

## **Board Minutes**

**Date: February 27, 2019**

**Location: HawBridge School**

**Attending Board Members: Todd Nicolet (Chair), Val Hanson (Vice Chair), Sue Eldon (Treasurer), Lori Edmonds, Dianne Ford, Brian Setliff**

**Absent Board Member: Tim Toben, Karamarie Fecho (Secretary), Natalya Barker**

**Attending Executive Director and Faculty/Staff: Mya Cicotti (Executive Director), Jonathan Farmer (Faculty Representative to the Board), Emily Martin (Guidance Counselor) and Jennifer Shelton (Co-Assistant Director and Faculty Member)**

- I. Call to Order**
  - \* 6:00 pm**
  
- II. Roll Call**
  - \*6:06 pm**
  
- III. Approval of Agenda**
  - \* Motion to Approve. Seconded. Unanimously Supported. 6:07 pm.**
  
- IV. Public Comment**
  - \* No public Comment**
  
- V. Consent Items**
  - A. Approval of previous minutes from January regular meeting.**
    - ° Motion to approve previous minutes. Seconded. Unanimously supported.**
  - B. Future Meetings**
    - ° Board Meeting – March 20, 2019 at 6 pm**
      - Motion to Approve March 20, 2019 regular meeting date. Seconded. Unanimously supported. 6:09 pm.**
  
- VI. Reports**
  - A. Board**
    - 1. Fundraising Committee - Nothing to report. Expansion is taking priority at the moment.**
    - 2. Communications Committee Update –**
      - a. Lori Edmonds reported that a Community Meeting was scheduled was March 3, 2019 at 10:00 am at the HawBridge School. The purpose of the meeting is provide the Community with an update regarding the expansion. Sue Edlon, reported a second Community Meeting would be held on March 10<sup>th</sup>, in the same**

location at 4 pm. Agenda for said meetings would be tightly controlled, but very important to provide an update the to the Community.

**B. Director**

1. 2019/2020 lottery is being held February 24, 2019.
2. Projected openings:
  - 4<sup>th</sup> – 11 openings,
  - 5<sup>th</sup> – no drawing,
  - 6<sup>th</sup> – 16 openings,
  - 7<sup>th</sup> – no openings, drawing for waiting list
  - 8<sup>th</sup> – no openings, drawing for waiting list
  - 9<sup>th</sup> – no opening, drawing for waiting list
  - 10<sup>th</sup> – 2 openings
  - 11<sup>th</sup> – ??
  - 12<sup>th</sup> – ??
3. 290 total applicants for 36 seats
4. Val Hanson – how many applications for each grade level ?
  - 4<sup>th</sup> and 5<sup>th</sup> grades a lot of applications.
  - Transitional grades are generally the highest, most applicants
5. No budget increase needed at this time, surplus has been increased for the year.

**C. Treasurer**

1. Reports look great, and in general utilities are very low.  
(we found out Mya and Mr. Feldman are very particular with the thermostats.

**D. Faculty Representative**

1. Thanked the Board for taking the time to meet, answer questions and socialize at the pot luck.

**E. Expansion Update –**

1. Julie McLaurin – Little - has been working with Jason Imhof and is prepared to attend the Community Meeting(s) and present the new drawings.
2. Jason Imhof – Aspire Construction -
  - a. Soil borings have been completed by a Geotechnical Firm, 22-24 holes dug.
  - b. Has been communicating back and forth on traffic and feels like a fairly limited scope of things that will be needed regarding traffic.

**F. USDA – Tobias Fullwood – Rural Development – Area Specialist**

1. Loan has been approved, but with conditions. Info and Conditions:
  - a. Approved for 12,400,0027 for new facility.
  - b. Rate 4.25 – 35 year fixed term.
  - c. current program cannot exceed certain amounts, so we will have

one loan for 9,000,000.00 and another for 3,400,0027.00. This will be two loans, two payments.

- d. This must be approved and signed off by the Board.
- e. Maximum Rate of 4.25%, if at loan closing the rate has dropped, we can will be able to take the lower rate. Lower rate, means the economy is not thriving.
- f. Will close on both loans at the same time.
- g. School will go out and obtain a construction loan and interim loan. At closing we go permanent with USDA.
- h. any changes or approvals based on the original scope, design, USDA needs to be review those changes.
- i. Preview has been sent by Little to USDA of what the plans are.
- j. Todd Nicolet - what types of changes would impact USDA? Square footage (ex. 40 k and now want to go to 60 sq footage) that would be a big change that would impact the amount being borrowed.
- K Additional conditions letter must be approved and met within 12 months.
- l. 35 year term compared to 40 year term. If the term is 40 years and we miss one payment, the loan is in default and subject to foreclosure, if the term is 35 years and we miss one payment, the loan can be re-amortized.
- m. Keep the USDA updated with enrollment or other big changes. n/
- n. School will sign Promissory Note, and a lien will be placed on the property and all fixtures/or property with a value over 10K.
- o. type of agreement - pad agreement. Pre authorized debit. Automatically debited.
- p. Procurement for construction - making sure the building will meet aba specifications/codes. Doors, door handles, etc.
- q. Make timely payment, see Tobias once every three years, miss payments, see Tobias every month
- r. construction monitoring – waive the right to have a full time inspector. We do not have an inspector on the site full time.
- s. Appraisal – needed before contracts are signed.
- t. Debt coverage ratio – 1.2.1 will be monitored quarterly and annually.
- u. Mitigation measures - (3) erosion control, noise buffer, and historic preservation, (find bones, etc.)
- v. 10% reserve for 10 years. 1/10<sup>th</sup> of one payment for 10 years into a reserve account. Non-restrictive – if need those funds, need to ask USDA first, and then put the money back as soon as possible. Need to keep that 10 year mark for our own benefit.
- w. Graduation review. - based on debt service, if we could afford to payoff USDA, then we graduate and need to pay off USDA. They never make it mandatory for graduation.

- x. Fees, need to send invoices. Once we exceed our 100k he needs to see the contract first before reimbursement.
- y. Disbursement of funds. – (order) Our money, construction funds , grant money.
- z. Auditing – same as we currently have.
- aa. Insurance – same as we have now. Fidelity bond for USDA.
- bb. Restrictions – make sure there were no restrictions on the donated property.
- cc. Re-amortization - no costs if we need to re-amortize.

Questions raised by the Board:

- 1) Do we need to approved tonight? No
- 2) Is there a risk of waiting - no risk of a minimal wait, no money has been disbursed prior to being under contract. These funds are locked in for five years. Once we lock in, our funds are obligated to the School for five years. Have five years to complete the project and obtain and certificate of occupancy.
- 3) Consequences of not getting bids within the budget? Little – if project goes over budget, then cuts would have to be made. Any cuts could not jeopardize the functionality of the school or educational purpose and must meet aba requirements. Functionality must be maintained, but number of students the building serves is mandated. Underwriting was based on capacity of 593. Our underwriting was based on 90% of 593 for debt services purposes. 534. Trying to preserve all the classrooms to match the number of students. Financial feasibility report is what the underwriting is based upon.
- 4) When are we reimbursed? Prior to closing.

Jason Imhof - Timing of project, loan information.

- 1) Application today is 12,427,000.00.
- 2) USDA is doing 100 financing.
- 3) No mandatory down payment, but USDA likes to see some skin in the game.
- 4) First monies out will be our 100k in the project (architectural, site testing)  
EX: Say school has spent 200k in testing etc. Bank will offer us a line of credit for the construction loan - at that point once we have a contract, anything exceeding our initial 100k will be reimbursed by the USDA.
- 5) Take reimbursement for amounts spent or take it from the back end or the loan amount.
- 6) Soft costs can be reimbursed if the invoices say it has exceeded the 100k.
- 7) USDA bridges between the construction and the entire project.

**Discussion regarding signatures needed on Loan Approval documents?**

**Val Hanson - Question – whose signatures are needed?**

**Todd Nicolet - By-Laws say Chair. Need a quorum to vote and it must be live.**

**Tobias – Terms being offered are good until the end of next month, but should avoid going into next Quarter.**

**Todd Nicolet - everyone has a copy of the terms. One week to review, any questions during that week, email Mya and she will forward to Tobias. Will do a virtual meeting to approve the documents, within the week.**

**General discussion - Current by laws have only the director signing. We will follow the By-Laws.**

**Tobias – USDA will need 2 signatures for a lot of documents.**

**Val Hanson – Question – Can someone other than Kara Fecho (out of town) sign.**

**Motion – to make the second signature needed by USDA to be the signature of the current Treasurer, Sue Eldon. Motion Seconded and approved Unanimously.**

**Motion was made to go to close session. Seconded. Unanimously approved.**

***Minutes recorded and respectfully submitted by Brian Setliff, Board Member.***