

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including original issue discount treated as interest) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from all taxation and assessments in the State of Colorado. For a more complete description of such opinion of Bond Counsel, see "TAX MATTERS" herein.

\$21,850,000
COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY
(Frontier Academy Project)
A Charter School Chartered through Weld County School District No. 6
Charter School Revenue Refunding and Improvement Bonds, Series 2016

Dated: Date of Delivery

Due: June 1, as shown below

The Bonds will be issued by the Authority as fully registered bonds without coupons in denominations of \$5,000 or any multiple thereof. Principal and interest payments on the Bonds will be made by BOKF, NA dba Colorado State Bank and Trust, as trustee, to the Registered Owners as of the fifteenth day of the month immediately preceding the month in which an interest payment occurs. The Bonds bear interest payable semiannually on June 1 and December 1 of each year, commencing December 1, 2016, until maturity or earlier redemption. DTC will act as securities depository for the Bonds, and the Bonds will be registered in the name of Cede & Co., as nominee of DTC. Capitalized terms used on this cover page are defined in the Introduction to this Official Statement. The Bonds mature, bear interest per annum and are priced or priced to yield as set forth below.

MATURITY SCHEDULE ^{1,6*}
CUSIP 19645R

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	CUSIP ^{1,6*}	Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	CUSIP ^{1,6*}
2017	\$315,000	3.00%	1.10%	U58	2025	\$505,000	4.00%	2.36%	V57
2018	390,000	3.00	1.20	U66	2026	525,000	4.00	2.47	V65
2019	405,000	3.00	1.42	U74	2027	550,000	5.00	2.57 ²	V73
2020	415,000	4.00	1.58	U82	2028	580,000	5.00	2.61 ²	V81
2021	430,000	4.00	1.76	U90	2029	610,000	5.00	2.66 ²	V99
2022	450,000	4.00	1.92	V24	2030	635,000	5.00	2.72 ²	W23
2023	470,000	4.00	2.07	V32	2031	670,000	5.00	2.78 ²	W31
2024	485,000	4.00	2.22	V40					

\$ 3,900,000 5.00% Term Bond maturing June 1, 2036 Price: 117.494%² CUSIP: 19645R W56 ^{1,6*}
\$10,515,000 3.25% Term Bond maturing June 1, 2046 Price: 97.195% CUSIP: 19645R W49 ^{1,6*}

The proceeds derived from the sale of the Bonds will be loaned by the Authority to the Corporation pursuant to the Loan and Security Agreement, dated as of July 1, 2016, by and between the Authority and the Corporation for the purposes of financing the cost of: (a) refunding the Authority's Charter School Revenue Refunding Bonds (Frontier Academy Project) Series 2006, originally issued in the aggregate principal amount of \$17,750,000 and outstanding, as of July 1, 2016, in the aggregate principal amount of \$12,590,000; (b) constructing improvements to the educational facilities refinanced with proceeds of the Refunded Bonds; (c) funding a bond reserve fund; and (d) paying the costs of issuance of the Bonds.

The Authority, the Charter School, the Corporation and the Trustee intend to participate in the Colorado Charter School Debt Reserve Fund Program and the Colorado Charter School Moral Obligation Program for the payment of the Bonds. The Authority, the Charter School, the Corporation and the Trustee intend to utilize the Colorado State Treasurer Charter School Intercept Program for the Bonds.

The Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to maturity as set forth herein.

The Bonds constitute special, limited obligations of the Authority and except to the extent payable from Bond proceeds and investment income, are payable solely from certain payments, revenues and other amounts derived by the Authority pursuant to the terms of the Loan Agreement. The Bonds are secured by a pledge of (a) certain rights and interests of the Authority under and pursuant to the Loan Agreement, (b) certain rights and interests of the Trustee under and pursuant to the Deed of Trust encumbering the Facilities subject to Permitted Encumbrances, (c) the Pledged Revenues and all rights and interests of the Authority in the Pledged Revenues, subject to Permitted Encumbrances, except certain rights of the Authority set forth in the Loan Agreement, (d) the rights and interests of the Authority and the Corporation in the Lease, which is subject to annual appropriation by the Charter School, except certain rights of the Authority and the Corporation set forth in the Lease, (e) all Funds created in the Indenture (other than the Rebate Fund and with the exception of the Bond Reserve Fund which is pledged separately for the repayment of the Bonds), subject to certain provisions of the Indenture, and (f) any and all other interests in real or personal property specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture as set forth therein. Payments to be received from the Charter School by the Corporation under the Lease will be the Corporation's sole expected source of Pledged Revenues and the Lease is subject to annual appropriation by the Charter School.

The Bonds and the interest thereon shall never constitute debt or indebtedness of the Authority, the State or any political subdivision thereof, including the Authority, within the meaning of any provision of the Constitution and laws of the State and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the Authority, the Charter School or the State. The Authority has no taxing power.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption "RISK FACTORS."

The Bonds are offered when, as, and if issued, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of legality by Kutak Rock LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Specialized Public Finance Inc. is acting as financial advisor to the Charter School. Certain legal matters will be passed upon for the Corporation and the Charter School by their counsel Arrington Law Firm, Denver, Colorado, and for the Authority by its general counsel, Sherman & Howard L.L.C., Denver, Colorado. North Slope Capital Advisors, Denver, Colorado is acting as financial advisor to the Authority in connection with the offering and issuance of the Bonds. D.A. Davidson & Co. is acting as Underwriter in connection with the sale of the Bonds. Kutak Rock LLP has also assisted in the preparation of this Official Statement. The Bonds are expected to be available for delivery through the facilities of DTC on or about July 5, 2016.



D | A | DAVIDSON
D.A. Davidson & Co. member SIPC

This Official Statement is dated June 17, 2016.

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¹ The Authority and Charter School take no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

² Priced to the earliest call date of June 1, 2026.

**COLORADO EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY
(Frontier Academy Project)**

Frontier Academy Facilities Corporation Board of Directors

Stan Sugden, President
Darryl Boyd, Treasurer
Kevin Minner, Member

Frontier Academy Executive Committee

Aaron Carmichael, President
Kelley Hekowczyk, Vice President
Darryl Boyd, Treasurer
Isaia Aricayos, Secretary
Michael Chavies, Member
Erik Sorbo, Member
Stan Sugden, Member ¹
Timothy Pike, Member ²
Kristi Ogren, Elementary OPT Member
Karlye Shilts, Secondary OPT Member

Frontier Academy Administration

Dr. Bradford Every, Elementary School Principal
Dr. Stephen Seedorf, Secondary School Principal
Amy Willis Elementary School Assistant Principal
Mat Budzynski, Secondary School Assistant Principal
Kim Hurt, Business Manager

Charter School and Corporation Counsel

Arrington Law Firm
Denver, Colorado

Financial Advisor to Charter School

Specialized Public Finance Inc.
Dallas, Texas

Underwriter

D.A. Davidson & Co.
Denver, Colorado

Trustee and Paying Agent

BOKF, NA dba Colorado State Bank and Trust
Denver, Colorado

Bond Counsel

Kutak Rock LLP
Denver, Colorado

¹ Mr. Sugden's term on the Charter School Board will expire on June 30, 2016.

² Mr. Pike was elected to the Executive Committee on April 7, 2016. He will take office on July 1, 2016.

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offer and sale of the Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority, the Charter School, the Corporation or the Underwriter. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the Charter School, the Corporation or the Underwriter since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE AUTHORITY HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS OFFICIAL STATEMENT OR THE APPENDICES AND DOES NOT ASSUME ANY RESPONSIBILITY FOR, AND MAKES NO REPRESENTATION WITH RESPECT TO, THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT OR ITS APPENDICES, EXCEPT FOR THE INFORMATION CONTAINED UNDER THE CAPTIONS “INTRODUCTION—THE AUTHORITY,” “THE AUTHORITY” AND “LEGAL MATTERS—PENDING AND THREATENED LITIGATION-NO PROCEEDINGS AGAINST THE AUTHORITY.” THE AUTHORITY NEITHER HAS NOR WILL ASSUME ANY RESPONSIBILITY AS TO THE ACCURACY OR COMPLETENESS OF ANY OTHER INFORMATION IN THIS OFFICIAL STATEMENT.

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Neither the Securities and Exchange Commission nor any securities regulatory authority of any state has approved or disapproved the Bonds or this Official Statement. Any representation to the contrary is unlawful.

INTRODUCTION

The purpose of this Official Statement is to provide certain information concerning the issuance and sale by the Colorado Educational and Cultural Facilities Authority (the “Authority”) of its \$21,850,000 aggregate principal amount of Charter School Refunding and Improvement Revenue Bonds (Frontier Academy Project), Series 2016 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of July 1, 2016 (the “Indenture”), each by and between the Authority and BOKF, NA dba Colorado State Bank and Trust, as trustee thereunder (the “Trustee”). Capitalized terms used but not defined in this Official Statement have the meanings assigned to them in Appendix D hereto. The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement contains statements relating to future results that are “forward looking statements” as defined in the Private Litigation Reform Act of 1995. When used in this Official Statement and the appendices hereto, the words “estimate,” “intend,” “expect” and similar expressions identify forward looking statements. Any forward looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward looking statements. Inevitably, some assumptions used to develop forward looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results; those differences could be material.

The following introductory material is only a brief description of, and is qualified by, the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein.

Purpose of the Issue..... The proceeds from the sale of the Bonds will be loaned to Frontier Academy Facilities Corporation, a Colorado nonprofit corporation (the “Corporation”) pursuant to the terms of the Loan and Security Agreement, dated as of July 1, 2016 (the “Loan Agreement”), by and between the Authority and the Corporation, and will be used for the purpose of: (a) refunding the Authority’s Charter School Revenue Refunding Bonds (Frontier Academy Project) Series 2006, originally issued in the aggregate principal amount of \$17,750,000 and outstanding, as of July 1, 2016, in the aggregate principal amount of \$12,590,000; (the “Refunded Bonds”); (b) constructing improvements to the educational facilities refinanced with proceeds of the Refunded Bonds (the “Improvements”); (c) funding a debt service reserve fund; and (d) paying certain costs of issuance of the Bonds (the “Project”). The existing educational facilities refinanced with proceeds of the Refunded Bonds (the “Existing Facilities” and together with the Improvements, the “Facilities”) consist of the real property, improvements and equipment located at 2560 West 29th Street, Greeley, Colorado 80631, 6530 West 16th Street, Greeley, Colorado 80634 and 2500 West 29th Street, Greeley, Colorado 80631 in Weld County, Colorado. See “THE BONDS—Use of Bond Proceeds.”

The Authority The Bonds are being issued by the Authority to assist in financing the Project. The Authority is an independent public body politic and corporate constituting a public instrumentality and political subdivision

of the State of Colorado (the “State”). The Authority was created in 1981 pursuant to the “Colorado Postsecondary Educational Facilities Authority Act,” Title 23, Article 15, Colorado Revised Statutes, as amended (“C.R.S.”). The Authority was formed to promote the welfare of the people of the State by providing financing for educational institutions and cultural institutions. See “THE AUTHORITY.”

The Bonds and the interest thereon shall never constitute the debt or indebtedness of the Authority, the State or any political subdivision thereof, including the Authority, within the meaning of any provision of the Constitution and laws of the State and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the Authority or the State. The Authority has no taxing power.

The Corporation..... The Authority will loan the proceeds of the Bonds to the Corporation pursuant to the Loan Agreement. The Corporation is a Colorado nonprofit corporation organized on July 30, 2001 for charitable and educational purposes. See “THE CORPORATION.”

The Charter School The Core Knowledge Project d/b/a Frontier Academy, a Colorado public charter school (the “Charter School”) was created pursuant to the Colorado Charter Schools Act, Title 22, Article 30.5, C.R.S., as amended (the “Charter Schools Act”), under an initial charter granted by the District on December 20, 1996. The charter has been amended numerous times with the most recent amendment dated June 27, 2005. The original charter, with amendments, is referred to herein as the “Charter.” The Charter is effective through June 30, 2031. The Charter School’s articles of incorporation were filed with the Colorado Secretary of State on February 20, 1996.

The Charter School opened for the 1997-1998 fiscal year with an enrollment of 258 students (kindergarten through fifth grade). An additional grade level was added each year until the Charter School accommodated grades kindergarten through twelve with 1,597 students enrolled in the 2015-2016 school year. See “APPENDIX A—The Charter School.”

Security The Bonds are special, limited obligations of the Authority as described under “Limited Obligations” herein. Under the Loan Agreement, the Corporation is obligated unconditionally (but only on the limited, nonrecourse basis described in “Limited Obligations” below under this heading) to pay amounts sufficient to provide for the payment of the principal of, premium, if any, and interest on the Bonds. The Bonds are secured by a pledge of (a) certain rights and interests of the Authority under and pursuant to the Loan Agreement, (b) certain rights and interests of the Trustee under and pursuant to the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of July 1, 2016 (the “Deed of Trust”) executed by the Corporation, encumbering the Facilities subject however to the Permitted Encumbrances (defined therein), (c) the Pledged Revenues (defined

below) and all rights and interests of the Authority in the Pledged Revenues, subject to the Permitted Encumbrances, except certain rights of the Authority set forth in the Loan Agreement, (d) the rights and interests of the Authority and the Corporation in the Lease, except certain rights of the Authority and the Corporation set forth in the Lease, (e) all Funds created in the Indenture (other than the Rebate Fund), subject to certain provisions of the Indenture, and (f) any and all other interests in real or personal property specifically mortgaged, pledged or hypothecated, as and for additional security under the Indenture as set forth therein. The Pledged Revenues are defined in the Loan Agreement to include all revenues, rentals, fees, third-party payments, receipts, contributions or other income derived from the Facilities, including the rights to receive such revenues (each subject to Permitted Encumbrances), all as calculated in accordance with generally accepted accounting practices, including, but not limited to, any revenues received from rentals of the Facilities, including, without limitation, rentals received pursuant to the Lease; proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Corporation which are derived from the Facilities; and all donations, gifts, grants, bequests and contributions (including income and profits therefrom), to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for any of the payments required under the Loan Agreement; Pledged Revenues shall not, however, include any administrative fee paid to the Corporation by a lessee of the Facilities for the Corporation's administration of the Facilities, including, without limitation, the Additional Rents paid to the Corporation pursuant to the Lease (the "Pledged Revenues"). See "THE BONDS—Security for the Bonds."

Payments to be received by the Corporation from the Charter School under the Lease will be the sole expected source of Pledged Revenues and the Lease is subject to annual appropriation by the Charter School. See "THE BONDS—Security for the Bonds."

Bond Reserve Fund An account within the bond reserve fund will be established, pursuant to the Indenture, for the Bonds (the "Bond Reserve Fund") in an amount equal to \$1,259,650 which amount is equal to the maximum annual debt service on the Bonds, and is pledged for solely the repayment of the Bonds. The Charter School is entitled to participate and be a beneficiary of the Colorado Charter School Debt Reserve Fund Program ("CSDRF") and the Colorado Charter School Moral Obligation Program (the "Moral Obligation Program") which enhance the security for the Bonds. The CSDRF was created to provide a fund managed by the State Treasurer that is available to replenish amounts drawn from debt service reserve funds, once depleted, that secure qualifying charter school bond issues. Qualified charter schools are defined in State statutes as a school that has a stand-alone credit assessment or rating of at least equal to investment grade by a nationally recognized rating agency at the time of issuance of the bonds. The Bonds qualify for the CSDRF. See "THE BONDS—Security for the Bonds."

The CSDRF has been funded with \$7.5 million of State appropriated moneys and is being funded from certain interest earnings on such deposit. The CSDRF is additionally funded with monies on deposit in the State charter school interest savings account (the “Interest Savings Fund”), which deposits are from amounts contributed by charter schools that participate in the Moral Obligation Program in an amount equal to ten basis points of the principal amount of the bonds outstanding as of each annual calculation date and the interest earnings thereon. As of May 31, 2016, the balance in the CSDRF was \$7,627,609.64 (having received \$127,609.64 in interest earnings to date). As of May 31, 2016, the balance in the Interest Savings Fund was \$4,365,573.10 including \$4,005,773.59 paid in by the participating schools plus \$359,799.51 in interest earnings to date. Amounts in the CSDRF are available to replenish the Bond Reserve Fund, to the extent amounts are available, and any other bond reserve fund created to secure other qualifying bond issues. The CSDRF is required by State statute to be replenished if drawn upon from charter school facilities aid money. There can be no assurance that the CSDRF will be adequate to meet all the demands that might be made upon it because by statute the State has committed to allow up to \$500 million in bonds to be secured by the CSDRF.

If the Bond Reserve Fund is depleted and not immediately restored to the respective Bond Reserve Fund Requirement, in addition to the monies available under the CSDRF program, if any, the Board of Directors of the Authority is required by statute to submit to the governor a certificate certifying any amount of moneys required to restore such fund to the applicable Bond Reserve Fund Requirement for that series of bonds. The governor is then required to submit a request for an appropriation from the State legislature in an amount sufficient to restore such account to the applicable Bond Reserve Fund Requirement and the general assembly of the State may, but shall not be required, to appropriate moneys for such purpose. See “THE BONDS—Security for the Bonds.”

Limited Obligations..... The Bonds do not constitute the debt or indebtedness of the Authority within the meaning of any provision or limitation of the constitution or statutes of the State and shall never constitute or give rise to a pecuniary liability of the Authority, the District, or the State or a charge against the general credit or taxing power of the Authority, the District or the State. The Authority has no taxing power. Except as provided in the Loan Agreement with respect to certain fees, expenses and indemnity rights of the Authority and the Trustee, recovery against the Corporation for any event of default under the Loan Agreement is limited to the Pledged Revenues and amounts realized from the foreclosure of the Deed of Trust encumbering the Facilities. The obligations of the Corporation under the Loan Agreement (subject to such exceptions) are not general obligations of the Corporation and neither the Trustee, the Authority, nor the registered owners of the Bonds shall have any recourse to any property, funds or assets of the Corporation (other than the Pledged Revenues and the Facilities) with respect to such obligations. See “THE BONDS—Security for the Bonds.”

- Risk Factors**..... Prospective purchasers are advised to read this entire Official Statement and the Appendices attached hereto in their entirety, particularly the section “RISK FACTORS” herein, for a discussion of certain risk factors, which should be considered in connection with an investment in the Bonds.
- Payment Provisions** The Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the cover page hereof. Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing on December 1, 2016 (the “Interest Payment Date”).
- Registration and Denominations**..... The Bonds are issued in fully registered form in denominations of \$5,000 or any multiple thereof (“Authorized Denominations”).
- Exchange and Transfer** While the Bonds remain in book-entry-only form, transfer of ownership by Beneficial Owners (as defined by the rules of DTC, defined below) may be made as described in “APPENDIX H—Book–Entry–Only System.”
- Book-Entry-Only Registration** The Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. Beneficial ownership interests in the Bonds may be acquired in principal denominations of \$5,000 or any multiple thereof through participants in the DTC system (the “Participants”). Such beneficial ownership interests will be recorded in the records of the Participants. Persons for which Participants acquire interests in the Bonds (the “Beneficial Owners”) will not receive certificates evidencing their interests in the Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal, premium, if any, and interest on the Bonds, as well as notices and other communications made by or on behalf of the Authority pursuant to the Bond Resolution, will be made to DTC or its nominee only. Disbursement of such payments, notices, and other communications by DTC to Participants, and by Participants to the Beneficial Owners, is the responsibility of DTC and the Participants pursuant to rules and procedures established by such entities. See “APPENDIX H—Book–Entry–Only System” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.
- Prior Redemption**..... The Bonds are subject to optional, extraordinary and mandatory sinking fund redemption. The terms and provisions regarding such prior redemption are set forth in “THE BONDS—Prior Redemption.”
- Tax Status** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain

covenants, interest on the Bonds (including original issue discount treated as interest) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from all taxation and assessments in the State of Colorado. For a more complete description of such opinion of Bond Counsel, see “TAX MATTERS” herein.

Authority for Issuance..... The Bonds are issued in full conformity with the constitution and laws of the State, and pursuant to an authorizing resolution (the “Bond Resolution”) adopted by the Authority’s Board of Directors (the “Authority’s Board”) at a meeting held prior to the issuance of the Bonds and pursuant to the terms of the Indenture. The Authority is authorized by Article 15, Title 23, C.R.S., as amended, and Article 57, Title 11, Section 201, et seq., C.R.S., as amended to issue the Bonds.

Delivery Information..... The Bonds are offered when, as, and if issued by the Authority and accepted by D.A. Davidson & Co., as underwriter for the Bonds (the “Underwriter”), subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about July 5, 2016.

Financial Statements The Charter School’s audited basic financial statements for the fiscal year ended June 30, 2015, by CliftonLarsonAllen LLP, Certified Public Accountants, Broomfield, Colorado, is attached as APPENDIX C hereto. See “APPENDIX B—Charter School Financial Information.”

Agents and Advisors..... Kutak Rock LLP has acted as Bond Counsel. Specialized Public Finance Inc. is acting as financial advisor to the Charter School. Certain legal matters will be passed on for the Corporation and the Charter School by their counsel, Arrington Law Firm, Denver, Colorado, and for the Authority by its general counsel, Sherman & Howard L.L.C., Denver, Colorado. D.A. Davidson & Co. will serve as the Underwriter. See “MISCELLANEOUS—Underwriting.” BOKF, NA dba Colorado State Bank and Trust, Denver, Colorado will serve as the Trustee for the Bonds. North Slope Capital Advisors, Denver, Colorado is serving as financial advisor to the Authority (the “Authority Financial Advisor”). Certain fees that are payable by the Authority with respect to the Bonds to various counsel, the Underwriter, the Trustee and the Authority Financial Advisor are contingent upon the issuance and delivery of the Bonds.

Additional Information The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Official Statement do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge

from the Charter School's administrative offices, 2560 West 29th Street, Greeley, Colorado 80631, (970) 330-1780; or D.A. Davidson & Co. at 1550 Market Street, Suite 300, Denver, Colorado 80202, (303) 764-6000.

RISK FACTORS

The following are certain investment considerations and risk factors which have been identified by the Corporation and Charter School and which should be carefully considered by prospective purchasers of the Bonds. The following list should not be considered to be exhaustive and has been prepared by the Corporation and Charter School within the context of this Official Statement. Inclusion of certain factors below is not intended to signify that there are no other investment considerations or risks attendant to the Bonds.

Nonrenewal of the Lease

The expected source of Pledged Revenues for the repayment of the Bonds is the rental payments made by the Charter School under the Lease. The Lease is subject to annual renewal by the Charter School. It is anticipated that amounts payable pursuant to the Lease will be sufficient to pay debt service on the Bonds. However, the Charter School's obligation to pay such amounts is subject to: (a) the continued existence of the Charter School, see "Revocation or Nonrenewal of Charter" below; (b) the level of annual appropriations by the State and the District to the Charter School; and (c) specific appropriations and allocations for such purpose by the Charter School. In the event the Charter School determines not to appropriate or allocate funds in order to make payments under the Lease, or in the event the State or the District do not appropriate adequate funds for such purpose, it is highly likely that no proceeds will be generated by the Trustee from the reletting or sale of the Facilities (which have been designated and built specifically for the purpose of operating a charter school). Pursuant to the Loan Agreement, the Corporation covenants and agrees to transfer and convey fee simple title and its ownership interest in the Facilities to the Charter School at such time as the Bonds are no longer outstanding; provided that if the Lease has been terminated or not renewed, or the Charter School is no longer existing and operating as a public charter school, the Corporation covenants and agrees in the Loan Agreement to transfer fee simple title and its ownership interest in the Facilities to (i) a governmental unit; or (ii) an organization described under Section 501(c)(3) of the Code, if such transfer and conveyance, according to a written opinion of Bond Counsel, will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Pursuant to the Lease, the Charter School is responsible for paying the costs of operating, insuring and maintaining the Facilities and the Corporation currently has no independent source of revenues to meet such costs, see "—Damage or Destruction of the Facilities." Nonrenewal of the Lease by the Charter School is not an Event of Default under the Loan Agreement or the Indenture. If the Charter School chooses not to renew the Lease, the only likely tenants for the Facilities will be the District, or another charter school of the District, if any.

Enforcement of Remedies Under Indenture

Upon an Event of Default under the Indenture, the Trustee may, on behalf of the Bondholders enforce certain rights and remedies, including the acceleration of the Bonds and foreclosure and sale of the Facilities pursuant to the Deed of Trust. However, the Bonds are additionally secured by the CSDRF and the Moral Obligation Program, to the extent moneys are available thereunder to replenish the Bond Reserve Fund.

Additionally, an Event of Default and acceleration of the Bonds under the Indenture may impact the State's willingness to appropriate funds for the replenishment of the Bond Reserve Fund. There is nothing in the Moral Obligation Program that requires the State to fully pay off any outstanding Bonds in the Moral Obligation Program, and the acceleration of the Bonds may negatively impact the State's willingness to make an accelerated payment on the Bonds from the CSDRF and under the Moral Obligation Program.

Revocation or Nonrenewal of Charter

Pursuant to the Charter Schools Act and the Charter, the Charter will terminate or be renewed on June 30, 2031. If the Charter School is subject to nonrenewal or revocation under §22-30.5-110 (3), C.R.S., state or federal law or regulations, or materially breaches the Contract, the District may, but is not required to, impose other remedies prior to initiating revocation procedures in accordance with the Charter. Remedies include, but are not limited to, those listed below. These remedies may be applied individually, in succession, or simultaneously. Prior to applying a remedy, other than paragraph (b) below, the District will send a notice of breach and provide the Charter School with an opportunity to cure. The notice will state the deficiency and the basis (evidence) for it, an opportunity for the Charter School to contest the deficiency, the timeframe for remedying the deficiency, and the expected results.

(a) Withholding up to 10% of the funds due to the Charter School. This remedy may be applied in situations where the Charter School could reasonably take actions to remedy the breach prior to the withholding of funds. These situations include but are not limited to failure to submit reports required by the Charter by the established deadlines, failure to submit other required information or records by the date requested, and failure to submit a budget to the District that meets the Charter requirements.

(b) Notwithstanding any other provision of the Contract, in the case of any breach which the District reasonably determines poses a serious and imminent threat to the Charter School or District students, the community, or the property rights of the District or the Charter School, the District may, but is not required to, exercise any authority or rights over the Charter School in accordance with the procedures described in C.R.S. 22-30.5-701 et seq and take immediate control of the Charter School or some portion thereof.

(c) The Charter School will submit a plan to the District to remedy the deficiency. The Charter School will develop the plan and submit it to the District for review and comment. The plan may be revised at the discretion of the Charter School and then submitted to the Charter School Board for approval. The approved plan will include a statement that directs the Charter School's staff to implement the plan and provide the Charter School Board with periodic reports of progress. The District may require the Charter School to review and revise the plan if it is not effective in remedying the deficiency. This remedy may be applied if the Charter School fails to make progress toward achieving its goals and objectives or District accreditation requirements, to implement its educational program, or fails to complete two or more required reports by the established deadlines.

If the Charter School believes that the District has violated any provision of the Contract or law, the Charter School may initiate dispute resolution procedures in accordance with the Charter, file an appeal with the State Board, or seek other remedies provided by law.

No assurance can be given that the Charter School will be able to maintain its Charter, if the Charter School's Charter is revoked or not renewed, the Charter School will be prohibited from renewing the Lease. See "—Nonrenewal of the Lease."

Key Personnel

The Charter School's creation, curriculum, and educational philosophy reflect the vision and commitment of members of the Charter School's board of directors (the "Executive Committee") and certain key personnel who comprise the upper management of the Charter School ("Key Personnel"). Loss of any Charter School Executive Committee members or Key Personnel could adversely affect the Charter School's operations, its ability to attract and retain students and its financial results. For more information regarding the Executive Committee and the Charter School's administrative staff and management see "APPENDIX A—The Charter School—The Executive Committee" and "—Administration and Management."

Failure To Achieve or Maintain Enrollment

The economic feasibility of the Project depends in large part upon the ability of the Charter School to attract sufficient numbers of students at the Existing Facility to maintain sufficient enrollment to meet the debt service requirements on the Bonds. The Charter School's ability to maintain enrollment depends, to some extent, on factors outside of its control. If the Charter School fails to maintain the enrollment levels it currently has, there may be insufficient Pledged Revenues available to pay debt service on the Bonds.

Competition for Students

The Charter School competes for students with the District, other schools within or near the District, neighboring districts, and private schools that are located in the Charter School's service area. Educational facilities are provided for students in the City primarily by Greeley School District, 6 which operates 16 elementary schools (includes three kindergarten through 8th grade schools), 4 additional middle schools, 3 high schools, 4 charter schools (including the Charter School) and several special schools and programs. Students within the City's boundaries are served by 13 of these elementary and K-8 schools and all of the middle and senior high schools as well as all of the charter schools and special programs. In addition, several private schools have educational facilities in the City. See "APPENDIX A—THE CHARTER SCHOOL—Service Area and Competing Schools." There can be no assurance that the Charter School will continue to attract and retain the number of students that are needed for it to meet its operating expenses and to produce Pledged Revenues sufficient to pay debt service on the Bonds.

Special, Limited Obligations of the Authority

The Bonds are special, limited obligations of the Authority and also constitute nonrecourse obligations of the Authority. The Bonds and the interest thereon shall never constitute a debt or indebtedness of the Authority, the State or any political subdivision thereof, including the Authority, within the meaning of any provision of the Constitution and laws of the State and shall not constitute nor give rise to a pecuniary liability or a charge against the general credit or taxing powers of the Authority, the Charter School, the District or the State. Neither the Authority or the Charter School have any taxing power.

The Bonds are secured by and payable from funds payable by the Corporation under the terms and conditions of the Loan Agreement and as otherwise described herein. Recovery against the Corporation for any event of default under the Loan Agreement will likely be from the Pledged Revenue of the Corporation, which is expected to consist of only the rental payments made by the Charter School under the Lease, while in effect.

Damage or Destruction of the Facilities

The Loan Agreement and the Lease require that the Facilities be insured against certain risks. There can be no assurance that the amount of insurance required to be obtained with respect to the Facilities will be adequate or that the cause of any damage or destruction to the Facilities will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies with which the Corporation or the Charter School obtains insurance policies. The Charter School may choose to terminate the Lease if a casualty renders the Facilities totally or partially untenable or unfit for its purposes, and if insurance proceeds are insufficient to restore the Facilities to a tenantable condition.

The Charter School believes that the risks associated with its properties and its operations are adequately provided for through the standard commercial insurance policies it maintains. The Charter School is required under the Lease to provide property insurance on the Facilities through a standard commercial hazard insurance policy.

Construction of Improvements

The Corporation is financing the construction of the Improvements with a portion of the net proceeds of the Bonds. See “THE BONDS—Use of Bond Proceeds” for a description of such Improvements. The Corporation has contracted with Vanir Construction Management, Inc., Greenwood Village, Colorado (“Vanir”) to act as the Owners Representative, with Hord Coplan Macht, Denver, Colorado, as the architect to design the Improvements. FCI Constructors, Inc., Frederick, Colorado, has been awarded the contract to serve as the construction manager/general contractor for the Improvements (the “Contractor”). The Contractor is expected to execute a Guaranteed Maximum Price Contract (the “GMP Contract”) prior to the issuance of the Bonds. The GMP Contract provides a process for establishing a guaranteed maximum price for which the Improvements will be constructed, which price will be set after the design of the Improvements has been completed. No guaranteed maximum price has been set as of the date hereof. No assurances can be given that the cost of the construction of the Improvements will be for an amount equal to or less than the amount on deposit in the Project Fund.

Additionally, in completing the preliminary design work for the Improvements the Corporation discovered that certain utility lines need to be relocated away from the Facilities and onto land owned by University Schools and leased to the Charter School pursuant to a Shared Facilities Agreement (defined below). The Charter School and University Schools anticipate entering into a Memorandum of Understanding regarding the relocation of the easement for the future location of the utility lines. If University Schools does not grant the easement for the relocation of the utility lines, the Corporation will have to redesign the Improvements to accommodate the current location of the utility lines. There can be no determination as to the additional Project costs, which may be in excess of the amount on deposit in the Project Fund, associated with such redesign and new construction plan for the Improvements.

Relating to Security for the Bonds

Pursuant to the Loan Agreement (and the Authority’s assignment of its rights thereunder to the Trustee under the Indenture) and the Deed of Trust, the Corporation is granting as security for its obligations thereunder all of its estate, right, title and interest in, to and under the Facilities and a security interest in the Pledged Revenues.

There can be no assurance that the Facilities present or future value will be sufficient to repay the Bonds in the event of an Event of Default and a foreclosure. In addition, it may be difficult to find a buyer or lessee for the Facilities. Thus, upon an Event of Default, the Trustee may not realize the amount

of the outstanding Bonds from the sale or lease of such Facilities if it were necessary to proceed against such Facilities, whether pursuant to a judgment, if any, against the Corporation, or otherwise.

No Appraisal of the Facilities will be done with respect to the issuance of the Bonds.

The effectiveness of the Deed of Trust on the Facilities and the lien on, and the security interest in, the Pledged Revenues to the extent granted pursuant to the Deed of Trust and the Loan Agreement may be limited by a number of factors, including: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof; (c) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (d) federal bankruptcy laws which may affect the enforceability of the security interest in the revenues of the Corporation which are earned by the Corporation within 90 days preceding and after any effectual institution of bankruptcy proceedings by or against the Corporation; (e) rights of third parties in Pledged Revenues converted to cash and not in the possession of the Trustee; and (f) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Colorado Uniform Commercial Code as from time to time in effect.

Constitutional Provisions Affecting Revenues and Spending

In 1992, the electors of the State approved an amendment to the Colorado Constitution, Article X, Section 20, which imposes certain spending, revenue and other limitations upon the State and its political subdivisions (including the Charter School). One of the subsections of Article X, Section 20 limits the maximum annual percentage change in the Charter School's fiscal year spending to an amount equal to inflation in the prior calendar year plus annual enrollment growth, adjusted for changes approved by voters after 1991. The Lease is subject to annual appropriation by the Charter School. There can be no assurances that Article X, Section 20 spending limitations would not impede the ability of the Charter School to make such appropriation. In addition, Article X, Section 20, contains many undefined or unclear terms and provisions which will require judicial interpretation or legislative action to clarify. Although certain clarifying judicial interpretations and legislative action have already occurred, the effect upon the Bonds of any future interpretations or actions is impossible to determine at this time.

The Colorado General Assembly Office of Legislative Legal Services issued a memorandum dated September 19, 2003 which concludes that the application of any provision of the Charter School Facilities Financing Act does not violate Section 20(4)(b) of Article X of the Colorado Constitution by allowing the creation of any "multiple fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years without creation of voter approval in advance."

Although constitutional provisions cannot be changed by the General Assembly, the General Assembly may, by resolution, or the electorate by petitioners may, submit reductions or limitations to the electorate. Adverse State budget considerations could result in the General Assembly seeking voter approval to reduce constitutional requirements for public school funding.

Changes to Charter Schools Act

Future changes to either the Charter Schools Act or the Public School Finance Act by the Colorado General Assembly could be adverse to the financial interests of the Charter School and could adversely impact the security for the Bonds. There can be no assurance given that the Colorado General Assembly will not in the future amend either the Charter Schools Act or the Public School Finance Act in a manner which is adverse to the interests of the registered owners of the Bonds.

Colorado has from time to time experienced, and is presently recovering from a severe downturn in its economy and tax revenues and may experience additional downturns in the future. While constitutional provisions cannot be amended by the General Assembly, Public School Finance Act provisions, such as the capital funding for charter schools, are subject to amendment, including the reduction of funding, which could adversely affect the Charter School. STATE BUDGET CONSIDERATIONS MAY ADVERSELY AFFECT APPROPRIATIONS FOR CHARTER SCHOOL FUNDING.

See “APPENDIX B—Charter School Financial Information—Sources of Revenue” for a description of funding for Charter Schools. Additional information relating to Colorado Charter Schools is available at <http://www.cde.state.co.us>. The internet address is provided as a matter of convenience for the purchasers of the Bonds. None of the Authority, the Charter School or the Corporation incorporates herein any information provided at such internet address or any other internet addresses that may be contained therein or herein, and the information at such internet address or internet addresses is not to be construed or incorporated as part of this Official Statement.

Factors Associated With Education

There are a number of factors affecting schools in general, including the Charter School and the Corporation, that could have an adverse effect on the Corporation’s and the Charter School’s financial position and their ability to make the payments required under the Loan Agreement and the Lease. These factors include, but are not limited to, the ability to attract a sufficient number of students; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; any unionization of the Charter School’s work force with consequent impact on wage scales and operating costs of the Corporation or the Charter School; and changes in existing statutes pertaining to the powers of the Charter School and legislation or regulations which may affect program funding. Neither the Corporation nor the Charter School can assess or predict the ultimate effect of these factors on their operations or financial results of operations.

Potential Effects of Bankruptcy

If the Corporation were to file a petition for relief (or if a petition were filed against the Corporation as a debtor) under the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq., as amended, or other similar laws that protect creditors, the filing could operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the property of the debtor. If the bankruptcy court so ordered, the debtor’s property and revenues could be used for the benefit of the debtor despite the claims of its creditors (including the registered owners of the Bonds).

In a bankruptcy proceeding, the debtor could file a plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured (including the registered owners of the Bonds). The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

Environmental Regulation

There are potential risks relating to environmental liability associated with the ownership of any property. If hazardous substances are found on property, owners and operators of such property may be held liable for costs of cleanup and other liabilities relating to such hazardous substances. In addition, liens arising as a result of liabilities relating to hazardous substances may take priority over all other liens, including any mortgages or deeds of trust thereon. Neither the Corporation nor Charter School have made any representations as to the environmental condition of the Facilities, except as provided in the Loan Agreement and Deed of Trust.

The Facilities were formerly used for industrial and agricultural purposes prior to acquisition by the Corporation. No Phase I Environmental study has been or will be completed on the Facilities in conjunction with the issuance of the Bonds.

The Facilities are subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the owner of the Facilities (and to any mortgagee holding a mortgage lien on the Facilities, particularly following any foreclosure proceeding) for remediation of adverse environmental conditions on or relating to the Facilities, whether arising from preexisting conditions or conditions arising as a result of the activities conducted in connection with the ownership and operation of the Facilities.

Covenant To Maintain Tax-Exempt Status of the Bonds

The excludability from gross income for federal income taxation purposes of the interest on the Bonds is based on the continuing compliance by the Corporation, the Trustee, the Charter School and the Authority with certain covenants contained in the Indenture, Lease, Loan Agreement and Tax Regulatory Agreement, dated as of the date of delivery of the Bonds (the “Tax Regulatory Agreement”), by and among the Authority, the Corporation, the Charter School and the Trustee. These covenants relate generally to restrictions on the use of the Facilities financed with proceeds of the Bonds, restrictions on reletting the Facilities to organizations other than a governmental organization or a tax exempt organization, subject to receipt of a written opinion of bond counsel, under the Internal Revenue Code of 1986, as amended (the “Code”), arbitrage limitations, and rebate of certain excess investment earnings, if any, to the federal government. Failure to comply with such covenants could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance of the Bonds.

Additional Bonds

The Indenture provides that Additional Bonds may be issued by the Authority payable from the Trust Estate on a parity with the Bonds, if certain conditions are met. See “THE INDENTURE—Additional Bonds” set forth in “APPENDIX D” hereto.

Limitations on Enforcement of Remedies

The remedies available to the Trustee or the Owners of the Bonds upon an Event of Default under the Indenture, the Loan Agreement, the Deed of Trust or the Lease are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture, the Loan Agreement, the Deed of Trust and the Lease may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the

State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Secondary Market

There is no guarantee that a secondary trading market will develop for the Bonds. Consequently, prospective bond purchasers should be prepared to hold their Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends but is not obligated to make a market in the Bonds.

Failure To Provide Ongoing Disclosure

The Charter School and the Corporation have agreed to enter into the Continuing Disclosure Agreements pursuant to Rule 15c2-12 (as such terms are defined herein). Failure to comply with the Continuing Disclosure Agreements and Rule 15c2-12 may adversely affect the liquidity of the Bonds and their market price in the secondary market. See “MISCELLANEOUS—Continuing Disclosure Agreements.”

THE BONDS

Description of the Bonds

The Bonds will be dated as of the date of delivery, will be issued in the aggregate principal amounts and will bear interest at the rates and mature on the dates, subject to redemption as described below, set forth on the cover page hereof. The Bonds will be issued as fully registered bonds without coupons in Authorized Denominations. Interest on the Bonds is payable semiannually on June 1 and December 1 each year, commencing on December 1, 2016 (each, an “Interest Payment Date”), by check or draft mailed to the registered owners of the Bonds as of the Regular Record Date, which will be the fifteenth day of the month immediately preceding the month in which an Interest Payment Date occurs (the “Regular Record Date”). The principal, and premium if any, of the Bonds shall be payable, without exchange or collection charges, in lawful currency of the United States of America.

Interest on the Bonds will be computed on the basis of a year of 360 days of 12 months of 30 days each until payment of principal has been made or provided for, payable on each Interest Payment Date, except that Bonds which are reissued upon transfer, exchange or other replacement will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds.

Except in the case of overdue interest, the record date for interest due will be the Regular Record Date. Interest which is due and payable on any Interest Payment Date, but cannot be paid on such date from available sources, ceases to be payable to the registered owner otherwise entitled thereto as of such date. At such time as sufficient funds are available for the payment of such overdue interest, the Trustee is required to establish a special payment date and a Special Record Date in respect thereof. The Trustee is required to mail a notice specifying each date so established to each registered owner of the Bonds, such notice to be mailed at least 10 days prior to the Special Record Date.

Direct Payment of Lease Amounts

The State provides funding to school districts, which in turn provide funding to the charter schools within its boundaries, or to the Charter School Institute, which in turn provides funding to the charter schools it authorizes. Pursuant to the terms of the Lease, the Charter School is required to make

application for the direct payment of Bonds by the Colorado State Treasurer pursuant to Section 22-30.5-406, C.R.S., as amended (the “Charter Intercept Statute”) to the Trustee from the Charter School’s Per Pupil Revenue (“PPR”). The Bonds qualify for such program and the Charter School’s application is expected to be submitted to the Colorado State Treasurer prior to the first interest payment date for the Bonds. The Charter Intercept Statute shall not be construed to create a debt of the State or any State financial obligation whatsoever with respect to any bonds which qualify for direct payment pursuant to its provisions and no moneys can otherwise be paid by the State Treasurer under the Charter Intercept Statute unless an allocable portion of the State share of Total Program (defined below) funding which that the Charter School is entitled to receive equals or exceeds the applicable amount of the payments which the State Treasurer is directed to make. Further, the Charter Intercept Statute shall not be construed to require the State to continue the payment of State assistance to any school district or to limit or prohibit the State from repealing or amending any law relating to the amount of State assistance to school districts or the manner or timing of the payment of such assistance. If direct payment of the Bonds is not made through the Charter Intercept Statute, the Charter School is required to make such payments pursuant to the Lease, to the extent appropriated therefor, and the Corporation is required to make such payments pursuant to the Loan Agreement. The information set forth in this Official Statement has not been verified or approved by the State and the State has no responsibility with respect to any disclosure matters relating to the offer or sale of the Bonds.

The Charter School’s termination of the Charter School Intercept Program Application or withdrawal from the Charter School Intercept Program constitutes an event of default under the Lease.

Financial information about the State is available at <https://www.colorado.gov/pacific/osc/cafr>. The State’s internet address is provided as a matter of convenience for purchasers of the Bonds. None of the Authority, the Charter School or the Corporation incorporate herein any information that may be provided at such internet address or any other internet addresses that may be contained therein, and disclaim any responsibility for any such information. The information at such internet address or internet addresses is not to be construed or incorporated as part of this Official Statement.

Prior Redemption

Optional Redemption. The Bonds maturing on and after June 1, 2027 are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part in Authorized Denominations on June 1, 2026, and on any date thereafter, upon direction by the Corporation and upon payment of par plus accrued interest through the date of redemption.

No Partial Redemption in Event of Default. Notwithstanding any redemption provision set forth in the Indenture, the Bonds are not subject to partial redemption pursuant to the optional prior redemption provisions discussed above if an Event of Default has occurred under the Indenture and has not been cured or otherwise waived by the Trustee.

Mandatory Sinking Fund Redemption. The Bonds maturing June 1, 2036 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Loan Agreement, the Corporation is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amount of the Bonds maturing June 1, 2036, plus accrued interest thereon to the redemption date:

Maturity Date (June 1)	Principal Amount
2032	\$705,000
2033	740,000
2034	780,000
2035	815,000
2036 ¹	860,000

¹ Maturity Date.

The Bonds maturing June 1, 2046 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Pursuant to the provisions of the Loan Agreement, the Corporation is required to provide funds for deposit into the Bond Principal Fund and Bond Interest Fund sufficient to redeem the following principal amount of the Bonds maturing June 1, 2046, plus accrued interest thereon to the redemption date:

Maturity Date (June 1)	Principal Amount
2037	\$ 900,000
2038	930,000
2039	965,000
2040	995,000
2041	1,030,000
2042	1,065,000
2043	1,100,000
2044	1,135,000
2045	1,175,000
2046 ¹	1,220,000

¹ Maturity Date.

Not more than 45 days nor less than 30 days prior to the sinking fund payment date for the Bonds, the Trustee is required to proceed to select for redemption (randomly in such manner as the Trustee may determine) from all outstanding Bonds, a principal amount of Bonds equal to the aggregate principal amount of Bonds, redeemable with the required sinking fund payment and is required to call such Bonds for redemption from the sinking fund on the next January 1 and give notice of such call.

Extraordinary Redemption. The Bonds are subject to extraordinary redemption at the option and upon the direction of the Corporation, in whole at any time or in part (only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Bonds pursuant to clauses (a) and (b) below) on any Interest Payment Date from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date upon the occurrence of any of the following events: (a) the Facilities shall have been damaged or destroyed, in whole or in part, to such extent that, as expressed in a consulting architect's certificate filed with the Trustee, (i) the Facilities cannot reasonably be restored within a period of six consecutive months to the condition thereof immediately preceding such damage or destruction, (ii) the Corporation or its lessee are thereby prevented from carrying on its normal operations for a period of six consecutive months, or (iii) the cost of restoration thereof would exceed the net proceeds of insurance carried thereon pursuant to the requirements of the Loan Agreement; (b) title to or the temporary use of, all or any substantial part of the Facilities shall have been taken under the

exercise of the power of eminent domain by any governmental authority or person, firm or corporation acting under governmental authority or because of a defect in title; (c) as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Corporation in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement or unreasonable burdens or excessive liabilities shall have been imposed on the Corporation in respect to the Facilities, including, without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement. Redemption pursuant to clause (c) above will be in whole only.

The Bonds are subject to mandatory redemption upon a Determination of Taxability. The term "Determination of Taxability," as defined in the Loan Agreement, means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on the Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes, is or was includable in the gross income or alternative minimum tax of a Registered Owner of such Bonds for federal income tax purposes under the Code. However, no such decree or action will be considered final for this purpose unless the Authority, the Corporation and the Charter School have been given written notice and, if it is so desired and is legally allowed, have been afforded the opportunity to contest the same, either directly or in the name of any Registered Owners and until conclusion of any appellate review, if sought.

Notice of Redemption. The Trustee is required to cause notice of the call for redemption to be given not less than 30 days prior to the applicable redemption date by mailing by first-class mail a copy of the notice to the registered owners of the Bonds designated for redemption in whole or in part at its address as the same shall last appear upon the registration books; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. Any notice of redemption by the Trustee may contain a statement that the redemption is conditioned upon the receipt by the Trustee of funds on or before the date fixed for redemption sufficient to the pay the redemption price of the Bonds so called for redemption, and that if funds are not available, such redemption shall be cancelled by written notice to the Registered Owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed, or the Trustee is providing a conditional notice of redemption as set forth in the previous sentence.

Each notice of redemption is required to specify the date fixed for redemption, the applicable redemption price or prices, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to the Trustee and that on and after said date interest thereon will cease to accrue. If less than all the outstanding Bonds are to be redeemed, the notice of redemption will specify the numbers of the Bonds or portions thereof to be redeemed.

Use of Bond Proceeds

The Project. The Corporation expects to use a portion of Bond proceeds to finance: a gym addition to the Elementary School; gym, ancillary spaces and orchestra/drama classroom addition to the Secondary School; and a new soccer field and track and associated 16th Street improvements (as previously defined, the "Improvements"). The Corporation currently leases its sports field from University Schools, a public charter school pursuant to the Shared Facilities Agreement. The Secondary School gymnasium and its additions will be built directly east of the current gymnasium and cafeteria at the Secondary School. The gymnasium's projected seating will be split on two sides of the gymnasium, to support between 750 and 1,000 seats. Additions to the gym include an additional female locker room

and a male locker room, male and female public restrooms, a weight room instructional space, drama/orchestra instructional room, and possible concessions. The drama/orchestra space is projected at 2,400 square feet and the weight room is estimated at 1,000 square feet. The addition of an eight lane competition track and one or two additional practice/game fields will be located west of the City Fun Plex on property owned by the Charter School. The 16th Street extension and bridge will be completed to connect with 71st Avenue. An estimated additional 50 parking spaces will be added. Construction on the Improvements is expected to begin in September 2016 and be substantially complete by July 2017.

The Corporation has contracted with Vanir Construction Management, Inc., Greenwood Village, Colorado (“Vanir”) to act as the Owners Representative, with Hord Coplan Macht, Denver, Colorado, as the architect to design the Improvements. FCI Constructors, Inc., Frederick, Colorado, has been awarded the contract to serve as the construction manager/general contractor for the Improvements (the “Contractor”). The Contractor is expected to execute a Guaranteed Maximum Price Contract (the “GMP Contract”) prior to the issuance of the Bonds. The GMP Contract provides a process for establishing a guaranteed maximum price for which the Improvements will be constructed, which price will be set after the design of the Improvements has been completed. No guaranteed maximum price has been set as of the date hereof. The following is an estimated budget for the construction portion of the Project:

Description	Estimated Cost
Secondary School	\$3,141,280
16 th Street Extension and Bridge	2,483,467
Fields, parking, bleachers	2,056,253
Elementary School Gym	<u>1,278,440</u>
Total	<u>\$8,959,440</u>

No assurances can be given that the cost of the construction of the Improvements will be for an amount equal to or less than the amount on deposit in the Project Fund.

The Refunding Plan. A portion of Bond proceeds will be used to pay and cancel Refunded Bonds outstanding on the date of issuance of the Bonds, which include the Authority’s Charter School Revenue Refunding Bonds (Frontier Academy Project), Series 2006, maturing on June 1, 2017 through, and including, June 1, 2031, outstanding in the aggregate principal amount of \$12,590,000 as of June 1, 2016. The Refunded Bonds bear annual interest ranging from 4.375% to 5.000% and are subject to prior redemption on or after June 1, 2016 (the “Redemption Date”) as a whole, or in part, at any time at the redemption price equal to 100% of the principal amount being redeemed and accrued interest to the redemption date (the “Redemption Price”).

Sources and Uses of Funds. The sources of funds and the uses of funds are shown in the following table.

Sources of Funds:	
Par Amount of Bonds.....	\$21,850,000.00
Net Original Issue Discount/Premium on Bonds.....	1,428,705.00
Other Funds ¹	<u>1,178,112.50</u>
Total.....	<u>\$24,456,817.50</u>

Uses of Funds:	
Pay and Cancel Refunded Bonds.....	\$12,642,989.24
Deposit to Project Fund.....	10,000,000.00
Deposit to Bond Reserve Fund.....	1,259,650.00
Costs of Issuance Account (including underwriting discount).....	<u>554,178.26</u>
Total.....	<u>\$24,456,817.50</u>

¹ Includes funds from the debt service reserve fund of the Refunded Bonds.
Source: The Underwriter

Security for the Bonds

The description and summaries of the documents set forth below and in Appendix D attached hereto do not purport to be comprehensive or definitive and reference is made to each document for the complete details of all terms and conditions.

The Loan Agreement. Under the Loan Agreement, the Authority agrees to issue the Bonds and to lend the proceeds thereof to the Corporation to finance the cost of the Project and the Corporation is obligated unconditionally (but only on the limited, nonrecourse basis described below in this paragraph) to repay the loan in amounts sufficient, together with available funds held under the Indenture, to provide for the timely payment of the principal of, premium, if any, and interest on the Bonds when due (whether by maturity, mandatory sinking fund redemption or acceleration) and to perform certain other obligations set forth therein. Among other things, the Corporation will covenant (a) to manage the Facilities as a revenue generating facilities; and (b) not to create, assume, incur or suffer to be created, assumed or incurred any Liens (other than Permitted Encumbrances) on all or any portion of the Facilities or the Pledged Revenues. Except as provided in the Loan Agreement with respect to certain fees, expenses and indemnity rights of the Authority and the Trustee, which are general obligations of the Corporation, recovery against the Corporation for any event of default under the Loan Agreement is limited to the Pledged Revenues and amounts realized from the foreclosure of the Deed of Trust encumbering the Facilities. The obligations of the Corporation under the Loan Agreement (subject to such exceptions) are not general obligations of the Corporation and neither the Trustee, the Authority nor the registered owners of the Bonds shall have any recourse to any property, funds or assets of the Corporation, if any (other than the Pledged Revenues and the Facilities), with respect to such obligations.

The Authority will assign certain of its rights and interests in the Loan Agreement, including certain of its rights to receive certain payments thereunder and certain of its rights and interests in the Pledged Revenues (subject to Permitted Encumbrances) to the Trustee for the benefit of the registered owners of the Bonds under the Indenture.

Pursuant to the terms of the Loan Agreement, the Corporation grants to the Authority (a) a security interest in the Facilities subject to Permitted Encumbrances; and (b) a security interest, within the meaning of the Colorado Uniform Commercial Code and to the extent permitted by law, in the Pledged Revenues and all of its right, title and interest, if any, in the Funds (other than the Rebate Fund) and in certain accounts referred to in the Loan Agreement or in the Indenture, subject to Permitted Encumbrances. The liens and security interests created by the Indenture and the Loan Agreement are for the equal and ratable benefit of the Bonds. As to certain components of the Pledged Revenues, the

security interest will not be perfected. See “RISK FACTORS” for a discussion of certain limitations on the enforceability of the security for the Bonds. See “APPENDIX D—Definitions and Summary of Certain Provisions of the Indenture, the Loan Agreement, the Deed of Trust and the Lease” attached hereto.

Pledged Revenues. Pledged Revenues are defined in the Loan Agreement as all revenues, rentals, fees, third party payments, receipts, contributions or other income derived from the Facilities, including the rights to receive such revenues (each subject to Permitted Encumbrances), all as calculated in accordance with sound accounting practices, including, but not limited to, any revenues received from rentals of the Facilities, including, without limitation, rentals received pursuant to the Lease; proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Corporation which are derived from the Facilities; and all donations, gifts, grants, bequests and contributions (including income and profits therefrom), to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for any of the payments required under the Loan Agreement. Pledged Revenues shall not, however, include any administrative fee paid to the Corporation by a lessee of the Facilities for the Corporation’s administration of the Facilities, including, without limitation, the Additional Rents paid to the Corporation pursuant to the Lease. See the caption “RISK FACTORS—Special, Limited Obligations of the Authority” herein.

The Indenture. The Bonds are to be issued pursuant to the Indenture and will be equally and ratably secured thereby and by an assignment of certain of the Authority’s rights under the Loan Agreement. The Indenture provides that all Bonds issued thereunder shall be limited obligations of the Authority, payable solely from and secured solely by certain payments made by the Corporation under the Loan Agreement, the Pledged Revenues and the Funds (other than the Rebate Fund) established under the Indenture. As security for its obligations under the Indenture, the Authority will assign to the Trustee certain payments of the Corporation received or receivable by the Authority pursuant to the Loan Agreement, certain of its rights and interests in the Pledged Revenues and its rights and interests in all Funds (other than the Rebate Fund) held by the Trustee under the Indenture and all income derived from the investment of such funds. The Trustee, for the benefit of the registered owners of the Bonds, shall be, the beneficiary under the Deed of Trust encumbering the Facilities, subject to Permitted Encumbrances. See “APPENDIX D—Definitions and Summary of Certain Provisions of the Indenture, the Loan Agreement, the Deed of Trust and the Lease” attached hereto.

Acceleration. Upon the occurrence of certain events, payment of the principal of and accrued interest on the Bonds may be accelerated under the Indenture, however, payments under the Lease are subject to the Charter School’s annual appropriation therefor. See “RISK FACTORS” herein and “APPENDIX D—Definitions and Summary of Certain Provisions of the Indenture, the Loan Agreement, the Deed of Trust and the Lease—Events of Default and Remedies” attached hereto.

Bond Reserve Fund. The Charter School is entitled to participate and be a beneficiary of the Colorado Charter School Debt Reserve Fund Program and the Colorado Charter School Moral Obligation Program which enhance the security for the Bonds. The CSDRF was created to provide a fund managed by the State Treasurer that is available to replenish amounts drawn from debt service reserve funds, once depleted, that secure qualifying charter school bond issues, such as the Bond Reserve Fund. Qualified charter schools are defined in State statutes as a school that has a stand-alone credit assessment or rating of at least equal to investment grade by a nationally recognized rating agency at the time of issuance of it bonds. The Bonds are additionally secured by the CSDRF and the Moral Obligation Program.

The CSDRF has been funded with \$7.5 million of State appropriated moneys and is being funded from certain interest earnings on such deposit. The CSDRF is additionally funded with monies on deposit

in the Interest Savings Fund, which deposits are from amounts contributed by charter schools that participate in the Moral Obligation Program in an amount equal to ten basis points of the principal amount of the bonds outstanding as of each annual calculation date and the interest earnings thereon. . As of May 31, 2016, the balance in the CSDRF was \$7,627,609.64 (having received \$127,609.64 in interest earnings to date). As of May 31, 2016, the balance in the Interest Savings Fund was \$4,365,573.10 including \$4,005,773.59 paid in by the participating schools plus \$359,799.51 in interest earnings to date. Amounts in the CSDRF are available to replenish the Bond Reserve Fund, to extent amounts are available, and any other bond reserve fund created to secure other qualifying bond issues. The CSDRF is required by State statute to be replenished if drawn upon from charter school facilities aid money. There can be no assurance that the CSDRF will be adequate to meet all the demands that might be made upon it because by statute the State has committed to allow up to \$500 million in bonds to be secured by the CSDRF.

If the Bond Reserve Fund is depleted and not immediately restored to the Bond Reserve Fund Requirement for the Bonds, in addition to the monies available under the CSDRF program, if any, the Board of Directors of the Authority is required by statute to submit to the governor a certificate certifying any amount of moneys required to restore such fund to the applicable Bond Reserve Fund Requirement for the Bonds. The governor is then required to submit a request for an appropriation from the State legislature in an amount sufficient to restore such account to the Bond Reserve Fund Requirement and the general assembly of the State may, but shall not be required to appropriate moneys for such purpose.

Investment of Funds. On instructions signed by an authorized representative of the Corporation and delivered to the Trustee, any moneys held as part of the Funds are to be invested by the Trustee in security or other obligation that is a legal investment for the Authority in the State (the “Investment Obligations”) (a) with respect to the Repair and Replacement Fund and the Issuance Expense Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable as estimated by an authorized representative of the Corporation filed with the Trustee, (b) with respect to the Bond Principal Fund, the Bond Interest Fund, and the Rebate Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable as determined by the Trustee, and (c) with respect to the Bond Reserve Fund maturing at such times as determined in writing by an authorized representative of the Corporation. All such Investment Obligations purchased are to mature or be redeemable on a date or dates prior to the time when the moneys so invested will be required for expenditure. In the event the Trustee does not receive investment instructions from the Corporation, the Trustee is directed to invest moneys held as part of the Funds in any Investment Obligations permitted pursuant to the Indenture.

The Lease. The sole expected source of Pledged Revenues for the repayment of the Bonds is the amount appropriated and allocated for rent payments under the Lease; however the Lease is subject to annual appropriation by the Charter School. It is anticipated that such amounts will be sufficient to pay debt service on the Bonds and costs of operating, insuring and maintaining the Facilities. The Charter School’s primary source of funding is the PPR due to the Charter School under the Charter and the Charter Schools Act. From the PPR due to the Charter School (and from any other amounts legally available for such purpose), the Charter School has agreed to transfer or cause the transfer of an amount equal to the amounts due under the Lease representing debt service on the Bonds directly to the Trustee by the State Treasurer. The Charter School’s obligation to make such payments under the Charter is subject to annual appropriation. See “APPENDIX A—The Charter School” and “RISK FACTORS” herein and “APPENDIX D—Definitions and Summary of Certain Provisions of the Indenture, the Loan Agreement, the Deed of Trust and the Lease” attached hereto.

The Charter School will lease all of the Facilities pursuant to the Lease for a term commencing upon the issuance and delivery of the Bonds and running until the Lease is terminated or not renewed

upon the earliest of any of the following events: (a) June 30 of any Fiscal Year during which there has occurred an Event of Nonappropriation under the Lease, (b) an Event of Default and termination of the Lease by the Trustee, or (c) discharge of the Indenture. The Lease provides for payments which, if paid when due, are sufficient to pay the principal of and interest on the Bonds and all other amounts payable by the Corporation under the Loan Agreement.

Pursuant to the Loan Agreement, the Corporation covenants and agrees to transfer and convey fee simple title and its ownership interest in the Facilities to the Charter School at such time as the Bonds are no longer outstanding and all other Lease obligations have been satisfied.

Pursuant to the Lease, the Facilities are to be maintained by the Charter School. Under certain conditions, the Charter School has the ability in the Lease to make capital improvements to the Facilities. The Charter School is required to provide insurance with respect to the Facilities which is similar to some of the insurance required in the Loan Agreement.

Pursuant to the Lease, and subject to certain conditions, the Charter School is permitted to sublet the Facilities with the consent of the Corporation, the Trustee and the Authority. The Charter School is not permitted to assign the Lease. The Charter School further agrees not to take any action which would adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds.

In addition to the annual renewal right described above, the Charter School has the ability in the Lease to terminate the Lease upon certain events of condemnation or damage or destruction of the Facilities. The Lease is subordinate to the Loan Agreement and the Indenture, unless otherwise directed by the Authority and the Trustee.

Upon an Event of Default, the Corporation has the right to retake possession of the Facilities with or without terminating the Lease and to sue the Charter School (subject to the Charter School's right to not renew the Lease) for certain limited damages (less net proceeds, if any, from reletting the Facilities).

State Education Fund Capital Construction Moneys. In each year that the Charter School qualifies for and receives moneys from the State Education Fund to be used solely for capital construction, the Charter School covenants to deposit said moneys within five business days of their receipt to be applied to the payment of Base Rents; provided, however, in the event that, upon written confirmation of the Trustee that the balance of moneys in the Bond Principal Fund and the Bond Interest Fund is equal to or greater than the moneys received pursuant to Section 22-30.5-112.3, C.R.S. and the Charter School is current in the payment of Base Rents pursuant to the Lease, the Charter School may, at its option, retain the capital construction moneys without the further requirement that they be deposited with the Trustee. See "APPENDIX B—Charter School Financial Information." In the event of non-renewal of the Lease Term upon an Event of Nonappropriation, any moneys deposited by the Charter School pursuant to the Lease which are in excess of the amount necessary to pay the Base Rents required pursuant to the Lease shall be returned by the Trustee to the Charter School within 30 days following the end of the Lease Term. See "RISK FACTORS—Nonrenewal of the Lease."

The Facilities. See "APPENDIX A—The Charter School" for a description of the Facilities.

Reserve and Working Capital Covenants. The Charter School covenants and agrees in the Lease to maintain the reserves set forth below:

- (a) Days Cash on Hand of not less than 40 days;

(b) emergency reserves in the amount required under Article X, Section 20(5) of the Colorado Constitution; and

(c) cumulative unrestricted cash reserves sufficient to meet all accrued and unrestricted salary obligations of the Charter School; provided, however, such amount may be included in the Days Cash on Hand and unrestricted working capital balance required pursuant to subparagraphs (a) and (b) hereof.

Such reserve balances required above are to be tested on June 30 of each year. The Charter School is to provide the Trustee with a certificate stating that the reserve fund balances required above have been met on June 30 of each year no later than the two weeks after the completion of the Charter School's audit for such Fiscal Year.

If the Charter School's Days Cash on Hand on June 30 of any Fiscal Year is less than 40 days, then the Trustee shall give notice to the Bondholders and, upon the written direction of a majority of the Registered Owners, the Charter School is required to employ an Independent Consultant to review and analyze the operations and administration of the Charter School, inspect the Facilities, and submit to the Charter School and Trustee written reports, and make such recommendations as to the operation and administration of the Charter School as such Independent Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Charter School is to consider any recommendations by the Independent Consultant and, to the fullest extent practicable, adopt and carry out such recommendations, subject to the Charter School's annual appropriation therefor.

So long as no Event of Default has otherwise occurred and is continuing under the Lease, it shall not constitute an Event of Default under the Lease if the Days Cash on Hand as of any June 30 testing date, is less than 40 days. It shall constitute an Event of Default if the Days Cash on Hand is less than 40 days on the June 30 testing date for two consecutive Fiscal Years. For purposes of calculating the reserves required above, the following terms are defined in the Lease as follows:

"Days Cash on Hand" means as of any date of determination, the product of 365 times a fraction, (a) the numerator of which is the aggregate amount of the Charter School's cash, cash equivalents, liquid investments, and unrestricted marketable securities (valued at the lower of cost or market), and (b) the denominator of which is total Operating Expenses, in each case, determined in accordance with Generally Accepted Accounting Principles.

"Operating Expenses" as defined in the Lease means all reasonable and necessary current expenses of the Charter School, paid or accrued, to operate a public school and provide educational services, including without limitation salaries and administrative expenses, the cost of instructional supplies and materials, insurance premiums, and professional services and any payments made under the Lease which constitute Additional Rents; provided, however, that there shall be excluded from Operating Expenses any allowance for depreciation, expenses incurred in connection with Capital Improvements, expenses paid from the Repair and Replacement Fund (defined in Appendix D hereto), expenses paid from grants from state, federal or local sources, or from any Person, which were not included as part of Pledged Revenue, and Base Rent payments and any similar Rent payments made for the lease purchase of Capital Improvements made pursuant to the Lease.

"Capital Improvements" are defined in the Lease as the acquisition of land, easements, facilities and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments and extensions which, under Generally Accepted Accounting Principles as prescribed by the Governmental Account Standards Board, are properly chargeable as capital items.

Covenant Defaults. Failure of the Charter School to observe and perform the above described covenants (taking into account the cure periods as described above) could cause an Event of Default under the Lease, if such failure is not cured within 30 days of receiving written notice of such default, unless the Trustee agrees in writing, prior to the expiration of the 30-day period, to an extension of no more than 60 days; provided, however, that if the failure stated in the notice cannot be corrected within the original 30-day period, the Trustee and the Corporation are not to withhold their consent to an extension of up to 60 days if corrective action is instituted by the Charter School within such time period and diligently pursued until the default is corrected. See “APPENDIX D—Definitions and Summary of Certain Provisions of the Indenture, the Loan Agreement, the Deed of Trust and the Lease—The Lease—Events of Default.”

Debt Service Requirements

Set forth in the following table are the debt service requirements on the Bonds based on fiscal years.

Period Ending June 30	Debt Service Requirements ¹		Annual Debt Service
	Principal	Interest	
2017	\$ 315,000	\$ 772,880	\$ 1,087,880
2018	390,000	844,038	1,234,038
2019	405,000	832,337	1,237,337
2020	415,000	820,188	1,235,188
2021	430,000	803,587	1,233,587
2022	450,000	786,388	1,236,388
2023	470,000	768,387	1,238,387
2024	485,000	749,588	1,234,588
2025	505,000	730,187	1,235,187
2026	525,000	709,988	1,234,988
2027	550,000	688,987	1,238,987
2028	580,000	661,488	1,241,488
2029	610,000	632,487	1,242,487
2030	635,000	601,988	1,236,988
2031	670,000	570,237	1,240,237
2032	705,000	536,738	1,241,738
2033	740,000	501,487	1,241,487
2034	780,000	464,488	1,244,488
2035	815,000	425,487	1,240,487
2036	860,000	384,738	1,244,738
2037	900,000	341,737	1,241,737
2038	930,000	312,488	1,242,488
2039	965,000	282,262	1,247,262
2040	995,000	250,901	1,245,901
2041	1,030,000	218,562	1,248,562
2042	1,065,000	185,088	1,250,088
2043	1,100,000	150,475	1,250,475
2044	1,135,000	114,725	1,249,725
2045	1,175,000	77,837	1,252,837
2046	<u>1,220,000</u>	<u>39,650</u>	<u>1,259,650</u>
Total	<u>\$21,850,000</u>	<u>\$15,259,418</u>	<u>\$37,109,418</u>

¹ Figures have been rounded to the nearest dollar.
Source: The Underwriter

THE AUTHORITY

The Authority is an independent public body politic and corporate constituting a public instrumentality and political subdivision of the State. The Authority is governed by the “Colorado Educational and Cultural Facilities Authority Act,” Title 23, Article 15, Colorado Revised Statutes (“C.R.S.”), as amended (the “Act”). The Authority was formed to promote the welfare of the people of the State by providing financing for educational institutions and cultural institutions. The Authority is not an agency of State government and is not subject to administrative direction by any department, commission, board or agency of the State. The Authority is authorized by the Act to provide financing for educational institutions and cultural institutions and to acquire, construct, reconstruct, repair, alter, improve, extend, own, lease and dispose of properties to the end that the Authority may be able to promote the welfare of the people of the State. The Authority was originally formed in 1981 and was known as the Colorado Postsecondary Educational Facilities Authority

The Authority has offered the Bonds and plans to offer other obligations from time to time to finance other educational facilities and cultural institutions with respect to facilities located in Colorado and subject to the satisfaction of certain requirements, in other states. The Authority has financed educational facilities that compete with the Charter School and may finance additional such facilities in the future. Such obligations have been and will be issued pursuant to and secured by instruments separate and apart from the Indenture.

The Authority has not prepared or assisted in the preparation of this Official Statement, except the statements under this Section and the information with respect to the Authority under the headings “INTRODUCTION—The Authority” and “LEGAL MATTERS—Pending and Threatened Litigation—No Proceedings Against the Authority” and, except as described in this paragraph, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance of the Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as described in this paragraph, the Authority disclaims any responsibility for the disclosures set forth in this Official Statement or otherwise made in connection with the offer, sale and distribution of the Bonds.

The Bonds are limited obligations of the Authority payable solely from the payments made by the Corporation under the Loan Agreement and from the moneys and securities held by the Trustee under the Indenture and Deed of Trust encumbering the Facilities. Neither the Authority nor its current or future directors or officers or employees are personally liable with respect to the Bonds. Accordingly, no financial information with respect to the Authority or its current or future directors, officers or employees has been included in this Official Statement.

THE CORPORATION

The Articles of Incorporation of the Corporation were filed with the Secretary of State of the State on July 30, 2001. The Corporation was incorporated as a non-profit corporation under the laws of the state of Colorado, for the stated purpose of holding title, as nominee or otherwise, to real and/or personal property for, and to make same available for use by, the Charter School and to otherwise provide facilities, equipment and other physical plant and related support to the Charter School. The Corporation’s powers include, among others, the power to: acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate or otherwise deal in and with real, personal and mixed property of all kinds and any rights or interest therein for any purpose of the Corporation, and the Charter School; borrow money and secure the repayment of moneys borrowed for any purpose of the Corporation, and to receive and maintain a fund or funds of real or personal property,

or both, and to use and apply the whole or any part of the income therefrom and the principal thereof for the purposes of the Corporation.

The Corporation’s Board of Directors (the “Corporation Board”) who conduct and manage the affairs of the Corporation will consist of not less than three nor more than nine members. Vacancies on the Board are to be filled as set forth in the Corporation’s Bylaws. The directors of the Corporation have no private or proprietary interest in the Corporation. The Corporation Board serve without compensation (except reimbursement of expenses), and no part of the Corporation's net earnings, income or assets will inure to the benefit of any private entity or person. The following table sets forth certain information regarding the current Corporation Board.

Corporation Board

Name	Office	Years of Service	Term Expires
Stan Sugden	President	6	2018
Darryl Boyd	Treasurer	4	2020
Kevin Minner	Member	-- ¹	2020

¹ Appointed in March 2016 to fill a vacancy on the Board.

The Corporation has agreed to enter into the Lease with the Charter School to facilitate the financing of the Facilities. The Corporation has assigned its rights and interests under the Lease (with certain exceptions) to the Trustee for the benefit of the Owners of the Bonds.

THE CHARTER SCHOOL

The Charter Schools Act authorizes teachers, parents and/or community members to contract with the local board of education to establish a publicly funded school operating with significant freedom from district policies and State regulations. A charter school is, nonetheless, a public school, which is part of the school district in which it is located. Charter schools operate under a “charter contract” between the charter school and the local board of education. If the local board of education fails to grant a charter, the charter school may appeal that decision to the State Board of Education. The Charter defines the charter school’s goals, standards, education design, governance and operations. The degree of authority to be exercised by the charter school on such issues as personnel, curriculum and facilities is negotiated between the charter applicant and the local school district and reflected in the Charter. School centered governance, autonomy, and a clear design for the how and what students will learn are the essential characteristics of a charter school.

The Charter School was created pursuant to the Charter Schools Act, under an initial charter granted by the District on December 20, 1996. The charter has been amended numerous times with the most recent amendment dated June 27, 2005. The original charter, with amendments, is referred to herein as the “Charter.” The Charter is effective through June 30, 2031. The Charter School’s articles of incorporation were filed with the Colorado Secretary of State on February 20, 1996.

The Charter School opened for the 1997-1998 fiscal year with an enrollment of 258 students (kindergarten through fifth grade). An additional grade level was added each year until the Charter School accommodated grades kindergarten through twelve with 1,597 students enrolled in the 2015-2016 school year. See “APPENDIX A—The Charter School—Enrollment” and “—Facilities.”

LEGAL MATTERS

Sovereign Immunity

The Governmental Immunity Act, Title 24, Article 10, Part 1, C.R.S., as amended (the “Governmental Immunity Act”), provides that, with certain specified exceptions, sovereign immunity acts as a bar to any action against a public entity for injuries which lie in tort or could lie in tort. Charter schools have been accorded the immunities provided by the Governmental Immunity Act. In such instances, the public entity may be liable for injuries arising from an act or omission of the public entity, or an act or omission of its public employees, which is not willful and wanton, and which occurs during the performance of a public employee’s duties and within the scope of a public employee’s employment. There are certain instances in which sovereign immunity is waived, which includes when a charter school or its employee is negligent by failing to protect others from a reasonably foreseeable incident of school violence, although current law suspends compensatory damages in such instances until July 1, 2017.

The maximum amounts that may be recovered under the Governmental Immunity Act, whether from one or more public entities and public employees, are as follows: (a) for any injury to one person in any single occurrence, the sum of \$350,000; and (b) for an injury to two or more persons in any single occurrence, the sum of \$990,000, except in such instance, no person may recover in excess of \$350,000. Suits against both the Charter School and a public employee do not increase such maximum amounts which may be recovered. The Charter School may not be held liable either directly or by indemnification for punitive or exemplary damages.

The Charter School may be subject to civil liability and may not be able to claim sovereign immunity for actions founded upon various federal laws. Examples of such civil liability include, but are not limited to, suits filed pursuant to 42 U.S.C. Section 1983 alleging the deprivation of federal constitutional or statutory rights of an individual. In addition, the Charter School may be enjoined from engaging in anti-competitive practices which violate the antitrust laws. However, the Governmental Immunity Act provides that it applies to any action brought against a public entity or a public employee in any Colorado state court having jurisdiction over any claim brought pursuant to any federal law, if such action lies in tort or could lie in tort.

Pending and Threatened Litigation

No Proceedings Against the Charter School. In connection with the issuance of the Bonds, the Charter School will deliver a certificate which will state that, as of the date of issuance of the Bonds, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or, to the best of their knowledge, threatened against or affecting the Charter School, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the bond purchase agreement (referred to in “MISCELLANEOUS—Underwriting”), or this Official Statement, the validity and enforceability of the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the bond purchase agreement or the Bonds or the operations (financial or otherwise) of the Charter School.

No Proceedings Against the Corporation. In connection with the issuance of the Bonds, the Corporation will deliver a certificate which will state that, as of the date of issuance of the Bonds, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or, to the best of their knowledge, threatened against or affecting the Corporation, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the bond purchase agreement (referred to in “MISCELLANEOUS—Underwriting”), or this Official Statement, the validity and

enforceability of the Indenture, the Loan Agreement, the Deed of Trust, the Lease, the bond purchase agreement or the Bonds or the operations (financial or otherwise) of the Corporation.

No Proceedings Against the Authority. In connection with the issuance of the Bonds, the Authority will deliver a certificate which will state that, as of the date of issuance of the Bonds, to the best of their knowledge, there is not then pending or, to the knowledge of the Authority, threatened, any litigation against the Authority restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. The Authority shall also certify there is no litigation pending or, to the Authority's knowledge, threatened against the Authority which in any manner questions the right of the Authority to enter into the Loan Agreement with the Corporation or to issue and secure the Bonds in the manner provided in the Indenture.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including original issue discount treated as interest) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Authority, the Trustee, the Corporation and the Charter School with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority, the Trustee, the Corporation and the Charter School have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Colorado statutes, interest on the Bonds is exempt from all taxation and assessments in the State of Colorado. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Colorado or any other state or jurisdiction.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the cover page of this Official Statement (collectively, the “Original Issue Discount Bonds”) are being sold at an original issue discount. The difference between the initial public offering prices of such Original Issue Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above. The amount of original issue discount which is treated as having accrued with respect to such Original Issue Discount Bonds is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Original Issue Discount Bonds (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Original Issue Discount Bonds that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Original Issue Discount Bonds, on days which are determined by reference to the maturity date of such Original Issue Discount Bonds. The amount treated as original issue discount on such Original Issue Discount Bonds for a particular semiannual accrual period is equal to the product of (a) the yield to maturity for such Original Issue Discount Bonds (determined by compounding at the close of each accrual period) and (b) the amount which would have been the tax basis of such Original Issue Discount Bonds at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Original Issue Discount Bonds during the accrual period. The tax basis for purpose of the preceding sentence is determined by adding to the initial public offering price on such Original Issue Discount Bonds the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Original Issue Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period. Owners of Original Issue Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning an Original Issue Discount Bond. Subsequent purchasers of Original Issue Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be

imposed on payments made to any owner of the Bonds who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

MISCELLANEOUS

Ratings

S&P Global Ratings (“S&P”) has assigned the rating of “A,” stable outlook to the Bonds which is reflective of the Charter School’s participation in the Moral Obligation Program, as described in “THE BONDS—Security for the Bonds—Bond Reserve Fund.”

In addition, S&P has assigned the underlying rating of “BBB-,” stable outlook to the Bonds which is reflective of the capacity of the Charter School to fulfill its payment obligations under the Lease. Such ratings reflect only the view of S&P and any desired explanation of the significance of such ratings should be obtained from S&P at 55 Water Street, New York, New York 10041-0003.

Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions of their own. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds are being sold by the Authority at an underwriting discount of \$196,650 to the Underwriter pursuant to a bond purchase agreement entered into by and among the Underwriter, the Corporation, the Charter School and the Authority. Expenses associated with the issuance of the Bonds are being paid from proceeds of the Bonds. The right of the Underwriter to receive compensation in connection with the Bonds is contingent upon the actual sale and delivery of the Bonds. The Underwriter has initially offered the Bonds to the public at the prices or yields set forth on the cover page of this Official Statement, plus accrued interest from the date of the Bonds. Such prices or yields may

subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Bonds to the public.

Registration of Bonds

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the federal Securities Act of 1933, as amended, or the Colorado Securities Act, as amended. THE AUTHORITY ASSUMES NO RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Continuing Disclosure Agreements

Pursuant to the requirements of the Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (“Rule 15c2-12”), the Corporation and the Charter School have agreed for the benefit of the Registered Owners and Beneficial Owners of the Bonds to provide certain financial information, other operating data and notices of material events (the “Continuing Disclosure Agreements”). The form of the Continuing Disclosure Agreements are attached as an appendix to this Official Statement.

In the past five years the Charter School had written continuing disclosure undertakings in effect under Rule 15c2-12 (the “Prior Undertakings”). The Charter School failed to (i) timely file annual financial statements for fiscal years ending June 30, 2011 and 2012 in accordance with the Prior Undertakings, (ii) timely file operating data for fiscal years ending June 30, 2011, 2012 and 2013 in accordance with Prior Undertakings, (iii) timely file quarterly financial information for fiscal years 2011, 2012, 2013 and 2014 in accordance with Prior Undertakings, (iv) timely file notices of material events for rating changes in accordance with Prior Undertakings; and (v) timely file notices of its failures to file the foregoing information. In 2014, the Charter School contracted with Digital Assurance Certification LLC, as Dissemination Agent (“DAC”) with respect to the Charter Schools Prior Undertakings and has filed all necessary documents in accordance with its Prior Undertakings, with the exception of historical waitlist information, which cannot be recreated by the Charter School. The Charter School takes no position as to the materiality of the foregoing omissions.

In addition to contracting with DAC, to ensure filings in accordance with their continuing disclosure undertakings, the Charter School has adopted certain policies and procedures relating to its obligations under such continuing disclosure undertakings.

Interest of Certain Persons Named in This Official Statement

Certain fees that are payable by the Authority with respect to the Bonds to its counsel, the Underwriter, the Charter School and Corporation’s counsel, the Trustee, Bond Counsel, the Authority Financial Advisor and the Charter School Financial Advisor are contingent upon the issuance and delivery of the Bonds.

Independent Auditors

The audited financial statements of the Charter School for the fiscal year ended June 30, 2015, are appended hereto.

Additional Information

The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Official Statement do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge as described in “INTRODUCTION—Additional Information.”

Official Statement Certification

The preparation of this Official Statement and its distribution have been authorized by the Corporation and the Charter School. This Official Statement is not to be construed as an agreement or contract between the Corporation or the Charter School and any purchaser, owner or holder of any Bond.

FRONTIER ACADEMY FACILITIES
CORPORATION, a Colorado nonprofit corporation

By /s/ Stan Sugden
President

CORE KNOWLEDGE PROJECT, d/b/a Frontier
Academy, a Colorado nonprofit corporation

By /s/ Aaron Carmichael
President

APPENDIX A
THE CHARTER SCHOOL

APPENDIX A

THE CHARTER SCHOOL

General

The Charter Schools Act authorizes teachers, parents and/or community members to contract with the local board of education to establish a publicly funded school operating with significant freedom from district policies and State regulations. A charter school is, nonetheless, a public school, which is part of the school district in which it is located. Charter schools operate under a “charter contract” between the charter school and the local board of education. If the local board of education fails to grant a charter, the charter school may appeal that decision to the State Board of Education. The Charter defines the charter school’s goals, standards, education design, governance and operations. The degree of authority to be exercised by the charter school on such issues as personnel, curriculum and facilities is negotiated between the charter applicant and the local school district and reflected in the Charter. School centered governance, autonomy, and a clear design for the how and what students will learn are the essential characteristics of a charter school. On February 20, 1996, the Charter School filed its Articles of Incorporation with the Secretary of State to incorporate as a Colorado nonprofit corporation.

The Charter School’s original Charter was granted by the District on December 10, 1996 and has been amended seven times with the most recent amendment dated June 27, 2005. The Charter expires on June 30, 2031. The Charter School initially opened for the 1997-1998 fiscal year with an enrollment of 258 students (kindergarten through fifth grade). An additional grade level was added each year until the Charter School accommodated grades kindergarten through twelve in the 2005-2006 school year. For the 2015-16 school year the Charter School had 1,598 students in Kindergarten through 12th grade. See “— Enrollment” hereafter.

Governing Board

Executive Committee. The Charter School’s Bylaws provide that it be governed by an Executive Committee (the “Executive Committee”) to consist of not less than seven, nor more than nine members, appointed by a majority of the Executive Committee. Such members serve staggered four year terms of office and are subject to reappointment. In addition, two members of the Organization of Parents and Teachers (“OPT”) are elected to the Executive Committee from the parent body. One of the OPT members is an elementary parent with their term expiring in July of an odd year and one member will be a secondary parent with their term expiring in July of an even year. The OPT members have voting rights and serve two year terms.

Immediate family members of an employee may not be candidates for, or serve on the Executive Committee. Upon employment by a family member, the Executive Committee member automatically vacates the Executive Committee seat. Only one member of a family may serve as an Executive Committee member. Immediate family member is defined as spouse, brother, sister or children. This includes immediate family members related through marriage who are living in the employee’s immediate household, and domestic partnerships who are living in the employee’s immediate household.

One licensed staff member may serve on the Executive Committee if the Executive Committee so chooses. The staff member’s input at each meeting is greatly valued, however this position will be ex-officio, a non-voting position.

The Executive Committee is to hold regular monthly meetings and special meetings as needed. As set forth in the Bylaws, the Executive Committee is responsible for administering, governing, and

contracting with the District, college or State university or any third party for educational and other services deemed necessary for the Charter School. Executive Committee members serve without compensation, but may be reimbursed for any necessary expenses incurred by them in performing their duties as members of the Executive Committee.

The Executive Committee holds regular monthly meetings and special meetings as necessary. Executive Committee members (except for OPT members) may be removed from the Executive Committee by a majority vote of the Executive Committee. OPT members may be removed by a majority vote of a duly organized meeting of the OPT. Any member may resign at any time by giving written notice to the President or Secretary of the Executive Committee. Vacancies are filled as set forth in the Bylaws. The current members of the Executive Committee, their occupations and terms of office are set forth hereafter.

Executive Committee

Name	Office	Years of Service	Term Expires
Aaron Carmichael	President	5.0	2019
Kelley Hekowczyk	Vice President	8.5	2019
Darryl Boyd	Treasurer	7.5	2020
Isaia Aricayos	Secretary	3.0	2017
Michael Chavies ¹	Member	0.7	2020
Erik Sorbo	Member	3.0	2017
Timothy Pike	Member	-- ¹	2020
Stan Sugden	Member	8.5	2019 ¹
Kristi Ogren	Elementary OPT Member	0.7	2017
Karlye Shilts	Secondary OPT Member	1.7	2020

¹ Mr. Sugden tendered his resignation to the Executive Committee Board to be effective June 30, 2016. At the elections held in April, Mr. Pike was elected to the Executive Committee and will take office on July 1, 2016, allowing for a three month transition period.

Certain information concerning the background and experience of the Charter School Board is set forth below.

Aaron Carmichael, President. Aaron Carmichael has served on the Executive Committee for five years. He holds a Bachelor of Science in Biology from Sterling College and is working towards a Master's degree in Organization Leadership from Colorado State University.

Kelley Hekowczyk, Vice President. Kelley Hekowczyk has been on the Executive Committee for 8.5 years. She has been employed with the University of Colorado Health, in Loveland, Colorado as the Director of Physician Recruitment and Credentialing/Colorado Health Medical Group since 2013. Ms. Hekowczyk holds a Bachelor of Science in Business Administration from the University of Northern Colorado, in Greeley, Colorado and a Master of Business Administration, from Almeda University, in Boise, Idaho.

Darryl Boyd, Treasurer. Darryl Boyd has served on the Executive Committee for 7.5 years, currently serving as the Treasurer. He holds a Bachelor of Science in Accounting and Finance from Houston Baptist University and a Master of Business Administration degree in Administration (finance) from the University of Saint Thomas. Mr. Boyd has over 25 years of experience in the field of finance and is currently employed with DSB Financial Solutions, LLC. He is a certified public accountant in

Colorado and Texas and a member of the National Association of Certified Valuation Analysts and the Association of Certified Fraud Examiners.

Isaia Aricayos, Secretary. Isaia Aricayos has been a member of the Executive Committee for three years and currently serves as Secretary. He holds a Bachelor of Science degree in Political Science with a minor in Legal Studies from the University of Northern Colorado, in Greeley, Colorado. He serves on the board of directors for the Northern Colorado Legislative Alliance, Summitview Community Church and the University of Northern Colorado Alumni Association. He is currently the Business Manager for The Great Outdoors RV Company.

Michael Chavies, Member. Michael Chavies holds a Bachelor of Science degree in Architectural Engineering from the University of Colorado at Boulder. He has over 22 years of experience in construction management and is currently employed with Coe Construction, Inc. as a Senior Project Manager. Mr. Chavies is a member of the Associated Builders and Contractors, the Associated General Contractors of America and an Optimist International Charter Director.

Erik Sorbo, Member. Dr. Sorbo has been on the Executive Committee for three years. He has a bachelor's degree in Religion from Wartburg College, in Waverly, Iowa, a Doctor of Chiropractic from Palmer College of Chiropractic, in Davenport, Iowa, and his chiropractic sports practitioner certificate from Southern California Health Sciences University. He is currently the co-owner of Weld Family Clinic of Chiropractic, in Greeley, Colorado. Dr. Sorbo is a member of the Greeley Chamber of Commerce, the Evans Area Chamber of Commerce, the American Chiropractic Board of Sports Physicians and the International Chiropractors Association.

Kristi Ogren. Kristi Ogren serves as the OPT representative for the Elementary School on the Executive Committee. Ms. Ogren holds a Bachelor of Science in Nursing from the University of Colorado, in Greeley, Colorado and is employed at the North Colorado Medical Center, in Greeley, Colorado.

Karlye Shilts. Karlye Shilts serves as the OPT representative for the Secondary School on the Executive Committee. Ms. Shilts holds a Bachelor of Science in Nursing from Bethel College, North Newton, Kansas and is currently employed with the Estes Park Medical Center, in Estes Park, Colorado, as the Co-Department lead of the New Life Center.

Stan Sugden, Member. Stan Sugden has served on the Executive Committee for 8.5 years and has submitted his resignation to be effective June 30, 2016. He has a Bachelor of Business Administration in Finance and Accounting from Kansas State University and a Master of Business Administration from Colorado State University. Mr. Sugden has over 20 years of experience in the field of accounting and is currently the Factory Controller for Vestas American Wind Technology, Inc. In addition to serving on the Executive Committee Mr. Sugden is a member of the Corporation Board and the Committee Chair/leader for Boy Scouts America Troop 809.

Timothy Pike, Member. Timothy Pike was elected to the Executive Committee at the April 7, 2016 election. He will take office on June 30, 2016. Mr. Pike holds a Bachelor of Science degree in Business Administration from the University of Northern Colorado. Mr. Pike has been employed by EnviroTech Services, Inc. since 2007, serving as the Rocky Mountain Regional Manager since January of 2013.

Committees. Pursuant to the Bylaws, the Executive Committee, by resolution, may provide for standing or special committees as it deems desirable and discontinue the same. Each committee will have powers and perform duties consistent with the laws and the Charter.

School Improvement and Accountability Team. The School Improvement and Accountability Team (“SIAT”) was established to provide progress reports evaluating the mission and objectives of the Charter School. SIAT submits an annual report to the Executive Committee and the District accounting for the Charter School and progress toward achieving the School Improvement Plan. SIAT is comprised of members of the Executive Committee, appointed parents and staff, the representative to the District Accountability Committee, and the principals.

Administration and Management

The administration of the Charter School is the ultimate responsibility of the Executive Committee. Assisting and reporting to the Executive Committee are administrative professionals responsible for overseeing their respective disciplines, including the Principals and the Business Manager. Certain information concerning the background and experience of the Charter School’s Principals and Business Manager is set forth below.

Secondary School Principal. The Secondary School Principal is responsible for the curriculum, the evaluation of all teachers and staff development, the supervision and discipline of all students, community public relations and heading all committees with respect to the Secondary School. The Secondary School Principal oversees all teachers and programs for grades six through twelve.

Dr. Stephen Seedorf has served as the Principal of the Secondary School since June 2013 after serving as an elementary gifted and talented teacher/coordinator for six years and as a high school special education teacher for four years, at the Charter School. He holds a bachelor’s degree in Music Education, a Master’s in Special Education, a Doctor of Education in Special Education and an Education Specialist in Educational Leadership and Policy Studies, all from the University of Northern Colorado, in Greeley, Colorado. Dr. Seedorf has also taught classes at the University of Northern Colorado. He is a member of the Colorado Association for Gifted and Talented, the National Association for Gifted Children and the Council for Exceptional Children.

Elementary School Principal. The Elementary School Principal serves as the chief administrative officer of the Charter School’s Elementary School grades, directing, formulating and implementing all operational procedures and practices. The Elementary School Principal oversees all teachers and programs for kindergarten through grade five. He plans, develops, and implements instructional objectives, and designs and implements procedures to evaluate instructional program effectiveness, assists in staff development, carries out community public relations, and other related functions.

Dr. Bradford Every has served as the Charter School’s Elementary Principal since June 2014 and has over 15 years of experience in the education field. Prior to his employment with the Charter School he had worked as a math instructional coach, an 8th grade teacher in math and reading, an AP science and general science instructor, a high school science instructor and a science assessment district planner. He holds a Bachelor of Science in Biology from Colorado State University, in Fort Collins Colorado, a master’s degree in Biology from Winthrop University, in Rock Hill, South Carolina, and a Doctor of Education in Educational Leadership and Policy Studies from the University of Northern Colorado, in Greeley, Colorado. Dr. Every is also a licensed principal in the State of Colorado.

Secondary School Assistant Principal. The Secondary School Assistant Principal’s duties include, among others: performing duties as the School Assessment Coordinator, including ordering, scheduling, securing and distributing of all State and District grade level assessments; supervising certified and non-certified staff; tracking attendance; participating in the interviewing and hiring of staff; and supervising students during school and at school events.

Mat Budzynski has served as the Charter School's Secondary School Assistant Principal since 2007, after serving as a Secondary School teacher for five years. He holds a bachelor's degree in Business Administration and a bachelor's degree in English/Education, both from the University of Northern Colorado, in Greeley, Colorado, and a master's degree in Education and his K-12 professional principal's license from Colorado State University, in Fort Collins, Colorado. Mr. Budzynski is also a licensed principal in the State of Colorado.

Middle School Assistant Principal and Athletic Director. The assistant principal is responsible for overseeing or assisting in discipline, administrative meetings, teacher and classified staff evaluations, handbook and policy writing, activity supervision, graduation design, emergency response team and working on Unified Improvement Plans. The athletic director and activity director component of the position includes overseeing all of the middle school sport and extracurricular programs. The Athletic Director is responsible for all employment, interviews and evaluations of 30 middle school coaching positions, controlling the budget for all programs and monitoring continued education of coaches.

Randall Pfof has served as the Charter School's Middle School Assistant Principal and Athletic Director since 2006, after serving as high school teacher at the Charter School for five years. Mr. Pfof holds a Bachelor of Arts in Exercise Physiology from Metropolitan State College, in Denver, Colorado and a master's degree in Educational Leadership/Principal License from the University of Northern Colorado, in Greeley, Colorado. Mr. Pfof is also a licensed principal in the State of Colorado.

Elementary School Assistant Principal. The Elementary Assistant Principal is responsible for assisting the Elementary Principal with assigned duties and coordinating testing and curriculum alignment, among other related duties.

Amy Willis has served as the Charter School's Elementary School Assistant Principal since 2006. She has been employed at the Charter School since 2000 holding various positions including special education teacher and Director of Educational Services/Reading Specialist. Ms. Willis earned a Bachelor of Arts in Social Science and a Master of Arts in Special Education from the University of Northern Colorado, in Greeley, Colorado. Ms. Willis is also a licensed principal in the State of Colorado. She is a member of ASCD, formerly known as the Association for Supervision and Curriculum Development, and the Colorado Council International Reading Association.

Dean of Students. The Dean of Students is responsible for standardized testing, oversees behavior support programs and assists in student disciplinary issues.

Sarah Scribbick has served as the Charter School's Secondary Dean of Students since 2014 after working as a middle school science teacher for two years and a middle school counselor for one year with the Charter School. Ms. Scribbick holds a Bachelor of Science in Biology from the University of Northern Colorado and a Master of Science in Education, School Counseling from the University of the Southwest. She is a member of the American Counseling Association.

Kay Dee Thompson has served as the Charter School's Elementary Dean of Students since July 2015 after working as a 4th grade teacher for the Charter School for eight years. Ms. Thompson holds a bachelor's degree in Interdisciplinary Studies/Elementary Education and a master's degree in Educational Leadership from the University of Northern Colorado, in Greeley, Colorado.

Business Manager. The Business Managers duties include budgeting, forecasting, payables, and general fiscal management for school funds, including tax return preparation, financial statement preparation, payroll processing, and bookkeeping. Kimberly Hurt has over 20 years of experience in accounting and has worked as the Charter School's Business Manager since 2002. Prior to her current

position, she worked as an accountant and bookkeeper at various private firms and companies. Ms. Hurt is a Certified Public Accountant and holds a Bachelor of Science in accounting from the University of Northern Colorado, in Greeley, Colorado and a Bachelor of Science in family and consumer services from Iowa State University, in Ames, Iowa. Ms. Hurt received the 2016 Charter School Operational Excellence Award from the Colorado League of Charter Schools. The Charter School Operational Excellence Award recognizes a charter school business manager that demonstrates exceptional leadership in and commitment to charter school operational excellence in areas such as finance, human resources, accounting, and facilities. In addition, the individual also demonstrates a passion for charter school excellence and growth at large, and is engaged in the Colorado charter school operations management community.

Conflicts Policies

In 2006 and 2008, respectively, the Executive Committee adopted Conflict of Interest policies for the Charter School staff and Executive Committee.

Executive Committee Conflict of Interest Policy. The Executive Committee declares that conflicts of interest can arise when an Executive Committee member will personally derive a significant private benefit from Executive Committee action. In order to avoid any real or potential conflict of interest, the Executive Committee will not purchase supplies, equipment or personal services from any member of the Executive Committee or from a firm, business, corporation, or association in which an Executive Committee member has a substantial interest unless such purchases are made on the basis of competitive bids or quotations solicited through public advertising.

In the event of any real or potential conflict of interest, the Executive Committee member will disclose the conflict to the Executive Committee prior to the vote. The disclosure will be noted in the minutes of the meeting at which Executive Committee action occurred relating to the matter disclosed. An Executive Committee member who discloses a potential conflict of interest on any matter is then exempt from the statutory requirement that Executive Committee members vote orally on all matters before the Executive Committee and should abstain from voting on the matter disclosed.

Staff Conflict of Interest Policy. The Staff Conflict Policy states that all staff will avoid conflicts of interest in dealing with businesses and individuals. At no time shall any employee of the Charter School engage in any additional employment that would: adversely affect their usefulness as employees of the Charter School; make time and/or energy demands upon the individual that interfere with their effectiveness in performing their contractual duties; compromise or embarrass the Charter School; adversely affect their employment status or professional standing; or, in any way conflict with or violate professional ethics. Charter School faculty will not engage in any other employment or in any private business during the hours required to fulfill assigned educational duties. A teacher must have the school administrator's prior, written permission before he or she can engage in such outside employment. In addition, employees cannot sell any books, supplies, musical instruments, or equipment to any student or to the parents or guardian of a student unless prior approval has been received from the school administrator. No administrator can be responsible for the supervision and/or evaluation of a relative and teachers may tutor for pay any pupils assigned to their classes or school when receiving permission from the parents and principal.

Succession Policies

The succession policy for the Executive Committee/Chair is established by the Bylaws. See “— Executive Committee” above. The succession policy for key management positions, including the

Principal of the Elementary School, the Principal of the Secondary School and the Business Manager, are discussed hereafter.

Principals. During an interim vacancy the Assistant Principal will assume day to day operational duties. Personnel decisions that include hiring, terminations or non-renewal during this time would become the responsibility of the Executive Committee President (allowing for guidance from the Assistant and the other two Senior Management). Once the vacancy is filled, the Executive Committee President and Vice President will develop plans to transition and support the Administrator.

Business Manager. During the time of vacancy of the position, the Treasurer of the Executive Committee will assume the role and responsibilities of the Business Manager. This includes the ability, upon approval of the Executive Committee to hire temporary or contract person to fill the day to day operations of the Charter School until the position is filled with a permanent replacement.

Charter School Employees and Labor Relations

In order to provide the variety of services required by law, the Charter School currently employs 156 employees (including 32 part time employees). The following table sets forth historical information for the Charter School staff.

Staff Composition					
	2011-12	2012-13	2013-14	2014-15	2015-16
Full Time					
Administration	6	6	6	9	9
Instructors	60	60	63	67	71
Specials	3	3	2	2	3
Special Education	3	3	3	3	4
Instructional Support Staff	20	16	18	19	20
Cafeteria	0	0	0	0	0
Technology	3	2	2	2	2
Office Support	5	5	7	7	9
Custodial	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total	<u>106</u>	<u>101</u>	<u>107</u>	<u>115</u>	<u>124</u>
Part Time					
Administration	0	0	0	1	1
Instructors	20	24	26	30	23
Specials	1	1	0	0	0
Instructional Support Staff	3	6	6	4	4
Technology	1	1	1	2	1
Office Support	0	1	1	2	2
Custodial	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Total	<u>26</u>	<u>33</u>	<u>34</u>	<u>40</u>	<u>32</u>

For 2015-16, the average teacher salary is \$38,029. The following table sets forth information on teacher education for Charter School faculty.

Degree Held	Percent Holding Degree
Bachelor's	62%
Bachelor's plus	1
Master's	30
Master's plus	3
Doctorate	<u>4</u>
Total	<u>100%</u>

The following table sets forth information on historical teacher retention rates.

Historical Teacher Retention Rates

Year	Percent Retained
From 2010-11 to 2011-12	93.30%
From 2011-12 to 2012-13	88.80
From 2012-13 to 2013-14	92.00
From 2013-14 to 2014-15	88.40
From 2014-15 to 2015-16	89.70

Employee Benefits. Pursuant to the Charter, the Charter School is solely responsible for Workers' Compensation, employment benefits, fringe benefits and any and all other employment requirements of State and federal laws and regulations for its teachers and employees. The Charter School's qualifying employees are eligible for health and dental benefits. In addition, all Charter School employees are members of the Public Employees Retirement Association of Colorado, School Employees Division ("PERA") to which the Charter School and employees are required to contribute a statutorily determined percentage of salaries paid. For additional information regarding the Charter School's contribution to PERA, see "APPENDIX B—CHARTER SCHOOL FINANCIAL INFORMATION—Retirement and Pension Matters."

Labor Relations. Employment with the Charter School is "at will", and the employee and the Charter School both have the right to terminate employment, with or without advance notice, for any reason. Teachers are employed by the Charter School pursuant to annually renewable contracts established by the Board. The faculty, administration and Executive Committee have a very strong working relationship through collaboration with respect to, among others, curriculum development, salary structures, school calendar, policy development, and benefits. The Charter School considers its relations with the teachers as "excellent."

Charter School Enrollment, Admissions and Lottery Policy

Enrollment. Enrollment in the Charter School is open to all residents of the District, and to out of District students, subject to compliance with applicable State laws, Executive Committee policy and the Charter. The Charter School is a tuition-free charter school with the exception of its full-day kindergarten program. The Charter School initially opened as Core Knowledge Charter Academy on September 2, 1997, with an opening enrollment of 258 students in grades kindergarten through fifth. The Charter School added a grade per year, reaching twelfth grade in the 2005-2006 school year.

Set forth below are statistics for the Charter School’s fall enrollment for the current and past four years. These figures are based upon October 1 student counts (the date upon which the number of students is determined for Per Pupil Revenue purposes).

Historical and Current Enrollment

Grade	2011-12	2012-13	2013-14	2014-15	2015-16
Homeschool ¹	137	162	166	164	182
Kindergarten	110	110	110	110	120
1st	110	120	119	121	122
2nd	93	120	118	122	123
3rd	92	96	120	120	120
4th	94	96	96	121	120
5th	96	96	96	96	116
6th	105	105	111	107	112
7th	106	110	112	107	108
8th	106	109	106	111	106
9th	90	96	102	99	101
10th	91	85	98	103	95
11th	72	83	73	86	88
12th	<u>64</u>	<u>71</u>	<u>75</u>	<u>72</u>	<u>84</u>
Total	<u>1,366</u>	<u>1,459</u>	<u>1,502</u>	<u>1,539</u>	<u>1,597</u>

¹ Students enrolled in the Charter Schools Home School Access Program receive six hours a week of instruction from Charter School staff, for 33 weeks, and receive PPR funding in the amount of 0.5 FTE per Home School Access student enrolled in the program.

The Charter School has a planned growth model which includes adding a track in its elementary grade levels each year, balancing secondary school enrollment, and growing its Home School Access Program. The Charter School expects to maintain a stable enrollment over the next five years of approximately 1,617 students, including Home School Access and Kindergarten students.

The Charter School has the following instructional staff to student ratios:

Instructional Staff Student Ratio

	Grade/Class							
	K	1	2	3	4	5	Specials	6-12
2015-16	1:24	1:21	1:21	1:20	1:20	1:19	1:15	1:16
2014-15	1:18	1:20	1:20	1:20	1:20	1:16	1:16	1:15
2013-14	1:18	1:20	1:20	1:16	1:16	1:19	1:18	1:15

Admissions Policy and Waitlist. Enrollment in the Charter School is open to all residents of the District. Enrollment is determined based on a waitlist which is a “fluid” document updated on a monthly basis. Kindergarteners are added to the waitlist based on the date their letter of intent to enroll is received by the Charter School. In addition, children from birth through four years of age may apply for enrollment in future years and are added to the waitlist. Kindergarten enrollment is based on a first come, first serve basis. Kindergartners who are not offered enrollment for Kindergarten for the current school year are put on the 1st grade waitlist for the following year. Enrollment of all other students are filled from the waitlist based on a lottery placement system after the placement of siblings of enrolled students

and children of staff members. When a student leaves the school, the vacant spot is filled utilizing the waitlist. Students are not removed from the waitlist unless requested by parents. The Charter School is operating at full capacity with a waiting list of 2,931 students for current enrollment and 778 future Kindergarten students, as set forth in the following table.

Historical Waitlist Statistics

Grade	2015-16
Home School	82
Future Kindergarten ¹	778
Current Kindergarten	255
1st grade	15
2nd grade	90
3rd grade	87
4th grade	154
5th grade	135
6th grade	311
7th grade	267
8th grade	318
9th grade	346
10th grade	388
11th grade	313
12th grade	<u>170</u>
Total	<u>3,709</u>

¹ Includes children aging from birth to four years where parents have submitted intent to enroll forms for Kindergarten at the Charter School.

Requests for admission from the parents of special education students are considered in accordance with applicable State and federal law. Following admission in accordance with the above priorities, an identified student’s current Individual Education Plan (“IEP”) will be evaluated by Charter School officials to determine if the Charter School can meet that student’s needs.

The following table sets forth information for the Charter School’s graduation rates for the past five years.

Historical Graduation Rates

Grade	2010-11	2011-12	2012-13	2013-14	2014-15
8 th	90.0%	90.0%	95.0%	95.0%	95.0%
12th	88.1	92.5	95.2	96.9	97.0

The following table sets forth historical retention of students by grade over the past three years. Data for prior years is unavailable and the following figures do not include Home School Access students.

Historical Student Retention Rates

Grade	From 2012-13 to 2013-14	From 2013-14 to 2014-15	From 2014-15 to 2015-16
1st	91.8%	91.8%	97.2%
2nd	90.8	98.3	86.7
3rd	95.0	94.9	89.3
4th	86.5	100.0	88.3
5th	93.8	93.8	85.1
6th	90.5	95.8	92.7
7th	94.3	94.5	90.7
8th	88.2	96.4	92.6
9th	74.3	76.4	78.4
10th	86.6	85.4	86.0
11th	81.2	82.8	83.5
12th	90.4	91.9	95.3

The Facilities

The Charter School currently operates from two campuses: the Elementary School located in two buildings at 2500 West 29th Street and 2560 West 29th Street, in Greeley, Colorado serves Kindergarten through 5th grade: and the Secondary School located at 6530 West 16th Street, in Greeley, Colorado serves 6th through 12th grades. The Secondary School is located approximately 5.5 miles from the Elementary School.

The Elementary School facility consists of two pre-fabricated slab buildings totaling approximately 55,487 square feet, serving students in grades Kindergarten through fifth. The buildings include 34 classrooms, eight offices, nine breakout spaces, kitchen, cafeteria, library and a gym. There is also a playground at the Elementary School campus. Classrooms include four classrooms for Kindergarten students, five classrooms for each of the other grade levels, a fine arts room, an art room, a music technology room and a special education room. There is also a gifted talented program space, reading intervention rooms, a health office, two reception areas and janitorial/maintenance spaces. The Elementary School was constructed in the 1980's and acquired with proceeds from the Authority's Charter School Revenue Bonds (Frontier Academy Project), Series 2001 (the "Series 2001 Bonds").

The Secondary School facility was also financed with proceeds from the 2001 Bonds. Construction of the Secondary School facility was complete in 2002 and consists of an approximately 63,000 square foot, brick and mortar building, which includes 30 classrooms (including 2 art rooms, 2 music rooms, and 2 technology labs), six administrative offices, a counselor office, a gymnasium and a kitchen with a small cafeteria.

The Charter School shares certain facilities with University Schools, a Colorado charter school located adjacent to the Charter School. The Shared Facilities consist of an auditorium, comprised of approximately 8,000 square feet, which includes approximately 400 seats, a stage and a separate area for a full service kitchen, a baseball field, a football field and a track facility. The Shared Facilities are used by the Charter School and University Schools pursuant to the Shared Facilities Agreement. See "APPENDIX B—CHARTER SCHOOL FINANCIAL INFORMATION—Other Financial Obligations" for a discussion of the Shared Facilities Agreement.

A portion of Bond proceeds are expected to be used to construct the Improvements. See “THE BONDS—Application of Bond Proceeds.”

Capital Improvement Plan. Upon completion of the Project the Charter School does not anticipate any additional major capital projects into the foreseeable future. The Charter School annually reviews and budgets for building improvements, maintenance and repairs.

Parking. There are parking lots at each of the Charter School’s three buildings. Parking at the Elementary School consists of 196 parking spaces including 5 handicap spaces. During special events, the Charter School has verbal agreements with neighboring businesses to allow for an additional 75 overflow parking spaces.

The Secondary School has 165 parking spaces including 6 handicap spaces. There is an agreement with the City to allow parking during special events in the Fun-Plex, Athletic Field complex across the street from the Charter School.

The Improvements to be financed with Bond proceeds includes some additional parking at the Secondary School.

Equipment and Teaching Materials. Equipment and teaching materials are evaluated on an annual basis and replaced as needed. According to Charter School officials, these items are in good condition.

Safety Program and Other Use of Facilities. The Charter School’s Safety Committee meets on a regular basis to review policies and procedures and make recommendations to the administration. Manuals are updated on an on-going basis and safety drills and staff trainings occur at regular intervals.

The Elementary School is compliant with State and City code in regards to fire alarm, sprinkler system, fire extinguishers, and drills for fire evacuation. In addition, the Elementary School has an intrusion alarm that is monitored 24/7 by a security company, perimeter chain-link fencing, front facing security cameras, and a card access system to protect the property. Further protection from unwanted parties includes manned public entrances, and intrusion protection security film on street-side windows and doors. There have been no serious safety incidents.

Transportation. The Charter School does not provide transportation for students to and from school; however, buses are provided for activities. The Charter School owns three standard size activity buses and one small 14 passenger activity bus which were manufactured between 1993 to 2002. All buses are regularly maintained and serviced through a local business.

Curriculum and Instruction

Vision and Mission. The Charter School strives to inspire all students to reach their fullest potential in academic achievement, character development, and citizenship in a safe and innovative learning environment. The Mission will be achieved by engaging students in intentional and meaningful instruction, content-rich curriculum and purposeful extracurricular programs, resulting in community leaders who possess a strong foundation of knowledge, with a life-long commitment to learning.

Curriculum. The Charter School has established an integrated curriculum. In the K-12 program the Core Knowledge Curriculum is used. This curriculum is supported in the classroom with the SRA/Open Court Reading Series and McGraw-Hill Language Arts Series. The mathematics program is supported by Saxon Math in K-5, Impact Math by Glencoe 6-8 and Contemporary Mathematics by

Glencoe in grades 9-12. Prentice Hall Science and Pearson Social Studies are used to support the sequence. All programs support a content rich learning environment for all students. The Charter School also offers a wide range of extracurricular activities for students in grades K-12.

The high school program is designed to help prepare students for acceptance and achievement in colleges, universities, or other post-secondary programs. The Charter School's graduation requirements exceed the state requirements and surpass the expectations of most other high schools, especially in core areas such as English, Mathematics, and Sciences, and also included multiple opportunities for students to enroll in Advance Placement and Concurrent Enrollment classes.

The 8 Keys of Excellence is an education program offered that guides young people toward a positive future full of confidence, motivation, creativity, team work, leadership and valuable life principles. They are: This Is it; Ownership; Speak With Good Purpose; Commitment; Failure Leads to Success; Integrity; Flexibility; and, Balance.

Home School Enrichment Program. The Charter School's Access to Home School Enrichment Program is a State-funded program. Students enrolled in the program are enrolled as a part-time student in the Charter School and the Charter School receives State funding in the amount of 0.5 FTE per student enrolled. Parents need to register their students with the State as home schooled students and all home school related paperwork and forms are the parent's responsibility to complete and return to the Colorado Department of Education.

The Charter School's Home School Enrichment Program (called "Access") is held on Fridays in the Secondary School Facility. Access provides the home school community with access to: Arts; Music; Technology; Physical Education; and, Science enrichment experiences. Access courses are provided to supplement what home school educators are providing their children at home. The Charter School has 182 students enrolled in the Access program for the 2015-16 school year.

Special Education and Reduced Lunch. The Elementary School has 172 students (25.0%) participating in the free and reduced lunch program and the Secondary School has 144 students (20.9%) participating in the free and reduced lunch program. The Secondary School has 39 students (5.7%) participating in the special education program. The Elementary School has 31 students (4.5%) in the special education program. These figures do not include Home School Access students who are not eligible for these programs.

Service Area and Competition

Service Area. The Charter School primarily serves the City of Greeley area in Weld County. The District serves approximately 1,590 students in its K-12 public schools located in the following municipalities:

Distribution of Students by Municipality

City	Number of Students
Greeley	1,210
Evans	203
Windsor	38
Fort Collins	25
La Salle	22
Eaton	20
Platteville	16
Johnstown	14
Loveland	13
Kersey	8
Milliken	5
Gill	4
Denver	3
Fort Morgan	3
Other	<u>6</u>
Total	<u>1,590</u>

Competition. The Charter School competes for students with the District, other schools within or near the District, neighboring districts, and private schools that are located in the Charter School’s service area. Educational facilities are provided for students in the City primarily by the District which operates 16 elementary schools (includes three kindergarten through 8th grade schools), 4 additional middle schools, 3 high schools, 6 charter schools (including the Charter School) and several special schools and programs. Students within the City’s boundaries are served by 13 of these elementary and K-8 schools and all of the middle and senior high schools as well as all of the charter schools and special programs. In addition, several private schools have educational facilities in the City.

According to Charter School officials, approximately 25% of students within the City attend Charter Schools. Current Charter Schools located within the District include: Union Colony Elementary School (K-5) in Evans, Colorado; Salida Del Sol Academy (K-8) in Greeley, Colorado; Union Colony Preparatory School (6-12) in Greeley, Colorado; University Schools (K-12) in Greeley, Colorado; and West Ridge Academy (K-9) in Greeley, Colorado. See the caption “RISK FACTORS—Competition for Students.”

Student Performance and Accreditation

Colorado school districts undergo an accreditation process under the District Performance Framework (“DPF”), pursuant to the Education Accountability Act. Individual schools are also accredited under a School Performance Framework (“SPF”). The Charter School has earned the highest possible rating under the framework of “Performance Plan” for every year these ratings have been given indicating that the Charter School meets or exceeds statewide attainment on the performance indicators.

The four performance indicators are: academic achievement, academic growth, academic gaps, and postsecondary and workforce readiness.

Student Assessment. The Charter School uses a variety of assessment techniques to collect qualitative and quantitative information from national assessments, state assessments, third party standardized tests, curricular assessments, and teacher observation. The Charter School uses State standardized assessments as the main indicators of performance. The Secondary School also uses NWEA testing three times per year in middle school mathematics as a progress monitoring tool, as that content area and grade level has been an area of focus for the Charter School. Teachers also create pre- and post-tests for each class at the middle school and high school level to assess what students learn throughout the year. All of the assessments show results commensurate with the state standardized assessments, indicating above average performance in all grade levels and content areas.

Measurement of student performance is accomplished through report cards and through use of outside measurement sources. The Charter School uses a variety of assessment techniques to collect qualitative and quantitative information. Multiple indicators are used to measure student achievement including the Colorado Measures of Academic Success (“CMAS”). In December 2009 and August 2011, the State Board of Education adopted new Colorado Academic Standards. At that time the Colorado Department of Education, the Colorado teaching community and CTB/McGraw-Hill, collaboratively, developed the Transitional Colorado Assessment Program (“TCAP”), a Colorado’s standards-based assessment, designed to provide a picture of student performance to schools, districts, educators, parents and the community during the transition period from the prior system until the new standards had been fully implemented. Beginning in 2014, the new State standards have been implemented and as a result the TCAP has been replaced with the CMAS. The primary purpose of the assessment program is to determine the level at which Colorado students meet the Colorado Model Content Standards in the content areas assessed. The CMAS is a statewide single point in time assessment, aligned with the State model content standards, that covers limited grades and subjects each year.

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The following tables illustrate the percentage of students at the Charter School, the District as a whole and for the State who scored at proficiency or above on the TCAP tests in 2011-12, 2012-13 and 2013-14 for the grade levels shown below, respectively, and that scored meets or exceeds on the CMAS test for 2014-15.

**Historical TCAP Scores
Percentage of Students that Scored at Proficient and Above**

Grade	Subject	2011-12 TCAP			2012-13 TCAP			2013-14 TCAP		
		Charter School	District	State	Charter School	District	State	Charter School	District	State
Grade 3	Reading	87%	64%	74%	87%	66%	73%	90%	66%	72%
	Math	88	61	71	86	62	72	92	66	72
	Writing	76	40	53	74	41	51	80	42	51
Grade 4	Reading	86	55	67	90	56	68	84	55	67
	Math	97	62	72	92	62	72	87	62	72
	Writing	84	37	49	79	40	53	72	39	52
Grade 5	Reading	86	58	69	95	57	70	92	60	71
	Math	82	55	65	94	51	65	84	53	65
	Writing	79	47	58	92	43	57	83	41	55
	Science	78	31	49	88	31	48	--	--	--
Grade 6	Reading	88	59	73	76	62	73	84	56	71
	Math	75	44	61	72	50	62	70	44	61
	Writing	73	42	56	64	43	58	73	40	57
Grade 7	Reading	77	53	68	79	52	68	71	57	69
	Math	68	33	53	66	35	55	54	37	55
	Writing	78	48	62	78	46	62	71	47	61
Grade 8	Reading	86	51	67	72	51	67	82	50	66
	Math	60	29	52	61	31	52	62	34	52
	Writing	68	40	55	70	41	56	78	41	56
	Science	62	30	49	64	34	52	--	--	--
Grade 9	Reading	74	52	67	87	54	68	83	53	66
	Math	49	20	37	57	22	39	52	25	40
	Writing	66	38	51	70	39	55	75	40	54
Grade 10	Reading	89	53	68	86	58	70	88	54	69
	Math	28	16	33	51	18	34	49	17	33
	Writing	68	34	49	72	38	49	71	33	49
	Science	65	29	49	72	34	51	--	--	--

**Spring 2015 CMAS English and Math Scores
Percentage of Students that Scored Meets or Exceeds**

Grade	Subject	Charter School	District	State
Grade 3	English	50.8%	30.2%	38.2%
	Math	46.6	30.1	36.7
Grade 4	English	60.0	30.2	41.7
	Math	40.4	24.2	30.2
Grade 5	English	60.6	29.9	40.5
	Math	31.9	22.2	30.1
Grade 6	English	40.0	24.0	39.1
	Math	30.5	17.0	31.7
Grade 7	English	39.8	27.9	41.0
	Math	19.4	16.1	27.4
Grade 8	English	45.7	30.0	40.9
	Math	9.2	8.6	18.9
Grade 9	English	54.3	20.5	37.8
	Math	--	--	--
Grade 10	English	52.5	24.4	37.4
	Math	--	--	--
Grade 11	English	54.3	25.8	39.9
	Math	--	--	--
	Algebra I	36.9	15.1	30.4
	Algebra II	17.0	6.6	27.8
	Geometry	20.2	8.3	24.0

**Spring 2015 CMAS Science and Social Studies
Percentage of Students That Scored Strong and Distinguished**

	Charter School	District	State
Science:			
Grade 5	62.1%	22.3%	34.8%
Grade 8	30.5	16.9	29.0
Social Studies:			
Grade 4	28.7	13.3	21.8
Grade 7	9.6	9.4	17.6

The following table sets forth historical ACT composite test results for the Charter School.

Historical ACT Composite Scores

Year	Score
2011	22.40%
2012	21.20
2013	22.01
2014	22.46
2015	21.52

Parent Volunteers and Fundraising

Fundraising. The Frontier Academy Foundation, a non-profit corporation supports the Charter School and helps with fundraising. In addition, the OPT and the Wolverine Booster Club also aid in fundraising efforts. For the 2015-2016 fiscal year, there were two main K-12 fundraisers. The 5th Annual Frontier Academy Community 5K Race raised \$6,600. The 15th Annual Gala & Auction raised \$27,500. The Foundation also manages an Annual Giving Campaign which raises approximately \$10,000 each year. Other smaller fundraisers are held by the OPT, Booster Club, and by student activity groups and athletic groups.

Volunteer Program. The Charter School encourages parents to volunteer their time to assist with school activities. The Charter School requests four hours a month per family in volunteer time. Volunteers logged 8,100 hours as of March 2016 for the 2015-2016 school year.

Charter School Authorization

The Charter expires on June 30, 2031. Pursuant to the Charter and the Charter Schools Act, no later than September 1 of the year prior to the year in which the charter expires, the governing body of a charter school will submit a renewal application to the chartering local board of education. The chartering local board of education shall rule by resolution on the renewal application no later than December 1 of the year in which the charter expires, or by a mutually agreed upon date.

A charter school renewal application submitted to the local chartering board of education is to contain, under existing State law: (a) a report on the progress of the charter school in achieving the goals, objectives, pupil performance standards, content standards, targets for the measures used to determine the levels of attainment of the performance indicators, and other terms of the charter contract and the results

achieved by the charter school's students on the assessments administered through the Colorado student assessment program; and (b) financial statement that discloses the costs of administration, instruction, and other spending categories for the charter school that is understandable to the general public and that will allow comparison of such costs to other schools or other comparable organizations, in a format required by the State Board of Education; and (c) any information or material resulting from the charter school's annual reviews.

A charter may be revoked or not renewed by the chartering local board of education if it determines that the charter school did any of the following: (a) committed a material violation of any of the conditions, standards, or procedures set forth in the charter contract; (b) failed to meet or make adequate progress toward achievement of the goals, objectives, content standards, pupil performance standards, targets for the measures used to determine the levels of attainment of the performance indicators, applicable federal requirements, or other terms identified in the charter contract; (c) failed to meet generally accepted standards of fiscal management; or (d) violated any provision of law from which the charter school was not specifically exempted. See also "RISK FACTORS—Revocation or Nonrenewal of Charter."

A decision to revoke or not to renew the charter may be appealed to or facilitation may be sought from the Colorado State Board of Education pursuant to the provisions of the Charter Schools Act. A charter authorizer standards review committee has been created to make recommendations to the State Board of Education concerning standards for charter schools and charter school authorizers. The Charter Schools Act also sets forth certain procedures for resolving any disputes that may arise between a charter school and its chartering school district concerning governing policy provisions of the school's charter contract and an appeal process for decisions of the local board of education of the authorizing district.

The District

The District is not liable or responsible for any costs associated with repayment of the Bonds, the Loan Agreement or the Lease, the costs of operation or maintenance of the Facilities, or any other expenses associated with the Facilities and its financing, and the holders of the Bonds may not rely on any District involvement in payment of such costs or other involvement within the Facilities. The District has not assumed any duties and has no duties to investors with respect to the Facilities, its operation, maintenance or financing, disclosure to investors or monitoring any of the foregoing.

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APPENDIX B
CHARTER SCHOOL FINANCIAL INFORMATION

APPENDIX B

CHARTER SCHOOL FINANCIAL INFORMATION

Sources of Revenue

No Tuition Charges. The Charter School is not permitted to charge tuition to students, except for before/after school programs, preschool programs, intersession programs or extended kindergarten programs and the Charter School is required under State law, to waive all fees for indigent students. If the Charter School enrolls a nonresident student with disabilities, the District can collect from the school district of residence tuition for certain costs incurred in educating the child. The Charter School may provide pre-kindergarten, daycare, before and after school programs.

District Funding. The primary source of funding for the Charter School comes from the District. School districts in the State are funded pursuant to the Public School Finance Act of 1994, Article 54 of Title 22, C.R.S. (the “1994 Act”). The 1994 Act sets forth a formula (the “Total Program”) for determining State and local funding amounts for each school district in the State based on a variety of factors including pupil count, local costs of living, personnel costs, the size of each district, the number of at-risk pupils, the number of on-line pupils and the Negative Factor, as described in “—*Total Program Funding*” below. Information about the Public School Finance Act is available at <http://www.cde.state.co.us>, which is an internet address for the Colorado Department of Education; provided, however, such web page and any links to other web pages is not incorporated herein by this reference and is not part of this Official Statement.

Under the Charter, the Charter School receives funding in an amount equal to 100% of the District PPR, subject to adjustment in accordance with State law. A charter school, at its discretion, may contract with its school district for the direct purchase of district services in addition to those included in the central administrative overhead costs, including but not limited to food services, custodial services, maintenance, curriculum, media services and libraries. The District is responsible for paying the excess costs associated with placing a student with a disability in an approved special education program of the District.

Total Program Funding. School district funding is based on the Total Program formula set forth in the 1994 Act. For each pupil funded in a district’s October 1 pupil count, the Total Program allocates a base per-pupil amount of money plus additional amounts based on district-by-district variances. Beginning with the Fiscal Year 2010-11, a new factor was introduced in the school finance formula due to the statewide budget balancing challenges the State is facing. This “Negative Factor” reduces the amount of funding districts would have received prior to this factors application in an equitable and fair manner. This factor acts as a reduction to other existing factors and does not reduce any base per pupil funding districts receive through the school finance formula. Total Program calculations may be expressed in the following formula:

$$\text{Total Program} = \text{Funded Pupil Count} \times \text{Total Per Pupil Funding} + \text{At-Risk Funding} + \text{On-line Funding} - \text{Negative Factor}$$

Under the 1994 Act, every school district starts with the same per pupil funding amount generally known as the “statewide base.” The statewide base is increased annually by an amount equal to the rate of inflation. The base amount of per pupil funding for the 2015-16 fiscal year is \$6,292.39. The statewide base is then adjusted in each school district to account for differences between districts in cost of living, school district size and personnel costs. The cost of living factor is adjusted biennially, taking

into account increases in the household income level of each district. The personnel and size factors are determined using enrollment based calculations, making them unique to each school district.

For each fiscal year, the General Assembly establishes a minimum amount of funding per pupil statewide based on a statutorily established “minimum per pupil funding base.” Additionally, each school district’s Total Program per pupil funding cannot exceed 125% of its prior fiscal year Total Program per pupil funding. For fiscal year 2015-16, each school district is guaranteed Total Program funding consisting of the sum of \$7,875.42 per traditional pupil plus \$7,588.00 per on-line pupil (defined hereafter). These amounts are adjusted to \$6,919.92 per traditional pupil plus \$6,667.37 per on-line pupil after application of the Negative Factor. In the 2015-16 fiscal year, 14 school districts are projected to receive funding based on the minimum Total Program provision, and no school district is expected to reach the maximum limit. The following table indicates the historical PPR rates applicable to the Charter School.

Historical Per Pupil Revenue

School Year	PPR Rate	Percent Change
2011-12	\$6,317	--
2012-13	6,322	0.08%
2013-14	6,551	3.62
2014-15	6,914	5.54
2015-16	7,194	4.05

Source: The Charter School

The Total Program calculation is adjusted upward for each pupil qualifying as “at risk.” “At risk” is generally determined based on eligibility for participation in the federal free lunch program. Beginning in fiscal year 2005/2006, the definition of “at risk” was expanded to include students who are not eligible for free lunch, but whose scores on the Colorado Student Assessment Program test are not included in calculating a school’s performance grade because the students’ dominant language is not English. A school district receives funding equal to 12-30% of its total per pupil funding. The amount of at risk funding increases as a district’s percentage of at risk pupils increases above the State average.

On-line funding is based on the number of pupils enrolled in either a single district on-line program or a certified multi-district on-line program. A single district on-line program is any district on-line program which enrolls no more than 10 students from another district. The on-line per pupil funding amount changes by the percentage by which the statewide base changes. For fiscal year 2015-16 the on-line funding amount is equal to \$6,667.37, which amount represents a 12.13% decrease commensurate with the Negative Factor.

In general, the Negative Factor is calculated by first determining the Total Program prior to application of the Negative Factor. The Negative Factor then reduces this Statewide Total Program to no less than \$6,233,955,737 for the 2015-16 fiscal year. The Negative Factor Reduction will not reduce funding below the per-pupil Statewide Base. District’s whose State share of funding is less than the Negative Factor Reduction will not receive any State share and will have to reimburse the State with State categorical funding equal to an amount not to exceed the Negative Factor Reduction of the District’s Total Program.

Funding of PPR for each fiscal year of the Charter School begins in July of each year. Funding will be adjusted again to reflect the October actual enrolled student count as compared to the student count used at the beginning of the year. In addition, to the extent the District experiences any increase or

reduction in State equalization support by a legislative rescission or other action, proportionate increases or reductions will be made to the Charter School by adjustment or set off in subsequent months.

The Charter School is to agree, pursuant to the Lease, to cooperate in relation to all actions necessary pursuant to and in accordance with the Colorado Charter School Intercept Program in order to have the State Treasurer deposit the amounts due under the Lease, representing debt service on the Bonds, directly with the Trustee from the PPR due monthly to the Charter School under the Charter and the Charter Schools Act. The Charter School is to submit to the State Treasurer a valid State Treasurer Charter Intercept Agreement to provide for such deposits. The Charter School's obligation to make such payments under the Lease is subject to annual appropriation.

Capital Funding. Under State law, qualified charter schools are eligible to receive additional funding for capital construction from the State Education Fund ("Capital Construction Funds"). The Charter School will be a qualified charter school for purposes of such capital funding so long as the Charter School has capital construction costs, which are defined under the statute as construction, demolition, remodeling, financing, purchasing or leasing of land, buildings, or facilities used to educate pupils enrolled in or to be enrolled in the Charter School. The statewide aggregate amount available to all charter schools for the 2015-16 fiscal year is \$22,000,000. The Charter School is expected to receive \$354,000 in capital funding in 2015-16. See "RISK FACTORS—Changes to Charter Schools Act." Under the Charter Schools Act, Capital Construction Fund payments made to charter schools may be reduced by up to 50% for charter schools participating in the Moral Obligation Program and 10% for charter schools not participating in the Moral Obligation Program, if there are un-replenished draws on the CSDRF of the Interest Savings Fund under the Moral Obligation Program.

Additional Revenues. The governing body of a charter school is authorized to accept gifts, donations, or grants of any kind made to the charter school and to expend or use said gifts, donations or grants in accordance with the conditions prescribed by the donor; however, no gift, donation or grant can be accepted by the governing body if it is subject to any condition contrary to law or contrary to the contract between the charter school and the school district or that would be inconsistent with its tax status.

Historical and Budgeted Financial Information

Accounting Principles. The Charter School's General Fund accounts for all transactions of the Charter School, except those required to be accounted for in another fund. The fund represents and accounts for the Charter School's ordinary operations financed primarily from PPR revenue. The following information should be read together with the Charter School's financial statements appended hereto. Pursuant to the Charter, an annual financial audit is to be conducted to assure that expenditures of public funds by the Charter School were properly made and accounted for.

As set forth in the Charter, the Charter School agrees to establish, maintain and retain appropriate financial records in accordance with all applicable federal, state and local laws, rules, policies and regulations, and to make such records available to the District, as requested, from time to time. The financial statements of the Charter School are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles applicable to non-profit organizations. The following table sets forth the Charter School's history of revenues and expenditures for the General Fund.

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenues:					
Local sources	\$ 201,721	\$ 240,114	\$ 235,767	\$ 358,294	\$ 662,419
State and federal sources	<u>8,499,409</u>	<u>8,406,489</u>	<u>9,067,256</u>	<u>9,627,248</u>	<u>10,313,146</u>
Total Revenues	<u>8,701,130</u>	<u>8,646,603</u>	<u>9,303,023</u>	<u>9,985,542</u>	<u>10,975,565</u>
Expenditures:					
Instruction	5,426,227	5,616,841	5,782,980	6,036,948	6,598,216
Support services	1,864,573	1,953,534	2,174,009	2,354,339	3,942,208
Capital outlay	<u>451,999</u>	<u>537,938</u>	<u>--</u>	<u>--</u>	<u>124,882</u>
Total Expenditures	<u>7,742,799</u>	<u>8,108,313</u>	<u>7,956,989</u>	<u>8,391,287</u>	<u>10,665,306</u>
Excess of Revenues Over (Under) Expenditures	958,331	538,290	1,346,034	1,594,255	310,259
Other Financing Sources					
Transfers In (Out)	(1,180,417)	(1,170,008)	(1,548,657)	(1,493,111)	38,409
Net Change in Fund Balance	(222,086)	(631,718)	(202,623)	101,144	348,668
Beginning Fund Balance	<u>1,906,031</u>	<u>1,683,945</u>	<u>1,052,227</u>	<u>849,604</u>	<u>1,049,907</u> ¹
Ending Fund Balance	<u>\$1,683,945</u>	<u>\$1,052,227</u>	<u>\$ 849,604</u>	<u>\$ 950,748</u> ¹	<u>\$ 1,398,575</u>

¹ The difference in fund balances is the result of a change in accounting.

Source: The Charter School's audited financial statements for years ended June 30, 2011-2015

Budgetary Process and Information. The Charter School's fiscal year coincides with the District's fiscal year. On or before April 1 each year the Charter School Renewal Contract is in effect, the Charter School must submit to the District for its approval the Charter School's proposed balanced budget for the upcoming fiscal year. The budget is to be presented in accordance with applicable state law. The amount of funding provided to the Charter School from the District may not be less than 95% of the District's PPR, including the pro rata share of capital reserves. The Charter School contracts for certain benefits from the District as set forth in its Charter including, among others, benefits, special education, human resources, support services and insurance coverage. The following table sets forth the Charter School's General Fund budgets for the fiscal years ended June 30, 2016 and June 30, 2015, as well as the year to date actual (unaudited) figures for the current 2015-16 school year.

Budget Summary and Comparison ¹

	2014-15 Budget	2015-16 Budget	2015-16 Year-to-Date (unaudited) ²
Revenue:			
Local Sources	\$ 633,196	\$ 605,500	\$ 575,365
Intermediate	2,000	2,000	1,225
Per Pupil Revenue	9,739,522	10,282,620	7,837,656
Other State Sources	563,331	599,025	556,324
Federal Sources	27,321	26,000	18,310
Allocation From Other Fund	<u>32,100</u>	<u>1,000</u>	<u>--</u>
Total Revenues	<u>10,997,470</u>	<u>11,516,145</u>	<u>8,988,880</u>
Expense:			
Instruction	6,439,871	6,732,962	5,144,318
Supporting Services	3,253,634	3,375,371	2,322,552
Lease	<u>1,295,000</u>	<u>1,295,000</u>	<u>980,811</u>
Total Expense	<u>10,988,505</u>	<u>11,403,333</u>	<u>8,447,681</u>
Revenue Over (Under) Expense	8,965	112,812	541,199
Beginning Fund Balance	<u>849,604</u>	<u>1,398,575</u>	<u>1,398,575</u>
Ending Fund Balance	<u>\$ 858,569</u>	<u>\$ 1,511,387</u>	<u>\$1,939,774</u>

¹ Figures have been rounded.

² Actual year to date (unaudited) figures through March 31, 2016.

Source: The Charter School's 2015 and 2016 Budget documents and the Charter School

Management's Discussion and Analysis

See the Charter School's audited financial statements appended hereto for a management's discussion and analysis.

Financial Reporting

Under State law the Charter School is required to post certain financial information on-line, in a downloadable format, for free public access, such financial information includes: (i) adopted budgets, (ii) annual audited financial statements, (iii) quarterly financial statements, and (iv) salary schedules. State law also provides that the Charter School is required to provide on-line, in downloadable formats, for free public access accounts payable check registers and credit, debit, and purchase card statements, and investment performance reports or statements.

Retirement and Pension Matters

The Charter School contributes to the School Division Trust Fund ("SDTF"), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado. SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the Charter School are members of the SDTF and receive equal benefits commensurate with their levels of pay and years of service. No differentiation is made based on personnel category. The Charter School is currently required by statute to contribute to PERA, from Charter School funds, a statutorily determined percentage of the gross salaries of member employees. In addition, each member employee contributes a statutorily determined

percentage of his or her salary. Vesting, accrual of benefits, eligible retirement ages and levels are all determined by PERA. For the fiscal year ended June 30, 2015, the Charter School's employer contributions for the SDTF was \$812,000.

The Charter School holds no plan assets or actuarial liability with PERA; however, beginning with the 2014-15 audited financial statements, the Charter School is required to record its share of PERA's unfunded liability. PERA conducted actuarial studies and then provided its member institutions with the amounts of their unfunded liability. As of June 30, 2015, the Charter School reported a net pension liability of \$14,040,133. The amount of PERA's unfunded liability allocable to the Charter School is not immediately due and cannot be paid off under any accelerated schedule to remove the liability from its financial statements. Only the Colorado Legislature has the power to change the contribution rate under the State statutes. For further information, see Note 10 to the Charter School's audited financial statement appended hereto.

Insurance

The Charter School Board acts to protect the Charter School against loss and liability by maintaining certain insurance coverages. The District carries commercial insurance for these risks of loss and the Charter School's administration believes the present insurance coverage to be adequate. However, there can be no assurance that the Charter School will continue to maintain this level of coverage. See "LEGAL MATTERS—Sovereign Immunity" and "APPENDIX D—Definitions and Summary of Certain Provisions of the Indenture, the Loan Agreement, the Deed of Trust and the Lease—Summary of Certain Provisions of the Loan Agreement—Insurance Required." See Note 8 to the Charter School's audited financial statement appended hereto.

Other Financial Obligations

Other than the lease discussed below and the monthly lease payments for the Facilities, following the issuance of the Bonds, the Charter School will have no other outstanding capital lease obligations.

Shared Facilities Agreement. On May 15, 2003, the Charter School and the University Schools, a public charter school and Colorado nonprofit corporation ("University Schools") executed an agreement to share certain facilities including a baseball field, a football field/track and an auditorium (the "Shared Facilities") (the "Shared Facilities Agreement"). The Shared Facilities consist of an auditorium, comprised of approximately 8,000 square feet, which includes approximately 400 seats, a stage and a separate area for a full service kitchen, a baseball field, a football field and a track facility. The Shared Facilities are used by the Charter School and University Schools pursuant to the Shared Facilities Agreement. The Shared Facilities Agreement is set up as an automatic renewal from year to year unless sooner terminated as stated in the agreement, and sets forth terms and conditions of use for the Shared Facilities, as well as management and rules. The two schools equally share the cost, management and profits of the Shared Facilities as set forth in the Shared Facilities Agreement. Rent expense was \$83,133 for the Fiscal Year ending June 30, 2015 and the Charter School's share of utilities is approximately \$90,000 annually. The Charter School is in discussions with University Schools with regard to University Schools acquiring the Charter School's "right of use" in the Shared Facilities.

Capital Leases. In March, 2014, the Charter School executed a 36 month capital lease in the amount of \$17,923.75 for phone equipment. The Charter School makes monthly payments in the amount of \$551 on such lease. In July, 2012, the Charter School executed a 48-month lease with Xerox for copier equipment, making minimum payments of \$1,100 per month.

APPENDIX C

**CHARTER SCHOOL AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FRONTIER ACADEMY
Greeley, Colorado

FINANCIAL STATEMENTS
June 30, 2015

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BASIC FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Frontier Academy
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Frontier Academy, a component unit of Weld County School District 6, as of and for the year ended June 30, 2015, which collectively comprise Frontier Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and remaining fund information of Frontier Academy as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Adoption of New Accounting Standard

As described in Note 2 to the financial statements, Frontier Academy adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68. As a result of the implementation, of GASB Statement No. 68, Frontier Academy reported a restatement for the change in accounting principle. Our opinions were not modified with respect to the restatement.

Correction of an Error

As described in Note 2 to the financial statements, Frontier Academy identified an error in its unearned revenue as previously reported in the prior year. Accordingly, Frontier Academy's general fund balance and net position previously reported have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii - vii, the budgetary comparison information on pages 23 - 24, and the pension schedules on pages 25 - 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Frontier Academy's basic financial statements. The budgetary comparison information for the Frontier Academy Foundation is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Broomfield, Colorado
October 27, 2015

Frontier Academy
An authorized charter school of Weld County School District 6
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015

This section of the financial report is a required component of the annual audit for governmental organizations and is intended to help explain the financial activity for the fiscal year ended June 30, 2015 through a brief narrative overview and analysis of financial statements. All interested persons are encouraged to read this report and to review the financial statements in conjunction with the descriptions of activity as highlighted below.

Financial Highlights

- For fiscal year 2015, Frontier Academy (the School) experienced an increase of \$255,670 in net position.
- Total unrestricted cash and investments were \$1,852,160 at June 30, 2015, as compared to \$1,668,257 at June 30, 2014.

The School did not exceed its operating budget for the General Fund realizing over 100% of budgeted revenues while spending 97% of budgeted expenditures.

Overview of Financial Statements

This report generally follows the guidelines as set forth by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This rule was intended to help make reports easier to understand for oversight bodies, in particular the Weld County School District 6 Board of Education, and for the general public. The report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements which provide additional and more detailed information. Included as Required Supplementary Information is budget-to-actual information related to the School's General Fund and the Frontier Academy Facilities Corporation, a blended component unit, and pension schedules as required under GASB Statement No. 68, further discussed in note 10.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements include not only the School itself (known as the *primary government*), but also the component unit of the School. The Frontier Academy Facilities Corporation (the Facility Corporation), although also legally separate, functions, for all practical purposes, as a department of the School, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School reports three funds, the general fund and two special revenue funds (the Facility Corporation and the Foundation Fund), all governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School adopts an annual appropriated budget for its general fund, its Facility Corporation fund, and its Frontier Academy Foundation fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 3-7 of this report.

Notes to financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 8 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

Table A-1
Comparative Summary Statement of Net Position

	<u>2015</u>	<u>2014</u>
Assets:		
Current Assets	\$ 1,921,861	\$ 1,679,848
Noncurrent Assets	12,394,465	12,668,047
Total assets	14,316,326	14,347,895
Deferred outflows of resources		
Deferred charges on refunding	845,840	898,716
Contributions subsequent to measurement date	392,964	-
Change in investment earnings	322,877	-
Change in proportionate share	254,672	-
Total deferred outflows of resources	1,816,353	898,716
Liabilities:		
Current Liabilities	1,152,267	775,212
Noncurrent Liabilities	12,590,000	13,955,000
Net pension liability	14,040,133	-
Total liabilities	27,782,400	14,730,212
Deferred inflows of resources		
Change in experience	1,048	-
Total deferred inflows of resources	1,048	-
Net position:		
Net investment in capital assets	(2,306,614)	(2,813,249)
Restricted	1,845,185	1,727,520
Unrestricted	(11,189,340)	1,602,128
Total net position *	<u>\$ (11,650,769)</u>	<u>\$ 516,399</u>

*Net position for 2014 was not restated for the 2014 column as presented above and below for implementation of GASB Statement No. 68 and No. 71 and the corrections of errors relating to net position.

Table A-2
Comparative Schedule of Revenues, Expenses,
and Changes in Net Position

	<u>2015</u>	<u>2014</u>
Program revenues:		
Charges for services	\$ 329,011	\$ 221,876
Operating grants	589,887	114,175
Capital grants	244,018	130,326
General revenues:		
Per pupil funding	9,739,522	9,458,259
Interest income	1,669	2,055
Other revenue	124,316	119,182
Total revenues	<u>11,028,423</u>	<u>10,045,873</u>
Expenses:		
Instruction	7,420,263	6,430,851
Support services	2,729,218	2,457,407
Interest on long-term debt	623,272	632,665
Total expenses	<u>10,772,753</u>	<u>9,520,923</u>
Change in net position	255,670	524,950
Net position - beginning (restated for 2015, see Note 2) *	<u>(11,906,439)</u>	<u>(8,551)</u>
Net position - ending	<u><u>\$ (11,650,769)</u></u>	<u><u>\$ 516,399</u></u>

The 2015 Comparative Schedule of Revenues, Expenses and Changes in Net Position reflect growth in several areas. There was increased enrollment (FTE) mainly through the addition of a 5th track of fourth grade and some growth in the Junior and Senior classes. Enrollment in the Home School Access program also increased. Instruction and support services primarily increased because staff received an increase in pay for the year. There were not any other abnormal expenses.

General Fund

The general fund is used to capture all operating activities of the School. As of the end of the current fiscal year, the School's general fund reported an ending fund balance of \$1,398,575, an increase of \$348,668 (after prior period adjustment). Of this balance, approximately 26% is *restricted* to indicate that it is not available for spending primarily because it is required to be maintained to comply with the TABOR amendment. An additional 4.7% is *nonspendable* as it represents amounts which have already been spent to benefit future periods.

General Fund Budgetary Highlights

The 2015 final fiscal year budget was adopted in June 2015. Actual revenue exceeded budgeted revenue. Expenditures were less than budgeted.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets as of June 30, 2015, amounts to \$10,868,386. This investment in capital assets includes land, buildings and building improvements, furniture and equipment. The total net decrease in School capital assets was \$273,365 (2.0%) as a result of depreciation charges in excess of acquiring additional equipment and additional building improvements.

Additional information on the School's capital assets can be found in note 4 on page 14 of this report.

Long-term debt. The Facility Corporation carries total bonded debt outstanding of \$13,175,000. The \$13,175,000 represents Series 2006 Charter School Revenue Refunding Bonds. Additional information on long-term debt can be found in notes 5 and 7 on page 14-16 of this report.

During the fiscal year 2013, the School purchased land and borrowed an additional \$375,000 to fund part of the cost of the land. This note was paid off May 2015. Additional information on this note can be found in note 6 on page 15 of this report.

Economic Factors and Next Year's Budgets

State funding is again expected to increase for the 2016 school year. The school will have increased enrollment, increased salary and benefit costs and expects increased materials and utility costs. All will impact 2016 fiscal plans and operations. The initial budget projects a surplus for the 2016 year.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the School Administration or Executive Committee Officers.

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**FRONTIER ACADEMY
STATEMENT OF NET POSITION
Year Ended June 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 1,852,160
Restricted cash and investments	1,526,079
Prepaid items	66,169
Intergovernmental receivable	3,532
Capital assets, not being depreciated	1,398,334
Capital assets, depreciated, net of accumulated depreciation	<u>9,470,052</u>
TOTAL ASSETS	<u>14,316,326</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	845,840
Contributions subsequent to measurement date	392,964
Change in investment earnings	322,877
Change in proportionate share	<u>254,672</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,816,353</u>
LIABILITIES	
Accounts payable and accrued expenses	55,773
Accrued salaries and benefits	457,470
Accrued interest	47,974
Unearned revenue	6,050
Noncurrent liabilities	
Due within one year	585,000
Due in more than one year	12,590,000
Net pension liability	<u>14,040,133</u>
TOTAL LIABILITIES	<u>27,782,400</u>
DEFERRED INFLOWS OF RESOURCES	
Change in experience	<u>1,048</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,048</u>
NET POSITION	
Net investment in capital assets	(2,306,614)
Restricted for:	
Emergencies	367,080
Debt service	1,478,105
Unrestricted	<u>(11,189,340)</u>
TOTAL NET POSITION	<u>\$ (11,650,769)</u>

The accompanying notes are an integral part of the financial statements.

**FRONTIER ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

	Program Revenues				Net (Expenses)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Revenue and Changes in Net Position
Governmental activities					
Instructional	\$ 7,420,263	\$ 329,011	\$ 589,887	\$ -	\$ (6,501,365)
Support Services	2,729,218	-	-	244,018	(2,485,200)
Interest on long-term debt	623,272	-	-	-	(623,272)
Total governmental activities	\$ 10,772,753	\$ 329,011	\$ 589,887	\$ 244,018	(9,609,837)
GENERAL REVENUES					
					9,739,522
					1,669
					124,316
					9,865,507
					255,670
					(11,906,439)
					\$(11,650,769)

The accompanying notes are an integral part of the financial statements.

FRONTIER ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2015

	<u>General</u>	<u>Facility Corporation</u>	<u>(Nonmajor) Foundation Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 1,848,167	\$ -	\$ 3,993	\$ 1,852,160
Restricted cash and investments	-	1,526,079	-	1,526,079
Prepaid expense	66,169	-	-	66,169
Intergovernmental receivable	3,532	-	-	3,532
TOTAL ASSETS	<u>\$ 1,917,868</u>	<u>\$ 1,526,079</u>	<u>\$ 3,993</u>	<u>\$ 3,447,940</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	55,773	-	-	55,773
Accrued salaries and benefits	457,470	-	-	457,470
Unearned revenue	6,050	-	-	6,050
TOTAL LIABILITIES	<u>519,293</u>	<u>-</u>	<u>-</u>	<u>519,293</u>
FUND BALANCES				
Nonspendable	66,169	-	-	66,169
Restricted	367,080	1,526,079	-	1,897,152
Assigned	41,453	-	3,993	41,453
Unassigned	923,873	-	-	923,873
TOTAL FUND BALANCES	<u>1,398,575</u>	<u>1,526,079</u>	<u>3,993</u>	<u>2,928,647</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,917,868</u>	<u>\$ 1,526,079</u>	<u>\$ 3,993</u>	<u>\$ 3,447,940</u>

The accompanying notes are an integral part of the financial statements.

**FRONTIER ACADEMY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2015**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds		\$ 2,928,647
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$16,926,791 and accumulated depreciation is \$5,438,543.		10,868,386
Deferred loss on refunding, net of accumulated amortization		845,840
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	(13,175,000)	
Accrued interest on bonds payable	(47,974)	
Net pension liability	<u>(14,040,133)</u>	(27,263,107)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Contributions subsequent to measurement date	392,964	
Change in investment earnings	322,877	
Change in proportionate share	<u>254,672</u>	970,513
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Change in experience		<u>(1,048)</u>
Total net position		<u>\$ (11,650,769)</u>

The accompanying notes are an integral part of the financial statements.

FRONTIER ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	<u>General Fund</u>	<u>Facility Corporation</u>	<u>(Nonmajor) Foundation Fund</u>	<u>Total</u>
REVENUES				
Per pupil funding	9,739,522	\$ -	\$ -	\$ 9,739,522
Local sources	589,292	-	52,674	641,966
Rental income	-	1,421,794	-	1,421,794
State and federal sources	573,624	-	-	573,624
Other income	71,642	-	-	71,642
Interest income	1,485	184	-	1,669
TOTAL REVENUES	<u>10,975,565</u>	<u>1,421,978</u>	<u>52,674</u>	<u>12,450,217</u>
EXPENDITURES				
Current:				
Instruction	6,598,216	-	-	6,598,216
Support services	3,942,208	16,198	14,859	3,973,265
Capital outlay	124,882	-	-	124,882
Debt service				
Principal	-	780,000	-	780,000
Interest	-	625,813	-	625,813
TOTAL EXPENDITURES	<u>10,665,306</u>	<u>1,422,011</u>	<u>14,859</u>	<u>12,102,176</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>310,259</u>	<u>(33)</u>	<u>37,815</u>	<u>348,041</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	38,409	-	-	38,409
Transfers out	-	(184)	(38,225)	(38,409)
TOTAL OTHER FINANCING SOURCES (USES)	<u>38,409</u>	<u>(184)</u>	<u>(38,225)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	348,668	(217)	(410)	348,041
FUND BALANCE, Beginning (restated, see note 2)	<u>1,049,907</u>	<u>1,526,296</u>	<u>4,403</u>	<u>2,580,606</u>
FUND BALANCE, Ending	<u>\$ 1,398,575</u>	<u>\$ 1,526,079</u>	<u>\$ 3,993</u>	<u>\$ 2,928,647</u>

The accompanying notes are an integral part of the financial statements.

FRONTIER ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance - governmental funds		\$ 348,041
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$436,988) exceeded capital outlay (\$124,882).		(273,365)
Governmental funds report the effect of deferred outflows of resources from debt refundings when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Loss on refunding		(52,865)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Bond principal	565,000	
Note payable	<u>215,000</u>	780,000
Interest is paid when due in the governmental funds but recorded when payable in the statement of activities		2,541
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
Change in contributions subsequent to measurement date	50,884	
Pension expense	(1,218,263)	
Pension expense (first year amortization)	(94,323)	
Employer contribution expense	<u>713,020</u>	<u>(548,682)</u>
Change in net position		<u>\$ 255,670</u>

The accompanying notes are an integral part of the financial statements.

FRONTIER ACADEMY
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

	<u>Student Activity</u>
Assets	
Cash and investments	\$ 131,035
Due from student groups	<u>27,020</u>
Total assets	<u>\$ 158,055</u>
Liabilities	
Accounts payable	\$ 17,940
Due to student groups	<u>140,115</u>
Total liabilities	<u>\$ 158,055</u>

The accompanying notes are an integral part of the financial statements.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Frontier Academy (the School) conform to accounting principles generally accepted in the United States of America. The following is a summary of the School's significant accounting policies:

Reporting Entity

The School is a charter school organized under the Colorado Charter Schools Act (Colorado Revised Statutes §22-30.5-101). This Act permits school districts to contract with individuals and organizations for the operation of schools within Weld County School District 6 (the District). The statutes define these contracted schools as "charter schools." Charter schools are financed from a portion of the school district's School Finance Act revenues and from revenues generated by the charter school within limits established by the Charter School Act. Charter schools have separate governing boards; however, the school district's board of education must approve all charter school applications and budgets.

The school operates under a charter granted by the Weld County School District 6 (the District) Board of Education. The School is funded based on the level of per pupil operating revenue (PPR) as defined by the State of Colorado Legislature and the number of full-time equivalent (FTE) students. As of the designated count day (October 1, 2014), there were 1,420 FTE students. The PPR rate for the fiscal year ended June 30, 2015, was approximately \$6,850.

The accompanying financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations. The Frontier Academy Facilities Corporation (the Facility Corporation) and the Frontier Academy Foundation (the Foundation) meet the requirements for blending. The Facility Corporation was established for the purpose of holding title to the School facilities and to accumulate resources from the collection of rents from the School to make payments for the Facility Corporation's capital and debt service costs. The Facility Corporation is included in the School's financial statements as a special revenue fund. The Facility Corporation does not issue separate financial statements. The Foundation was formed in 2001 for the purpose of receiving, maintaining, and administering funds received as gifts for the benefit of the School. The Foundation does not have separate financial statements.

The School is a component unit of the District and is included in the District's Comprehensive Annual Financial Report.

Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or individuals who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as general revenues.

Major individual funds are reported in separate columns in the fund financial statements.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenue from per pupil operating revenue is recognized in the fiscal year for which the funding is provided. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenues from donations are recognized when the funds are pledged to the School.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measureable means that the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Charges for services are considered revenue once the service is rendered, and as such are considered susceptible to accrual. All other revenue items are considered to be measureable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the School are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Government Funds

General Fund: The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required legally or by sound financial management to be accounted for in another fund.

Special Revenue – Facility Corporation: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports a special revenue fund for the Facilities Corporation.

The School reports the following nonmajor funds:

Non-Major Government Funds

Special Revenue – Frontier Academy Foundation Fund: Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School reports one special revenue fund for the Foundation.

Fiduciary Funds

Agency Fund – Student Activity Fund: Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School has one agency fund, the student activity fund, which holds assets used by students for specific school activities.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transfers

Interfund transfers are generally made between the general fund and the Facility Corporation fund in accordance with the terms of the building lease. Transfers between the Foundation and general fund are made for discretionary spending.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Cash and Investments

Cash and investments may include cash on hand, demand deposits, certificates of deposit, savings accounts and pooled investment funds. Investments are carried at fair value.

Capital Assets

Capital assets purchased by the Facility Corporation, which include land, buildings and building improvements, furniture and equipment are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

An annual capital asset inventory is performed in accordance with state law (Colorado Revised Statute §29-1-506).

All reported capital assets, except for land, are depreciated once placed in service. Depreciation on all assets is provided using the straight-line method over estimated useful lives of 3 to 38 years.

Deferred Outflows of Resources

The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School has three types of items classified as deferred outflows of resources related to the implementation of GASB No. 68: 1) contributions subsequent to measurement date; and 2) change in investment earnings, and 3) change in proportionate share of the net pension liability. See Note 10 for additional information.

The School also has another type of item classified as a deferred outflow of resources: deferred charges on bond refunding. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow (or inflow) or resources. These amounts are amortized over the life of the old debt or the new debt, whichever is shorter.

Accrued Salaries and Benefits

Salaries of teachers and certain other employees are paid over a 12-month period ending July 31. However, most salaries are earned over the traditional school year of September through May. The difference between salary and related benefit amounts earned from July 1 through June 30 and the corresponding amounts paid during this period is shown as a liability for accrued salaries and benefits in the amount of \$457,470.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School's policy allows employees to accumulate paid time off. A portion of this leave may be carried forward to the succeeding year. Upon termination of employment, employees are compensated at rates ranging from \$80 to \$100 per day for unused days. A liability for this amount is recorded in the general fund as it cannot be predicted when employees will separate from the School and could be due and payable in the current year because of separation.

Long-Term Debt

Long-term debt is reported as liabilities in the statement of net position. Deferred charges related to the bonds payable are amortized over the life of the bonds using the straight-line method.

Net Pension Liability

The School's governmental activities report a net pension liability as of June 30, 2015. Due to the implementation of GASB No. 68, the School is required to report their proportionate share of PERA's unfunded pension liability. See Note 10 for additional information.

Deferred Inflows of Resources

The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School had one item, which is classified as a deferred inflow of resources due to the implementation of GASB No. 68: 1) change in experience. See Note 10 for additional information.

Net Position/Fund Balance

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets.

In the fund financial statements, fund equity of the School's governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balances indicate amounts that cannot be spent either a) due to form; for example, inventories and prepaid amounts or b) due to legal or contractual requirements to be maintained intact. The School has \$66,169 of nonspendable resources as of June 30, 2015.

Restricted fund balances in the School's general fund indicate amounts constrained for specific purpose by external parties, constitutional provision or enabling legislation. Restrictions on the School's general fund balance and Facilities Corporation fund are described in Note 9.

Committed fund balances indicate amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require an ordinance by the School's board to remove or change the constraints placed on the resources. This action must occur prior to year-end; however, the amount can be determined in the subsequent period.

Assigned fund balances indicate amounts for governmental funds, other than the general fund, any remaining positive amounts not classified in the above categories. For the general fund, amounts constrained for the intent to be used for a specific purpose has been delegated to the Business Manager. The School has \$41,453 in assigned fund balance in the general fund relating to encumbrances. The School also has \$3,993 of assigned balance in the Foundation fund to be used for operations of the fund.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned fund balances indicate amounts in the general fund that are not classified as nonspendable, restricted, committed, or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. When both unassigned and committed or assigned resources are available for use, it is the School's policy to use committed, then assigned resources first, then unassigned resources as needed.

NOTE 2 – RESTATEMENT OF NET POSITION AND CORRECTION OF AN ERROR

For the year ended June 30, 2015, the School adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB No. 68)*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, which are effective for financial statements for periods beginning after June 15, 2014. GASB No. 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB 68 requires cost-sharing employer participating in the PERA program, to record their proportionate share, as defined in GASB No. 68, of PERA's unfunded pension liability.

For the School, the effect of implementing this standard was to change how it accounts and reports the net pension liability. Implementation of the standard resulted in a restatement of the prior period net position as shown below.

The School's General Fund balance reported on the governmental funds balance sheet and the Governmental Activities net position have been restated as of June 30, 2014 to correct a prior year error for unearned revenues for the School. Unearned revenue was incorrectly posted to the School's general ledger for revenue that was earned during the year. The impact of this was to increase fund balance and net position as shown below.

	Governmental Activities
Net Position, June 30, 2014, as previously reported	\$ 516,399
Cumulative Effect of Application of GASB No. 68, Net Pension Liability	(12,864,077)
Cumulative Effect of Application of GASB No. 71, Deferred Outflow of Resources for contributions made subsequent to June 30, 2014	342,080
Correction of an error relating to an understatement of net position	99,159
Net Position, June 30, 2014, as Restated	\$ (11,906,439)
General Fund	
Fund Balance, June 30, 2014, as previously reported	\$ 950,748
Correction of an error relating to an understatement of fund balance	99,159
Fund Balance, June 30, 2014, as Restated	\$ 1,049,907

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 – CASH AND INVESTMENTS

Colorado statutes govern the School's deposits of cash and investments. The Colorado Public Deposit Protection Act (PDPA) requires that all units of a local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. At June 30, 2015, the School's carrying amount of deposits was \$1,852,160 and the bank balance was \$2,014,112. These amounts include the fiduciary fund cash of \$131,035 with a bank balance of \$140,261.

The terms of the bonds require the Facility Corporation to maintain certain cash and investment reserve accounts. These accounts are held by a trustee. Monthly payments from the School (Note 7) are deposited in the accounts and the semi-annual bond payments are made from the accounts.

At June 30, 2015, \$1,526,079 is held in reserved accounts required by the bond agreements which is to be used for payment of principal and interest on the bond in the event that sufficient funds are not available to make such payments when due. Included in the total \$1,526,079 is \$97,944 held in a reserve account required by the bond agreement, which is to be used for current principal and interest payments on the bond. Also included in the total is \$250,023 is held in a repair and replacement fund. Withdrawals from the fund are allowed for maintenance and repair of the school facility.

Credit Risk – The School does not hold investments. The cash and investment reserve accounts owned by the Facilities Corporation are in the custody of the Trustee, these funds are used primarily to make bond principal and interest payments. These funds are invested by the Trustee as directed by the Facility Corporation; investments are limited to investments as allowed by the State of Colorado. The statutes define the permissible rating, maturity, custodial and concentration risk criteria in which local governments may invest to include:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks
- Corporate securities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At June 30, 2015, the Facilities Corporation's investments consisted of cash and money market funds, the money market funds do not have a credit rating.

Interest rate risk – The Trustee is required to maintain liquidity of the investment funds held so as to meet cash requirements of the principal and interest requirements of the bonds on a semiannual basis.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets, not depreciated				
Land	\$ 1,398,334	\$ -	\$ -	\$ 1,398,334
Capital assets, being depreciated				
Buildings and building improvements	13,768,392	106,336	-	13,874,728
Furniture and equipment	511,683	18,546	-	530,229
Total capital assets, being depreciated	<u>14,280,075</u>	<u>124,882</u>	<u>-</u>	<u>14,404,957</u>
Accumulated depreciation:				
Buildings and building improvements	(4,061,475)	(389,401)	-	(4,450,876)
Furniture and equipment	(475,183)	(8,846)	-	(484,029)
Total accumulated depreciation	<u>(4,536,658)</u>	<u>(398,247)</u>	<u>-</u>	<u>(4,934,905)</u>
Total capital assets, being depreciated, net	<u>9,743,417</u>	<u>(273,365)</u>	<u>-</u>	<u>9,470,052</u>
Total capital assets	<u>\$ 11,141,751</u>	<u>\$ (273,365)</u>	<u>\$ -</u>	<u>\$ 10,868,386</u>

Depreciation expense of \$398,247 was charged to instructional activities for the year ended June 30, 2015.

NOTE 5 – BONDS PAYABLE

The Colorado Educational and Cultural Facilities Authority (the Authority) has issued its Charter School Revenue Bonds as the Frontier Academy Project. The bonds were issued for the Frontier Academy Facilities Corporation's use in acquiring the land and building that are the school facility. The Authority and Facility Corporation have entered into a loan agreement wherein the proceeds of the Authority bonds have been loaned to the Facility Corporation. The bonds are payable solely from the loan rights pledged to the Authority under the loan agreement, pledges of funds and revenue by the Trustee to the Authority, and the assignment of the Authority's mortgage on the facility and the security interest in the pledged revenues of the Facility Corporation. The bonds do not constitute a debt of the Authority and are considered the obligation of the Facility Corporation.

The Facility Corporation has granted the Authority a mortgage lien on the real estate and a security interest in the lease revenues from the School. The Authority's rights under the agreement have been assigned to the Trustee.

The lease revenues which are the basis of the pledged revenues are described in Note 7. The lease revenue over the term of the agreement is equal to the expected principal and interest payments to be made over the life of the bonds, approximately \$20,000,000. One hundred percent of lease revenues have been pledged under the agreement. Lease revenue was approximately equal to the debt service requirements of the bond for the year ended June 30, 2015, approximately \$1,400,000.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 – BONDS PAYABLE (CONTINUED)

Bonds payable consisted of the following at June 30, 2015:

Charter School Revenue Bonds dated October 4 2006, due in annual installments ranging from \$430,000 to \$1,115,000 through June 2031; interest rates from 3.5% to 5.125% payable semi-annually on December 1 and June 1. Revenue from the rental of the building (Note 7) has been pledged to pay bond principal and interest.

Principal and interest	\$ 13,175,000
Less current portion	<u>(585,000)</u>
Total	<u><u>\$ 12,590,000</u></u>

The following schedule represents the School's debt service requirements to maturity for outstanding revenue bonds at June 30, 2015:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2016	\$ 585,000	\$ 590,313	\$ 1,175,313
June 30, 2017	615,000	561,063	1,176,063
June 30, 2018	635,000	530,313	1,165,313
June 30, 2019	665,000	502,531	1,167,531
June 30, 2020	695,000	473,438	1,168,438
June 30, 2021-2025	3,955,000	1,883,969	5,838,969
June 30, 2026-2030	4,910,000	931,950	5,841,950
June 30, 2031	1,115,000	50,175	1,165,175
	<u>\$ 13,175,000</u>	<u>\$ 5,523,752</u>	<u>\$ 18,698,752</u>

Changes in bonds payable for the year ended June 30, 2015 were as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds payable	<u>\$ 13,740,000</u>	<u>\$ -</u>	<u>\$ 565,000</u>	<u>\$ 13,175,000</u>	<u>\$ 585,000</u>

NOTE 6 – NOTES PAYABLE

The School had a note payable dated April 30, 2013 for \$375,000, which is collateralized by land owned by the School. The applicable interest rate is 6%. The School made principal payments of \$215,000 during the year ended June 30, 2015. The note matured on May 1, 2015.

Changes in notes payable for the year ended June 30, 2015, we as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	<u>\$ 215,000</u>	<u>\$ -</u>	<u>\$ (215,000)</u>	<u>\$ -</u>	<u>\$ -</u>

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – LEASES

The School leases its building from the Facilities Corporation. The lease requires monthly payments, which approximate the Facilities Corporation's required payments on the bonds (Note 5) and may be terminated in any year by non-appropriation of funds. The Facilities Corporation has pledged the lease payments to pay bond principal and interest. Rent expense was \$1,421,794 for the year ended June 30, 2015, and is included in support services expenditures in the general fund.

The School also has an operating lease agreement to share certain facilities, including an auditorium, track and baseball field with University Schools. The lease commenced December 2002 with automatic renewal each year unless terminated through June 2031. The two schools equally share the cost, management and profits of the shared facilities. Rent expense was \$83,133 for the year ended June 30, 2015 and is included support services expenditures in the general fund.

Future payments on the operating lease are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2016	\$ 30,084	\$ 53,313	\$ 83,397
June 30, 2017	31,704	51,573	83,277
June 30, 2018	33,642	49,631	83,273
June 30, 2019	35,846	47,571	83,417
June 30, 2020	37,811	45,375	83,186
June 30, 2021-2025	228,380	188,636	417,016
June 30, 2026-2030	310,043	107,764	417,807
June 30, 2031	151,258	9,018	160,276
	<u>\$ 858,768</u>	<u>\$ 552,881</u>	<u>\$ 1,411,649</u>

NOTE 8 – RISK MANAGEMENT

The school is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School carries commercial insurance for these and other risks of loss. Settled claims have not exceeded this coverage in the past three years.

NOTE 9 – RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE

On November 3, 1992, the voters of the State approved an amendment to the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR limits the ability of the state and local governments such as the School to increase revenues, debt and spending and restricts property, income and other taxes. In addition, the amendment requires government entities to create an emergency "reserve" of 3% of annual spending excluding bonded debt service. In November 1998, voter approval was given to Weld County School District 6 to remove the restriction on growth in revenue. The 3% emergency reserve is still required both at the District and the School level. At June 30, 2015, management believes the School has complied with the requirements to include emergency reserves in its budgetary basis fund balance.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 9 – RESTRICTION OF NET POSITION/DESIGNATIONS OF FUND BALANCE (CONTINUED)

The Facilities Corporation is required to hold funds in escrow accounts related to its bond obligations as identified in Note 3, net position/fund balance are restricted attributable to the restrictions on its cash and investments. This amounts to \$\$1,478,105 and 1,526,079, respectively, for the year ended June 30, 2015.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deletions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the School are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S), administrative rules are set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirements are determined by the amount of service credit earned and/or purchases, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve for the SCHDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees of the School are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2015
Employer Contribution Rate ¹	10.15%	10.15%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%	(1.02)%
Amount Apportioned to the SCHDTF ¹	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	3.50%	4.00%
Total Employer Contribution Rate to the SCHDTF ¹	16.43%	17.33%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for the School for the years ended June 30, 2015, 2014 and 2013 were approximately \$812,000, \$654,000 and \$640,000, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the School reported a liability of \$14,040,133 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013.

Standard update procedures were used to roll forward the total pension liability to December 31, 2014. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2014 relative to the total contributions of participating employers to the SCHDTF.

At December 31, 2014, the School's proportion was 0.1035915346%, which was an increase of 0.0027361471% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the School recognized pension expense of \$1,312,586. At June 30, 2015, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,048
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	322,877	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	254,672	-
Contributions subsequent to the measurement date	<u>392,964</u>	<u>-</u>
Total	\$ <u>970,513</u>	\$ <u>1,048</u>

\$392,964 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2015	
2016	\$ 174,654
2017	174,654
2018	146,474
2019	80,719
2020	-
Thereafter	-

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.10 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

The SCHDTF’s long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov’t/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	<u>100.00%</u>	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

FRONTIER ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the SCHDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 18,513,197	\$ 14,040,133	\$ 10,296,101

Pension plan fiduciary net position. Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 11 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Plan Description – The School contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The School is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51,

Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2015, 2014 and 2013, the School’s contributions to the HCTF were \$45,641, \$38,713 and \$40,187, respectively, equal to their required contributions for each year.

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REQUIRED SUPPLEMENTARY INFORMATION

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FRONTIER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Per pupil funding	\$ 9,727,998	\$ 9,739,522	\$ 9,739,522	\$ -
Local sources	455,000	556,796	589,292	32,496
State and federal sources	464,155	592,652	573,624	(19,028)
Other income	115,000	75,000	71,642	(3,358)
Interest income	1,500	1,400	1,485	85
TOTAL REVENUES	<u>10,763,653</u>	<u>10,965,370</u>	<u>10,975,565</u>	<u>10,195</u>
EXPENDITURES				
Current				
Instruction	6,785,071	6,779,000	6,598,216	180,784
Support services	3,837,220	3,864,505	3,942,208	(77,703)
Capital outlay	356,000	345,000	124,882	220,118
TOTAL EXPENDITURES	<u>10,978,291</u>	<u>10,988,505</u>	<u>10,665,306</u>	<u>323,199</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(214,638)</u>	<u>(23,135)</u>	<u>310,259</u>	<u>333,394</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000	32,100	38,409	6,309
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>32,100</u>	<u>38,409</u>	<u>6,309</u>
NET CHANGE IN FUND BALANCE	(213,638)	8,965	348,668	339,703
FUND BALANCE, Beginning	<u>455,894</u>	<u>716,057</u>	<u>1,049,907</u>	<u>333,850</u>
FUND BALANCE, Ending	<u>\$ 242,256</u>	<u>\$ 725,022</u>	<u>\$ 1,398,575</u>	<u>\$ 673,553</u>

See accompanying Notes to the Required Supplementary Information.

FRONTIER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – FRONTIER ACADEMY FACILITIES CORPORATION
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ 145	\$ 170	\$ 184	\$ 14
Rental income	1,560,250	1,539,000	1,421,794	(117,206)
TOTAL REVENUES	<u>1,560,395</u>	<u>1,539,170</u>	<u>1,421,978</u>	<u>(117,192)</u>
EXPENDITURES				
Current:				
Support services	25,482	16,257	16,198	59
Debt service				
Principal	565,000	565,000	780,000	(215,000)
Interest	612,913	612,913	625,813	(12,900)
TOTAL EXPENDITURES	<u>1,203,395</u>	<u>1,194,170</u>	<u>1,422,011</u>	<u>(227,841)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>357,000</u>	<u>345,000</u>	<u>(33)</u>	<u>(345,033)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(357,000)	(345,000)	(184)	344,816
TOTAL OTHER FINANCING SOURCES (USES)	<u>(357,000)</u>	<u>5,466,510</u>	<u>(184)</u>	<u>344,816</u>
NET CHANGE IN FUND BALANCE	-	5,811,510	(217)	(217)
FUND BALANCE, Beginning	<u>143,700</u>	<u>143,700</u>	<u>1,526,296</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 143,700</u>	<u>\$ 5,955,210</u>	<u>\$ 1,526,079</u>	<u>\$ (217)</u>

See accompanying Notes to the Required Supplementary Information.

**FRONTIER ACADEMY
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Fiscal Years ***

	<u>2014</u>	<u>2013</u>
School's proportion (percentage) of the collective net pension liability (asset)	0.1035915346%	0.1008553875%
School's proportionate share of the collective pension liability (asset)	\$ 14,040,133	\$ 12,864,077
Covered-employee payroll	1,835,405	1,713,366
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	764.96%	750.81%
Plan fiduciary net pension as a percentage of the total pension liability	62.80%	64.06%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

FRONTIER ACADEMY
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
Last 10 Fiscal Years *

As of June 30,	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 788,560	\$ 654,000
Contributions in relation to the statutorily required contribution	<u>788,560</u>	<u>654,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,474,627	\$ 3,795,411
Contribution as a percentage of covered-employee payroll	17.62%	17.23%

* The amounts presented for each fiscal year were determined as of June 30. Information earlier than 2013 was not available.

FRONTIER ACADEMY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The School conducts all necessary budgeting procedures maintaining separate budgets for each fund.

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

- a) Budgets for all funds are required by the District. During June, the proposed budget is submitted to the Board for consideration and approval at a public hearing. The budget includes proposed expenditures and the means of financing them.
- b) The Public hearings are conducted by the School's Board of Directors to obtain parents and other members of the public comment and recommendations.
- c) Prior to June 30, the budget is adopted by formal resolution.
- d) The School's contract with the District requires submission of the approval and amended budgets to the District.
- e) Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between funds, reallocation of budget line items and revisions that alter the total appropriations of any fund must be approved by the School's Board of Directors. Appropriations are based on total funds expected to be available in each budget year, which may include beginning fund balances and reserves as established by the Board of Directors.
- f) Budgets for all fund types are adopted on a basis consistent with GAAP.
- g) Budgeted amounts reported in the accompanying supplemental information are as originally adopted and as amended by the Board of Directors throughout the year. Budgeted amounts included in the financial statements are based on the final budget for the general fund as adopted by the School's Board of Directors on June 5, 2015, and the final facilities corporation's budget approved by the Board on June 5, 2015. The Frontier Academy Foundation's final budget was also adopted by the Board on June 5, 2015 and is shown as Supplementary Information.
- h) All appropriations lapse at the end of each fiscal year.

FRONTIER ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – FRONTIER ACADEMY FOUNDATION
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Local Sources	\$ 2,000	\$ 52,500	\$ 52,674	\$ 174
TOTAL REVENUES	<u>2,000</u>	<u>52,500</u>	<u>52,674</u>	<u>174</u>
EXPENDITURES				
Current:				
Support services	2,000	53,100	14,859	38,241
TOTAL EXPENDITURES	<u>2,000</u>	<u>53,100</u>	<u>14,859</u>	<u>38,241</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(600)</u>	<u>37,815</u>	<u>38,415</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(38,225)	(38,225)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(38,225)</u>	<u>(38,225)</u>
NET CHANGE IN FUND BALANCE	-	(600)	(410)	190
FUND BALANCE, Beginning	-	-	4,403	-
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ (600)</u>	<u>\$ 3,993</u>	<u>\$ 190</u>

APPENDIX D

**DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS
OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE**

APPENDIX D

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE

DEFINITIONS

Terms derived in the Official Statement, but not herein, shall have the same meanings as set forth in the Official Statement when used herein.

The following are definitions of certain terms used in the Indenture, the Loan Agreement, the Lease, the Deed of Trust and this Official Statement:

“Accountant” means any independent public accounting firm licensed to practice in the State (which may be the firm of accountants who regularly audit the books and accounts of the Corporation) from time to time selected by the Corporation.

“Act” means the Colorado Educational and Cultural Facilities Authority Act, constituting Article 15, Title 23 of the Colorado Revised Statutes, as amended, and the Supplemental Public Securities Act, constituting Part 2, Article 57, Title 11 of the Colorado Revised Statutes, as amended.

“Additional Bonds” means any additional bonds issued pursuant to the Indenture.

“Additional Rents” means the cost of all taxes; insurance premiums; reasonable expenses and fees of the Authority, the Trustee and the Corporation (including, but not limited to, filing fees, licenses, permits, any legal expenses incurred by the Corporation, or its officers or directors in their official capacity, as provided in the Lease, and other expenses of the Corporation incurred in the performance of its obligations under the Loan); the administrative fee charged by the State Treasurer pursuant to the Colorado Charter Intercept Program Application; the ten basis points of the principal amount of the Bonds Outstanding payable to the State Treasurer pursuant to the Colorado Charter School Debt Reserve Fund Program, if such bonds are in the Colorado Charter School Debt Reserve Fund Program, and any additional changes related thereto; fees of the Independent Consultant; fees of the Rating Agency then maintaining a rating on the Bonds; utility charges; costs of maintenance, upkeep, repair, restoration, modification, improvement and replacement; Bond Reserve Fund payments; Rebate Fund payments; Repair and Replacement Fund payments; costs and expenses incurred by the Corporation or by its directors or officers in connection with any investigation, claim, demand, suit, action or proceeding relating to the activities of the Corporation, or such directors or officers in their capacity as such, in respect of the Leased Property, the Bonds, the Lease, the Loan Agreement, the Indenture or any matter related thereto; and all other charges and costs, including reasonable attorneys’ fees, which the Charter School assumes or agrees to pay under the Lease with respect to the Leased Property, the Bonds, the Lease, the Loan Agreement, the Indenture or any matter related thereto. Additional Rents do not include the Base Rents.

“Agreement” or *“Loan Agreement”* means the Loan and Security Agreement, dated as of July 1, 2016, by and between the Authority and the Corporation, and any amendments and supplements thereto made in conformity with the requirements thereof and of the Indenture.

“Authority” means the Colorado Educational and Cultural Facilities Authority, an independent public body politic and corporate constituting a public instrumentality, duly organized and validly existing under the laws of the State, or any public corporation succeeding to its rights and obligations under the Loan Agreement.

“*Authorized Denomination*” means (a) with respect to the Series 2016 Bonds, \$5,000 or any multiple thereof, and (b) with respect to any Additional Bonds as set forth in the supplemental Indenture pursuant to which such Additional Bonds are being issued.

“*Authorized Representative*” means, in the case of the Authority, the Chair, the Vice-Chair, any Assistant Vice-Chair or the Executive Director thereof or, in the case of the Corporation or the Charter School, the President, any Vice President or the Secretary thereof and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

“*Base Rents*” means the base rent payments payable by the Charter School pursuant to the Lease and as further set forth in an exhibit of the Lease, as they may be amended under the Lease, during the Lease Term, which constitute the base rent payments due and payable by the Charter School for and in consideration of the right to use the Leased Property during the Lease Term.

“*Bond Interest Fund*” means the Bond Interest Fund created in the Indenture.

“*Bond Interest Fund Initial Deposit*” means, upon issuance of the Series 2016 Bonds, an amount equal to \$0.

“*Bond Principal Fund*” means the Bond Principal Fund created in the Indenture.

“*Bond Reserve Fund*” means the Bond Reserve Fund created in the Indenture.

“*Bond Reserve Requirement*” means (a) with respect to the Series 2016 Bonds, an amount equal to \$1,259,650, which amount is the maximum annual debt service on the Series 2016 Bonds; and (b) with respect to any Additional Bonds an amount specified in an amendment to the Loan Agreement; provided, however, if such Additional Bonds are in the Colorado Charter School Moral Obligation Program, the requirement shall be an amount equal to the maximum annual debt service for such series of Additional Bonds.

“*Bonds*” means the Series 2016 Bonds and any Additional Bond issued under the Indenture.

“*Building*” means that certain building or buildings and all other structures and facilities now owned or hereafter acquired (including, but not limited to, all fixtures, heating and air conditioning equipment and all other equipment and machinery affixed to the Land or Building, and parking areas and site improvements) which are located on the Land, as they may from time to time exist.

“*Business Day*” means any day other than a Saturday or Sunday or a day on which banking institutions in the State are authorized to close.

“*Charter Authorizer*” means Weld County School District No. 6, or any successor Person pursuant to which the Charter School is granted a charter under the Charter Schools Act.

“*Charter School*” means Core Knowledge Project d/b/a Frontier Academy, a charter school duly organized and validly existing under the Charter Schools Act, and any successor thereto.

“*Charter Schools Act*” means the Charter Schools Act, constituting Article 30.5 of Title 22 of the Colorado Revised Statutes, as amended, or any successor act thereto.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations prescribed thereunder.

“Combined Maximum Annual Requirements” means, with respect to Indebtedness, an amount equal to the maximum amount required to be paid in any single current or future calendar year as the principal of (including any mandatory sinking fund requirements) and interest on Indebtedness, excluding any such Indebtedness which has been defeased pursuant to the terms of the authorizing documents. For purposes of calculating the Combined Maximum Annual Requirements in any calendar year of final maturity of the Indebtedness there shall be subtracted from the final principal payment for said Indebtedness any cash or the present value of any investments deposited in a reserve fund or account established pursuant to the authorizing documents which are properly allocable to said Indebtedness.

“Consultant” means an independent consulting or management firm selected by the Corporation and not objected to by the Authority.

“Consulting Architect” means an individual or an independent engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Corporation for other purposes) selected by the Corporation and accepted by the Authority.

“Consulting Architect’s Certificate” means a written opinion or report signed by the Consulting Architect.

“Corporation” means (a) Frontier Academy Facilities Corporation, a duly organized and validly existing Colorado nonprofit corporation; or (b) any surviving, resulting or transferee corporation, as provided in the Loan Agreement.

“Cost of the Project” means the sum total of all reasonable or necessary costs incidental to the Project that may be financed pursuant to the Act.

“Deed of Trust” means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of July 1, 2016, from the Corporation to the Public Trustee of Weld County for the benefit of the Trustee, and any amendments and supplements thereto made in conformity with the requirements thereof and of the Indenture.

“Default Rate” means the lesser of (i) 3% per annum above the highest rate of interest borne by any of the Bonds or (ii) the maximum rate permitted by law if less than such rate.

“Event of Default” means those defaults described under the captions “THE LOAN AGREEMENT—Events of Default,” “THE INDENTURE—Events of Default” and “THE LEASE—Events of Default” in this Appendix B.

“Event of Nonappropriation” means a decision by the Charter School to not renew the Lease, determined by the Charter School’s failure, for any reason, (a) to appropriate by June 30 of each Fiscal Year (i) sufficient amounts authorized and directed to be used to pay all Base Rents due in the next ensuing Fiscal Year in accordance with the Lease, and (ii) sufficient amounts authorized and directed to be used to pay such Additional Rents as are estimated to become due in the next ensuing Fiscal Year in accordance with the Lease; (b) to appropriate sufficient amounts authorized and directed to be used to pay Additional Rents in accordance with the Lease; or (c) to appropriate sufficient amounts to proceed pursuant to the Lease.

“*Facility*” means collectively, the Land and the Building and equipment therein, if any, for the educational facility refinanced with proceeds of the Bonds.

“*Fiscal Year*” means the Corporation’s fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year.

“*Funds*” means the Bond Principal Fund, the Bond Interest Fund, the Bond Reserve Fund, the Rebate Fund, the Repair and Replacement Fund, the Project Fund and the Issuance Expense Fund.

“*Government Obligations*” means (a) State and Local Government Series issued by the United States Treasury (“SLGS”); (b) United States Treasury bills, notes and bonds, as traded on the open market; and (c) Zero Coupon United States Treasury Bonds.

“*Gross Revenue*” means all income and revenues directly or indirectly derived by the Charter School from its operations, including without limitation per pupil revenues and other funding received from the Charter Authorizer, or by virtue of the Charter granted to the Charter School, and all gifts, grants, bequests and contributions (including income and profits therefrom) made to the Charter School to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for the payments required under the Loan Agreement.

“*Hazardous Substance*” means, at any time, (a) any “hazardous substance” as defined in § 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.) as amended at such time; and (b) any additional substances or materials which at such time are classified or considered to be hazardous or toxic under applicable federal, state or local laws, regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements which apply to the Facility; provided, however, that “Hazardous Substance” shall not include any such substances used in or resulting from the ordinary operation of the Facility or for the cleaning of the Facility if such substances are stored, handled or disposed of in compliance with all applicable environmental laws and other applicable laws and regulations.

“*Indebtedness*” means all indebtedness of the Corporation for borrowed moneys, or which has been incurred or assumed in connection with the acquisition of Property, all indebtedness, no matter how created, including, without limitation, the Loan, secured by Property, whether or not such indebtedness is assumed by the Corporation, and any leases required to be capitalized in accordance with generally accepted accounting principles, installment purchase obligations and Guaranties.

“*Indenture*” means the Indenture of Trust, dated as of July 1, 2016, by and between the Authority and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Series 2016 Bonds are authorized to be issued and secured.

“*Independent Consultant*” means a management consultant, bookkeeper, or other certified public accountant experienced in the management operation, and/or financing of charter schools in Colorado selected by the Charter School.

“*Initial Term*” means the period commencing on the date the Series 2016 Bonds are issued and ending on June 30, 2016.

“*Insurance Consultant*” means an independent insurance consultant and/or risk management firm or an insurance broker or an insurance agent (which may be a consultant, firm, broker or agent with

whom the Corporation or the Authority regularly transacts business) selected by the Corporation and accepted by the Authority.

“Investment Obligations” means any investment permitted under Section 23-15-122, C.R.S., whether or not any such investment or reinvestment is authorized under any other law of the State, including but not limited to the following: money market funds, bonds or other obligations of the United States; bonds or other obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States; obligations issued or guaranteed as to principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the congress of the United States; obligations issued or guaranteed by any state of the United States or any political subdivision of any such state; prime commercial paper; prime finance company paper; bankers' acceptances drawn on and accepted by commercial banks; repurchase agreements fully secured by obligations issued or guaranteed as to principal and interest by the United States or by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the congress of the United States; or certificates of deposit or time deposits issued by commercial banks or savings and loan associations that are insured by the federal deposit insurance corporation or its successor.

“Irrevocable Deposit” means the irrevocable deposit in trust of cash in an amount (or non-callable Government Obligations, the principal of and interest on which shall be in an amount) and under terms sufficient to pay all or a specified portion of the principal of, premium, if any, and/or the interest on, as the same shall become due, any Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit shall have possession of any cash and securities (other than book-entry securities) and may be the Trustee or any other trustee authorized to act in such capacity.

“Issuance Expense Fund” means the Issuance Expense Fund created in the Indenture.

“Issuance Expense Fund Initial Deposit” means (a) with respect to the Series 2016 Bonds an amount equal to \$357,528.26 and (b) with respect to any Additional Bonds an amount set forth in any amendment to the Loan Agreement.

“Land” means the real estate, interests in real estate, and other real property rights described in the Loan Agreement, together with all real estate, interests in real estate and other real property rights made a part of the Land in connection with the substitution of such real estate and other real property rights pursuant to the Loan Agreement or as the result of replacement of property taken in condemnation, or otherwise, less such real estate, interests in real estate and other real property rights released under the provisions of the Loan Agreement or taken by the exercise of the power of eminent domain as provided in the Loan Agreement.

“Lease” means the Lease Agreement, dated as of July 1, 2016, by and between the Charter School and the Corporation, and any amendments or supplements thereto, pursuant to which all or substantially all of the Facility is expected to be leased by the Corporation to the Charter School.

“Lease Term” means the Initial Term and each Renewal Term during which the Charter School is the lessee of the Leased Property under the Lease. Certain provisions of the Lease survive the expiration or end of the Lease Term.

“Leased Property” means the real property described in Exhibit A to the Lease and all improvements now or in the future located thereon, as from time to time amended or supplemented, together with all other property that may be designated as part of the Leased Property in any amendment or supplement thereto, less any property damaged, destroyed or condemned as provided in the Lease.

“*Lien*” means the lien of the Deed of Trust, and any mortgage or pledge of, security interest in, or lien or encumbrance on, any Property which secures any Indebtedness or other obligation of the Corporation or which secures any obligation of any Person other than an obligation to the Corporation excluding liens applicable to Property in which the Corporation has only a leasehold interest unless the lien secures Indebtedness.

“*Loan*” means the loan by the Authority to the Corporation of the proceeds from the sale of the Bonds pursuant to the Loan Agreement.

“*Loan Documents*” means the Loan Agreement, the Indenture, the Bonds issued under and pursuant to the Indenture, the Deed of Trust, any financing statements executed or otherwise authorized in connection herewith, and each other document executed or delivered by Grantor as security for the Secured Obligations or in connection with the transactions under the Loan Agreement have been completed and the Bonds issued under the Indenture have been executed and delivered. The term Loan Documents also includes all modifications, extensions, renewals, and replacements of each document referred to above.

“*Loan Payments*” means those payments required to be paid by the Corporation pursuant to the Loan Agreement.

“*Net Proceeds*” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“*Net Revenue*” means Gross Revenue, plus the amount of unrestricted working capital balance of the Charter School operating fund in excess of the balance required pursuant to the Lease, less Operating Expenses, including lease or sublease revenues projected to be received if and as evidenced by executed lease or sublease documents customary in commercial real estate transactions.

“*Operating Expenses*” means all reasonable and necessary current expenses of the Charter School, paid or accrued, to operate a public school and provide educational services, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, (d) professional services and (e) any payments made under the Lease which constitute Additional Rents; provided however, there shall be excluded from Operating Expenses: (i) any allowance for depreciation, (ii) expenses incurred in connection with Capital Improvements, (iii) expenses paid from the Repair and Replacement Fund, (iv) expenses paid from grants from state, federal or local sources, or from any Person, which were not included as part of Gross Revenue, and (v) Base Rent payments and any similar rental payments made for the lease-purchase of Capital Improvements.

“*Outstanding*” means when used with respect to the Bonds, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds (or securities to the extent permitted in the Indenture) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given

or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been authenticated under the Indenture; and

(d) Bonds for which the conditions in the Indenture have been met.

“*Permitted Encumbrance*” means, as of any particular time, any of the following:

(a) liens for taxes and special assessments on the Facility not then delinquent;

(b) the Loan Agreement, the Tax Regulatory Agreement, and the Indenture;

(c) purchase money security interests with respect to any item of equipment related to the Facility;

(d) the Lease, and any other leases of the Facility permitted pursuant to the terms of the Loan Agreement;

(e) utility, access, and other easements and rights of way, mineral rights and reservations, restrictions and exceptions which would not in the aggregate (i) materially interfere with or impair any present use of the Facility or any reasonably probable future use of the Facility; or (ii) materially reduce the value which would be reasonably expected to be received for the Facility upon any sale (including any foreclosure of the Deed of Trust on the Facility);

(f) mechanics’ and materialmen’s liens related to the Facility when payment of the related bill is not overdue and as may be permitted by the Lease;

(g) mechanics’ and materialmen’s liens, security interests or other encumbrances related to the Facility to the extent permitted by the Loan Agreement;

(h) Liens arising by reason of good faith deposits with the Corporation in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Corporation to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(i) Liens arising by reason of deposits with, or the giving of any form of security to, any governmental agency as required by law or governmental regulation as a condition to any transaction or any business or the exercise of any privilege or license, or to enable the Corporation to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen’s compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;

(j) judgment Liens against the Corporation or the Charter School so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(k) (i) rights reserved to or vested in any municipality, school district or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Facility, to (A) terminate such right, power, franchise, grant, license or permit; provided that the exercise of such right would not materially impair the use of the Facility or materially and adversely affect the value thereof; or (B) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Facility; (ii) Liens on the Facility for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with the Facility, which are not due and payable or which are not delinquent or which are being contested in good faith or with respect to liens of mechanics, materialmen and laborers, which have been due for less than 60 days; (iii) easements, rights of way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Facility which do not materially impair the use of the Facility or materially and adversely affect the value thereof; or (iv) rights reserved to or vested in any municipality or public authority to control or regulate the Facility or to use the Facility in any manner, which rights do not materially impair the use of the Facility or materially and adversely affect the value thereof;

(l) Liens and any other restrictions, exceptions, leases, easements or encumbrances which are existing on the date of initial issuance and delivery of the Bonds and permitted to remain by the Trustee; provided that no such Lien (or the amount of Indebtedness secured thereby), restriction, exception, lease, easement or encumbrance may be increased, extended, renewed or modified to apply to the Facility not subject to such Lien on such date, unless such Lien as so extended, renewed or modified or otherwise qualified as a Permitted Encumbrance or is otherwise permitted by the Loan Agreement;

(m) Liens arising by reason of an Irrevocable Deposit;

(n) Liens in favor of the Trustee on the proceeds of the Bonds prior to the applications of such proceeds;

(o) Liens securing the Bonds or any additional Indebtedness permitted by the Loan Agreement;

(p) such minor defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to properties similar in character to the Facility and which would not in the aggregate (i) materially interfere with or impair any present use of the Facility or any reasonably probable future use of the Facility; or (ii) materially reduce the value which would be reasonably expected to be received for the Facility upon any sale (including any foreclosure of the Lien granted by the Deed of Trust); and

(q) the Lien of the Deed of Trust.

“*Person*” includes an individual, association, corporation, partnership, limited liability company, joint venture or a government or an agency or a political subdivision thereof.

“*Pledged Revenues*” means all revenues, rentals, fees, third-party payments, receipts, contributions or other income derived from the Facility, including the rights to receive such revenues (each subject to Permitted Encumbrances), all as calculated in accordance with generally accepted accounting practices, including, but not limited to, any revenues received from rentals of the Facility, including, without limitation, rentals received pursuant to the Lease; proceeds derived from insurance,

condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Corporation which are derived from the Facility; and all donations, gifts, grants, bequests and contributions to the Corporation (including income and profits therefrom), to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use for any of the payments required under the Loan Agreement. Pledged Revenues shall not, however, include any administrative fee paid to the Corporation by a lessee of the Facility for the Corporation's administration of the Facility, including, without limitation, the Additional Rents paid to the Corporation pursuant to the Lease.

"Project Fund" means the Project Fund created pursuant to the Indenture.

"Project Fund Initial Deposit" means (a) upon the issuance of the Series 2016 Bonds, an amount equal to \$10,000,000, and (b) with respect to any Additional Bonds an amount set forth in any amendment to the Loan Agreement.

"Property" means any and all right, title and interest in and to any and all property of the Corporation whether real or personal, tangible or intangible and wherever situated and whether now owned or hereafter acquired.

"Pro Rata Portion" means (a) when used with respect to a required deposit to the Bond Principal Fund or the Bond Interest Fund, the dollar amount derived by dividing the amount of principal or interest to come due on the first principal or interest payment date, respectively, by the number of monthly deposits required to be made prior to such payment date; (b) when used with respect to a required deposit to the Bond Reserve Fund the dollar amount derived by dividing the amount of Outstanding Bonds by the total amount of the Bonds Outstanding multiplied by the dollar amount to be deposited; (c) when used with respect to a required deposit to the Bond Principal Fund the dollar amount derived by dividing the amount of Outstanding Bonds by the total amount of the Bonds Outstanding multiplied by the dollar amount to be deposited; and (d) when used with respect to a required deposit to the Bond Interest Fund, the dollar amount derived by dividing the amount of Outstanding Bonds by the total amount of the Bonds Outstanding multiplied by the dollar amount being deposited.

"Rebate Fund" means the Rebate Fund created in the Indenture.

"Registered Owner" means the registered owner of any Bond.

"Regular Record Date" means the close of business on the fifteenth day of the month immediately preceding the month in which an interest payment date occurs.

"Renewal Term" means the twelve-month period, commencing on July 1 of each year and ending on June 30 of the following calendar year, for which the Charter School renews the Lease Term.

"Repair and Replacement Fund" means the Repair and Replacement Fund created in the Indenture.

"Repair and Replacement Fund Requirement" means an amount equal to \$0.

"Requirement of Law" means any material federal, state or local statute, ordinance, rule or regulation, any judicial or administrative order (whether or not on consent), request or judgment, any common law doctrine or theory, any provision or condition of any permit required to be obtained or maintained, or any other binding determination of any governmental authority relating to the ownership

or operation of property, including but not limited to any of the foregoing relating to environmental, health or safety matters.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, letter of credit or similar instrument deposited in or credited to the Bond Reserve Fund pursuant to the Loan Agreement in lieu of or in partial substitution for cash or Investment Obligations on deposit in the Bond Reserve Fund. Any such insurance policy, surety bond, letter of credit or similar instrument must be issued by an entity having a rating in one of the two highest rating categories assigned by Fitch, Standard & Poor’s or Moody’s at the time such policy, surety, bond, letter of credit or similar instrument is deposited in or credited to the Bond Reserve Fund.

“Revenues” means all payments received by the Trustee for the account of the Authority pursuant to the Agreement, the Deed of Trust and the Indenture.

“Secured Obligations” means all present and future obligations of the Corporation to the Trustee evidenced by or contained in the Loan Agreement, whether stated in the form of promises, covenants, representations, warranties, conditions, or prohibitions or in any other form. If the Deed of Trust is foreclosed, either through the Trustee or through the courts, the Secured Obligations shall include an amount equal to any prepayment fee or premiums which would be payable under the terms of the Secured Obligations due and owing under the Loan Agreement as if the Secured Obligations under the Loan Agreement were prepaid in full on the date of the foreclosure sale, and together with all costs of collection and enforcement and any damages resulting from any such default.

“Series 2016 Bonds” means the Colorado Educational and Cultural Facilities Authority Charter School Refunding and Improvement Revenue Bonds (Frontier Academy Project), Series 2016 issued in the original aggregate principal amount of \$21,850,000.

“Special Record Date” means a special record date, which shall be a Business Day, fixed to determine the names and addresses of Registered Owners for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in the Indenture.

“State” means the State of Colorado.

“Tax Regulatory Agreement” means the Tax Regulatory Agreement, dated as of July 5, 2016, among the Authority, the Corporation, the Charter School and the Trustee executed in connection with the initial issuance and delivery of the Series 2016 Bonds, as amended or supplemented from time to time pursuant to its terms, and any other tax agreement entered into in connection with the issuance of Additional Bonds.

“Trust Estate” means the property pledged, assigned and mortgaged to the Trustee pursuant to the granting clauses of the Indenture.

“Trustee” means BOKF, NA dba Colorado State Bank and Trust, Denver, Colorado, in its capacity as trustee, being the paying agent, the registrar and the trustee under the Indenture, or any successor corporate trustee.

SUMMARY OF THE INDENTURE, THE LOAN AGREEMENT, THE DEED OF TRUST AND THE LEASE

The following constitutes summaries of certain portions of the Indenture, the Loan Agreement, the Deed of Trust and the Lease. The summaries do not purport to be complete and reference is hereby made to the full text of each such document for a complete description thereof.

THE INDENTURE

General

The Indenture is a contract between the Authority and the Trustee for the benefit of the owners of the Bonds issued pursuant to the Indenture.

Pledge and Agreement of the State of Colorado

By the enactment of Section 23-15-124 of the Act, the State of Colorado has pledged to and agreed with the Registered Owners of any bonds, notes and other obligations issued under the Act, and with those parties who may enter into contracts with the Authority pursuant to the provisions of the Act, that the State of Colorado shall not limit, alter, restrict or impair the rights vested in the Authority to acquire, construct, reconstruct, maintain and operate any facility as defined in the Act or to establish, revise, charge and collect rates, rents, fees and other charges as may be convenient or necessary to produce sufficient revenues to meet the expenses of maintenance and operation thereof and to fulfill the terms of any agreements made with the Registered Owners of bonds, notes or other obligations authorized and issued pursuant to the Act, and with the parties who may enter into contracts with the Authority pursuant to the Act, and shall not in any way impair the rights or remedies of the Registered Owners of such bonds, notes or other obligations of such parties until such bonds, notes or other obligations, together with interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding by or on behalf of such owners, are fully met and discharged and such contracts are fully performed on the part of the Authority. Nothing in the Act precludes such limitation or alteration if and when adequate provision is made by law for the protection of the owners of such bonds, notes or other obligations of the Authority or those entering into such contracts with the Authority.

Limited Obligation

The Bonds shall be limited obligations of the Authority payable solely out of the security specified in the Indenture. The Bonds shall not constitute or become an indebtedness, a debt or a liability of or a charge against the general credit or taxing power of the State of Colorado, the General Assembly of the State of Colorado, or of any county, city, city and county, town, school district, or other subdivision of the State of Colorado, or of any other political subdivision or body corporate and politic within the State of Colorado other than the Authority (but only to the extent provided in the Indenture), and none of the State of Colorado, the General Assembly of the State of Colorado, or any county, city, city and county, town, school district, or other subdivision of the State of Colorado except the Authority to the extent provided above shall be liable thereon; nor shall the Bonds constitute the giving, pledging or loaning of the faith and credit of the State of Colorado, the General Assembly of the State of Colorado, or any county, city, city and county, town, school district or other subdivision of the State of Colorado or of any other political subdivision or body corporate and politic within the State of Colorado but shall be payable solely from the funds provided therefor in the Indenture. The issuance of the Bonds shall not, directly or indirectly or contingently, obligate the State of Colorado or any subdivision of the State of Colorado nor empower the Authority to levy or collect any form of taxes or assessments therefor or to

create any indebtedness payable out of taxes or assessments or make any appropriation for their payment, and such appropriation or levy is prohibited. Nothing in the Act shall be construed to authorize the Authority to create a debt of the State of Colorado within the meaning of the Constitution or statutes of the State of Colorado or authorize the Authority to levy or collect taxes or assessments. Neither the members of the Authority nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. The State of Colorado shall not in any event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever undertaken by the Authority. No breach of any such pledge, mortgage, obligation or agreement shall impose any pecuniary liability upon the State of Colorado or any charge upon its general credit or against its taxing power.

Additional Bonds

Additional Bonds secured by and payable solely from the Trust Estate may be issued in the Authority's sole discretion in one or more additional series, provided the following terms and conditions have been met: (a) the Trustee has received a certificate of an Authorized Representative of the Corporation to the effect that (i) the Corporation is not in default under the Loan Agreement, the Deed of Trust or the Indenture, (ii) the Corporation is not aware of any Events of Default under the Loan Agreement, the Deed of Trust or the Indenture and (iii) that the requirements for additional Indebtedness of the Corporation as set forth in the subsection titled "Limitations on Incurrence of Additional Indebtedness" of the Loan Agreement, set forth below, have been met; (b) the Authority has consented to the issuance of Additional Bonds; (c) the Authority and the Trustee have received a rating confirmation from the Rating Agency then maintaining a rating on the Outstanding Bonds, confirming that then existing rating will not be adversely affected upon issuance of Additional Bonds; (d) the Trustee has received a copy, duly certified by the Executive Director of the Authority, of the resolution adopted by the Authority authorizing the issuance of such Additional Bonds and the execution and delivery of a supplemental indenture, supplementing and amending the Indenture, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of the Indenture, and of an agreement supplementing and amending the Loan Agreement; (e) the Authority and the Trustee have received an opinion of nationally recognized municipal bond counsel to the effect that the issuance of such Additional Bonds will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes; (f) the Trustee has received original executed counterparts of the agreement supplementing and amending the Loan Agreement, and the supplemental indenture supplementing and amending the Indenture; (g) the Trustee has received a request and authorization to the Trustee on behalf of the Authority and signed by its Executive Director or any other Authorized Representative of the Authority to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Authority, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery; (h) the Trustee will receive from the proceeds of the Additional Bonds or otherwise on the date of delivery of the Additional Bonds an amount equal to the additional reserve requirement for deposit into the bond reserve fund designated for such Additional Bonds; (i) the Authority and the Trustee have received an executed opinion of nationally recognized municipal bond counsel to the effect that (i) the Additional Bonds have been duly authorized, executed and delivered and constitute the binding limited obligations of the Authority, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is excludable from gross income for federal income tax purposes (unless it is intended that such interest be taxable); and (j) the Base Rents pursuant to the Lease, shall be

equal to the amounts necessary to make the principal, premium, if any, and interest payments on the Outstanding Bonds and the Additional Bonds when due.

The provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of the Authority and in the Loan Agreement and Deed of Trust, to be performed by the Corporation shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in the Indenture.

Establishment of Funds

The Indenture creates the Bond Principal Fund, the Bond Interest Fund, the Bond Reserve Fund, the Issuance Expense Fund, the Project Fund, the Repair and Replacement Fund and the Rebate Fund, all of which are to be held in trust by the Trustee for the purposes specified in the Indenture.

Bond Interest Fund and Bond Principal Fund

The Indenture creates the Bond Interest Fund and the Bond Principal Fund. There is to be deposited into the Bond Interest Fund all capitalized and accrued interest, if any, from the sale of the Bonds. There is also to be deposited into the Bond Interest Fund or the Bond Principal Fund, as appropriate, in a Pro Rata Portion, as appropriate, and as received by the Trustee, the payments of interest or principal to be made by the Corporation pursuant to the Loan Agreement, all other moneys deposited into such Funds pursuant to the Loan Agreement, the Deed of Trust, the Lease or the Indenture (including without limitation State Education Fund Capital Construction Funds) and all other moneys received by the Trustee when accompanied by directions from the Corporation that such moneys are to be paid into the Bond Principal Fund and Bond Interest Fund. Subject to any necessary transfers to the Rebate Fund, investment income of the Bond Principal Fund and Bond Interest Fund moneys shall be retained within the accounts of the Bond Principal Fund or the Bond Interest Fund, respectively, unless there exists a deficiency in the Bond Reserve Fund, in which case such investment income shall be deposited (up to the amount of such deficiency) into the Bond Reserve Fund.

Except in the case of default by the Corporation, upon payment in full of the Bonds or if required to fund the Rebate Fund, moneys in the Bond Principal Fund and Bond Interest Fund are to be used, subject to the next paragraph, solely for the payment of principal of, premium, if any, and interest on the Bonds. Whenever the total amount in the Bond Principal Fund, the Bond Interest Fund and the Bond Reserve Fund is sufficient to redeem all of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption, and redemption premium, if any, the Trustee, subject to the requirements of the Loan Agreement and written direction from the Corporation, covenants to take and cause to be taken the necessary steps to redeem all of the Bonds on the redemption date for which the required redemption notice has been given.

The Trustee shall calculate on June 30 of each year, or upon the written request of the Corporation, the amount held in the Bond Principal Fund and Bond Interest Fund, and shall transfer to the Charter School as soon as reasonably possible following the Trustee's calculation that any such moneys exist, all or such portion of any moneys deposited with the Trustee by or on behalf of the Charter School pursuant to the Lease, which are not necessary to meet the monthly Loan Payments required pursuant to the Loan Agreement because moneys from the State Education Fund have been deposited with the Trustee by the Charter School pursuant to the Lease. Further, so long as (a) there has been no Event of Default under the Loan Agreement; (b) the Lease Term has not expired, ended or been terminated; (c) none of the moneys in the Bond Principal Fund or Bond Interest Fund are necessary or required for

payment of all or any portion of the Bonds for a redemption pursuant to the Loan Agreement; and (d) the Trustee is not in possession of any Net Proceeds, the Trustee shall, within five Business Days following the date of maturity or sinking fund redemption of any of the Bonds, transfer to the Charter School the balance of any moneys on deposit in the Bond Principal Fund and the Bond Interest Fund. The Trustee shall utilize the provisions of the Colorado State Treasurer Charter School Intercept Program.

Bond Reserve Fund

The Indenture creates the Bond Reserve Fund to secure the Bonds. The Bonds are secured by the Colorado Charter School Moral Obligation Program, and the Bond Reserve Fund may be replenished under the Colorado Charter School Debt Reserve Fund Program. There is to be deposited into the Bond Reserve Fund, proceeds from the sale of the Bonds an amount equal to the Bond Reserve Requirement. There is to be deposited into the Bond Reserve Fund all moneys required to be paid by the Corporation to the Trustee pursuant to the Loan Agreement. In addition, there is also to be deposited into the Bond Reserve Fund (a) all moneys transferred to the Bond Reserve Fund from the Bond Principal Fund or the Bond Interest Fund pursuant to the Indenture, (b) all other moneys required to be deposited therein pursuant to the Loan Agreement or the Indenture, and (c) all other moneys received by the Trustee when accompanied by directions from the Corporation that such moneys are to be paid into the Bond Reserve Fund. There also shall be retained in the Bond Reserve Fund interest and other income received on investments of Bond Reserve Fund moneys to the extent provided the Indenture.

In the event the Corporation shall deliver a Reserve Fund Insurance Policy in substitution for the cash or Investment Obligations then on deposit in the Bond Reserve Fund pursuant the Loan Agreement (together with the opinion required thereby), the Trustee is authorized to release to the Corporation or its designee cash and Investment Obligations in an amount (including accrued but unpaid interest on such Investment Obligations, if any) equal to the face amount of such Reserve Fund Insurance Policy. In addition, the Trustee is authorized to release any Reserve Fund Insurance Policy from the Trust Estate in the event the Corporation shall deliver to the Trustee for deposit to the Bond Reserve Fund cash and Investment Obligations (exclusive of accrued but unpaid interest thereon) in an amount equal to the amount then available to be drawn under such released Reserve Fund Insurance Policy.

Use of Moneys in the Bond Reserve Fund

Moneys in the Bond Reserve Fund are to be used by the Trustee promptly and solely for the payment of the principal of, premium, if any, and interest on the Bonds in the event moneys in the Bond Principal Fund and Bond Interest Fund are insufficient to make such payments when due, whether on an interest payment date, sinking fund redemption date, maturity date or otherwise in an amount necessary to cure such Event of Default and notwithstanding any other provision of the Indenture. Upon the occurrence of an Event of Default under the Indenture and the exercise by the Trustee of the remedy specified in the Loan Agreement or under the Deed of Trust and under the Indenture, any moneys in the Bond Reserve Fund shall be transferred by the Trustee to the Bond Interest Fund, and with respect to any moneys in excess of the amount required to be transferred to the Bond Interest Fund, to the Bond Principal Fund and applied in accordance with the Indenture. On the final maturity date of the Bonds any moneys in the Bond Reserve Fund may be used to pay the principal of and interest on the Bonds on such final maturity date. In the event of the redemption of the Bonds in whole, any moneys in the Bond Reserve Fund shall be transferred to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Bonds. The Trustee shall value the Investment Obligations in the Bond Reserve Fund semiannually on January 1 and July 1 of each year at their market value. If on any valuation date the amount in the Bond Reserve Fund is greater than the Bond Reserve Requirement, such excess shall be transferred by the Trustee to the Bond Interest Fund and applied to the payment of the interest on the Bonds; provided, however, that the amount remaining in the Bond Reserve Fund

immediately after such transfer shall not be less than the Bond Reserve Requirement on that date. If on any valuation date the amount in the Bond Reserve Fund is less than the Bond Reserve Requirement, the Trustee shall notify the Corporation of its obligation pursuant to the Loan Agreement.

At such times as moneys are to be transferred out of the Bond Reserve Fund for deposit into the Bond Principal Fund or the Bond Interest Fund or to the Rebate Fund pursuant to the Indenture, the Trustee shall use cash, Investment Obligations or amounts derived from or drawn on a Reserve Fund Insurance Policy in such order of priority as the Corporation shall direct in writing. If no Corporation direction has been received, the Trustee shall apply amounts in the Bond Reserve Fund first to interest due and owing on the Bonds and second to principal on the Bonds. Any Reserve Fund Insurance Policy shall be valued for all purposes of the Indenture at the amount available to be drawn under such policy.

Within five Business Days of any transfer of funds from the Bond Reserve Fund to the Bond Principal Fund or the Bond Interest Fund, the Trustee shall notify the Corporation in writing of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Bond Reserve Fund as of such date.

Project Fund

There shall be deposited into the Project Fund from the Bond proceeds, pursuant to the Agreement, an amount equal to the Project Fund Initial Deposit.

The Project Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Project Fund for the purposes set forth in the Agreement, which authorization and direction the Trustee accepts.

Issuance Expense Fund

There shall be deposited into the Issuance Expense Fund from the Bond proceeds, pursuant to the Loan Agreement, an amount which shall not be less than the Issuance Expense Fund Initial Deposit (provided that such amount may be reduced by amounts allocated to issuance expenses but paid directly by the Underwriter). Upon the earlier of: (a) receipt by the Trustee of a certificate signed by an Authorized Representative of the Corporation stating that all expenses incurred in connection with the issuance of the Bonds have been paid, or (b) July 31, 2016, any moneys remaining in the Issuance Expense Fund shall be transferred to the Project Fund. Subject to the preceding and any necessary transfers to the Rebate Fund, any moneys received as investment income on the moneys in the Issuance Expense Fund shall be retained in the Issuance Expense Fund.

Rebate Fund

The Corporation shall provide to the Trustee at least every five years from the date of issuance of the Bonds, as provided in the Tax Regulatory Agreement, a certificate of an Authorized Representative of the Corporation to the effect that (a) all requirements of the Loan Agreement, the Indenture and the Tax Regulatory Agreement with respect to the Rebate Fund have been met on a continuing basis; (b) the proper amounts have been and are on deposit in the Rebate Fund; and (c) timely payment of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (b) or (c) above cannot be made, the certificate shall so state and shall be accompanied by either money of the Corporation together with a direction to the Trustee to either deposit such money to the Rebate Fund or to pay such money over to the United States Treasury, as appropriate, or written directions to the Trustee to transfer investment income available in any Fund to the Rebate Fund or to the United States Treasury, as appropriate.

If the Corporation does not fund the Rebate Fund as required by the Indenture and there is not sufficient investment income subject to transfer from the other funds, the Trustee is required to make up the deficiency in the Rebate Fund by transferring moneys from the following funds in the following order of priority: the Issuance Expense Fund, the Project Fund, the Bond Principal Fund, the Bond Interest Fund, and the Bond Reserve Fund. Any money received as investment income on the moneys in the Rebate Fund shall be retained in the Rebate Fund.

Investment of Funds

The moneys held by the Trustee in the various Funds created under the Indenture are to be invested in Investment Obligations, all in accordance with instructions signed by an Authorized Representative of the Corporation and delivered to the Trustee. All such Investment Obligations purchased will mature or be redeemable on a date or dates prior to the time when the moneys so invested shall be required for expenditure. The Trustee will value the Investment Obligations semiannually at market value. Any loss resulting from any investment shall be charged to the Fund with respect to which the investment was made.

Discharge

If and when the Bonds secured by the Indenture shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable under the Indenture, all amounts payable to the Authority and the Trustee under the Loan Agreement and/or under the Deed of Trust and all amounts payable to the United States of America pursuant to Section 148 of the Code, then the Indenture and the Trust Estate and all rights granted under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding Bonds secured by the Indenture shall have been purchased by the Corporation and delivered to the Trustee for cancellation, and all other sums payable under the Indenture, all amounts payable to the Authority under the Loan Agreement, and all amounts payable to the United States pursuant to Section 148 of the Code have been paid, or provision shall have been made for the payment of the same, then the Indenture and the Trust Estate and all rights granted under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such events, upon the written request of the Corporation, the Trustee shall assign and transfer to the Corporation all property then held by the Trustee under the Indenture and shall execute such documents as may be reasonably required by the Corporation and shall turn over to the Corporation any surplus in any Fund pursuant to the Indenture, except to the extent otherwise required by the Loan Agreement and the Indenture.

Payment of any Outstanding Bond shall prior to the maturity or redemption date thereof be deemed to have been provided for within the meaning and with the effect expressed in this section if: (a) in case said Bond is to be redeemed on any date prior to its maturity, the Corporation has given to the Trustee irrevocable instructions to give on a date in accordance with the Indenture notice of redemption of such Bond on said redemption date; (b) there have been deposited with the Trustee either moneys in an amount which shall be sufficient or Government Obligations which will not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Bond on and prior to the redemption date or maturity date; (c) there has been delivered to the Trustee and the Authority a certificate from a firm of certified public accountants certifying as to the sufficiency of the deposit made pursuant to the preceding clause (b); (d) there will have been delivered an opinion of nationally recognized bond counsel satisfactory to the Authority that such payment does not adversely affect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excluded

from gross income for federal income tax purposes, and the defeasance is in accordance with the requirements of the Indenture; and (e) in the event said Bond is not by its terms subject to redemption within the next 45 days, the Corporation has given the Trustee irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to the Indenture, a notice to the Authority and the Registered Owner of such Bond that the deposit required by clause (b) above has been made with the Trustee and that payment of said Bond has been provided for in accordance with this section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and interest on said Bond and stating whether any redemption provisions relating to the Bonds will remain in effect.

Events of Default

Under the Indenture an “Event of Default” is defined to include, in general terms (a) default in the payment by the Authority of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, on a sinking fund payment date or upon proceedings for redemption; (b) default in the payment by the Authority of any installment of interest on any Bond when the same shall become due and payable; (c) default shall be made in the observance or performance of any covenant, agreement, contract or other provision in the Bonds or the Indenture contained (other than as referred to in clause (a) or (b) of above) and such default shall continue for a period of 30 days after written notice to the Authority, the Corporation and the Trustee from the Registered Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding or to the Authority and the Corporation from the Trustee, specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this clause (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure shall have been commenced within such 30 day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby; (d) the occurrence of an “event of default” under the Loan Agreement; or (e) material, inaccuracy, misrepresentation or failure to comply regarding the statements and certifications made pursuant to the Project Fund Requisition Certificate, the form of which is attached to the Agreement.

Remedies on Default

Under the Indenture, upon the occurrence of an Event of Default the Trustee may, by notice in writing given to the Authority and the Corporation or shall, upon the written request of the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, declare the principal amount of all the Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. In addition, upon the occurrence of an Event of Default the Trustee may seek the appointment of a receiver, foreclosure under the Deed of Trust on the Facility or sue to recover a judgment. The remedies specified in the Indenture are cumulative and are not intended to be exclusive. Any recovery against the Corporation is limited as provided under the caption “THE LOAN AGREEMENT—Remedies on Default” in this Appendix D.

The Trustee may waive any Event of Default under the Indenture and its consequences and rescind any declaration of acceleration of maturity of principal of and interest on the Bonds and shall do so upon the written request of the Registered Owners of a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which default exists; provided, however, the Trustee may not waive (a) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds at the date of maturity or redemption thereof, or any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of the principal and premium, if any, and all reasonable fees and expenses of the Trustee, and all amounts

to be paid to the Authority under the Indenture and under the Loan Agreement, in connection with such default, shall have been paid or provided for; or (b) any default in the payment of amounts set forth in the Loan Agreement.

No Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust in the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by the Indenture it is deemed to have notice, nor unless such default shall have become an Event of Default and the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, nor unless they have also offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time (not to exceed 30 days) the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request, and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Registered Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by his, her or their action or to enforce any right under the Indenture except in the manner in the Indenture provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner in the Indenture provided and for the equal benefit of the Registered Owners of the Bonds then Outstanding. So long as the Bonds are held by DTC pursuant to the Indenture, the Trustee shall be permitted to accept direction from the beneficial owners of the Bonds, rather than the Registered Owner, upon receipt of appropriate certification of such beneficial ownership by the Trustee. The Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time and to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver, or any other proceedings or remedies under the Indenture, provided such directions are in accordance with the provisions of the Indenture and provided satisfactory indemnity is furnished to the Trustee.

The Indenture provides that all moneys collected by the Trustee pursuant to its provisions concerning remedies on default and any other moneys held as part of the Trust Estate shall, after payment of the actual and reasonable costs and expenses of the collection proceedings, shall be deposited into the Bond Principal Fund and the Bond Interest Fund in the order and manner set forth in the Indenture. Notwithstanding any other provisions, all moneys held as described in this paragraph which relate to moneys in any of the Funds shall be applied only to payment of principal of and interest on the Bonds. All other moneys held as described in this paragraph shall be applied to the payment of all Bonds specifically secured thereby.

Trustee

Under the Indenture, in connection with actions to be taken with respect to defaults, the Trustee shall be entitled to require indemnification against any liabilities which it may incur in the exercise and performance of its powers and duties under the Indenture and which are not due to its negligence or willful misconduct. The Indenture establishes procedures and conditions for the resignation or removal of the Trustee and for the appointment of successors by the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding. Prior to the appointment of a successor Trustee by the

Registered Owners of the Bonds, the Authority (with the consent of the Corporation so long as the Corporation is not in default under the Loan Agreement) may appoint an interim successor Trustee.

Supplemental Indentures of Trust

Without the consent of or notice to any of the Registered Owners of the Bonds, the Authority may, and at the written direction of the Corporation, the Trustee may at any time enter into supplemental indentures for the following purposes: (a) to add covenants and agreements to the Indenture for the protection or benefit of the Registered Owners; (b) to cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision in the Indenture or to make any provisions with respect to matters arising under the Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Registered Owners of the Bonds; (c) to subject to the lien of the Indenture additional revenues, properties or collateral; (d) to provide for the issuance of Additional Bonds issued pursuant to the Indenture; or (e) modify, alter, amend or supplement the Indenture in such a manner as shall permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended. With the consent of the Registered Owners of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding, at the written direction of the Corporation, of such indenture or indentures supplemental to the Indenture as shall be deemed necessary or desirable by the Authority for the purpose of modifying altering amending adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that without the consent of the Registered Owners of all the Bonds at the time Outstanding and adversely affected thereby nothing contained in the Indenture will permit, or be constructed as permitting: (i) an extension of the maturity of, or a reduction of the principal amount, of or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond; (ii) the deprivation of the Registered Owner of any Bond then Outstanding of the lien created by the Indenture (other than as permitted by the Indenture when such Bond was initially issued); (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; or (iv) a reduction in the aggregate principal amount of the Bonds, if any, required for consent to such supplemental indenture or amendment to the Loan Agreement.

The Indenture describes the procedures to be used to give notice to and to obtain the consent of the Registered Owners of any Bonds whenever the Authority and the Trustee propose to enter into a supplemental indenture requiring such consents.

THE LOAN AGREEMENT

General

The Loan Agreement provides for the Loan from the Authority to the Corporation. The Corporation is obligated to repay the Loan by making Loan Payments of principal and interest to the Trustee for the account of the Authority for deposit into the Bond Principal Fund and the Bond Interest Fund established by the Indenture. See the caption “THE INDENTURE—Bond Interest Fund and Bond Principal Fund” in this Appendix D. The Corporation is also required to make Loan Payments equal to the redemption price of any Bonds called for prior redemption on or before the redemption date. The Corporation may receive a credit against Loan Payments to be made with respect to the sinking fund redemption requirements for Bonds to the extent it has delivered to the Trustee Bonds for cancellation or to the extent Bonds have been previously redeemed otherwise than through the operation of the sinking fund. Under the Loan Agreement, the Corporation shall be obligated to deposit moneys into the Bond Reserve Fund to the extent necessary to cause the amount on deposit therein to equal the Bond Reserve Fund Requirement, after any transfers from the Bond Reserve Fund to the Bond Principal Fund, the Bond Interest Fund, and the Rebate Fund.

The Corporation is obligated to operate and maintain the Facility in substantial compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to such Facility and keep the Facility reasonably safe condition as the operations at the Facility permit and in good operating condition and in good repair. In addition, under the Loan Agreement the Corporation is obligated to pay all taxes and assessments relating to the Facility, any other governmental charges and impositions related to the Facility and all utility and other charges and assessments related to the Facility.

The Loan Agreement shall remain in full force and effect from the date of delivery until such time as all the Loan and any other amounts represented by the Indebtedness of the Bonds and/or any other amounts due under the Deed of Trust shall have been fully paid or provision is made for such payment pursuant to the Indenture, and all reasonable and necessary fees and expenses of the Trustee and the Authority, and all other liabilities of the Corporation, accrued and to accrue through final payment of the Bonds under the Loan Agreement and the Indenture, have been paid or provision is made for such payments pursuant to the Indenture; provided, however, notwithstanding any other provision of the Loan Agreement, (a) the indemnification provisions in the Loan Agreement and the Corporation's tax covenants shall survive the termination of the Loan Agreement; (b) all agreements, representations and certifications by the Corporation as to the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes, shall survive termination of the Loan Agreement until expiration of statutes of limitations applicable to the liability of the Registered Owners of the Bonds for state and federal income tax with respect to interest on the Bonds; and (c) upon the defeasance of the Indenture, all such indemnification provisions shall be enforceable by the Indemnified Parties, and all such agreements, representations and certifications regarding the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes, shall be enforceable by the Registered Owners of the Bonds, directly against the Corporation.

The Loan Agreement provides that the obligations of the Corporation shall be absolute and unconditional; however, the payments to be made by the Corporation pursuant to the Loan Agreement do not constitute general obligations of the Corporation, and are limited, except as otherwise provided in the Loan Agreement, to Pledged Revenues and amounts received from the sale of the Facility pursuant to the mortgage granted by the Loan Agreement. See the caption "THE LOAN AGREEMENT—Remedies on Default" in this Appendix D.

The Loan Agreement acknowledges the terms and provisions of the Lease and the Corporation's present expectation that some or all of the requirements of the Loan Agreement shall be complied with by action of the Charter Schools pursuant to the Lease.

Security Provisions

The Corporation does pledge to and grant to the Authority a present security interest, within the meaning of the Colorado Uniform Commercial Code and to the extent permitted by law, in all personal property, materials, equipment, fixtures or other property whatsoever now or hereafter attached or affixed to, or installed in, or used in connection with the buildings and other improvements now erected or hereafter to be erected on the Land or otherwise in connection with the Facility, all accounts, escrows, documents, instruments, chattel paper, claims, deposits and general intangibles, as the foregoing terms are defined in the Uniform Commercial Code, and all contract rights, franchises, books, contracts, certificates, records, plans, specifications, permits, licenses (to the extent assignable), approvals, actions, and causes of action which now or hereafter relate to, are derived from or are used in connection with the Facility, or the use, operation, construction, management, maintenance, occupancy, operation, or enjoyment thereof or the conduct of any business or activities thereon (hereinafter collectively called the

“Intangibles”), insurance proceeds and all renewals or replacements of or substitutions for any of the foregoing comprising the Facility and together with and including all Pledged Revenues and all the proceeds thereof, subject to Permitted Encumbrances, and all of the Corporation’s right, title and interest, if any, in the Funds and in any trust accounts referred to in the Loan Agreement or the Indenture.

Insurance Provisions

Throughout the term of the Loan Agreement, the Corporation agrees to maintain the following insurance: title insurance, casualty insurance on the Facility, liability insurance, rental value insurance (to the extent available for or commercially available cost), fidelity insurance, and any other insurance required to be carried by law, such as workers’ compensation insurance. However, self-insurance existing on the date of delivery of the Loan Agreement is permitted to continue without compliance with these requirements.

At least every five years from July 1, 2016, the Corporation shall employ (or cause to be employed), at its expense, an Insurance Consultant to review the insurance coverage and to render to the Corporation and the Trustee a report as to the adequacy of such coverage and as to its recommendations if any, for adjustments thereto. Such insurance coverage must be increased or otherwise adjusted by the Corporation if as a result of such review the Insurance Consultant finds that the existing coverage is inadequate, taking into account the availability of such insurance, the terms upon which such insurance is available, the cost of such available insurance, and the effect of such terms and such cost upon the Corporation’s costs and charges for its services. The insurance coverage required by the Loan Agreement may be reduced or otherwise adjusted by the Corporation without the prior written consent of the Authority or the Trustee; provided that all coverages after such reduction or other adjustment are certified by the Insurance Consultant to be adequate and customary for facilities of like size and type, taking into account the aforementioned factors.

The Corporation is permitted to become self-insured for all or any part of the foregoing requirements, or to satisfy any or all of such requirements through the Charter School’s self-insurance, if the Trustee has received a written evaluation with respect to such self-insurance programs from a nationally recognized Insurance Consultant stating that such self-insurance is consistent with sound risk management policies. See the caption “THE LEASE—Insurance Requirements” in this Appendix D.

Damage, Destruction and Condemnation

In the event destruction or damage is less than \$250,000, the Net Proceeds of insurance from such claims for losses shall be paid to the Corporation and shall be held or used by the Corporation for such purposes as the Corporation, in its discretion, may deem appropriate. In the event destruction or damage is \$250,000 or more, the Corporation shall promptly give written notice thereof to the Trustee and the Authority. All Net Proceeds of insurance resulting from such claims for losses of \$250,000 or more shall, in the event the value of the Building is less than the amount of the Bonds Outstanding, and for a period of 10 years following the date of Issuance of the Bonds, be held by the Trustee in a separate trust account, whereupon (a) the Corporation will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Corporation and as will not impair the Corporation’s ability to operate the Facility in an efficient manner; and (b) the Trustee, upon receipt of a Consulting Architect’s Certificate that such payment is required for such purpose, will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration as the work progresses; and for the period after 10 years from the date of issuance of the Bonds shall at the option of the Corporation, with the consent of the Charter School so long as the Lease is in effect, either be used to redeem Bonds (but not in

the event the value of the Building is less than the amount of Bonds then outstanding) or be used to repair, rebuild or restore the property as described above.

All Net Proceeds of insurance resulting from claims for losses specified in the preceding paragraph may be used to redeem Bonds (except as limited thereby); provided (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to prepay the Loan in full provided for in the Indenture or (ii) in the event that less than all of the Bonds are to be redeemed, the Corporation shall furnish to the Trustee a Consulting Architect's Certificate stating (A) that the property forming a part of the Facility damaged or destroyed is not essential to the Corporation's use or occupancy of the Facility; or (B) that the Facility has been restored to a condition substantially equivalent to its condition prior to the damage or destruction; or (C) that improvements have been acquired which are suitable for operation as a facility (as defined in the Act) on the Land.

Consolidation, Merger, Sale or Conveyance

The Corporation agrees that it will maintain its corporate existence, will continue to be a nonprofit corporation duly qualified to do business in the State, will not merge or consolidate with any Person, or sell or convey its interest in the Facility except as otherwise permitted in the Loan Agreement.

Annual Audit and Financial Statements

In the event that the Lease is terminated or not renewed by the Charter School, the Corporation agrees that it shall have its books and records audited annually, commencing with the Fiscal Year in which the termination or non-renewal of the Lease occurs, by an Accountant as soon as practicable after the close of such Fiscal Year, and shall furnish within 180 days after the end of such Fiscal Year to the Authority and the Trustee (provided that neither the Authority nor the Trustee has any obligation to review such audit report) and each rating agency which has rated the Bonds, a copy of the audit report including the Accountant's statement as to the calculation of Pledged Revenues certified by such Accountant.

Maintenance of Pledged Revenues

The Corporation covenants and agrees to manage the Facility on a revenue producing basis and to use its best efforts to fix, revise (subject to the terms and provisions of the Lease and any other leases and other contractual commitments), charge and collect such reasonable charges for the use and occupancy of the Facility, in amounts so that the Corporation shall receive Pledged Revenues in each Fiscal Year that, are sufficient to pay (a) currently all of the Corporation's expenses during such Fiscal Year for the operation, maintenance and repair of the Facility; (b) all payments under the Loan Agreement; and (c) all other obligations imposed by the Loan Agreement upon the Corporation payable during such Fiscal Year; provided, however, in the event that the Lease is no longer in effect, the Corporation shall not be deemed to be in default under this covenant if the Pledged Revenues in each Fiscal Year are not sufficient to make such payments so long as the Corporation provides the Authority and the Trustee with a report of a Consultant stating that the charges being fixed and collected by the Corporation for the use and occupancy of the Facility reflect current market charges for such use and occupancy. Compliance under the Lease is deemed to be compliance with this covenant.

Sale, Lease or other Disposition of the Facility

The Corporation shall have the right to lease all or any part of the Facility pursuant to the Lease or subject to the written consent of the Authority any future leases or subleases; provided, however, that the Corporation shall provide to the Authority and the Trustee an opinion of a nationally recognized bond

counsel acceptable to the Authority that such lease or disposition will not adversely affect the tax-exempt status of the Bonds and that the terms and provisions of any future leases or subleases or any future amendments or supplements to the Lease will allow the Corporation to comply with the provisions of the Loan Agreement and contain the restrictions upon the use of the Facility contained in the Loan Agreement.

Disbursements from the Repair and Replacement Fund

The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Repair and Replacement Fund as provided in the Loan Agreement. Payments are to be made from the Repair and Replacement Fund upon receipt by the Trustee of a written requisition from an Authorized Representative of the Corporation setting forth the amount and the payee for the purpose of paying the cost of maintenance and replacements which are not routine or annually curable and may be required to keep the Facility in sound condition, including but not limited to replacement of equipment, replacement of any roof or other structural component, exterior painting and the replacement of heating, air conditioning, plumbing and electrical equipment.

Limitations on Incurrence of Additional Indebtedness

The Corporation shall be precluded from incurring additional Indebtedness which is not related to the Facility and the Corporation shall not, except as provided below, incur any additional Indebtedness secured in whole or in part by the Facility or the Pledged Revenues.

(a) The Corporation shall be precluded from incurring additional Indebtedness secured by Liens on the Facility or the Pledged Revenues which are senior to the mortgage on the Facility and the security interest in the Pledged Revenues granted by the Loan Agreement.

(b) So long as the Lease is in effect, the Corporation may, with the written consent of the Charter School and the written confirmation by the Trustee that the requirements of the Indenture regarding Additional Bonds have been met, incur additional Indebtedness secured in whole or in part by a mortgage on the Facility and a security interest in the Pledged Revenues on a parity with amounts secured by the mortgage on the Facility and the security interest in the Pledged Revenues granted by the Loan Agreement, if:

(i) the Corporation provides the Authority and the Trustee with written confirmation from at least one of the rating agencies then maintaining an underlying rating on the Bonds that the incurrence of such additional Indebtedness will not cause the then existing underlying rating on the Bonds to be qualified, reduced or withdrawn as a direct result of the incurrence of additional Indebtedness; and a written certificate reflecting either

(A) the Net Revenue for the Fiscal Year immediately preceding the date of the incurrence of such Indebtedness must be sufficient to pay an amount representing not less than 120% of the Combined Maximum Annual Requirements for outstanding Indebtedness and the Indebtedness proposed to be incurred; or

(B) the Combined Maximum Annual Requirements for outstanding Indebtedness and the Indebtedness proposed to be incurred must be less than 10% of the Gross Revenue for the Fiscal Year immediately preceding the date of the occurrence of such Indebtedness.

(c) The Corporation will not be precluded from incurring additional Indebtedness secured by Liens on the Facility or the Pledged Revenues which are subordinate to the mortgage on the Facility and the security interest in the Pledged Revenues granted by the Loan Agreement.

Release of Land

The Corporation shall, with the consent of the Charter School, have the right to release portions of the Land from the lien of the Loan Agreement provided that (a) no portion of the Building is located on such portion of the Land to be released; (b) such portion of the Land to be released is not necessary to the use or operation of the Building; (c) the Corporation pays to the Trustee for the payment or redemption of Bonds an amount (rounded up to the next \$5,000) equal to the fair market value (as determined in a written report of an independent appraiser who is a Member of the Appraisal Institute (MAI) (an “Appraiser”)) of such Land to be released and provides the Trustee with irrevocable instructions to hold such funds in trust until the first available optional redemption date and pay or redeem Bonds in a principal amount equal to such payment on the first available redemption date; (d) after such release the fair market value of the Facility (as determined in a written report by an Appraiser) is equal to or greater than the amount of Bonds Outstanding immediately after such release; and (e) the Corporation provides the Authority and the Trustee with a written opinion of nationally recognized municipal bond counsel selected by the Corporation and acceptable to the Authority to the effect that such disposition shall not adversely affect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds.

Limitations on Liens

The Corporation covenants that except as specifically provided in the Loan Agreement, it shall not create, assume, incur or suffer to be created, assumed or incurred any Liens on the Facility (other than Permitted Encumbrances).

Assignment

The Corporation is permitted to assign the Loan Agreement, but only if the Corporation obtains (a) the written consent of the Authority to the proposed assignment of the Loan Agreement, and (b) an opinion of a nationally recognized bond counsel acceptable to the Authority that the proposed assignment will not adversely affect the tax-exempt status of the Bonds.

Events of Default

Under the Loan Agreement an “event of default” is defined to include, in general terms, (a) failure by the Corporation to pay the Loan Payments required to be paid under the Loan Agreement and continuation thereof for a period of five days; (b) failure by the Corporation to make payments into the Bond Reserve Fund required to be paid under the Loan Agreement when the same shall become due and payable; (c) the occurrence of an Event of Default under the Deed of Trust; (d) failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Loan Agreement other than as referred to in (a) through (c) of this paragraph, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Corporation by the Authority or the Trustee; provided, with respect to any such failure covered by this clause (d), no Event of Default shall be deemed to be continuing so long as a course of action to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby; provided, however, that failure to correct such default within 90 days after receipt of such notice shall constitute an Event of Default under the Loan Agreement; (e) the dissolution or liquidation of the Corporation, or

failure by the Corporation promptly to lift any execution, garnishment, or attachment of such consequence as will impair its ability to meet its obligations with respect to the Facility or to make any payments under the Loan Agreement; (f) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Corporation in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; (g) the commencement by the Corporation of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Corporation or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Corporation generally to pay its debts as such debts become due, or the taking of corporate action by the Corporation in furtherance of any of the foregoing; (h) an “event of default” has occurred under the Lease and is continuing; or (i) an “event of default” has occurred under the Tax Regulatory Agreement or the Indenture.

No event of default shall be deemed to exist (except with respect to its obligations to make Loan Payments, and payments due to the Trustee and the Authority, to pay taxes and other governmental charges, to satisfy its covenant with respect to maintaining the exclusion from federal gross income of interest on the Bonds, to maintain insurance coverages and to hold the Authority and others harmless) during any period of noncompliance to the extent that the Corporation is unable to comply due to acts of God, governmental orders or the like.

Remedies on Default

Whenever an event of default as defined in the Loan Agreement has occurred and is continuing, the Authority, or the Trustee where so provided in the Loan Agreement, may take any one or more of the following remedial steps: (a) the Trustee (acting as assignee of the Authority) or the Authority (in the event of a failure of the Trustee to act under this clause), as and to the extent provided in the Indenture, may declare the Loan Payments payable under the Loan Agreement for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become due and payable; (b) the Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder; (c) the Trustee, as and to the extent provided in the Indenture may exercise its rights under the Deed of Trust and any assignment of the Lease, including, without limitation, the right to foreclose on the Facility under the Deed of Trust, and may realize upon the security interest in the Pledged Revenues and may exercise all the rights and remedies of a secured party under the Colorado Uniform Commercial Code with respect thereto; and (d) the Trustee, as and to the extent provided in the Indenture or the Deed of Trust may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Corporation under the Loan Agreement.

Notwithstanding the foregoing, recovery against the Corporation for any Event of Default under the Loan Agreement is limited to the Pledged Revenues and amounts received from the foreclosure of the Deed of Trust on the Facility granted by the Loan Agreement and the Deed of Trust. The obligations of the Corporation under the Loan Agreement are not general obligations of the Corporation and neither the Trustee, the Authority nor the Registered Owners of the Bonds shall have any recourse to any Property, funds or assets of the Corporation (other than the Pledged Revenues and the Facility) with respect to such obligations.

Options to Prepay

Under the Loan Agreement, the Corporation has the option exercisable at any time to prepay all or any portion of the Loan by depositing with the Trustee an amount of money or securities to the extent permitted by the Indenture the principal and interest on which when due, will be equal to (giving effect to the credit, if any, provided by the Loan Agreement) an amount sufficient to pay the principal of (in Authorized Denominations), premium, if any, and interest on any portion of the Bonds then Outstanding under the Indenture. The exercise of such option shall not be cause for redemption of Bonds unless such redemption is permitted at that time under the provisions of the Indenture, and the Corporation specifies the date for such redemption. In the event the Corporation prepays all of the Loan and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds as a result of such prepayment and all of its liabilities accrued and to accrue under the Loan Agreement to the Authority through final payment of the Bonds as a result of such prepayment, and all other amounts due under the Loan Agreement have been paid in full, then the Loan Agreement shall terminate, except as otherwise provided therein.

Upon the agreement of the Corporation to deposit moneys into the Bond Principal Fund and the Bond Interest Fund in an amount sufficient to redeem Bonds subject to redemption, the Trustee, at the written request of the Corporation and subject to the Indenture, shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds on the redemption date. At such time as the Bonds are no longer Outstanding, the Corporation covenants and agrees under the Loan Agreement to transfer and convey fee simple title and its ownership interest in the Facility to the Charter School; provided however, if the Lease has been terminated or not renewed, or the Charter School is no longer existing and operating as a public charter school, the Corporation covenants and agrees to transfer and convey fee simple title and its ownership interest in the Facility to (a) a governmental unit or (b) an organization described under Section 501(c)(3) of the Code. Prior to the transfer and conveyance of fee simple title and ownership interest in the Facility to an organization described under Section 501(c)(3) of the Code, the Corporation shall obtain an approving opinion of nationally recognized bond counsel stating that such transfer and conveyance will not adversely effect the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds.

Amendments to the Loan Agreement

Except as otherwise provided in the Loan Agreement or in the Indenture, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee.

THE DEED OF TRUST

General

Pursuant to the Deed of Trust, the Corporation grants, bargains, encumbers, assigns and mortgages to the Trustee, with power of sale, all of its estate, right title, and interest in, to and under the Facility, in trust for the use and benefit of the Trustee, and subject to all provisions of the Deed of Trust and the Loan Agreement.

Events of Default

Each of the following events will constitute an Event of Default under the Deed of Trust and under each of the Loan Documents:

(a) The Corporation's failure to make any payment of any of the Secured Obligations when such payment is due under the terms of the Loan Agreement, and such failure is not cured within any grace or cure period provided;

(b) The Corporation's failure to perform or observe any other covenant, condition, or prohibition contained in any of the Loan Documents or in any of the documents evidencing and securing the Permitted Encumbrances for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Corporation by the Trustee; provided, with respect to any such failure covered by this paragraph, no Event of Default shall be deemed to be continuing so long as a course of action adequate to remedy such failure shall have been commenced within such 30 day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby; and provided further, however, that if any such Loan Document provides for a grace or cure period for the performance of the defaulted obligation, Trustee shall not be required to provide notice and opportunity to cure under this paragraph; and provided, further, however, failure to cure within 90 days after written notice thereof is delivered to Corporation constitutes an Event of Default;

(c) The occurrence of any statement or warranty contained in any of the Loan Documents is untrue or misleading in any material respect;

(d) The Corporation's transfer or further encumbrance of the Premises in violation of the Deed of Trust;

(e) The assertion (except by the owner of an encumbrance expressly excepted from the Corporation's warranty of title in the Deed of Trust or any Permitted Encumbrance) of any claim of priority over the Deed of Trust, by title, lien, or otherwise, unless the Corporation within thirty (30) days after such assertion either causes the assertion to be withdrawn or provides the Trustee with such security as the Trustee may require to protect the Trustee against all loss, damage, or expense, including attorneys' fees, which the Trustee may incur in the event such assertion is upheld;

(f) The dissolution, termination, or liquidation of the Corporation or of any other person or entity directly or indirectly liable for the Secured Obligations, or the making by any such person of any assignment for the benefit of creditors, or the appointment of a receiver, liquidation, or trustee of the property of any such person, or the filing of any petition for the bankruptcy, reorganization, or arrangement of any such person pursuant to the federal Bankruptcy Code or any similar state or federal statute, or the adjudication of any such person as bankrupt or insolvent; or

(g) The Corporation's breach or default under any other covenant, condition, restriction, obligation or encumbrance affecting the Property, including, without limitation any event of default or breach under the Loan Documents.

In the event of any default under the Deed of Trust which does not involve failure to pay a sum of money when due, failure to maintain any required insurance, any prohibited transfer or further encumbrance of the Premises, or any waste or alterations of the Premises as limited under the Deed of Trust, the Trustee may not accelerate the maturity of the Secured Obligations if such failure is being cured in the manner and under the time frame set forth in the Loan Agreement.

Remedies

Subject to the cure rights set forth in the Deed of Trust, upon the occurrence of any Event of Default under the Deed of Trust, the Trustee may exercise any remedy available at law or in equity including, but not limited to, those listed below and those listed in the other Loan Documents, in such sequence or combination as the Trustee may determine in the Trustee's sole discretion:

(a) If the Corporation fails to perform any of its covenants and agreements in the Deed of Trust or in the Secured Obligations under the Loan Agreement or any Loan Document, and such failure is not remedied prior to the expiration of any grace and cure period provided in the document at issue, the Trustee may, but shall not be obligated to, make any payment or perform any other obligation required by the Corporation in any form and manner deemed expedient. The Corporation irrevocably appoints the Trustee as the true and lawful attorney in fact for the Corporation to make any such payment and perform any such obligation in the name of the Corporation. All payments made and expenses (including reasonable attorneys' fees) incurred by the Trustee in this connection, together with interest thereon at the "Default Rate" (as defined in the Secured Obligations under the Loan Agreement), from the date paid or incurred until repaid, will be part of the Secured Obligations and will be immediately due and payable by the Corporation to the Trustee. In lieu of advancing the Trustee's own funds for such purposes, the Trustee may use any funds of the Corporation which may be in the Trustee's possession including, but not limited to, insurance or condemnation proceeds and amounts deposited for taxes, insurance premiums or other purposes.

(b) Notwithstanding the availability of legal remedies, the Trustee will be entitled to obtain specific performance, mandatory or prohibitory injunctive relief, or other equitable relief requiring the Corporation to cure or refrain from repeating any default.

(c) With or without accelerating the maturity of the Secured Obligations, the Trustee may sue from time to time for any payment due under any of the Loan Documents, or for money damages resulting from the Corporation's default under any of the Loan Documents.

(d) The Trustee may enter and take possession of the Premises, in accordance with State law, may employ a managing agent for the Premises, may continue any and all construction of the Premises in accordance with any approved plans and specifications therefor, and may lease or rent all or any part of the Premises, either in the Trustee's name or in the name of the Corporation, and may collect the rents, issues, and profits of the Premises. Any revenues collected by the Trustee under this section will be applied first toward payment of all expenses (including reasonable attorneys' fees) incurred by the Trustee, together with interest thereon at the Default Rate from the date incurred until repaid, and the balance, if any, will be applied against the Secured Obligations.

(e) The Trustee may exercise all rights of a secured party under the State of Colorado Uniform Commercial Code with respect to the goods, chattels and the intangible personalty including, but not limited to, taking possession of, holding, and selling the chattels and enforcing or otherwise realizing upon any accounts and general intangibles. Any requirement for reasonable notice of the time and place of any public sale, or of the time after which any private sale or other disposition is to be made, will be satisfied by the Trustee's giving of such notice to the Corporation at least ten (10) days prior to the time of any public sale or the time after which any private sale or other intended disposition is to be made.

(f) Subject to the cure rights contained in the Secured Obligations under the Loan Agreement and the Deed of Trust, upon an Event of Default by the Corporation, at the Trustee's option, all of the sums secured by the Deed of Trust shall be immediately due and payable ("Acceleration"). To exercise this option, the Trustee may invoke the power of sale and any other remedies permitted by law. The Trustee shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in the Deed of Trust, including, but not limited to, reasonable attorney's fees and all Trustee's fees. If the Trustee invokes the power of sale, the Trustee shall give written notice to Trustee of such election in accordance with the laws then in effect in the State of Colorado. Trustee shall give such notice to the Corporation of its cure rights as is then provided by Colorado law. Trustee shall record a copy of such notice as required by Colorado law. Trustee shall advertise the time and place of the sale of the Premises in a newspaper of general circulation in each county in which the Premises is situated, and shall mail copies of such notice of sale to the Corporation and other persons, all as may be now or in the future prescribed by Colorado law. After the lapse of such time as may be required by law, Trustee, without demand on the Corporation, shall sell the Premises at public auction to the highest bidder for cash at the time and at the place then authorized by law as may be specified in the notice of sale, in one or more parcels as the Trustee may think best and in such order as Trustee may determine. Unless otherwise required under Colorado law, under the Indenture or under the Loan Agreement, Trustee shall apply the proceeds of the sale in the following order: (a) to all costs of sale as set forth in the Colorado statutes governing foreclosures in the State of Colorado, (b) reasonable costs for the Trustee's attorney's fees and costs of title evidence; (c) to reduce or discharge the Secured Obligations in such order as the Trustee may elect; and (d) the excess, if any, to the person or persons legally entitled thereto. Upon abandonment of the Premises or upon the order of a court of competent jurisdiction, the Trustee or the holder of the Trustee's certificate of purchase shall be entitled to a receiver for the Premises after Acceleration, and shall also be so entitled during the time covered by foreclosure proceedings and the period of redemption, if any, in accordance with paragraph (g) below. Nothing in this section dealing with foreclosure procedures or specifying particular actions to be taken by the Trustee or by Trustee or any similar officer shall be deemed to contradict or add to the requirements and procedures now or hereafter specified by State of Colorado law, and any such inconsistency shall be resolved in favor of State of Colorado law applicable at the time of foreclosure.

(g) The Trustee shall be entitled, as a matter of absolute right and without regard to the value of any security for the Secured Obligations or the solvency of any person liable therefor, and on an ex parte basis, without notice, to the appointment of a receiver for the Premises upon application to any court of competent jurisdiction. Such receiver and his agents shall be empowered (a) to take possession of the Premises and any businesses conducted by the Corporation or any other person thereon and any business assets used in connection therewith, (b) to exclude the Corporation and the Corporation's agents, servants and employees from the Premises, or, at the option of the receiver, in lieu of such exclusion, to collect a fair market rental from any such persons occupying any part of the Premises, (c) to lease or re-lease the Premises and to collect the rents, issues, profits and income therefrom and to enforce the Loan Agreement, (d) to complete any construction which may be in progress, (e) to do such maintenance and make such repairs and alterations as the receiver deems necessary, (f) to use all stores of materials, supplies and maintenance equipment on the Premises and replace such items at the expense of the receivership estate, (g) to pay all taxes and assessments against the Real Property and the Chattels, all premiums for insurance thereon, all utility and other operating expenses, and all sums due under any prior or subsequent encumbrance, (h) to borrow from the Trustee, if applicable, funds as may reasonably be necessary to the effective exercise of the receiver's powers, on such terms as may be agreed upon by the receiver and the Trustee, and (i) generally to do anything which the Corporation could legally do if the Corporation were in possession of the

Premises. All expenses incurred by the receiver or his agents, including obligations to repay funds borrowed by the receiver, shall constitute a part of the Secured Obligations. Such receiver shall be entitled to enter upon, take possession of and manage the Premises and to collect the rents of the Premises, including those past due. Any revenues collected by the receiver shall be applied first to the expenses of the receivership, including reasonable attorneys' fees incurred by the receiver and by the Trustee, together with interest thereon at the default rate allowed under the Loan Agreement from the date incurred until repaid, next to the payment of the costs of preservation and management of the Premises, and then the balance shall be applied toward the Secured Obligations or in such other manner as the court may direct. The Trustee shall be liable to account only for those rents actually received. Unless sooner terminated with the express consent of the Trustee, any such receivership will continue until the Secured Obligations have been discharged in full, or until title to the Premises has passed after foreclosure sale and all applicable periods of redemption have expired, or until a court of competent jurisdiction orders the receiver discharged.

THE LEASE

Lease Term, Rents, Holding Over and Renewal Option

The Charter School, as lessee ("Lessee"), shall lease the Facility (referred to in the Lease as the "Leased Property") from the Corporation, as lessor ("Lessor"), pursuant to the Lease. The Lease Term shall be comprised of the Initial Term and successive one-year Renewal Terms and shall end when the Bonds are paid and the Indenture is discharged, subject to earlier termination as described below under "Damage, Destruction or Condemnation; Use of Proceeds," "Lessee's Right to Terminate the Lease," and "Events of Default." The expiration or end of the Lease Term shall terminate all unaccrued obligations of Lessee thereunder (with certain exceptions relating to holding over and remedies on default), and shall terminate Lessee's rights of possession under the Lease, but all other provisions of the Lease, including all obligations of Lessee accrued prior to such termination, shall survive such termination of the Lease Term to the full extent necessary to accomplish the intention and purposes of the Lease.

During the Lease Term, Lessee shall pay or cause to be paid to Trustee for the account of Lessor monthly payments of Base Rents (subject to certain credits for amounts available in the Funds held by the Trustee under the Indenture). In addition to the Base Rents, Lessee shall also pay, during the Lease Term, Additional Rents, including, without limitation, certain administrative fees to Lessor (which are excluded from Pledged Revenues under the Loan Agreement) and any amounts required to be paid by or for the account of Lessor to the Authority, the Trustee or other third parties pursuant to or in connection with the Loan Agreement or the Indenture. Additional Rents is to be paid by Lessee to Lessor or directly to third parties, as appropriate, within 30 days after receipt of invoices. The Lease provides that it is to be deemed and construed to be a "net lease," and that Lessee is to pay absolutely net during the Lease Term the Base Rents, Additional Rents, and all other payments required under the Lease, without abatement, deduction or setoff (other than credits and contests expressly provided for in the Lease).

Lessor's Ownership

Lessor warrants its ownership of the Leased Property and agrees to defend Lessee in the quiet use and peaceful enjoyment and possession of the Leased Property during the Lease Term, so long as Lessee pays all Base Rents, Additional Rents and other amounts due under the Lease and performs all of its obligations under the Lease.

Maintenance and Repairs; Environmental Covenants

The Charter School agrees that at all times during the Lease Term the Charter School shall maintain, preserve and keep the Leased Property or cause the Leased Property to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, subject to normal wear and tear, and that the Charter School shall from time to time make or cause to be made all necessary and proper repairs, except as otherwise provided in the Lease. None of the Authority, the Corporation, the Trustee or any of the Registered Owners shall have any responsibility in any of these matters or for the making of any additions, modifications or replacements to the Leased Property.

To the knowledge of the Charter School, except as disclosed in writing to the Corporation and the Authority: (a) the Leased Property has at all times been operated in substantial compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the Leased Property have been or will be obtained and are or will be upon receipt in full force and effect and the Charter School is or will be in substantial compliance with the material terms and conditions of such permits; (c) there is no pending litigation, investigation, administrative or other proceeding of any kind before or by any governmental authority or other Person relating to, or alleging, any violation of any Requirements of Law in connection with the Leased Property and there are no grounds on which any such litigation, investigation or proceedings might be commenced against the Charter School; (d) the Leased Property is not subject to any judgment, injunction, writ, order or agreement respecting any Requirements of Law; (e) there is no Hazardous Substance located on, in or under the Leased Property in violation of any Requirements of Law; (f) there has been no disposal (to our actual knowledge) of any Hazardous Substance on, from, into or out of the Leased Property in violation of any Requirements of Law; and (g) there has been (to our actual knowledge) no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any Hazardous Substance into the indoor or outdoor environment from, into or out of the Leased Property including, but not limited to, the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

Modifications

The Charter School, upon giving prior notice to the Corporation, may remodel or make substitutions, additions, modifications or improvements to the Leased Property, at its own cost and expense to pay for the cost of capital improvements to the Facility; and the same shall be part of the Leased Property, subject to, and shall be included under the terms of the Lease; provided, however, that (a) such remodeling, substitutions, additions, modifications and improvements shall not in any way damage the Leased Property or cause them to be used for purposes other than lawful governmental functions; and (b) the Leased Property, as remodeled, improved or altered, upon completion of such remodeling, or such making of substitutions, additions, modifications and improvements, shall be of a value not less than the value of the Leased Property immediately prior to such remodeling or such making of substitutions, additions, modifications and improvements and all of such improvements or alterations shall become part of the Leased Property without amendment of the Lease.

The Charter School may also, from time to time in its sole discretion and at its own expense, install equipment and personal property (which are not to be fixtures) in or on the Leased Property. All such equipment and personal property shall remain the sole property of the Charter School in which none of the Authority, the Corporation, the Trustee or the Registered Owners shall have any interest; provided, however, that any such equipment and personal property which becomes permanently affixed to the

Leased Property shall become part of the Leased Property, subject to the lease and shall be included under the terms of the Lease.

Insurance Requirements

The Lease requires Lessee, at its expense, to obtain and maintain commercial general liability and automobile liability insurance against claims arising in, on or about the Leased Property, and requires Lessee to obtain and maintain similar liability insurance as well as insurance against loss or damage to the Leased Property and rental value insurance, all meeting the requirements described above under “THE LOAN AGREEMENT—Insurance” in this Appendix D.

Damage, Destruction or Condemnation; Use of Proceeds

All Net Proceeds of any insurance, performance bonds, or condemnation awards shall be applied to the prompt repair, restoration, modification, improvement or replacement of the Leased Property by the Charter School upon receipt of requisitions by the Trustee signed by the Authorized Representative of the Charter School. Any repair, restoration, modification, improvement or replacement paid for in whole or in part out of Net Proceeds will be the property of the Corporation, subject to the Loan Agreement, the Lease and the Indenture, and shall be included as part of the Leased Property under the Lease, the Loan Agreement and the Indenture. The balance of any such Net Proceeds remaining in such separate trust fund after such repair, restoration, modification, improvement or replacement has been completed will be deposited into the Bond Principal Fund or the Bond Interest Fund, at the option of the Charter School.

If the Net Proceeds received will be insufficient to pay in full the cost of any repair, restoration, modification, improvement or replacement of the Leased Property required above, the Charter School will elect one of the following options: (a) it may, in accordance with the Lease repair, restore, modify or improve the Leased Property or replace the Leased Property (or portion thereof) with property of a value equal to or in excess of the Leased Property, and pay as Additional Rents any cost in excess of the amount of the Net Proceeds, as provided in the Lease; or (b) to give notice to terminate the Lease, effective on the June 30 next following such notice.

Lessee’s Sovereignty

Nothing in the Lease shall be construed as diminishing, unlawfully delegating or otherwise restricting any of the sovereign powers of the Charter School. Nothing in the Lease shall be construed to require the Charter School to operate the Leased Property other than as a lessee.

Lessee’s Right To Terminate the Lease

The Lease provides that the Lease is dependent upon the continuing availability of funds beyond the term of the Charter School’s current fiscal period ending the next June 30, as financial obligations payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available. In the event that insufficient funds are made available (sometimes referred to in the Lease as an “Event of Nonappropriation”), the Lease terminates at the end of the then current fiscal year, with no penalty or additional cost to Lessee. The obligation of Lessee to pay the charges under the Lease constitutes a current expense of Lessee payable exclusively from Lessee’s funds and is not a general obligation indebtedness within the meaning of the Colorado Constitution or any constitutional or statutory limitation or requirement applicable to the State of Colorado concerning the creation of indebtedness or multiple-fiscal year direct or indirect debts or other financial obligations.

If there is an Event of Nonappropriation as described above, Lessee is to send written notice thereof to the Authority, the Trustee, the Charter Authorizer and the Lessor not later than July 1 of any year; and in any event June 30 would be the effective date of such a termination.

The Lease contains provisions specifying how appropriations and allocations of funds by the Charter Schools for payments required under the Lease are to be documented, and requiring Lessee to furnish certain information concerning Lessee's budget to Lessor upon request.

Provision of Financial and Related Information

The Charter School agrees to provide the Trustee, the Authority, and the Underwriter the following information during each Renewal Term: (a) quarterly unaudited financial information within 45 days of each March 31, June 30, September 30 and December 31, including student enrollment counts and actual income and expenses as compared to the annual budget, as described in the Continuing Disclosure Agreement, dated July 5, 2016, by and between the Charter School and the Digital Assurance Certification, LLC; (b) annual budgets, within 30 days of adoption thereof; and (c) audited financial statements not later than the date which is 210 days following June 30 of each year.

The Charter School agrees to provide the Authority its October 1 student counts each year within five Business Days of its certification thereof. Upon the request of the Authority, the Charter School shall also provide to the Authority additional information concerning the operations, financial condition and any pending material transactions of the Charter School.

Assignment and Subletting

The Lease may not be assigned by the Lessee for any reason. However, the Leased Property may be subleased, as a whole or in part, by the Charter School, only with the prior written consent of the Trustee and the Corporation; provided that a nationally recognized bond counsel acceptable to the Authority delivers an opinion addressed to the Authority and the Trustee stating that the sublease shall not cause an adverse impact on the tax exempt status of the tax-exempt Bonds.

Encumbrance

Lessee covenants and agrees not to encumber the Leased Property subject to certain Permitted Encumbrances.

Events of Default

Any one of the following shall constitute an "Event of Default":

(a) failure by the Charter School to pay any specifically appropriated Base Rents during the Lease Term on or before the applicable Base Rent Payment Date or to pay Additional Rents which become due during the Lease Term, up to the amount specifically appropriated for the payment of Additional Rents in accordance with the provisions of the Lease; provided, however, that a failure by the Charter School to pay the Base Rent on the Base Rent Payment Date specified for such payment in an exhibit to the Lease shall not constitute an Event of Default if such payment of Base Rents is received by the Trustee within ten (10) Business Days following such Base Rent Payment Date;

(b) failure by the Charter School to vacate the Leased Property by the thirtieth calendar day following an Event of Nonappropriation;

(c) failure by the Charter School to maintain its charter pursuant to the Charter Schools Act; provided, however, if the Charter School has filed a timely appeal of the termination of its charter pursuant to the Charter Schools Act, an Event of Default shall not be deemed to occur until the earlier of the following: (i) the appeals process pursuant to the Charter Schools Act has concluded or (ii) a period of 60 days, which period may be extended only with the further written consent of the holders of all of the Outstanding Bonds;

(d) failure by the Charter School to timely pay any other amounts due to be paid by the Charter School as and when due under the Lease following ten (10) days written demand therefor by the Corporation or any assignee of the Corporation;

(e) failure of the Charter School to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a), (b), (c) or (d) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the Charter School and the Authority by the Trustee or the Corporation (any notice sent by the Trustee to the Charter School shall also be sent to the Corporation), unless the Trustee shall agree in writing, prior to the expiration of the 30 day period, to an extension of no more than 60 days; provided, however, that if the failure stated in the notice cannot be corrected within the original 30 day period, the Trustee and the Corporation shall not withhold their consent to an extension of up to 60 days if corrective action shall be instituted by the Charter School within such time period and diligently pursued until the default is corrected;

(f) the Charter School shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of its creditors, or shall fail to pay its debts as they become due, or shall take any action in furtherance of any of the foregoing;

(g) an involuntary case or other proceeding shall be commenced against the Charter School seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 120 days; or

(h) the estate or interest of the Charter School in the Leased Property shall be levied upon or attached in any proceeding and such process shall not be vacated or discharged within 90 days after such levy or attachment, unless the Charter School shall be contesting such levy or attachment in accordance with the requirements of the Lease.

Remedies

Whenever any Event of Default shall have happened and be continuing, the Trustee, acting for the Corporation, may, or at the request of the Registered Owners of a majority in aggregate principal amount of the Bonds Outstanding shall, without any further demand or notice, exercise one or any combination of the following remedies:

(a) terminate the Lease Term and give notice to the Charter School to vacate the Leased Property within 30 calendar days from the date of such notice;

(b) without further demand or notice, reenter and take possession of the Leased Property, in accordance with applicable law, repossess the same, expel the Charter School and those claiming through or under the Charter School, and remove the effects of both or either, using such force for such purposes as may be lawful and necessary, without being liable for prosecution, without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of Base Rents, Additional Rents or other amounts payable under the Lease or as a result of any preceding breach of covenants or conditions;

(c) to pursue any and all other rights and remedies available under Colorado law, in law or in equity, including, without limitation, taking possession and selling any and all of the Charter School's real or personal property upon which the Corporation or its assignees has a Lien under the Lease or under the Loan Agreement or the Deed of Trust;

(d) acting for the Corporation, lease all or any portion of the real property included in the Leased Property;

(e) acting for the Corporation, recover from the Charter School:

(i) to the extent the recovery thereof is permitted by law, and only for so long as the Charter School remains in possession of the Facility, the fair rental value of the use of the Leased Property during any period beyond the thirtieth calendar day following the occurrence of the Event of Default; and

(ii) Base Rents and Additional Rents, to the extent amounts for such Additional Rents have been specifically appropriated in accordance with the provisions of the Lease, which would otherwise have been payable by the Charter School under the Lease after the Charter School vacates the Leased Property, through the remainder of the Lease Term which occurs during the current Fiscal Year in which such Event of Default occurs; and

(f) acting for the Corporation, take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under the Lease, the Loan Agreement, the Deed of Trust and the Indenture, subject, however, to the limitations contained in the Lease with respect to the Charter School's obligations upon the occurrence of an Event of Nonappropriation.

Miscellaneous Provisions

The Lease contains representations and covenants on the part of Lessee designed to protect the federal income tax status of interest on the Bonds.

The Lease requires Lessee to obtain, renew, secure and comply with all permits, licenses and other governmental approvals necessary for operations at the Leased Property.

Amendments

Except as otherwise provided in the Lease or the Indenture, subsequent to the issuance of the Bonds and prior to the discharge of the Indenture, the Lease may not be effectively amended, changed,

modified or altered without the written consent of the Trustee and the Authority as provided in the Indenture and other than by the execution of a subsequent document in the same manner as the Lease is executed, which may be evidenced by a recorded document in the real property records of the Clerk and Recorder of the county in which the Leased Property is located.

Applicable Law and Severability

The Lease provides that its interpretation, execution and enforcement are to be governed by the laws of the State of Colorado and rules and regulations pursuant thereto, and that any provision providing for extra-judicial arbitration or otherwise in conflict with such laws, rules and regulations is null and void. The Lease provides that if any article of the Lease or portion thereof is determined to be invalid, illegal, or without force by a court of law or rendered so by legislative act then the remaining portions of the Lease are to remain in full force and effect.

APPENDIX E

FORM OF BOND COUNSEL OPINION

APPENDIX E

FORM OF BOND COUNSEL OPINION

Colorado Educational and Cultural Facilities Authority
Denver, Colorado

D.A. Davidson & Co.
Denver, Colorado

\$21,850,000

**Colorado Educational and Cultural Facilities Authority
(Frontier Academy Project)
A Charter School Chartered Through Weld County School District No. 6
Charter School Revenue Refunding and Improvement Bonds, Series 2016**

Ladies and Gentlemen:

We have examined the law of the State of Colorado (the "State") and of the United States of America relevant to the opinions herein, a certified copy of the record of the proceedings of the Colorado Educational and Cultural Facilities Authority (the "Authority") and other documents relevant to the issuance by the Authority of the "Colorado Educational and Cultural Facilities Authority Charter School Revenue Refunding and Improvement Bonds (Frontier Academy Project), Series 2016 (the "Bonds") issued pursuant to an Indenture of Trust, dated as of July 1, 2016 (the "Indenture"), by and between the Authority and BOKF, NA dba Colorado State Bank and Trust, as trustee thereunder (the "Trustee").

The Bonds are dated, mature on the dates and bear interest at the rates provided in the Indenture. The Bonds are subject to redemption prior to maturity in the manner and upon the terms set forth therein and in the Indenture.

The proceeds of the Bonds will be loaned by the Authority to the Frontier Academy Facilities Corporation, a Colorado nonprofit corporation (the "Corporation"), pursuant to a Loan and Security Agreement, dated as of July 1, 2016 (the "Loan Agreement"), by and between the Authority and the Corporation. The proceeds from the sale of the Bonds will be utilized by the Corporation to finance the costs of (a) refunding a portion of the Authority's Charter School Revenue Refunding Bonds (Frontier Academy Project) Series 2006, originally issued in the aggregate principal amount of \$17,750,000 and currently outstanding in the aggregate principal amount of \$12,590,000; (b) financing improvements to the Facilities; (c) funding a bond reserve fund; and (d) paying the costs of issuance of the Bonds. The Corporation is leasing the Facilities to Core Knowledge Project d/b/a Frontier Academy, a public charter school (the "Charter School") pursuant to the terms of a Lease Agreement, dated as of July 1, 2016 (the "Lease"), by and between the Corporation and the Charter School.

The Bonds and the interest thereon are payable solely out of the loan payments to be made by the Corporation to the Authority under the Loan Agreement, except to the extent paid from proceeds of the Bonds and the income from the temporary investment thereof.

As to questions of fact material to our opinion, we have relied upon representations of the Authority, the Trustee, D.A. Davidson & Co., as Underwriter of the Bonds (the "Underwriter"), the Corporation, the Charter School and counsel to the Corporation and the Charter School, contained in the certified proceedings and certifications of other officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination and, for purposes of compliance with paragraph 4 below, assuming continuous compliance with the covenants and representations contained in such proceedings and other documents, it is our opinion as Bond Counsel that:

1. The Authority has been duly created and is a public body politic and corporate constituting a public instrumentality, validly organized and duly existing under the laws and Constitution of the State.

2. The Bonds have been duly authorized by the Authority, duly executed and delivered by authorized officers of the Authority and (assuming due authentication by the Trustee) are valid and legally binding limited obligations of the Authority enforceable against the Authority in accordance with their terms, except as may be limited by insolvency, bankruptcy, reorganization, moratorium, or other laws affecting the enforcement of creditors' rights generally or against municipal corporations such as the Authority from time to time in effect and by the application of general principles of equity.

3. The Loan Agreement and the Indenture have been duly authorized by the Authority, duly executed and delivered by authorized officers of the Authority and (assuming valid execution and delivery by the other parties thereto) are in full force and effect, and are valid and legally binding instruments of the Authority enforceable against the Authority in accordance with their respective terms, except as may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or against municipal corporations such as the Authority from time to time in effect and by the application of general principles of equity.

4. Under existing laws, regulations, rulings and judicial decisions and assuming continuing compliance with certain representations and continuing compliance with certain covenants, interest on the Bonds (including original issue discount treated as interest) is excludable from gross income of the registered owners thereof for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; however, the interest on the Bonds will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to the reduction for certain net operating losses). Interest on the Bonds is exempt from all taxation and assessments in the State. The opinions described in this paragraph 4 with respect to federal tax matters assume the accuracy of certain representations of the Authority, the Trustee, the Corporation and the Charter School and continuing compliance with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal or state tax law consequences arising with respect to the Bonds.

5. The Lease has been duly authorized by the Charter School, duly executed and delivered by authorized officers of the Charter School and (assuming valid execution and delivery by the Corporation) is in full force and effect, and is a valid and legally binding instrument of the Charter School enforceable against the Charter School in accordance with its terms, except as may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or against municipal corporations such as the Charter School from time to time in effect and by the application of general principles of equity.

In rendering the foregoing opinions, we are not passing upon the matters of (i) the corporate status of the Corporation or the Charter School, (ii) the power of the Corporation to execute and deliver

the Loan Agreement or the Lease or to perform its obligations thereunder, (iii) the enforceability of the Loan Agreement or the Lease against the Corporation, (iv) title to or the description of the Facilities or properties of the Charter School or the nature or extent of any encumbrances thereon, or (v) the accuracy, completeness or sufficiency of the Official Statement or any statements made in connection with the sale of the Bonds.

We have relied upon the opinion, dated this date, of counsel to the Charter School, with respect to the due organization and good standing of the Charter School as a public charter school and a Colorado nonprofit corporation.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. Our engagement with respect to the transaction referred to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in current laws, by legislative or regulatory action, by judicial decision or for any other reason.

This opinion is based solely upon existing federal and State laws, regulations, rulings and judicial decisions. We express no opinion as of any subsequent date or with respect to any pending legislation. No one other than the addressees hereof shall be entitled to rely upon this opinion without our prior written approval.

Very truly yours,

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APPENDIX F

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

APPENDIX F

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

CONTINUING DISCLOSURE AGREEMENT OF THE CHARTER SCHOOL FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (B)(5) OF SEC RULE 15c2-12, AS AMENDED

This Continuing Disclosure Agreement (this “Agreement”) is executed and delivered by and between Core Knowledge Project d/b/a/ Frontier Academy, a Colorado charter school (the “Charter School”) and Digital Assurance Certification LLC, as Dissemination Agent, in connection with the issuance by the Colorado Educational and Cultural Facilities Authority (the “Authority”) of \$21,850,000 aggregate principal amount of the Authority’s Charter School Refunding and Improvement Revenue Bonds (Frontier Academy Project) Series 2016 (the “Bonds”). The Bonds are being issued pursuant to a Indenture of Trust, dated as of July 1, 2016, (the “Indenture”), by and between the Authority and BOKF, NA dba Colorado State Bank and Trust, as trustee thereunder (the “Trustee”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

In consideration of the issuance of the Bonds by the Authority and the purchase of such Bonds by the owners thereof, the Charter School hereby covenants and agrees as follows:

Section 1. Purpose of This Agreement. This Agreement is executed and delivered by the Charter School as of the date set forth below, for the benefit of the holders and owners (the “Bondholders”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4 hereof.

“*Audited Financial Statements*” means the audited consolidated financial statements of the Charter School, prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means Digital Assurance Certification, LLC, or any successor in interest thereto.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Material Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Colorado.

Section 3. CUSIP Number/Final Official Statement. The six digit base CUSIP ^{*,©} of the Bonds is 19645R. The final Official Statement relating to the Bonds is dated June 17, 2016.

Section 4. Annual Financial Information Disclosure. Subject to Section 10, of this Agreement, the Charter School hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the Charter School’s delivery of such Annual Financial Information and Audited Financial Statements to the MSRB within 180 days of the completion date of the Charter School’s fiscal year (the “Annual Filing Date”).

The Charter School is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Charter School will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

* The Authority, Charter School and Corporation take no responsibility for the accuracy of the CUSIP number, which is included solely for the convenience of owners of the Bonds.

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Section 5. Material Events Disclosure. Subject to Section 10 of this Agreement, the Charter School hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Indenture. From and after the Effective Date, the Charter School is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty To Update EMMA/MSRB. The Charter School shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Charter School To Provide Information. The Charter School shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

If the Dissemination Agent has not received Annual Financial Information and the Audited Financial Statements by 6:00 p.m., Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter), a failure to file event shall have occurred and the Charter School irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB without reference to the anticipated filing date for the Annual Financial Information and the Audited Financial Statements.

In the event of a failure of the Charter School to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Charter School to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Charter School to comply with this Agreement shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Charter School may amend this Agreement, and any provision of this Agreement may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Charter School or type of business conducted;

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Bonds, as determined either by parties unaffiliated with the Authority or the Charter School (such as the Trustee) or by an approving vote of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the Charter School or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Agreement. This Agreement of the Charter School shall be terminated hereunder when the Charter School shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The Charter School shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable. This Agreement may be terminated by either party hereto provided that the Charter School enters into a new continuing disclosure agreement with a dissemination agent with terms similar to those set forth in this Agreement.

Section 10. Dissemination Agent. So long as the Bonds are outstanding, the Charter School shall appoint and continuously engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement. The Charter School hereby appoints Digital Assurance Certification, LLC as Dissemination Agent, and the Dissemination Agent hereby accepts such appointment. The Dissemination Agent hereby agrees to notify the Charter School 30 days prior to the required dissemination of disclosure filings pursuant to Sections 4 and 11 hereof. The Dissemination Agent additionally agrees to disseminate the information required by Sections 4 and 11 hereof, and any information provided to the Dissemination Agent under Section 5 hereof, pursuant to the terms of this Agreement.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the Charter School from disseminating any other information, including such information to be disseminated pursuant to Section 10.09 of the Lease, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Charter School chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Charter School shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Charter School, the Dissemination Agent, if any, the Authority, the Trustee and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The Charter School shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Assignment. The Charter School shall not transfer its obligations under this Agreement unless the transferee agrees to assume all obligations of the Charter School under this Agreement or to execute a continuing disclosure agreement under the Rule.

Section 15. Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 16. Governing Law. This Agreement shall be governed by the laws of the State.

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data exclusive of Audited Financial Statements set forth below. All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Charter School shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 180 days after the last day of the Charter School’s fiscal year. Audited Financial Statements prepared as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the Charter School.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, including for this purpose a change made to the fiscal year-end of the Obligated Person, the Charter School will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

The Annual Financial Information shall be of the general type included in “APPENDIX A—THE CHARTER SCHOOL” section of the Official Statement provided in the following tables, but subject to adjustments as may be noted below:

Staff Composition

	[Fiscal Year]
Full Time:	
Administrators and Support Staff	
Instructors	
Special Education	
Counseling	
Office Support	
Facilities	
Sub-Total	
Part Time:	
Administrators and Support Staff	
Instructors	
Special Education	
Sub-Total	
Total	

Degree Held	Percent Holding Degree
Bachelor's	
Bachelor's plus	
Master's	
Master's plus	
No degree	
Total	100%

Teacher Retention Rates

Year	Percent Retained
From [FY] to [FY]	

Current Enrollment

Grade	[Fiscal Year]
Homeschool	
Kindergarten	
1st grade	
2nd grade	
3rd grade	
4th grade	
5th grade	
6th grade	
7th grade	
8th grade	
9th grade	
10th grade	
11th grade	
12th grade	
Total	

Waitlist Statistics

Grade	[Fiscal Year]
Homeschool	
Kindergarten	
1st grade	
2nd grade	
3rd grade	
4th grade	
5th grade	
6th grade	
7th grade	
8th grade	
9th grade	
10th grade	
11th grade	
12th grade	
Total	

Historical Graduation Rates

Grade	[Fiscal Year]
8th grade	
12 th grade	

Student Retention Rates

Grade	[Fiscal Year]
Homeschool	
Kindergarten	
1st grade	
2nd grade	
3rd grade	
4th grade	
5th grade	
6th grade	
7th grade	
8th grade	
9th grade	
10th grade	
11th grade	
12th grade	
Total	

Distribution of Students by Municipality

**[Fiscal
Year]**

Total 100.00%

**[FISCAL YEAR] CMAS Scores
Percentage of Students that Scored at Meets or Exceeds**

English/Language Arts

	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Tenth
State								
District								
School								

Mathematics

	Third	Fourth	Fifth	Sixth	Seventh	Eighth
State						
District						
School						

Algebra

	I	II
State		
District		
School		

Science

	5th	8th
State		
District		
School		

[*OR OTHER STATE MANDATED TESTING RESULTS]

Historical Per Pupil Revenue

School Year	PPR Rate	Percent Change from [PRIOR SCHOOL YEAR]
	\$	%

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Charter School*
13. The consummation of a merger, consolidation or acquisition involving the Charter School or the sale of all or substantially all of the assets of the Charter School, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Charter School in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Charter School, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Charter School.

FORM OF CONTINUING DISCLOSURE AGREEMENT
CONTINUING DISCLOSURE AGREEMENT
OF THE CORPORATION
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (B)(5) OF SEC RULE 15c2-12, AS AMENDED

This Continuing Disclosure Agreement (this “Agreement”) is executed and delivered by and between the Frontier Academy Facilities Corporation, a Colorado nonprofit corporation (the “Corporation”) and Digital Assurance Certification LLC, as Dissemination Agent, in connection with the issuance by the Colorado Educational and Cultural Facilities Authority (the “Authority”) of \$21,850,000 aggregate principal amount of Charter School Refunding and Improvement Revenue Bonds (Frontier Academy Project), Series 2016 (the “Bonds”). The Bonds are being issued pursuant to a Indenture of Trust, dated as of July 1, 2016 (the “Indenture”), by and between the Authority and BOKF, NA dba Colorado State Bank and Trust, as trustee thereunder (the “Trustee”). In connection with the issuance of the Bonds, the Corporation will enter into a Loan and Security Agreement, dated as of July 1, 2016 (the “Loan Agreement”), by and between the Corporation and the Authority. Capitalized terms used but not otherwise defined shall have the meanings assigned thereto in the Indenture.

In consideration of the issuance of the Bonds by the Authority and the purchase of such Bonds by the owners thereof, the Corporation hereby covenants and agrees as follows:

Section 1. Purpose of This Agreement. This Agreement is executed and delivered by the Corporation as of the date set forth below, for the benefit of the holders and owners (the “Bondholders”) of the Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the requirements of the Rule (as defined below).

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited consolidated financial statements of the Corporation described in Section 8.04 of the Loan Agreement, prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means Digital Assurance Certification LLC, or any successor in interest thereto.

“*EMMA*” means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Material Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

“*Material Events Disclosure*” means dissemination of a notice of a Material Event as set forth in Section 5.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Material Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Colorado.

Section 3. CUSIP Number/Final Official Statement. The base CUSIP^{1,©} Number of the Bonds is 19645R. The final Official Statement relating to the Bonds is dated June 17, 2016.

Section 4. Annual Financial Information Disclosure. Subject to Section 10 of this Agreement, the Corporation hereby covenants that it will disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below and in Exhibit I) by the Corporation’s delivery of such Annual Financial Information and the Audited Financial Statements to the MSRB within 180 days of the completion of the Corporation’s fiscal year (the “Annual Filing Date”), only if required by Sections 8.04 and 8.05 of the Loan Agreement.

The Corporation is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Corporation will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to the MSRB) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

¹ The Authority, Charter School and Corporation take no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

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Section 5. Material Events Disclosure. Subject to Section 10 of this Agreement, the Corporation hereby covenants that it will disseminate in a timely manner, not in excess of 10 Business Days after the occurrence of the event, Material Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Bonds pursuant to the Indenture. From and after the Effective Date, the Corporation is required to deliver such Material Events Disclosure in the same manner as provided by Section 4 of this Agreement.

Section 6. Duty To Update EMMA/MSRB. The Corporation shall determine, in the manner it deems appropriate, whether there has occurred a change in the MSRB's e-mail address or filing procedures and requirements under EMMA each time it is required to file information with the MSRB.

Section 7. Consequences of Failure of the Corporation To Provide Information. The Corporation shall give notice in a timely manner, not in excess of 10 Business Days after the occurrence of the event, to the MSRB in Prescribed Form of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

If the Dissemination Agent has not received Annual Financial Information and the Audited Financial Statements by 6:00 p.m., Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter), a failure to file event shall have occurred and the Corporation irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB without reference to the anticipated filing date for the Annual Financial Information and the Audited Financial Statements.

In the event of a failure of the Corporation to comply with any provision of this Agreement, the Bondholder of any Bond may seek specific performance by court order to cause the Corporation to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture or the Loan Agreement or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Corporation to comply with this Agreement shall be an action to compel performance.

Section 8. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the Corporation may amend this Agreement, and any provision of this Agreement may be waived, if:

(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Corporation or type of business conducted;

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Bonds, as determined either by parties unaffiliated with the Authority or the Corporation (such as the Trustee) or by an approving vote of the Bondholders of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the Corporation or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or

(iv) The amendment or waiver is otherwise permitted by the Rule.

Section 9. Termination of Agreement. This Agreement shall be terminated hereunder when the Corporation shall no longer have any legal liability for any obligation on or relating to the repayment of the Bonds. The Corporation shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

Section 10. Dissemination Agent. The Corporation must appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement. The Corporation hereby appoints Digital Assurance Certification LLC as Dissemination Agent, and the Dissemination Agent hereby accepts such appointment. The Dissemination Agent hereby agrees to notify the Corporation 30 days prior to the required dissemination of disclosure filings pursuant to Section 4 hereof. The Dissemination Agent additionally agrees to disseminate the information required by Section 4 and any information provided to the Dissemination Agent under Sections 5 and 11 hereof pursuant to the terms of this Agreement.

Section 11. Additional Information. Nothing in this Agreement shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Corporation chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the Corporation shall not have any obligation under this Agreement to update such information or include it in any future disclosure or notice of the occurrence of a Material Event.

Section 12. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Corporation, the Dissemination Agent, if any, the Authority, the Trustee and the Bondholders of the Bonds, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The Corporation shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 14. Assignment. The Corporation shall not transfer its obligations under this Agreement unless the transferee agrees to assume all obligations of the Corporation under this Agreement or to execute a new continuing disclosure agreement under the Rule.

Section 15. Electronic Transactions. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 16. Governing Law. This Agreement shall be governed by the laws of the State.

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data exclusive of Audited Financial Statements as set forth below of the type appearing or incorporated by reference under Sections 8.04 and 8.05 of the Loan Agreement.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Corporation shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 180 days after the last day of the Corporation’s fiscal year. Audited Financial Statements prepared as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 Business Days after availability to the Corporation.

Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, including for this purpose a change made to the fiscal year-end of the Obligated Person, the Corporation will disseminate a notice to the MSRB of such change in Prescribed Form as required by such Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Nonpayment-related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Corporation*
13. The consummation of a merger, consolidation or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

APPENDIX G

ECONOMIC AND DEMOGRAPHIC INFORMATION

APPENDIX G

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the area within which the Charter School is located. The statistics presented below have been obtained from the referenced sources and represent the most current information available from such sources; however, certain of the information is released only after a significant amount of time has passed since the most recent date of the reported data and therefore, such information may not be indicative of economic and demographic conditions as they currently exist or conditions which may be experienced in the near future. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information not presented herein may be available concerning the area in which the Charter School is located and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the Charter School or its officers, employees, or advisors.*

Population

The following table sets forth population statistics for the City of Greeley (the “City”), Weld County (the “County”) and the State of Colorado (the “State”).

Year	Population					
	City of Greeley	Percent Change	Weld County	Percent Change	Colorado	Percent Change
1970	38,902	--	89,297	--	2,207,259	--
1980	53,006	36.26%	123,438	38.23%	2,889,964	30.93%
1990	60,454	14.05	131,821	6.79	3,294,394	13.99
2000	76,930	27.25	180,936	37.26	4,301,261	30.56
2010	92,889	20.74	252,825	39.73	5,029,196	16.92
2014 ¹	98,666	6.22	276,079	9.20	5,353,471	6.45

¹ Estimate.

Sources: U.S. Department of Commerce, Bureau of the Census, and Colorado Division of Local Government, Demography Section

Housing Stock

The following table sets forth a comparison of housing units within the City and the County.

	Housing Units		
	2000	2010	2014
City of Greeley	28,972	36,323	36,980
Weld County	66,194	96,281	100,640

Source: United States Department of Commerce, Bureau of the Census

Education

The following table sets forth enrollment figures for the District.

History of School Enrollment

Fiscal Year	Student Enrollment	Percent Change
2011-2012	19,840	--
2012-2013	19,821	(0.1)%
2013-2014	20,450	3.2
2014-2015	21,183	3.6
2015-2016	21,505	1.5

Source: Colorado Department of Education

Income

The following tables set forth historical median household effective buying income (“EBI”), the percentage of households by classification of EBI and per capita personal income for the County, the State and the United States.

Median Household Effective Buying Income ¹

	2012	2013	2014	2015	2016
Weld County	\$40,625	\$39,522	\$45,591	\$49,311	\$52,579
State of Colorado	43,515	43,718	47,469	49,949	52,345
United States	41,253	41,358	43,715	45,448	46,738

¹ Calculated as of January 1.

Source: The Nielsen Company, *Site Reports*, 2012-2016

Percent of Households by Effective Buying Income Groups—2016 ¹

	Less Than \$25,000	\$25,000- \$49,999	\$50,000- \$99,999	\$100,000- \$149,999	\$150,000 or more
Weld County	19.74%	27.99%	36.97%	10.87%	4.41%
State of Colorado	20.38	27.70	33.85	11.61	6.45
United States	24.81	28.82	31.30	9.45	5.62

¹ May not total 100% due to rounding. As of January 1.

Source: The Nielsen Company, *Site Reports*, 2016

Per Capita Personal Income

	2010	2011	2012	2013	2014
Weld County	\$32,660	\$34,282	\$36,034	\$36,838	\$38,664
State of Colorado	41,877	44,349	46,402	46,746	48,869
United States	40,277	42,453	44,266	44,438	46,049

Source: United States Department of Commerce, Bureau of Economic Analysis

Building Permit Activity

Set forth hereafter is a five year history of building permit activity in the City.

Building Permit Activity in the City

Year	Single-Family		Multi-Family		Commercial/Industrial	
	Permits	Value	Permits	Value	Permits	Value
2011	35	\$ 5,412,727	2	\$ 723,707	17	\$32,946,120
2012	55	8,729,064	6	4,117,538	9	49,259,303
2013	155	23,332,659	140	26,207,094	15	28,170,903
2014	361	58,891,310	208	38,421,203	37	34,692,350
2015	449	74,046,922	290	53,335,909	32	21,622,922
2016 ¹	106	17,529,330	77	14,681,891	3	1,126,935

¹ Building permits issued through March 31, 2016.

Source: City of Greeley, Building Inspection Division

Foreclosure Activity

Foreclosure actions are commenced when a default on a deed of trust has occurred, usually when buyers fail to make timely payments in accordance with a promissory note. Set forth below is a history of the number of foreclosure actions filed by the County Public Trustee's Office over the past five years.

History of Foreclosures

Year	Number of Foreclosures Filed	Percent Change
2011	1,919	--
2012	1,579	(17.72)%
2013	820	(48.07)
2014	602	(26.59)
2015	427	(29.07)
2016 ¹	118	--

¹ Foreclosures filed through March 31, 2016.

Sources: Weld County Public Trustee's Office

Retail Sales

The retail trade sector employs a large portion of the County's work force and is important to the area's economy. The following table sets forth retail sales figures for the City, the County and the State as reported by the State.

Retail Sales					
Year	Greeley	Percent Change	Weld County	City As a Percent of County	State of Colorado
2010	\$2,719,655,881	--	\$ 6,024,013,854	45.15%	\$143,670,319,384
2011	3,301,930,990	21.41%	7,454,857,643	44.29	154,697,942,972
2012	3,337,325,375	1.07	8,372,182,231	39.86	164,387,648,458
2013	3,574,065,403	7.09	9,703,732,058	36.83	172,784,033,081
2014	3,998,981,162	11.89	11,663,178,783	34.29	182,374,956,947
2015 ¹	2,056,493,135	--	5,425,183,378	37.91	87,097,250,453

¹ Retail sales through June 30, 2015.

Source: State of Colorado, Department of Revenue, Sales Tax Statistics, 2010-2015

Employment

The following tables set forth employment statistics by industry for the County and the most recent historical labor force estimates for the County and the State.

Total Business Establishments and Employment—Weld County						
Industry¹	Third Quarter 2014		Third Quarter 2015		Quarterly Change	
	Units	Average Employment	Units	Average Employment	Units	Average Employment
Agriculture, forestry, fishing and hunting	216	3,868	226	4,094	10	226
Mining	200	8,732	251	7,013	51	(1,719)
Utilities	29	326	29	326	0	0
Construction	841	10,193	916	9,671	75	(522)
Manufacturing	304	11,896	311	12,604	7	708
Wholesale trade	451	4,038	462	4,132	11	94
Retail trade	609	9,217	631	9,889	22	672
Transportation and warehousing	348	3,624	400	3,720	52	96
Information	78	646	81	667	3	21
Finance and insurance	333	3,033	345	3,091	12	58
Real estate and rental and leasing	242	1,224	271	1,276	29	52
Professional and technical services	684	2,335	756	2,511	72	176
Management of companies and enterprises	43	1,327	56	1,499	13	172
Administrative and waste services	365	6,404	378	5,996	13	(408)
Educational services	61	391	70	461	9	70
Healthcare and social assistance	432	8,162	448	8,688	16	526
Arts, entertainment, and recreation	70	1,013	72	1,079	2	66
Accommodation and food services	401	7,199	423	7,647	22	448
Other services, except public administration	409	2,170	464	2,323	55	153
Non-classifiable	28	24	11	12	(17)	(12)
Government	<u>150</u>	<u>14,184</u>	<u>150</u>	<u>14,647</u>	<u>0</u>	<u>463</u>
Total	<u>6,294</u>	<u>100,005</u>	<u>6,751</u>	<u>101,346</u>	<u>457</u>	<u>1,341</u>

¹ Information provided herein reflects only those employers who are subject to State unemployment insurance law.

Source: Colorado Department of Labor and Employment, Labor Market Information

Labor Force Estimates

Year	Weld County		Colorado	
	Labor Force	Percent Unemployed	Labor Force	Percent Unemployed
2011	\$134,285	8.6%	\$2,736,079	8.4%
2012	137,021	7.8	2,759,437	7.9
2013	139,744	6.6	2,780,536	6.8
2014	146,108	4.5	2,815,200	5.0
2015	147,984	3.8	2,828,529	3.9
2016 ¹	147,119	3.3	2,832,771	3.2

¹ Labor force averages estimated through January 31, 2016.

Source: State of Colorado, Division of Employment and Training

The following table sets forth selected major employers in the County. No independent investigation has been made of and no representation is made herein as to the stability or financial condition of the listed entities, or the likelihood that they will maintain their status as major employers in the area.

2014 Selected Major Employers in Weld County¹

Firm	Product or Service	Estimated Number of Employees
JBS Swift Beef Company	Meat Processing and Transportation	4,654
State of Colorado (includes University of Northern Colorado)	Higher Education	3,811
Banner Health (NMC)	Regional Hospital	2,885
Weld County School District RE-6	Education	2,400
Vestas	Wind Turbine & Blade Manufacturer	2,150
State Farm Insurance Companies	Insurance Operations	1,790
Weld County	County Government	1,447
Halliburton Energy Services Inc.	Oil and Gas Exploration	1,030
Greeley (City of)	Municipal Government	850
Select Energy Services	Water Solutions to Oilfield Operators	752

¹ Most recent information available.

Source: Weld County CAFR - Upstate Colorado Economic Development

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APPENDIX H
BOOK-ENTRY-ONLY SYSTEM

APPENDIX H

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company (“DTC”) New York, New York and DTC’s book-entry-only system has been obtained from DTC, and the Authority, Corporation, Charter School, Trustee and the Underwriter take no responsibility for the accuracy thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, as set forth on the cover page hereof, in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation & Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book entry-system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership.

DTC has no knowledge of the actual Beneficial Owners of Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender or Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Tender or Remarketing Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit for tendered Bonds to Tender or Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the

event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

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