



120 Malabar Road, SE - Palm Bay, FL 32907 (321-952-3400)

Mayor
JOHN J. MAZZIOTTI

Deputy Mayor
MILO ZONKA

Councilmembers
KRISTINE ISNARDI
MICHELE PACCIONE
WILLIAM CAPOTE

AGENDA

SPECIAL COUNCIL MEETING NO. 2008-35 MONDAY

(CONTINUATION)

November 24, 2008 - 6:30 P.M.
City Hall Council Chambers

NOTE: THIS MEETING WAS TENTATIVELY CONTINUED TO MONDAY, NOVEMBER 17, 2008, AND WAS CANCELLED. THE FOLLOWING TENTATIVE MEETING DATE OF WEDNESDAY, NOVEMBER 19, 2008, HAS BEEN CANCELLED. THE MEETING HAS BEEN CONTINUED TO THE ABOVE STATED DATE AND TIME.

CALL TO ORDER:

ROLL CALL:

BUSINESS:

1. Consideration of Palm Bay Community Charter School finance restructuring.

ADJOURNMENT:

If an individual decides to appeal any decision made by the City Council with respect to any matter considered at this meeting, a record of the proceedings will be required and the individual will need to ensure that a verbatim transcript of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based (FS 286.0105). Such person must provide a method for recording the proceedings verbatim.

In accordance with the Americans with Disabilities Act, persons needing special accommodations for this meeting shall, at least 48 hours prior to the meeting, contact the Office of the City Clerk at (321) 952-3414 or Florida Relay System at 711.

THIS MEETING IS BROADCAST LIVE ON THE CITY'S WEBSITE.

Palm Bay Community Charter School FY07 - FY48
\$400,000 Mgmt Fee above the line to CSUSA, No Upfront

Enrollment Increases @ 75 Per Year

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
	Audited Actuals	Audited Actuals	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Targeted Student Enrollment	1,050	1,159	765	842	995	995	1,069	1,144	1,221	1,296	1,374	1,450	1,450	1,450	1,450
Actual/Projected Student Enrollment	750	943	750	825	902	975	1,048	1,121	1,197	1,270	1,347	1,421	1,421	1,421	1,421
Forecasted FTE Per Student	\$ 5,914	\$ 6,441	\$ 6,059	\$ 6,059	\$ 6,240	\$ 6,428	\$ 6,620	\$ 6,819	\$ 7,024	\$ 7,234	\$ 7,451	\$ 7,675	\$ 7,905	\$ 8,142	\$ 8,387
Forecasted Capital Outlay Rev Per Student	\$ -	\$ -	\$ -	\$ 600	\$ 540	\$ 486	\$ 437	\$ 675	\$ 608	\$ 547	\$ 492	\$ 443	\$ 783	\$ 705	\$ 634
Revenues:															
State Capitation (Includes Transportation)	4,435,691	6,074,218	4,543,988	4,998,387	5,628,850	6,267,575	6,935,717	7,641,648	8,404,343	9,188,198	10,033,427	10,906,058	11,233,239	11,570,236	11,917,343
Fed./State Grants	25,000	128,750	128,750	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay Revenue	-	-	-	495,000	487,080	473,899	458,229	756,767	727,251	694,730	662,889	629,599	1,112,450	1,001,205	901,084
PreK Revenue	-	104,995	91,200	93,936	96,754	99,657	102,646	105,726	108,898	112,164	115,529	118,995	122,565	126,242	130,029
Before/Aftercare Revenue	156,717	183,028	171,128	189,338	207,009	230,631	254,572	280,785	308,215	327,147	357,743	388,274	388,274	388,274	388,274
Food Service Revenue	83,655	269,060	334,473	367,538	413,896	460,998	510,433	562,212	618,285	676,043	738,449	803,006	803,006	803,006	803,006
Total Earned Capitation	4,701,063	6,760,051	5,269,539	6,144,199	6,833,589	7,532,759	8,261,597	9,347,138	10,166,991	10,998,282	11,908,038	12,845,932	13,659,534	13,888,963	14,139,737
Board Fee Refund to be Used for CAPEX	70,534	130,580	75,733	98,453	125,432	152,688	181,275	211,606	244,626	278,551	315,387	353,430	364,033	374,954	386,202
Contribution from CSUSA	232,647	214,528	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	58,191	31,557	21,076	16,686	17,187	17,702	18,233	18,780	19,344	19,924	20,522	21,137	21,771	22,425	23,097
Reinvested Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	5,062,435	7,136,716	5,366,348	6,259,338	6,976,208	7,703,149	8,461,105	9,577,524	10,430,961	11,296,757	12,243,946	13,220,499	14,045,338	14,286,342	14,549,037
Expenses:															
Instruction Expense	2,819,841	3,084,517	2,801,162	2,893,327	2,997,715	3,633,078	3,932,574	4,222,400	4,698,991	4,900,537	5,237,035	5,757,706	5,925,782	6,098,901	6,277,213
Administrative Expenses	742,339	847,871	910,184	934,712	962,605	991,331	1,127,846	1,161,531	1,196,227	1,248,257	1,285,555	1,323,972	1,363,541	1,404,297	1,446,276
Professional Services	18,838	124,024	104,139	67,519	68,495	68,495	54,500	55,535	56,601	57,699	58,830	49,994	51,194	52,430	53,703
District Fee	222,425	299,405	227,199	249,919	281,442	313,379	346,786	382,082	420,217	459,410	501,671	545,303	561,662	578,512	595,867
Vendor Fee	440,831	934,209	1,033,422	1,144,470	1,268,007	1,335,875	1,468,971	1,544,400	1,690,648	1,843,272	1,934,798	2,029,309	2,069,470	2,110,837	2,153,444
Facility Expenses	188,228	241,758	269,342	277,422	285,745	294,317	303,147	312,241	321,608	331,257	341,194	351,430	361,973	372,832	384,017
FF&E Expenses	38,658	176,476	62,954	175,000	225,000	175,000	175,000	175,000	175,000	175,000	225,000	175,000	175,000	175,000	175,000
Repair and Replacement Fund	175,000	325,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Management Fee CSUSA +3%/yr	-	-	400,000	412,000	424,360	437,091	450,204	463,710	477,621	491,950	506,708	521,909	537,567	553,694	570,304
Other Operating Expenses	59,424	54,805	59,759	61,552	63,398	65,300	67,259	69,277	71,355	73,496	75,701	77,972	80,311	82,720	85,202
Total Expenses	4,705,584	6,088,065	5,868,161	6,215,921	6,576,768	7,313,867	7,926,285	8,436,176	9,108,269	9,580,877	10,166,492	10,832,595	11,126,500	11,429,223	11,741,027
Net Operating Income Prior to Debt Service	356,851	1,048,651	(501,813)	43,417	399,440	389,283	534,820	1,141,348	1,322,692	1,715,880	2,077,454	2,387,904	2,918,838	2,857,119	2,808,010
Remaining 2005 Bond Debt Service	-	-	223,834	332,800	332,550	335,275	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Restructured Bond Debt Service	-	1,055,511	-	774,433	1,327,600	1,327,600	1,327,600	1,385,100	1,545,433	1,545,500	1,545,967	1,544,667	1,545,700	1,544,733	1,542,600
Net Income/(Deficit)	356,851	(6,860)	(725,647)	(1,063,816)	(1,260,710)	(1,273,592)	(845,280)	(276,252)	(275,241)	116,880	478,987	790,737	1,320,638	1,259,886	1,212,910
Incentive Management Fee (25% Net Income)	-	-	-	-	-	-	-	-	-	29,220	119,747	197,684	330,159	314,971	303,227
Remaining Net Income	356,851	(6,860)	(725,647)	(1,063,816)	(1,260,710)	(1,273,592)	(845,280)	(276,252)	(275,241)	87,660	359,240	593,053	990,478	944,914	909,682
Operating Reserve	-	-	5,764,299	5,153,938	4,193,201	3,016,355	1,803,090	993,872	737,497	477,006	486,547	496,277	496,277	-	-
Operating Reserve Income @ 2.0%	-	-	115,286	103,079	83,864	60,327	36,062	19,877	14,750	9,540	9,731	-	-	-	-
Operating Reserve Used	-	-	725,647	1,063,816	1,260,710	1,273,592	845,280	276,252	275,241	-	-	496,277	-	-	-
Remaining Operating Reserve	-	-	5,153,938	4,193,201	3,016,355	1,803,090	993,872	737,497	477,006	486,547	496,277	-	-	-	-
Cash Balance (Deficit)	-	-	-	-	-	-	-	-	-	87,660	446,900	-	-	-	-
DSCR Prior to Operating Reserve	-	-	-	-	0.24	0.23	0.39	0.81	0.83	1.07	1.30	1.50	1.83	1.79	1.76
Fund DSRF @ MADS from Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	1,536,231	31,169	-	-
Cash Flow Note:															
City Principal	-	-	3,900,000	4,047,875	4,310,987	4,591,201	4,889,629	5,207,455	5,545,940	5,906,426	6,290,343	6,699,216	7,134,665	7,092,382	7,054,945
City Interest	-	-	147,875	263,112	280,214	298,428	317,826	338,485	360,486	383,918	408,872	435,449	463,753	461,005	458,571
Bondholders Principal	-	-	5,147,625	5,342,806	5,690,088	6,059,944	6,453,840	6,873,340	7,320,107	7,795,914	8,302,648	8,842,320	9,417,071	9,669,440	9,943,611
Bondholders Interest	-	-	195,181	347,282	369,856	393,896	419,500	446,767	475,807	506,734	539,672	574,751	612,110	628,514	646,335
CSUSA Principal	-	-	1,335,000	1,385,619	1,475,684	1,571,603	1,673,758	1,782,552	1,898,418	2,021,815	2,153,233	2,293,193	2,442,251	2,507,464	2,578,320
CSUSA Interest	-	-	50,619	90,065	95,919	102,154	108,794	115,866	123,397	131,418	139,960	149,058	158,746	162,985	167,591
Cash Flow Note Distribution:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
City of Palm Bay (top 25%)	-	-	-	-	-	-	-	-	-	-	-	-	-	239,827	227,421
Bondholders (50% of remaining 50%)	-	-	-	-	-	-	-	-	-	-	-	-	-	359,741	341,131
City of Palm Bay (37% of remaining 50%)	-	-	-	-	-	-	-	-	-	-	-	-	-	266,208	252,437
CSUSA (13% of remaining 50%)	-	-	-	-	-	-	-	-	-	-	-	-	-	93,533	88,694
Remaining Balance of Cash Flow Note	-	-	10,382,625	10,776,300	11,476,759	12,222,748	13,017,227	13,863,347	14,764,464	15,724,154	16,746,224	17,834,729	18,993,986	19,269,286	19,576,875

Palm Bay Community Charter School
\$400,000 Mgmt Fee above the line to CSUSA, No U

	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Targeted Student Enrollment	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Actual/Projected Student Enrollment	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421
Forecasted FTE Per Student	\$ 8,638	\$ 8,897	\$ 9,164	\$ 9,439	\$ 9,722	\$ 10,014	\$ 10,314	\$ 10,624	\$ 10,943	\$ 11,271	\$ 11,609	\$ 11,957	\$ 12,316	\$ 12,685	\$ 13,066
Forecasted Capital Outlay Rev Per Student	\$ 571	\$ 514	\$ 908	\$ 817	\$ 735	\$ 662	\$ 595	\$ 1,052	\$ 947	\$ 852	\$ 767	\$ 690	\$ 1,220	\$ 1,098	\$ 988
Revenues:															
State Capitation (Includes Transportation)	12,274,864	12,643,110	13,022,403	13,413,075	13,815,467	14,229,931	14,656,829	15,096,534	15,549,430	16,015,913	16,496,391	16,991,282	17,501,021	18,026,051	18,566,833
Fed./State Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay Revenue	810,976	729,878	1,289,634	1,160,671	1,044,604	940,143	846,129	1,495,039	1,345,535	1,210,982	1,089,884	980,895	1,733,160	1,559,844	1,403,860
PreK Revenue	133,930	137,948	142,087	146,349	150,740	155,262	159,920	164,717	169,659	174,749	179,991	185,391	190,953	196,681	202,582
Before/Aftercare Revenue	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274
Food Service Revenue	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006
Total Earned Capitation	14,411,050	14,702,216	15,645,404	15,911,375	16,202,091	16,516,616	16,854,158	17,947,571	18,255,904	18,592,924	18,957,545	19,348,848	20,616,414	20,973,857	21,364,554
Board Fee Refund to be Used for CAPEX	397,789	409,722	422,014	434,674	447,714	461,146	474,980	489,230	503,907	519,024	534,594	550,632	567,151	584,166	601,691
Contribution from CSUSA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	23,790	24,504	25,239	25,996	26,776	27,579	28,407	29,259	30,137	31,041	31,972	32,931	33,919	34,937	35,985
Reinvested Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	14,832,629	15,136,442	16,092,657	16,372,045	16,676,581	17,005,342	17,357,545	18,466,059	18,789,948	19,142,988	19,524,112	19,932,412	21,217,484	21,592,959	22,002,230
Expenses:															
Instruction Expense	6,460,874	6,650,045	6,844,892	7,045,584	7,252,296	7,465,210	7,684,512	7,910,392	8,143,049	8,382,685	8,629,511	8,883,741	9,145,598	9,415,311	9,693,116
Administrative Expenses	1,489,514	1,534,050	1,579,921	1,627,169	1,675,834	1,725,959	1,777,588	1,830,765	1,885,538	1,941,954	2,000,063	2,059,915	2,121,562	2,185,059	2,250,461
Professional Services	55,014	56,365	57,755	59,188	60,664	62,184	63,749	65,362	67,023	68,733	70,495	72,310	74,179	76,105	78,088
District Fee	613,743	632,155	651,120	670,654	690,733	711,497	732,841	754,827	777,472	800,796	824,820	849,564	875,051	901,303	928,342
Vendor Fee	2,197,330	2,242,532	2,289,091	2,337,046	2,386,440	2,437,315	2,489,717	2,543,691	2,599,285	2,656,546	2,715,524	2,776,273	2,838,843	2,903,291	2,969,672
Facility Expenses	395,538	407,404	419,626	432,215	445,181	458,537	472,293	486,462	501,055	516,087	531,570	547,517	563,942	580,861	598,286
FF&E Expenses	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Repair and Replacement Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior Management Fee CSUSA +3%/yr	587,413	605,036	623,187	641,883	661,139	680,973	701,402	722,444	744,118	766,441	789,435	813,118	837,511	862,637	888,516
Other Operating Expenses	87,758	90,391	93,103	95,896	98,773	101,736	104,788	107,931	111,169	114,504	117,940	121,478	125,122	128,876	132,742
Total Expenses	12,062,185	12,392,978	12,733,695	13,084,634	13,446,100	13,818,411	14,201,890	14,596,875	15,003,708	15,422,747	15,854,357	16,298,915	16,756,810	17,228,442	17,714,223
Net Operating Income Prior to Debt Service	2,770,443	2,743,464	3,358,961	3,287,412	3,230,481	3,186,931	3,155,655	3,869,185	3,786,240	3,720,241	3,669,755	3,633,497	4,460,674	4,364,517	4,288,007
Remaining 2005 Bond Debt Service	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Restructured Bond Debt Service	1,542,400	1,540,633	1,540,400	1,538,200	1,537,133	1,533,700	1,531,833	1,531,133	1,531,200	1,530,800	1,526,433	1,522,867	1,522,800	1,520,667	1,514,633
Net Income/(Deficit)	1,175,543	1,150,331	1,766,061	1,696,712	1,640,848	1,600,731	1,571,322	2,285,552	2,202,540	2,138,941	2,090,822	2,058,130	2,885,374	2,791,350	2,720,874
Incentive Management Fee (25% Net Income)	293,886	287,583	441,515	424,178	410,212	400,183	392,830	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Remaining Net Income	881,657	862,748	1,324,546	1,272,534	1,230,636	1,200,548	1,178,491	1,785,552	1,702,540	1,638,941	1,590,822	1,558,130	2,385,374	2,291,350	2,220,874
Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Income @ 2.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Used	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remaining Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Balance (Deficit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DSCR Prior to Operating Reserve	1.74	1.72	2.11	2.07	2.03	2.01	1.99	2.44	2.39	2.35	2.32	2.31	2.83	2.77	2.74
Fund DSRF @ MADS from Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Note:															
City Principal	7,033,659	7,025,772	7,027,348	6,785,427	6,555,218	6,332,147	6,110,447	5,885,972	5,326,681	4,774,826	4,221,703	3,656,955	3,072,744	2,014,188	-
City Interest	457,188	456,675	456,778	441,053	426,089	411,590	397,179	382,588	346,234	310,364	274,411	237,702	199,728	130,922	-
Bondholders Principal	10,248,814	10,584,366	10,948,819	11,163,787	11,412,233	11,692,540	12,002,349	12,340,568	12,473,123	12,645,423	12,853,523	13,092,444	13,359,154	13,332,984	13,323,649
Bondholders Interest	666,173	687,984	711,673	725,646	741,795	760,015	780,153	802,137	810,753	821,953	835,479	851,009	868,345	866,644	866,037
CSUSA Principal	2,657,217	2,743,974	2,838,215	2,893,556	2,957,565	3,029,819	3,109,704	3,196,932	3,230,641	3,274,635	3,327,885	3,389,092	3,457,466	3,449,627	3,446,001
CSUSA Interest	172,719	178,358	184,484	188,081	192,242	196,938	202,131	207,801	209,992	212,851	216,313	220,291	224,735	224,226	223,990
Cash Flow Note Distribution:	881,657	862,748	1,324,546	1,272,534	1,230,636	1,200,548	1,178,491	1,785,552	1,702,540	1,638,941	1,590,822	1,558,130	2,385,374	2,291,350	2,220,874
City of Palm Bay (top 25%)	220,414	215,687	331,137	318,133	307,659	300,137	294,623	446,388	425,635	409,235	397,705	389,532	596,343	572,838	-
Bondholders (50% of remaining 50%)	330,622	323,531	496,705	477,200	461,489	450,206	441,934	669,582	638,452	613,853	596,558	584,299	894,515	875,978	1,754,491
City of Palm Bay (37% of remaining 50%)	244,660	239,413	367,562	353,128	341,502	333,152	327,031	495,491	472,455	454,251	441,453	432,381	661,941	614,683	-
CSUSA (13% of remaining 50%)	85,962	84,118	129,143	124,072	119,987	117,053	114,903	174,091	165,998	159,602	155,105	151,918	232,574	227,852	466,384
Remaining Balance of Cash Flow Note	19,939,690	20,354,112	20,814,381	20,842,770	20,925,016	21,054,506	21,222,501	21,423,472	21,030,445	20,694,885	20,403,111	20,138,491	19,889,364	18,796,798	16,769,650

Palm Bay Community Charter School
\$400,000 Mgmt Fee above the line to CSUSA, No U

	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Targeted Student Enrollment	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Actual/Projected Student Enrollment	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421	1,421
Forecasted FTE Per Student	\$ 13,458	\$ 13,862	\$ 14,278	\$ 14,706	\$ 15,147	\$ 15,602	\$ 16,070	\$ 16,552	\$ 17,048	\$ 17,560	\$ 18,086	\$ 18,629
Forecasted Capital Outlay Rev Per Student	\$ 889	\$ 800	\$ 1,414	\$ 1,273	\$ 1,145	\$ 1,031	\$ 928	\$ 1,639	\$ 1,475	\$ 1,328	\$ 1,195	\$ 1,075
Revenues:												
State Capitation (Includes Transportation)	19,123,838	19,697,553	20,288,480	20,897,134	21,524,048	22,169,769	22,834,862	23,519,908	24,225,506	24,952,271	25,700,839	26,471,864
Fed./State Grants	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay Revenue	1,263,474	1,137,126	2,009,208	1,808,287	1,627,458	1,464,712	1,318,241	2,329,222	2,096,300	1,886,670	1,698,003	1,528,203
PreK Revenue	208,659	214,919	221,366	228,007	234,848	241,893	249,150	256,624	264,323	272,253	280,420	288,833
Before/Aftercare Revenue	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274	388,274
Food Service Revenue	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006	803,006
Total Earned Capitation	21,787,251	22,240,878	23,710,334	24,124,708	24,577,634	25,067,655	25,593,533	27,297,035	27,777,409	28,302,474	28,870,542	29,480,180
Board Fee Refund to be Used for CAPEX	619,742	638,334	657,484	677,208	697,525	718,450	740,004	762,204	785,070	808,622	832,881	857,867
Contribution from CSUSA	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	37,064	38,176	39,322	40,501	41,716	42,968	44,257	45,585	46,952	48,361	49,811	51,306
Reinvested Earnings	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	22,444,057	22,917,388	24,407,139	24,842,418	25,316,875	25,829,073	26,377,794	28,104,824	28,609,431	29,159,456	29,753,235	30,389,353
Expenses:												
Instruction Expense	9,979,254	10,273,977	10,577,541	10,890,213	11,212,264	11,543,977	11,885,641	12,237,556	12,600,027	12,973,373	13,357,920	13,754,002
Administrative Expenses	2,317,825	2,387,210	2,458,676	2,532,286	2,608,105	2,686,196	2,766,634	2,849,483	2,934,817	3,022,712	3,113,243	3,206,491
Professional Services	80,131	82,234	84,401	86,634	88,933	91,301	93,740	96,252	98,839	101,504	104,250	107,077
District Fee	956,192	984,878	1,014,424	1,044,857	1,076,202	1,108,488	1,141,743	1,175,995	1,211,275	1,247,614	1,285,042	1,323,593
Vendor Fee	3,038,045	3,108,468	3,181,005	3,255,718	3,332,672	3,411,934	3,493,575	3,577,664	3,664,277	3,753,487	3,845,374	3,940,018
Facility Expenses	616,235	634,722	653,764	673,377	693,578	714,385	735,817	757,891	780,628	804,047	828,168	853,013
FF&E Expenses	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Repair and Replacement Fund	-	-	-	-	-	-	-	-	-	-	-	-
Senior Management Fee CSUSA +3%/yr	915,171	942,626	970,905	1,000,032	1,030,033	1,060,934	1,092,762	1,125,545	1,159,311	1,194,091	1,229,913	1,266,811
Other Operating Expenses	136,724	140,826	145,051	149,402	153,884	158,501	163,256	168,154	173,198	178,394	183,746	189,258
Total Expenses	18,214,577	18,729,942	19,260,767	19,807,518	20,370,671	20,950,718	21,548,167	22,163,540	22,797,374	23,450,222	24,122,657	24,815,264
Net Operating Income Prior to Debt Service	4,229,480	4,187,447	5,146,372	5,034,900	4,946,204	4,878,355	4,829,627	5,941,284	5,812,057	5,709,234	5,630,578	5,574,089
Remaining 2005 Bond Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
Restructured Bond Debt Service	1,514,833	1,512,200	-	-	-	-	-	-	-	-	-	-
Net Income/(Deficit)	2,714,647	2,675,247	5,146,372	5,034,900	4,946,204	4,878,355	4,829,627	5,941,284	5,812,057	5,709,234	5,630,578	5,574,089
Incentive Management Fee (25% Net Income)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Remaining Net Income	2,214,647	2,175,247	4,646,372	4,534,900	4,446,204	4,378,355	4,329,627	5,441,284	5,312,057	5,209,234	5,130,578	5,074,089
Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Income @ 2.0%	-	-	-	-	-	-	-	-	-	-	-	-
Operating Reserve Used	-	-	-	-	-	-	-	-	-	-	-	-
Remaining Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Cash Balance (Defect)	-	-	-	-	-	1,499,286	4,329,627	9,770,910	15,082,968	20,292,202	25,422,780	30,496,869
DSCR Prior to Operating Reserve	2.79	2.77	-	-	-	-	-	-	-	-	-	-
Fund DSRF @ MADS from Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow Note:												
City Principal	-	-	-	-	-	-	-	-	-	-	-	-
City Interest	-	-	-	-	-	-	-	-	-	-	-	-
Bondholders Principal	12,435,196	11,493,912	10,522,572	7,535,905	4,443,168	1,219,473	-	-	-	-	-	-
Bondholders Interest	808,288	747,104	683,967	489,834	288,806	79,266	-	-	-	-	-	-
CSUSA Principal	3,203,607	2,946,766	2,681,504	1,880,064	1,049,939	184,482	-	-	-	-	-	-
CSUSA Interest	208,234	191,540	174,298	122,204	68,246	11,991	-	-	-	-	-	-
Cash Flow Note Distribution:	2,214,647	2,175,247	4,646,372	4,534,900	4,446,204	2,879,069	-	-	-	-	-	-
City of Palm Bay (top 25%)	-	-	-	-	-	-	-	-	-	-	-	-
Bondholders (50% of remaining 50%)	1,749,571	1,718,445	3,670,634	3,582,571	3,512,501	1,298,738	-	-	-	-	-	-
City of Palm Bay (37% of remaining 50%)	-	-	-	-	-	-	-	-	-	-	-	-
CSUSA (13% of remaining 50%)	465,076	456,802	975,738	952,329	933,703	196,473	-	-	-	-	-	-
Remaining Balance of Cash Flow Note	15,638,803	14,440,678	13,204,076	9,415,969	5,493,106	1,403,954	-	-	-	-	-	-

Proposed Restructuring Transaction
November 10, 2008

City of Palm Bay, Florida
Educational Facilities Revenue Bonds
(Patriot Charter School Project)
\$20,175,000 Series 2006 A Tax-Exempt
\$925,000 Series B Taxable (Series 2006)

Background

It is necessary to restructure and supplement the revenue stream available to pay the above bond issue because there are inadequate revenues to operate the Patriot Charter School and to pay debt service on the 2006 bonds. The above bonds were issued by the City of Palm Bay, Florida to finance the construction of a K-8 Charter School with a student capacity of 1580 students. The school currently has an enrollment of approximately 750 students. Charter Schools USA, the management company currently operating the school, reports that as of November 2008, there will not be enough money available with the current enrollment to operate the school and pay the debt service on the 2006 Bonds. With 750 students, the school can pay their operating expenses, but no management fee or other fees to Charter Schools USA.

Proposed Solution

A proposed solution to provide Patriot with adequate resources to continue paying all of its obligations for a period of time is as follows:

1. A new Series of 2008A Bonds will be sold. All but \$750,000 of the Series 2006 A Bonds (which would remain outstanding) would be cancelled. With the exception of the \$750,000 remaining outstanding, the Series 2006A bondholders would be paid 73.5 cents on the dollar plus accrued interest on the outstanding Series 2006A Bonds, and would receive Subordinate Series 2006B Bonds for the remaining principal amount of Series 2006A Bonds surrendered..
2. The Series 2006B taxable bonds would remain outstanding. The remaining 2006A Bonds, the 2006B Bonds, and the 2008A Bonds will be at parity under the indenture.
3. The new Series 2008A tax-exempt bonds in a principal amount of \$16,595,000* would have a 30 year maturity, a coupon of 8.0% with 1 year of capitalized interest then 4 years of interest only and level amortization for the remaining 25 years.

* Preliminary, subject to change

4. The City of Palm Bay would provide \$3.9 million into an operating reserve, along with a portion of the 2006 DSRF in the amount of \$1,572,924 released from the 2006 indenture, for a total operating reserve in the amount of \$5,172,924. The operating reserve would be restricted in use to pay senior obligations of the school, which includes senior management fees and debt service, unless otherwise approved by a majority of bondholders.
5. Operating and maintenance expenses will be paid prior to debt service. Operating and maintenance expenses will include \$400,000 for management fees paid to CSUSA escalating at 3% per year.
6. Excess cash flow will be applied on a parity basis based on the following obligations:
 - A. 25% of excess cash flow will be applied to a subordinate management fee capped at \$500,000 annually.
Remaining excess cash flow will be applied in the following:
 - B. 1/3 of excess cash flow will be applied to The City of Palm Bay obligation of \$3,900,000 (consisting of cash provided by the City) accruing interest at a rate of 6.50% annually.

The remaining excess cash flow will be applied pro-rata to the obligations below:
 - C. The Series 2008B Subordinate Bonds in the amount of \$5,147,625 accruing interest at a rate of 6.50% annually. (50% of the remaining)
 - D. The City of Palm Bay obligation of \$3,900,000 (consisting of cash provided by the City) accruing interest at a rate of 6.50% annually. (37% of the remaining)
 - E. The CSUSA obligation of \$1,335,000 (consisting of accrued and unpaid management fees and cash contributions payable under an amended and restated management agreement) accruing interest at a rate of 6.50% annually. (13% of the remaining)
7. The Repair and Replacement Fund would remain in the amount of \$500,000. In the event of default, \$460,308 will be allocated to the 2008A Bonds and \$39,692 would be allocated to the remaining Series 2006A&B bonds not cancelled.
8. An additional reserve in the amount of \$500,000 would be created from the proceeds of the 2008A Bonds to fund a reserve fund to pay for marketing and technology improvements as recommended by the consultants.

9. Pursuant to the amended and restated developer fee agreement, \$2,215,777, which represents the remaining unpaid portion of the developer fees on the project, will be paid from excess cash flow after all obligations in paragraph 6 (B) through (D) are paid in full.