



## Washington Yu Ying Board of Trustees Meeting Minutes

July 11, 2023 (via Zoom)

**Board of Trustee Members in Attendance:** Robert Anderson, Cosabeth Bullock, Liza Douglas, Gordon Fletcher, Paige Hoffman, Marcus Hurley, Quinton Ng, Jessica Sutter, Wendy Rueda, Lemar White, Kelly Yee

**Not In Attendance:** Amy Lee, Darren Riley

**Others in Attendance:** Carlie Fisherow (Staff - Executive Director), Melissa Volpe (Staff - Chief Operating Officer), Autumn Jackson (Staff - Special Projects Manager)

**Guests:** Cristine Doran and Jimmy Henderson, Level Field Partners

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The meeting was called to order at 6:32 p.m. ET by Chairperson Lemar White.

The meeting commenced with an overview of the public agenda.

### ITEMS REQUIRING VOTING

Approval of May 2023 Meeting Minutes; Liza Douglas moved to approve; Marcus Hurley seconded; all approved.

Approval of June 2023 Meeting Minutes; Liza Douglas moved to approve; Kelly Yee seconded; all approved.

### COMMITTEE UPDATES

#### *Finance Committee*

The finance report was presented by Quinton Ng. The Committee did not meet in June 2023; however, he did review the financial statement. For the month of May, the school had a net operating income of \$335,000 and cash on hand was \$3 million. We forecast to end the year with net income of \$1.8 million and cash on hand of \$1.1 million.

Question from Liza Douglas: The surplus we're ending the fiscal year with goes into reserves?

Response from Quinton Ng: Yes

Question from Liza: Are we able to tap into that reserve as needed for second campus expenses?

Response from Quinton Ng: The funds are available; however, we want to have some differentiation. We want to keep the funds separate for contingency planning. For example, if we need to exercise one of the contingency options we will talk about later on.

Comment from Liza Douglas: I just ask because we've been saving our surpluses for second campus, so interesting to consider how we are moving forward.

### *Governance Committee*

The Governance Committee report was presented by Rob Anderson. No updates.

### *Growth Committee*

The Growth Committee report was presented by Liza Douglas. We discussed the second campus. We will discuss the updates and plans later this evening. Construction is imminent; site work will begin soon. We have been notifying neighbors, but we may do another circulation of fliers next week. Any volunteers are welcome.

Question from Kelly Yee: Will the people disseminating fliers have any talking points?

Response from Liza Douglas: Last time, we encouraged people to attend an upcoming town hall. In this case, we are trying to notify people that the project is coming and we will encourage people to sign up for email updates from the school.

Response from Carlie Fisherow: Many of the conversations are organic, but we will provide a few talking points. If it does get contentious, please offer to bring that concern back to the team.

Question from Lemar White: How many homes are you targeting?

Response from Carlie Fisherow: We have about 100+ single family homes, plus apartment complex managers, and people walking in the neighborhood. Estimate 4-5 hours to get to all of the houses.

### *Development Committee*

The Development Committee report was presented by Cosa Bullock. The committee met last week. Carlie provided an update on grants received and some that have been filed. We are reviewing the sole bid received from Philanthropic Fundraising. Discussion around Board alignment with Parent Committee on fundraising, such as the gala and other appeals to families. Plan to set up a meeting to discuss possible ways to streamline efforts. Sarah and Autumn are exploring a joint survey regarding family giving.

## **PUBLIC COMMENTS**

None

## **SCHOOL MANAGEMENT REPORT (Carlie Fisherow and Melissa Volpe)**

Last July was Carlie's first Board meeting.

#### Mission Moment: Innovative

- Launched Summer Intervention on July 10; piloting this year.
- Kristen Peck is the Academy Director this year.
- About 60 students are participating in rising 1<sup>st</sup> through 5<sup>th</sup> grades.
- Three teacher-leaders are providing peer to peer instructional coaching to teachers for three weeks (July 10-28).
- Academic instruction is primarily in Chinese.
- We received a Bloomberg grant that covers full cost of staffing plus some additional supplies. Thank you to Moira Evans and Melissa Volpe.

#### Highlights, Updates, and Challenges

- Overall, attendance is up and chronic absenteeism is down.
- 19 out of 20 PK-3 ECE and at-risk students who enrolled through our equitable access preference have re-enrolled for SY23-24.
- Held 5<sup>th</sup> grade exhibition and end of year celebration.
- Offer and renewal letters were sent to all before the end of school year.
- Having the opportunity to discuss and problem solve around space challenges has been positive. Solutions include hotel space, repurpose some spaces, etc. Horseshoe has been transformed into an office.
- REEF registration was yesterday (a month early).
- Submitted first round of staff compensation reporting to OSSE.
- One current big project is revisiting and updating SOPs to streamline, consolidate, and update, as well as to reflect both campuses, where possible.
- Preparing to onboard REEF employees earlier, maybe the week before school starts to enable work with team leads.

Question from Cosa Bullock: Reduction in absences is great. Any insights?

Response from Carlie Fisherow: Attendance is truly a barometer of school health. There are so many pieces that go into it.

- Our teachers, first and foremost, built warm classroom communities where students want to be. Students felt loved and cared for by teachers and want to be with their friends.
- Maintaining COVID protocols and support from OSSE patient care technician enabled us to catch illness early and get students back to school quickly.
- Two staff members supported attendance; they had dedicated time to track the data.
- Finally, we took more consistent action regarding communication with families in a more timely way, as needed.

Question from Cosa Bullock: Do we expect REEF enrollment to increase?

Response from Melissa Volpe: We have a staff to student ratio. Registration just opened yesterday. So, we will know more soon. Our goal is to have the staff in place to not have a wait list. It's contingent on part-time work force.

Question from Liza Douglas: Did we prepare the fiscal year budget factoring in the Bloomberg?

Response from Melissa Volpe: We didn't know we would get the grant. The funds for summer school are going to staff compensation; staff who are not included in the mayor's budget. It's a modest amount.

## **DEEP DIVE FOR 4301 HAREWOOD ROAD (Carlie Fisherow and Growth Committee)**

### **Project Status and Updates**

- Yu Ying is reviewing MCN's site work contract by Legal.
- We are slated to begin site work in 7-10 days.
- MCN is the team leading this project for both campuses. We are a 3<sup>rd</sup> party beneficiary to the MCN contract.
- We have submitted permit applications. Still waiting on the DOEE permit, which is important for our subdivision.
- In final business term negotiations with Washington Latin on the Shared Use Agreement. Still working on specifics regarding the existing building and how much space will be dedicated and/or shared by Yu Ying.
- RFP for a partner or vendor for a capital campaign closed on July 6; expect to select a partner and begin work in August.
- Received a \$200,000 Cafritz Capital Grant in late June and applied for an OSSE SOAR grant (\$750,000). In the past, we received SOAR grants in the range of \$500,000 to \$550,000.
- ECI/Facilities Amendment applications were unanimously approved on June 26.
- Lender outreach is ongoing; we are on track to close on about \$22 million in construction financing.

### **Project Risk Tracking Overview**

- Permitting—HIGH (Next two months are critical for scheduling); we do not have our DOEE permit.
  - MCN scheduled to mobilize for site work within a week of approval (expected mid-July and MCN scheduled to start on July 24). Expecting Gilbane to do some initial work ahead of the 24<sup>th</sup>.
  - DDOT approval received; no public space hearing required
  - New address has been issued; Foundation to Grade (FTB) and building permit applications have been submitted
- Financing—MEDIUM (risk is with timing not quality or likelihood of package)
  - Awaiting term sheets
  - Will need to close in September; bridge loan or LOC may be required
- Scheduling—HIGH
  - Working with GC (Gilbane) on early release packages; we're counting on opening in weeks not months
  - Continue to develop and evaluate contingency plan(s)
  - Gas line relocation in advance of GC starting work required

Question from Marcus Hurley: What is the drop-dead date that would require we shift to contingency plans?

Response from Carlie Fisherow: We need to start all of the site work by the end of July. If so, we're on track for an August 2024 opening.

Response Cristine Doran: Latin team plans to go to DOEE this week regarding the permit. We're hopeful that it may be released this week. Gilbane is looking at how they may be able to adjust schedule. Gilbane is tracking to MCN mobilizing on July 24.

Question from Marcus Hurley: What is the final plan on the heritage trees?

Response from Cristine Doran: All indicators are that we will be approved for the DOE permit. We believe the city arborist has agreed to remove all three. All three have been deemed not viable.

Question from Marcus Hurley: Good news. That would be a huge time and budget relief.

Response from Cristine Doran: We should know for sure in about a week.

Question from Liza Douglas: Can any of us help by reaching out to our councilpersons or others?

Response from Cristine Doran: Let's see what progress the Latin team makes first. Things may be moving slowly due to staff on leave.

Question from Kelly Yee: Do you anticipate any supply chain issues or are they build into the schedule?

Response from Cristine Doran: They are built into the schedule and we have been able to sign early release packages, giving Gilbane approval to proceed with ordering long-lead items.

### **Contingency Options (Carlie Fisherow)**

Given the tight timelines we are working on contingency options; we will understand the impact on our schedule at the end of August. Any decisions related to contingency planning will be made and communicated to the Yu Ying community by November 2023.

- Yu Ying continues to evaluate contingency options for 3 key scenarios:
  - Project delays up to 1 month
  - Project delays up to 1 semester
  - Project delays up to 1 year
- Factors that will be considered include:
  - Impact to staff, students, and families
  - Program impact
  - Financial/other considerations
  - Required permissions from OSSE and PCSB (ex., calendar)

- o Logistics required to execute contingency option while still maintaining/running school and opening another school
- o Timeline for Kirov construction based on Latin's designs and timelines, and renovations and cost associated with partial occupancy of Kirov

## Contingency Options and Considerations

Timing Scenario	Options	Considerations
1 Month Delay	<ul style="list-style-type: none"> <li>• Temporary classroom space in Kirov + adjusted programming model at Taylor Street</li> <li>• Virtual waiver requested from OSSE</li> <li>• Push start of school back to after Labor Day</li> </ul>	<ul style="list-style-type: none"> <li>• Moving upper grades to Kirov vs ECE grades</li> <li>• Use of trailers</li> </ul>
1 Semester Delay	<ul style="list-style-type: none"> <li>• Modest renovations to Kirov to accommodate up to 5 additional classrooms for Sept-Dec.</li> <li>• Slow enrollment from growth of 5 classrooms to 2 new classrooms in SY24</li> </ul>	<ul style="list-style-type: none"> <li>• Very limited space for adults; could move offices off campus to Kirov</li> <li>• More creative hybrid schedule for adults</li> </ul>
1 Year Delay	<ul style="list-style-type: none"> <li>• Renovations to Kirov to accommodate 5 classrooms for the full year</li> <li>• Slowed growth of 5 classes to 2+</li> <li>• Natural growth of 5 classes to 1+</li> <li>• Find a completely different off site space for school</li> </ul>	<ul style="list-style-type: none"> <li>• Significant program impact</li> <li>• Financial impact (lower enrollment or for leasing space)</li> <li>• Programming in two locations may be challenging</li> </ul>

- We are doing early research on each potential scenario. Next step will be to get some cost estimates for various contingency options.
- We are also having conversations with Latin based on potential scenarios.

Question from Cosa Bullock: Does Latin plan to be in the space next year?

Response from Carlie Fisherow: Their plan for next year is pretty similar to the way they've used the space this year--for special events, etc. But they also have timelines that start some of their renovations as early as this school year. They do not have plans for students to occupy Kirov until 2025-2026.

Question from Jessica Sutter: When is the timeline for when the team will need to decide on these contingency plans?

Response from Carlie Fisherow: We need to have the core financial analysis, Latin's timeline, and what it will take to get Kirov "student ready" by the end of August. And then we need to narrow the list of options down in September and October. We need to bring a plan back to the Growth Committee and then the full Board in October.

Question from Jessica Sutter: How much time after you go back to the Growth Committee?

Response from Carlie Fisherow: November needs to be when we act.

Response from Cristine Doran: Once we have permits in hand and contractors have mobilized, we'll know better on when we can deliver the project.

Comment from Liza Douglas: Hopefully by the end of August, we will know when site work begins. I'm trying to get a better understanding of cost implications among these contingency options to know what the viable options may be.

### **4301 HAREWOOD FINANCING and BUDGET (Melissa Volpe and Finance Committee)**

I want to acknowledge the hard work of Level Field Partners constantly contacting banks and working with us to get the answers they need. Things continue to shift and evolve.

## **Financing Summary**

- Bank package was sent to 6 lenders (Truist, EFF, Eagle, PNC, City First, FIF)
- EFF update
  - EFF credit committee 7/6 (third CC meeting); term sheet pending
- We are continuing to work with other banks to get to term sheets
  - Truist evaluating options, including with their internal capital markets group
  - Truist is supportive of Yu Ying proceeding with EFF's 5-year construction loan product and will work in collaboration with the EFF team (they are interested in keeping the existing Taylor debt in place through a refinancing event)
  - We expect term sheets from Truist, City First, and FIF
  - Eagle and PNC have declined to provide term sheets
- The model still assumes a refinancing event in FY26; bond financing will be an option for take out of Taylor and Kirov debt

### **Sources & Uses**

<b>Sources:</b>		<b>Uses:</b>	
Senior loan	24,188,162	Acquisition	5,959,094
OSSE subordinate loan	2,000,000	Hard costs	21,486,005
Equity contribution	7,000,000	Soft costs	3,706,062
Grants & fundraising	718,000	Transaction costs	2,755,000
<b>Total Sources</b>	<b>33,906,162</b>	<b>Total Uses</b>	<b>33,906,162</b>

- Fundraising targets have been updated based on bank feedback and consistent with committed funds to date and historical fundraising:
  - \$718K is assumed for project expenses
  - \$250K/year is assumed as operating revenue for FY25, FY26, and FY27

- Transaction costs have increased; anticipating +/- \$2.2M in capitalized interest (based on lender requirements)
- Hard costs have been updated to align with GC pricing

### **Project Budget**

- Difference from previously circulated project budget:
  - o Shift in construction cost from \$16M to \$17.8M
  - o Transaction cost to EFF \$2.2M in capitalized interest
  - o Truist scenario: \$1M in capitalized interest and \$1.5M in debt service reserved fund

### **Grants & Fundraising**

- Grants and fundraising objectives have been updated as follows:
  - o Sources now reflects \$718K (previously \$1.5M), which is consistent with the funds raised or committed to date
  - o Assuming \$250K/year in operating revenue for FY25, FY26, and FY27 (previously \$500K), which is in better alignment with historical fundraising amounts

### **Next Steps and Action Items**

- Request formal Board approval\* of \$33M project budget
- Request Board authorization\* to allow for Finance Committee Chair to review term sheets and select lender
  - o Yu Ying, LFP, EdOps, and Quinton will meet next week (and on an ongoing basis as needed) on financing strategy
- This week, begin communications on site work construction with our neighbors
- Within two weeks, sign MCN contract and begin site work
- Finalize edits to the Shared Use Agreement and share with Board leadership for review, edits, and sign off by end of July
- Complete subdivision and close within 30 days; expected by end of September

### **\*Votes**

- The Board approves the 4301 Harewood Rd. project budget as presented on July 11, 2023.
- The Board gives the Finance Committee the authority to review term sheets and financing packages, and select the best lender to meet project needs for 4301 Harewood Rd., NE

Comment from Quinton Ng: Typically most projects line up construction and financing budgets; however, I know that's not possible given our timeframe. By giving overall approval for the project budget, we're entrusting Melissa and her team to move forward.

Question from Kelly Yee: Have you had your previous questions resolved? Are you feeling comfortable with the responses.

Response from Quinton Ng: Yes I do. At least on the fundraising side, there is still risk but it's more conservative.



Question from Liza Douglas: Why do we want to assume a renegotiation of terms in FY26?

Response from Quinton Ng: Broadly speaking, during the construction period you are spending money but you don't have the revenue. As the student population increases, then it's an appropriate time to refinance. At that point in time, you're more likely to get more beneficial terms.

Response from Jimmy Henderson: This is a live negotiation right now. This is potentially EFF's first school loan in DC. During the negotiation, they are being very flexible in providing different term options. If we can be cost effective on our rate, would it help the school to have a 5-year term vs. a 2-year term? Maybe. We're evaluating.

Question from Kelly Yee: When you're talking about refinancing, you're not talking about Taylor St.; this is just Harewood, correct?

Response from Jimmy Henderson: Yes.

Question from Marcus Hurley: What line item would contingency plan be funded from? Would there be subsequent votes?

Response from Melissa Volpe: One vote for the overall approval of \$33M, which would be inclusive of any other contract; however, Quinton and Lemar review and approve any contracts over \$25,000 (in line with PCSB). But it doesn't require Board approval.

Response from Quinton Ng: The frequency required for multiple reviews doesn't seem feasible.

Question from Marcus Hurley: The last thing I saw from Gilbane regarding construction costs was \$18 million. For good governance, it should come to the Board for a vote.

Response from Melissa Volpe: The Gilbane contract has already been awarded.

Question from Marcus Hurley: Right, but just for pre-construction services; probably less than \$2 million currently; however, amendment with final GNP pricing it will add another \$16M or \$17M.

Response from Cristine Doran: Yes, there will be a final amendment with full GNP pricing.

Comment from Marcus Hurley: The contract right now is terms and conditions with some pre-construction fees; the real "meat" is to come.

Question from Lemar White: What details would you be looking for in that contract?

Comment from Marcus Hurley: It's such a large expenditure that it's worth a quick presentation followed by a vote. I don't think those could happen on the same day. Right now, we know the number but we don't have the details.

Question from Lemar White: If the Board didn't approve it, what would happen? Look for another company?

Comment from Marcus Hurley: That's a possibility, but it is part of the Board's responsibility to review.

Response from Lemar White: Potentially, we can have the Growth Committee review it. If there's anything abnormal, we bring it to the full Board for a vote.

Question from Quinton Ng: Do we need to pause until we get approval on the \$18M?

Response from Marcus Hurley: No. Just like a contract has been released for long-term items, there could be approval for key items. For example, incremental approvals for significant milestones. I'd like to avoid a future question regarding how thoroughly the contract was reviewed before potential approval. Right now we have minimal information, which is appropriate at this time.

Question from Jessica Sutter: How do other Charter School Boards handle this sort of decision?

Response from Jimmy Henderson: There's a range of practice based on what the Board is comfortable with. Delegation to a subset of Board members often happens due to the pacing of decisions. One or two big contracts may get elevated to the full Board after review by a smaller group.

Question from Liza Douglas: We have a protocol that after Board has approved a budget, only contracts of a certain size get elevated to the full Board. Can you say what those cutoffs may be?

Response from Melissa Volpe: The process would be the same. It's still elevated to Lemar, Paige, and Quinton. They would be provided with a summary and all of the bid documentation. They would then determine whether they approve, decline, or need more information.

Question from Liza Douglas: There's a \$50K level contract that triggers Board signature. Is there another level above that which would go to the full Board?

Response from Melissa Volpe: No. We always go to the Finance Committee then recommendations go to the Board.

Response from Kelly Yee: I am not on the Growth Committee. A full Board vote would show full support. It doesn't place the responsibility on only a few people.

Comment from Lemar White: I'd like to take a roll call vote to see where people are on this. And, to determine a potential cut off limit, ex. \$10M. And, we'd really need to rally to get people to vote quickly.

Response from Carlie Fisherow: According to our interpretation of the Open Meetings Act, we could conduct a vote via email. PCSB does not agree with our interpretation, but did not prohibit it. We should be judicious in using this option. There is potentially some power in having a united Board stand behind this position. There is still trust and expectation that a smaller group of select individuals carry the

assessment, analysis, and recommendation. The full Board appears to be relying on this smaller group's recommendation. I also wonder about starting a regular monthly meeting with the Committee chairs to discuss these complex elements. Not another vote but the Board's leadership would be more fully informed.

Question from Lemar White: I'd like to hear from the Board what contract dollar amount would rise to the level of full Board review and approval?

Response from Marcus Hurley: I'd say \$5 million and up. We could schedule an ad hoc meeting now. If we don't have the GNP memo by a certain date, that will cause other issues.

Question from Cosa Bullock: Is the alternative to the full Board voting that the Growth Committee would review and flag for discussion?

Response from Lemar White: That's my proposal. That the Growth Committee would review it and flag anything unusual.

Question from Paige Hoffman: Should we do a landscape analysis? Review our Charter?

Response from Melissa Volpe: Our only PCSB guidance is \$50K invoices and above need Board approval. PCSB doesn't require contract approval. It is a heavy lift. We'd need to go into all of our documentation to change the verbiage. It would be reviewed by the auditors to ensure that there was Board approval on all of these decisions.

Response from Lemar White: I think we're just voting on this specific, second campus issue.

Question from Jessica Sutter: To Paige's point around more discussion, I want to make sure I understand the proposed vote. We might be talking about a Board policy change. The Board would vote to approve any contracts of \$5 million or more. Or, is it just this one instance?

Response from Lemar White: Any contract for \$5 million for the second campus project (not other Yu Ying issues).

Lemar White introduced motion for any contracts exceeding \$5 million for Harewood/second campus would be submitted for full Board approval.

Quinton Ng moved; Kelly Yee seconded.

Roll call vote: 5 ayes and 6 nays; motion did not pass.

Comment from Liza Douglas: I was voting no, so that it will be at the discretion of the Growth Committee or School Administration; just not an automatic trigger.

Comment from Melissa Volpe: Even before I send it up, Level Field reviews it and contacts Gilbane with questions. I then review it with Level Field, then counsel, etc. Before it goes to Lemar and others.

Motion for adoption of FY 23-24 4301 Harewood Rd. \$33M budget. Quinton Ng moved. Paige Hoffman seconded.

Question from Marcus Hurley: Will contingency plan funds, if needed, need to come from that budget?

Response from Cristine Doran: We do have a 5% contingency built into the \$33M budget (approximately \$1M). The other option would be to come out of the school's operating budget.

Comment from Marcus Hurley: There are contingencies that occur during normal process. That 5% is meant for things that come up during normal construction process. I think we should show a line item specifically towards a contingency option.

Response from Cristine Doran: I agree with you Marcus, but that owner's contingency is there and there could be a separate line item.

Question from Melissa Volpe: The \$33M remains unchanged, correct? We're talking about adding another line item? But the bottom line isn't changing?

Response from Marcus Hurley: We just need to acknowledge that there is a possibility of a contingency plan coming into play and will impact the budget.

Response from Lemar White: Owner's contingency would be \$1M and we make \$74,300 a separate line item for potential delay contingency.

Wendy Rueda made a motion to pass the budget. Liza seconded. Motion passed (10 ayes, 1 no).

Motion to give the Finance Committee the authority to review term sheets and financing packages to select the best lender to finance the second campus project. Kelly Yee moved; Jessica Sutter seconded. Motion passed unanimously.

**Closed meeting** to discuss Executive Director performance.

Liza Douglas moved; Darren Riley seconded. All approved.

### **Open meeting**

Comment from Lemar White: Thank you for the robust discussion around the second campus. Before we close, two acknowledgments.

- Condolences to Melissa Volpe on the passing of her mother.
- Thank you to Kelly Yee for her service as Board Chair for the past two years. Kudos board coming your way. Crystal award presented for outstanding service as Board Chair, 2021-2023.

Carlie Fisherow also thanked Kelly. Our custom is to give you a core values award. Your award is for Diverse—someone who helps us intentionally focus on building a diverse community.

#### **OTHER INFORMATION/BUSINESS**

N/A

#### **CLOSING ITEMS**

No new meeting agenda items were introduced.

Kelly Yee made a motion to close the meeting. Cosa Bullock seconded.

The meeting was adjourned at 9:08 p.m. ET