

EXECUTIVE SUMMARY OF KIPP DC'S PROPOSAL FOR THE RESUSE OF J.F. COOKE ELEMENTARY SCHOOL

KIPP DC

KIPP DC: is the highest performing network of public charter schools in Washington, D.C. After establishing our flagship school, KEY Academy, as the highest performing public school serving low-income students in the District, we are now implementing a strategic plan of building the highest performing network of pre-K through 12th grade prep schools in the city – reaching over 3,400 children from a variety of neighborhoods across the District and competing with the most prestigious private schools in the region

Why KIPP DC Identified the J.F. Cooke Site

Market / Demographic Overview in Support of KIPP DC Vision

In Ward 5, there are approximately 8,000 children between the ages of 3 and 10 – these are the children on whom the proposed KIPP DC campus would have such a profound impact. Of these 8,000 children, approximately 85% are African-American. While Ward 5 has increasingly stabilized since 2000, its median family income is only around \$40,000. Finally, while there may be more affluent District residents moving to Ward 5, no more than 25% of the population has college degrees. As has been proven time and time again, a KIPP DC free-tuition public education campus at 30 P St., NW would eventually impact and brighten the futures of hundreds and hundreds of children and Ward 5 families.

Until there is a high-quality early childhood education campus in the Truxton Circle community or Ward 5 comparable to KIPP DC, there is a market need and demand for our proposed mixed-use project. There are thousands of Ward 5 children – virtually none of whom can afford private education – who would rush to fill the hallways of our proposed campus. At our current campuses, there are long enrollment wait lists, especially at our early childhood school.

Plan for J.F. Cooke Site and Community Amenities

KIPP DC will partner with a variety of community organizations to create a vibrant site at 30 P St., NW, in the heart of Ward 5's Truxton Circle Community. To that end, KIPP DC intends to maximize the value of the site through the following:

- Renovation of the existing space
- Bringing mixed early childhood education (pre-K(3)-4th grade) / community use to the existing 43,500 square foot ("sf") building (over 400 students in existing building)
- Ward 5 Community Theatre
- Ward 5 Studio Art space
- Ward 5 adult Professional Development / Small Business Incubation



“A revolutionary new school system”
– Oprah Winfrey

- Ward 5 Community Gardens
- Metropolitan Police Department ("MPD") special access space for administrative
- Ward 5 Community Meeting space

Additionally, when the early childhood KIPP DC program grows to capacity in the existing building, we plan to:

- Build an approximately \$7.1 million, 22,350 sf addition on the 2.5 acre site that would contain both additional early childhood education space (serving almost an additional 250 students in the same pre-k(3)-4th grade program); and
- Ground Level Retail use that would complement the mixed use of the existing building (approximately 1000 sf)

Public Benefits Anticipated by Proposed Redevelopment or Reuse

The proposed mixed reuse project will accomplish multiple public purpose objectives, including (a) the strengthening and further revitalization of its host community in Ward 5; (b) encouraging a growing and balanced economy in the District, and helping to maintain or increase the tax base of the District; (c) expanding opportunities for women and minorities; and (d) the promotion and protection of the health, happiness, safety, convenience, prosperity and general welfare of the citizens and residents of the District.

Funding of Project

KIPP DC has a very successful track record in securing financing for new construction and facilities improvement projects. KIPP DC's first facility project was the acquisition and construction of an 85,000 square foot campus on Benning Road in Ward 7. In March 2007, KIPP DC secured a \$13.5 million construction loan from M&T Bank as well as \$3.4 million in subordinate debt from Building Hope and The Reinvestment Fund for the acquisition of the property and the construction of the Phase I building. KIPP DC's outstanding track record of academic excellence and prudent financial management were key factors in our ability to attract lenders and secure advantageous terms.

In May 2008, KIPP DC refinanced its construction loans and received new capital for the construction of the Phase II building through a \$28.225 million tax-exempt bond issuance backed by a letter of credit from M&T Bank, and \$5.275 million in subordinate debt from the Office of the State Superintendent of Education and The Reinvestment Fund. M&T Bank was one of 11 financial institutions that submitted proposals to lead KIPP DC's bond issuance. KIPP DC was also offered an additional \$2 million in subordinate debt from Building Hope, which was ultimately not needed for this transaction. Since that time, Building Hope has expressed a strong interest in lending funds for future KIPP DC facility projects. Over the past few months we have been approached by several other lenders who have expressed interest in financing our future facility projects.

KIPP DC has also been successful in raising equity funds for facility projects from government organizations, foundations and high net worth individuals. Over the past two



“A revolutionary new school system”
– Oprah Winfrey

years, KIPP DC raised over \$3 million to support the construction of the Benning Road Campus as well as a renovation project at WILL Academy, which is located at the DCPS Scott Montgomery school building at 421 P St., NW.

Given our successful history in securing facility financing, our strong financial results and ability to secure equity funding through fundraising initiatives, we are confident that we will be able to obtain the financing needed to complete a renovation and expansion project at J.F. Cook.

Preliminary Discussions with the District Government

In the spirit of public-private partnership, KIPP DC has already met Ward 5 Councilmember Harry Thomas about our plans for the site. Additionally, we have had brief discussions about the site with representatives from both the Office of Property Management and the Office of Planning.

Additional Information

KIPP DC's Public-Private Development Projects and/or Development Projects of Significant Community Impact

KIPP DC has demonstrated a unique ability to both form public-private partnerships and to leverage such partnerships to secure significant project financing and implement major development projects. The following are illustrative of this successful track record:

1. 421 P St., NW

In August 2006, KIPP DC and the District of Columbia Public Schools ("DCPS") entered into an unprecedented Public-Private Partnership Development Agreement (the "Agreement"). Pursuant to the Agreement, KIPP DC's WILL Academy shares space with DCPS's Scott Montgomery Elementary School at a 74,000 sf site located at 421 P St., NW, in the Shaw neighborhood. Subsequent to entering the Agreement, with KIPP DC leading the way, the value of the District-owned, 421 P St. site has been vastly improved due to the following:

(a) KIPP DC's WILL Academy virtually guarantees a fiscally strong, long-term tenant capable of filling the building to capacity and of meeting each and every of its obligations pursuant to the Agreement. Additionally, KIPP DC program's popularity has helped the DCPS program draw elementary school students to the site in part because DCPS families wanted their children to matriculate into the KIPP DC middle school program at the same site;

(b) In 2007, KIPP DC secured \$850,000 in Qualified Zone Academy Bonds ("QZAB") from the District's Office of Bond and Revenue. Having been awarded the QZAB funding for improvements to the co-location site, KIPP DC managed a 10,000 sf renovation /

reconfiguration project that resulted in the addition of nine additional classrooms. Similarly, for the benefit of both the KIPP DC and the DCPS programs at the site, KIPP DC has been working with the Office of Public Education Facilities Modernization ("OPEFM") to design and implement the replacement of almost all exterior windows of the 74,000 sf building.

(c) In 2007, KIPP DC was awarded \$700,000 from the Office of the State Superintendent of Education ("OSSE") for an expansion project at the 421 P St., NW co-location site. In turn, after months of negotiations with various District governmental entities, including the Offices of the City Administrator and the Deputy Mayor for Education, KIPP DC – using that \$700,000 as project equity – entered into a \$6,981,789 grant agreement with OPEFM that was approved by City Council in July 2008. Pursuant to the grant agreement, KIPP DC will manage all aspects of a 15,000 sf project, consisting of a 7,500 of gymnasium, a 3,500 sf multipurpose / cafeteria, and four new classrooms totaling 4,000 sf (see Attachment C). Additionally, the expansion project will be LEED-Silver certified and include a geothermal heating and cooling system. While KIPP DC provided the \$700,000 in equity, secured all of the funding for the project, and will manage all aspects of the development, it is the District that will own the improvements and realize the benefit of the increased value of the property. Likewise, the Shaw community will have access to and benefit from the top-flight gymnasium facility.

The 421 P St. project is illustrative of the manner in which KIPP DC is able to forge partnerships to implement development projects that result in substantial community benefits. Indeed, the KIPP DC projects at 421 P St., NW have received attention and support from Councilmember Jack Evans along with a variety of Area Neighborhood Commission leaders and other Shaw community members.

2. 2600 Douglass Place, SE

Over the course of 2007-2008, KIPP DC worked with community groups in Ward 8 to gather input relating to what soon would become a former DCPS site. The 137,000 sf site, located at 2600 Douglass Place, SE, in Ward 8, had been operating at about 10% capacity for several years, serving only about 100 students, essentially wasting a valuable District resource. Having participated in community meetings and having received the support of those who lived in the surrounding neighborhood, in Spring 2008, KIPP DC received from OPM the rights to negotiate a long-term ground lease for the entire Douglass Place site.

Having agreed on almost all material terms, KIPP DC expects to execute the lease by the end of August 2008. Just as importantly, KIPP DC has already implemented over \$400,000 in improvements to the building; obtained a conditional Certificate of Occupancy; is actively bringing the building up to code requirements; and is actively planning approximately a \$26 million redevelopment project the site. In implementing the improvements – which could well include a 30,000sf addition to the existing facility – KIPP DC will work closely with designated OPM representatives to ensure that that the redevelopment project is implemented in ways acceptable to the District.



“A revolutionary new school system”
– Oprah Winfrey

The Douglass Place site demonstrates KIPP DC's willingness and ability to successfully tackle challenging projects. Indeed, several areas of the building can no longer access electricity, and entry to these areas had been completely obstructed over the years. Despite these challenges, this building has all the structural elements – an auditorium, gymnasium, cafeteria, athletic fields, and specialty classrooms for art, music, science, and technology – that our students need to thrive, and this campus will one day hold nearly 1,500 KIPP DC students. KIPP DC: AIM Academy has already begun the 2008-09 school year in this facility, and in 2009, KIPP DC: Discover Academy early childhood school and KIPP DC: College Prep high school will also open in this space.

3. 4801 and 4837 Benning Rd., SE

KIPP DC's positive community impact and ability to fund and complete large-scale projects is perhaps most strikingly visible at the 4800 block of Benning Rd., SE. At this site, KIPP DC is just several months away from completion of a two-phased, \$28 million, 85,000 sf new campus development project. Images of both the completed and occupied Phase I building and the under-construction Phase II project are available in Attachment H of the Appendix.

This brand new, state-of-the-art campus in Ward 7 is the new home of KIPP DC: LEAP Academy early childhood school and KIPP DC: KEY Academy middle school. In 2009, we will also open our first elementary school, KIPP DC: Promise Academy at the campus. The Phase I building includes classrooms, a cafeteria, a gymnasium, and multi-purpose space. Phase II will serve as the permanent home for the KEY Academy middle school and will be completed in Winter 2009. When finished, the two buildings at the Benning Road Campus will hold nearly 1,000 students from Ward 7.