



BICS Board of Directors Special Meeting
September 8, 2022, 7:00am

MINUTES

CALL TO ORDER

The meeting was called to order at 7:01 am by President Gary Boyer.

ATTENDANCE

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

Staff members present: In person-Sofia Crittenden

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 August 22, 2022 Board meeting (O’Sullivan/Gaenicke). Motion carried.

INTRODUCTION OF VISITORS

Mrs. Bernhard introduced Richard Moreno, President of Building Hope, who participated virtually.

ACTION AGENDA

1. Reconsideration of Financing Proposals – Mr. Moreno stated that previously we received 3 offers for refinancing options. Of those offers, the proposal from Ameris Bank was the one best for our school. The caveat regarding the Ameris offer, however, was that they would change the term sheet to reflect that our operating account would remain at Regions. While initially this change was made, it was not ultimately approved by the bank. In addition, Ameris raised the upfront loan fee from \$11,000 to \$19,750.

Mr. Moreno stated that since the terms changed on the Ameris proposal, he went back to both Regions and Truist to see if they would update their proposals. Regions would not change theirs. However, Truist agreed to change to a 20 amortization so that we could compare “apples to apples” with the Ameris offer.

The main difference in the proposals is the Ameris offer is a tax-free option. We would have to go through an issuer (and the whole bond process) and the interest rate would be 4.5%. While the cost of issuance would be \$175,000 more than the offer from Truist (since Truist is offering a straight bank loan), because the interest rate is lower, the yearly payment over a 19-year amortization would be \$316,000.

The Truist proposal includes a lender’s fee of \$9,500 and, with a 20-year amortization at 5.25% interest, the yearly payment would be \$311,000. The reason the payment is lower is because there is one additional year on the loan (20 years with Truist vs 19 years with Ameris).

Mrs. O’Sullivan asked Mr. Moreno to explain the process of how we would be financing \$3.7 million. Mr. Moreno stated that we currently have approximately \$4,735,000 outstanding on our bonds. We have over \$1.2 million in trustee deposits (investment accounts) in TD bank. We would take this money and use it as a down payment with the goal being to finance as little as we needed. We would keep the \$168,000 as a Repair and Replacement Fund, but the remainder would be part of the down payment. Therefore, the total amount to be financed would be approximately \$3,735,000.

Mrs. Crittenden asked Mr. Moreno how much additional would we have to pay up front in order to have both options be the same- in terms of cost of the loan over the life of the loan. He stated that we would accomplish this by paying an additional \$60,000 up front (Truist offer).

Mrs. O’Sullivan stated that she met with Mr. Moreno, along with Mrs. Crittenden and Mrs. Bernhard. She felt that the Ameris offer had a huge red flag, as it was unreasonable of them to change the terms of their offer. In spite of this, both offers are good offers. The out-of-pocket expenses would be higher with Ameris due to the costs incurred related to the bonds. Mr. Moreno said that \$175,000 is a close estimate. The reason the bond cost would not be higher as we originally were expecting is because we would be financing \$1 million less (due to the down payment).

She further stated that the Truist offer would have less impact to staff due to less reporting requirements. With our current bonds, we typically spend between \$8,000-\$10,000 annually in reporting fees, plus the time it takes to prepare all of the required reports. In addition, we already have many accounts with Truist, so transferring our operating accounts there would not be difficult.

Discussion was held regarding the feasibility of taking \$1 million in cash for the down payment. Mrs. Crittenden said that we currently have CDs with Truist totally \$1.25 million, an additional \$200,000

from a SunTrust (but now Truist) account, and approximately \$510,000 in Community Credit Union. With \$1.25 million in investments, \$500,000 in 2 money market accounts, our operating account, which includes surtax, we have more than \$2 million in cash. Our Operating account at Regions contains funding from FTE and surtax and has not fallen below \$500,000 at any time. These monies do not even include money from BICS, which is about \$200,000. She stated that we are well able to afford taking cash for a down payment to lessen the amount we borrow.

Mrs. O'Sullivan stated that we should establish an emergency fund, possibly 3-6 months of operating expenses, so that we can ensure we are being fiscally responsible.

A motion was made to accept the Truist offer as presented (O'Sullivan/Gaenicke). Discussion continued with Mr. Moreno suggesting that Mrs. O'Sullivan continue to be authorized as the Board Representative to work through this process. The motion was amended to accept the Truist offer with Mrs. O'Sullivan continuing to act as the Board Representative throughout the process (O'Sullivan/Gaenicke). Motion carried.

Mr. Moreno outlined our next steps. He stated that he would reach out to both banks (Ameris and Truist). He will obtain a formal term sheet and coordinate with Melissa Gross-Arnold (attorney) to get the appraisal process started. Mr. Boyer asked what that timeline might be. Mr. Moreno stated that appraisal could possibly be started as soon as next week, but it would be at least a 3-week process. In total, he anticipated the refinancing process would take about 6-7 weeks.

There being no further business, meeting adjourned at 7:24am.

Respectfully submitted,



Renee Bernhard
Principal



