



# Finance and Operations Committee Update

## Financial Update:

- Cash balance (period end 8/31/2021) = \$2.3M.
- \$899K in Investments (\$565k internally designated as restricted funds; \$334k in unrestricted funds)
- Annual Health Insurance Renewal – No major changes from prior year
- Financial Activity – No unexpected/unexplained budget variances
- Middle Campus Mortgage Refinance – See attached term sheet from Atlantic Capital Bank
  - The Business Office compared terms from three different banks, and Atlantic Capital's were the most favorable.
- Annual Financial Statement Audit – Underway

## Building and Grounds Update:

- Middle Campus Backyard Project – Complete
- Elementary Campus –
  - Retaining Walls – Experiencing supply delays, but close to completion
  - Trees Atlanta tree planting project
  - Raised garden beds
- HEPA filters due diligence and air quality testing



# Atlantic Capital

## SUMMARY OF TERMS AND CONDITIONS

These terms are presented to facilitate discussion of a potential loan and do not constitute an agreement by the Lender until such has been evidenced formally in a written document executed by the Lender, the Borrower, and all relevant parties. Any such agreement would be subject to satisfactory due diligence performed by the Lender. Without the prior written consent of the Lender, the contents or existence of this term sheet may not be disclosed to any third party.

**BORROWERS:** Atlanta Neighborhood Charter School, Inc., a Georgia Domestic Nonprofit Corporation (“Borrower”)

**LENDER:** Atlantic Capital Bank, N.A. (“Lender”)

### CREDIT

**FACILITIES:** A real estate Term Loan in the amount not to exceed the lesser of: (i) \$900,000; or (ii) 80% of the appraised value of the Property (the “Term Loan”).

**PURPOSE:** Loan proceeds of the Term Loan may be used by Borrower to payoff loan number 980905 at Self-Help Credit Union.

**COLLATERAL:**

- i) First priority security interest on the real estate and improvements located at 820 Essie Avenue SE, Atlanta, GA 30316.
- ii) Assignment of leases and rents between Borrower and any tenants at the Property.
- iii) Blanket lien on all Borrowers’ furniture, fixtures and equipment.

**MATURITY:** The Term Loan will mature 7 years after the Closing Date (the “Term Loan Maturity Date”).

**INTEREST RATE:** The Term Loan will bear interest equal to a fixed rate of 3.75%.

**REPAYMENT:** Equal monthly payments of principal and interest sufficient to amortize the Term Loan over 144 months (12 years). All amounts outstanding under the Term Loan are due and payable on the Term Loan Maturity Date.

**FEES AND EXPENSES:** In consideration of establishment of the Credit Facility, Borrower shall pay to Lender the following fees (all of which will be deemed fully earned and non-refundable on the date payable under the terms of the definitive loan documents) and reimburse Lender with respect to the following expenses:

1. A closing fee in the amount of \$1,500 payable on the Closing Date;
2. Borrower will reimburse Lender for fees and expenses it incurs in connection with the issuance, closing, and administration of the

Credit Facilities. Such expenses specifically include, but are not limited to, the costs of due diligence, appraisal, intangibles taxes, title insurance and the services of Lender's counsel.

**LOAN DOCUMENTS:** The Credit Facilities shall be established pursuant to and governed by the terms of a loan and security agreement to be executed between Borrowers and Lender and related documents, including, without limitation, promissory notes, deeds and other instruments and agreements deemed necessary by Lender to evidence and secure the Credit Facilities.

**REPRESENTATIONS AND WARRANTIES:** The Loan Documents will contain representations and warranties that are usual and customary for transactions of this type or otherwise acceptable to Lender, to include, without limitation, representations and warranties regarding Borrower's corporate existence and status; corporate power and authority and enforceability of the Loan Documents.

**COVENANTS:** The Loan Documents will contain affirmative, negative and financial covenants that are usual and customary for transactions of this type or otherwise acceptable to Lender, to include, without limitation, requirements for the delivery to Lender of financial statements; governmental investigations or proceedings; timely payment of all indebtedness; preservation of existence; use of proceeds; and prohibitions on liens except liens in favor of Lender.

Financial covenants to include (but not be limited to):

- Minimum Fixed Charge Coverage Ratio ("FCCR") of 1.10x starting with the 6/30/2022 period.

The Minimum FCCR covenant is defined as [(Net Income + Taxes + Interest Expense + Depreciation and Amortization) – Distributions – Unfinanced Capital Expenditures] / (Scheduled principal payments over the next 12 months + interest expense payments paid over the last 12 months) > 1.10x.

**REPORTING REQUIREMENTS:** Borrower to provide the following information:

- Semiannual within 30 days of quarter end, internally prepared financial statement on Borrower
- Annually within 90 days of the fiscal year end, internally prepared financial statement on Borrower
- Annually within 180 days of the fiscal year end, audited financial statement with consolidation of Borrower

**EVENTS OF DEFAULT:** Usual and customary for transactions of this type or otherwise acceptable to Lender, to include, without limitation, non-payment of principal, interest or other obligations owed to Lender; cross defaults to other

material contracts, material judgments and litigation and material inaccuracy of any representation.

**CONDITIONS  
PRECEDENT:**

The establishment of the Credit Facility and the extension of credit thereunder will be subject to satisfaction of conditions precedent, to include, without limitation, the following:

1. Lender's receipt of assurances, satisfactory to it, that the liens and security interests to be granted by Borrower pursuant to the Loan Documents will be first priority liens in all of the Collateral and that the Collateral is not subject to any other liens except liens specifically permitted in the Loan Documents.
2. No material adverse change, in the opinion of Lender, in Borrower's assets, liabilities, business, financial condition, business prospects or results of operations.
3. The absence of any action, suit, investigation, litigation or proceeding pending or threatened that in Lender's judgment could reasonably be expected to have a material adverse effect on Borrower's assets, liabilities, business, financial condition, business prospects or results of operations or which could impair Borrower's ability to perform satisfactorily under the Credit Facility.
4. Lender shall have received evidence and certificates of insurance with respect to Borrower's property and liability insurance, together with a loss payable endorsement naming Lender as loss payee, all in form and substance satisfactory to Lender.
5. Lender shall have completed the due diligence investigation of Borrower, and with results, satisfactory to Lender, and all information furnished to Lender by Borrower shall be complete and correct in all material respects.
6. Lender shall have received, in form and substance satisfactory to it, all environmental reports, asset appraisals, surveys, title insurance policies and such other reports, audits or certifications as it may deem necessary or otherwise request.

**DEPOSITORY ACCOUNT:** Borrower agrees to open and maintain a depository account with Lender for the life of the loan.

**EXPIRATION:** The terms and conditions of this Term Sheet shall expire on September 30, 2021.

**GOVERNING LAW:** State of Georgia

This Term Sheet is not a commitment on behalf of Atlantic Capital Bank, nor is it inclusive of all the terms and conditions necessary to evidence a final agreement between the parties. The credit facilities described in this Term Sheet are presented for Discussion Purposes Only. The subject credit facilities have not been approved by Atlantic Capital Bank.

Accepted and Agreed to:

ATLANTA NEIGHBORHOOD CHARTER  
SCHOOL, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

The count of *Aspergillus/Penicillium*, considered a high probability allergy spore and often used as an indicator of mold growth in the indoor environment, is within the cited guideline of less than 500 spores per cubic meter. There are no water damage spores in this sample.

The background particulate is within the cited guideline. The humidity is within the cited guideline.

Mold growth and spore production is significantly retarded when humidity is held near or below fifty percent. Regular use of the HVAC system can be helpful to reduce humidity in the indoor air. However, during periods of the year when the HVAC system is not sufficient to maintain the humidity at this level, consider adding dehumidifiers.

The inspector did not report any obvious microbial growth or moisture damage on visible surfaces in this area at the time of the inspection.

The floor is carpeted; however a carpet dust sample was not taken. Air samples provide information about airborne spore counts and background particulate at the time of the inspection while carpet dust analysis gives historical insight into intermittent events that can be helpful in managing the indoor air quality. It is important to note that suggestions made without complete information may result in more or less work than would otherwise be suggested. Please see the notes about carpet in the section titled 'Maintaining Indoor Air Quality'.

For potential health relevance and to compare the results of the samples in this report with similar samples taken from thousands of other properties, please refer to the section of this report titled 'Interpreting Sample Results'.

## Sample Results: Volatile Organic Compounds

Room 213 was sampled for volatile organic compounds (VOCs) using a 6 Liter canister with 2 hour orifice by EPA TO-15 method. The analysis included the EPA compendium as well as a library search for additional compounds. The results of the analysis are shown in the accompanying exhibits.

Analytic results indicate a number of VOCs inside the area during the sampling period. Several of the compounds are associated with cleaning products or solvents. All detected concentrations were well within their published exposure thresholds.

## Summary of Detected Compounds

Compound	Common Uses (Possible Sources)	Sample ppmv	Recommended Limits		
			NIOSH ppmv	OSHA ppmv	ACGIH ppmv
Chloromethane	Industrial solvent; previous aerosol propellant and refrigerant	0.00063	100	-	-
n-Butane	Natural gas; synthetic rubber	0.0024	800		
Ethanol	Cleaning supply; disinfectant	1.20	1000	1000	1000
Acetone	Cleaning supply; nail polish remover	0.011	250	1000	750
Isopropyl alcohol	Cleaning product	0.056	400	400	400
2-Butanone (MEK)	Cleaning solvent; paint remover; general solvent	0.00072	200	200	200
Toluene	Lacquer component; paint thinner; solvents	0.00055	100	200	50
Ethyl acetate	Nail polish remover; polymer solvent	0.00093	400	400	400
n-Heptane	Gasoline component; paint solvent	0.00082	85	500	400
1,2-Dichlorodifluoromethane	Refrigerant (Freon 12)	0.00052	1000	-	-

## HVAC Systems

**HVAC unit(s):** The inspector reported that the HVAC(s) were not accessible for inspection. Each HVAC systems should contain a filter with a minimum of a MERV 10 rating to capture spores and respirable particulate that enter from any source. Make sure that the HVAC system airflow remains adequate and change filters regularly to maximize efficiency.

## Interpreting Sample Results

The following pie charts are provided to compare your results with the results from more than five thousand other properties.



This pie chart shows the total indoor spore counts at other properties divided into four ranges. The median spore count is approximately 2,500 spores per cubic meter, most of which are outdoor spores like Basidiospores or Ascospores. The sample should contain no more than 500 Aspergillus/Penicillium spores per cubic meter.

Outdoor spores that find their way indoors can be reduced by the filter in the HVAC system but require a minimum of a MERV 8 rated filter (or equivalent) for removal.

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Compound	Common Uses (Possible Sources)	Sample ppmv	Recommended Limits		
			NIOSH ppmv	OSHA ppmv	ACGIH ppmv
Chloromethane	Industrial solvent; previous aerosol propellant and refrigerant	0.00095	100	-	-
n-Butane	Natural gas; synthetic rubber	0.085	800		
Ethanol	Cleaning supply; disinfectant	2.20	1000	1000	1000
Acetone	Cleaning supply; nail polish remover	0.053	250	1000	750
Isopropyl alcohol	Cleaning product	1.20	400	400	400
Methylene chloride	Paint stripper; paint manufacture; solvent	0.0013	-	25	-
2-Butanone (MEK)	Cleaning solvent; paint remover; general solvent	0.0045	200	200	200
Toluene	Lacquer component; paint thinner; solvents	0.0011	100	200	50
Ethyl acetate	Nail polish remover; polymer solvent	0.0020	400	400	400
Tertiary butyl alcohol (TBA)	Cleaning solvent	0.0013	10	100	100
1,2-Dichloropropane	Solvent, paint stripper, varnish	0.00081	75	-	-
Tetrahydrofuran	Solvent	0.0072	200	200	200

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