



# NOBLE NETWORK OF CHARTER SCHOOLS

OPERATING NOBLE STREET CHARTER SCHOOL

## Short-Term Options Quiz

### Background

John Doe is founder and principal of a start-up charter school in AnyCity, USA. He has been approved by an authorizer to run a new K-6 school, which will open as K-2 in the first year and then add a grade level each year until it reaches full enrollment in year four. Among other things, Mr. Doe has to set a budget, hire teachers, and rent a short-term facility. Hopefully by year four Mr. Doe's school will be able to fundraise and borrow enough to fund a permanent facility. Before the school opens, Mr. Doe has ten months to find and open a facility, so he would like to identify a site certain in four months for enrollment purposes.

His best facility lead has come from a Board member who connected him with the local Roman Catholic Diocese. The Diocese real estate manager toured Mr. Doe through a 72 year-old vacant former parochial school, which has promise. The Diocese has been clear that they can't afford to pay to improve the building, which is showing its age after many lean years operating at a loss. The building has 12 huge classrooms, a big lunchroom/auditorium in the lower level, and is in a neighborhood where parents need good educational options.

Mr. Doe asked his Board Chair, Ms. Adams, a securities attorney, to help him evaluate the school's suitability. Ms. Adams turned to a trusted business friend, Mr. Davis, a successful real estate developer active in AnyCity's commercial real estate development world, to help Mr. Doe evaluate the building. Mr. Davis toured the building with Ms. Adams and Mr. Doe, and brought along a general contractor, with whom he works on stores and malls, to suggest improvements that would deliver the most impact for the school's limited (and uncertain) budget.

The Diocese asked Mr. Doe to return for a meeting to discuss lease terms when Mr. Doe and his team were ready. With no other comparable facility for his school, let alone a better option, Mr. Doe is losing sleep and getting anxious. He decides to schedule a meeting with the Diocese for three weeks down the road, a few days before his next Board meeting.

## Questions

1. Which of the following should Mr. Doe NOT have done?
  - A. Asked his Board to locate professionals who can offer insight and expertise
  - B. Focused on the facility challenge as his main problem, thinking about the vacant building day and night and talking about it with everyone he knows
  - C. Looked to find an empty school building figuring it will be the lowest cost option
  - D. Brought in an experienced developer and contractor who can tell him how to save on construction costs
  - E. Insert your answer here (for sharing with the group)
  
2. What among these things should Mr. Doe NOT say to the Diocese?
  - A. I would like a rent credit over five years for all of the money I spend fixing up your school.
  - B. I have a limited budget right now. I'd like a low rent in this lease. I can do better in the second five years when I have a stronger Board and greater fundraising capacity.
  - C. I'd love to fix up the building a bit and then invite your Parish to use it on weekends for religious education classes, feast days, and parish functions, subject to good behavior. Some of my children's families might even join the Parish!
  - D. I've been working on this lease proposal day and night and I think I covered everything in 12 pages. As a start-up school, \$2 a square foot plus utility costs is all I can afford. Please let me know within five days whether or not this will work for you. Since my timeframe is pretty compressed, I really want to have a lease executed in six weeks.
  - E. Insert your answer here (for sharing with the group)
  
3. If you were Board Chair, which of the following people would you NOT want to join a Facility Development Committee, reporting both to the Board and Mr. Doe, which would lift the facilities burden (mostly) from Mr. Doe:
  - A. Your friend, Mr. Davis
  - B. The best company you can afford to act as Owner's Representative to hire and manage architects, contractors, and attorneys
  - C. An architect experienced in school design in this jurisdiction
  - D. A good, trustworthy commercial real estate broker
  - E. A good downtown law firm with deep real estate experience