



DISTRICT OF COLUMBIA

OFFICE OF THE STATE SUPERINTENDENT OF

EDUCATION

PUBLIC CHARTER SCHOOL CREDIT ENHANCEMENT COMMITTEE

Please find below the notes from the Public Charter School Credit Enhancement Committee (“Committee”) Meeting held on Thursday **April 28, 2022**.

PUBLIC MEETING NOTES:

Call To Order:

1. By Mark Medema at 12:03 p.m.
2. Michael Musante reminded the Committee members of the conflict of interest policy and asked if everyone had completed the form and if there were any recusals.
3. There were no recusals.

Committee Members Present: (appearing via GoToMeeting):

1. Michael Musante (at 12:35 p.m.)
2. Mark Medema
3. Sara Batterton
4. Yair Inspektor
5. Stefan Huh

Note: Quorum was present.

Staff Members Present: (appearing via GoToMeeting):

1. Darryl Brantley, Financial Program Specialist, OPCSFS
2. Nagesh V. Tammara, Senior Assistant General Counsel, Office of the General Counsel

Guests (Public Meeting Attendees all via GoToMeeting):

1. Jason Mellen, Finance Director, Girls Global Academy Public Charter School
2. Thomas Porter, Independent Consultant

Approval to Go into Executive Session:

1. Michael Musante requested a motion to go into the Executive Session.

- a. Pursuant to 2-575 (b)(4)(A), and (b)(11) the Committee will enter into executive session to consult with its attorney to obtain legal advice and to review and discuss sensitive and confidential financial information before returning to the public session for the remainder of the meeting agenda.
2. Mark Medema made a motion to go into Executive Session.
3. Sara Batterton seconded the motion.

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EXECUTIVE SESSION NOTES

Above-noted OPCSFS/OSSE Staff were in attendance via GoToMeeting.

A. Girls Global Academy PCS – Request for a new direct loan in the amount of \$2,000,000.

1. Darryl Brantley introduced the request as follows:

- a. Girls Global Academy PCS has requested a new direct loan in the amount \$2,000,000.
- b. The purpose of the new OPCSFS Direct Loan is to support the 3rd phase of the Girls Global PCS renovation project located at 733, 755 and 777 8th St. NW, Washington, DC 20001.
- c. The loan will be for a five-year term and be priced at 1.0 percent per annum and have eight quarterly interest-only payments and thereafter three years of Principal & Interest (P&I) payments followed by a balloon at the end. There will be a 1 percent origination fee of \$20,000.
- d. The direct loan will be collateralized by a first position leasehold deed of trust on the school property estate located at 733 8th St. NW, Washington, DC 20001.
- e. The direct loan will be repaid with cashflows from operations of the school.
- f. The risks identified consist primarily of the economic risks regarding COVID-19 and enrollment, along with the construction risks associated with a project of this magnitude. There is also the risk of the school being a newer school.
- g. The strengths identified include an experienced executive director and Principal along with a strong board of directors.

2. Discussion:

- a. Mark Medema asked about the financials and whether the school could afford the loan. He indicated that the cashflow may not be sufficient to cover the proposed debt service on the loan.
- b. Darryl Brantley indicated that the school should be able to cover the debt service and that he relied on the financial statement provided by the school and Independent Consultant.
- c. Stephan Huh indicated that he had some concerns regarding the cash flow as well but thought that given the way the loans are structured that the school should be able to manage the interest only payments although there will be a substantial jump in payments due starting in year 3 when P & I payments will start being due.
- d. Mark Medema mentioned that he did not think that the financials looked great for the school and needed to have some questions answered by the school in order to get comfortable with the transaction.
- e. Mark Medema also had a concern about the level of federal, state and local funding that the school was receiving.
- f. Michael Musante indicated that if the committee did not feel comfortable with moving forward with approving the transaction that they could tell the school that there were some unanswered questions and that the committee will review again once they felt comfortable with the answers.
- g. Mark Medema mentioned that hopefully the school can answer the questions regarding the cash flow calculations.
- h. Darryl Brantley mentioned that enrollment might be a concern given that the school did not have a waiting list and it could be a result of the pandemic.
- i. Sara Batteredton and Mark Medema asked about enrollment because it appears that the enrollment data provided was conflicting and it appears as the school may have lost students.
- j. Darryl Brantley mentioned that the school provided 2 sets of enrollment data and indicated that

committee should inquire to the school regarding the 2 sets of data provided.

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PUBLIC SESSION NOTES

The Public Meeting was reopened and called back to order at 12:30 p.m.

Approval of April 28, 2022 Committee Meeting Agenda:

1. Michael Musante requested a motion to approve the meeting agenda.
2. Mark Medema made a motion to approve the meeting agenda.
3. Stefan Huh seconded the motion to approve the meeting agenda.
4. All said Aye.
5. Agenda approved by unanimous vote.

Approval of Jan. 5, 2022 Committee Meeting Minutes

1. Michael Musante inquired as to whether there were any changes to the public meeting minutes from Jan. 5, 2022, and hearing none, requested a motion to approve said meeting minutes.
2. Mark Medema made a motion to approve the Jan. 5, 2022 meeting minutes.
3. Sara Batterton seconded the motion.
4. All said Aye.
5. The Jan. 5, 2022 meeting minutes were approved by unanimous vote.

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Transactions Disclosure Checklist (Conflict of Interest Policy)

As set forth in Attachment C (Transaction Disclosure Checklist) of the Office of Public Charter School Financing and Support - Conflict of Interest Policy (Policy), Michael Musante, Chair inquired of the Committee membership the following as it relates to the transactions presented (i.e., Girls Global Public Charter School) to the Committee for approval:

Do you or a person closely affiliated (as defined by the Policy) to you have any of the following relationships with any of the financially interested entities involved in this transaction? The respective questions and responses are captured in the table below with the noted exceptions.

N = No Y = Yes	Financially Interested Entities (FIEs)			
	The public charter school(s) seeking financing from the Committee		Any other financially interested entity involved in the transaction	
	Current	Prior (past 5 years)	Current	Prior (past 5 years)
Serve as a board member, officer, or employee?	Medema – N Musante – N Inspektor- N Batterton – N Huh -N	Medema – N Musante – N Inspektor – N Batterton -N Huh - N	Medema – N Musante – N Inspektor -N Batterton -N Huh - N	Medema – N Musante – N Inspektor -N Batterton -N Huh - N
Receive compensation for serving as a board member?	Medema – N Musante – N Inspektor -N Batterton -N Huh - N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh - N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N
Receive compensation for a position (officer or employee)?	Medema – N Musante – N Inspektor -N Batterton -N Huh N	Medema – N Musante – N Inspektor -N Batterton -N Huh - N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N
Any contractual relationship (individual or through an employment or subcontractual relationship)?	Medema – N Musante – N Inspektor -N Batterton -N Huh - N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N
Perform consulting or other services?	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N

Own shares of stock, stock options, partnership interest, or other ownership interest?	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton – N Huh -N
Employed by an organization on whose board of directors an individual involved in the transaction sits?	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N
Registered as a lobbyist on behalf of the interests?	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton N Huh -N
	Financially Interested Entities (FIEs)			
	The public charter school(s) seeking financing from the Committee		Any other financially interested entity involved in the transaction	
	Current	Prior (past 5 years)	Current	Prior (past 5 years)
Parent of a child attending?	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N
Volunteer(ed) at or with?	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh - N
Any other information to disclose?	Medema – N Musante – N Inspektor -N Batterton -N Huh - N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N	Medema – N Musante – N Inspektor -N Batterton -N Huh -N

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2. Darryl Brantley introduced Girls Global Academy PCS request to obtain a new Direct Loan in the amount of \$2,000,000.

- a. Girls Global Academy PCS has requested a new direct loan in the amount of \$2,000,000. The purpose of the new direct loan is to complete phase 3 of the school renovation project located 733 8th St. NW Washington DC 20001.
- b. The direct loan would be for a five-year term carrying an interest rate of one percent (1.00%) per annum and have eight quarterly interest-only payments and thereafter three years of Principal & Interest (P&I) payments with a balloon payment at the end. There will be a 1 percent origination fee of \$20,000.
- c. The direct loan would be repaid out of the school's cashflow from operations and secured by a first position lien deed of trust on the school property located at 733 8th St. NW, Washington DC 20001.
- d. The primary risks identified is the economic risks regarding COVID-19 and enrollment along with the general construction risks associated with a project of this size along with the school being a start-up operation.
- e. The strengths identified include experienced Executive Director and Principal with a strong board of directors.

3. Discussion:

- a. Mark Medema asked about the accuracy of the financials provided because the cash flow does not seem adequate to service the proposed debt.
- b. Tom Porter indicated the financials were accurate and that there is sufficient cash flow based on the projections and the addbacks.
- c. Mark Medema inquired about enrollment and what were the correct enrollment figures or whether the numbers changed and about the special education student population.
- d. Jason Mellen indicated that the enrollment did fall slightly due to the effects of the pandemic. He also indicated that this was only temporary because current enrollment is on target for this school year. He also indicated that the middle schools in the Gallery Place Chinatown area also had a higher than average special education population and suggested that it may be due to student coming from all over the city attending those schools because of its proximity to downtown.
- e. Tom Porter thanked Darryl Brantley and Nagesh Tammara for all of their hard work and diligence in getting the transaction approved.

4. Transaction APPROVAL

- a. Michael Musante asked for a motion to approve the request of a new direct loan in the amount of \$2,000,000 for Girls Global Academy PCS.
- b. Mark Medema made a motion to approve the transaction.
- c. Sara Batterton seconded the motion.
- d. All said Aye.
- e. The motion carried and the transaction was unanimously approved.

5. 2nd Quarter 2022 Direct Loan and Credit Enhancement Update

- a. Darryl Brantley presented the 2nd Quarter Direct Loan and Credit Enhancement Update (attached).

- b. Michael Musante thanked OSSE for providing the updates and indicated that there was a time when the Committee could not receive any updates or information and he commended the current staff for providing the information.
- c. Sara Batterton asked if the staff could provide the change in interest rates to the document going forward so that there would be some historical context to look at the change of interest rates.
- d. Mark Medema asked about how to change the limits on DL and CE amounts.
- e. Nagesh Tammara indicated that we have had some internal discussion around increasing the cap from \$2 million to \$4 million for direct loans. He also indicated that \$2M is in the DC code and would have to go through city council but the \$1M credit enhancement amount is set by OSSE and we could certainly review the limit.

6. Adjournment:

- a. Sara Batterton asked for a motion to adjourn the meeting
- b. Mark Medema made a motion to adjourn the meeting.
- c. Yair Inspektor seconded the motion.
- d. All said Aye.
- e. The meeting adjourned at 1 p.m.