

North Davis Preparatory Academy
CONFERENCE CALL BOARD MEETING MINUTES

Location: Phone Conference
1765 W. Hill Field Road
Layton, UT 84041

Friday, April 23, 2010



In Attendance: Monte Poll, Linda Larsen, Kristin Elinkowski, Terra Nuttall, Rita Alexander and Kathy Thornburg

Others In Attendance: Trent Brown (AW), Debby Gomberg (Principal), Rick Van Alfen (Financial Advisor), and Clay Stucki (Board Legal Counsel)

Excused: Jennifer Bazzano

VISION:

North Davis Preparatory Academy students develop a love of learning, experience high academic achievement, and enjoy high bi-literate proficiency.

PURPOSE:

To instill in our students a love of learning through enjoyable learning experiences, a progressive educational program in core subjects and a bi-literate curriculum, all in a environment of respect, parental involvement, and a strong sense of community.

BOARD MEETING MINUTES

Dial-in Number: 1-800-371-8200
Participant Access Code: 329824

1:00 PM – CALL TO ORDER

- ❖ Welcome and Introductions — Monte Poll

Brent summarized the journey of the building purchase up to this point. Below are the key points

- Agreed on \$13.6 million purchase price for both buildings
- Negotiated the purchase before the legislature made decisions on funding for next year (possible budget cuts for next year)
- Concerned about cash flow issues
- Negotiated a \$5,000 subordinate note that the seller would provide and we would issued bonds for the remaining \$13.1 million
- This benefit would delay principal payments for the first 5 years which would help with the cash flow concern
- We presented plan to Ballard Spar (bond counsel)and after reviewing they came up with two concerns
 1. They had an issue with the subordinate note because it was contingent on keeping the management contract with Academica West in place.
 2. The issue is with the tax regulations. Tax exempt law states that there can't be any compulsion to stay in a management agreement. Because the subordinate note forgiveness provisions was proving a benefit (or a penalty if you were to get out of the contract.) The

bond counsel would like the contract restructured so that there is not link between the management agreement and subordinate note.

So they have negotiated with Academica to get rid of the subordinate contract. They have asked them to provide the forgiveness note up front. They agreed to forgive \$225,000 of the purchase price. We will receive the same benefit through the provisions of the subordinate note. In turn, we will sign a new management agreement with Academica West to include a ten year term. This reduces the payments about \$20,000 per year. Also interest rates have been going down steadily since we first began this journey in the winter. Brent has been running projections at an interest rate of 6.9% and they are now around a 6.4%. Brent reviewed and there was discussion on the buy vs. lease analysis. There was discussion on whether or not we have received information on budget cuts for next year. The management payment will be a fixed fee instead of a per student rate which is a big benefit to the school as long as the students count is above 950. Rita requested a copy of next year's budget as soon as possible.

BUSINESS ITEMS (To be Voted Upon During Board Meeting)

- ❖ Monte Poll made a motion to approve the Modifications to the Real Estate Purchase Agreement for the Purchasing of Buildings. The votes were as follows:
 - Rita Alexander – Aye
 - Kristin Elinkowski – Aye
 - Kathy Thornburg – Aye
 - Terra Nuttall – Aye
 - Monte Poll – Aye

Motion passed unanimously.

- ❖ Monte Poll made a motion to approve the Modifications to the Management Agreement to Conform to State/Federal Regulations Regarding Bond Issuance. The votes were as follows:
 - Rita Alexander – Aye
 - Kristin Elinkowski – Aye
 - Kathy Thornburg – Aye
 - Terra Nuttall – Aye
 - Monte Poll – Aye

Motion passed unanimously.

1:59 PM – Monte Poll made a motion to ADJOURN. Motion passed unanimously. (Duration 58:24)