



Preliminary Term Sheet

[CONDUIT ISSUER]

SCHOOL FACILITY REVENUE BONDS

2016 SERIES A & 2016 SERIES B (TAXABLE) (FOUNDERS ACADEMY LAS VEGAS)

IMPORTANT INFORMATION - PLEASE READ:

This Preliminary Term Sheet is provided as of April 14, 2016 for a proposed offering by Founders Academy Las Vegas/Founders Education Legacy ("Founders") of its 2016 School Facility Revenue Bonds (the "Bonds"). All market prices, financial data and other information provided herein are not warranted as to completeness or accuracy and are subject to change without notice.

This Preliminary Term Sheet is provided for your information and convenience only. Any decisions to extend a Loan offer to Founders should only be made after conducting your own independent due diligence on Founders and its operations. By viewing this Preliminary Term Sheet, you agree not to duplicate, copy, download, screen capture, electronically store or record this Preliminary Term Sheet, nor to produce, publish or distribute this Preliminary Term Sheet in any form whatsoever.

This Preliminary Term Sheet does not constitute a recommendation or an offer or solicitation for the purchase or sale of any security or other financial instrument, including the Bonds, or to adopt any investment strategy. Any offer or solicitation with respect to the Bonds will be made solely by means of the Final Limited Offering Memorandum, which describes the actual terms of such Bonds. In no event shall B.C. Ziegler and Company ("Ziegler") or Founders be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained herein and such information may not be relied upon by you in evaluating the merits of participating in any transaction mentioned herein. Ziegler makes no representations as to the legal, tax, credit or accounting treatment of any transactions mentioned herein, or any other effects such transactions may have on you and your affiliates or any other parties to such transactions and their respective affiliates. You should consult with your own advisors as to such matters and the consequences of the purchase and ownership of the Bonds. Nothing in these materials constitutes a commitment by Ziegler or any of their affiliates to enter into any transaction. No assurance can be given that any transaction mentioned herein could in fact be executed. Past performance is not indicative of future returns, which will vary. Transactions involving the Bonds may not be suitable for all investors. You should consult with your own advisors as to the suitability of the Bonds for your particular circumstances.

This Preliminary Term Sheet may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Preliminary Term Sheet, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward looking statements speak only as of the date of this Preliminary Term Sheet. Founders disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the Founders' expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.



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Par Amount:	\$11,685,000 est. (Total Size) \$11,460,000 est. (Series A, Tax-Exempt) \$225,000 est. (Series B, Taxable)
Tax Status:	Series A is Tax-Exempt Series B is Federally Taxable
Bondholder Representative:	The Bonds will be sold to RPM Capital Management LLC (“RPM”), a Qualified Institutional Buyer (a “QIB”), and will carry an upfront (non-traveling) investor letter. RPM will serve as Bondholder Representative (“BHR”).
Denominations:	\$25,000 and any amounts in excess thereof in even \$5,000 increments. (Bonds to carry CUSIP and be DTC-eligible.) Trading restricted to QIBs, AIs and broker-dealers. [Subject to Issuer requirements]
Interest Rate (expected):	7.000% (tax-exempt) 7.000% (taxable)
Maturity:	Tax-exempt bonds: 11/1/2046 Taxable bonds: 11/1/2020
Interest payments:	Each 5/1 and 11/1 beginning on 5/1/2017
Optional Redemption:	11/1/2021 @ 101% DTP 11/1/2022
Expected Delivery:	Fall 2016
Rating:	None
Estimated Uses of Funds:	\$ 8,700,000 Deposit to Project Fund/Repayment of Soft Costs 1,300,000 Purchase of property 1,226,925 Deposit to Capitalized Interest Fund <u>458,075</u> Costs of Issuance \$ 11,685,000 TOTAL
Issuer:	Most likely an Arizona-based conduit issuer, such as the Phoenix IDA, Maricopa County IDA, or the Pima County RDA. [Conduit issuer will be selected based on cost and availability of soft cost funding].
Borrower:	Founders Academy Las Vegas (“Founders”) is an independent charter school chartered in 2014 by the State of Nevada. Founders operates a charter school in Las Vegas, Nevada with a current 2015-16 enrollment of 483 students in grades K-11 and 160 kids on a waitlist in grades K-6. Founders is currently operating in four leased buildings.



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	<p>Founders will add grade 12 in the 2016-17 school year, when they expect to have 550 students. The school plans to reach its maximum of 702 students by the 2018-19 school year. Founders is part of the Barney Charter School Initiative of Hillsdale College, which provides support; they “assist in creating and implementing the school’s academic program, providing the curriculum design and teacher training.” The program has helped 13 startup schools since 2012.</p> <p>Founders uses Charter School Management Corp (CSMC) as its back office provider.</p> <p>Founders Education Legacy is a related 501c3 foundation created to raise funding for Founders, and may be involved in the offering as owner of the facility. [TO BE DETERMINED].</p>
Purpose:	Construction of a permanent 55,000 square foot school facility on a 7 acre site in Las Vegas, Nevada across the street from their current leased location. Construction will consist of multiple classroom buildings, a cafeteria, a soccer field, outdoor basketball courts and a gym. The new campus is expected to be open in the Fall of 2017.
Credit Highlights:	<ul style="list-style-type: none"> ■ Disciplined environment driving strong academic & growing financial performance <ul style="list-style-type: none"> ● Solid academic results competitive with District schools ● Conservative cost structure ● Programming support from Hillsdale College ■ Well-established Board & an experienced, committed management team ■ Strong support from authorizer and local government ■ Projected debt service coverage of over 1.____x (expected)
Charter Authorizer, Status & Renewal History:	Founders received its charter from the State of Nevada in 2014. The charter will be up for renewal in 20____.
Security and Source of Payment:	<p>Real Estate Security:</p> <ol style="list-style-type: none"> 1. First deed of trust on the newly constructed campus located at _____, Las Vegas, Nevada (APN: _____). The subject property’s General Plan Designation is “_____” and it is zoned as “_____”. 2. The subject property is 7 acres, and will contain 55,000 square feet of educational buildings, a soccer field, outdoor basketball courts and a gym. <p>Source of Payment:</p> <ol style="list-style-type: none"> 1. Bond payments are secured by a gross pledge of unrestricted revenues related to operations of Grades K-12 at Founders. <p>Bond Reserve Fund:</p> <ol style="list-style-type: none"> 1. None. <p>Capitalized Interest:</p> <ol style="list-style-type: none"> 2. Funded from bond proceeds to cover bond interest from bond closing to 5/1/2018. <p>Repair & Replacement Reserve:</p> <ol style="list-style-type: none"> 1. \$_____ requirement funded from monthly rent beginning 11/1/2019.



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	<p>Insurance Coverage:</p> <ol style="list-style-type: none"> 1. All-risk insurance to cover 100% of replacement cost or outstanding bonds; max. deductible of \$100,000. 2. Business interruption insurance equal to 1 year debt payment 3. General liability/worker's compensation insurance 4. Independent Consultant will annually review/recommend appropriate insurance coverage
Annual Coverage / Liquidity Tests:	<p>Coverage Ratio Covenant – Minimum Coverage Ratio (net of capitalized interest) of 1.15x beginning in FY 2017-18. If below the Minimum Coverage Ratio, BHR will institute a minimum quarterly call to discuss school performance.</p> <p>Liquidity Covenant – TBD</p>
Additional Debt Test:	<p>Long-Term Debt: Debt Service Coverage ratio will be 1.15x</p> <p>Short-Term Debt: Restricted to _____.</p>
Other Participants:	<p><u>Borrower's Counsel:</u> Warren Charter Law, PLC <u>Purchaser's Counsel:</u> Hinckley Allen <u>Underwriter:</u> B.C. Ziegler and Company <u>Bond Counsel:</u> Greenberg Traurig, LLP <u>Underwriter's Counsel:</u> Nixon Peabody LLP <u>Trustee:</u> Wilmington Trust, N.A.</p>
Banker:	John Solarczyk: (312) 705-7249

TERMS SUBJECT TO CHANGE BASED ON DUE DILIGENCE FINDINGS AND MARKET CONDITIONS.

ACCEPTED THIS __TH DAY OF _____, 2016:

 Richard Moreno, Chairman
 Founders Academy Las Vegas

 Michele Newland
 Chief Investment Officer
 RPM Capital Management LLC