REGULAR MEETING OF FACILITIES CORPORATION
September 12, 2018
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 12, 2018 – adoption

(*) MINUTES  Regular Meeting of August 16, 2017 – (approved on September 3, 2017)

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 2017-18

(*) 3. Receive and approve the Esplanade Project Operational Budget for fiscal year 2018-19

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  9/12/18
MINUTES
Regular Meeting
Facilities Corporation
August 16, 2017

APPROVED on September 13, 2017
Orange County Board of Education

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 1:09 p.m. on August 16, 2017 in the Board Room, 200 Kalmus, Costa Mesa, California.

ROLL CALL

Present:
Linda Lindholm
David Boyd
John W. Bedell, Ph.D.
Ken Williams, D.O.

Absent:
Rebecca “Beckie” Gomez – arrived later

AGENDA

Motion by Williams, seconded Boyd, and carried by a vote of 4-0 (Gomez absent) to adopt the agenda for the Regular Meeting of the Facilities Corporation of August 16, 2017

MINUTES

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

SPECIAL RECOMMENDATIONS

1. Motion by Boyd, seconded by Bedell, and carried by a vote of 4-0 (Gomez absent) to confirm the appointment of the officers of the Education Facilities Corporation for 2017-18
   - John W. Bedell, Ph.D. - President
   - David L. Boyd - Secretary
   - Ken L. Williams, D.O. - Treasurer

2. The Esplanade Project Operational Report for fiscal year 2016-17 was received by the Board

   Trustee Gomez arrived at 1:21 p.m.
3. Motion by Williams, seconded by Boyd, and carried by a vote of 5-0 to receive and approve the Esplanade Project Operational Budget for fiscal year 2017-18

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 16, 2017 ended at 1:33 p.m.

Nina Boyd
Assistant Secretary, Board of Education

John W. Bedell, Ph.D.
President, Board of Education
ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION

BOARD AGENDA ITEM

DATE: September 12, 2018

TO: Nina Boyd, Associate Superintendent

FROM: Renee Hendrick, Associate Superintendent, Administrative Services

SUBJECT: Education Facilities Corporation Board of Directors 2018-2019

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>2017-2018</th>
<th>Office</th>
<th>2018-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>John W. Bedell, Ph.D.</td>
<td>President</td>
<td>Ken L. Williams, D.O.</td>
</tr>
<tr>
<td>Secretary</td>
<td>David L. Boyd</td>
<td>Secretary</td>
<td>Mari Barke</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Ken L. Williams, D.O.</td>
<td>Treasurer</td>
<td>John W. Bedell, Ph.D.</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: September 12, 2018

TO: Nina Boyd, Associate Superintendent

FROM: Renee Hendrick, Associate Superintendent, Administrative Services

SUBJECT: The Esplanade Project Operational Results for Fiscal Year 2017-18

For the 2017-18 fiscal year, the Esplanade Project averaged 99% occupancy with an average debt service interest rate of 3.5%.

The total operating revenues were $2,385,765 and the total expenditures were $1,522,308 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 $5,301,489.

RECOMMENDATION:

Receive the Esplanade Project Operational Report for fiscal year 2017-18.

RH:sh
The Esplanade Project Annual Report  
2017/18 Fiscal Year -- Actual Vs. Budget Comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING FUND BALANCE:</strong></td>
<td>$4,438,031.74</td>
<td>$4,438,031.74</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE:</strong></td>
<td>$1,882,246.74</td>
<td>$2,385,765.18</td>
<td>($503,518.44)</td>
</tr>
<tr>
<td>OPERATING EXPENDITURES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Rental Expenditure: (2)</td>
<td>$691,429.27</td>
<td>$589,877.50</td>
<td>($101,551.77)</td>
</tr>
<tr>
<td>Total Debt Service Payments: (3)</td>
<td>1,031,037.33</td>
<td>932,430.81</td>
<td>(98,606.52)</td>
</tr>
<tr>
<td>Special Principal Prepayment</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENDITURES:</td>
<td>$1,722,466.60</td>
<td>$1,522,308.31</td>
<td>($200,158.29)</td>
</tr>
<tr>
<td>TOTAL CAPITAL EXPENDITURES: (4)</td>
<td>$1,200,000.00</td>
<td>$0.00</td>
<td>($1,200,000.00)</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES):</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES:</td>
<td>$2,922,466.60</td>
<td>$1,522,308.31</td>
<td>($1,400,158.29)</td>
</tr>
<tr>
<td>NET CHANGE IN FUND BALANCE:</td>
<td>($1,040,219.86)</td>
<td>$883,456.87</td>
<td>$1,903,676.73</td>
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<tr>
<td><strong>ENDING FUND BALANCE:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Fund Balance:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017/2018 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>$1,777,811.88</td>
<td>$3,681,488.61</td>
<td></td>
</tr>
</tbody>
</table>

(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, & Miscellaneous Services.
(3) Total Net Debt Service Payments include certificate principal, interest, Program operational expenditures.
(4) Total Capital Expenditures include amounts paid during the current fiscal year for operational improvements to secure tenant leaseholds.

**Actual**

(A) Fiscal Year 2017/18 occupancy average is 99%.
(B) The average debt service interest rate for Fiscal Year 2017/18 is 3.50%. Interest is paid semi-annually December and June.
The Esplanade Project Annual Report

Fiscal Year 2017/2018 Fiscal Year Results

Actual Operational Revenue & Expenditure Activity
2017/2018 Fiscal Year Results

Breakdown of Ending Fund Balances

2017/2018 Fiscal Year Interest Rates
Average Department Interest Rate = 3.50%

Prepared by: California Financial Services
## The Esplanade Project Annual Report
### 2017/18 Fiscal Year Revenue/Expenditure Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING FUND BALANCE:</strong></td>
<td>$4,438,031.74</td>
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<tr>
<td><strong>TOTAL OPERATING REVENUE (1):</strong></td>
<td>$2,385,765.18</td>
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<tr>
<td><strong>OPERATING EXPENDITURES:</strong></td>
<td></td>
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<td>Total Rental Expenditures (2):</td>
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<td><strong>TOTAL OPERATING EXPENDITURES:</strong></td>
<td>$1,522,308.31</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL EXPENDITURES (4):</strong></td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES):</strong></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES:</strong></td>
<td>$1,522,308.31</td>
</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCE:</strong></td>
<td>$863,456.87</td>
</tr>
<tr>
<td><strong>ENDING FUND BALANCE:</strong></td>
<td>$5,301,488.61</td>
</tr>
</tbody>
</table>

**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: $236,162.26
- Esplanade Operational Fund Accounts: 3,445,326.35

**Total Unrestricted Fund Balance:** $3,681,488.61

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(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.

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**Actual:**
- Fiscal Year 2017/18 average occupancy rate is 99%.
- 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 $12,490,000.
ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION

BOARD AGENDA ITEM

DATE: September 12, 2018

TO: Nina Boyd, Associate Superintendent

FROM: Renee Hendrick, Associate Superintendent, Administrative Services

SUBJECT: The Esplanade Project Operational Budget for Fiscal Year 2018-19

The budget reflects revenues at an average occupancy rate of 90%. 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 one building in 2018-19.

On December 1, 2016, our fixed interest rate was set at 3.5% through December 2019. The projected debt service payments total $1,072,295 for this year.

Based on these assumptions we are projecting a net decrease in the fund balance of $722,754 for the budget year.

RECOMMENDATION:

Receive and approve the Esplanade Project Operational Budget for fiscal year 2018-19.

RH:sh
## The Esplanade Project Annual Report
### 2018/2019 Fiscal Year Revenue/Expenditure Budget

<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td><strong>BEGINNING FUND BALANCE:</strong></td>
<td>$5,301,488.61</td>
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<tr>
<td><strong>TOTAL OPERATING REVENUE (1):</strong></td>
<td>$2,027,900.40</td>
</tr>
<tr>
<td><strong>OPERATING EXPENDITURES:</strong></td>
<td></td>
</tr>
<tr>
<td>Total Rental Expenditures (2):</td>
<td>$678,359.13</td>
</tr>
<tr>
<td>Total Debt Service Payments (3):</td>
<td>1,072,295.43</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENDITURES:</strong></td>
<td>$1,750,654.56</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL EXPENDITURES (4):</strong></td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES):</strong></td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES:</strong></td>
<td>$2,750,654.56</td>
</tr>
<tr>
<td><strong>NET CHANGE IN FUND BALANCE:</strong></td>
<td>($722,754.15)</td>
</tr>
<tr>
<td><strong>ENDING FUND BALANCE:</strong></td>
<td>$4,578,734.46</td>
</tr>
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### Restricted Fund Balance:

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<td><strong>Total Restricted Fund Balance:</strong></td>
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<td><strong>Total Unrestricted Fund Balance:</strong></td>
<td>$2,958,734.46</td>
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(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 90%.
Rental Expenditures are projected at 115% of FY 2017/18 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 2018/2019 Fiscal Year. The actual “Extended” Rate may change after December 1, 2019.