



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 **July 28, 2022**.

PUBLIC MEETING NOTES:

Call To Order:

1. By Mark Medema at 12:09 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. Mark Medema (serving as Acting Chairperson)
2. Sara Batterton
3. Stefan Huh

Note: Quorum was present.

*Yair Inspektor was not present

* Michael Musante was not present

Staff Members Present: (appearing via GoToMeeting):

1. Darryl Brantley, Financial Program Specialist, Office of Public Charter School Financing & Support
2. Linda Sun, Director of Federal Programs & Funding, Systems & Supports K-12
3. Nagesh V. Tammara, Senior Assistant General Counsel, Office of the General Counsel
4. John Baek, Legal Intern, Office of the General Counsel
5. Justin Rankin, Legal Intern, Office of the General Counsel

Guests (Public Meeting Attendees all via GoToMeeting):

1. Haley Wiggins, Executive Director, The Family Place Public Charter School
2. Eileen Suffian, CPA, The Family Place Public Charter School

3. Tom Porter, Independent Consultant
4. Anne Robinson, Executive Director, Charter School Incubator Initiative
5. Ornella Napolitano, Chief Financial Officer, Charter School Incubator Initiative
6. Rachel Kimboko, Executive Director, DC WildFlower Public Charter School
7. Molly Melloh, Consultant, EdOps
8. Mayank Palod, Consultant, EdOps

Approval to Go into Executive Session:

1. Mark Medema 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. Stefan Huh 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. The Family Place PCS – Request for a new direct loan in the amount of \$2,000,000.

1. Darryl Brantley introduced the request as follows:

- a. The Family Place PCS has requested a new direct loan in the amount \$2,000,000.
- b. The Direct Loan will be used to fund the acquisition and renovation of a building located at 3419 14th Street, NW, Washington, DC 20010 in Ward 1. The proposed financing from OPCSFs will assist the school in completing the acquisition and renovation project that totals \$2,375,000.
- 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 1st position deed of trust on the school property located at 3419 14th Street, NW Washington, DC 20010.
- 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. Another risk identified is the fact that it is an adult public charter school and the demand for its programs is unknown.
- g. The strengths identified include an experienced Board of Directors and school leadership along with a strong project management team.

2. Discussion:

- a. Stefan Huh mentioned that he was somewhat familiar with the school because it was close to his neighborhood and he had a good understanding of the population that it serves however he was not familiar with the school's program.
- b. Stefan Huh asked about the performance metrics of the school and if the school was in any danger.
- c. Darryl Brantley indicated that the school was performing well and not in any danger of failing or having its charter revoked.
- d. Stefan Huh raised a question about how OSSE could have oversight over the construction process and monitor/approve the draws during the construction period.
- e. Darryl Brantley mentioned that OSSE typically would disburse all of the loan proceeds at one time and not do draws.
- f. Mark Medema asked a question about the enrollment, the credit memo had 187 approved students and the proforma has 250 students.
- g. Darryl Brantley mention that the school has 187 students as of the last audited enrollment date however the charter approved maximum amount is 250 students.

B. DC Wild Flower PCS – Request for an increase to an existing direct loan in the amount of \$493,000.

3. Darryl Brantley introduced the request as follows:

- a. DC Wildflower PCS has requested an increase to an existing loan in the amount \$493,000. This increase is to an existing Direct Loan in the amount of \$1,507,000 that was approved by the Committee in December 2021.
- b. The increased amount of \$493,000 will be used to fund the increased renovation/construction costs associated with the launch of a new public charter school in an existing residential home located at 913 55th Street, NE, Washington, DC 20019 in Ward 7. The school needs additional work on the foundation. Additional footers need to be built in order to support the weight of the school. Further increased costs are also due to having to redraw floor plans and schematics to allow for kitchen and break out room space. The building has been acquired and construction has begun. The confirmed enrollment is 15 students thus far. The school is expected to be open on time at the end of August 2022.
- c. The direct 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.
- d. The direct loan will be collateralized by a first position leasehold deed of trust on the school property estate located at 913 55th Street NE, Washington, DC 20019.
- 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 fact that it is a new start up school.
- g. The strengths identified include an experienced Head of School along with working with an experienced charter school consultant, Tom Porter.

4. Discussion:

- a. Sara Batterton mentioned that it seemed convenient that the actual additional costs are equal to the \$493,000 which will take the school to the OSSE Direct Loan limit of \$2,000,000 and was wondering what the actual costs are.
- b. Sara Batterton indicated that she understood the costs associated with the foundation but the increased costs for the reworked floor plans was cause for concern and indicates poor planning.
- c. Darryl Brantley mentioned that it was a question that we should clarify with the school.
- d. Mark Medema mentioned that we could ask the school for clarity.

C. Charter School Incubator Initiative (CSII) – Request for a Funded Credit Enhancement in the amount of \$1,000,000

5. Darryl Brantley introduced the request as follows:

- a. Charter School Incubator Initiative (CSII) has requested a \$1,000,000 Funded Credit Enhancement on behalf of Monument Academy PCS for 18 months from the CSP funds.
- b. The Funded Credit Enhancement will be used to assist Monument Academy PCS secure financing from City First Bank to refinance leasehold improvement debt out of the name of CSII into the name of Monument Academy Public Charter School.
- c. The funded credit enhancement will help with the LTV on the \$13,625,000 City First Bank loan

due to the appraised value being somewhat lower than expected.

6. Discussion:

- a. Mark Medema inquired about whether it was an unfunded credit enhancement.
- b. Darryl Brantley mentioned that due to a lower than expected appraisal value City First Bank is requesting a funded credit enhancement on behalf of Monument Academy PCS.
- c. Nagesh Tammara mentioned that the Funded Credit Enhancement would be out of the Federal CSP funds as opposed to the local credit enhancement funds and would be for the benefit of Monument Academy PCS and be held at an account at City First Bank.
- d. Sara Batterton asked when does the funded credit enhancement get released.
- e. Darryl Brantley indicated that it would be released in 18 months as Monument Academy PCS would have paid down the City First Bank loan.
- f. Nagesh Tammara indicated that all of the existing loans and credit enhancements with Charter School Incubator Initiative and United Bank will all be closed out today.]
- g. Stefan Huh mentioned that as OSSE underwrites transactions as the senior and sole lender that OSSE puts procedures in place to ensure that we are properly monitoring the loans and providing the oversight needed to ensure repayment.

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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 28, 2022 Committee Meeting Agenda:

1. Mark Medema asked for a motion to approve the meeting agenda and add the Charter School Incubator Initiative request for a \$1,000,000 Funded Credit Enhancement to the agenda.
2. Sara Batteredton made a motion to approve the addition of the Charter School Incubator Initiative request and the meeting agenda.
3. Stefan Huh seconded the motion to approve the addition of the Charter School Incubator Initiative request and the meeting agenda.
4. All said Aye.
5. Agenda approved by unanimous vote.
6. Mark Medema reminded everyone to turn in the Transaction Disclosure Checklist.

Approval of June 16, 2022 Committee Meeting Minutes

1. Mark Medema inquired as to whether there were any changes to the public meeting minutes from June 16, 2022, and hearing none, requested a motion to approve said meeting minutes.
2. Sara Batteredton made a motion to approve the June 16, 2022 meeting minutes.
3. Stefan Huh seconded the motion.
4. All said Aye.
5. The June 16, 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), Mark Medema, Acting Chair inquired of the Committee membership the following as it relates to the transactions presented (i.e., The Family Place Public Charter School, DC Wildflower Public Charter School and Charter School Incubator Initiative (CSII) 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 Batterton – N Huh -N	Medema – N Batterton -N Huh - N	Medema – N Batterton -N Huh - N	Medema – N Batterton -N Huh - N
Receive compensation for serving as a board member?	Medema – N Batterton -N Huh - N	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh - N	Medema – N Batterton -N Huh -N
Receive compensation for a position (officer or employee)?	Medema – N Batterton -N Huh N	Medema – N Batterton -N Huh - N	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh -N
Any contractual relationship (individual or through an employment or subcontractual relationship)?	Medema – N Batterton -N Huh - N	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh -N
Perform consulting or other services?	Medema – N Batterton -N Huh -N	Medema – N Musante – N Batterton -N Huh -N	Medema – N Musante – N Batterton -N Huh -N	Medema – N Musante – N Batterton - N Huh -N
Own shares of stock, stock options, partnership interest, or other ownership interest?	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh -N	Medema – N Batterton – N Huh -N
Employed by an organization on whose board of directors an	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh -N	Medema – N Batterton -N Huh -N

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

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2. Darryl Brantley introduced The Family Place PCS request to obtain a new Direct Loan in the amount of \$2,000,000.

- a. The Family Place PCS has requested a new direct loan in the amount of \$2,000,000.
- b. The Direct Loan will be used to fund the acquisition and renovation of a building located at 3419 14th Street, NW, Washington, DC 20010 in Ward 1.
- c. 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.
- d. The direct loan would be repaid out of the school's cashflow from operations and secured by a 2nd position lien deed of trust on the school property located at 3419 14th Street NW, Washington DC 20010.
- e. 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 an Adult Public Charter.
- f. The strengths identified include a strong board of directors and experienced project management team along with the demand for this type of Adult Charter School with the District.

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3. Discussion:

- a. Stefan Huh asked about who will be overseeing the project.
- b. Hailey Wiggins indicated that she along with a board member with charter school construction experience will be overseeing the project.
- c. Eileen Suffian indicated that there is a board member on the Family Place Inc. board of directors that is an architect that will also be assisting.
- d. Sara Batterton inquired how confident the school was with their budget for the renovation.
- e. Hailey Wiggins indicated that she was very confident with the budget and has learned a lot over the years.

4. Transaction APPROVAL

- a. Mark Medema asked for a motion to approve the request of a new direct loan in the amount of \$2,000,000 for The Family Place PCS.
- b. Stefan Huh 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. Darryl Brantley introduced DC WildFlower PCS request an increase to an existing Direct Loan in the amount of \$493,000.

- a. DC WildFlower PCS has requested an increase in an existing direct loan in the amount of \$493,000.
- 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.

- c. The direct loan would be repaid out of the school's cashflow from operations and secured by a 1st position lien deed of trust on the school property located at 913 55^h Street. NE, Washington DC 20019.
- d. The primary risks identified is the economic risks regarding COVID-19 and enrollment along with the fact that it is a new start up charter school program.
- e. The strengths identified include experienced Head of School with a strong independent consultant, guiding the project.

6. Discussion:

- f. Mark Medema indicated that the new budget increases amount that takes the loan up to the maximum OSSE loan seems questionable.
- g. Tom Porter indicated that it was not just a coincidence but strategic.

7. Transaction APPROVAL

- a. Mark Medema asked for a motion to approve the request of the increase to an existing Direct Loan in the amount of \$493,000 to DC Wildflower PCS.
- b. Sara Batterton 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.

8. Darryl Brantley introduced the request as follows:

- a. Charter School Incubator Initiative (CSII) has requested a \$1,000,000 Funded Credit Enhancement on behalf of Monument Academy PCS for 18 months from the CSP funds.

- b. The Funded Credit Enhancement will be used to assist Monument Academy PCS secure financing from City First Bank to refinance leasehold improvement debt out of the name of CSII into the name of Monument Academy Public Charter School.

9. Transaction APPROVAL

- f. Mark Medema asked for a motion to approve the request of the increase to an existing Direct Loan in the amount of \$493,000 to DC Wildflower PCS.
- g. Stefan Huh made a motion to approve the transaction.
- h. Sara Batterton seconded the motion.
- i. All said Aye.
- j. The motion carried and the transaction was unanimously approved.

10. Third Quarter Direct Loan and Credit Enhancement Update FY22 (3rd Quarter) Presentation

11. Adjournment:

- a. Mark Medema asked for a motion to adjourn the meeting
- b. Stefan Huh made a motion to adjourn the meeting.
- c. Sara Batterton seconded the motion.
- d. All said Aye.
- e. The meeting adjourned at 1:00 p.m.