

Beacon Academy Special Board Meeting

November 18, 2008

6:00 p.m.

Call to Order: *Tam Harken called the meeting to order at 6:02 p.m.*

Roll Call (present at time of meeting unless otherwise noted):

Tam Harken	Kalin Farrell	Jordan Ford (ex-officio)
Bob Zarriello	Candace Newman	
Ann Marie Roder	Gretchen McQuillan	
Anne Ingvaldson	Terese Corey Blanck	

Advisory Members:

Janet Carlson

Misc. Attendees:

Rachel Parnes	Ronai Brumett	Melanie Spall
Robert Brevig	Rainey Miller	Clint Carlson
Grant Carlson	Karen DesBles	David Goeske
Christina Holmes	Paul Lentz	Greg Hartzel
Wendy Terry	Peter Terry	Gary Poolley
Eric Born	Karen Cieminski	Jill Zarriello
Jenny Conway	David Borum	David Carlson
Mark Hodge		

Dick Ward (Bond underwriter)
 John Carnes (attorney)
 Greg Anderson (Anderson Builders)

Approval of Meeting Agenda:

Motion:	To approve the agenda.		
Made by:	Kalin	Seconded by:	Ann Marie
Discussion:			
Vote:	Yea: all	Nay:	Abstain:
Decision:	Motion passes.		

I. Update from Friends of Beacon and its representatives regarding the future of Beacon Academy

Jordan- Seven weeks ago we talked to the board and to parents about a new site and the possibility of a new building for the 2009-2010 school year. Since that time, the market and banking industry has been turned upside down. Banks are now leery about lending to different organizations because of their financial situation.

Dick Ward (bond under writer)- Since September 14th there have been many changes. The market for all bonds has changed significantly. Credit worthy borrowers are

currently borrowing at interest rates that are 2-3 percentage points higher than they normally are. These rates are expected to come back over time, but are not expected to change this calendar year.

Jordan- Right now we are in a building that is 33,000 square feet and it has 3 tenants. The building owner has gotten approval from the City of Plymouth for a 10,000 square foot addition that would include 2 classrooms, office spaces, and a multiple purpose room. This would give us a total square foot of 43,000 for about 428 students. This would be 100.5 square feet per student. There are some issues with the current building such as safety concerns because of the proximity to Highway 55, lack of playground space, location south of majority of parent population, some specialists on a cart because of not enough classroom space, no preparation kitchen, and a need for many improvements.

The proposed site is a 17.3 acre site in Maple Grove. The proposed building would be 57,000 square feet for 624 students. There would be 31 classrooms, a gym almost twice the size of our current gym, a cafeteria, health office, a 2 story library, computer lab, locker rooms, teacher lounge, classrooms for specialists, soccer field, playground, preparation kitchen, and 116 parking spaces. This would be 91.34 square feet per student.

Because interest rates are now much higher than anticipated, we are not able to afford the building that we had originally planned for. Interest rates have gone from around 6% to around 8% in the past few months. It is about \$800,000 per percent and that comes to about 1.6 million dollars.

We have a few options right now for the transition. We could move this year, move next summer, sign a lease for the current facility with an option to buy, sign a lease with an option to buy at a different facility, wait a year to re-examine options, conduct a capital campaign, or find benefactors. Right now we are working on lease negotiations with the land lord for the current school year. We do not have a lease signed for the 2008-2009 school year, but the building owner assured us that once the lease is approved and signed, we will be able to stay where we are for the duration of this school year. In previous conversations, the current building owner has stated, we will need to purchase the building in order to stay in it for next year. The most current appraisal for this building was done last year and was 3.85 million dollars. Some of our options for next year include other public schools and commercial properties. At least one site has already been looked at and is a possible site to lease. According to Jordan, it would be ideal if we could enter into a lease to buy situation. There have been changes in the community because of referendums and leadership changes and that could mean possible spaces to lease and/or buy.

Other things to consider are long term sustainability, teacher retention, program needs, available green spaces, short term needs, flexible spaces, visibility and accessibility, health and safety, security, transportation, marketing, community playground, traffic patterns, building control, before and after school care, and half day vs. all day kindergarten.

There has been about \$80,000 spent so far with this project.

Deposit on land-\$20,000 (we can get this money back if the purchase agreement does not go through)

Legal costs-\$10,000 on one attorney and \$5,000-\$6,000 with another attorney

Pope Architect-\$36,000

Anderson Builders- \$33,000

Core Sampling- \$3,000

Our purchase agreement has the language that says if we can't get financing then the deal is done and the \$20,000 deposit on the land will be reimbursed. The drawings from Pope Architect are good for 2 years and could be used on the current site under contract in the future or on another site if the dimensions are approximately the same. We need to close in 120 days with the current purchase agreement, which brings us to the end of January, but there are opportunities for extensions.

One option would be to build in phases. We could start with a building that is 35,000 square feet that has enough classroom space, but no cafeteria, gym, or rooms for specialists. Specialists would not have their own classroom and students would have to eat lunch in their classrooms. In order for the bonding company to sell bonds, we would need to demonstrate that we could educate 624 students in the space constructed in the initial phase. However, when we grow large enough to warrant the construction of the addition we may not have the ability to finance the loan to afford new construction.

John Cairns (attorney) said that Beacon Academy's plan is a solid one and that the board has been very diligent with planning. He said that right now we have a pause and that doesn't mean that the door is closed.

Dick Ward (bond under writer) has been financing charter schools for 10 years. He said that Beacon Academy's financial situation and educational programs are solid. Dick said that right now market circumstances aren't going to allow us to go forward with our ideal plan, but that when the market changes we should be in a good situation. He said that the work done by the school and the board still does allow us to be viable when the market turns around.

Greg Anderson (Anderson builders) - Greg says that our best option right now is still the tax exempt bond market. He researched many options for us, and this is the best way to go. The other main source of tax exempt funding is through banks or private sources, but these typically require 25% equity or more down to get the funds. The up front cash requirement clearly makes this not an option.

Greg Anderson, on behalf of Friends of Beacon, has gone back to the Seller to inform them about the current dilemma and that a reduction in price, or alternative method of payment (possible note) may be requested of them.

A point was brought up that if we decide to stay in the building and purchase it, we still need to go through the bond market. Bob said that it might be hard to stay here because we will need to demonstrate that Beacon Academy will be able to stay at the location for

35-40 years. Clint said that he has 4 million dollars in “tax exempt money” ready to go if Friends of Beacon decides to purchase the building.

The total cost for this project is estimated at about 10 million dollars. It will be about 8 million dollars for the construction and 2 million dollars for architect fees, bond counsel fees, closing costs, escrow, etc. The land cost of the total project is normally 10% or less, but due to the extreme difficulty in finding land in the Plymouth/Maple Grove area, the cost is greater than 10% in the current proposal.

The Beacon Academy board has a big decision to make regarding the future of Beacon Academy. Before the board has to decide, it wants to know what the sentiment is from parents, teachers, and the community. Jordan would like parents to send feedback, suggestions, or questions to Tam, Jordan, or to info@beaconacademy.com. In the decision process the Beacon Academy board will keep the students first and take our time to make a good decision. The board along with parents want to have a school where there is a community feel and where teachers can teach and students can learn to the best of their ability.

Motion:	To adjourn the meeting.		
Made by:	Terese	Seconded by:	Candace
Discussion:			
Vote:	Yea: all	Nay:	Abstain:
Decision:	Motion passes.		

Meeting adjourned at 6:58 p.m.