



BICS Board of Directors Meeting
August 22, 2022, 7:00am

MINUTES

CALL TO ORDER

The meeting was called to order at 7:09 am by President Gary Boyer.

ATTENDANCE

The following members were in attendance: In person: Gary Boyer, Scott Gaenicke, Reneé Bernhard and Rebecca Schell, Teacher Representative; Virtually: Theresa Murphy and Patricia O'Sullivan

Staff members present: In person-Sofia Crittenden; Virtually-Christine Quam

ADOPTION OF AGENDA

A motion was made to adopt the agenda as presented (Gaenicke/O'Sullivan). Motion carried.

ADOPTION OF MINUTES

A motion was made to adopt the minutes of the July 25, 2022 Board meeting (O'Sullivan/Murphy). Motion carried.

INTRODUCTION OF VISITORS

Mrs. Bernhard introduced Richard Moreno, President of Building Hope, Melissa Gross-Arnold, Esq, Arnold Law Firm, and Devin McLean, Sculptor parent.

PRESENTATION BY MR. MORENO REGARDING BOND REFINANCING

Mr. Moreno provided information regarding his background and explained his role in the refinancing process. He stated that he is a fiduciary and, as such, is required to look out for our best interest. His role is to make this process as smooth as possible and to minimize the amount of time spent by school staff. He said that he has been following Sculptor for over 20 years and we are in a very strong position right now. He further explained that with the high interest rate we currently have on our existing bonds (7.25%), this is a good time to refinance that to a lower rate.

Mr. Moreno described the options for refinancing that were presented to us by three banks: Ameris, Truist, and Regions.

Ameris – convert the bonds to a tax-exempt bank loan with a 19-year amortization. With this option, the yearly payment would be about \$250,000 on a loan of \$4.4 million (current debt amount is approximately \$4.7 million). Mr. Moreno’s recommendation was to put even more cash down.

Because this is a tax-exempt option, we would need to go through the bond process, which makes this option more expensive by approximately \$200,000. We would need to hire bond counsel, schedule TEFRA hearings, etc. The lender’s fee is \$11,000.

Covenants include: DSC (Debt service coverage), which is the ratio of operating income available to debt servicing for interest, principal and lease payments, of 1x, tested annually. Quarterly reporting will be required with this option, as well as annual reporting.

Ameris would require all of our accounts to be transferred to their bank; however, since there are no Ameris branches near us, transferring our operating accounts would be a problem. Mr. Moreno believes Ameris will work with us on this.

Truist – this offer came in late, over the weekend. It includes a 15-year amortization at 5.15% interest, resulting in a yearly payment of \$350,000. This would be a taxable loan (total loan amount is \$4.8 million) and, therefore, would not require us to go through the bond process. Again, it was recommended that we take some of the cash reserves to put towards the loan to finance less.

Covenants include: All accounts transferred to Truist (many of our accounts are already there), annual reporting (annual audit), and a lender’s fee of .25% which, on \$4.8 million is \$12,000. Truist would not require additional reporting. DSC requirement not specified.

Regions – this offer included a 20-year amortization at 4.5%, on a loan for \$3.8 million, with a balloon payment due at 5 years. The annual payment up to year 5 would be between \$273,000-\$275,000.

Covenants include: DSC equal to 1x, tested annually and annual reporting (annual audit).

Discussion was held on the three offers. Mr. Moreno recommended, again, putting some of the cash reserves onto the loan amount so that we would finance no more than \$3.8 million, regardless of which lender we went with. Regarding the offers, since Regions would require refinancing in 5 years, that offer was determined to not meet our needs.. Concern was expressed in regards to Truist in that their offer did not come in timely. Financing with Ameris would result in the lowest monthly/yearly payments out of the offers presented. Since it would be a burden to switch the operating accounts to Ameris, again, Mr. Moreno believes Ameris would allow us to keep our operating funds in Regions, so the operating account would stay the same.

Mrs. O'Sullivan questioned the amount of closing costs with the offers. With Ameris, since we would be going with a tax-exempt loan, the closing costs would be about \$200,000 more than with Regions or Truist. Melissa Gross-Arnold stated that the closing costs for Regions and Truist were 25 basis points.

Mr. Moreno stated that he believed that the Ameris offer was the best offer of the ones presented. He stated that while it would be more expensive due to the requirements of the tax-exempt bonds, saving money each month would allow us to put more money into our classrooms and operational programs. Savings over the life of the loan would be as much as \$1.9 million, which is a significant savings.

Mrs. Bernhard said that as much as she was leery about doing a bond refinance, saving \$1.9 million is definitely worth the aggravation.

ACTION AGENDA

1. Consideration of Financing Proposals - A motion was made to approve the Ameris offer with the excess banking deposit only option and with an agreement that corrected the spelling of the school's name (O'Sullivan/Murphy). Motion carried.
2. Selection of Board Member Representative – A motion was made to approve Patricia O'Sullivan as the board representative during this bond process, due to her prior experience with bond financing (Gaenicke/Murphy). Motion carried.
3. Approval of Reimbursement Resolution – Mrs. Gross-Arnold stated that IRS regulations require this resolution if we will be reimbursed for out-of-pocket expenses, such as the survey and appraisal. We can pay these expenses out of bond proceeds, but we do not have to. A motion was made to approve the Reimbursement Resolution (Murphy/Gaenicke). Motion carried.
4. Authorize Selection of Issuer and Submittal of Issuer Application – Mr. Moreno said that there are several possible issuers. He recommends waiting on this.
5. Selection of Bond Counsel – Mr. Moreno and Mrs. Gross-Arnold stated that they have worked with the firm of Byant, Miller & Olive on previous bond issues for other schools. Mrs. Gross-Arnold stated that in a bond refinance, there are different roles that are needed, one of which is Bond Counsel. These attorneys would draft all documents related to the bonds. Mrs. Gross-Arnold and her firm would act as a fiduciary to the school and would represent us as the borrowers. A motion was made to approve the firm of Bryant, Miller & Olive as Bond Counsel (O'Sullivan/Gaenicke). Motion carried.



6. Approval of Fiduciary to provide Financial Advisory Services – A motion was made to approve Mr. Richard Moreno, Building Hope, to act as our fiduciary and provide financial advisory services (Gaenicke/Murphy). Motion carried.
7. Treasurer's Report – Mrs. Crittenden stated that on the June 30th financials, we had income related to the playground and surtax, resulting in a net profit of \$155,954. Adding \$24,000 for BICS, the net to carryforward was \$180,000.

We are looking into paying off one of the buses; however, penalties may be assessed if we pay it off too early.

Balance sheet for July 31st

Assets, there is just over \$1000 in bad debt. Some of this was actually paid during registration in August. Otherwise, nothing remarkable to report on the Balance Sheet.

Income Statement

Line 1: \$348,309 was received in FEFP funding.

Line 12: \$15,042 was received for Surtax funds for 3rd quarter. This number is not actually current since we receive the money 60 days behind by the District

Lines 24 and 29: represent the annual allocation plus a rollforward from Title II and Title IV.

Expenses

Throughout the income statement all wages have been adjusted to reflect raises and also all payroll related show the same trend.

Lines 35 and 37: Include Instructional wages for summer school

Line 69: Reflects changes in personnel in the IT department

Line 71: New line added for contracted server support and upgrades.

Lines 92 and 100: One of the bus drivers worked in the summer as a custodian, this increased the custodial wages to cover needs for school reopening. Also a custodian is switching to a bus driving position for this year.

In looking on page 5 of the Income statement, there are a lot of operational expenses, but nothing that is unusual.

Lines 124-126: Total Sculptor Revenue was \$364,297 and expenses \$129,016 with a net operating of \$235,281.

Lines 128 & 132b: Early Learning sent a grant as usual for VPK but this time they have included Before and Aftercare with a separate allocation. With this we are looking into revamping the BAC area and covering some staffing needs. More details to follow.

Lines 160-162: The net income for BICS is \$44,417 with the Net Operating Income at \$279,699. Including debt service, the Net Income for July 31st was \$242,692. It was a low activity month.

A motion was made to approve the Treasurer's Report (Murphy/Gaenicke). Motion carried.

8. Approval of Amended Contract for Speech Pathologist – Mrs. Bernhard explained that Mrs. Gadapee, our Speech Pathologist, requested a salaried contract vs. an hourly contract. The reason for this is she would like to devote more hours to Sculptor and this would allow her to do this in a cost effective manner. A motion was made to approve the amended contract of Amy Gadapee (O'Sullivan/Murphy). Motion carried.
9. Approval of out-of-field teachers: Kari Bollinger-GSP; Brandon Stefancin-Elementary Education- Mrs. Bernhard stated that both teachers were on their timeline to be certified. A motion was made to approve the two out-of-field teachers, Kari Bollinger and Brandon Stefancin (Gaenicke/O'Sullivan). Motion carried.

Board Member Reports

Teacher Representative – Mrs. Schell reported that the technology upgrades were post appreciated and teachers are looking forward to receiving laptops in their classrooms. She said the classrooms were nice and clean to start the year. She thanked the Board for the sign-on bonus of \$1,000 that all teachers who returned to Sculptor this year received.

Mrs. Bernhard stated that with the upcoming launch of Artemis on August 29th and traffic a major concern, the following would be implemented: Before Care will open at 6:00am with only a \$5.00 drop off fee (instead of the normal \$15). Also, any staff member that arrives early (before their normal reporting time) will receive comp time for doing so.

There being no further business, meeting adjourned at 7:51am

Sincerely,



Renee Bernhard
Principal

