*****Massachusetts Department of***

***Elementary and Secondary Education***

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| Jeffrey C. Riley  *Commissioner* |  |

# MEMORANDUM

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| **To:** | Members of the Board of Elementary and Secondary Education |
| **From:** | Jeffrey C. Riley, Commissioner |
| **Date:** | June 11, 2021 |
| **Subject:** | Charter Schools – Approval of Loans beyond Charter Duration (Hampden Charter School of Science West, Alma del Mar Charter School, Boston Collegiate Charter School, Brooke Charter School, Springfield Preparatory Charter School, City on a Hill Public Charter School, Sturgis Charter Public School) |

Under the charter school statute, G.L. c. 71, § 89(k)(6), a charter school may incur temporary debt in anticipation of receipt of funds. The charter school must receive approval of the Board of Elementary and Secondary Education (Board) if it wishes to agree to a term of repayment that exceeds the duration of the school’s charter. At its meeting on October 21, 2008, the Board voted to delegate to the Commissioner the authority to approve such loan requests. I am informing the Board of approvals granted to seven charter schools within the past twelve months. This memorandum organizes the approvals chronologically.

In a letter dated July 10, 2020, the board of trustees of **Hampden Charter School of Science West** (HCSS-W)requested approval to enter into a loan agreement with a seven-year term with Westfield Bank for $319,021. The financing will be used toward the renovation of a building located on HCSS-W’s campus at 485-511 Main Street, West Springfield, specifically, to create classroom space for HCSS-W's expanding sixth grade. On November 2, 2020, the board of trustees of HCSS-W made a request to enter into another loan agreement. The Mass Development Financing Authority (MDFA) will issue a tax-exempt bond for up to $7,500,000 that will be purchased by Westfield Bank and loaned to HCSS-W with a ten-year term. The school will use these funds primarily to refinance existing loans of $4,700,000 and to renovate a property into a gymnasium and classrooms.

In a letter dated August 17, 2020, the board of trustees of **Alma del Mar Charter School** (Alma del Mar)requested approval to enter into a loan agreement, as guarantor, for a $21,000,000 loan with a 30-year term from The Equitable Facilities Fund, Inc. These borrowed funds will be used to finance most of the costs and expenses for the acquisition of property at 739 Church Street, New Bedford; the new construction of an approximately 52,000 square foot school building; the purchase of furniture and equipment; and the demolition of an existing residential building.

In a letter dated August 28, 2020, the board of trustees of the **Boston Collegiate Charter School** (BCCS) requested approval to enter into a loan agreement, as guarantor, with Eastern Bank. The Massachusetts Development Finance Authority will issue a $12,500,000 tax-exempt revenue bond to be purchased by Eastern Bank. BCCS had the option to choose either a 20- or a 30-year term. These borrowed funds will be used toward refinancing existing debt, financing capital expenditures, and capital improvements to the school facilities located at 11 Mayhew Street and 200 and 215 Sydney Street, Dorchester.

In a letter dated September 18, 2020, the board of trustees of **Brooke Charter School** (Brooke), requested approval to enter into loan agreements for three loans totaling $44,000,000. The loans each will have a 20-year term and will be in the form of taxable or tax-exempt bonds purchased by Boston Private Bank & Trust Company. Brooke will guarantee the first loan for $10,500,000. The second loan and third loans will be in the form of tax-exempt bonds for $13,000,000 and $20,500,000, respectively. The loans will be used for repayment of up to $41,500,000 of existing debt and an option to advance up to $2,500,000 to fund athletic field development. These loans are essentially a refinancing of existing debt with the total balance owed by Brooke unchanged.

In a letter dated October 30, 2020, the board of trustees of **Springfield Preparatory Charter School** (Springfield Prep)requested approval to enter into a loan agreement, as guarantor, for $13,350,000 with a 15-year term from Boston Private Bank & Trust Company. The Massachusetts Development Financing Authority will guarantee up to $3,000,000. These borrowed funds, in combination with cash from Springfield Prep, will be used to fund the renovation of the existing building and the construction of a new gymnasium at 2071 Roosevelt Avenue, Springfield, the permanent facility for Springfield Prep.

In a letter dated January 25, 2021, the board of trustees of **City on a Hill Circuit Street Charter School** (CoaH) requested approval to enter into two loan agreements. The first is as guarantor for a $4,600,000 loan from Boston Private Bank & Trust Company with a 30-month term. The loan will be used to refinance existing debt on CoaH’s facilities at 58 Circuit Street in Roxbury. The second loan will also be from Boston Private Bank & Trust Company in the form of a $300,000 line of credit with terms reviewed annually. The credit line will be used for CoaH’s working capital.

In a letter dated April 29, 2021, the board of trustees of **Sturgis Charter School** (Sturgis)requested approval to enter into a loan agreement as guarantor. The loan will be for $3,000,000 from TD Bank with a 10-year term. The funds will be used to renovate the building at 441 Main Street in Hyannis. This renovation will provide classrooms and administrative offices for students and staff.

This memorandum provides written confirmation of my approval, pursuant to G.L. c. 71,

§ 89(k)(6), of terms of repayment for the loans described above, which exceed the durations of these schools’ charters. The Department has reviewed these requests, and they are reasonable and consistent with the charter school statute and regulations. These approvals in no way reflect either the accountability status or the potential outcome regarding charter renewal for these charter schools. Approval is explicitly conditioned upon the inclusion of the language that follows in all loan agreements.

*The parties to the loan(s) acknowledge and agree that the Commonwealth of Massachusetts, including but not limited to the Board and the Department of Elementary and Secondary Education, provides no representations or guarantees with respect to these loans and has no liability for any portion of the loans. Furthermore, specifically and without limitation, approval of the loan has no impact on any action that the Massachusetts Board of Elementary and Secondary Education may choose to take in the future with respect to probation, revocation, or renewal of the school's charter.*

If you have any questions regarding these matters or require additional information, please contact Alison Bagg, Director of Charter Schools and School Redesign (781-338-3218); Cliff Chuang, Senior Associate Commissioner for Educational Options (781-338-3222); or me.