



# CITY OF BELLE ISLE, FL

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## MEMORANDUM

From the Desk of Bob Francis, City Manager

**To:** Mayor and Council  
**Date:** February 26, 2020  
**Re:** Workshop for Refinancing Cornerstone Debt

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As a result of the Council Workshop on February 4, 2020, the Council was to review their notes and the presentation then provide the City Manager with a list of their top three or so points to consider for another workshop in the near future (time and date TBD). During the workshop, the Council discussed three broad core issues:

1. CCA Board Composition
2. Site Plan
3. Facility Monitoring

In discussing the three core issues, following points were discussed for future consideration:

- Require three voting seats on the Board including the Mayor
- Term limits for the Board members and have the public choose their Board, or have the CCA Board represent the areas of where the greatest student populations come from.
- Have City representation in the Master Plan planning sessions
- Consider a rent structure consistent with the market
- Wallace Field should not be included in the negotiations
- The new proposal will assume 100% of the maintenance by CCA. The City will need to have a 2-3 year agreement with an Engineering Firm for periodic checks on the building for compliance.
- Ask the CCA team how the school will go about funding the \$22 million bond debt in the short run of 10 years.

In reviewing how the BoA property fits in this equation, if CCA wants to include the property in the Master Plan, then the cost of the building should be rolled up in the school project financing. The advantage to the City is that we would not be carrying this debt. If CCA does not want to use the property, then the City will consider renovating the building for a police station and the City will finance the BoA purchase. The City and CCA could also consider leasing this property to CCA for a few years which may be attractive to CCA while other construction is being done on the main campus. If the City might also consider closing Fairlane Avenue, this will add to usable space for CCA either in the short-term or long-term.

Since the Council agreed that time is of the essence, the follow-up workshop was scheduled for Wednesday, February 26, 2020 so the Council could have a firm list of conditions to send to CCA and this will also give the City Attorney guidance on what documents to draft.

As of the date of this memorandum, the items that the Council will discuss include:

1. The points listed on the first page are still valid points.
2. The board must answer to the public. It's a public charter school and thus there is no justification for the leadership to be chosen by former community leaders. The entire board should be elected by the public or selected by representatives chosen by the public.
3. Quarterly, semi-annual, or annual inspections of all properties must be performed by the city to ensure that property belonging to the public is being adequately maintained.
4. Possible renegotiation of property so that the Lancaster House and the property where it stands would no longer be school property. (This point may be delayed until a final resolution of the Lancaster House is determined.)
5. The debt service on the refinancing was projected between \$1,375,000 to \$1,500,000. CCA should provide the methodology on how the debt service will be paid (See handout sheets).
6. If CCA defaults on the bond or can no longer pay the debt service, the City should have the first opportunity to either take over the debt service payments or determine what entity replace CCA.
7. CCA has no interest in the BOA property as it is not conducive to the school use (CCA to provide information sheet).
8. A joint workshop between the CCA and the City should be set up as soon as possible to discuss these items in detail.

# **Refunding & Cornerstone Masterplan 2.0 Annual Debt Payments**

- **\$1,375,000 per year for 23 years**
- **3.8% interest rate fixed for expansion**
- **\$859 annual per student station**



## Summary of Refinancing and New Project Opportunity

<b>Loan Purpose:</b>	<ul style="list-style-type: none"><li>- Series 2020A: Refund existing Series 2012 Bonds and pay for issuance cost</li><li>- Series 2020B: Fund an expansion to the existing School Site</li></ul>
<b>Interest Rate:</b>	<ul style="list-style-type: none"><li>- The Series 2020A Bonds will be structured as “Cinderella Bonds”<ul style="list-style-type: none"><li>• Cinderella Bonds are initially issued as Taxable Bonds, but convert to a Tax-Exempt interest rate when legally allowed<ul style="list-style-type: none"><li>• Initial Taxable rate: 4.95%</li><li>• Tax-exempt rate: 3.95%</li></ul></li><li>• Tax-exempt rate for the Series 2020A Bonds begins on the conversion date of July 1st, 2022 for refunding</li><li>• This results in annual savings of approximately \$93,000</li></ul></li><li>- The Series 2020B Bonds will be issued as Tax-Exempt Bonds</li></ul>
<b>Amortization:</b>	<ul style="list-style-type: none"><li>- 22-year equal payment amortization schedule (mature on September 1, 2042)</li></ul>
<b>Collateral &amp; Security:</b>	<ul style="list-style-type: none"><li>(i) The Leasehold Interest on the School’s Primary Facility</li><li>(ii) A pledge of and security interest in the Charter School Revenues</li><li>(iii) A security interest in all other assets of the School</li></ul>