

DC Bilingual PCS Board Meeting  
July 9, 2019

Board Members: Richard, Mekdi, John, Denise, Dara, Shannon, Lester, Aaron, Nadia, Lori, Blanca, Abi, Cydney

Staff: Daniela, John

Guests: Brad (EdOps)

Meeting start: 8:35

- Nadia previews the need for a vote in August:
  - Purchase union property next door or go with a different growth model
- John notes that if board members are interested in going deeper we can schedule separate phone calls before August meeting
- Five cases were explored for growth:
  - DCB buying the union property next door
  - Building Hope buying the union property and leasing back to DCB
  - Expanding on the existing campus
  - Replicating to the Cesar Chavez Bruce facility (770 Kenyon St NW)
  - No growth
- Doing a financial model that assumes all of the revenue of growth and all of the expenses **besides** the facility costs, gives us about \$1.2m in free cash flow on an ongoing basis.
  - Key assumptions
    - \$500k of annual grant funding and \$75k of individual/gala donations
    - 1.2 debt coverage ratio required by bank (more conservative than current ratio, based on it being additional debt on top of current loan)
    - Union property costs \$1.6m (this is a real number from the owner)
    - Construction costs are the same between building at Keene vs union (by August there will be more specifics about whether one is more expensive than another – potential is that Keene will be a little cheaper)
    - Interest rates will rise to where they were a year ago
    - 4 classrooms per grade (currently 2-3 per grade)
  - Key conclusions:
    - For the DCB-union scenario there is a \$600k total gap during FY23-FY26 where we are under our debt coverage ratio
    - Much smaller gap for Keene construction, only in FY24
    - Building Hope's equity return requirements make their model unfeasible
    - Taking over the Chavez Bruce facility doesn't work financially given the purchase price
    - The no growth model is financially viable
- Because in both the union and Keene scenarios there wouldn't be a second viable school building for creating loan collateral, we would likely need to either do the second loan through Eagle or go for a larger loan that consumes the existing Eagle loan.

- Due diligence costs will be within the \$30k that the Board has previously approved
- The church who owns the corner lot is engaged and positive about collaborating. There is a potential that we could do beautification and share parking (church on weekend, DCB during the week)
- John presented various potential designs (available in pre-read packet), with no specific recommendations or preferences from staff
- Daniela expressed a preference towards the union property because of the disruption to the existing community that construction at Keene would cause
- Abi asked the staff to consider replication more seriously
- Dara raised question about whether we are currently strong enough in terms of academic performance to support the split school model that the union option requires
  - Academic Excellence will take this conversation to the instructional team and return to the Board with thoughts/recommendations
- Nadia asked Board members to email questions to the full Board
- Three broad topics to be completed before August meeting:
  - Academic Excellence committee endorsement/recommendation
  - Updated financial model from staff
  - Updated construction pricing from staff
- Executive Session
- Adjourned at 10:15