



PUBLIC CHARTER SCHOOL CREDIT ENHANCEMENT COMMITTEE

Please find below the notes from the Public Charter School Credit Enhancement Committee (“Committee”) Meeting held on Thursday, July 6, 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. Yair Inspektor
4. Sara Batterton

** Stefan Huh 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

Guests (Public Meeting Attendees all via GoToMeeting):

1. Dr. Brian Rahaman, CEO, IDEA Public Charter School
2. Nicole Williams, Director of Enrollment and Business, IDEA Public Charter School

3. Natalie Smith, CEO and Founder, Global Citizens Public Charter School
4. Sean Flora, Director of Operations, Global Citizens Public Charter School
5. Camerra Taliaferro, Director of Operations, Global Citizens Public Charter School
6. Rob Tate, Consultant, Levelfield Partners
7. Jimmy Henderson, Partner, Levelfield Partners

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 in to 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. Yair Inspektor 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 July 6, 2023 Committee Meeting Agenda:

1. Mark Medema requested a motion to approve the meeting agenda for the July 6, 2023.
2. Dominique Fortune made a motion to approve the meeting agenda.
3. Yair Inspektor seconded the motion to approve the meeting agenda.
4. All said, aye.
5. Agenda approved by unanimous vote.

Approval of May 18, 2023 Committee Meeting Minutes

1. Mark Medema inquired as to whether there were any changes to the public meeting minutes from May 18, 2023, and hearing none, requested a motion to approve said meeting minutes.
2. Dominique Fortune made a motion to approve the May 18, 2023 meeting minutes.
3. Sara Batterton seconded the motion.
4. All said, aye.
5. Yair Inspektor abstained from the vote.
6. Dominique Fortune disclosed that she has done consulting work for Global Citizens during the planning year and in the past has worked for LISC. No recusal from consideration of the instant request was warranted.
7. The May 18, 2023 meeting minutes were approved by a 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., **Ingenuity Prep Public Charter School, IDEA Public Charter School and Global Citizens 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 Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton - N	Medema – N Inspektor – N Fortune – N Batterton -N	Medema – N Inspektor – N Fortune – N Batterton – N
Receive compensation for serving as a board member?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N
Receive compensation for a position (officer or employee)?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Huh – N Fortune – N Batterton – N
Any contractual relationship (individual or through an employment or subcontractual relationship)?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N
Perform consulting or other services?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune -N Batterton -N	Medema – N Inspektor –N Fortune – N Batterton – N

Own shares of stock, stock options, partnership interest, or other ownership interest?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N
Employed by an organization on whose board of directors an individual involved in the transaction sits?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N
Registered as a lobbyist on behalf of the interests?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – 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 Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N
Volunteer(ed) at or with?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N
Any other information to disclose?	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Lindsay – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N	Medema – N Inspektor – N Fortune – N Batterton – N

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A. INGENUITY PREP PCS – REQUEST FOR A NEW \$2 MILLION DIRECT LOAN AND A \$1 MILLION CREDIT ENHANCEMENT

1. Darryl Brantley introduced the request as follows:

- a. Ingenuity Prep PCS has requested a new \$2 million direct loan and a \$1 million credit enhancement.
- b. The purpose of the new OPCSFS Direct Loan is to support the school’s acquisition of its lease and refinance leasehold improvement debt from out of the name of the Charter School Incubator Initiative (CSII) into the name of Ingenuity Prep Public Charter School.
- 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 followed by three years of principal and interest based on a 25-year amortization period. There will be a one percent origination fee of \$20,000.
- d. The direct loan will be secured by a second position Leasehold Deed of Trust (DOT) on the school’s real estate located at 4600 Livingston Road SE, Washington, DC 20032.
- e. The direct loan will also be secured by a second position lien on per pupil and facility allowance funding and will be repaid with cashflow from operations of the school.
- f. The risks identified include the enrollment risks, long term financing track record and lack of appraisal.
- g. The strengths include the strong school leadership and board of directors, liquidity and enrollment given the school has historically always been at full enrollment and has a robust waitlist.

2. Discussion:

- a. Yair Inspektor inquired about when the appraisal would be completed.
- b. Jimmy Henderson indicated that the appraisal would probably be completed in about six to nine months. He further indicated that this was the first phase of a two-phase project and the appraisal would be timed to coincide with the completion of the construction. Sara Batterton inquired about the timing of the assignment of the lease. Jimmy Henderson indicated that the signing is currently scheduled for July 30 for the transfer date or sometime shortly thereafter.

3. Transaction Approved

- a. Mark Medema asked for a motion to approve the request for a \$2 million direct loan and \$1 million credit enhancement.
- b. Yair Inspektor 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.

B. IDEA PCS' REQUEST FOR NEW DIRECT LOAN IN THE AMOUNT OF \$1 MILLION

1. Darryl Brantley introduced the request as follows:

- a. IDEA PCS has requested a \$1 million direct loan. The purpose of the new direct loan is to support the reimbursement of school funds that were used to renovate the existing school building. The renovation consists of 94,000 square feet of classroom and administrative space.
- b. The direct loan will be used to reimburse the school in the amount of \$1 million used to renovate their existing building and current school home located at 1027 45th St. NE, Washington, DC- so as not ensure the school's financial health. The total project costs were \$2.8 million and the renovation has been completed.
- c. The direct loan would be for a five-year term carrying an interest rate of 1 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 1 percent origination fee of \$10,000.
- d. The direct loan would be repaid out of the school's cashflow from operations and be secured by a second position lien Deed of Trust (DOT) on the property located at 1027 45th St. NE, Washington, DC.
- e. The loan would also be secured by a second position lien on per pupil funding and facility allowance.
- f. The primary risks identified are the enrollment risks along with the fact that the school is currently on a school performance improvement plan.
- g. The strengths identified include experienced school leadership team and a strong board of directors and that the school has been in existence for over 25 years.

2. Discussion

- a. Mark Medema asked the school to talk about progress on their improvement plan. What is the status?
- b. Dr. Brian Rahaman indicated that the school is making significant progress on the CTE plan that the school submitted to the PCSB in March 2020. The school now has five CTE pathways that are operational and are more defined. The PMF performance metrics are no longer being utilized and the school feels very confident that they will do well in the upon their next review.

- c. Yair Inspektor inquired about whether the school has received any feedback regarding their progress on the plan.
- d. Dr. Brian Rahaman indicated that the school has received positive feedback in 2022 in the review. The school has met two of the three benchmarks and the other goal was not applicable.

3. Transaction Approved

- a. Mark Medema asked for a motion to approve the request for a \$1 million direct loan to IDEA PCS.
- b. Sara Batterton made a motion to approve the transaction.
- c. Yair Inspektor seconded the motion.
- d. All said, aye.
- e. The motion carried and the transaction was unanimously approved.

C. GLOBAL CITIZENS PUBLIC CHARTER SCHOOL – REQUEST FOR AN EXTENSION ON AN EXISTING \$800,000 DIRECT LOAN

1. Darryl Brantley introduced the request as follows:

- a. Global Citizens Public Charter School has requested an extension for an existing \$800,000 direct loan for an additional two years. No other changes are requested.
- b. The purpose of the extension on the OPCSFS Direct Loan is to align the loan maturity with the term of the newly negotiated lease extension.
- c. The school is also working on a longer-term lease that the school will have after the initial lease expires in 2024. The school believes that there is an 80 percent chance that they will be able to stay in their current facility long term.
- d. The school has paid down their initial loan balance significantly since its inception with \$100,000 paid to date towards the principal balance. The school has been making principal and interest payments since the loan initially closed.
- e. The school was originally approved in 2021 for this direct loan.
- f. The direct loan will have a second priority lien on per pupil and facilities funding.
- g. The risks identified include the enrollment risks. It is also noted that the school recently opened in 2021.
- h. The strengths include the strong school leadership and board of directors.

2. Discussion

- a. Dominique Fortune inquired about the enrollment numbers for this upcoming enrollment numbers.
- b. Natalie Smith indicated that the school is well ahead of all their enrollment targets for each grade and can supply specific grade information if needed.
- c. Dominique Fortune asked which program had the most demand.
- d. Natalie Smith indicated that the early childhood Spanish program was the most in demand.

5. Transaction Approved

- a. Mark Medema asked for a motion to approve an extension of an existing \$800,000 OSSE loan for an additional two years.
- b. Sara Batterton made a motion to approve the request.
- c. Yair Inspektor seconded the motion.
- d. The motion carried and the transaction was unanimously approved.

B. Other Business

- a. Nagesh Tammara indicated that Stefan Huh would not be joining the meeting because he brought to our attention that he may have a conflict of interest due to his new employer.
- b. Sara Batterton asked about the 1 percent interest rate that OSSE charges on loans and whether it was going to change.
- c. Nagesh Tammara indicated that there were no current plans to change the interest rate but if it were to change it would be considered in December 2023 and become effective in January 2024.

C. Adjournment:

- a. Mark Medema asked for a motion to adjourn the meeting
- b. Yair Inspektor made a motion to adjourn the meeting.
- c. Dominique Fortune seconded the motion.
- d. All said, aye.
- e. The meeting adjourned at 1:02 p.m.