Call to Order

Approval of agenda for the Dec. 19, 2019 committee meeting

Approval of minutes from Nov. 21, 2019 committee meeting

Review of Conflict of Interest Policy – Transaction Disclosure Checklist

Potential Approvals:

- Discussion of Two Rivers PCS – Change in Senior Lender
- Discussion of Girls Global Preparatory Academy PCS - $450,000 Unfunded Credit Enhancement
- Discussion of Creative Minds PCS - $2,000,000 Direct Loan
- Charter School Incubator Initiative (Birney School) - $1,637,494 Funded Credit Enhancement – 90- day extension request
PUBLIC CHARTER SCHOOL CREDIT ENHANCEMENT COMMITTEE

Please find below the notes from the Public Charter School Credit Enhancement Committee (“Committee”) Meeting held on December 19, 2019.

PUBLIC MEETING NOTES:

Call To Order:

1. By Michael Musante at 12:31 pm

Committee Members Present:

1. Michael Musante (appearing via telephone)
2. Sara Batterton
3. Yair Inspektor (appearing via telephone)
4. Mark Medema
5. Stefan Huh

Note: Quorum was present.

Staff Members Present:

1. Shana Young, Chief of Staff, OSSE
2. Ronda Lasko, Director, Office of Public Charter School Financing and Support (“OPCSFS”)
3. Debra Roane, Financial Program Specialist, OPCSFS
4. Nagesh V. Tammara, Assistant General Counsel, Office of the General Counsel

Guests (Public Meeting Attendees Only):

1. Karen Venable-Croft, Co-Founder & Executive Director, Girls Global Preparatory Academy PCS
2. James Henderson, Level Field Partners
3. Shane Swift, Co-Founder, Girls Global Preparatory Academy PCS
4. Jason Mellon, Founding Director of Finance and Operations, Girls Global Preparatory Academy PCS
Approval of December 19, 2019 Committee Meeting Agenda:

1. Michael Musante requested a motion to approve the meeting agenda.
2. Mark Medema 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 November 21, 2019 Committee Meeting Minutes

1. Michael Musante inquired as to whether there were any changes to the public meeting minutes from November 21, 2019.
2. Mark Medema made a motion to approve the meeting minutes based on Michael Musante's representation.
3. Sara Batterton seconded the motion.
4. All said Aye.
5. The November 21, 2019 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 inquired of the Committee membership the following as it relates to the transactions (Girls Global Preparatory Academy PCS, Creative Minds International PCS, Two Rivers PCS, and the Charter School Incubator Initiative (Birney School) presented 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.

<table>
<thead>
<tr>
<th>Financially Interested Entities (FIEs)</th>
<th>The public charter school(s) seeking financing from the Committee</th>
<th>Any other financially interested entity involved in the transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current (past 5 years)</td>
<td>Current (past 5 years)</td>
</tr>
<tr>
<td>Serve as a board member, officer, or employee?</td>
<td>Medema – N</td>
<td>Medema – N</td>
</tr>
<tr>
<td></td>
<td>Batterton – N</td>
<td>Batterton – N</td>
</tr>
<tr>
<td></td>
<td>Inspektor – N</td>
<td>Inspektor – N</td>
</tr>
<tr>
<td></td>
<td>Musante – N</td>
<td>Musante – N</td>
</tr>
<tr>
<td></td>
<td>Huh – N</td>
<td>Huh – N</td>
</tr>
<tr>
<td>Receive compensation for serving as a board member?</td>
<td>Medema – N</td>
<td>Medema – N</td>
</tr>
<tr>
<td></td>
<td>Batterton – N</td>
<td>Batterton – N</td>
</tr>
<tr>
<td></td>
<td>Inspektor – N</td>
<td>Inspektor – N</td>
</tr>
<tr>
<td></td>
<td>Musante – N</td>
<td>Musante – N</td>
</tr>
<tr>
<td></td>
<td>Huh – N</td>
<td>Huh – N</td>
</tr>
<tr>
<td>Receive compensation for a position (officer or employee)?</td>
<td>Medema – N</td>
<td>Medema – N</td>
</tr>
<tr>
<td></td>
<td>Batterton – N</td>
<td>Batterton – N</td>
</tr>
<tr>
<td></td>
<td>Inspektor – N</td>
<td>Inspektor – N</td>
</tr>
<tr>
<td></td>
<td>Musante – N</td>
<td>Musante – N</td>
</tr>
<tr>
<td></td>
<td>Huh – N</td>
<td>Huh – N</td>
</tr>
<tr>
<td>Any contractual relationship (individual or through an employment or subcontratual relationship)?</td>
<td>Medema – N</td>
<td>Medema – N</td>
</tr>
<tr>
<td></td>
<td>Batterton – N</td>
<td>Batterton – N</td>
</tr>
<tr>
<td></td>
<td>Inspektor – N</td>
<td>Inspektor – N</td>
</tr>
<tr>
<td></td>
<td>Musante – N</td>
<td>Musante – N</td>
</tr>
<tr>
<td></td>
<td>Huh – N</td>
<td>Huh – N</td>
</tr>
<tr>
<td>Perform consulting or other services?</td>
<td>Medema – N</td>
<td>Medema – N</td>
</tr>
<tr>
<td></td>
<td>Batterton – N</td>
<td>Batterton – N</td>
</tr>
<tr>
<td></td>
<td>Inspektor – N</td>
<td>Inspektor – N</td>
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<tr>
<td></td>
<td>Musante – N</td>
<td>Musante – N</td>
</tr>
<tr>
<td></td>
<td>Huh – N</td>
<td>Huh – N</td>
</tr>
<tr>
<td><strong>Own shares of stock, stock options, partnership interest, or other ownership interest?</strong></td>
<td>Medema</td>
<td>Batterton</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
<td>Batterton</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Employed by an organization on whose board of directors an individual involved in the transaction sits?</strong></th>
<th>Medema</th>
<th>Batterton</th>
<th>Inspektor</th>
<th>Musante</th>
<th>Huh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medema</td>
<td>N</td>
<td>Batterton</td>
<td>N</td>
<td>Inspektor</td>
<td>N</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Registered as a lobbyist on behalf of the interests?</strong></th>
<th>Medema</th>
<th>Batterton</th>
<th>Inspektor</th>
<th>Musante</th>
<th>Huh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medema</td>
<td>N</td>
<td>Batterton</td>
<td>N</td>
<td>Inspektor</td>
<td>N</td>
</tr>
</tbody>
</table>

**Financially Interested Entities (FIEs)**

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<th><strong>Any other financially interested entity involved in the transaction</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td><strong>Prior (past 5 years)</strong></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td><strong>Prior (past 5 years)</strong></td>
</tr>
<tr>
<td>Parent of a child attending?</td>
<td>Medema</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
<tr>
<td>Volunteer(ed) at or with?</td>
<td>Medema</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
<tr>
<td>Any other information to disclose?</td>
<td>Medema</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
<tr>
<td>Medema</td>
<td>N</td>
</tr>
</tbody>
</table>

**Note:** No conflicts were identified that would pose a bar to any respective Committee member from voting on any of the transactions presented for consideration.

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PRESENTATION OF TRANSACTIONS

A. TWO RIVERS PCS - CHANGE IN SENIOR LENDER

1. Debra Roane provided background and information on the request by the school:
   a. This is a change in senior lender and allowing the school $15 million debt on Two Rivers PCS Middle School.
   b. New Markets Tax Credits are staying in place for the entire 7 year period so there is no penalty.

2. DISCUSSION:
   a. Michael Musante opened the floor for questions
      i. There were no questions from the Committee members.

3. TRANSACTION APPROVAL
   a. Michael Musante inquired as to whether there was a motion for Two Rivers PCS to have a change in senior lender from SunTrust Bank to Capital Impact Partners for the existing debt on the Two Rivers PCS Middle School and to take out an additional $14.9 loan for the school’s Young campus.
   b. Mark Medema made the motion.
   c. Yair Inspektor seconded the motion.
   d. All said Aye.
   e. The transaction was approved unanimously.

B. GIRLS GLOBAL PREPARATORY ACADEMY PCS - $450,000 UNFUNDED CREDIT ENHANCEMENT

1. Debra Roane introduced the request and provided background:
   a. Similar to the transaction discussed at the last Committee meeting, the Committee is being asked to supply a $450,000 credit enhancement in the form of a lease guaranty of rental payments only on the lease they are hoping to sign with Calvary Baptist Church starting in school year 2020-2021.
   b. This would be a 5 year credit enhancement with 1% annual service fee on any outstanding balances. This is a shared-risk model between OPCSFS, the landlord and the school as well as City Bridge with its grant.
   c. In addition to our credit enhancement, the school has secured a grant from City Bridge for $150,000 in the form of a reserve fund that will be used to fund any shortfalls in enrollment. For example, if the school has a target of 90 students for enrollment for year one, if they hit 80/85, the church (landlord) will forgive the remainder of the rent owed. Anything below 70, the City Bridge education grant will kick in, and once that is used up the Credit Enhancement would be available to cover any additional monetary shortfalls.
d. Debra Roane inquired about a provision in the letter of intent indicating that once the $150,000 in the form of a reserve fund was fully utilized the school had to replenish it within 12 months.
   a. James Henderson indicated that City Bridge’s commitment is to fully fund a $150,000 reserve fund one time to which the landlord is provided access and the school is obligated to replenish any used amounts within twelve (12) months.

2. **DISCUSSION:**
   a. As to enrollment data, Karen Venable-Croft informed the Committee that EdFest went well for them and that 33 families have already registered and signed up for the school via the MySchoolDC lottery, which is positive for a high school.
   b. Sara Batterton submitted for public record that in the past 5 years she has served as a consultant for City Bridge, which is a party to this transaction.
   c. Mark Medema inquired as to how the school expects to find new students for the first year.
      i. Karen Venable-Croft explained they have a pretty robust plan and that they are working with PAVE, a parent support group and parent engagement organizations to support them in furthering their goal. They have 300 contacts.
      ii. They are going to middle school and high school fairs and contacting all charter middle schools that do not have natural feeders, which is approximately 26 middle schools.
      iii. The school plans to do a mailer out to 12-14 year old age group that lets everyone know what it going on and open house events.
      iv. The school is being as transparent as possible
   d. The school submitted a request for proposal (RFP) and have a letter of intent from the landlords and are in the process of negotiations for a lease.
   e. James Henderson clarified that the negotiations remains ongoing and there is some backup on the part of landlord’s counsel to get the draft lease, and the representations by the landlord’s consultant and others involved in the lease negotiations have been positive and moving forward. Additionally, the space is awesome for a high school and for this starting school. Landlord has stipulated that having the City Bridge reserve fund as well as the credit enhancement in place is absolutely critical for furthering this project forward and to get comfort with taking on the enrollment risk and the enrollment floor concept.
   f. Shane Swift clarified that with respect to the MySchoolDC lottery, that the lease has to be signed by March for matches to happen and the school is expecting January 31st to be the lease execution date.
   g. Stefan Huh inquired as to when the credit enhancement would close as the credit memo implied that the enrollment targets would be a condition precedent to closing on the credit enhancement and it appears that the landlord is
requiring that the credit enhancement be in place at the time the lease is executed.

i. James Henderson responded by indicating that the school did not request or suggest any conditions based around enrollment, but the landlord has made it clear that having the credit enhancement in place is necessary for execution of the lease.

ii. Nagesh Tammara stated the Committee would issue a commitment letter that would state the conditions required.

3. TRANSACTION APPROVAL

a. Michael Musante asked whether there was a motion to approve a $450,000 five year unfunded credit enhancement for Girls Global Academy Public Charter School.
b. Mark Medema made a motion to approve as presented.
c. Sara Batterton seconded the motion.
d. All said Aye.
e. The transaction was approved.

C. CREATIVE MINDS INTERNATIONAL PCS - $2,000,000 DIRECT LOAN

1. Debra Roane presented this transaction:
   a. The school currently has a $1.5 million loan with OPCSFS that matures March 2020.
b. The school has asked the Committee to refinance the existing loan and provide them an additional approximately $500,000.
c. The interest rate would be 3.75 per annum and is requesting payments based on a 25 year amortization period and balloon payment in year 5. There will be no interest-only period.
d. The additional funds, coupled with their money to repair classrooms and other things to make it more attractive and increase enrollment.
e. Debra Roane noted that an appraisal was required as per Nagesh Tammara, which OPCSFS has not traditionally requested.
f. Debra Roane stated this is an enrollment risk using OSSE funds to expand the school. This is a Tier 2 school that has been about 50% for the last two years.

2. DISCUSSION:
   a. Sara Batterton inquired about existing vs. increase in enrollment for expanding the space.
      i. The school currently has 530 students but they would like to go up an additional 120.
   h. Mark Medema inquired as to whether this was an extension or an addition.
      i. Nagesh Tammara clarified that this is a refinancing of the existing loan for
an additional term of 5 years at a lower interest rate and then a disbursement of new funds to meet the $2 million maximum.

i. Stefan Huh inquired as to covenants related to cash-on-hand, given the 5 year balloon payment.

j. Stefan Huh stated that the school will have cash implications though they may not hit until after our loan comes due, but it is going to come up and they are going to have to dissolve that liability at the point of escalation of the loan.

k. The Committee discussed the nature of the Public Charter School Board’s (PCSB) fiscal requirements relative to cash-on-hand and whether the cash-on-hand requirements for Creative Minds should be increased to 30-45 days, as suggested by Mark Medema and Sara Batterton to provide a buffer as the school has higher projections for its days-cash-on-hand.

i. Nagesh Tammara responded indicating that the Committee has precedent from deviating from the minimum requirements placed on charter schools by the PCSB and noted that policy behind the direct loan program as set forth in statute is to be able to offer flexible and favorable financing terms to charter schools.

ii. Debra Roane noted that it is important to have standardized policies that are consistently followed

3. TRANSACTION APPROVAL

a. Michael Musante inquired as to whether there was a motion to allow Creative Minds International PCS to refinance their existing loan as well as to fund an additional $425,980.43 increase to the existing loan along with further language to be included by staff in the commitment letter and corresponding loan documents.

b. Sara Batterton made a motion.

c. Mark Medema seconded the motion.

d. All said Aye.

e. The transaction was approved.

CSII (BIRNEY SCHOOL) - $1,637,494 FUNDED CREDIT ENHANCEMENT-90 DAY EXTENSION REQUEST

1. Ronda Lasko presented the matter:

a. Offer on table to use credit enhancement funds to fund the credit enhancement at the Birney School and switch them out from grant funds.

b. Still in negotiations with the Department of Education to receive permission to continue the grant-funded credit enhancement at the school site The offer expires December 30, requesting extensions while negotiations continue.

2. DISCUSSION
a. Mark Medema inquired as to whether the discussion should be tabled until August 30th to which there were no objections.

3. TRANSACTION APPROVAL
   a. Michael Musante inquired as to whether there was a motion to approve an extension request to CSII/Birney Campus project until August 30, 2020.
   b. Sara Batterton made a motion.
   c. Yair Inspektor seconded the motion.
   d. All said Aye.
   e. The transaction was tabled.

Adjournment:
   a. Michael Musante inquired as to whether there was any further business, and hearing none, requested a motion to adjourn the Committee meeting.
   b. Yair Inspektor made a motion to adjourn.
   c. Sara Batterton seconded the motion.
   d. All said Aye.
   e. The meeting adjourned at approximately 1:14 pm.