



REGULAR MEETING OF FACILITIES CORPORATION

September 11, 2019

Board Room

200 Kalmus Drive

Costa Mesa, California

ORANGE COUNTY BOARD OF EDUCATION  
FACILITIES CORPORATION  
AGENDA

CALL TO ORDER - STATEMENT OF PRESIDING OFFICER: "For the benefit of the record, this Regular Meeting of Facilities Corporation is called to order."

ROLL CALL

- (\*) AGENDA Regular Meeting of September 11, 2019 – adoption
- (\*) MINUTES Regular Meeting of September 12, 2018 – (approved at the November 7, 2018 meeting)

PUBLIC COMMENTS

At this time, members of the public may address the Board of Education regarding any agenda and/or off-agenda items within the subject matter jurisdiction of the Board of Education provided that NO action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three (3) minutes per person per meeting and thirty (30) minutes for all comments.

SPECIAL RECOMMENDATIONS

- (\*) 1. Appoint the officers of the Education Facilities Corporation
- (\*) 2. Receive the Esplanade Project Operational Report for fiscal year 2018-19
- (\*) 3. Receive and approve the Esplanade Project Operational Budget for fiscal year 2019-20

CLOSED SESSION

ADJOURNMENT



Nina Boyd

Assistant Secretary to the Facilities Corporation, Orange County

- (\*) Printed items included in materials mailed to Board Members





MINUTES  
Regular Meeting  
Facilities Corporation  
September 12, 2018

ORANGE COUNTY DEPARTMENT OF EDUCATION  
FACILITIES CORPORATION  
MINUTES

CALL TO ORDER

The Regular Meeting of the Orange County Board of Education Facilities Corporation was called to order at 2:12 p.m. on September 12, 2018 in the Board Room, 200 Kalmus, Costa Mesa, California.

ROLL CALL

Present:

Mari Barke  
Ken Williams, D.O.  
Rebecca "Beckie" Gomez  
John W. Bedell, Ph.D.

Absent:

Lisa Sparks, Ph.D.

AGENDA

Motion by Gomez, seconded by Bedell, and carried by a vote of 4-0 (Sparks absent) to approve the September 12, 2018 agenda of the Facilities Corporation regular meeting.

MINUTES

Received – Approved on September 13, 2017.

SPECIAL RECOMMENDATIONS

1. Motion by Bedell, seconded by Gomez, and carried by a vote of 4-0 (Sparks absent) to confirm the appointment of the officers of the Education Facilities Corporation for 2018-19
  - Ken L. Williams, D.O. - President
  - Mari Barke - Secretary
  - John W. Bedell, Ph.D.- Treasurer
2. The Esplanade Project Operational Report for fiscal year 2017-18 was received by the Board
3. Motion by Bedell, seconded by Gomez, and carried by a vote of 4-0 (Sparks absent) to receive and approve the Esplanade Project Operational Budget for fiscal year 2018-19.

PUBLIC COMMENTS

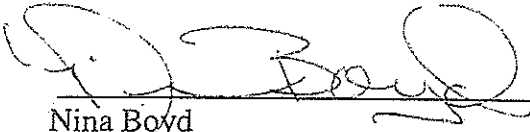
None at this meeting

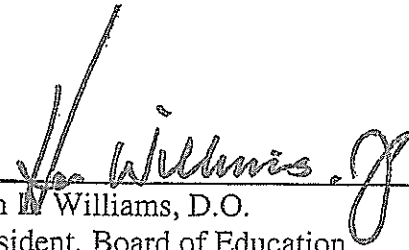
CLOSED SESSION

There was no Closed Session at this meeting

ADJOURNMENT

On a motion duly made and seconded, the Regular Meeting of the Facilities Corporation of September 12, 2018 ended at 2:23 p.m.

  
\_\_\_\_\_  
Nina Boyd  
Assistant Secretary, Board of Education

  
\_\_\_\_\_  
Ken Williams, D.O.  
President, Board of Education

**ORANGE COUNTY DEPARTMENT OF EDUCATION  
FACILITIES CORPORATION**

**BOARD AGENDA ITEM**

DATE: September 11, 2019  
TO: Nina Boyd, Associate Superintendent  
FROM: Renee Hendrick, Associate Superintendent, Administrative Services  
SUBJECT: Education Facilities Corporation Board of Directors 2019-2020

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The Orange County Department of Education Facilities Corporation is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law for public purposes.

Section 3.02 of the Corporation's Bylaws provides that the Directors of the Corporation shall be the then current members of the Orange County Board of Education. Section 3.05 of the Bylaws provides that a vacancy on the Board because of death shall be filled in the manner prescribed in these Bylaws for regular appointment to such office.

As stated in the Action by Incorporator, officers of the Facilities Corporation are elected to the office as indicated opposite each person's name by virtue of their office on the Board of Education.

<u>Office</u>	<u>2018-2019</u>	<u>Office</u>	<u>2019-2020</u>
President	Ken L. Williams, D.O.	President	Mari Barke
Secretary	Mari Barke	Secretary	Ken Williams, D.O.
Treasurer	John W. Bedell, Ph.D.	Treasurer	

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**RECOMMENDATION:**

Appoint the officers of the Education Facilities Corporation.

RH:sh



**ORANGE COUNTY DEPARTMENT OF EDUCATION  
FACILITIES CORPORATION**

**BOARD AGENDA ITEM**

DATE: September 11, 2019  
TO: Nina Boyd, Associate Superintendent  
FROM: Renee Hendrick, Associate Superintendent, Administrative Services  
SUBJECT: The Esplanade Project Operational Results for Fiscal Year 2018-19

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For the 2018-19 fiscal year, the Esplanade Project averaged 98% occupancy with an average debt service interest rate of 3.5%.

The total operating revenues were \$2,552,101 and the total expenditures were \$1,510,023 resulting in an increase in our fund balance of \$863,457.

We continue with a fixed rate of 3.5% until December 1, 2019 when we will need to remarket our Certificates of Participation. The current Principal outstanding is \$12,940,000.

Our Esplanade Project Fund Balance as of June 30, 2018, was \$5,159,889.

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**RECOMMENDATION:**

Receive the Esplanade Project Operational Report for fiscal year 2018-19

RH:sh

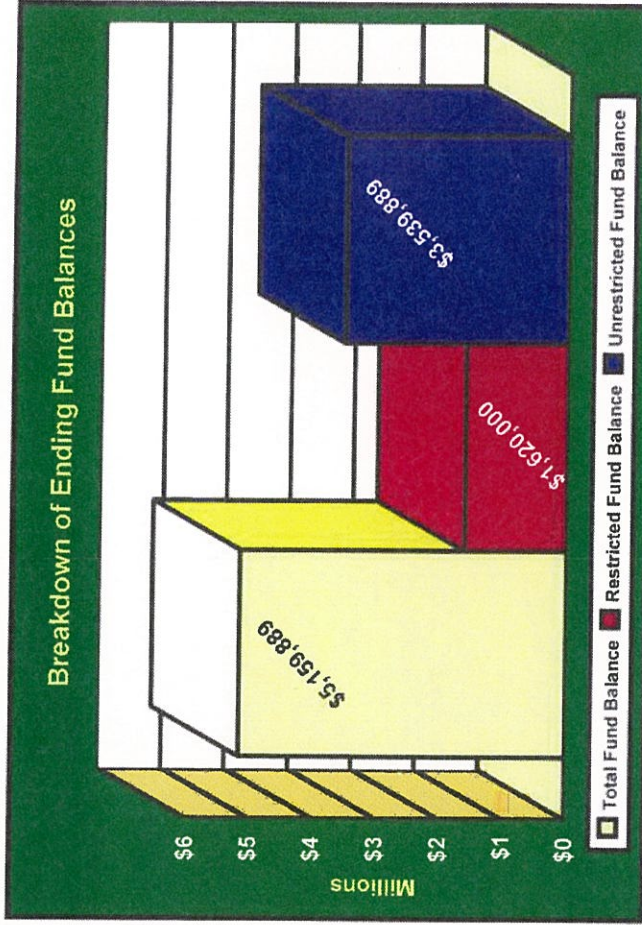
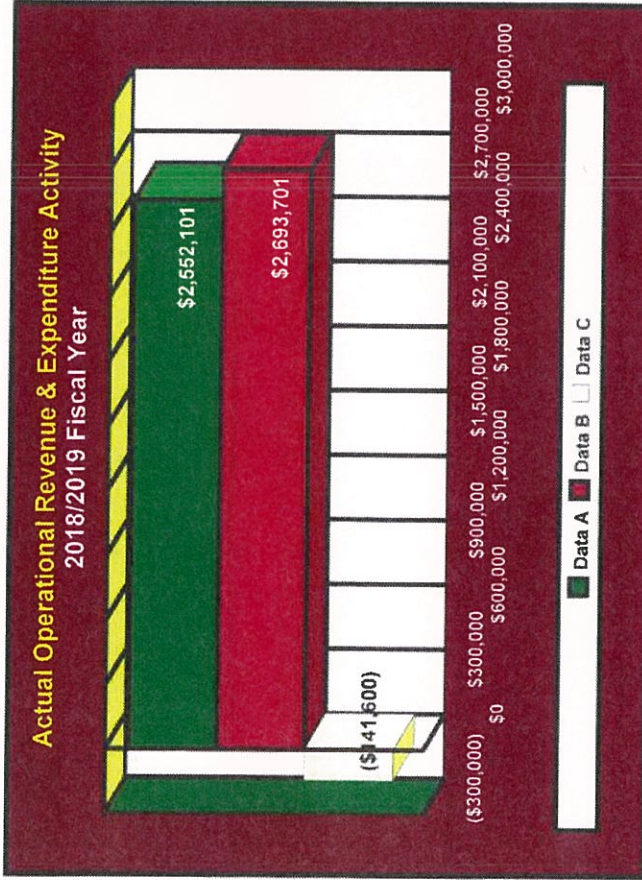
**The Esplanade Project Annual Report**  
**2018/19 Fiscal Year -- Actual Vs. Budget Comparison**

Budget Categories	2018/2019 Budget	2018/2019 Actuals	Actual Vs. Budget
<b>BEGINNING FUND BALANCE:</b>	\$5,301,488.61	\$5,301,488.61	\$0.00
<b>TOTAL OPERATING REVENUE: (1)</b>	\$2,027,900.40	\$2,552,100.86 (A)	\$524,200.46
<b>OPERATING EXPENDITURES:</b>			
Total Rental Expenditure: (2)	\$678,359.13	\$554,308.18	(\$124,050.95)
Total Debt Service Payments: (3)	1,072,295.43	955,714.96 (B)	(116,580.47)
Special Principal Prepayment:	0.00	0.00	0.00
<b>TOTAL OPERATING EXPENDITURES:</b>	\$1,750,654.56	\$1,510,023.14	(\$240,631.42)
<b>TOTAL CAPITAL EXPENDITURES: (4)</b>	\$1,000,000.00	\$0.00	(\$1,000,000.00)
<b>OTHER FINANCING SOURCES (USES):</b>	0.00	1,183,677.52	1,183,677.52
<b>TOTAL EXPENDITURES:</b>	\$2,750,654.56	\$2,693,700.66	(\$56,953.90)
<b>NET CHANGE IN FUND BALANCE:</b>	(\$722,754.16)	(\$141,599.80)	\$581,154.36
<b>ENDING FUND BALANCE:</b>	\$4,578,734.45	\$5,159,888.81	
<b>Restricted Fund Balance:</b>			
2018/2019 FY Program Reserve Fund:	\$1,620,000.00	\$1,620,000.00	
Total Restricted Fund Balance:	\$1,620,000.00	\$1,620,000.00	
<b>Total Unrestricted Fund Balance:</b>	\$2,958,734.45	\$3,539,888.81	
<p>(1) Total Operating Revenue includes all rental and investment income.</p> <p>(2) Total Rental Expenditures include: Property Management, Repairs, Facilities Maintenance, Custodial Supply, Sweeping Services, Legal Services, Utilities, Leasing Commission, &amp; Miscellaneous Services.</p> <p>(3) Total Net Debt Service Payments include Certificate principal, interest, Program operational expenditures.</p> <p>(4) Total Capital Expenditures include amounts paid during the current fiscal year for operational improvements to secure tenant leaseholds.</p>			
<p><b>Actual</b></p> <p>(A) Fiscal Year 2018/19 occupancy average is 98%.</p> <p>(B) The average debt service interest rate for Fiscal Year 2018/19 is 3.50%. Interest is paid semi-annually December and June.</p>			



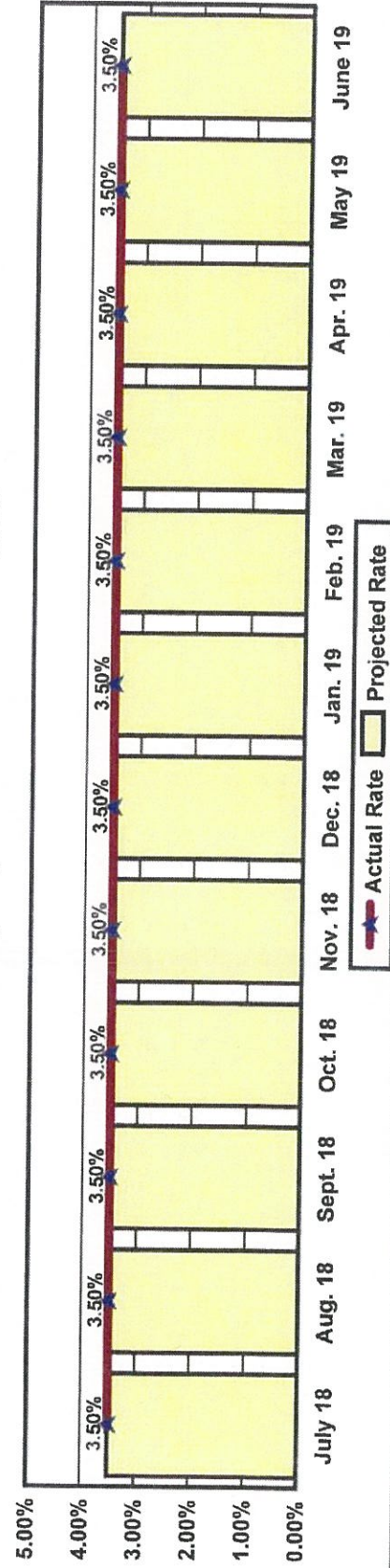
# The Esplanade Project Annual Report

## Fiscal Year 2018/2019 Fiscal Year Results



## 2018/2019 Fiscal Year Interest Rates

### Average Department Interest Rate = 3.50%





**The Esplanade Project Annual Report**  
**2018/19 Fiscal Year Revenue/Expenditure Results**

**BEGINNING FUND BALANCE:**

**\$5,301,488.61**

**TOTAL OPERATING REVENUE (1):**

**\$2,552,100.86**

**OPERATING EXPENDITURES:**

Total Rental Expenditures (2): \$554,308.18

Total Debt Service Payments (3): 955,714.96

Special Principal Prepayment: 0.00

**TOTAL OPERATING EXPENDITURES:** \$1,510,023.14

**TOTAL CAPITAL EXPENDITURES (4):** \$0.00

**OTHER FINANCING SOURCES (USES):** 1,183,677.52

**TOTAL EXPENDITURES:**

**\$2,693,700.66**

**NET CHANGE IN FUND BALANCE:**

**(\$141,599.80)**

**ENDING FUND BALANCE:**

**\$5,159,888.81**

**Restricted Fund Balance:**

2012 Program Reserve Fund: \$1,620,000.00

**Total Restricted Fund Balance:**

**\$1,620,000.00**

**Unrestricted Fund Balance:**

2012 Program Fund Accounts: \$223,183.79

Esplanade Operational Fund Accounts: 3,316,705.02

**Total Unrestricted Fund Balance:**

**\$3,539,888.81**

- (1) Total Operating Revenue includes all rental and investment income.
- (2) Total Rental Expenditures include: Property Management, Repairs, Facilities Maintenance, Custodial Supply, Sweeping Services, Legal Services, Utilities, Leasing Commissions, and Miscellaneous Services.
- (3) Total Debt Service Payments include scheduled principal payments, interest payments, and Program operational expenditures.
- (4) Total Capital Expenditures include amounts paid during the current fiscal year for operational improvements to secure tenant leaseholds.

**Actual:**

Fiscal Year 2018/19 average occupancy rate is 98%.

The Department's rate was reset at a fixed interest rate of 3.5% on December 1, 2015, through December 1, 2019.

Interest is paid semiannually on June 1st & December 1st. The current Principal outstanding is \$11,990,000.

**ORANGE COUNTY DEPARTMENT OF EDUCATION  
FACILITIES CORPORATION**

**BOARD AGENDA ITEM**

DATE: September 11, 2019  
TO: Nina Boyd, Associate Superintendent  
FROM: Renee Hendrick, Associate Superintendent, Administrative Services  
SUBJECT: The Esplanade Project Operational Budget for Fiscal Year 2019-20

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The budget reflects revenues at an average occupancy rate of 80%. For the budget year, we expect that rental expenditures will increase by 15% or \$88,482. We project capital expenditures at \$1,000,000 for tenant improvements. We are anticipating major construction of building 3 due to lose of large tenant June 30, 2019.

On December 1, 2016, our fixed interest rate was set at 3.5% through December 2019. The projected debt service payments total \$1,099,072 for this year. Change in the interest rate mode will be presented to the Board for approval prior to December 1, 2019.

Based on these assumptions we are projecting a net decrease in the fund balance of \$567,241 for the budget year.

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**RECOMMENDATION:**

Receive and approve the Esplanade Project Operational Budget for fiscal year 2019-20.

RH:sh

**The Esplanade Project Annual Report**  
**2019/2020 Fiscal Year Revenue/Expenditure Budget**

**BEGINNING FUND BALANCE:**

**\$5,159,888.81**

**TOTAL OPERATING REVENUE (1):**

**\$2,169,285.73**

**OPERATING EXPENDITURES:**

Total Rental Expenditures (2):

**\$637,454.41**

Total Debt Service Payments (3):

**1,099,072.20**

**TOTAL OPERATING EXPENDITURES:**

**\$1,736,526.61**

**TOTAL CAPITAL EXPENDITURES (4):**

**\$1,000,000.00**

**OTHER FINANCING SOURCES (USES):**

**\$0.00**

**TOTAL EXPENDITURES:**

**\$2,736,526.61**

**NET CHANGE IN FUND BALANCE:**

**(\$567,240.88)**

**ENDING FUND BALANCE:**

**\$4,592,647.93**

**Restricted Fund Balance:**

2012 Program Reserve Fund:

**\$1,620,000.00**

**Total Restricted Fund Balance:**

**\$1,620,000.00**

**Total Unrestricted Fund Balance:**

**\$2,972,647.93**

- (1) Total Operating Revenue includes all rental and investment income.
- (2) Total Rental Expenditures includes: Property Management, Repairs, Facilities Maintenance, Custodial Supply, Sweeping Services, Legal Services, Utilities, Leasing Commissions, and Miscellaneous Services.
- (3) Total Debt Service Payments includes Certificate principal, interest, and Program operational expenditures.
- (4) Represents General improvements of the Esplanade facilities.

**Budget Assumptions:**

Revenues are based on an estimated occupancy average of 80%.

Rental Expenditures are projected at 115% of FY 2019/20 Actuals. Debt Service payments are based on a fixed interest rate of 3.50% through December 1, 2019.

For the purpose of budget analysis, the ACTUAL interest rate of 3.50% is used for the entire 2019/2020 Fiscal Year. The actual "Extended" Rate may change after December 1, 2019.