



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 **June 16, 2022**.

### **PUBLIC MEETING NOTES:**

#### **Call To Order:**

1. By Michael Musante at 12:02 p.m.
2. Michael Musante 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. Michael Musante (at 12:30 p.m.)
2. Mark Medema
3. Sara Batterton
4. Stefan Huh

**Note:** Quorum was present.

\*Yair Inspektor was not present.

#### **Staff Members Present: (appearing via GoToMeeting):**

1. Darryl Brantley, Financial Program Specialist, Office of Public Charter School Financing & Support (OPCSFS)
2. Linda Sun, Director of Federal Programs & Strategic Funding, OPCSFS
3. Nagesh V. Tammara, Senior Assistant General Counsel, Office of the General Counsel
4. John Baek, Legal Intern, Office of the General Counsel

#### **Guests (Public Meeting Attendees all via GoToMeeting):**

1. Monica Ray, Board Chair, Community College Preparatory Academy Public Charter School
2. Andy Botticello, Consultant, IDS
3. Holly Denniston-Chase, Consultant, Facility Resource Center

4. Greg Gaskins, COO, Monument Academy Public Charter School
5. Myank Palod, Consultant, Ed Ops
6. Dr. Wallace Henry, CEO, Community College Preparatory Academy Public Charter School
7. Monica Jones, Founding Director and Board Member, Community College Preparatory Academy Public Charter School
8. Casey Hayes-Deats, Consultant, Ed Ops
9. Dr. Jeffrey Grant, CEO, Monument Academy Public Charter School

**Approval to Go into Executive Session:**

1. Michael Musante requested a motion to move into a closed Executive Session.
  - 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. Mark Medema made a motion to move into an 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. COMMUNITY COLLEGE PREPARATORY ACADEMY PCS – REQUEST FOR A NEW DIRECT LOAN IN THE AMOUNT OF \$2,000,000.**

#### **1. Darryl Brantley introduced the request as follows:**

- a. Community College Preparatory Academy PCS has requested a new direct loan in the amount \$2,000,000.
- b. The purpose of the new OPCSFS Direct Loan is to support the acquisition and building project located at 1802 Woodmont Place SE, Washington, DC 20020.
- 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 2nd position deed of trust on the school property estate located at 1802 Woodmont Place SE, Washington, DC 20020.
- 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.
- g. The strengths identified include an experienced Board of Directors and school leadership along with a strong project management team.

#### **2. Discussion:**

- a. Sara Batterton asked about the enrollment and whether the school has account date for adult charter schools and how is it calculated.
- b. Michael Musante indicated that was a very good question and that we should ask the school.

### **B. MONUMENT ACADEMY PCS – REQUEST FOR A NEW DIRECT LOAN IN THE AMOUNT OF \$2,000,000 AND A UNFUNDED CREDIT ENHANCEMENT IN THE AMOUNT OF \$1,000,000.**

#### **3. Darryl Brantley introduced the request as follows:**

- a. Monument Academy PCS has requested a new direct loan in the amount \$2,000,000 and an unfunded credit enhancement of \$1,000,000.
- b. The purpose of the new OPCSFS Direct Loan is to support the refinance of leasehold improvement debt from the name Charter School Incubator Initiative into the name of Monument Academy 500 19<sup>th</sup> St. NW, Washington, DC 20002.
- 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 second position leasehold deed of trust on the school property estate located at 500 19<sup>h</sup> St. NE, Washington, DC 20002.
- 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 residential charter school.

- g. The strengths identified include an experienced Head of School along with a strong board of directors. The school has showed its ability to turn around a school on the brink of being shut down.

**4. Discussion:**

- a. Stefan Huh asked about whether the lease with DGS is transferring to the school?
- b. Darryl Brantley indicated that the DGS lease would transfer at the same time of the settlement concurrently.
- c. Nagesh Tammara mentioned that it was a question that we should clarify with the school.
- d. Stefan Huh asked whether any conditions would need to be in place.
- e. Nagesh Tammara indicated that OSSE has other transactions that CSII is the intermediary and OSSE has a deed of trust on the property and DGS signed off on an estoppel certificate.
- f. Stefan Huh asked what happens to the lease payments if you are the intermediary.
- g. Nagesh Tammara mentioned that CSII would be taking on the risk of maintenance and upkeep. The thought is that the leasehold improvements would transfer back to the school but there are still lingering issues around it. He also indicated that these are all fair questions to ask the school during the public meeting.

**C. I DREAM PCS – REQUEST FOR AN EXTENSION ON AN EXISTING DIRECT LOAN IN THE AMOUNT OF \$300,000 FOR AN ADDITIONAL 5 MONTHS EXPIRING SEPTEMBER 30, 2022.**

**5. Darryl Brantley introduced the request as follows:**

- a. I Dream PCS has requested an extension on their existing direct loan of \$300,000 for an additional 5 months due to timing around additional funding to be received.
- b. All other terms and conditions will remain unchanged.

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## **PUBLIC SESSION NOTES**

The Public Meeting was reopened and called back to order at 12:30 p.m.

### **Approval of June 16, 2022 Committee Meeting Agenda:**

1. Michael Musante requested a motion to approve the meeting agenda and add I Dream Academy PCS' request for a 5 -month extension on an existing \$300,000 direct loan.
2. Mark Medema made a motion to add I Dream Academy PCS to the meeting agenda.
3. Sara Batterton and Stefan Huh seconded the motion.
4. All said Aye
5. I Dream Academy Public Charter School's request was added to the agenda.
6. Mark Medema made a motion to approve the meeting agenda, as amended.
7. Stefan Huh seconded the motion to approve the meeting agenda, as amended.
8. All said Aye.
9. Agenda approved by unanimous vote.

### **Approval of April 28, 2022 Committee Meeting Minutes**

1. Michael Musante inquired as to whether there were any changes to the public meeting minutes from April 28, 2022, and hearing none, requested a motion to approve said meeting minutes.
2. Mark Medema made a motion to approve the April 28, 2022 meeting minutes.
3. Sara Batterton and Stefan Huh seconded the motion.
4. All said Aye.
5. The April 28, 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), Michael Musante, Chair inquired of the Committee membership the following as it relates to the transactions presented (i.e., Community College Preparatory Public Charter School, Monument Academy Public Charter School and I Dream 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)
<b>Serve as a board member, officer, or employee?</b>	Medema – N Musante – 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
<b>Receive compensation for serving as a board member?</b>	Medema – N Musante – 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
<b>Receive compensation for a position (officer or employee)?</b>	Medema – N Musante – 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
<b>Any contractual relationship (individual or through an employment or subcontractual relationship)?</b>	Medema – N Musante – 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
<b>Perform consulting or other services?</b>	Medema – N Musante – 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
<b>Own shares of stock, stock options, partnership interest, or other ownership interest?</b>	Medema – N Musante – 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

<b>Employed by an organization on whose board of directors an individual involved in the transaction sits?</b>	Medema – N Musante – 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
<b>Registered as a lobbyist on behalf of the interests?</b>	Medema – N Musante – 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
	<b>Financially Interested Entities (FIEs)</b>			
	<b>The public charter school(s) seeking financing from the Committee</b>		<b>Any other financially interested entity involved in the transaction</b>	
	<b>Current</b>	<b>Prior (past 5 years)</b>	<b>Current</b>	<b>Prior (past 5 years)</b>
<b>Parent of a child attending?</b>	Medema – N Musante – 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
<b>Volunteer(ed) at or with?</b>	Medema – N Musante – 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
<b>Any other information to disclose?</b>	Medema – N Musante – 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

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**2. COMMUNITY COLLEGE PREPARATORY PCS - REQUEST TO OBTAIN A NEW DIRECT LOAN IN THE AMOUNT OF \$2,000,000.**

**Darryl Brantley introduced the request by Community College Preparatory PCS as follows:**

- a. Community College Preparatory PCS has requested a new direct loan in the amount of \$2,000,000. The purpose of the new direct loan is to assist the school in funding the acquisition of the land to construct a 41,00sf, 3 story adult charter school building located at 1802 Woodmont Place, SE Washington DC 20020.
- 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. There will be a 1 percent origination fee of \$20,000.
- c. 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 1802 Woodmont Place SE, Washington DC 20020.
- d. 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 a start-up operation.
- e. The strengths identified include a strong board of directors and experienced project management team.

**3. Discussion:**

- a. Stefan Huh asked about the timing on the acquisition.
- b. Darryl Brantley indicated the acquisition would take place in July and that construction period would be a year.
- c. Stefan Huh inquired about whether the term sheet will be finalized prior to acquisition.
- d. Darryl Brantley indicated that a signed commitment letter is a condition of approval.
- e. Sara Batterton asked for clarification about funding streams for adult charter schools and how it works relative to K-12 Charter schools. She specifically wanted to know about enrollment revenue.
- f. Monica Ray indicated that the school enrolls all year however, the school has a count day as well. The school needs to meet their 600 students target by October 5, 2022.
- g. Michael Musante asked a question regarding the timing of the land acquisition for the project.
- h. Andy Botticello indicated that the land acquisition will take place at the closing of the construction financing and the school will then acquire the parcel.
- i. Stefan Huh clarified that the senior debt and subordinate debt from OSSE will all take place at the same time.

**4. Transaction APPROVAL**

- a. Michael Musante asked for a motion to approve the request of a new direct loan in the amount of \$2,000,000 for Community College Preparatory PCS.
- b. Mark Medema 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. MONUMENT ACADEMY PCS REQUEST TO OBTAIN A NEW DIRECT LOAN IN THE AMOUNT OF \$2,000,000 AND NEW CREDIT ENHANCEMENT OF \$1,000,000.**

**Darryl Brantley introduced the request of Monument Academy PCS as follows:**

- a. Monument Academy PCS has requested a new direct loan in the amount of \$2,000,000 and a new unfunded Credit Enhancement of \$1,000,000. The purpose of the new direct loan is to refinance leasehold debt into the school's name.
- 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. There will be a 1 percent origination fee of \$20,000.
- c. 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 500 19<sup>th</sup> St. NE, Washington DC 20002.
- d. The primary risks identified is the economic risks regarding COVID-19 and enrollment along with the fact that it is a residential charter school program.
- e. The strengths identified include experienced Head of School with a strong board of directors that has a proven track record of being able to turn a troubled school around.

**6. Discussion:**

- j. Mark Medema thanked Dr. Grant for starting the school in conjunction with the Charter School Incubator Initiative and helping turn the school around to get to a point that it can stand on its own.
- k. Michael Musante reiterated the fact that the school has done a great job under the leadership of Dr Grant and the board.
- l. Michael Musante asked what the enrollment was at the school.
- m. Dr Grant mentioned that when he took over the school the audited enrollment was 101 student which met the targeted goal. The 2<sup>nd</sup> school year during the pandemic the target was 88 and ended with audited enrollment of 97 students. Last year the school had a target of 115 with an audited enrollment of 111 students. Next school year the school has a targeted enrollment of 120 students and already has 175 touchpoints with 98 students fully enrolled.

**7. Transaction APPROVAL**

- a. Michael Musante asked for a motion to approve the request of a new Direct Loan in the amount of \$2,000,000 and an unfunded Credit Enhancement in the amount of \$1,000,000 for Monument Academy PCS.
- b. Mark Medema 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 I DREAM ACADEMY PUBLIC CHARTER SCHOOL REQUEST TO EXTEND AN EXISTING \$300,000 DIRECT LOAN FOR AN ADDITIONAL 5 MONTHS**

**Darryl Brantley introduced the I Dream Academy PCS' request as follows:**

- a. Darryl Brantley introduced I Dream Academy PCS request to extend an existing \$300,000 Direct Loan for an additional 5 months. The existing \$300,000 loan would mature September 30, 2022. The extension will allow the school additional time to work out its funding sources.
- b. All other terms and conditions will remain unchanged.

**9. Transaction APPROVAL**

- a. Michael Musante asked for a motion to approve the request of an extension on an existing \$300,000 Direct Loan for I Dream PCS.
- b. Mark Medema 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.

**10. Adjournment:**

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