Cumulative Expenses to Date      \$ 2,239,468.24

Net Pool Balance                      \$ 760,851.12

**Investments at November 30,2009**

Wells Fargo Operating Account	\$	24,686.37	No Interest
Wells Fargo Money Market Account		584,351.81	Tiered Money Market- Variable
Cal National Money Market Account		43,074.73	Tiered Money Market- Variable
Citibank Certificate of Deposit		108,738.21	CD-Daily Rate
	\$	<u>760,851.12</u>	

**December Activity**

Add: Deposits In Transit	\$	7,200.00
Less: Outstanding Checks		(3,474.28)
Combined Pool Fund Balance at December 3,2009	\$	<u>764,576.84</u>

V.C.

PALISADES CHARTER HIGH SCHOOL  
AQUATIC CENTER FUNDING  
POTENTIAL LENDERS/CURRENT PROPOSAL  
\$1,500,000 Loan

Institutions Approached :

CalNational Bank/US Bank	New Bank Withdrew Proposal-Not currently extending loans of this type as US Bank
Wells Fargo	See Proposal(s) Below
Bank of America	No Proposal Offered-Does not Loan to Charters Showing any Budget Deficits in any Year
NCB Capital	PCHS did not meet Charter Profile that NCB would consider

Proposal(s)

Wells Fargo Two Options presented

OPTION #1

Type of Loan : 5 Year Loan Term Amortized over 15 years (Lower montly payment, Re-finance or pay off remaining balance at the end of 5 years)

Rate (Fixed): 5.65% Secured by \$1,500,000 Cash Collateral

Payments: \$ 12,376 Monthly Payment (\$148,512 annual payment) for 5 years

Remaining Loan Amount at Due February 2015 (5 year loan period)- \$1,132,600 -Subject to additional prepayments made

OPTION #2- (Note Amount of Loan Secured by Equipment Collateral Subject to Change Per Lender Final Review of Assets)

Type of Loan(s) : 5 Year Loan Term Amortized over 15 years on Cash Collateral (Lower montly payment, Re-finance or pay off remaining balance at the end of 5 years)  
5 Year Loan Term on Amount Secured by Equipment

Rate (Fixed): 5.65% Secured by \$1,000,000 Cash Collateral  
5.35% Secured by \$500,000 Equipment Collateral

Payments: \$ 17,767 Monthly Payment (\$213,200 annual payment) for 5 years

Remaining Loan Amount at Due February 2015 (5 year loan period)- \$ 755,063 -Subject to additional prepayments made

Line of Credit Option is also available-Secured by Accounts Receivable- \$500,000 (Prime +2%= 5.25% Currently)

No prepayment penalty should entire amount not be needed/Additional Fundraising occur