

APPROVED



Springfield Prep
CHARTER SCHOOL

Springfield Prep

Minutes

Board meeting

Date and Time

Tuesday January 21, 2020 at 5:45 PM

Location

594 Converse St., Longmeadow, MA 01106

This meeting of the Springfield Prep Charter School Board was held at Springfield Prep Charter School, 594 Converse Street, Longmeadow, MA, 01106 on 1/21/2020 at 5:45 pm. Meeting notice was posted on the school's website (www.springfieldprep.org) on 1/16/20 at 5:45 pm.

Trustees Present

A. Grant, A. Malone, D. Morrin, J. Pistorius, J. Rosewell, K. Molina, R. Leonard, S. Fuller

Trustees Absent

S. Balogun, T. Walker

Ex Officio Members Present

B. Spirer

Non Voting Members Present

B. Spirer

Guests Present

B. Baldwin, L. Swanson, M. Wagner, N. Abramowitz

I. Opening Items

A.

Record Attendance and Guests

B. Call the Meeting to Order

R. Leonard called a meeting of the board of trustees of Springfield Prep to order on Tuesday Jan 21, 2020 at 5:45 PM.

C. Approve Prior Board Meeting Minutes

S. Fuller made a motion to approve the minutes from Board meeting on 11-25-19.

K. Molina seconded the motion.

The board **VOTED** unanimously to approve the motion.

D. Executive Session Minutes from 11.25.19

The Board discussed if the Minutes from prior Executive Sessions should be reviewed and approved in Open Session at this time. The Board discussed whether doing so would be contrary to the purpose of the prior Executive Sessions, namely, "to consider the purchase, exchange, lease or value of real property because an open meeting may have a detrimental effect on the negotiating position of the school". The Board agreed to table the review of these minutes in open session to protect the negotiating position of the school.

E. Public Comment, If Any

There was no public comment.

II. Executive Director Report

A. Executive Director Report

Bill provided a brief update on school activities and events from the past month. He reviewed his updated parental leave plan. He introduced Nancy as a new staff member and discussed upcoming advocacy events.

III. Facility

A. Purchase of 2071 Roosevelt Avenue Property

Bob Baldwin from QPD reviewed the Building Project Status Update Memo. He noted that the Designer Selection Board (DSB) meeting was moved to an earlier time than planned and would occur on January 22nd and that Bill, STV (Owner's Project Manager), and QPD would represent the school at that meeting. After the selection of an architect by the DSB, schematic designs and more detailed cost estimates for the Building Project will follow. He discussed the process for securing a Construction Manager (CM) for the purposes of pre-construction and cost estimation work with the option to have them continue as CM for the Project; he noted that the School can request that certain contractors participate, but that the process is open to all CM to submit a bid.

The Board also discussed the Building Project's overall financing and budget, including the structure of financing for the Project. Bob Baldwin noted that the School would likely require subordinate debt and that BlueHub capital would be able to provide that.

The Board discussed the likelihood of closing permanent financing once the bridge financing is secured. Bob Baldwin noted that one of the key factors in securing financing is the bank's appraisal. He suggested that since the appraisal will occur in April or May, but the closing will not happen until September, there will be opportunities to mitigate the risk of not closing should the appraisal be lower than projected.

The Board then discussed a document containing 8 proposed votes regarding the purchase of 2071 Roosevelt Avenue. Six of the votes (votes 1, 2, 3, 5, 6, and 8) were reviewed and there was no further discussion on these votes.

The Board discussed the 4th vote, which would authorize the transfer of up to \$1,000,000 from the School to the Friends of Springfield Prep (the "Friends"), the School's affiliated non-profit organization, for the purpose of the Building Project. The Board discussed the governance of the Friends and the relationship between the Friends and the School. The Board discussed the need for DESE to approve such a transfer, and noted that it was not required at this time.

The Board also discussed the controls around this transfer and expressed a need to ensure that this transfer is legally appropriate and that the purpose for and usage of the transferred funds is sufficiently documented. The Board discussed how best to address this need. It was determined that the Board would vote on vote 4 with language modified as follows:

"...for a School opening in August, 2021 (the "Transferred Funds Authority"), upon approval of the School's counsel that such transfers serve the interest of the School and are appropriately documented, with the actual..."

There was no further discussion on this vote.

The Board discussed the 7th vote, which serves to approve the overall budget for the Project of \$17.5M and authorize the Executive Director of the School to authorize Project expenditures consistent with the approved Budget. The Board identified that the Sources & Uses of Project Funds would be the referenced document for this vote. The Board discussed the governance processes that can and will be in place to ensure oversight for the funds approved by this Project, and noted that the Finance Committee and the Board will be provided with all project-related contracts along with all financial statements, including any updated Project budgets and expenditures, for their review. There was no further discussion on this vote.

J. Rosewell made a motion to authorize all votes set forth in the "Springfield prep_proposed votes" document as amended per discussions at this meeting. The following

language was added to vote 4: "upon approval of the school's counsel that such transfers serve the interests of the school and are appropriately documented.".

S. Fuller seconded the motion.

The board **VOTED** to approve the motion.

Roll Call

J. Pistorius	Aye
K. Molina	Aye
T. Walker	Absent
D. Morrin	Aye
A. Grant	No
A. Malone	Aye
J. Rosewell	Aye
S. Balogun	Absent
R. Leonard	Aye
S. Fuller	Aye

B. Analysis of Permanent Financing Term Sheets

The Board discussed the term sheets provided by People's Bank and Boston Private Bank, a summary of which were presented in the Project Status Update Memo. Bob B. noted that the Spread over Base Index and the Loan-to-Value (LTV) ratio are the key financial metrics to consider, while there are additional intangible factors to consider, particularly the difference in a local vs. Boston-based bank. Bob B. noted that both loans are affordable to the school, but that Boston Private is the less expensive financing option over the life of the loan. He also stated that Boston Private has expressed interest in participating out part of the loan and would consider local banks, such as People's Bank, in that process.

The Board asked about Bob B.'s experience with Boston Private and he noted that Boston Private is one of the largest lenders to charter schools in the state and that other charter school clients have had positive experiences. He also noted that People's Bank has loaned to charter schools in the past and is the School's current bank.

The Board discussed the benefits and challenges of each of the permanent financing options and agreed to pursue permanent financing with Boston Private Bank because it was a lower cost loan and would provide savings to the School, which the School could put to its mission of serving its students.

S. Fuller made a motion to approve the Proposed Terms and Conditions document (the "Final Terms") provided by Boston Private Bank & Trust Company, which will initiate underwriting for permanent financing of up to \$15.8M for the purpose of purchasing and developing 2071 Roosevelt Avenue for use as a K-8 charter school. The executed document will be substantially consistent with the proposed terms reviewed at the Board of Directors meeting on January 21, 2020 (the "Proposed Terms"), subject to best efforts to improve the Proposed Terms.

K. Molina seconded the motion.

The board **VOTED** unanimously to approve the motion.

C. QPD Contract - Closing Fee

At this time, Bob Baldwin left the meeting.

Bill discussed that the contract with QPD for real estate development consulting related to the purchase of 2071 Roosevelt Avenue stipulates a "Success Fee" upon closing of financing for the school. He noted that since there will be two closings related to the purchase and redevelopment of 2071 Roosevelt Avenue, one for bridge financing and one for permanent financing, QPD has requested a partial payment of \$15,000 at the closing of bridge financing, with the remainder of the Success Fee (per contract) due upon closing of permanent financing. He asked the Board to vote to authorize this interim payment.

J. Rosewell made a motion to approve the payment of \$15,000 to QPD upon closing of bridge financing for the purchase of 2071 Roosevelt Avenue, as partial payment of the Success Fee stipulated in the contract.

A. Malone seconded the motion.

The board **VOTED** unanimously to approve the motion.

IV. Governance Items

A. DESE Amendment Regarding Continued Temporary Occupancy at 594 Converse Street

Bill discussed a proposed letter to DESE regarding an amendment to the School's charter so that the School may continue to temporarily locate outside of Springfield for the 2020-2021 academic year. He noted that the letter was substantially similar to the letter sent last year.

A. Grant made a motion to authorize the Executive Director, William Spirer, to send a Letter of Amendment to MA DESE requesting authorization to temporarily locate the School in the current building at 594 Converse Street, Longmeadow during the 2020-2021 academic year, pending purchase and redevelopment of a permanent school building in Springfield for the 2021-2022 academic year.

K. Molina seconded the motion.

The board **VOTED** unanimously to approve the motion.

V. Finance & Fundraising Items

A. Monthly Financials

Bill noted that the monthly financials for the School are as projected. There were no questions or further discussion regarding the financials.

VI. Closing Items

A.

Next Board Meeting

The next scheduled Board meeting is on Wednesday, 2/25/2020 at 5:45 PM.

B. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:08 PM.

Respectfully Submitted,

B. Spirer

Documents used during the meeting

- SPCS Roosevelt Dev Period Cash Flow detail 1.4.20.xlsx
- Equity Analysis for Closing 1 16 20.xlsx
- SPCS_5-year_Projections 1 17 20.xlsx
- SPCS Building project status update memo 1-15-20 v2.docx
- Final Springfield prep_ proposed votes.pdf
- Roosevelt Budget 1-21-20.pdf
- Blue Hub - Springfield Prep Commitment Letter 1.8.2020_signed by BH.pdf
- BPBT Springfield Prep Term Sheet - 1-10-20.pdf
- Term Sheet Joint PB Westfield - Springfield Prep - 12-18-19.pdf
- Springfield Prep Capital Campaign Report - 1.15.20.docx
- Springfield_Prep._Temporary_amendment_request REGARDING location._DRAFT v2.docx
- 5 SPCS FY19 December Cash Flow.pdf
- 3 SPCS FY19 December Friends.pdf
- 2 SPCS FY19 December Summary Updated 1 16 2020.pdf
- 4 SPCS FY19 December SNP.pdf
- 6 SPCS FY19 December Grants.pdf