



# THE HIGHMARK QUARTERLY

Ethics & Integrity

Discipline

Empowerment & Accountability

Quality

Teamwork

Agility

## President's Message



The first quarter of 2016 is winding down and HighMark School Development is in full swing with several projects that will be turned over to students and teachers this coming fall. We are thrilled to be working with new charter operators, replicating charters, and existing portfolio schools that are expanding their facility footprints. In this issue of the "HighMark Quarterly," we reflect on the past, present, and future of the charter school movement. The first charter school legislation was put into place in the early 90's and the first charter school went into operation in Minnesota in 1992. Since then, there are an estimated 6,800 charter schools in operation educating 2.9 million students throughout the country. The charter school educational movement continues to grow at about a 7% annual growth rate, which demonstrates parents' demand for high-quality educational options. Everyone at HighMark is committed to help provide facility solutions for high quality school operators.

Also in this issue, we spotlight one of our long-time construction partners Bouma Construction. Bouma has extensive experience building education facilities with over 350 completed education projects. Together, HighMark and Bouma have developed 19 projects over the past seven years. We want to thank them for their commitment to the education sector and for being a trusted partner.

As HighMark's education facilities portfolio continues to grow, now with over 50 schools, we are excited about what the future holds. We sincerely appreciate our association with terrific school leaders, trusted partners, and industry consultants that make coming to work everyday exciting and challenging. We welcome and value your questions and feedback, so please don't hesitate to reach out to me or anyone else on the HighMark team.

Thank you,  
Mark Skousen



## Entitlement Process

So, you've found the perfect parcel for your school. Or you just know that abandoned building would be ideal. Then someone brings up "entitlements" and "the entitlement process."

What the heck are entitlements? And why should you care?

Entitlements are permissions or restrictions or even specifications in laws, process, and agreements that describe what can or cannot be done on a given property. Some entitlements have the power of law, like zoning. Others might be described in master developments and might prescribe façade and material options for our building's exterior. Others, like easements, can be inherited from old purchase agreements. Even securing a building permit is part of the entitlement process (you're not entitled to begin construction without it). Entitlements can prevent you from putting your school here. Or forcing you to put it there.

The entitlement process requires understanding your obligations, requirements, and restrictions, while gaining approvals, permissions, and constants from participating regulatory bodies: local and sometimes state or federal bodies.

Can you imagine purchasing real estate for your school without asking these crucial entitlement questions?

1. Does zoning allow for school use? If not, what is the process (if any) and timing to entitle a school to go there?
2. How could entitlements affect what we want: footprint, parking, building, height, look of building, etc?
3. Which utilities are missing? What are the cost and schedule impacts to bring in utilities?
4. Environmental concerns: what are the remedies, costs, and schedule impacts to make the property safe for a school?
5. Does the title report show easements or restrictions that could impact the site plan or budgets or schedules?

Entitlement work takes time and costs money. Participants can include structural-traffic, and environmental engineers, land-use attorneys, geologists, fire inspectors, even wildlife experts, and biologists can come into play.

The goal of the entitlement process is to bring real estate to a condition such that we are entitled to build a school on it.

So... what the heck are entitlements? They're other peoples' rules - attached to real estate - which we must all obey.

## School Spotlight

### iLEAD Lancaster

HighMark has had an iLEAD school in its portfolio since 2013 in Lancaster, California. This campus was the first project-based learning facility for HighMark and has a unique floor plan best represented in pictures (see below). The open-concept floor plan for the classroom area is designed specifically for the curriculum model. Students can explore and experience learning in non-traditional ways. The hope of iLEAD's unique floor plans is to foster curiosity, problem solving, creativity, synergy, and critical-thinking skills.

iLEAD provides their students the opportunity to engage in real world challenges to acquire deeper knowledge. Research done of project-based learning shows students retain what they've learned longer and they have an increased interest in what they're learning. Students are encouraged to grow academically, socially, and emotionally.

The iLEAD model has been successful in Lancaster with a steady increase in enrollment since 2013. HighMark is currently working with the iLEAD group to open their next school in Ohio for fall 2016. This will be HighMark's first facility in the state and we are excited to have a strong operator like iLEAD welcome us to the Buckeye State.



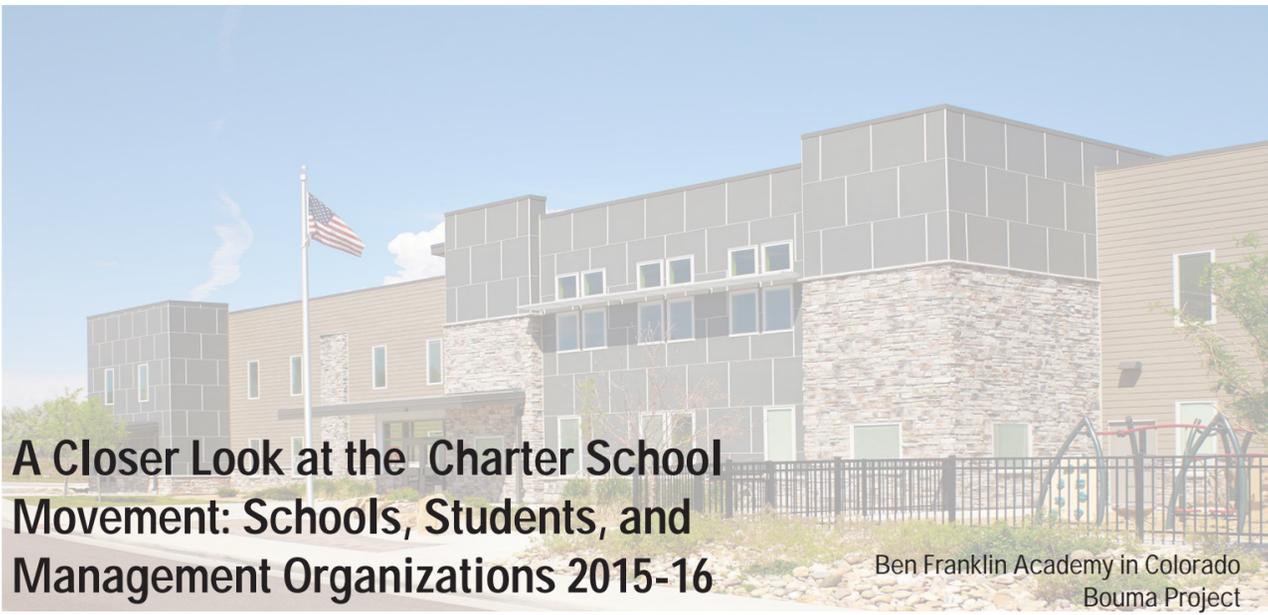
iLEAD Lancaster Charter School - Lancaster, CA



iLEAD Lancaster Charter School - Lancaster, CA



iLEAD Lancaster Charter School - Lancaster, CA



## A Closer Look at the Charter School Movement: Schools, Students, and Management Organizations 2015-16

Ben Franklin Academy in Colorado  
Bouma Project

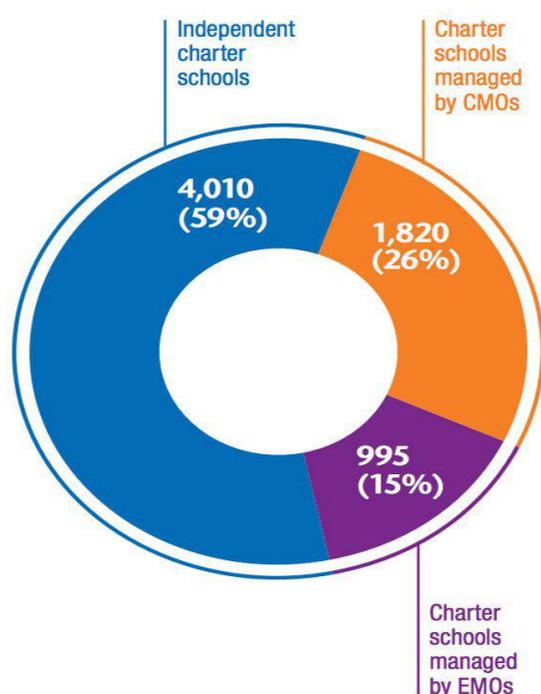
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During the 2015-16 school year, more than 400 new charter public schools opened. An estimated 250,000 additional students are attending charter public schools in the 2015-16 school year compared with the previous year. With the addition of these new charter schools and students, there are now more than 6,800 charter public schools enrolling an estimated 2.9 million students throughout the country. Enrollment in charter public schools has grown six fold in the past 15 years. The estimated 9 percent growth in charter public school enrollment between fall 2014 and fall 2015 demonstrates continued parental demand for high-quality educational options.

Charter schools can be independent, single-site schools or they can be part of a network of schools run by a management organization. These management organizations are typically nonprofit and are referred to as charter management organizations (CMO's). Some states also allow for-profit companies to manage charter schools and these are referred to as education management organizations (EMO's). Of the approximately 6,825 charter schools in operation this year, nearly 60 percent are independent schools. Of the remaining schools, about two-thirds are managed by CMO's and one-third are managed by EMO's.

### Charter Schools by Management Type, 2015-16



### States with the Highest Number of New Charter Schools, 2015-16

State	New Charter Schools	Additional Students
California	80	36,100
Texas	53	17,200
Florida	38	31,900
Tennessee	20	10,700
Arizona	19	17,000
Colorado	15	10,200
Indiana	15	2,900
North Carolina	15	11,900
Wisconsin	13	1,600
New York	12	19,300
Georgia	11	7,000
Louisiana	11	10,400
Arkansas	10	7,000

There are now 27 states with at least 50 operating charter public schools and nearly 20 states with 100 or more charter schools.

While the charter public school movement saw many new schools open last year, 272 charter schools ceased operation. These schools closed for a variety of reasons, including low enrollment, financial concerns, and low academic performance. The charter public school model gives charter schools the freedom to be more innovative, while being held accountable for improving student achievement. The school closures provide evidence that the accountability part of the charter school model is being upheld.

The states with the largest number of charter public school closures include the following:

- Florida: 35 schools closed
- California: 32 schools closed
- Arizona: 30 schools closed
- Texas: 15 schools closed (62 campuses)
- Wisconsin: 14 schools closed

Of the 272 schools that closed last year, 53 percent were independent, 34 percent were managed by a CMO, and 13 percent were managed by an EMO. The National Alliance for Public Charter Schools promotes meeting the demand for high-quality school options and encouraging well-planned school openings. We also support authorizers setting and enforcing high performance standards. The continued annual growth in both charter public schools and students is positive evidence of a strong and growing movement.

## Partner Spotlight

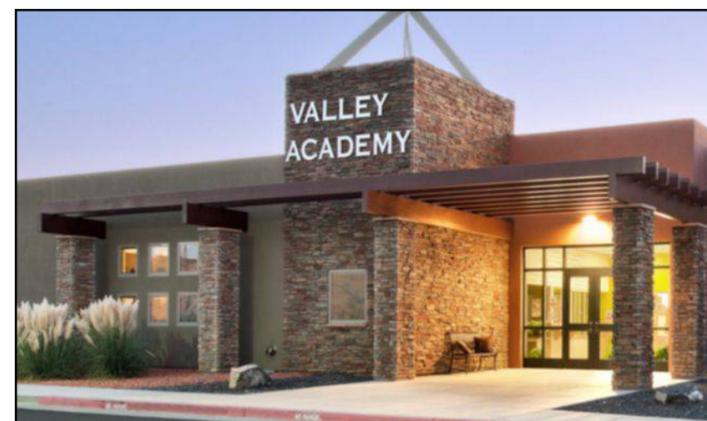


Bouma Construction is one of the leading construction companies in the Midwest, offering a comprehensive array of design build, construction management, and general contracting services. Established in 1950, Bouma has been in business for 65 years starting as the Bouma Tile Company. Originally focused on residential and commercial tile, Bouma's reputation in West Michigan for honesty, integrity and quality workmanship continued to grow. Today Bouma offers both commercial interior finish installation and general construction services across the U.S. with over 300 team members. Bouma Construction specializes in educational, commercial, healthcare, retail, and renovation projects.

In 2009 Bouma began its first project with HighMark. Bouma's unique approach to business is defined by integrity and guiding principles, principles that have allowed the firm to complete a total of 19 facilities for HighMark. "We have been blessed to work with an organization that mirrors our values. HighMark is a highly valued customer," said Dan DeRyke, President of Bouma Construction.

A firm with 350 completed charter schools projects across the country, Bouma Construction has built or renovated 5,600,000 SF or 130 acres of charter school space. "Building efficiently and exceeding our clients' expectations is the Bouma way," said Andrew Rener, Vice President of Operations. As the market requirements for each facility continue to change and improve, Bouma's team works diligently with HighMark to offer value-engineering solutions, in order to deliver new facilities on time and within budget.

Currently Bouma is building new facilities for HighMark in Tennessee and South Carolina.



Valley Academy - Hurricane, UT  
Bouma Project



Impact Charter Elementary - Baker, LA  
Bouma Project