

## KIPP Atlanta Schools Finance Committee Meeting Minutes

Wednesday, January 15, 2025

8:30 a.m. - 10:30 a.m.

Meeting location: 1038 White Street, Suite D, Atlanta, GA 30310

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**Committee Members in Attendance:** Brooks Lumpkin, Catherine Mealor, Hector Calzada, Richard Deane, Stephen Councill, Tom Avery (virtual attendee)

**Committee Members Absent:** Craig Jones, Dennis Love

**Board Members Present:** None

**Regional Staff Members Present:** Justin Anderson, Kyla Byas-Smith, Ra'Chel Ford (virtual attendee), Alicia Copeland (virtual attendee), Lawrence Harris (virtual attendee)

**Guests Present:** David Endom, Zachary Rossley (virtual attendees)

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*The meeting was called to order at 8:42 a.m.*

### Welcome

- Hector Calzada, Finance Committee Chair, took a vote to begin the meeting officially, motioned by Stephen Councill, seconded by Catherine Mealor at 8:42 am.

### Consent: Prior Minutes

- Hector Calzada called for a motion to approve the 10/9/2024 meeting minutes. Stephen Councill moved to approve and Catherine Mealor seconded. No Discussion. Approved unanimously.

### Mission Moment

- 2025 Homecoming featured Ms. Joyce Abbott, the namesake of the TV show Abbott Elementary, as the keynote speaker. The event also celebrated and honored high-performing teachers.

### Facility Presentation

- Justin Anderson provided an overview of the facility renovations and expansions - a \$50MM ask. Hector Calzada inquired about the primary spending items and their approximate distribution. Ra'Chel Ford outlined the following:
  - **KACI** currently on a leasehold mortgage with 25 more years needs additional square footage, estimated cost of \$25 - 30MM
  - **KIPP STRIVE Academy** owned by KIPP Atlanta is the oldest building and requires upgrades to critical systems, estimated cost of \$10MM
  - **KIPP South Fulton Academy** owned by KIPP Atlanta requires upgrades of its building, estimated cost of \$5 - 7MM
  - Because KIPP Atlanta owns STRIVE and South Fulton, there is a liability to

maintain them in a safe and functional condition.

- Guests Zachary Rossley and David Endom of Level Field Partners presented the financing overview and key financing options.
- **Financing Overview:** S&P's charter school medians by rating category provide benchmarks for key operational criteria, such as waitlist and student retention, and financial metrics like days cash on hand and leverage ratios. Comparison to S&P medians indicates significant debt capacity for KIPP Atlanta. KIPP Atlanta is in a strong financial position with no hard debt, a robust balance sheet, and significant borrowing capacity. The goal is to secure permanent debt as a stable, non-volatile component of the long-term financial plan.
- **Key Financing Options:**
  - **Commercial Banks:** Active in the public school sector with aggressive pricing, though they may require schools to move accounts to them. Tom Avery shared a positive experience with SunTrust.
  - **Tax-Exempt Bonds:** Provide fixed-rate, long-term financing through capital markets based on credit spreads to a 30-year MMD.
  - **Equitable Facilities Fund:** Offers low-interest loans to high-performing charter schools, funded by a \$200M endowment.
  - **CDFIs:** Designed for community projects but often have lending limits unsuitable for large-scale needs.
  - **Real Estate Considerations:** Leasehold mortgages (e.g., the high school's 25-year leasehold) are treated similarly to fee-simple mortgages, making them acceptable to real estate-focused lenders.
- **Project Timeline:**
  - Ra'Chel Ford estimated the project can be completed in 18–24 months, with a decision anticipated by the end of the school year to allow for some facilities to be in place by the next school year.
  - Catherine Mealor asked about space availability at the high school for the next school year, and Ra'Chel Ford confirmed that KIPP will make it work.
  - David Endom noted that a traditional bond deal would take approximately four months.
  - Hector Calzada suggested defining the overall projected timeline.

## Enrollment 2024-25FY

- Lawrence Harris introduced Alicia Copeland as the new Director of Enrollment. KAC and STRIVE Academy are meeting enrollment targets, while STRIVE Primary is nearing its target by extending seat offers. Areas for improvement include KIPP WAYS (impacted by family relocations) and KIPP Vision (affected by temporary relocation). Efforts to address gaps include waitlist sharing, Hubspot outreach, and generating more applications.
- There was a discussion regarding families being priced out of the WAYS area. Ra'Chel Ford emphasized doubling down on controllable factors, working with KIPP's demographer to capitalize on APS school closures, and leveraging transportation dollars for scholars unable to stay in the area. The Mayor is exploring affordable housing solutions.
- Lawrence Harris explained that open Enrollment launched on January 1, supported by strong marketing efforts such as bus ads, school tours, and partnerships with community organizations with an increased focus on pre-K open house days aimed at boosting kindergarten enrollment.

## **Endowment**

- Justin Anderson also shared an update on the endowment, which had a value of \$4,003,171 as of November 30, reflecting a 19.1% increase year-to-date, net of fees. Additionally, the IRS nonprofit application is still in process.

## **FY25 Financials Update**

- Justin Anderson provided an update on FY25 financials, reporting 4.2 months of operating cash totaling \$50.8MM, with 42% of the revenue budget and 45% of the expense budget utilized so far. Justin stated that retention bonuses went out in late October. He also presented the FY25 Financials Dashboard which included a balance sheet and income statement. Hector Calzada requested an exploration of the net income.

## **Meeting Close**

- Hector Calzada thanked the committee and KIPP staff for attending and participating in the meeting. Hector Calzad called for a motion to close the meeting, moved by Stephen Councill and Catherine Mealor seconded. No Discussion. Approved unanimously.

*The January 15, 2025 Finance Committee meeting was adjourned at 10:36 a.m. Minutes taken by Evelyn Amoh- Tonto.*