IMPACT PUBLIC SCHOOLS

Seattle, WA

Enrollment:	**386** students
Loan Amount:	$**11.7** million
School Savings:	$**6.5** million

Equitable Facilities Fund

IMPACT PUBLIC SCHOOLS, PUGET SOUND ELEMENTARY
Seattle, WA

$10,102,561.39 EFF Financing / Closed: March 19 2021 / Final Maturity: March 1, 2056

Obligor Overview

Impact Public Schools ("Impact"), a Washington non-profit corporation founded in 2016, opened its first elementary school, Impact | Puget Sound Elementary School ("I | PSE"), the "Financed School" in 2018. As of Fall 2020, I | PSE was serving 386 students in grades K-3. Impact's second school, Impact | Salish Sea Elementary, opened in Fall 2020 with 117 students in grades TK-1. Impact serves students in the greater Seattle Metropolitan area and expects to grow into a four-school network with approximately 2,250 students in grades TK-5.

The legal borrower and Obligated Group Member under a newly created Master Trust Indenture will be 3400 S 148th Street, LLC, a Washington limited liability company, formed solely to hold and manage real estate property supporting Impact's I | PSE activities. 3400 S 148th Street, LLC will serve as the landlord to Impact for I | PSE. Impact is the Tenant. Additional Financed Schools under the Master Trust Indenture that are operated and managed by the same Tenant must agree to "extraordinary rent provisions" under the lease of any school added to the obligated group. This provision requires that schools added to the Obligated Group would, upon notice, pay their proportionate share of any "extraordinary rent" required to ensure that all rent obligations of the schools have been timely made.

"The mission of Impact Public Schools is to prepare a diverse student population to succeed in college and impact communities as the next generation of equity-driven, innovative leaders. We make a broader impact on public education across Washington state by advocating for public policies that close the opportunity gap and provide all students their right to a high-quality education."

Charter Contract

			Charter Renewals	
School	**Opened**	**Authorizer**	**Prior**	**Next**
Impact | Puget Sound Elementary	2018	Washington State Charter School Commission	0	September 4, 2023
Impact | Salish Sea Elementary	2020		0	August 24, 2025
Impact | Commencement Bay Elementary	2021		0	August 23, 2026
Impact | Renton ES	2022		0	August 23, 2026

As the above table shows, Impact operates under four charter contracts authorized by the Washington State Charter School Commission.

Management & Governance

As per Impact's bylaws, the board can include between three and thirteen directors. It is currently governed by nine board members who bring senior level leadership experience in areas such as academic programing; education administration and operations; finance; real estate; law; nonprofit management; and community engagement. The Impact board has a formal conflict of interest policy and no Impact board member or senior staff is considered to be a related party.

Impact's co-founder and CEO has led the organization since 2016. Other key members of the senior management team include the co-founder and CFO/COO, and the Chief Academic Officer. The leadership team is expected to expand as the CMO continues its growth. I | PSE, as well as Impact | Salish Sea Elementary, is led by a Principal and Assistant Principal/Director of Operations.

Biographies of board members and senior staff are included on the Impact website.

Enrollment & Student Information

The student count for I | PSE for the past three fiscal years is as follows:

Impact | Puget Sound Elementary
Historical Student Enrollment
FY19 – FY21

FY19	FY20	FY21
168	252	386

In FY19, Impact launched I | PSE, growing to K-3 in FY 21. I | PSE expects full enrollment to reach 594 students, across grades K-5, by FY23.

Between FY19 and FY21, student retention averaged 93%. The waitlist, as a percentage of enrollment averaged 59%, decreasing to 44% in FY21. The ratio of applications to available seats has continued to grow in each of the last three years reaching approximately 4.4x for FY 21.

I | PSE is located in the Tukwila School District but pulls many of its students from the adjacent Highline School District. Together, these districts account for more than 75% of the student body. I | PSE's student body comes from socioeconomically and ethnically diverse backgrounds, including refugee and immigrant populations. In FY21, 71% of IPS students were from low-income homes; 81% were students of color; and 39% were English Learners.

Academic Program & Results

Impact focuses on closing the achievement gap by operating elementary schools that focus on Relationships (i.e., secure attachments within a tight-knit community of learners), Agency (i.e., personalized pathways for each individual), and Empowerment (i.e., deep, authentic learning experiences and passion exploration). IPS differentiates itself from other public schools in the following ways:

- Individualized Instruction: Scholars participate in small group instruction at their current level every single day.
- Project Based Learning: Scholars engage in art & literacy rich project-based learning in the afternoons.
- Social Emotional Learning: Scholars build confidence in their own identify through daily character development.

While I | PSE students have yet to undergo a year of state testing (Washington State Smarter Balanced Assessments), their performance on NWEA's MAP Growth assessment, a national norm-referenced test, indicates that I | PSE scholars, in both reading and math, went from below the national norm at the beginning of FY 19 to above the national norm at the end of the year. Additionally, 77% and 87% of scholars met their reading growth and math targets, respectively. Additionally, 81% of English Learners met their growth targets in reading and 91% of English Learners met their growth targets in math.

Because of the COVID 19 Pandemic it is unclear if the Washington State Smarter Balanced Assessments will be administered this school year (FY21).

The Project

EFF financing will be used to: 1) refinance four outstanding loans that were primarily used to acquire and renovate the property; 2) reimburse Impact for, and fund additional, improvements to the I | PSE property, including additional site work to add modular classrooms and complete smaller renovations in the existing building; and 3) pay costs associated with this transaction.

The property is located at 3438 South 148th Street, Tukwila, King County, Washington 98168. The three-story 41,205 sq ft building, sits on a 2.7-acre lot. The property has 150 parking spaces and a playground.

Financial Information

Certain historical financial information for I | PSE is listed below. These metrics will be updated and included in EFF's continuing disclosure annual report.

I | PSE
Historical Financial Information

Metric	**FY19**	**FY20**	**FY21***
Total Revenue (TR)	$ 3,120,662	$ 4,273,483	$ 6,195,615
DS Coverage Ratio	2.27x	1.53x	1.77x
Debt Burden (% of TR)	11.4%	13.2%	10.5%
Days Cash on Hand	64.6	70.9	81.7

*FY 21 is based on internal financial statements as the audit, at the time of this writing, had not been completed.

Ratings Not rated

Website http://www.impactps.org/

Impact
Security and Loan Covenants

<table>
<tr><td>Security</td><td>Secured by an Obligation issued pursuant to a Master Trust Indenture establishing Borrower's Obligated Group, including a pledge of rental revenues of Obligated Group Members and mortgages on all related real property interests naming Master Trustee as mortgagee. All school tenants will enter into blocked account agreement for the benefit of the Master Trustee for all monthly rent payments. Financed Schools that are operated and managed by the same Tenant must agree to "extraordinary rent provisions" under the lease of any school added to the Obligated Group. The Tenant will also enter into a Continuing Covenant Agreement with the Lender.</td></tr>
<tr><td>Debt Service Coverage Ratio</td><td>1.1x</td></tr>
<tr><td>Additional Bonds Test</td><td>1.2x</td></tr>
<tr><td>Liquidity Covenant</td><td>60 DCOH</td></tr>
<tr><td>Academic Covenant</td><td>Commencing the 2020-2021 academic year, the Tenant covenants that (i) the School will exceed the percentage of students proficient in math and ELA on the State assessment in their respective host district's State assessment or (ii) the School will exceed the percentage of socio-economic disadvantaged students (i.e., SED Students) proficient in math and ELA on the State assessment in their host district. The State currently uses the Washington State Smarter Balanced Assessments.</td></tr>
<tr><td>Enrollment Covenant</td><td>Impact shall maintain aggregate annual enrollment levels at I | PSE according to fall census day enrollment count, corresponding to the below table.
<table>
<tr><td>Academic Year Ending June 30</td><td>Enrollment Requirement</td></tr>
<tr><td>2022</td><td>510</td></tr>
<tr><td>2023 and thereafter</td><td>590</td></tr>
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