



**Vacaville Christian Schools
Special Board Meeting Called
March 9, 2021 / 8:00am - 9:50am**

FINAL

Board of Directors:	
Becky Craig ~ Chairman *(2 nd , 12/2022)	Joe Dingman ~ Member at Large *(1 st , 4/2023)
Seth Jamel ~ Vice Chairman *(2 nd , 9/2023)	Justin Kagin ~ Member at Large *(1 st , 5/2023)
Jason Smotherman – Treasurer *(1 st , 5/2021)	Ben Davis ~ Head of School
John Biard ~ Secretary *(1 st , 6/2022)	Lou Cabral – member at large *(1 st , 1/2024)
Susanna Brooks ~ Member at Large *(1 st , 10/2023)	Courtney Gallaher ~ Administrative Support
	*(current term, end of current term)

The Board conducted a special meeting remotely on March 9 from 8-9:50 am for the purpose to consider selection of a debt refinancing proposal. Those in attendance included Becky Craig, Jason Smotherman, John Biard, Joe Dingman, Justin Kagin, Susanna Brooks, Ben Davis, and Rosemary Archie. Board members Seth Jamel and Lou Cabral were absent.

Mr Davis invited the Athletic Director and a sports field consultant to present a report on the status of the athletic fields with recommended improvements. Urgency was conveyed to address concerns regarding both turf replacement and comprehensive base repairs. The costs were estimated at \$850-950,000.

Mr Davis then presented a recommendation that the school maintain cash reserves equating to six months' of operating expenses. Mr Davis also referenced the outstanding capital improvement project list provided that totals approx \$740,000.

Becky outlined that the items for board consideration today included selection of a loan refinancing proposal and whether to authorize borrowing additional funds to address the previously noted fiscal demands. Further, she indicated that the supplemental loan should be contemplated in tandem with the SBA-Payroll Protection Program loan currently awarded and being held for subsequent acceptance consideration.

The Board concurred that it was prudent to consider the merits of the awarded PPP's no-to-low interest forgivable loan/grant in comparison with the cash-out option

Motion to approve minutes: Seth Jamel
2nd: Jason Smotherman
Approved: ~ 8 Ayes / 0 Abstention(s)

presented. The Board deliberated whether the 2021-22 will likely be impacted by COVID-19 and the consensus is that enrollment and operating expenses have high exposure to potential impacts based on known (international student travel) and unknown variables. The Board voted 4-2 (Smotherman and Craig dissent) to accept the funds and direct Mr. Davis to develop a plan for utilizing the funds to address the fiscal demands.

Mr Davis then recommended the Board approve First Northern Bank's proposal to refinance the \$4.1 million outstanding debt with a 20 year term mortgage at 3.75% (subject to market movement) including the option to process a second mortgage to finance \$750,000 in capital improvements at 3.95%. Further, he indicated his intent to negotiate the proposed 1.35 debt covenant net operating income ratio toward TCU's proposal of 1.15.

A lengthy conversation ensued that weighed the merits of the recommendation (relatively equal annual debt service payments, capital project completion) with the concerns of the biblical position regarding debt, of extending the school's indebtedness, of not having a plan to prioritize utilization of the funds, and of not conducting a capital campaign to include current community support.

The Board was split in its support for the second mortgage and chose to postpone a decision on it while the board voted 5-1 (Kagin dissent) to refinance the mortgage with the proposed 20-year note with requirement to reduce the debt covenant ratio to 1.25 or less.

The Board agreed to revisit the second mortgage cash-out proposal at the regular monthly meeting to determine whether further direction can be provided by the full board.