

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
LEGACY CHARTER SCHOOL

September 28, 2022

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**Board members in attendance**

James Bicak  
Sven Carlsson  
Leslie Davis  
Maria Friedman  
Lazarus Goosby  
Andrell Holloway  
Dr. Carolyn Vessel

**Board members not attending**

Gillian Flynn  
Michele Gossmeier

**Life trustee:** Errol Stone

**Others attending the meeting:** Liz Goss, Principal, Lynn Iacopelli, Quattro, Nicole Boardman, Quattro, Shanan Egger, EAB Solutions.

**Location of Meeting.**

The meeting was held via Zoom. Participants in the meeting could all hear each other. The meeting was held virtually because of the disaster order related to Covid.

Before the meeting began, Liz gave an update on the shooting that occurred as the school was practicing a mandatory fire drill. Two bullets entered the building and windows in the gym and cafeteria were shattered. Discussion centered on further improvements to the structure of the building and resources for staff, children, and families that are impacted by this.

**Call to Order.**

The meeting of the Board of Directors of Legacy Charter School was called to order by co-chair Andrell Holloway at approximately 6:20 pm. A quorum was present.

**Discussion of Bond Issuance to Refinance New Market Tax Credit**

The School's current New Market Tax Credit has a put and call option that is effective on December 22, 2022. The lenders intend to exercise their put on that date, and if they did not exercise their put, Legacy would exercise its call. Once that is exercised, Legacy will have the ability to unwind the transaction. Legacy needs to refinance \$4.3 million in New Market Tax Credits with approximately \$200K in additional refinance costs.

The recommendation from the Finance Committee is to move forward with bond issuance. Mr. Holloway explained that the goal is to balance the risk associated with increasing interest rates and the predictability of debt service. Because of the certainty that bonds provide, we can also free up cash we have in the reserves for other needs.

Mr. Egger explained that the Finance Committee evaluated traditional financing and other bonds. The variance in rates was .25 - .50, and this did not warrant enough in savings to make other options worth it because the rate would reset in five years. We will pay slightly higher on the initial rate to mitigate future risk. The two primary goals are peace of mind and to have as many resources available to invest in instruction. Bonds provide the greatest flexibility and the greatest assurance.

Mr. Stone continued the discussion about the certainty the bonds provide. Legacy will have fixed debt service for as much as 35 years. We still need to decide the term length. The debt service is fixed for up to 35 years. There will be a certain period of time that you cannot pay off the bonds; this needs to be negotiated and will likely be around 7 years. Then Legacy can pay it off if we want. A conventional loan would have a reset of interest in 5, 10, 15 years, etc. depending on the term. We didn't want to gamble on that. Legacy wants something fixed and dependable.

Mr. Holloway explained that Zeigler is very experienced in these types of transactions. Mr. Stone has secured legal support from Dentons. The timeline is detailed within the document that was shared prior to the meeting. Key next steps include executing the agreement with Zeigler and pulling together all of the required documents. The Finance Committee will come back in October with the terms that will be more known than they are today.

Mr. Carlsson asked for clarification on the legal fees associated with bond issuance. The \$110,000 includes bond counsel and underwriters counsel, as well as separate legal fees for termination of the NMTC. There are two lenders as well as Chase, and they all have their own lawyers. This makes legal fees greater. Dentons' services will be pro bono.

Mr. Stone explained that there will be a provision in the bonds that will allow additional financing in case we need to do that in the future. One issue to be resolved with bond holders is whether the mortgage that will secure the bonds will cover the original school property plus the additional sites that we acquired to the north. We will try to have the property excluded but since it's included in consolidated statements, we may lose that.

Mr. Holloway closed the discussion by summarizing the key next steps, which include executing the agreement with Zeigler, and working together as a team to move this forward. The Finance Committee will come back in October with more precise terms.

Mr. Bicak made a motion to authorize executing the agreement with Ziegler to move forward with the bond issuance. Mr. Goosby seconded the motion. The roll call vote was as follows: Mr.

Holloway - Yea, Ms. Friedman - Yea, Dr. Vessel - Yea, Mr. Bicak - Yea, Mr. Carolsson - Yea, Mr. Goosby - Yea, and Mr. Holloway - Yea.

**Other Business**

Ms. Goss asked the Board to consider waiving a conflict of interest. Dr. Vessel excused herself from the meeting. Ms. Goss explained that Legacy has a partnership with the Steans Foundation and I AM Able to ensure scholars are reading on grade and able to receive necessary counseling services. Dr. Vessel is the Executive Director of I AM Able. Ms. Goss explained that I Am Able is uniquely qualified to provide this service at Legacy, and therefore the value of the service outweighs the conflict. Mr. Carlsson made a motion to approve the contract with I Am Able and to waive the conflict of interest. Mr. Goosby seconded the motion. The roll call vote was as follows: Mr. Holloway - Yea, Ms. Friedman - Yea, Dr. Vessel - Yea, Mr. Bicak - Yea, Mr. Carolsson - Yea, Mr. Goosby - Yea, and Mr. Holloway - Yea.

**Public Comment**

No members of the public were present.

**Adjournment**

There being no further business, the meeting adjourned at approximately 6:47 pm.

Respectfully submitted,

DocuSigned by:  
*Nicole Boardman*  
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Nicole Boardman, Secretary pro tem