



**HERITAGE ACADEMY
BOARD MEETING**

**Location: VIA PHONE CALL
1:00 pm, December 19, 2011**

VISION

As a community of children, families, and educators, Heritage Academy believes that each individual has gifts, talents, and strengths. Our commitment to academic excellence will ensure that all students acquire the meta-cognitive skills and knowledge necessary to reach their highest potential and become responsible, respectful, and caring members of society. We will accomplish this by establishing high expectations, integrating enriched learning strategies for all students, and by promoting home, school and community partnership.

A special board meeting was convened via a conference call at 1:00 pm on December 19, 2011 to discuss the pros and cons of refinancing the school building using a USDA loan.

1:00 pm –

- ❖ Roll Call – Establishment of a Quorum. In attendance were B. Crouch, A. Crouch, A. Bingham, K. Tate and K. Bangerter. C. Kary attended as the Board Clerk.

1:05 pm Discussion Item(s) (for discussion only)

- ❖ USDA loan – Discussion centered on the pros and cons of going with the USDA loan. There is some urgency to this decision as HA will have to refinance their current loan which is due by July 2013. Joel Wright, the attorney experienced in this loan, has stressed that HA would need to have a loan application ready for submittal to the USDA by the end of January, and that it would take him approximately 1 month to prepare the paperwork.
- ❖ A. Bingham suggested we get three outside opinions: (1) Brandon Fairbanks (a legal perspective); (2) Ben Marchant (a business perspective), and (3) Harry Downs (an investment perspective). K. Bangerter said he had already sent Mr. Fairbanks a copy of the proposal, and was waiting for a call back to discuss this further with him. K. Bangerter to pursue connecting with Mr. Fairbanks. K. Bangerter also mentioned that Zion's Bank does school bonds, and he might have a couple of other options as well to present.
- ❖ Pros of loan with the USDA
 - The loan interest rate would be around 4% down from the 6.5% we currently have with Land Title and Escrow.
 - Based on 4% interest rate, with a loan amount of \$750,000, for 40 years, the mortgage payment would almost be cut in half from \$71,500 a year to \$37,600 a year. This is a savings of \$34,000 a year.
 - \$350,000 would be available to repair and upgrade the existing building. We

currently are facing monthly repair bills for the plumbing, electrical, boiler and structure of the building.

- Because of the high cost of maintenance on the building, we have used \$45,000 so far this year on repairing the building. We have budgeted \$28,000 for maintenance for upcoming years, hoping that would be sufficient. If we had this additional money to put into the building, our maintenance budget could be reduced to \$5,000-\$10,000. This would clear up \$23,000 - \$18,000 a year for operating expenses.
- HA would have money to complete a high quality playground thereby drawing more families to the school.
- If HA decided to add more buildings or a gym, we could go back to the USDA for additional money.

❖ Cons of loan with the USDA

- HA would have to borrow twice what it currently owes on the building which would be an additional \$350,000 debt.
- The additional debt could put an unwarranted burden on future board members and the school.
- The \$350,000 in equity could only be used on the building. We would not have the flexibility to use any of that money for operating expenses that might come up.
- Attorney Joel Wright would charge \$10,000 for his services if we went ahead and accepted the loan.
- The charge for Mr. Wright and refinancing costs (appraisal, inspections, etc) will be \$20,000 - \$30,000.

ADJOURN

The meeting was adjourned at 1:45pm with the agreement that another meeting be scheduled for the end of the week.

If auxiliary aids or services are needed for individuals with disabilities, or if you wish to speak during an Open Forum if applicable, please contact a Heritage Academy board member before the meeting opens. While the Board of Directors will attempt to address items in the listed order, some items may be addressed prior to or after the order listed above. To contact the Board of Directors, please email: ktbangerter@gmail.com or call (208) 595-1617.