



January 10, 2014

Dear Friends and Families of TEAM Schools,

Over the past few days, we have received questions about how TEAM handles school facilities funding. I want to offer some clarification around this complex issue. We are proud of our excellent track record in providing high-quality buildings for our students to learn in, while minimizing the amount of money spent on them and maximizing the money spent in the classroom, and we believe we have established a model for constructing school facilities that can serve as an example for schools and districts across the state.

Charter schools in New Jersey are public schools serving public school students. Under New Jersey law, however, charter schools like ours at TEAM Schools do not get money for school facilities, and cannot borrow money to construct them. Instead, we must take money away from our overall operating budget to pay rent in buildings like the 18th Avenue school building. Our goal in finding facilities is to maximize the amount of money we have available for other costs, like paying teachers, buying supplies, and supporting our schools' day-to-day work.

In order to find new facilities at affordable rents, we work with nonprofit organizations that work with a range of federal tax credit programs to fund the construction, purchase, or renovation of buildings for us. In this case, we collaborated with two nonprofit organizations—Friends of TEAM Academy and Kingston Education Holdings—to fund the purchase and renovation of the 18th Avenue building. Kingston also owns a for-profit entity, PinkHulaHoop, which is necessary to take advance of Federal tax credits, resulting in TEAM paying rent on the 18th Avenue location as low as possible. Working with these organizations has helped us save the most money we can from programs like federal Qualified Zone Academy Bonds (QZABs) and Historic Tax Credits. When Friends of TEAM used a similar structure and financing package to construct our high school facility, we saved millions of dollars compared to a typical financing that would not use these bonds. These saved funds go directly back into our schools.

Each of the organizations involved in this and all such transactions is governed by a board of trustees. All trustees involved are volunteers who participate because they believe in the mission of TEAM Schools. They receive no compensation, and all the money saved in these transactions goes directly to TEAM Schools for use in educating students. To further prevent actual or perceived conflicts of interest, state education commissioner Chris Cerf—a former TEAM board member—has recused himself from all issues involving TEAM Schools. Likewise, any board member with a real or perceived conflict of interest on any issue always recuses himself or herself.



Friends of TEAM's use of efficient facilities and financial practices is one of the reasons we at TEAM Schools have been able to support our students so effectively on their path to and through college. In part by maximizing the dollars spent in the classroom, we have been able to send over 80% of our eighth grade graduates on to college. In addition to enabling TEAM to spend more money in the classroom, this financing setup has enabled the purchase and renovation of the 18th Avenue building, which will eventually serve over seven hundred Newark schoolchildren. We are deeply excited by the possibilities this opens up for our schools, as we continue to support our students on the path to and through college.

Thank you,

Ryan Hill