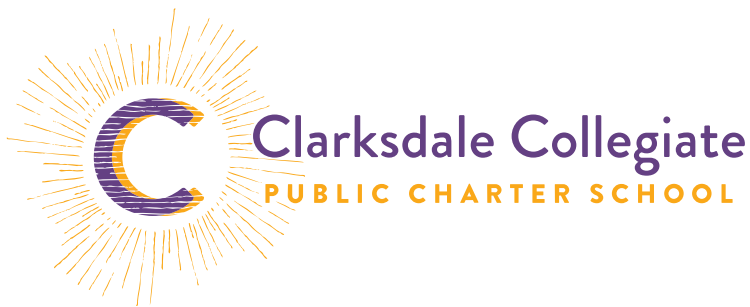


# Clarksdale Collegiate Public Charter School

## *Upper School Project Planning Update*



April 2022

# Discussion Topics

- Original Lower School Plan
- Upper School Program
- Site Overview
- Preliminary Project Sources & Uses
- Risks & Mitigation Strategies
- Timeline / Next Steps

# Original Lower School Phase II Plan

- Deliver 20k sf addition for classrooms for 150 students (7-8<sup>th</sup> grade) plus gymnasium
- \$7.7M total costs (increased from \$5.9M assumed in summer 2020 due to increases in construction costs + projected inflation for a summer 2023 bid, as well as the inclusion of a Debt Service Reserve Fund (TBD if required))

	Phase 1 Final Costs	Phase 2 Budget*	Project Total
<b>Property Acquisition</b>	\$0.6M	\$0.0M	\$0.6M
<b>Hard Costs</b>			
Construction Costs	\$5.4M	\$5.0M	\$10.4M
Contingency	\$0.0M	\$0.5M	\$0.5M
<b>Total Hard Costs</b>	<b>\$5.4M</b>	<b>\$5.5M</b>	<b>\$10.9M</b>
<b>Soft Costs</b>			
Soft Costs	\$0.6M	\$0.7M	\$1.3M
Soft Costs Contingency	\$0.0M	\$0.1M	\$0.1M
<b>Total Soft Costs</b>	<b>\$0.6M</b>	<b>\$0.8M</b>	<b>\$1.4M</b>
<b>FF&amp;E</b>	\$0.3M	\$0.3M	\$0.6M
<b>Transaction Costs</b>	\$0.3M	\$0.4M	\$0.6M
<b>Capitalized Interest</b>	\$0.0M	\$0.2M	\$0.2M
<b>Debt Service Reserves</b>	\$0.1M	\$0.6M	\$0.7M
<b>Total Project Budget</b>	<b>\$7.3M</b>	<b>\$7.7M</b>	<b>\$15.0M</b>

	Phase 1	Phase 2	Total
Square Footage	52,580	20,000	72,580
Cost per SF	139	386	207
Project Costs	\$7.3M	\$7.7M	\$15.0M
Student Capacity	525	150	675
Total Cost Per Student	\$13,895	\$51,486	\$22,227

Phase 1 SF includes existing Church Building + 28K sf new building

Phase 2 includes gymnasium

	Phase 1	Phase 2	Permanent Financing
Senior Loan - Civic Builders	\$4.8M	\$0.0M	\$0.0M
Subordinate Debt - Hope Enterprises	\$0.5M	\$0.0M	\$0.0M
Subordinate Debt - CSGF	\$1.0M	\$0.0M	\$0.0M
Permanent Financing - USDA	\$0.0M	\$6.3M	\$12.6M
Clarksdale Equity	\$1.0M	\$1.4M	\$2.4M
<b>Total Project Sources</b>	<b>\$7.3M</b>	<b>\$7.7M</b>	<b>\$15.0M</b>

\*Adjusted to reflect today's construction market & projected hard costs for a summer 23 bid (21% increase)

***If we did not proceed with or receive the high school charter, this would revert to be Clarksdale's facilities strategy. But launching the high school would enable us to re-think the development of the current site and forego the second phase of work and instead split the students into lower school and upper school campuses.***

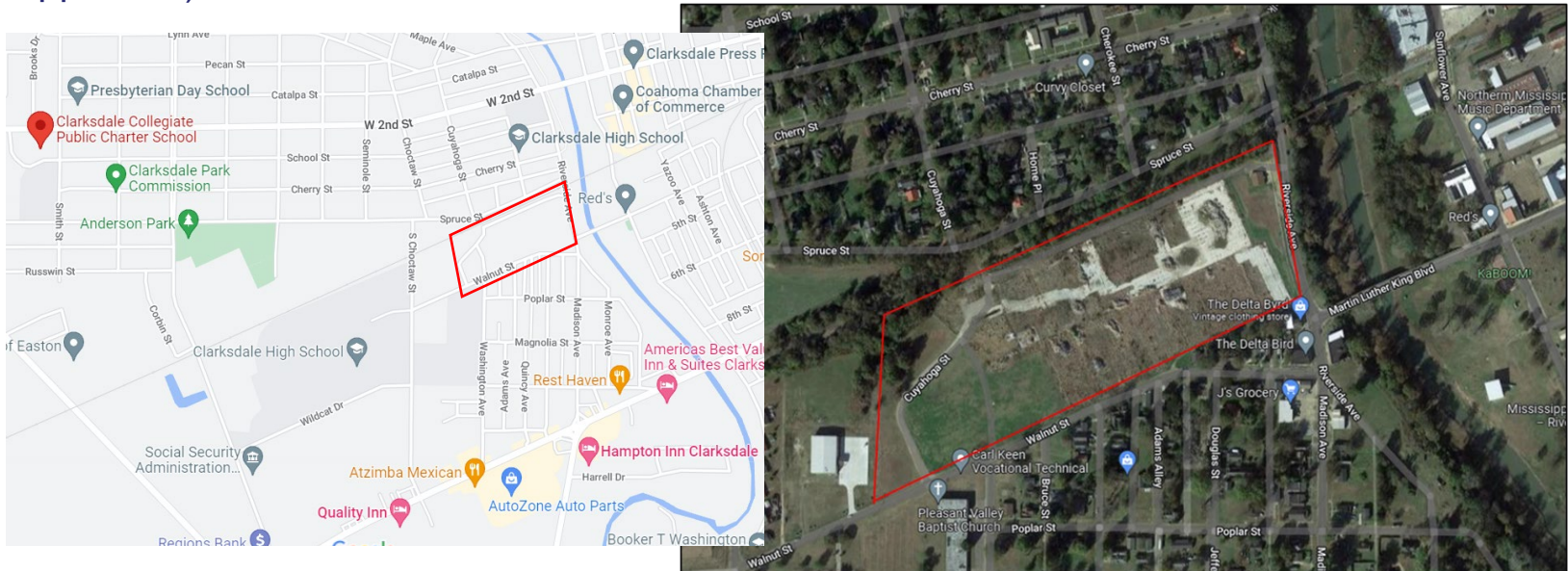
# Upper School Program Growth

Preliminary Facilities Plan									
Year	22-23	Phase 1 Close 23-24	Phase 1 Delivery 24-25	25-26	Phase 2 Close 26-27	Phase 2 Delivery 27-28	28-29	29-30	
Grades Total	K-6	K-7	K-8	K-9	K-10	K-11	K-12	K-12	
Lower School Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Upper School Grades	-	7	7-8	7-9	7-10	7-11	7-12	7-12	7-12
Lower School Enrollment	525	525	525	525	525	525	525	525	525
Upper School Enrollment	-	75	150	225	300	370	435	445	445
<b>Total Enrollment</b>	<b>525</b>	<b>600</b>	<b>675</b>	<b>750</b>	<b>825</b>	<b>895</b>	<b>960</b>	<b>970</b>	<b>970</b>
<i>Modular CRs at Lower School</i>	-	3	-	-	-	-	-	-	-

- SY 22-23: K-6 at W Second Street
- SY 23-24: K-7 at W Second Street, 7<sup>th</sup> grade in Modular Classrooms
  - Upper School Phase I under Construction
- SY 24-25: K-6 at W Second Street (Final State for Lower School) and 7-8 at Upper School
- SY 27-28: 7-11 at Upper School (Phase II delivered)
  - Fully enrolled 7-12 in SY 28-29

# Riverside Avenue Site

- Purchase price of \$100k agreed on with Seller (North Delta Compress) for 17 acre site with charter and zoning approval contingencies; expected purchase by the end of 2022
  - Refundable \$10k deposit due with Purchase & Sale Agreement execution with ability to terminate deal at any point during diligence period
- Expect to have a negotiated Purchase & Sale Agreement for execution by the end of May
- Diligence required between June and close of purchase: Phase 1 environmental assessment, soil borings, existing conditions survey (along with title research and zoning approvals)



# Preliminary Project Budget & Phased Financing

Preliminary Total Project Budget Summary		Phase 1 24 Delivery	Phase 2 27 Delivery	Total
Acquisition Costs	\$3 p/SF	\$0.1M	\$0.0M	\$0.1M
Hard Costs	\$265 p/SF	\$4.8M	\$6.3M	\$11.1M
Soft Costs	\$35 p/SF	\$0.8M	\$0.7M	\$1.5M
Contingencies	\$24 p/SF	\$0.5M	\$0.6M	\$1.0M
<b>Project Costs</b>		<b>\$6.1M</b>	<b>\$7.5M</b>	<b>\$13.7M</b>
Transaction Costs	\$51 p/SF	\$1.2M	\$0.9M	\$2.1M
<b>Total Project Budget</b>	<b>\$377 p/SF</b>	<b>\$7.4M</b>	<b>\$8.4M</b>	<b>\$15.8M</b>

Preliminary Phased Project Financing	Phase 1	Phase 2	Total
Senior Loan	\$6.1M	\$7.5M	\$13.6M
Senior Loan - Lower School Refinancing	\$6.3M		\$6.3M
Equity	\$1.2M	\$0.9M	\$2.2M
<b>TOTAL SOURCES</b>	<b>\$13.6M</b>	<b>\$8.4M</b>	<b>\$22.1M</b>

	Phase 1	Phase 2	Total
Total SF	18,242 SF	23,650 SF	41,892 SF
Project Costs	\$7,338,726	\$8,420,954	\$15,759,680
Cost per SF	\$402	\$356	\$376
Student Capacity	300	145	445
Cost per Student	\$24,462	\$58,076	\$35,415

*Phase 2 includes gymnasium*

- Upper School Phase 1 & Lower School refinance modeled as USDA Community Facilities Direct Loans at 4.0% and 40 year amortization. (Upper School Phase 2 modeled as a separate USDA loan with the same terms.)
- Transaction costs include Capitalized Interest for the new buildings only, as well as a fully funded annual debt service reserve account (the need for which we are confirming with USDA)
- Equity requirement of \$2.2M driven by project value which excludes transaction costs and funded debt service reserve
- The USDA Facilities Direct Loan program requires an interim construction lender, likely to be a commercial bank (e.g., Southern along with a possible Hope participation)
- We are also exploring the viability of a loan from EFF and a New Market Tax Credit financing as alternate financing options

# Potential Risks & Mitigation Strategies

## Potential risk

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- 1. Project cost escalation**
  - Construction cost and interest rate escalation
  - Final program / design
- 2. Charter approval & site acquisition / zoning uncertainties**
- 3. Ability to secure project financing & any necessary fundraising**
  - Uncertainty on USDA eligibility (i.e., requirement for 5 years of audit history, lack of USDA lending to charter schools in MS) and timing of overall process
  - Financing need early in Upper School growth plan (closing slated with growth through 6<sup>th</sup> grade only)

## Mitigation strategy

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- 1.** Control total development budget by leveraging key inputs – i.e., square footage assumptions and overall design & material choices
- 2.** Limit pre-development costs; begin zoning approvals early; keep Phase II at Lower School as back-up option
- 3.** Engaging with prospective lenders & funders early; exploring bridge loans should permanent financing be delayed beyond when construction needs to start

# Timeline / Next Steps

May – June 2022

- Execute Letter of Intent with Seller
- Negotiate and finalize Purchase Agreement
- ☐ **Approve & Execute PSA**
- Procure design and construction management team
- Begin diligence & zoning work
- Engage with USDA and other prospective lenders
- ☐ **Approve & Submit Charter Application**

Q3/Q4 2022

- ☐ **Execute Project Team contracts (architect and construction firm)**
- Begin design process
- Partner with construction team for pre-construction cost estimation and schedule development
- Progress lender discussions/application processes, refining project and financing plan
- Receive Charter Approval
- Close on purchase of Riverside site

Q1/Q2 2023

- Complete design and bidding
- ☐ **Approve & Execute Construction GMP Contract and Financing Commitment Letter(s)**
- Close on financing (April 2023)
- Secure building permits
- Begin construction

☐ **Represents Formal Board Action Required**