

ARLINGTON CLASSICS ACADEMY

Arlington, Texas

\$15,635,234.39 EFF Financing / Closed: March 21, 2019 / Final Maturity: August 1, 2040

Obligor Overview

Arlington Classics Academy (“ACA”), opened in 1999, is a nonprofit corporation operating three facilities under a single charter in the Arlington, Texas area; enrollment for the 2018-2019 academic year was approximately 1,549 students in grades K-9.

ACA was established in 1997 and began operating its first charter school in August 1999. ACA was formed by several parents who desired their children to experience an accredited curriculum that included Spanish, Art, and Music, relatively small class sizes, and a strict code of conduct. ACA’s students enroll from districts in Tarrant, Dallas, and Johnson counties and are taught in three separate facilities on two campuses approximately 5.3 miles apart.

The mission of Arlington Classics Academy is “to equip a diverse student body with a comprehensive education, including a special focus on Western civilization. Students will develop a commanding knowledge of the origins of our liberty and the ability to sustain it through moral leadership. We aim to accomplish this goal through a high level of academic instruction and high behavioral expectations.”

Charter Contract

ACA operates under a charter contract authorized by the Texas Education Agency and its current ten-year charter renewal expires on July 31, 2023.

Management & Governance

ACA is governed by a ten-member Board of Directors (the “ACA Board”). Nine members of the ACA Board are appointed by majority vote of the ACA Board while one member is appointed by the Parent Teacher Organization.

Senior staff includes an Executive Director, Director of Business Operations, Director of Academic Services, and Director of Human Resources and Student Services. No board member or senior staff person is considered a related party.

Enrollment & Student Information

ACA’s student count for the current and past four fiscal years is as follows:

Arlington Classics Academy			
Historical Student Enrollment			
FY16 – FY19			
<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
1,443	1,486	1,533	1,549

ACA opened its first school in 1999 with 311 children and has increased its student count every year to its current level of 1,549 students. Two of ACA’s three schools are effectively fully enrolled with the primary (grades K – 2) and intermediary (grades 3 – 5) schools at capacity of 530 and 525, respectively. The middle school (grades 6 – 9) has approximately fifty more seats available until it meets capacity limits. Thereafter, ACA expects its enrollment to remain relatively stable. ACA would eventually like to expand to a full high school option, but it has no immediate plans to do so.

ACA reports a history of sound student retention rates ranging over the past eight years from a low of 75% in academic year 2014-2015 to a high of 89% in academic 2012-2013. During the most recent years, student retention rates have been increasing, including 82% and 83% in 2016 and 2017, respectively. The School’s K – 9 waitlist for academic year 2018-2019 totaled 556 students, or more than a third of total enrollment.

ACA serves a student population which is 22% economically disadvantaged with 59% reporting as non-white.

Academic Program & Results

ACA’s educational philosophy is to “ensure that all students possess a knowledge of history and western heritage, a capacity to think critically and logically, the ability to articulate their thoughts both orally and in written expression, a knowledge of the natural world which the study of science and natural history provides, and an appreciation of great works of art, music, and poetry.”

ACA has maintained the highest accountability rating from the Texas Education Agency since 2007. For the 2017-2018 academic year, 90% of ACA students assessed met the passing standard compared to the Texas average of 79% and regional average of 80% in math assessments. In ELA, 92% of ACA students assessed met the standard compared to the Texas average of 72% and the regional average of 75%.

The Project

ACA’s students enroll from districts in Tarrant, Dallas, and Johnson counties and are taught in three separate facilities, totaling just under 115,000 square feet, on two campuses which are approximately 5.3 miles apart in the Arlington, Texas area.

The EFF financing was completed for the purpose of advance refunding ACA’s Series 2010 Bonds. As a result of the refinancing, ACA has reduced its debt service by more than \$250,000 per year through the 2040 maturity, representing a total debt service savings of approximately \$6.5 million or more than \$3.7 million on a net present value basis. The EFF financing is secured under a master indenture on a parity basis with approximately \$8,400,000 of debt.

Financial Information

Certain historical financial information for ACA is listed below. These metrics will be updated and included in ESRF’s continuing disclosure annual report.

Arlington Classics Academy Historical Financial Information

Metric	FY16	FY17	FY18
Total Revenue (TR)	\$11,843,495	\$12,736,875	\$13,153,030
DS Coverage Ratio	1.76x	1.73x	1.67x
Debt Burden (% of TR)	13.3%	15.1%	14.6%
Days Cash on Hand	152.5	172.9	236.6

Rating: S&P: BBB-

Website: www.acaedu.net*

* Information contained on the ACA website **shall not** be construed as being incorporated herein by reference nor should any decisions relating to the Bonds be made in reliance upon any information from the website.

**Arlington Classics Academy
Security and Loan Covenants**

Security	First lien deed of trust on current campuses and a pledge of and lien on Gross Revenues on a parity basis, such liens run to the master trustee under ACA's master indenture
Debt Service Coverage Ratio	1.10x
Additional Bonds Test	1.20x
Liquidity Covenant	45 days cash on hand
Academic Covenant	a Texas Education Agency overall accountability letter grade of "B" or better; and a percentage of students' passing rate on the State's STAAR standardized tests, across all grade levels for ELA and Math, that exceeds the State's average passing rate
Enrollment Covenant	Minimum of 1,400 students

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