REGULAR MEETING OF FACILITIES CORPORATION  
August 3, 2016  
10:05 a.m.  
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 August 3, 2016 – adoption

(*) MINUTES  
Regular Meeting of August 20, 2015 – approval

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 forty-five (45) 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 2015-16

(*) 3. Receive and approve the Esplanade Project Operational Budget for fiscal year 2016-17

CLOSED SESSION

ADJOURNMENT

Nina Boyd
Assistant Secretary to the Facilities Corporation, Orange County

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

Facilities Corporation Board Meeting Agenda  
8/3/16
MINUTES
Regular Meeting
Facilities Corporation
August 20, 2015

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 1:20 p.m. on August 20, 2015 in the Board Room, 200 Kalmus, Costa Mesa, California.

ROLL CALL
Present:
David Boyd
Linda Lindholm
Robert Hammond
Jack Bedell

Absent:
Ken Williams

AGENDA
Motion by Boyd, seconded Lindholm, and carried by a vote of 4-0 (Williams absent) to adopt the Agenda for the Regular Meeting of the Facilities Corporation of August 20, 2015

MINUTES
Motion by Boyd, seconded by Hammond, and carried by a vote of 4-0 (Williams absent) to approve the Minutes for the Regular Meeting of the Facilities Corporation of August 13, 2014

SPECIAL RECOMMENDATIONS

1. Motion by Bedell, seconded by Boyd, and carried by a vote of 4-0 (Williams absent) to confirm the appointment of the officers of the Education Facilities Corporation

2. Motion by Bedell, seconded by Boyd, and carried by a vote of 4-0 (Williams absent) to receive the Esplanade Project Operational Report for fiscal year 2014-15

3. Motion by Lindholm, seconded by Bedell, and carried by a vote of 4-0 (Williams absent) to receive and approve the Esplanade Project Operational Budget for fiscal year 2015-16
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 August 20, 2015 ended at 1:31 p.m.

Nina Boyd
Assistant Secretary, Board of Education

Linda Lindholm
President, Facilities Corporation
ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION

BOARD AGENDA ITEM

DATE: August 3, 2016
TO: Nina Boyd, Associate Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: Education Facilities Corporation Board of Directors 2016-2017

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.

<table>
<thead>
<tr>
<th>Office</th>
<th>2015-2016</th>
<th>Office</th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Robert M. Hammond</td>
<td>President</td>
<td>Linda Lindholm</td>
</tr>
<tr>
<td>Secretary</td>
<td>Linda Lindholm</td>
<td>Secretary</td>
<td>John W. Bedell, Ph.D.</td>
</tr>
<tr>
<td>Treasurer</td>
<td>David L. Boyd</td>
<td>Treasurer</td>
<td>David L. Boyd</td>
</tr>
</tbody>
</table>

RECOMMENDATION:

Appoint the officers of the Education Facilities Corporation

RH:sh
ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION

BOARD AGENDA ITEM

DATE: August 3, 2016
TO: Nina Boyd, Associate Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: The Esplanade Project Operational Results for Fiscal Year 2015-16

For the 2015-16 fiscal year, the Esplanade Project averaged 89% occupancy with an average debt service interest rate of 3.25%.

The total operating revenues were $2,133,969 and the total expenditures were $1,722,552, resulting in an increase in our fund balance of $391,417.

OCDE utilized $1,500,000 of the Esplanade Project unrestricted fund balance to prepay the 2012 Esplanade Funding Program Certificates on December 1, 2015 that reduced the outstanding principal balance of $15,190,000 down to $13,690,000.

Our Esplanade Project Fund Balance as of June 30, 2016, was $3,863,769

RECOMMENDATION:

Receive the Esplanade Project Operational Report for fiscal year 2015-16.

RH:sh
The Esplanade Project Annual Report
2015/16 Fiscal Year -- Actual Vs. Budget Comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING FUND BALANCE</td>
<td>$4,972,352.52</td>
<td>$4,972,352.52</td>
<td>$0.00</td>
</tr>
<tr>
<td>TOTAL OPERATING REVENUE (1)</td>
<td>$1,844,811.00</td>
<td>$2,113,869.46 (A)</td>
<td>$269,158.46</td>
</tr>
<tr>
<td>OPERATING EXPENDITURES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Rental Expenditure: (2)</td>
<td>$695,249.00</td>
<td>$697,848.50</td>
<td>$2,599.50</td>
</tr>
<tr>
<td>Total Debt Service Payments: (3)</td>
<td>$930,700.00</td>
<td>$943,324.17 (B)</td>
<td>12,624.17</td>
</tr>
<tr>
<td>Special Principal Prepayment:</td>
<td>0.00</td>
<td>1,500,000.00 (C)</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENDITURES:</td>
<td>$1,826,949.00</td>
<td>$3,141,172.67</td>
<td>$1,515,223.67</td>
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<tr>
<td>TOTAL CAPITAL EXPENDITURES: (4)</td>
<td>$250,000.00</td>
<td>$81,378.71</td>
<td>($168,621.29)</td>
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<tr>
<td>OTHER FINANCING SOURCES (USES):</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>TOTAL EXPENDITURES:</td>
<td>$1,875,949.00</td>
<td>$3,222,552.38</td>
<td>$1,346,603.38</td>
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<tr>
<td>NET CHANGE IN FUND BALANCE</td>
<td>($31,138.00)</td>
<td>($1,108,582.92)</td>
<td>($1,077,444.92)</td>
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<tr>
<td>ENDING FUND BALANCE:</td>
<td>$4,941,214.52</td>
<td>$3,883,769.60</td>
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<tr>
<td>Restricted Fund Balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014/2015 FY Program Reserve Fund:</td>
<td>$1,620,000.00</td>
<td>$1,620,000.00</td>
<td></td>
</tr>
<tr>
<td>Total Restricted Fund Balance</td>
<td>$1,620,000.00</td>
<td>$1,620,000.00</td>
<td></td>
</tr>
<tr>
<td>Total Unrestricted Fund Balance</td>
<td>$3,321,214.52</td>
<td>$2,243,769.60</td>
<td></td>
</tr>
</tbody>
</table>

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

Actual
(A) Fiscal Year 2015/16 occupancy average is 89%.
(B) The average debt service interest rate for Fiscal Year 2015-16 is 3.25%. Interest is paid semi-annually December and June.
(C) The Department made a Special Esplanade Funding Program Principal Prepayment of $1,500,000 on December 1, 2015. The current principal outstanding was reduced to $13,960,000.
The Esplanade Project Annual Report

Fiscal Year 2015/2016 Results

Actual Operational Revenue & Expenditure Activity
2015/2016 Fiscal Year Results

- Operational Revenues
- Remaining Revenues
- Operational Expenses
- Principal Prepayment

* Esplanade Principal Prepayment of $1.5 Million on 12/1/2015

Breakdown of Ending Fund Balances

- Total Fund Balance
- Restricted Fund Balance
- Unrestricted Fund Balance

Millions

$0 $1 $2 $3 $4 $5

Esplanade Funding Program - 2015/2016 Fiscal Year Interest Rates

Average Department Interest Rate = 3.25%

- AVERAGE Interest Rate
- ACTUAL Interest Rate

July 15 Aug. 15 Sept. 15 Oct. 15 Nov. 15 Dec. 15 Jan. 16 Feb. 16 Mar. 16 Apr. 16 May 16 June 16

Interest Rates: 2.00%, 2.00%, 2.00%, 2.00%, 2.00%, 2.00%, 2.00%, 3.25%, 3.25%, 3.25%, 3.25%, 3.25%
The Esplanade Project Annual Report
2015/16 Fiscal Year Revenue/Expenditure Results

BEGINNING FUND BALANCE: $4,972,392.52

TOTAL OPERATING REVENUE (1): $2,113,969.46

OPERATING EXPENDITURES:
  Total Rental Expenditures (2): $697,848.50
  Total Debt Service Payments (3): 943,324.17
  Special Principal Prepayment: 1,500,000.00

TOTAL OPERATING EXPENDITURES: $3,141,172.67

TOTAL CAPITAL EXPENDITURES (4): $81,379.71

OTHER FINANCING SOURCES (USES):
  0.00

TOTAL EXPENDITURES: $3,222,552.38

NET CHANGE IN FUND BALANCE: ($1,108,582.92)

ENDING FUND BALANCE: $3,863,769.60

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: $273,399.62
  Esplanade Operational Fund Accounts: 1,970,369.98
  Total Unrestricted Fund Balance: $2,243,769.60

(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 Commission, 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 2015/16 average occupancy rate is 86%.
The Department's rate was reset at a fixed interest rate of 3.50% on December 1, 2015, through December 1, 2019.
Interest is paid semiannually on June 1st & December 1st. The current Principal outstanding is $13,690,000.
ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION

BOARD AGENDA ITEM

DATE: August 3, 2016

TO: Nina Boyd, Associate Superintendent

FROM: Renee Hendrick, Associate Superintendent, Administrative Services

SUBJECT: The Esplanade Project Operational Budget for Fiscal Year 2016-17

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 $104,677. We project capital expenditures at $250,000 for tenant improvements to attract long term lessees and the modernization of existing suites.

On December 1, 2016, our fixed interest rate was set at 3.5% through December 2019. The projected debt service payments total $941,900 for this year.

Based on these assumptions we are projecting a net decrease in the fund balance of $55,771.49 for the budget year.

RECOMMENDATION:

Receive and approve the Esplanade Project Operational Budget for fiscal year 2016-17.

RH:sh
The Esplanade Project Annual Report
2016/2017 Fiscal Year Revenue/Expenditure Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING FUND BALANCE</td>
<td>$3,863,769.60</td>
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<tr>
<td>TOTAL OPERATING REVENUE (1):</td>
<td>$1,900,197.27</td>
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<td>OPERATING EXPENDITURES:</td>
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<td>Total Rental Expenditures (2):</td>
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<td>Total Debt Service Payments (3):</td>
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<tr>
<td>TOTAL OPERATING EXPENDITURES:</td>
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<td>TOTAL CAPITAL EXPENDITURES (4):</td>
<td>$100,000.00</td>
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<td>OTHER FINANCING SOURCES (USES):</td>
<td>$0.00</td>
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<tr>
<td>TOTAL EXPENDITURES:</td>
<td>$1,844,425.78</td>
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<tr>
<td>NET CHANGE IN FUND BALANCE:</td>
<td>$55,771.49</td>
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<tr>
<td>ENDING FUND BALANCE:</td>
<td>$3,919,541.09</td>
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<tr>
<td>Restricted Fund Balance</td>
<td></td>
</tr>
<tr>
<td>2012 Program Reserve Fund:</td>
<td>$1,620,000.00</td>
</tr>
<tr>
<td>Total Restricted Fund Balance:</td>
<td>$1,620,000.00</td>
</tr>
<tr>
<td>Total Unrestricted Fund Balance:</td>
<td>$2,299,541.09</td>
</tr>
</tbody>
</table>

(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 110% of FY 2015/16 Actuals. Debt Service payments are based on a fixed interest rate of 3.50% through December 1, 2017.
For the purpose of this budget analysis, the ACTUAL interest rate of 3.50% is used for the entire 2016/2017 Fiscal Year. The actual "Extended" Rate may change after December 1, 2016.