



MEMORANDUM

TO: Members of the Authority

FROM: Melissa Orsen
Chief Executive Officer

DATE: February 1, 2017

SUBJECT: Agenda for Board Meeting of the Authority February 1, 2017

Notice of Public Meeting

Roll Call

Bond Projects

Public Comment

Adjournment

BOND PROJECTS

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

APPLICANT: KIPP: Cooper Norcross, A New Jersey Nonprofit Corporation P42944

PROJECT USER(S): KIPP Cooper Norcross Academy * * - indicates relation to applicant

PROJECT LOCATION: 740 Chestnut Street Camden City (T/UA) Camden

GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

KIPP: Cooper Norcross, A New Jersey Nonprofit Corporation (formerly Cooper Lanning Square Renaissance School, Inc. and d/b/a KIPP Cooper Norcross Academy, the "School") is a 501(c)(3) not-for-profit organization and renaissance school project approved by the NJ Department of Education and Camden City Board of Education. The School was formed in partnership between KIPP Team Schools in Newark and The Cooper Foundation, Inc. in Camden, representing a unique partnership which brings expertise, experience and community ties for revitalization of NJ's most needy communities to the task of increasing the number of high quality school options for Camden's students. This partnership will create an academic program serving approximately 2,860 Camden students in pre-kindergarten through 12th grade, in furtherance of the educational initiatives provided by the NJ Urban Hope Act. The NJ Department of Education has provided its formal approval for the School to operate in Camden and it is in good standing with the Department. Tim Carden is a Trustee and the President of the School.

In 2014, the Applicant closed on a \$60,000,000 Qualified School Construction Bond to acquire the Lanning Square School located at 525 Clinton Street for an elementary and middle school. The 112,000 sq. ft. building includes a wing devoted to classrooms; a section with an administrative/nurse's office suite and classrooms/storage; and a single story section comprised of a gymnasium, a music room, cafeteria, kitchen, storage rooms and maintenance and mechanical rooms.

The applicant is a 501(c)(3) not-for-profit entity for which the Authority may issue tax-exempt bonds as permitted under Section 103 and Section 145 of the 1986 Internal Revenue Code as amended, and is not subject to the State Volume Cap limitation, pursuant to Section 146(g) of the Code.

APPROVAL REQUEST:

Authority assistance will enable the applicant to finance the renaissance school project for the Whittier School, a former Camden public school facility of approximately 60,000 sq. ft. Renovations include exterior work on the brick building and a new roof and windows; renovations to the existing classrooms and bathrooms; and construction of a 12,000 sq. ft. addition to accommodate a gym, kitchen and cafeteria. When completed the School will house grades 5-8.

The difference in project costs and bond proceeds will be funded with a conventional loan.

This project is being presented at the February 1, 2017 Board meeting for re-allocation of the \$29,833,634.33 QSCB allocated to KIPP Cooper Norcross Academy in 2016.

FINANCING SUMMARY:

BOND PURCHASER: Cooper Lanning Square Renaissance School Facilities, Inc. (Direct Purchase)
AMOUNT OF BOND: \$29,833,634.33 Taxable Qualified School Construction Bonds
TERMS OF BOND: The tax credit rate and the term will be determined prior to the issuance of the QSCB based on the tax credit rate and term published by U.S. Treasury. As of 1/3/17, the tax credit is 4.55% for 32 years.
ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	\$14,925,000
Original Issue Discount	\$9,023,634
Acquisition of existing building	\$3,500,000
Finance fees	\$1,500,000
Working capital	\$1,345,000
Engineering & architectural fees	\$970,000
Purchase of equipment & machinery	\$900,000
Legal fees	\$500,000
Land	\$250,000
TOTAL COSTS	<u><u>\$32,913,634</u></u>

JOBS: At Application 0 Within 2 years 23 Maintained 0 Construction 124

PUBLIC HEARING: N/A

BOND COUNSEL: Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: J. Balsama

APPROVAL OFFICER: T. Wells

**NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
PROJECT SUMMARY - STAND-ALONE BOND PROGRAM**

APPLICANT: MSC Facilities LLC

P42262

PROJECT USER(S): Mastery Schools of Camden, Inc. *

* - indicates relation to applicant

PROJECT LOCATION: Various

Camden City (T/UA)

Camden

GOVERNOR'S INITIATIVES: (X) Urban () Edison () Core () Clean Energy

APPLICANT BACKGROUND:

MSC Facilities LLC was recently formed to hold title to real estate for the benefit of schools operated by Mastery Charter Schools ("Mastery"). Mastery is a nationally recognized leader in school transformation and currently operates 21 charter schools serving 12,000 students in Philadelphia, PA and Camden, NJ. Mastery stands out for its skill at taking violent, low performing schools and turning the schools into high performing, supportive community schools. Robert Victor is the Board Chair for Mastery Charter Schools in Philadelphia and Scott Gordon is the CEO of Mastery.

Mastery Schools of Camden, Inc. ("Mastery Camden"), a 501(c)(3) organization, is the newest branch of Mastery, which opened in the Fall of 2014 as a renaissance school project as approved and defined under the educational initiatives of the NJ Urban Hope Act. Mastery Camden is in good standing with the NJ Department of Education. Judy Tschirgi is the Chair of Mastery Camden.

Mastery Camden plans to operate a network of five schools (four elementary and one secondary) serving pre-K through 12th grade students in Camden. As of the Fall of 2016, Mastery Camden serves 1,400 students in grades K-8 in Camden at the following schools and locations: (1) Cramer Hill Elementary (grades K-3) located at 1033 Cambridge St.; (2) North Camden Elementary School (grades K-5) at 800 Erie St.; (3) McGraw Elementary school (grades K-5) at 3051 Fremont St.; (4) Molina Elementary School (grades K-8) at 601 Vine St.; and (5) East Camden Middle School (grades 6-8) at 3064 Stevens St.

The elementary students at Cramer Hill and North Camden will move to a newly constructed elementary school in the fall of 2017. This new elementary school, Cramer Hill Elementary School, located at East State Street and River Avenue, is owned by MSC State & River LLC and was financed through proceeds from a \$42.9 million Qualified School Construction Bond issuance, closed in December 2015 (Appl. P40717). This is the anchor project for Mastery Camden.

In Fall 2016, Mastery Camden opened Pyne Poynt High School, starting with grade 9, at the East Camden Middle School and will move to 800 Erie Street, currently the North Camden Elementary School, after the completion of the newly constructed elementary school.

The project will be occupied by Mastery Schools of Camden, Inc., a 501(c)(3) not-for-profit entity. The bonds are expected to be issued as Qualified School Construction Bonds pursuant to Section 54F of the Internal Revenue Code of 1986.

APPROVAL REQUEST:

Authority assistance will enable the Applicant to finance substantial renovations at four existing Camden school facilities: East Camden Middle, McGraw Elementary, Molina Elementary and Pyne Poynt High School. Renovations include replacement or major repair to building systems and life and safety upgrades as well as work to update and increase the number of classrooms and meeting spaces.

In the event that there are remaining funds after completion of renovations to the four existing schools, an additional renovation project may be completed at a fifth site, Molina Annex located at 700 N. Stevens St., which houses overflow students. Renovations would be comprised primarily to classrooms and bathrooms.

This project is being presented at the February 1, 2017 Board meeting for re-allocation of \$34,433,634.34 QSCB allocated to Mastery Schools of Camden in 2016.

FINANCING SUMMARY:

BOND PURCHASER: MCSF Lender II LLC (Direct Purchase)

AMOUNT OF BOND: \$34,433,634.34 Taxable Qualified School Construction Bond

TERMS OF BOND: The tax credit rate and the term will be determined prior to issuance of the QSCB based on the tax credit rate and term published by the U.S. Treasury. As of 1/3/17, the tax credit rate is 4.55% for 32 years.

ENHANCEMENT: N/A

PROJECT COSTS:

Renovation of existing building	\$25,245,000
Original Issue Discount	\$10,960,000
Finance fees	\$1,075,000
Purchase of equipment & machinery	\$700,000
Legal fees	\$575,000
Interest during construction	\$425,000
TOTAL COSTS	\$38,980,000

JOBS: At Application 97 Within 2 years 53 Maintained 0 Construction 209

PUBLIC HEARING: N/A

BOND COUNSEL: Chiesa, Shahinian & Giantomasi,

DEVELOPMENT OFFICER: D. Bennis

APPROVAL OFFICER: T. Wells