

## Grace Lutheran Church / Enspire Academy

1. What is Enspire Academy? A start-up charter school to serve pre-K to grade 5 students on the East Side of St. Paul. They have been approved and received initial funding. They plan to start in the Fall of 2021 with two classes and 50-60 students, and in the future to serve pre-K to grade 5.
2. What about COVID-19? Like all schools Enspire is affected by COVID and no one knows what conditions will be like a year from now. Enspire is aware of the need to plan for alternative learning models, which will be part of their marketing outreach to East Side families in 2021.
3. What areas will the school use? Enspire's classrooms will be on the parking lot side of the lower level, and offices and workrooms along the western hallway. They will add new carpet, paint, and other light remodeling. The Tower Room will be used to serve delivered meals. The rooms will still be available to Grace and other users during non-school hours. Grace will be able to use the Tower Room during school hours for occasional special events.
4. Lease terms: how long? Four years from start-up through June 2025. Enspire has said they would like Grace to be its long-term home.
5. Lease terms: rent and expenses? Enspire will pay rent based on the state formula of \$1,314 per student per year, and the added operating expenses associated with their use of the property. The primary operating expenses are custodial services, utilities, and supplies.
6. Lease terms: costs to Grace? In addition to operating expenses, we will need a part-time position to handle communications with the school and management of various lease issues. There will also be added wear-and-tear on the building and grounds. The base rent will cover these costs.
7. Lease terms: net benefit? The proposed 2021 budget includes a net contribution of \$8,000 after expenses. This will be available to defray property wear-and-tear, support Grace operations, or other purposes. The contribution is projected to grow to \$75,000 in 2022, our first full calendar year with the school. With the addition of one grade per year, the contribution is projected to grow to \$118,000 in 2023.
8. What is the lease status? The school's leadership team is satisfied with Grace's lease proposal, which reflects extensive discussions over many months. The school is awaiting final review and technical feedback from their sponsor and the Minnesota Dept. of Education.
9. What are the risks? Charter schools tend to grow or fail, and both involve risk. If Enspire grows as planned, we will need to assess our ability to meet their space needs – we believe we have room for some growth. Enspire has said they are open to having some students at another location, so growth would not necessarily mean leaving Grace. If Enspire fails there would be some risk of unpaid bills, although limited by the secure nature of their funding sources.
10. What are the opportunities? The school could provide a valuable source of funds to support Grace's capital, operating, and strategic needs. It also has potential as a valued partner to better connect with our neighborhoods, a key goal of our strategic plan.