



Investment Prospectus for Tech Valley's Challenger Learning Center



Mission Control Simulator

EXECUTIVE SUMMARY

In an effort to increase the science and technology literacy of our school children, Tech Valley's Challenger Learning Center will make it possible for as many as 10,500 students each year to experience a space themed math, science and technology program. Students will test their decision making skills, solve problems and communicate by using the latest technology during this innovative, space-themed science and math hands-on experience. The "field lab" mission is the culmination of a two month-long classroom study program of NYS Department of Education approved curriculum, meeting the appropriate grade-level requirements.

IMPORTANT FACTS

- Currently there are 55 centers in the United States, Canada and England -- No center has failed since start up in 1989.
- These Centers are a living memorial of the astronauts lost in the Challenger Space Shuttle disaster in 1986.
- We are a separate independent 501(c)3 non-profit organization and will be located at the Schenectady Museum of Science & Technology.
- Three (3) centers currently operating in New York -- Rochester, Suffern, and Manhattan.
- This CLC will serve 19 counties in NY as well as Vermont and western Massachusetts. There are approximately 4,419 classes within our immediate catchment area -- we only need 7.6% of these classes to participate in order to meet our budget.
- Challenger Learning Center Inc. is a not part of NASA. However, the space agency has continued to be an enthusiastic supporter of Challenger Center's efforts. The mission scenarios that propel students around the world on simulated trips that go beyond this world were produced with guidance from NASA experts.
- As a member of the Challenger network, Centers have been privileged to work with some of the most prestigious partners in the fields of science and education such as - American Institute of Aeronautics and Astronautics, Association of Science-Technology Centers, Association of Space Explorers, Astronomical Harvard-Smithsonian Astrophysics Observatory/Project ARIES, NASA Classroom of the Future, National Council of Teachers of Mathematics, National Science Foundation, SETI (Search for Extra-Terrestrial Intelligence), Smithsonian Institution – just to name a few.
- Once operational, Tech Valley's Center has contracted with the Capital Region Board of Cooperate Educational Services (BOCES) to handle operation of the program and ensure our curriculum continues to meet New York State academic standards. BOCES will take the lead in marketing the program to school districts.

WHY YOUR INVESTMENT IS IMPORTANT

Your investment will make it possible for as many as 10,500 students each year to experience a space themed math, science and technology program that is designed to motivate them to seek out future studies in these important academic areas. Students will test their decision making skills, solve problems and communicate by using the latest technology during **this innovative, space-themed science and math hands-on experience**. The mission is the culmination of a two month-long classroom study program.

Many economists are predicting that countries such as China and India will surpass the U.S. in terms of economic progress and prosperity in as little as 15 years. Clear signs already exist in the form of job migration, outsourcing of services and production supplies and huge trade deficits that convey a trend toward a declining position in the global economy.

The Challenger Learning Center of Tech Valley will enable regional employers to access a highly trained work force that is skilled in math, science, and technology to meet their future needs.

LOW RISK INVESTMENT

Currently there are 55 centers in the United States, Canada and England, Including three in New York State, Rochester, Suffern, and Manhattan. **No center has failed since start up in 1989**. Our operating budget for the first year is very conservative. We conservatively project \$94,500 free cash flow in our first year and \$197,500 for our second year and thereafter which is more than enough for investment pay pack. There are approximately 4,419 classes within our catchment area and we only need 7.6% of these classes to participate in order to meet our budget.

Background:

The Challenger Learning Center of the Greater Capital Region, Inc. (CLC) is a 501(c) 3 non-profit organization dedicated to building and operating a technology-based program to educate middle-school students in critical science and math concepts, and to build a bridge to local opportunities in engineering, the sciences and technology-related industries. The CLC will serve as a regional center within 19 counties for a curriculum to teach science, team building and problem solving.

Challenger Learning Centers were started as a living memorial by members of the families of the astronauts lost in the Challenger Space Shuttle. The project was designed to inspire enthusiasm for space science and technology. Currently, there are 55 Centers throughout the United States, Canada and the United Kingdom. No Center has failed since their start in 1989 and each has proved to be financially steadfast.

Capital Project:

The Challenger Learning Center for Tech Valley is pursuing financing for this important start-up capital project. All investors will receive interest and a return of their principal over a seven year period. Investors in this important endeavor will positively impact both the local economy and the region's school children.

To date, philanthropic donors have contributed to the purchase of simulators and renovations of the space in the Schenectady Museum where the Center will be located.

Phase One - Contracting to build simulators: The cost of the simulators is \$825,000. Currently we have \$175,000 available leaving a balance of \$650,000 that must be raised to fund the order. The commitment to purchase the simulators is critical since it takes up to six months to build them. To open next summer in time for Science, Technology, Engineering, and Math (STEM) Camps and be ready for the 09-10 academic year in the fall requires ordering the simulators by late December 2008.

It is our intention to raise \$650,000 to cover the balance the simulator's cost; however, once we have secured \$330,000 we can place our order to proceed to have the simulators ready for installation in June 2009. At this time the outstanding balance will be due. We currently have \$95,000 available for simulators and require an additional \$235,000 to proceed with the order.

Phase Two – Renovating space at the Schenectady Museum: Mistur Riebe Architects project the construction cost to be \$350,000, furnishings & equipment \$50,000, and design / construction contingency \$80,000, totaling \$480,000. Currently, there is \$236,000 available for this expense leaving a \$244,000 balance. We are working with Innovative Resources Group of Saratoga to raise these funds and we also expect to have local contractors donate in kind services to reduce this amount.

Phase Three – Start-Up costs: This will include teacher salaries, training, and marketing expenses for our academic partner, Capital Region BOCES to market the program to schools These expenses will be paid from mission income. The initial start up cost for teacher training is estimated at \$15,000. We have several major corporations committed to help fund this expense by providing grants.

“Projected” P&L Statement for the Operation of the Challenger Education Program:

Revenue:

200 School Missions *	
@ \$1,200.00 per mission — (Two missions per day)	\$240,000.00
18 Corporate Missions @ \$4,000	\$ 72,000.00
20 Private / Public Missions (Weekends, evenings and non-academic days)	\$ 22,880.00
Gift Shop Revenue (Other CLCs report up to \$30,000 – we conservatively budgeted this revenue at \$20,000)	\$ 20,000.00
Total revenue for first full year of operations	\$354,880.00

* We conservatively project only 200 missions for the first full year. Once we enter the second school Year we anticipate two missions per day for 150 school days with revenues of \$360,000. We anticipate significant additional income will be generated from corporate team building missions, summer camps, and general public participation during evenings, weekend and non-academic periods.

School marketing is very important to the success of Challenger Learning Centers. Our Center will benefit from its relationship with the Board of Cooperative Education Services (BOCES) which will be marketing our program to schools throughout the 19 county area. Other CLCs throughout the country do not have this available to them. We will also have a person on staff who will promote corporate missions, private schools, public missions, and corporate sponsorship of school missions.

Expenditures: Estimates based on expenses of a CLC recently opened in Illinois – *(The Capital Region CLC will qualify for BOCES reimbursement for NYS schools. No other states provide this reimbursement to other CLC’s)*

Category	Amount
Flight Director	\$54,445.00
Assistant Flight Director	\$50,855.00
Employee Benefits	\$36,672.00
Equipment	\$10,350.00
Supplies	\$ 3,998.00
Challenger Annual Fee	\$15,000.00
Travel	\$ 3,500.00
Postage	\$ 600.00
Telephone	\$ 3,300.00
Fee for Rent, Operation & Maintenance	\$24,660.00
Miscellaneous (We expect legal and accounting service to continue as pro bono)	\$ 3,500.00
Computer Support	\$15,000.00
CLC Administration (Includes part-time executive director assisting in marketing)	\$38,500.00
Total Expenses	\$260,380.00
1st Full Year Free Cash Flow	\$94,500.00
(2nd year projections \$197,500 – excluding loan repayments)	

INVESTMENT RETURN

* (Example is based on a \$650,000 investment)

Year	Interest rate	Monthly Payment	Total payment for year
One	7%	\$0.00	\$0.00
Two	6%	\$3,477.50	\$41,730.00
Three	5%	\$13,124.94	\$157,499.28
Four	5%	\$13,124.94	\$157,499.28
Five	5%	\$13,124.94	\$157,499.28
Six	5%	\$13,124.94	\$157,499.28
Seven	5%	\$13,124.94	\$157,499.28
Total			\$829,226.40

* We plan to raise \$650,000 for the simulators with the investment approach described here, with the additional \$244,000 for phase two (renovations) and \$15,000 for phase three (teacher training) raised as charitable contributions with the help of Innovative Resources Group of Saratoga and our board members.

First Year: Interest accrues on the initial investment amount at a rate of 7% but no payments will be made to investors.

Second Year: Interest only payments begin to investors at a rate of 6% based on their initial investment amount plus the first year's 7% accrued interest.

Third-Seventh Years: Principal and Interest payments are made to investors based on a 5 year remaining amortization at an interest rate of 5%

**YOUR INVESTMENT WILL HELP BUILD A TRAINED WORK FORCE
THAT IS SKILLED IN MATH, SCIENCE AND TECHNOLOGY!**



FINANCIAL INVESTMENT OVERVIEW

The Challenger Learning Center is an established program that has demonstrated enormous success and academic results have proven that participating student test scores have increased dramatically.

Phase one (Simulators) -----	\$825,000
Down Payment -----	50,000
Pledges, Gifts & Savings -----	80,000
Balance needed for purchase of simulators-----	\$695,000
Phase two (Renovation) -----	\$480,000
Funding earmarked for this expense -----	<u>\$231,757</u>
Balance for renovation (In kind services will reduce this amount) -----	\$248,243
Phase three (Teacher training) (will be paid from first year cash flow)-----	\$15,000
Projected Free Cash Flow Available for Finance/Payments	
Year Two (First full year of operation)-----	\$94,500
Year Three Forward -----	\$197,500

PROJECTED CASH FLOW FOR SIMULATOR PURCHASE

Donor	Committed	Received	Not Received	Notes
Wright Family Foundation	\$50,000.00	\$0.00	\$50,000.00	Upon installation of simulators
Walt Robb Commitment	\$10,000.00	\$0.00	\$10,000.00	Purchase of simulators
Cash on hand (Savings)	\$20,000.00	\$20,000		Cash on hand
	\$80,000.00	\$20,000	\$60,000.00	

PLEGGED GRANTS FOR CONSTRUCTION AND RENOVATION

Donor	Committed	Received	Not Received	Notes
Stewart's Foundation	\$10,000.00	\$0.00	\$10,000.00	Payable over 2 years when opening is near
NYS Senate Grant (Farley-ESDC)	\$250,000.00	\$38,242.31	\$211,757.00	Reimbursement of Construction & Renovation
Price Chopper's Golub Foundation	\$25,000.00	\$15,000.00	\$10,000.00	Payable \$5,000 per year. Rec'd 06, 07, 08
			\$231,757.00	

FUNDING NEEDED TO COMPLETE PROJECT

Item	Date	Total	Loan
Simulators - Price (\$825,000 minus \$130,000 commitments)	Fall 09	\$695,000	\$225,000 *
Simulators – Upon completion (4 – 6 months)	Winter 10	470,000	470,000 **
Construction & Renovation	Spring 10	480,000	480,000***

* Loan needed to place order

** Loan needed to complete payment on simulators upon completion (4-6 months)

*** C & R loan will be reduced upon completion by reimbursement grants of \$231,757

REPAYMENT SCHEDULE

Item	Date	Amount
Simulators		\$695,000
Balance of Construction & Renovation (C&R)	Fall 09	<u>\$248,243</u>
Balance of Simulators and Construction	Fall 11	\$943,243
Partial payment (not fully operational)	Fall 10	
Full operation & able to make full payments	Fall 11	

**** The C & R loan of \$480,000 will be reduced by \$231,757 with reimbursement grants after completion

GRANTS APPLIED & NOT YET CONFIRMED

SCCC – Still in current state budget \$250,000 If approved will be available to pay down loans

PROJECT BENEFITS

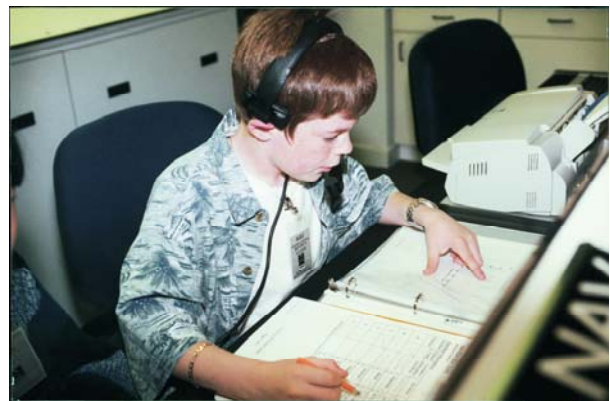
The Challenger program will spur development of advanced educational programs – drawing the best and brightest students into math, science and technology fields of education. The Challenger experience begins with several months of classroom learning and preparation for the mission, including learning various roles required for the flight.

When the students arrive to fly their mission, Controllers assign students to computer stations specializing in various aspects of conducting a space journey, such as Navigation, Life Support, or Communications. Simultaneously, other students are assigned to counterpart flight operations ‘aboard’ the Space Station, or to laboratory experiments on the station. Within a short period of time participants become completely engaged in the ‘mission’. The mission lasts approximately three hours, and at the half way point the students in the space station switch roles with those in mission control so they can experience the sensation of being in both situations.

Teachers and students who have experienced this program acknowledge the success of the program immersion. The Kentucky State Department of Education did a five year independent study that corroborated this and reported that students who had experienced the Challenger Learning Center program had noticeably higher test scores along with increased motivation

OUTCOMES

The Challenger Learning Center will serve 5th-8th grade students. Our Center in Tech Valley will reach students throughout the Capital Region, Mid-Hudson Valley, the North Country all the way to the Canadian border, southern Vermont and western Massachusetts. The immediate area covered by our charter includes more than 80,000 students and encompasses 93 school districts in parts of 19 counties of New York State. In addition, there are more than 30,000 students within the 77 school districts in counties on the outer fringe of our charter area, which includes western Massachusetts and southern Vermont. The first year budget conservatively estimates 200 missions and 300 missions beginning the 2nd year with 3,963 classes eligible to participate each year.



The Challenger Learning Center Program provides students with a hands on experience that will excite and motivate them to seek future academic studies in math, science and technology.

Math and Science Student Enrollment - 5th - 8th (Estimated)

<u>County</u>	<u>Public</u>	<u>Private</u>	<u>Total</u>	<u>*Class Rooms</u>
<u>Primary Market</u>				
Albany	11,966	1,879	13,845	554
Montgomery	2,335	125	2,459	99
Rensselaer	6,692	815	7,507	301
Saratoga	10,690	446	11,136	446
Schenectady	<u>6,880</u>	<u>493</u>	<u>7,373</u>	<u>294</u>
Total - Primary Market	38,563	3,758	42,320 → 42,320	1,694
Columbia	2,679	190	2,869	115
Delaware	2,019	180	2,199	88
Fulton	2,757	98	2,855	114
Greene	2,264	349	2,613	104
Schoharie	1,580	23	1,603	64
Washington	<u>3,031</u>	<u>157</u>	<u>3,187</u>	<u>127</u>
Market with-in 75 miles	14,330	997	15,326 → 15,326	612
Clinton	3,816	262	4,079	164
Essex	1,348	203	1,551	62
Franklin	2,490	110	2,599	103
Hamilton	167	0	167	6
Herkimer	3,199	71	3,270	131
Otsego	2,678	89	2,767	111
St. Lawrence	4,864	213	5,077	203
Warren	<u>3,248</u>	<u>87</u>	<u>3,335</u>	<u>133</u>
Market with-in 150 miles	21,810	1,035	22,845 → 22,845	913
Total NYS Market	74,703	5,790	80,481 → 80,481	3,219
Additional Market (Vermont & Massachusetts)			30,000 → 30,000	1,200
Total Potential Market			110,481	4,419

Source: New York State Education Department, as reported in the 2007 New York State Statistical Yearbook.

* The number of class rooms was created by assuming an average of 25 students per class. (BOCES estimate)

FINANCIAL INVESTMENT OVERVIEW

The Challenger Learning Center is an established program that has demonstrated enormous success and academic results have proven that participating student test scores have increased dramatically.

Phase one (Simulators) -----	\$825,000
Already paid -----	50,000
Pledges & gifts -----	125,000
Balance needed -----	\$650,000
Phase two (Renovation) -----	\$480,000
Funding earmarked for this expense -----	<u>\$236,000</u>
Balance for renovation (In kind services will reduce this amount) -----	\$244,000
Phase three (Teacher training) -----	\$15,000
Free Cash Flow Available for Finance/Payments	
Year One -----	\$94,500
Year Two through year seven-----	\$197,500
(Interest and Principal/no prepayment penalty)	



April 18, 2008

Dr. Heidi DeBlock, Chairperson
Board of Directors
Challenger Learning Center of the Greater Capital Region
P. O. Box 1194
Schencetady, New York 12301

Dear Dr. DeBlock:

Please accept this letter as the intent of the Capital Region BOCES to work with the Board to bring the Challenger Learning Center program to 4-6 grade students in school districts throughout the Greater Capital Region. We very much look forward to being able to assist in the marketing of the service, providing the staff for the delivery of the service and coordinating the scheduling and finances with school districts participating in the program. We see the strong potential for this to be linked with the Tech Valley High School being jointly provided by our BOCES and the Questar III BOCES. If I can be of any further assistance in bringing the program to fruition, please do not hesitate to contact me. Thank you.

Sincerely yours,

A handwritten signature in blue ink that reads "Peter Kopcha".

Peter Kopcha, Director
School Support Services Division



science center of tech valley

15 Nott Terrace Heights, Schenectady, NY 12309
Phone: 518.382.7850 Fax: 518.382.7893
www.SchenectadyMuseum.org

April 23, 2008

Mr. Norman Miller
Challenger Learning Center of the Greater Capital Region, Inc.
P.O. Box 1194
Schenectady, NY 12301

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Dudley Observatory

Dear Norm:

On behalf of the Schenectady Museum & Suits-Bucche Planetarium ("Museum"), I would like to reiterate, in writing, the mutual understanding that we have discussed on numerous occasions.

It is our intention to enter into a lease with the Challenger Learning Center for space in the current Museum facility located at 15 Nott Terrace Heights in Schenectady. The ideal area for the Challenger Learning Center program to be located is within our Broughton and Heritage Area Galleries, located at the northern end of our facility, encompassing approximately 2,300 square feet of combined floor space.

Currently on display in the Heritage Area Gallery is the Schenectady Heritage Area Visitors Center ("SHAVC"). The Museum has a long term lease with the City of Schenectady, which is consistent with a separate agreement between New York State Office of Parks, Recreation and Historic Preservation ("SHIPO") and the City of Schenectady. Plans are underway to move SHAVC to a new location outside of the Museum, known as the Gillette House. In the interim, the Museum is working with City and SHIPO officials to negotiate a relocation of SHAVC to another comparable location in the Museum to allow the Challenger Learning Center to co-locate in our facility. Although representatives of the City and SHIPO have expressed enthusiasm for working with us to accommodate your space needs, we must reach a final agreement with SHIPO and the City before we can enter into a binding agreement with the Challenger Learning Center.

We look forward to hosting the Challenger Learning Center as we feel it is a natural fit with the Museum's mission "*to inspire a sense of wonder about extraordinary scientific and technological development: past, present and future*". The reaction of children engaged in a simulated space mission, while teaching children the valuable skills of problem-solving and teamwork, is evidence that the program is designed to add the element of fun and excitement to real science learning.

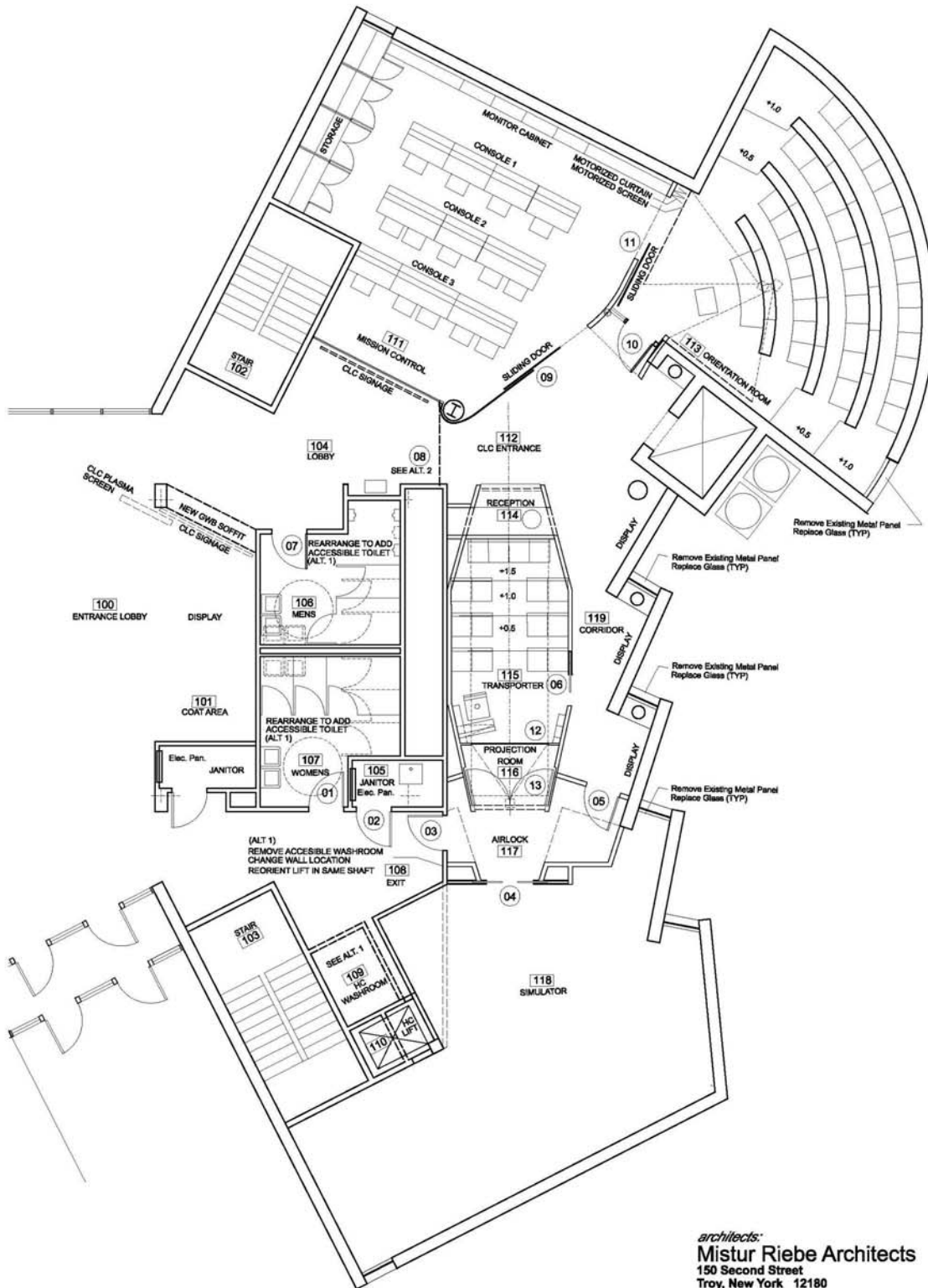
As you move forward with your fundraising efforts, please know that we will happily entertain a more formal lease arrangement when the timing is appropriate.

Warm Regards,

Kerry M. Orlyk
Executive Director

We're On a Mission... Our exhibits, programs, and events are designed with our Mission in mind: to inspire a sense of wonder about extraordinary scientific and technological developments: past, present, and future.

FLOOR PLAN AT SCHENECTADY MUSEUM

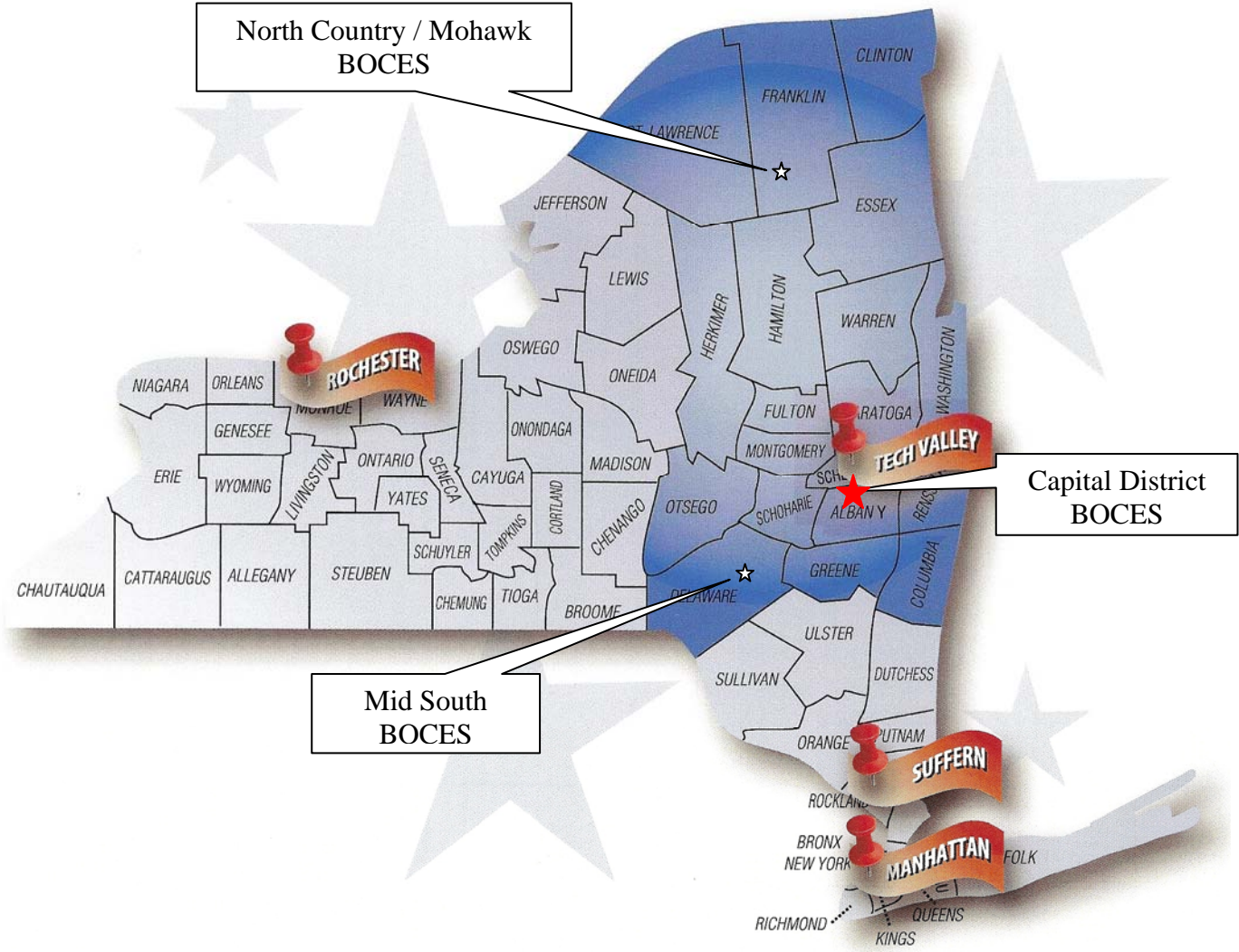


architects:
Mistur Riebe Architects
 150 Second Street
 Troy, New York 12180

project:
Challenger Learning Center
 of the Greater Capital Region
 Schenectady Museum, Schenectady, NY

A1 PLAN SCALE: as noted
 DATE: 07/25/07
NOT FOR CONSTRUCTION

New York State 19 County area covered by the Tech Valley Challenger Learning Center (Not included) southern Vermont and Western Massachusetts



We will be partnering with three regional BOCES that represent eleven individual BOCES within our 19 county catchment area

YOUR INVESTMENT AT WORK!



Space Lab Simulator



Mission Control Simulator

For more information please contact Norman Miller: (518) 864-7073 – Cell (518) 527-0307

www.challengerlearningcenter.org