

**Village Tech Schools
Duncanville, TX
\$8,385,000 EFF Financing / Closed: December 20, 2018 / Final Maturity: August 15, 2048**

Obligor Overview

Village Tech Schools (“Village Tech”) began operations in the 2013-2014 academic year. For School Year 2018-2019, VTS operated one open-enrollment charter school serving 1,096 students in grades PreK – 12 in Duncanville, Texas (the Duncanville Campus) in the 2018-2019 academic year. The Duncanville Campus opened in 2018 when Village Tech consolidated two leased campuses located in Cedar Hill, Texas.

The mission of Village Tech Schools is to “provide students with great teachers who work together to cultivate character, design real challenges, and establish authentic community.”

Charter Contract

Village Tech operates under a charter contract with the Texas State Board of Education (“SBOE”) dated April 13, 2013. SBOE renewed the charter contract for a ten-year term on July 1, 2018. Village Tech’s charter contract allows for a maximum student enrollment of 1,400 and allows Village Tech to operate in the geographic boundary encompassing eleven independent school districts. Village Tech met SBOE expectations in student achievement, student progress, and closing performance gaps in the 2017-2018 academic year. Village Tech also earned performance distinction in social studies and post-secondary readiness in the same year.

Management & Governance

Village Tech is governed by a five-member Board of Directors (the “Village Tech Board”). The Village Tech Board has a formal conflict of interest policy and no Village Tech Board members or senior staff are related parties.

School leadership includes a CEO/Superintendent who has led Village Tech since inception and was a founding team member. Senior leadership also includes an Assistant Superintendent, Curriculum & Innovation Director, Forge Director, grades 6 – 12 Campus Director, PreK – 5 Campus Director, Culture & Character Director, Special Services Director, Chief Technology Officer, and Chief Finance Officer. Four of the Village Tech’s founding team members were instrumental in leading Bray Elementary School in Cedar Hill, TX to a Blue Ribbon, a national award signifying its status as one of the top thirteen elementary schools in the State of Texas.

Enrollment & Student Information

Village Tech’s enrollment for the past four fiscal years is as follows:

**Village Tech Schools
Historical Student Enrollment
FY16 – FY19**

FY16	FY17	FY18	FY19
725	807	929	1,096

Village Tech expects to experience additional growth over the next several years as it reaches capacity at each grade level. Full enrollment of 1,270 students is expected to be achieved by the 2023-2024 academic year. For the past several years, student retention has been in the 81% to 98% and waitlists have been in the 228 to 468 student range, representing 22% to 44% of total enrollment.

Village Tech students come from over nine independent school districts with a majority concentrated in four of those districts. The student body for the academic year of 2018-2019 was comprised of 37% African American, 33% Hispanic, 22% White, 1.3% Asian, and 6.7% two more ethnicities. Village Tech’s free and reduced lunch and special education student populations are approximately 40% and 5%, respectively.

Academic Program & Results

Village Tech believes that key aspects of the Village Tech program include the following distinctions: (i) Leadership development through Leader in Me; (ii) Design Thinking – a practice for creative problem solving practiced at IDEO and Stanford’s school; (iii) The Forge – a design studio/makerspace with collaboration zones, digital labs, construction labs and art lab; and (iv) Mastery Based Grading – a philosophy of assessment focused on building competency over “receiving grades”.

Additionally, Village Tech was built around five design principles: (i) integrity and empathy are at the heart of design (EMPATHY); (ii) teachers design meaningful work (DESIGN); (iii) all students have something to contribute (VOICE); (iv) integrate subjects, skills, and the world (CONNECTION); and (v) build genuine relationships with students (BELONGING).

Based on its state standardized testing results, Village Tech has earned a “Met Standard” rating each of the past four school years (Texas’ highest accountability rating). For the most recently completed Texas standardized exams, Village Tech scored 108% and 91% of the host district average in the ELA and math assessments, respectively. For 2018, Village Tech students scored an average of 20 on the ACT exam (100% of the State average) and 969 (94% of the State average) on the SAT exam.

The Project

Village Tech operates a single campus located at 402 W. Daniieldale Road, 13 miles southwest of Dallas, Texas. The campus comprises a 47,000 sq. ft. permanent building for instructional classroom space for grades 8 – 12, a multi-purpose area, art studio, and computer labs; as well as, temporary modular buildings for grades PreK – 7 instructional classrooms, parking, a playground area, and a design studio/makerspace with collaboration zones, digital labs, constructions labs, and art labs known as “the Forge.”

The Village Tech campus secures the EFF financing, as well as \$20,515,000 of Village Tech 2017 parity bonds. The EFF loan was used for financing the cost of constructing, improving and equipping of a storm shelter that will also serve as a practice and competition gymnasium, additional classroom spaces that can be converted for use by the theatre program and the installation of three additional portable units. As a result of the refinancing, Village Tech reduced its debt service costs by approximately \$27,000 per year through the 2048 maturity.

Financial Information

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

Village Tech Schools Historical Financial Information

Metric	FY16	FY17	FY18
Total Revenue (TR)	\$6,019,386	\$6,705,270	\$8,020,595
DS Coverage Ratio	1.01x	1.41x	1.42x
Debt Burden (% of TR)	18.6%	15.4%	22.1%
Days Cash on Hand	43.2	43.2	101.7

Rating: S&P: BB

Website: <https://www.villagetechschoools.org>*

* Information contained on the Village Tech 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.

**Village Tech Schools
Security and Loan Covenants**

Security	First lien deed of trust on the Duncanville Campus and a pledge of and lien on gross revenues on a parity basis, such lien runs to the master trustee under the master indenture
Debt Service Coverage Ratio	1.10x
Additional Bonds Test	1.10x look back and 1.20x look forward
Liquidity Covenant	45 days cash on hand
Academic Covenant	N/A
Enrollment Covenant	N/A

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