



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 20, 2023.**

PUBLIC MEETING NOTES:

Call To Order:

1. By Mark Medema at 12 p.m.
2. Mark Medema 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. Dominique Fortune
2. Mark Medema
3. Stefan Huh

** Yair Inspektor was not present

** Sara Batterton was not present

Note: Quorum was present.

Staff Members Present: (appearing via GoToMeeting):

1. Darryl Brantley, Financial Program Specialist, Office of Public Charter School Financing and Support (OPCSFS)
2. Brianna Griffin, Manager, OPCSFS
3. Nagesh V. Tammara, Senior Assistant General Counsel, Office of the General Counsel
4. Jessica Mardo, Program Analyst, Office of Federal Programs and Strategic Funding

Guests (Public Meeting Attendees all via GoToMeeting):

1. Myron Long, Executive Director, Social Justice Public Charter School *
2. Justin Lessek, Executive Director, Sojourner Truth Public Charter School
3. Jimmy Henderson, Consultant, Level Field Partners
4. Alex Shawe, Consultant, Level Field Partners

*Appeared via telephone

Approval to Move into Executive Session:

1. Mark Medema requested a motion to go into the Executive Session to consult with counsel.
 - 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. Stefan Huh made a motion to go into Executive Session.
3. Dominique Fortune seconded the motion.
4. All said “aye.”

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EXECUTIVE SESSION NOTES

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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 20, 2023 Committee Meeting Agenda:

1. Mark Medema requested a motion to approve the meeting agenda and amend the agenda to add the election of a committee chair to the Committee's April 20, 2023, meeting agenda.
2. Stefan Huh made a motion to approve the meeting agenda amendment.
3. Dominique Fortune seconded the motion to approve the meeting agenda amendment.
4. All said, "aye."
5. Agenda approved by unanimous vote.

Approval of March 16, 2023 Committee Meeting Minutes

1. Mark Medema inquired as to whether there were any changes to the public meeting minutes from March 16, 2023, and hearing none, requested a motion to approve said meeting minutes.
2. Dominique Fortune made a motion to approve the March 16, 2023, meeting minutes.
3. Stefan Huh seconded the motion.
4. All said, "aye."
5. The March 16, 2023, 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., **Sojourner Truth Public Charter School and Social Justice 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 Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N
Receive compensation for serving as a board member?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N
Receive compensation for a position (officer or employee)?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N
Any contractual relationship (individual or through an employment or subcontractual relationship)?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N
Perform consulting or other services?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N
Own shares of stock, stock options, partnership interest, or other ownership interest?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N

Employed by an organization on whose board of directors an individual involved in the transaction sits?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N
Registered as a lobbyist on behalf of the interests?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – 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 Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N
Volunteer(ed) at or with?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N
Any other information to disclose?	Medema – N Huh – N Fortune – N	Medema – N Huh – N Lindsay – N	Medema – N Huh – N Fortune – N	Medema – N Huh – N Fortune – N

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A. SOJOURNER TRUTH PCS' REQUEST FOR NEW DIRECT LOAN IN THE AMOUNT OF \$2 MILLION

1. Darryl Brantley introduced the request as follows:

- a. Sojourner Truth PCS has requested a \$2 million direct loan. The purpose of the new direct loan is to support the acquisition of their school lease into the name of Sojourner Truth PCS.
- b. The Direct Loan will be used to fund the refinance of leasehold improvements of an existing building and current school home located at 1800 Perry St. NE, Washington, DC 20018. Sojourner Truth is currently co-located and housed with Perry Street Preparatory PCS. The site is currently being subleased by Sojourner Truth PCS from Latin American Montessori Bilingual PCS who subleases the space from the CSII who in turn subleases from Perry Street Prep PCS. CSII has verbally agreed to transfer the lease to Sojourner Truth PCS.
- c. The total project cost is \$3 million and OPCSFS is providing \$2 million and Eagle Bank/City First Bank will provide \$1 million.
- d. The direct loan would be for a five-year term carrying an interest rate of one percent per annum and have eight quarterly interest-only payments followed by three years of principal and interest payments based on a 25-year amortization period. The loan would have a balloon payment due at the end of the five-year term. There will be a one percent origination fee of \$20,000.
- e. The direct loan would be repaid out of the school's cashflow from operations and be secured by a first position leasehold deed of trust on the property located at 1800 Perry St. NE Washington, DC 20018.
- f. The loan would also be secured by a first position lien on per pupil funding and facility allowance.
- g. The primary risks identified are the enrollment risks along with the fact that the school has not been approved for the \$1 million subordinate loan along with an appraisal yet.
- h. The strengths identified include experienced school leadership team and a strong board of directors along with strength of the Montessori brand.

2. Discussion

- a. Stefan Huh asked that once the school determines who the bank lender will be and if the lien priority changes that the committee be apprised of such.

3. Transaction APPROVAL

- a. Mark Medema asked for a motion to approve the request for a new \$2 million direct loan for Sojourner Truth PCS.
- b. Dominique Fortune made a motion to approve the transaction.
- c. Stefan Huh seconded the motion.
- d. All said, "aye."
- e. The motion carried and the transaction was unanimously approved.

B. SOCIAL JUSTICE PUBLIC CHARTER SCHOOL – REQUEST FOR AN EXTENSION ON AN EXISTING \$500,000 DIRECT LOAN

1. Darryl Brantley introduced the request as follows:

- a. Social Justice Public Charter School has requested a one-year extension for an existing \$500,000 credit enhancement for an additional year.
- b. The purpose of the extension on the OPCSFS Credit Enhancement is to support the license with Rocketship PCS on the existing school building located at 5450 Third St. NE Washington, DC 20011 in ward 5.
- c. The school was originally approved in 2019 for this credit enhancement (and closed with an effective date of April 1, 2020).
- d. The credit enhancement will remain unsecured; however, OPCSFS would have a priority lien on per pupil and facilities funding.
- e. The risks identified include the enrollment risks and the credit enhancement is essentially unsecured. The school is also still fairly new.
- f. The strengths include the strong school leadership and board of directors.
- g. The Credit Enhancement request was originally approved at the Nov. 21, 2019, Credit Enhancement Committee meeting.

2. Discussion

- a. Mark Medema inquired about the original agreement regarding the credit enhancement approved in 2019 and thought that OPCSFS was only providing a guarantee for three years and that City Bridge was going to provide a guarantee for the remaining two years.
- b. Myron Long indicated that the City Bridge guarantee is in place, but that Rocketship PCS requested that the school get the additional extension and that both guarantees stay in place. OPCSFS' guarantee was originally intended to be needed for the full five years.
- c. Mark Medema asked about the enrollment and the probability that the credit enhancement will be used.
- d. Myron Long indicated that there will probably be zero percent probability that the credit enhancement will be utilized given the fact that they have historically made all their payments on time and has remained in good standing with Rocketship PCS and the Public Charter School Board.
- e. The school has also built into their budget a cushion if there should be an enrollment shortfall.
- f. Nagesh Tammara indicated that that OSSE would have a priority lien against the per pupil funding and facilities allowances.

5. Transaction APPROVAL

- a. Mark Medema asked for a motion to approve the request for the one-year extension of an existing \$500,000 for one year on behalf of Social Justice PCS.
- b. Dominique Fortune made a motion to approve the transaction.
- c. Stefan Huh seconded the motion.
- d. All said, "aye."
- e. The motion carried and the transaction was unanimously approved.

C. Other Business

- a. The Committee held a vote to name Mark Medema as Chair of the Credit Enhancement Committee. The vote was passed that Mark Medema serve as Chair of the Committee.
- b. Darryl Brantley presented the fiscal year 2023 (FY23) mid-year review of the Credit Enhancement Committee.
- c. The Committee welcomed Dominique Fortune as a new committee member
- d. The Committee recognized Michael Musante's service as Chair of the committee over the last several years.

D. Adjournment:

- a. Mark Medema asked for a motion to adjourn the meeting
- b. Dominique Fortune made a motion to adjourn the meeting.
- c. Stefan Huh seconded the motion.
- d. All said, "aye."
- e. The meeting adjourned at 1 p.m.