



## Seaside School, Inc

### Minutes

#### Special Meeting

SCHS Expansion Project

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#### Date and Time

Thursday March 28, 2024 at 5:30 PM

#### Location

Seacoast Collegiate High School | Grades 9-12

109 Greenway Trail

Santa Rosa Beach, FL 32459

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Founded in 1996

Serving Students in Grades 5 - 12

*We seek to sustain an educational community where an emphasis on academic excellence is complemented by our concern for each learner's personal growth and intellectual, aesthetic, and psychological development. The curriculum is developmentally responsive – actively engaging students in learning skills in context, integrative – directing students to connect learning to daily lives, and exploratory – enabling students to discover their abilities, interests, learning styles, and ways that they can make contributions to society.*

Information on procedures for public comment can be found at

<https://www.seasideschools.net/domain/35>.

If anyone needs special assistance to participate in the public input session, every effort will be made to provide an appropriate accommodation. When requesting accommodations for public input, please allow no less than 1 business day notice prior to the scheduled meeting.

Specific issues about a particular student should only be addressed to the school's Director of Student Services, rather than the Board of Directors.

All public comments will be taken under advisement by the Board, but will not elicit a written or spoken response. The names of persons providing public comment and a brief summary of topics or input will be included in the meeting minutes published. A response will be provided to the stakeholder within seven (7) days.

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**Directors Present**

A. Jordan, A. Winicki, D. Lilienthal, D. Tinghitella, F. Brown, J. O'Donoghue (remote), J. Ward, K. Tucker, M. Kerrigan, M. Uhlfelder, R. Kauffman, T. Brooks

**Directors Absent**

C. Lewis, G. Latour, L. Blue

**Directors who arrived after the meeting opened**

A. Jordan

**Directors who left before the meeting adjourned**

A. Winicki, J. Ward

**Guests Present**

AJ Brown, Clint Bessenger, Jason Albano, M. Willcox, Nick Vlahos, Patrick McCarthy, T. Peterson

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**I. Opening Items****A. Record Attendance****B. Call the Meeting to Order**

K. Tucker called a meeting of the board of directors of Seaside School, Inc to order on Thursday Mar 28, 2024 at 5:40 PM.

**II. School Expansion (Finances and Development)****A. \*Construction Timeline Updates**

K. Tucker-This is a special purpose/single agenda meeting to discuss the Seaside Expansion financing options. This is a joint meeting with the foundation who met earlier

today, and we asked a couple of foundation members to be here. We will be reviewing and talking about some term sheets but not deciding on particular terms. Discussing the construction timeline and understanding the true scope of the use and purpose of some of these buildings. It's important that we have some clarity on these things. We've also asked Clint Bessinger with Roundtable to be here to review some of the term sheets and talk through some of the offers and potential next steps. We'll start with the construction timeline.

P. McCarthy-We received the 100% construction drawings about a month ago and those are being bid by Wharton-Smith with subcontractors. Tomorrow is the deadline for all subcontractors to submit their GMP for the entire project. Wharton-Smith will take a few weeks to meet with all the subcontractors and then will come back and present to us the GMP (Guaranteed Maximum Price) for the entire project. They are set to do that by April 19th. We've asked them to come back with two numbers. We got \$9 million from the state legislature last year. This year we received \$500 thousand. There's a significant possibility we may only be able to borrow enough for two buildings and the accelerator may come later. The two numbers we asked for is the GMP for the whole project and the GMP for just the high school and college building without the accelerator but with the site work. Based on discussions with Wharton-Smith, they feel comfortable that the school will be completed by Summer 2025. AJ Brown and Jason Albana were introduced.

AJ Brown-This is a competitive bid process. We have accepted multiple bids from many contractors. Brooks: Where are the subs coming from? AJ- we are trying to use local/regional to the best of our ability. It will be mostly local subs. C. Brown: If everything was completed except the accelerator building, how long would it take to build after? AJ: 10 months, the accelerator is the easiest building. We cannot build one building at a time in order for it to be completed by Summer 2025. All 2 or 3 buildings will have to go up at the same time. K. Tucker: Are there specific design selections that are still lingering? P. McCarthy: Not a specific design, it's more about coordination with different designers, like landscape, IT etc. Brooks: Do we have the building permits? AJ: We can move dirt. We have the building permit but not the utility permit. Being on a college campus, we're exempt from Walton County. C. Brown asks about the weather timeline. AJ: They will work five days per week however if they have unproductive days due to weather, they will work on the weekend.

## **B. Cost/Benefit Analysis**

K. Tucker- Talking about the third building, it may be difficult looking at some of the term sheets we've seen, but it's good for us to think about and talk about the costs and benefits of the accelerator.

T. Miller- Everybody's excited about the accelerator building. It will cost \$500 thousand, we need to generate \$1 million to make it profitable and worth our time. Running events, renting out space, etc. The options are endless, but it will need managing, a strategy and a business plan. C. Brown: will it affect the enrollment numbers with two buildings vs

three? T. Miller: I don't think so, but definitely operations. J. Ward asks if anyone has considered shelling out the accelerator and finishing it later. AJ: given the design and openness of the accelerator, the main costs are in the shell.

J. Ward left.

A. Jordan arrived.

### **C. Estimated Scope**

K. Tucker-The appropriations news was difficult. Asked C. Bessinger is there a current financing option with three buildings? LCIR funding looks fine. From a lender's standpoint, without the \$8.5 million, its more risk. They are open to it but it's more of a 50/50 shot. K. Tucker- a decision needs to be made by April. P. McCarthy- they are open to the idea of discussing it but it all depends on the appraisal and GMP, how the value ratio comes out. AJ-We will get the bids on April 19th and the subs will hold their numbers for 30 days. C. Brown-all signs are pointing that we can't do three, the lender will want it all worked out. K. Tucker agrees with that, asks T. Miller would you rather have two buildings and a construction entrance and open in 15 months or wait and have three buildings? T. Miller- If we don't have two open next year that will be a whole set of challenges. They are both critically important. K. Tucker- We wont know the costs until the 19th, \$36-\$38 million, with \$9.5 million in appropriations, \$1.5 in capital campaign and filling the gap with a \$25 million dollar loan. We're not voting on any particular term sheet, but reviewing what is on the table and maybe pick a lender to proceed with. From there we will work with the foundation and continue negotiating and bring a funding option to the board for approval.

### **D. Term Sheet Review**

K. Tucker asked C. Bessinger to give everyone a overview of what our financing options are.

C. Bessinger: The combined boards asked our firm to reach out to five local/regional banks. We also reached out to a broker/dealer group that looked at a bonding scenerio. We had two of the five banks that came back locally Cadence Bank and Gulf Coast Bank. Gulf Coast bank had a 6.75% interest rate, amortized over 25 years, with a 75% loan value. With the adjustment of getting \$500 thousand instead of the \$9 million, just to do two buildings would require a \$2.3 million equity contribution by the school upfront. Cadance Bank had a 6.5% interest rate, amortized over 25 years, with a 70% loan value. The bond scenario would be 6.3% rate over unto 40 years, with smaller annual payments. We could borrow more money and fix the rate. You could do three buildings with a bond, but interest would be closer to 7%. Raymond James reached out to Silicon Valley Bank, who has recently merged with First Citizens Bank. They offered a 15-year loan amortized over 30 years with the first three years of construction being interest only. The interest rate would be 5% with a 75% loan value. It would need to be paid or refinanced within 15 years. No penalty for pre-payments. \$1.1 million equity needed from the school. They are comfortable moving forward with a two-building process. C. Brown and C. Bessinger explain and discuss amortization. First Citizens is not an approved

depository bank in Florida. No deposits will be required until they are approved, probably later this year. We could draw on the loan and pay it off early.

N. Vlahos, C. Brown, K. Tucker and C. Bessinger discuss the appraisal needed. FCB was asked to order an appraisal, and they agreed to do that. It will be paid by the board. We are asking for a two building and a three building appraisal. A question was asked about the tax exempt bond, we would need to get a conduit issuer/loan agreement, drafted by attorneys. The risk of it becoming a taxable loan is close to zero. In a two building scenario pledging the full amount there would not need to be a mortgage against the middle school building, just a negative pledge.

Triumph can not be used to pay debt down but LCIR can be used for that reason.

### III. Five Year Finance Projections

#### A. 5 Year Drafted Budgets

The annual PMI is \$1.675 thousand based on our five year enrollment operation budget. Before P&I we have a surplus of around \$2.9 million.

A. Winicki left at 6:30 PM.

R. Kauffman made a motion to Authorize the moving forward with the appraisal and giving authority to Kav Tucker and Patrick McCarthy to negotiate terms on behalf of the school and bring final terms back for board approval.

M. Kerrigan seconded the motion.

M. Uhlfelder asked who signs, both boards or just our board? P. McCarthy said as written right now the term sheet has the borrower as the Foundation. Its going to switch, at the last board meeting it was decided that the land lease is being signed over to the school, so the school can be the applicant. The borrower will be the school. M. Uhlfelder asked how much exposure do we have as board members? Financially zero. K. Tucker and P. McCarthy will both sign as presidents of each board. With tax exempt financing there are trustees involved, inspections and procedures in place. R. Kauffman-we do sign a conflict of interest annually.

The board **VOTED** unanimously to approve the motion.

T. Miller- our liability insurance is up-to-date. Running the Seaside school is expensive. It's expensive on purpose because its so unique and no one can really replicate it. Even though its scary we are investing in generations of kids. \$25 million dollars is being invested in Walton County, in Florida. When we get up to 700 kids and have three buildings on campus with winter concerts and performance bands playing on the giant negatron screen and esports arenas. It's always going to require us to lean in. We want our kids to have a unique, exclusive experience. It is normal for a school to borrow money to build something beautiful, it's just something we've never had to do before. We have to make good financial decisions and make sure there is strategies and plans behind it. Lives will be changed 40–60 years from now. We are building something special for a really long time.

K. Mixson-When we were starting in 1996, Rosemary would always push us to keep looking forward. She would say we're just building this plane as we fly it and we're gonna hit highs, lows and turbulence. Just stay the course,

#### **IV. Closing Items**

##### **A. Adjourn Meeting**

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 7:11 PM.

Respectfully Submitted,  
M. Willcox