



PUBLIC CHARTER SCHOOL CREDIT ENHANCEMENT COMMITTEE

Please find below the notes from the Public Charter School Credit Enhancement Committee (“Committee”) Meeting held on Thursday, October 19, 2023.

PUBLIC MEETING NOTES:

Call To Order:

1. By Mark Medema at 12:02 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. Sara Batterton recused herself from the vote.

Committee Members Present: (appearing via GoToMeeting):

1. Stefan Huh
2. Mark Medema
3. Sara Batterton

** Dominique Fortune and 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. Sarah Lewis, Executive Director, Achievement Prep Public Charter School
2. Monica Jones, Director of Operations, Achievement Prep Public Charter School
3. Molly Melloh, Consultant, EdOps
4. Chris Park, Student, Montgomery College

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. Sarah Batterton seconded the motion.
4. All said, aye.

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EXECUTIVE SESSION NOTES

REDACTED

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PUBLIC SESSION NOTES

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

Approval of October 19, 2023 Committee Meeting Agenda:

1. Mark Medema requested a motion to approve the meeting agenda for the October 19, 2023.
2. Stefan Huh made a motion to approve the meeting agenda.
3. Sara Batterton seconded the motion to approve the meeting agenda.
4. All said, aye.
5. Agenda approved by unanimous vote.

Approval of July 6, 2023 Committee Meeting Minutes

1. Mark Medema inquired as to whether there were any changes to the public meeting minutes from July 6, 2023, and hearing none, requested a motion to approve said meeting minutes.
2. Sara Batterton made a motion to approve the July 6, 2023 meeting minutes.
3. Stefan Huh seconded the motion.
4. All said, aye.
5. The July 6, 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., **Achievement Prep 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 Batterton – N	Medema – N Huh – N Batterton - N	Medema – N Huh – N Batterton -N	Medema – N Huh – N Batterton – N
Receive compensation for serving as a board member?	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – Y	Medema – N Huh – N Batterton – Y
Receive compensation for a position (officer or employee)?	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N
Any contractual relationship (individual or through an employment or subcontractual relationship)?	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N
Perform consulting or other services?	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N	Medema – N Huh -N Batterton -N	Medema – N Huh – N Batterton – N
Own shares of stock, stock options, partnership interest, or other ownership interest?	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N	Medema – N Huh – N Batterton – N
Employed by an organization on whose	Medema – N Huh – N	Medema – N Huh – N	Medema – N Huh – N	Medema – N Huh – N

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

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A. ACHIEVEMENT PREP PCS – REQUEST FOR A NEW \$2 MILLION DIRECT LOAN

1. Darryl Brantley introduced the request as follows:

- a. Achievement Prep PCS has requested a new \$2 million direct loan.
- b. The purpose of the new OPCSFS Direct Loan is to support the school's refinance of a new market tax credit that is coming due on December 23, 2023.
- 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 908 Wahler Place SE, Washington, DC in Ward 8.
- 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 (competition), projected cash flow in year 1 and lack of recent appraisal.
- g. The strengths include the strong school leadership and board of directors, track record and the strong collateral position. The most recent appraisal in 2016 had a value of \$34.9M.

2. Discussion:

- a. Mark Medema inquired about the aggressive enrollment growth that is in the projections and how is the school planning to meet those targets.
- b. Sarah Lewis indicated that the school has been extremely intentional about enrollment growth with their Director of Family experience leading the charge. The school has been canvassing the streets with a team of families asking the community to "try our school." She believes that the canvassing and overall marketing strategy efforts have worked. She also indicated that the school has been focusing on their academics and programming to ensure it is meeting needs in the community that are not being met by the other local schools that are close in proximity. She indicated that while the school is not where they want to be post pandemic, it has made considerable strides. She also mentioned that the sublease to DPA is mutually beneficial because Achievement Prep via DPA is getting some of the older siblings. She also mentioned that students are coming from everywhere within the District.
- c. Stefan Huh inquired about whether the school has done any scenario planning if the school does not expand and a worst-case scenario with the DPA lease.
- d. Molly Melloh indicated that the sublease allows time for scaling to enrollment and provides time to think about a plan B such as maybe moving into 1 building and finding a new tenant for the DPA leased space.
- e. Stefan Huh asked that OSSE should obtain grade by grade enrollment projections that align with the financial projections and ensure that the totals align and update the credit memo accordingly.
- f. Mark Medema inquired what is school's current charter approval for grade levels.
- g. Sarah Lewis indicated that the school's charter is approved for PK3 thru Grade 8.

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. Stefan Huh made a motion to approve the transaction with the condition of receipt of commitment letter from the City First Bank that is consistent with the credit memo and receipt of grade by grade enrollment projections that are consistent with the total financial projections
- c. Mark Medema seconded the motion
- d. All said, aye
- e. The motion carried and the transaction was unanimously approved.

A. Other Business

- a. Darryl Brantley indicated that Creative Minds PCS is interested in paying off its loan early but would consider maintaining the loan if OSSE would do away with its DSCR and covenant requirements.
- b. Nagesh Tammara indicated that the annual audit of the DL/CE program revolving funds was completed and the audit was clean other than a couple of management observations.

B. Adjournment:

- a. Mark Medema asked for a motion to adjourn the meeting
- b. Sara Batterton made a motion to adjourn the meeting.
- c. Stefan Huh seconded the motion.
- d. All said, aye.
- e. The meeting adjourned at 1:03 p.m.