

VIERA CHARTER SCHOOLS, INC.

Board Meeting
5:00 p.m., April 26, 2017
Viera Charter School
6206 Breslay Drive
Viera, FL 32940

Location: Viera Charter School Multi-Purpose Room (Lunchroom)

The Mission of Viera Charter School:

To provide students with a challenging program which emphasizes scientific inquiry, critical thinking, understanding of mathematical concepts and effective communication using innovative, reform-based instructional methods in a simulating and nurturing environment that fosters maximum student achievement

A. Opening Exercises

1. Call to Order - ***The meeting was called to order at 5:04 PM. In attendance: Robert Jordan, Board Chairman/President, Robert Naberhaus (Founding Board Member), Vice-Chairman, Kim Africano, CPA – Treasurer, and Scott Steele, Founding Board Member. Absent: Jeff Piersall***
2. Pledge of Allegiance
3. Adoption of the Agenda
4. Approval of meeting minutes (February 15, 2017) - ***The agenda was unanimously adopted under a motion by Robert Naberhaus, second by Kim Africano***

- B. Public Comment** (Members of the public that wish to address the Board must sign-in and will have 3 minutes to speak. The Board will not address the presenter or take action at this time but may give direction to staff following a presentation. The total time allotted for public comments shall not exceed fifteen (15) minutes. - ***No members of the public signed up to address the Board***)

C. Information Items

1. Report on Bond Financed Acquisition of VCS facility
 - i. Negotiated Acquisition Price – ***Michael Strader, President of Charter School Associates, Inc., refreshed the Board on the appraisal process and how the agreed upon acquisition price of \$15,825,000 came to fruition. Mr. Jordan – who was authorized to act on behalf of the Board at a previous Board meeting also provided additional background on how the acquisition price was negotiated. Mr. Strader reviewed two documents with the Board: 1) A BB&T debt service investment grade scenario at a \$16M purchase price, and 2) A Source and Use of Funds document – also based on a \$16M purchase price. Mr. Steele commented on the favorability of the transaction – in the event the scenarios as presented did in fact materialize. He went on to point out the advantages of continuing the lease agreement if the school fell upon difficult financial times. Mr. Steele also asked if pre-payments were permitted if the bond financed transaction was executed. Mr. Naberhaus also had questions about the fees outlined in the source and uses document and when they became “hard” costs to the school. Mr. Naberhaus and Mrs. Africano also inquired as to “what the point of no return” was in making a commitment. Mr. Strader took and action item to get the Board more information on the following: 1) Do any fees go “hard” prior to bond closing? 2) Are pre-payments permitted? and 3) What is the “point of no return”? Update: On April 27th, Mr. Strader provided the following information as a result of the action items above:***
 - ***Do any fees go “hard” prior to the bond closing? - Only the rating agency fee which is estimated at \$34,400 on the source and use of fund document.***

However, if the underwriter (BB&T) advised the board to postpone because of some unusual event that causes a temporary change in interest rates (world conflict, e.g., Korea, etc.) then the rating agency would probably hold 4-6 months until the market settled down

- *Are pre-payments permitted? - Short answer is yes but actual impact is a little more complicated. Pre-payments would reduce amount owed on the tail end. However, the bond is "callable" after ten years and therefore the board could refinance if rates go down, valuation goes up. Etc.*
 - *When is the Point of No Return? - The actual commitment occurs upon signing the bond pricing agreement which will occur about four months from now and approximately two weeks prior to closing. However, our underwriter says that the board would not want to pull out once the bond offering solicitation is distributed to prospective fund managers which occurs about 2-3 weeks prior to the bond pricing agreement is ready to be signed. Again, if a significant event were to take place that adversely affected the bond market then there is no commitment until the bond pricing agreement is signed and at that point the board has full knowledge of the bond rate.*
- ii. Engagement of Kareem Spratling; Bryant Miller Olive: Bond Counsel, Borrower's Counsel & Title Agent – **Mr. Strader reviewed a proposed agreement with Bryant Miller Oliver –Attorneys at Law – who would provide bond and borrowing counsel to Viera Charter Schools, Inc.**
 - iii. Next Steps – **Mr. Strader informed the Board of the overall process associated with the bond financing and the need to take the following actions, if the Board desires to move forward with the acquisition:**
 1. Corporate Resolution
 2. Engage BB&T as underwriter
 3. Engage Richard Moreno, Charter School Support Services, Financial Advisor
 2. Renewal of Education Management Agreement – Charter School Associates, Inc. – **Mr. Strader provide the Board with a redlined copy of the proposed renewal agreement with Charter School Associates and Viera Charter Schools, Inc. for education management services. Mr. Strader pointed out the modifications from the original agreement to include – but not limited to – items such as the technology credit from their fee to support a full time salaried technical manager.**
 3. Approval of engagement letter, FY17 Audit – Mr. Strader provided the Board the engagement letter with its auditor – Berman Hopkins Wright & LaHam.

D. Items Scheduled for Action & Discussion –

1. Board Approval of Corporate Resolution regarding bond financed acquisition of Viera Charter School facility. **The Board unanimously approved this action item under a motion by Kim Africano, 2nd by Robert Naberhaus with the following understanding: The bond financed acquisition would be similar or better in nature than as presented in the BB&T Debt Service Investment Grade Scenario. In addition, the Board has asked for the ability to back out of the agreement prior to bond closing if the bond market conditions warrant and is in the best interest of the school and student's it serves.**
2. Authorize Chair to execute BB&T Commitment Letter on behalf of Viera Charter Schools, Inc. – **The Board unanimously approved this action item under a motion by Rob Naberhaus and second by Kim Africano**
3. Authorize Chair to execute Charter School Support Services engagement letter on behalf of Viera Charter Schools, Inc. - **The Board unanimously approved this action item under a motion by Scott Steele and second by Rob Naberhaus**

4. Authorize Chair to execute education management agreement with Charter School Associates, Inc. on behalf of Viera Charter Schools, Inc. - ***The Board unanimously approved this action item under a motion by Rob Naberhaus and second by Kim Africano***
5. Authorize chair to sign FY17 auditor engagement letter - ***The Board unanimously approved this action item under a motion by Scott Steele and second by Rob Naberhaus***
6. Authorize chair to engage in expansion plans. - ***The Board unanimously approved this action item under a motion by Scott Steele and second by Rob Naberhaus***

E. Board Member Reports – *There were no Board Member Reports*

F. Adjournment – *The meeting adjourned at 6:20 PM*