*****Massachusetts Department of***

***Elementary and Secondary Education***

### 75 Pleasant Street, Malden, Massachusetts 02148-4906 Telephone: (781) 338-3000 TTY: N.E.T. Relay 1-800-439-2370

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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 22, 2022 |
| **Subject:** | Charter Schools – Approval of Loans beyond Charter Duration (Advanced Math and Science Academy Charter School, Global Learning Charter Public School, Learning First Charter Public School, Sturgis Charter Public School, Argosy Collegiate Charter School, Academy of the Pacific Rim Charter Public School, KIPP Academy Boston Charter School, KIPP Academy Lynn Charter School, New Heights Charter School of Brockton) |

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 nine charter schools within the past twelve months. This memorandum organizes the approvals chronologically.

In a letter dated July 21, 2021, the board of trustees of **Advanced Math and Science Academy Charter School** (AMSA) requested approval to enter into a loan agreement for $24,000,000 with Boston Private Bank. The loan was in the form of a tax-exempt bond with a term of up to 20 years. The Mass Development Financing Authority (MDFA) guaranteed up to $2,238,000 of the loan. The funds were used to purchase the buildings that AMSA had been leasing at 199 and 201 Forest Street in Marlborough, to renovate the unused space within the building owned by the school at 165 Forest Street in Marlborough, to build a new gymnasium building, and to improve and update various building systems. The purchase of the two buildings will also allow the school to save on monthly occupancy costs. The school will use the savings to enhance their educational programs.

In a letter dated September 16, 2021, the board of trustees of **Global Learning Charter Public School** (GLPCS) requested approval to enter into a loan agreement for $3,500,000 from BayCoast Bank with a 25-year term. The loan was used toward the purchase and renovation of a building that GLPCS was currently leasing at 106 Bullard Street in New Bedford. The building will be a satellite campus focusing on science, technology, and the arts, and also house an expanded college and career center.

In a letter dated September 21, 2021, the board of trustees of **Learning First Charter Public School** (LFCPS) requested approval to enter into a loan agreement, as guarantor, for $13,000,000 from Webster Five Cent Savings Bank. The loan was in the form of a tax-exempt bond with a term of up to 31.5 years. The MDFA guaranteed up to $3,000,000 of the loan. The funds were used to renovate a building recently purchased by LFCPS at 50 Richland Street in Worcester. This renovation increased classroom space, added a gymnasium and auditorium to the property, and prepared the building for occupancy in the 2022-2023 school year.

In a letter dated September 21, 2021, the board of trustees of **Sturgis Charter Public School** (Sturgis)requested approval to enter into a loan agreement for $656,083 from TD Bank with a five-year term. The loan was used to refinance Sturgis’s Series C Bond obtained for their 60,000 square foot building located at 105 Main Street in Hyannis.

In a letter dated September 24, 2021, the board of trustees of **Argosy Collegiate Charter School** (Argosy) requested approval to enter into a loan agreement for $9,800,000, as guarantor, from Bank Five. The loan was in the form of a tax-exempt bond with a term of up to 20 years. The MDFA guaranteed up to $2,450,000 of the loan. The funds were used to purchase a building that Argosy leased at 240 Dover Street in Fall River. This purchase provides the space and stability needed for implementation of the high school program.

In a letter dated March 22, 2022, the board of trustees of  **Academy of the Pacific Rim Charter Public School** (APR) requested approval to enter into a loan agreement for $10,000,000 with Berkshire Bank. The loan was in the form of tax-exempt and taxable bonds with a term of up to 30 years. The loan was used to refinance APR’s existing bond debt and terminate existing swap agreements. As a result of the loan, APR anticipates an approximately $100,000 annual savings that can be reallocated to its academic program.

In letters dated April 14, 2022, the board of trustees of **KIPP Academy Boston** **Charter School** (KIPP Boston) and **KIPP Academy Lynn** **Charter School** (KIPP Lynn) requested approval for KIPP Boston and KIPP Lynn to enter into loan agreements, as guarantors, with a syndicate of banks represented by Citizens Bank. KIPP Boston’s loan of $17,780,000 was in the form of a tax-exempt bond issued by the MDFA to refinance existing bonds and to pay the costs of the issuance of the new bonds. KIPP Lynn’s loan of $50,220,000 was also in the form of a tax-exempt bond issued by the MDFA to refinance existing bonds, to pay the costs of the issuance of the new bonds, and to renovate their school building located at 20 Wheeler Street in Lynn. Both bonds were structured with a 30-year maturity. The loans benefit the schools by providing funds at a lower cost than traditional bank loans. The schools will use the savings to enhance their educational programs and facilities.

In a letter dated May 5, 2022, the board of trustees of **New Heights Charter School of Brockton** (New Heights) requested approval to enter into a loan agreement for $6,732,000 from BayCoast Bank. The loan was in the form of a tax-exempt bond with a term of 25 years. The MFDA guaranteed up to $1,500,000 of the loan. The funds were used to purchase the building currently leased by New Heights at 1690 Main Street in Brockton. This purchase provides the space and stability needed for the implementation of the middle and high school programs.

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 reviewed these requests, and they were 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 future charter renewal for these charter schools. Approval was 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.