*****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:** | September 12, 2023 |
| **Subject:** | Charter Schools – Approval of Loans beyond Charter Duration ([Benjamin Franklin Classical Charter Public](https://profiles.doe.mass.edu/home.aspx?orgTypeCode=5&orgCode=04470000) School, Bridge Boston Charter School, Pioneer Valley Chinese Immersion Charter School, Roxbury Preparatory Charter School, City on a Hill Charter Public School, Pioneer Charter School of Science II) |

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 requests.

I am informing the Board of approvals granted to six charter schools within the past twelve months. This memorandum organizes the approvals chronologically. As is explained below, these approvals impose no liability on the Commonwealth, the Board, or the Department of Elementary and Secondary Education (Department), nor do they reflect either the accountability status or the potential outcome regarding charter renewal for these charter schools.

In a letter dated October 18, 2022, the board of trustees of [**Benjamin Franklin Classical Charter Public**](https://profiles.doe.mass.edu/home.aspx?orgTypeCode=5&orgCode=04470000) **School** requested approval to enter into a loan agreement for up to $26,734,000 from Citizens Bank. The loan is in the form of a tax-exempt bond with a term of up to 30 years issued by the Massachusetts Development Finance Agency. The purpose of the loan is to refinance an existing Series 2018 Bond and a $1.9M Purchase Credit-Impaired sub-debt loan. The original loan provided the funds for the school to purchase and renovate a building to accommodate the enrollment increase of 450 to 900 students granted by the Board in March 2014.

In a letter dated January 13, 2023, the board of trustees of **Bridge Boston Charter School** (BBCS) requested approval to enter into a loan agreement, as guarantor, for a loan provided by M&T Bank for up to $1,070,624. The loan has a term of up to 9 years and will be used to refinance the balance of an existing loan for BBSC’s permanent facility located at 435 Warren Street in Roxbury.

In a letter dated April 24, 2023, the board of trustees of **Pioneer Valley Chinese Immersion Charter School** (PVCICS) requested approval to enter into a loan agreement, as guarantor, for a loan provided by the United States Department of Agriculture for up to $7,650,000 with a term of 40 years. The loan will be used to purchase, and renovate as needed, an existing building located at 300 Venture Way in Hadley.

In a letter dated May 10, 2023, the board of trustees of **Roxbury Preparatory Charter School** (RPCS) requested approval to enter into a lease agreement with the Roxbury Preparatory Foundation (Foundation). The Foundation received financing from RPCS’s management organization, Uncommon Schools, to acquire a property located at 69-71 Proctor Street in Boston. The loan is in the form of two construction loans from Eastern Bank for $40M and the BlueHub Loan Fund for $13M. RPCS will be obligated to pay rent in an amount equal to the Foundation’s debt service obligation pursuant to its current financing and future refinancing and any required current financing and future refinancing debt service coverage ratio. Along with acquiring the land and building, the Foundation will use the proceeds from the loan to renovate and expand the existing property for school use.

In a letter dated May 23, 2023, the board of trustees of **City on a Hill Charter Public School** (COAH)requested approval to enter into a loan agreement, as guarantor, for $2,500,000 from the First Citizens Bank and Trust Company. The loan has a 10-year term and will be used to refinance COAH’s existing building, located at 56 Circuit Street in Roxbury.

In a letter dated August 1, 2023, the board of trustees of **Pioneer Charter School of Science II** (PCSS II) requested approval to enter into a loan agreement in the amount of $26,150,000 from Salem Five Bank. The loan will be obtained through the proceeds of tax-exempt bonds issued by the Massachusetts Development Finance Agency. The loan has a 32-year term and will be used to finance the acquisition and construction of the permanent campus for the school’s elementary grades.

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

§ 89(k)(6), of terms of repayment for the loans and agreements 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 charter renewal for these charter schools. Approval was explicitly conditioned upon the inclusion of the language that follows in all loan agreements. Approval of the RPCS agreement required inclusion of language modified to reflect the unique nature of the lease agreement that involved debt service obligations.

*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.*

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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); Regina Robinson, Deputy Commissioner; or me.