

REGULAR MEETING OF FACILITIES CORPORATION

45B

August 16, 2017

1:05 p.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 16, 2017 – adoption

(*) MINUTES Regular Meeting of August 3, 2016 – 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 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 2016-17
- (*) 3. Receive and approve the Esplanade Project Operational Budget for fiscal year 2017-18

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
August 3, 2016

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 10:30 a.m. on August 3, 2016 in the Board Room, 200 Kalmus, Costa Mesa, California.

ROLL CALL

Present:

David Boyd
Linda Lindholm
Rebecca Gomez
Ken Williams, D.O.

Absent:

John W. Bedell, Ph.D.

AGENDA

Motion by Williams, seconded Boyd, and carried by a vote of 4-0 (Bedell absent) to adopt the Agenda for the Regular Meeting of the Facilities Corporation of August 3, 2016

MINUTES

Motion by Williams, seconded by Boyd, and carried by a vote of 3-0-1 (Bedell absent, Gomez abstained) to approve the Minutes for the Regular Meeting of the Facilities Corporation of August 20, 2015

SPECIAL RECOMMENDATIONS

1. Motion by Williams, seconded by Boyd, and carried by a vote of 4-0 (Bedell absent) to confirm the appointment of the officers of the Education Facilities Corporation for 2016-17
 - Linda Lindholm- President
 - John W. Bedell, Ph.D.- Secretary
 - David L. Boyd- Treasurer
2. The Esplanade Project Operational Report for fiscal year 2015-16 was received by the Board
3. Motion by Boyd, seconded by Williams, and carried by a vote of 4-0 (Bedell absent) to receive and approve the Esplanade Project Operational Budget for fiscal year 2016-17

PUBLIC COMMENTS

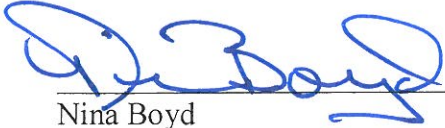
None at this meeting

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 3, 2016 ended at 10:40 a.m.



Nina Boyd
Assistant Secretary, Board of Education

John W. Bedell
President, Facilities Corporation

**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 16, 2017
TO: Nina Boyd, Associate Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: Education Facilities Corporation Board of Directors 2017-2018

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>2016-2017</u>	<u>Office</u>	<u>2017-2018</u>
President	Linda Lindholm	President	John W. Bedell, Ph.D.
Secretary	John W. Bedell, Ph.D.	Secretary	David L. Boyd
Treasurer	David L. Boyd	Treasurer	Ken L. Williams, D.O.

RECOMMENDATION:

Appoint the officers of the Education Facilities Corporation

RH:sh

**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 16, 2017
TO: Nina Boyd, Associate Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: The Esplanade Project Operational Results for Fiscal Year 2016-17

For the 2016-17 fiscal year, the Esplanade Project averaged 97% occupancy with an average debt service interest rate of 3.5%.

The total operating revenues were \$2,214,408 and the total expenditures were \$1,497,797 resulting in an increase in our fund balance of \$518,491.

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, 2017, was \$4,438,031.74

RECOMMENDATION:

Receive the Esplanade Project Operational Report for fiscal year 2016-17

RH:sh

The Esplanade Project Annual Report
2016/17 Fiscal Year Revenue/Expenditure Results

BEGINNING FUND BALANCE:	\$3,863,769.60
TOTAL OPERATING REVENUE (1):	\$2,214,407.93
OPERATING EXPENDITURES:	
Total Rental Expenditures (2):	\$601,242.84
Total Debt Service Payments (3):	896,554.20
Special Principal Prepayment:	<u>0.00</u>
TOTAL OPERATING EXPENDITURES:	\$1,497,797.04
TOTAL CAPITAL EXPENDITURES (4):	\$142,348.75
OTHER FINANCING SOURCES (USES):	<u>0.00</u>
TOTAL EXPENDITURES:	\$1,640,145.79
NET CHANGE IN FUND BALANCE:	\$574,262.14
ENDING FUND BALANCE:	\$4,438,031.74
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:	\$251,216.43
Esplanade Operational Fund Accounts:	<u>2,566,815.31</u>
Total Unrestricted Fund Balance:	\$2,818,031.74

- (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 2016/17 average occupancy rate is 97%.

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 \$12,940,000.

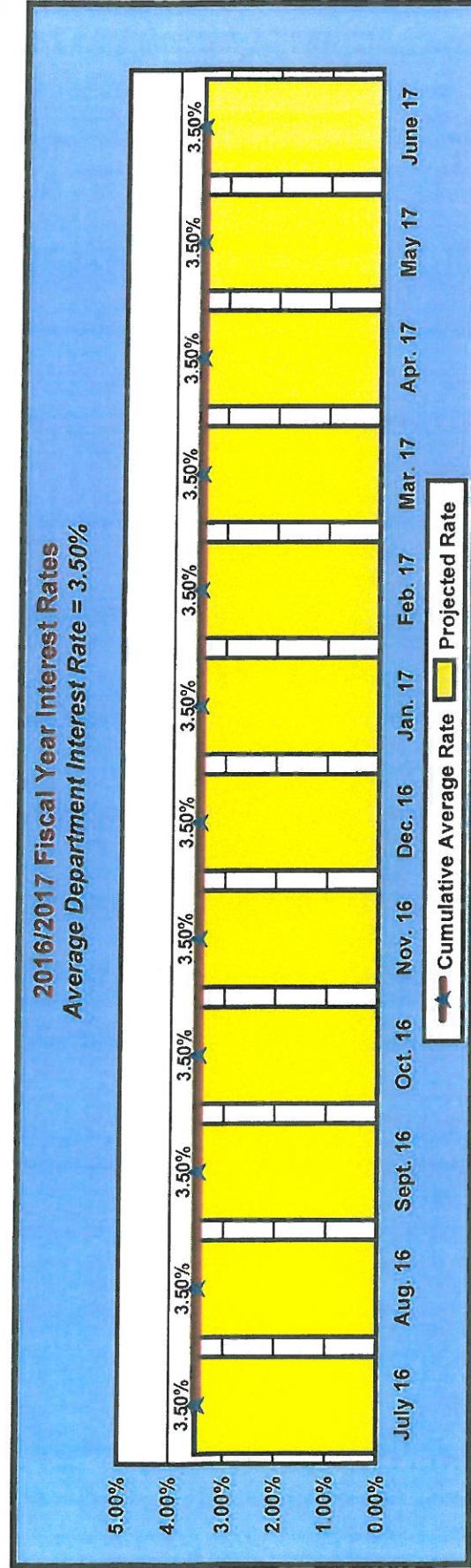
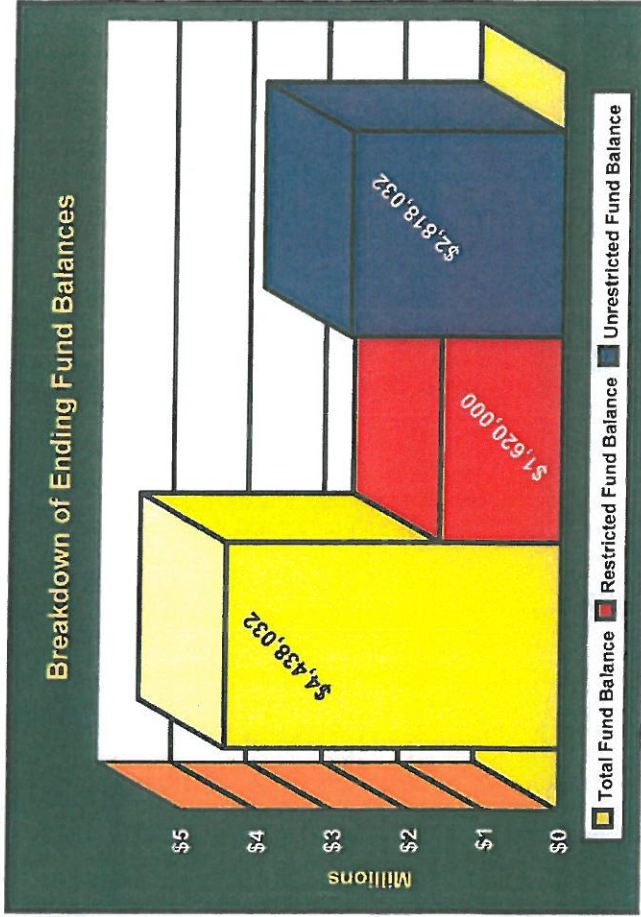
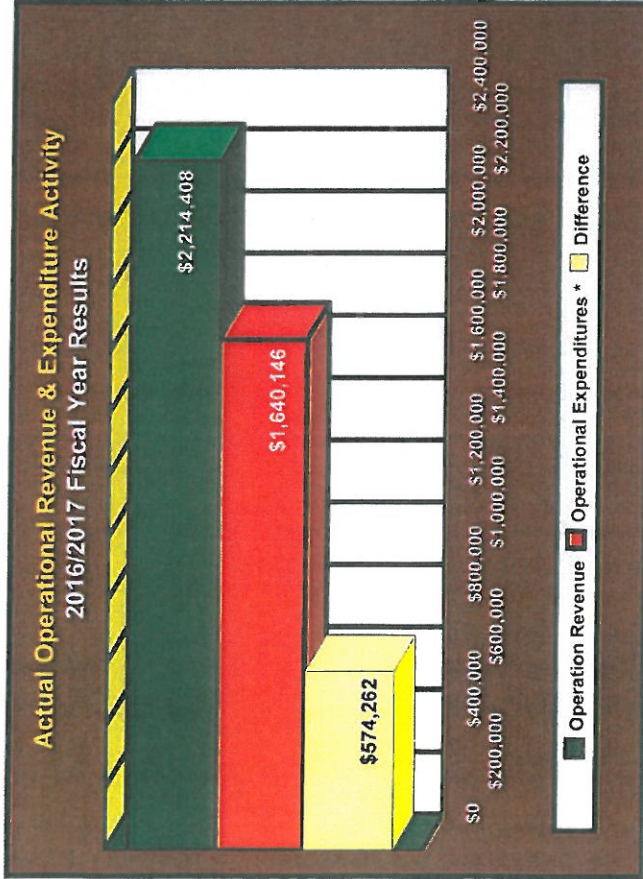
The Esplanade Project Annual Report

2016/17 Fiscal Year -- Actual Vs. Budget Comparison

Budget Categories	2016/2017 Budget	2016/2017 Actuals	Actual Vs. Budget
BEGINNING FUND BALANCE:	\$3,863,769.60	\$3,863,769.60	\$0.00
TOTAL OPERATING REVENUE: (1)	\$1,900,197.27	\$2,214,407.93 (A)	\$314,210.66
OPERATING EXPENDITURES:			
Total Rental Expenditure: (2)	\$802,525.78	\$601,242.84	(\$201,282.94)
Total Debt Service Payments: (3)	941,900.00	896,554.20 (B)	(45,345.80)
Special Principal Prepayment:	0.00	0.00	0.00
TOTAL OPERATING EXPENDITURES:	\$1,744,425.78	\$1,497,797.04	(\$246,628.74)
TOTAL CAPITAL EXPENDITURES: (4)	\$100,000.00	\$142,348.75	\$42,348.75
OTHER FINANCING SOURCES (USES):	0.00	0.00	0.00
TOTAL EXPENDITURES:	\$1,844,425.78	\$1,640,145.79	(\$204,279.99)
NET CHANGE IN FUND BALANCE:	\$55,771.49	\$574,262.14	\$518,490.65
ENDING FUND BALANCE:	\$3,919,541.09	\$4,438,031.74	
Restricted Fund Balance:			
2016/2017 FY Program Reserve Fund:	\$1,620,000.00	\$1,620,000.00	
Total Restricted Fund Balance:	\$1,620,000.00	\$1,620,000.00	
Total Unrestricted Fund Balance:	\$2,299,541.09	\$2,818,031.74	
<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, & 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>			
Actual			
<p>(A) Fiscal Year 2016/17 occupancy average is 97%.</p> <p>(B) The average debt service interest rate for Fiscal Year 2016-17 is 3.50%. Interest is paid semi-annually December and June.</p>			

The Esplanade Project Annual Report

Fiscal Year 2016/2017 Results



**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 16, 2017
TO: Nina Boyd, Associate Superintendent
FROM: Renee Hendrick, Associate Superintendent, Administrative Services
SUBJECT: The Esplanade Project Operational Budget for Fiscal Year 2017-18

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 \$90,186. We project capital expenditures at \$1,200,000 for tenant improvements which include the start of construction of elevators in at least two of the buildings with plans to continue with remaining building in future years.

On December 1, 2016, our fixed interest rate was set at 3.5% through December 2019. The projected debt service payments total \$1,031,037 for this year.

Based on these assumptions we are projecting a net decrease in the fund balance of \$1,040,220 for the budget year.

RECOMMENDATION:

Receive and approve the Esplanade Project Operational Budget for fiscal year 2017-18

RH:sh

**The Esplanade Project Annual Report
2017/2018 Fiscal Year Revenue/Expenditure Budget**

BEGINNING FUND BALANCE:	\$4,438,031.74
TOTAL OPERATING REVENUE (1):	\$1,882,246.74
OPERATING EXPENDITURES:	
Total Rental Expenditures (2):	\$691,429.27
Total Debt Service Payments (3):	<u>1,031,037.33</u>
TOTAL OPERATING EXPENDITURES:	\$1,722,466.60
TOTAL CAPITAL EXPENDITURES (4):	\$1,200,000.00
OTHER FINANCING SOURCES (USES):	<u>\$0.00</u>
TOTAL EXPENDITURES:	\$2,922,466.60
NET CHANGE IN FUND BALANCE:	(\$1,040,219.86)
ENDING FUND BALANCE:	\$3,397,811.88
Restricted Fund Balance:	
2012 Program Reserve Fund:	\$1,620,000.00
Total Restricted Fund Balance:	\$1,620,000.00
Total Unrestricted Fund Balance:	\$1,777,811.88

- (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 2016/17 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 2017/2018 Fiscal Year. The actual "Extended" Rate may change after December 1, 2019.