



PUBLIC CHARTER SCHOOL CREDIT ENHANCEMENT COMMITTEE

Please find below the notes from the Public Charter School Credit Enhancement Committee (“Committee”) Meeting held on Thursday, May 18, 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
4. Sara Batterton

** Yair Inspektor 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. Kimberly Brown, BEGA, Office of Open Government

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. Stefan Huh made a motion to go into Executive Session.
3. Dominique Fortune seconded the motion.
4. All said, aye.

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PUBLIC SESSION NOTES

The public meeting was reopened and called back to order at 12:30 p.m.

Approval of May 18, 2023 Committee Meeting Agenda:

1. Stefan Huh requested a motion to approve the meeting agenda for the May 18, 2023 after Mark Medema experienced technical difficulties.
2. Sara Batterton 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 April 20, 2023 Committee Meeting Minutes

1. Stefan Huh inquired as to whether there were any changes to the public meeting minutes from April 20, 2023, and hearing none, requested a motion to approve said meeting minutes.
2. Mark Medema (returned to Meeting) made a motion to approve the April 20, 2023 meeting minutes.
3. Dominique Fortune seconded the motion.
4. All said, aye.
5. Sara Batterton abstained from the vote.
6. The April 20, 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., **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 Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N |
| Receive compensation for serving as a board member? | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N |
| Receive compensation for a position (officer or employee)? | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – 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 Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N |
| Perform consulting or other services? | Medema – N Huh – N Fortune – N Batterton – B | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N | Medema – N Huh – N Fortune – N Batterton – N |

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

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A. 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 \$1 million used to renovate their existing building and current school home located at 1027 45th St. NE, Washington, DC. The total project costs were \$2.8million and the renovation has been completed.
- c. 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 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 about the school's performance improvement plan and where the school was regarding any progress on that performance plan. What is the status?
- b. Darryl Brantley indicated that OSSE did not have any updates regarding the plan.
- c. Dr. Brian Rahaman mentioned that the school has created a very robust CTE strategic plan that outlines the activities and timelines of progress on the strategic plan.
- d. Mark Medema asked what the school's exit strategy for the loan.
- e. Nicole Williams indicated that the school will seek to increase enrollment and through seeking additional grants. The school has recently hired staff to support the enrollment growth.
- f. Dr. Brian Rahaman indicated that the school will practice more prudent fiscal budget management and receive an employee retention credit of more than \$1 million.
- g. Mark Medema asked if the school could provide OSSE with financial projections that incorporate the increased enrollment projections and employee retention credit.

3. Transaction **HOLD**

- a. Mark Medema indicated that the committee wanted more due diligence to be performed for the transaction to understand the enrollment prospects for the school and the repayment strategy. Mark Medema made a motion that was unanimously approved to delay the vote until further due diligence can be completed regarding the exit strategy and the school's progress on its performance improvement plan.

B. 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 was originally approved in 2021 for this direct loan.
- d. The direct loan will have a second priority lien on per pupil and facilities funding.
- e. The risks identified include the enrollment risks. It is also noted that the school recently opened in 2021.
- 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. Sara Batterton inquired about whether or not the school was going to be in attendance for the meeting.
- b. Darryl Brantley indicated that the school was expected to be in attendance for the meeting but they were not on the line.

5. Transaction **HOLD**

- a. Mark Medema indicated that the request for the two-year extension of an existing \$800,000 should be put on hold until more due diligence can be performed specifically regarding enrollment and the exit strategy for the loan. Mark Medema made a motion that was passed unanimously to defer the vote on this transaction until the due diligence is completed and ensure that the school has representation at the next committee meeting.

C. Other Business

- a. None.

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.