

Orange County Educational Arts Academy
A California Public Charter School

BOARD OF DIRECTORS
MEETING MINUTES

Regular Meeting

April 10, 2019

6:00 p.m. – Closed Session

7:00 p.m. – Open Session

OCEAA School Library

825 N. Broadway, Santa Ana, CA 92701

AGENDA

I. Call to Order: 6:01 PM

A. Roll Call

Board Members

Dr. Kimberly Barraza Lyons, President

Present

X

Absent

Dr. Alfonso Bustamante

X

Valerie Sullivan, Vice Chair

X

Scott Overpeck, Chair

X

Ben Stanphill, Secretary

X

Boris Molina

X

Staff/Other

Kristin Collins, School Director

X

Janine McFarlin, Interim Controller

X

Mike Limon, Executive Director

X

B. Approval of Agenda

II. Public Comment on Closed Session Items, If Any

No public comment

III. Adjourn to Closed Session: 6:02 PM

A. Conference with Legal Counsel – Anticipated Litigation, Government Code sections 54954.5(c) & 54956.9 (d)(2).

B. Staff Evaluations/Privacy or Other Confidential Issues (Gov. Code Section 54957(b))

IV. Reconvene to Open Session and Report of Action from Closed Session 7:00 PM

No report

V. Public Comment

No public comment

VI. Board and Staff Reports

A. Staff Reports

1. School Director – Kristin Collins

2. Executive Director – Mike Limon

(a) Accord Education Refinance Options, presentation attached

B. Operations Report –Janine McFarlin

C. Board of Directors Reports

Valerie Sullivan reports raising \$1,696.20 from shoe fundraiser

VII. Items for Consent

Action on the items below will be made in one motion unless removed from Consent by a Board member. Items removed from Consent will be considered in the original agenda order immediately following action on Consent.

A. Approval of Minutes from March 2019 Board Meeting

Action: Approve Consent Items Listed Above	Motion: KL Second: VS
	Vote: 4 for 0 against

VIII. Approve transition to Eureka Math Curriculum

Action: Approve transition to Eureka Math Curriculum	Motion: kl Second: vs
	Vote: 4 for 0 against

IX. Items for Future Meetings

The next regularly scheduled meeting is on May 8, 2019.

X. Adjourn to Closed Session: 8:19 PM

See above for agenda

XI. Adjournment

The meeting was adjourned at 9:34 PM.

OCEAA Executive Director Board Report
April 2019
Mike Limon

1. Prop 39 Update:

- a. 5 HVAC units with “curbs” have been installed. One is having issues and is undergoing maintenance.
- b. Service for pre-existing HVACs will undergo cleaning
- c. Exterior lighting will be installed the coming weeks.
 - i. 12,654, awarded to Regreen Inc.

2. E-Rate Y22 Update:

- a. Janine is leading this effort and moving it along.
- b. Contracts have been submitted
- c. Cogent (IP provider): Removed an IP block and went to month to month contract.

3. ADA/Enrollment/ Recruitment/ Tours:

- a. eCollect Registration system is well underway to kick-off for this year’s registration.
- b. Lottery (onsite & social media- live) was on March 29th, online and onsite engagement was high.
- c. Past Tour: No more tours planned for remainder of year.
 - i. There are currently 121 students on the waitlist, based on lottery. More specifics when intent to return letters are returned. Those are due this week.

4. Operational:

- a. Facilities Update:
 - i. Annex: Roof is done
 - ii. Termite treatment will be on 4/17, owner to pay.
 - iii. Drywall restoration work in HR Managers office and KEDS room will be on 4/22
- b. Annex Lease renewal 2020.

5. Grants:

- a. Awarded: CharterSAFE from \$5,000 -Yoga/Mindfulness program has launched. Check presentation conducted at CCSA.
- b. Pending: California Dept. of Education - 21st Century Community Learning Centers (CCLC) ranging from \$30,000-\$40,000. The grant would enable us to cut the cost of camp tuition for students on free and reduced lunch. – Follow up after Jog-a-thon

6. Safety & Security:

- a. Rear doors on main building now have alarm systems along with copy room on second floor.
- b. We are looking at radios to swap out Kyocera phones. Need to review Sprint contract first
- c. Fire Inspection complete, circuit boards were repaired and now waiting on fire marshal visit.
- d. Plan to review current plans and polices school-wide. This regulation here.
- e. Annex Fire Drill 3/21

7. Partner Development:

- a. Aetna: **Declined** this year, perhaps open to talking in February 2019.
- b. Antis Foundation: **Declined but asked for a site visit plus tickets to OneOC Event.**
- c. C1P: Possible Hardware Donation
- d. Chevron: New OC-base contact, connected via LinkedIn
- e. Coca-Cola: Two pallets of bottled waters
- f. Cox Communications: Emailed and connected via LinkedIn (**THEY DON'T DO WORK IN SANTA ANA**)
- g. First Foundation: **Site visit 1/9/19, needs follow-up**
- h. Fluor Corp: Mike to present at *The Compelling Why* event in Dallas on 11/27/18 to connect with Senior Director, Community Affairs and Fluor Foundation
- i. H&R Block: Supplies donation: **Follow up 1/19/19**
- j. Joseph Tardie: Valerie L. Sullivan lead, on Friday, 11/16/18, **declined**
- k. OCSA: Meet with Patricia McMaster Dir., Community Programs, after holiday
- l. Online Trading Academy: **Adopt a School trial, site visit 4/10/18**
- m. Pinnacle Network: A few community leads to follow up on.
- n. **Parent: 8 large boxes of toys**
- o. Southern CA Edison: Open to discussing collaboration (**TARGET THIS WEEK**)
- p. **Servpro \$250**
- q. State Farm: **\$1k soft commitment for Annex UV protection windows.**
- r. Verizon: Bay area contact, currently no options but will continue to work on this
- s. Wells Fargo: Scott Overpeck and Mike Limon collaborating on this

8. Campaign Development: Idea generating for future

- a. EL Education Launch Release development
- b. Business Week
- c. Business Latino Leaders
 - i. Get companies to sponsor students for teacher for the day
- d. NEW: 15 year "quinceanera" OCEAA anniversary fundraising event/ campaign

9. Outreach:

- i. Principal for the day with SAUSD – 3/22/19
- ii. Senator Tom Umberg Women of the Year Reception – 3/28
- iii. OC Hispanic Chamber VIP Kick-off to Gala – 4/13
- iv. OneOC – Looking at participating at their Spirit of Volunteerism awards (lead generation) – 4/24/19
- v. Institute for Community Impact - Orange County Community Leadership Summit- OCEAA Sponsored by Gallagher Group – 4/16/19



Orange County Educational Arts Academy

Refinancing Proposal

Prepared by Accord Education, April 10th, 2019

“The figures and projections in this presentation are only assumptions and subject to change due to financial performance of the entity and market conditions”



Executive Summary

- The OCEAA is considering refinancing of existing facility.
- In 2008, the OCEAA issued \$10,515,000 of bonds to finance.
- \$9,220,000 remains outstanding and matures on October 1st, 2039
 - The bonds could be repaid starting in July 2018 at no prepayment penalty
 - At an outstanding interest rate of approximately 7.0%, a refinancing could significantly reduce interest cost
- Process can be started off by April 1st, 2019 and completed by August 30th, 2019 (Approximately 4-5 months)

Scenario Analysis

Projected Terms & Conditions	2008	2019	2019	2019	2019
Loan amount	\$ 10,515,000	\$ 10,515,000	\$ 10,515,000	\$ 10,515,000	\$ 10,515,000
Annual interest rate	6.60 %	5.50 %	6.00 %	5.50 %	6.00 %
Loan period in years	30	30	30	20	20
Number of payments per year	12	12	12	12	12
Start date of loan	8/1/19	8/1/19	8/1/19	8/1/19	8/1/19
Optional extra payments	\$ -	\$ -	\$ -	\$ -	\$ -
Scheduled payment	\$ 82,598.79	\$ 59,703.01	\$ 63,042.74	\$ 72,331.35	\$ 75,332.73
Scheduled number of payments	360	360	360	240	240
Actual number of payments	360	360	360	240	240
Total early payments	0	0	0	0	0
Total Annual Payments	\$ 991,185.51	\$ 716,436.16	\$ 756,512.85	\$ 867,976.21	\$ 903,992.71
Total Annual Saving		\$ 274,749.35	\$ 234,672.66	\$ 123,209.30	\$ 87,192.80
Total Interest	\$ 16,802,401.24	\$ 10,978,084.86	\$ 12,180,385.58	\$ 10,978,084.86	\$ 12,180,385.58

Risk Assessment

- Enrollment Figures
- Budget Deficit
- Competitiveness
- Current market conditions
- Debt Coverage Ratio (1.25)
- 2013 Construction Loan



Credit Criteria For Charter School Financing

- Charter authorization/framework
- Demand for students
- Finances
- Management and administration
- Debt, capital planning, and expansion risk
- Governing Board

Financing Process

1. Identification of Needs

- How much funding is needed?
- Identify repayment source/budget
- Develop Finance plan

2. Assemble Credit Package

- Information required for investors

3. Documentation

- Draft loan/bond documents

4. Due Diligence

- Credit presentation to lenders

5. Approvals

- Credit approvals from lenders
- Board approval
- Conduit issuer approval

6. Pricing

- Auction conducted to sell bonds
- Set interest rates

7. Closing

- Funds available for School use

BB&T CAPITAL MARKETS Charter School Group

Market Overview & Refunding Assumptions



BB&T



BB&T

Capital Markets

leadership outstanding associates happiness pride success productivity teamwork
justice reality objectivity judgment independent thinking character honesty
integrity focus on clients serving our communities long-term shareholder value

The BB&T Culture

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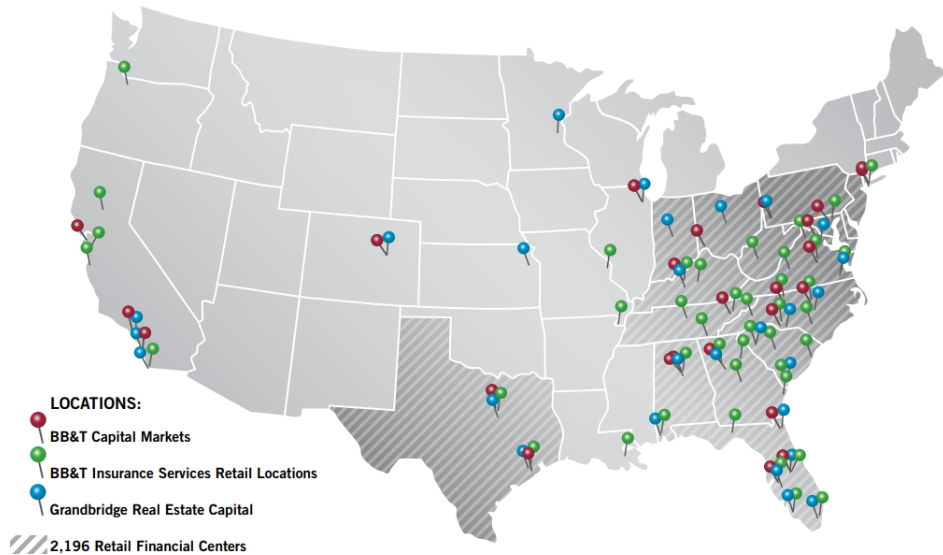


BB&T Corporation

- Founded in 1872 and is a NYSE-listed public company
- One of the largest financial service holding companies in the U.S.
- Ratings of Holding Company & Subsidiary Bank:
 - Moody's: A1/P1
 - S&P: A/A-1
 - Fitch: A+/F1
- \$225.7 billion in total assets and market capitalization of \$37.4 billion (as of December 31, 2018)
- ***BB&T Insurance is the 5th largest insurance agency in the world and has a designated group focusing solely on charter schools***

BB&T Capital Markets

- Investment banking arm of BB&T Corporation
- Offers a full range of services to non-profit, education, healthcare, government, and corporate clients seeking capital solutions in the debt and equity markets
- ***Over \$2.2 billion of underwriting authority on any given day***
- 20 capital markets offices across the United States
- More than 1,000 total employees, including over 600 registered professionals
- 70 sales, trading and underwriting professionals
- Headquartered in Richmond, Virginia with the largest fixed-income trading floor and account distribution in the Southeast.
- ***Over \$26+ billion of collective municipal financing experience for refinancings, expansions, repositionings and start-ups projects***



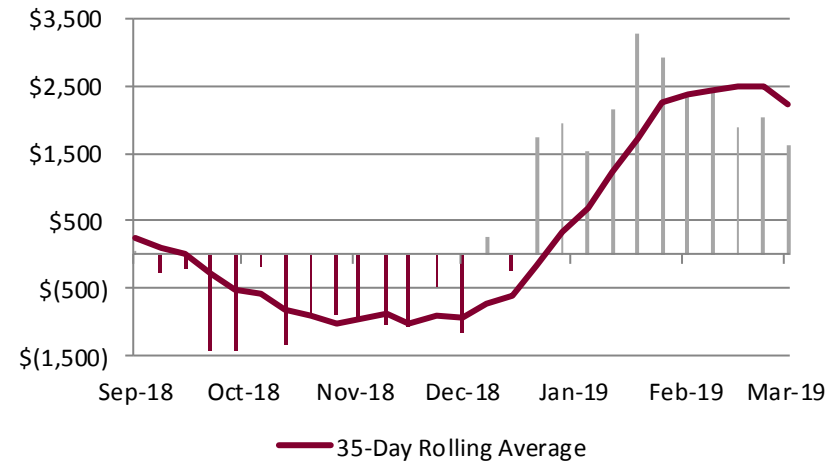
**During the year of 2018, BB&TCM
underwrote more charter school bonds and completed more transactions
than any other underwriter in the country**

Top Ranking Underwriters			
<i>January 2018-December 2018</i>			
Ranking	Managing Underwriter	Vol (MM USD)	No. of Transactions
1	BB&T	\$ 737.53	23
2	Robert W Baird & Co	582.78	15
3	RBC Capital Markets	338.37	14
4	DA Davidson	256.59	17
5	Piper Jaffray & Co	124.50	7

Historical 30-Year "AAA" MMD and 30-Year UST



Municipal Bond Fund Inflows & Outflows (\$ mils)



OCEAA Credit Metrics

- The table below compares key FY2018 credit metrics for Orange County Educational Arts Academy and OCEAA Facilities, LLC (the “School”) with the S&P 2017 US Charter Schools Median Report, dated as of May 2018
- For each metric the nearest S&P rating median is highlighted giving an approximation of The School’ s placement on the credit spectrum

S&P Ratings Metrics Comparison Summary¹

<i>Closest comparable median for each metric is highlighted in blue</i>	FY 2018 Audited Financial Statements	BBB+ /BBB	BBB-	BB+	BB	BB-
Enrollment	4,171	2,395	1,020	1,056	892	837
Excess Margin %	-0.92%	5.33%	4.38%	3.81%	1.93%	1.88%
EBITDA Margin %	14.89%	14.40%	16.39%	15.91%	13.70%	14.06%
MADS Coverage	1.12x	1.79x	1.54x	1.35x	1.13x	1.14x
Lease Adjusted MADS Coverage	1.10x	1.79x	1.54x	1.35x	1.13x	1.14x
Debt Per Student	\$ 2,350	\$ 11,995	\$ 13,891	\$ 15,066	\$ 17,808	\$ 13,180
Unrestricted Days Cash on Hand	59 Days	185 Days	143 Days	103 Days	63 Days	52 Days
Unrestricted Cash-to-Debt	11.91%	35.00%	24.40%	17.00%	10.30%	11.40%

1: All medians are based on S&P 2017 US Charter Schools Median Report as of May 2018



Questions

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Thank you!