

APPROVED

**Board of Directors Special Session
Meeting Minutes
Math & Science Academy
Monday, October 27, 2020
Building A (Room 8A) and Remotely
8430 Woodbury Crossing, Woodbury, MN 55125**

1. Call to Order by Annie Cardenas at 6:15 pm

Vision and Mission read by Paula Akakpo.

2. Roll Call of Members

Present:

Voting:

Annie Cardenas, Chair & Teacher Member
Dan Ellingson, Vice Chair & Parent Member
Michelle Kurkoski, Secretary & Teacher Member
Jennifer Bartle, Parent Member
Robert Krueger, Parent Member
Adam Bartz, Community Member
Cody Schniepp, Treasurer & Community Member
Maggie Burggraaff, Teacher Member
Jeana Albers, Teacher member

Non-voting:

John Gawarecki, Director (ex officio)
Paula Akakpo, Student Member

Absent:

Voting:

Non-voting:

Jenny Abbs, BKDA, Contracted Financial Manager (ex officio)

3. Vote to Approve Agenda

Move: Jeana Albers

Second: Dan Ellingson

Vote yes - 9 Vote no - 0

4. Vote to Approve Bond Resolution

Move: Rob Krueger

Second: Cody Schniepp

Vote yes - 9 Vote no - 0

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Discussion:

Additional attendees: Bruce Sorenson - from Baird Public Finance and Craig Kepler - attorney working for school in our interest within the bonds

Mr G: What we are looking at with regard to the bonds, the document shared (MSA Cash Defeasance of Series 2020 Bonds-5 Year 102.5% Call) spells out what would happen over the course of the bonds. We have bonds that we are going to refinance. There is a period at the beginning of this bond issuance where there would be a cost involved in "calling" the bonds. Our current bonds have a 10 year call, and this refinance will allow us to save some money. We are also looking for flexibility in being able to call the new bonds in a shorter time than normal. This period is up to about the three year point (break-even), every year after that we will be banking money in the saved interest rates. We save about \$150,000 per year, but if we call it earlier, we 'lose' \$150,000 each 6 month time period before the 5 years are up. After the five year mark, we no longer have to pay any early call fees.

Mr. Kepler: rates are low, if we finance our bonds we will save money over time. They are aware that there are ideas about expanding, but that isn't a done deal and not a known thing. In any kind of financing, lenders want to be sure that they are getting money back on their investment. We would have a setup that after 5 years, we will not have a prepayment premium. Expansion is a difficult thing, and a long process. One of the first things is to be able sell our current facility. Based on our circumstance, the likelihood of this seems very unlikely for MSA. What we can do is to save money for the school. Another challenge is that moving the school is very difficult - for the existing population, moving facilities and programs, and all the operational challenges.

If we remodel the facilities, that is not the same as the expansion to a new site. We have more options with regard to bonding for remodeling

Mr. Sorenson: One of the goals here is to get the shortest call without eating too much into the savings because of the shortness of the call. Our call is five years, and reduces the cost of having to call the bonds early. The other thing we are able to do is change some of the covenants to allow for other bonding options in the future. We are only doing a "look-back" on our existing debt - from 640,000 to less than 500,000. Another item is that the banked savings will be banked into the building company's capital fund, which will allow for us to have additional funding for remodeling or capital improvements.

Ms. Cardenas: has the expansion committee explored remodel on site?

Mr. Elingson: not yet, they have focused on expansion thus far

Mr. G: the idea is to leave all options on the table, and they haven't ruled anything out. There may be options that are possible on site. There are other examples of schools that have focused on remodeling or adding on-site.

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Mr. Kepler: selling a school is a challenge, you would need to find another non-competing school as a buyer. Finding non-school buyers is a challenge and may have individuals pulling out of the sale, leaving us stuck and unable to proceed.

Mr. G: before we get too far into the discussion of expansion, we need to determine that the bonding is something that we want to do.

Mr. Kepler: also included is a post-issuance resolution in place, this is part of the information that was included in the resolution to the BOD to help us comply with the information that needs to be posted to EMMA (Electronic Municipal Market Access).

Mr. Schniepp: looking at financials, is we do have to pay the fine (call early), it isn't something that will

5. Motion to adjourn the meeting at 6:34 pm

Motion: Maggie Burggraaff

Second: Adam Bartz

Vote yes - 9 Vote no - 0

Submitted and Approved:

Michelle Kurkoski, Secretary