

Lake Country Classical Academy Board Meeting

August 31, 2022 – 6 PM

Meeting was Virtual

Open Meeting:

I.) Call to Order:

- Board President Kristina Vourax called the meeting to order at 6:02 PM. All Board members were present except Taryn Whipple and Tom Gehl

II.) Citizen's Forum:

- There were no requests to speak

III.) Approval of Agenda:

- Tim Peterson moved approval of the agenda – Motion passed.

A.) Action Items:

I.) Approval of Loan and Line of Credit from Waukesha State Bank:

- Board Treasurer Brian Hastings presented.
- At the Board meeting of August 17, 2022, Board Treasurer Brian Hastings reported the conclusion of negotiations with Waukesha State Bank.
- These negotiations culminated in agreement to a Term Loan of \$400,000, said loan to support the installation of the mobile classrooms at LCCA East campus.
- They also culminated in agreement to increase LCCA's Line of Credit from \$250,000 to \$500,000.
- Board discussion and questions followed.
- Tim Peterson moved approval of both the Term Loan and the revised Letter of Credit, with said approval to include authorization for Brian Hastings to sign the appropriate documents on behalf of the Board.
- Motion Passed

II.) Adjournment:

- Tim Peterson moved to Adjourn – motion passed.
- Meeting was adjourned at 6:28 PM.

LCCA Special Board Meeting

Waukesha State Bank Proposal

Brian Hastings

08/31/2022



Agenda

- ▶ Recap of Phase 1 Modular System Cap Ex Budget [6/7/22 Board Meeting].
- ▶ Waukesha State Bank Term Note Overview
- ▶ Waukesha State Bank Line of Credit Overview
- ▶ Action Items



Modular System Cap-Ex [from 6/7/22 Mtg]

<i>Capital Expenditures</i>		Phase 1, 22-23	Phase 2, 23-24	
Mobile Classroom Components:	Responsible Party	Barrington 6 Room + New Restroom Pod	Freedom 4 Room	Updated Comments
Upfront Purchase	LCCA		30,000	
Delivery	Vesta/Prom	122,930	40,000	
Setup	Vesta/Prom		75,000	Includes restroom updates/refurb for using Freedom mod
Anchors	Vesta/Prom		8,800	
GC Services	Hunzinger	200,000	150,000	Phase 1: Sidewalk/Earthwork/Utilities/MEP/Landscaping/FireExtinguishers/Data Phase 2: No sidewalk/earthwork/utilities, but need additional piers and other work
WI Electric	LCCA	30,000	0	Estimate for the pole & transformer, won't need in Phase 2
Sewer Rec Permit	LCCA	25,000	12,000	\$6,000 per rec, Phase 1 assume 4, Phase 2 assume 2 more (5 more staff x 40hrs/week x 37 weeks x 20 gallons / staff = 148,000 gallons = 2 recs)
Building Permit/County	In Studio/LCCA	1,000	2,000	DNR Permit + County permit
Architecture & Civil Engineering	In Studio	12,500	10,000	Plans/Stamping Of All Trailers
Fire Permit & Alarm System	LCCA	5,000	5,000	This does not include a fire sprinkler system
Fire lane access road	Hunzinger	15,000	12,000	
Furniture	LCCA			
Final Cleaning	LCCA	2,000	2,000	Volunteers?
Insurance	Guide One	4,000	2,000	
Security Card Access	LCCA	10,000	2,500	Additional to rewire
Upfront Cost		427,430	351,300	
Return costs/Demo/removal	LCCA/Vesta/Pri	50,000	40,000	Not until end of life, so cash impact later

- Cash Needs for Phase 1 \$427,430
- Seeking \$400,000 term note to help finance. Contained in approved 22-23 budget [7/20 meeting] assumed 4 year amortization at 6% interest, or \$115,437 of annual debt service.



Term Note - WSB 8/24 Commitment Letter

- ▶ \$400,000 as requested. Interest 5.25% fixed
- ▶ Amortization 5 years. Annual debt service \$91,200 (\$23,000 lower than budgeted).
- ▶ Prepayment penalty only on amounts paid from a refinance [4%]. E.g. if at end of year 2 we refinanced \$250,000 still owed with another loan, a \$10,000 penalty would be assessed.
 - ❑ Extra payments made from LCCA cash flow not subject to a penalty.
- ▶ 1st Lien General Business Security Agreement [GBSA] signed last year has to be amended to exclude personal property. LCOOC charter does not allow for liens “encumber personal property.” UCC filing to be modified.
 - ❑ Real Estate is allowable for Liens, so when the times comes for this the bank will have collateral available.
- ▶ MEDC CAP will continue to be utilized. Available up to \$1MM.
 - ❑ LCCA / WSB each paid 2% into it last year for line of credit.
- ▶ Fees associated
 - ❑ LCCA will pay 2% on the term note for MEDC program, or \$8,000.
 - ❑ Additional \$1,000 bank fee for WSB to process.
- ▶ Will NOT close until we receive Occupancy Permit



Line of Credit - WSB 8/24 Commitment Letter

- ▶ \$500,000 (Increasing from \$250,000)
- ▶ Interest Prime + 1.0 floating, floor of 4.25% [Prime currently 5.5%]
 - ❑ Assessed monthly based on amounts advanced
- ▶ Loan matures 8/31/2023 [not 6/30/2023]. This will improve the business office workload, as June is very busy with budgeting and year end activity.
- ▶ Has an “at rest clause,” meaning the LOC must have one 30 consecutive calendar day period with a \$0 balance. And, LOC must have a \$0 balance as of 8/31/2023.
- ▶ Same GBSA as the term note.
- ▶ MEDC CAP will continue to be utilized. Available up to \$1MM. Combined with the \$400,000 term note, we will be at \$900,000 exposure.
- ▶ Fees associated
 - ❑ LCCA will pay 2% to MEDC only the increased amount, or \$5,000. LCCA already paid 2% last year on the first \$250,000.
 - ❑ Additional \$2,500 [1%] bank fee on the increased amount



Action Items:

- ▶ Board Resolution authorizing Treasurer to be the sole signatory of loan documents.
 - ❑ \$16,500 total fees
 - ❑ \$500,000 LOC, Prime + 1.0 interest on advanced amounts
 - ❑ \$400,000 Term Note, 5.25% fixed interest on a 5 year amortization

- ▶ New Subordination agreements need to be agreed to and signed by private lenders.

- ▶ Provide a copy of PNC insurance policy with Waukesha State Bank added.

