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REGULAR MEETING OF FACILITIES CORPORATION]

August 7, 2024

Location: The public meeting will be conducted onsite with limited seating at 200 Kalmus Drive, Costa Mesa, CA 92626 and via YouTube live stream

<https://youtube.com/live/Cd58A8aFKUM?feature=share>

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 7, 2024 – adoption
- (* MINUTES Receive the Minutes of the Regular Meeting of August 2, 2023 – Approved at the September 6, 2023 meeting.

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 2023-24.
- (* 3. Receive and approve the Esplanade Project Operational Budget for fiscal year 2024-25.

CLOSED SESSION

ADJOURNMENT



Renee Hendrick
Assistant Secretary to the Facilities Corporation, Orange County

(* Printed items included in materials mailed to Board Members
Facilities Corporation Board Meeting Agenda

08/07/2024

MINUTES
Regular Meeting
Facilities Corporation
August 2, 2023

[X] Mailed [] Distributed at meeting

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 5:47 p.m. on August 2, 2023 in the Board Room, 200 Kalmus, Costa Mesa, California and via YouTube live stream.

ROLL CALL

Present:
Mari Barke
Ken L. Williams, D.O.
Tim Shaw
Lisa Sparks, Ph.D.
Jorge Valdes, Esq.

AGENDA

Motion by Barke, seconded by Sparks, and carried by a vote of 5-0 to approve the August 2, 2023 agenda of the Facilities Corporation regular meeting.

MINUTES

Motion by Barke, seconded by Williams, and carried by a vote of 5-0 to receive the August 17, 2022 Regular Meeting of Facilities Corporation Minutes.

PUBLIC COMMENTS

None

SPECIAL RECOMMENDATIONS


1. Motion by Shaw, seconded by Sparks, and carried by a vote of 5-0 to confirm the appointment of the officers of the Facilities Corporation for 2023-24.
 - Tim Shaw – President
 - Lisa Sparks, Ph.D. – Secretary
 - Mari Barke – Treasurer
2. Motion by Shaw, seconded by Barke, and carried by a vote of 5-0 to receive the Esplanade Project Operational Report for fiscal year 2022-23.
3. Motion by Shaw, seconded by Barke, and carried by a vote of 5-0 to receive and approve the Esplanade Project Operational Budget for fiscal year 2023-2024.

CLOSED SESSION

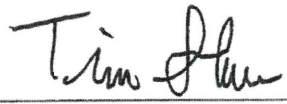
None

ADJOURNMENT

On a motion duly made and seconded, the Regular Meeting of the Facilities Corporation of August 2, 2023 adjourned at 5:54 p.m.



Nina Boyd
Assistant Secretary, Board of Education



Tim Shaw
President, Board of Education

RH

**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 7, 2024
TO: Renee Hendrick, Deputy Superintendent
FROM: David Giordano, Associate Superintendent, Administrative Services
SUBJECT: Education Facilities Corporation Board of Directors 2024-25

BACKGROUND:

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>2023-2024</u>	<u>2024-2025</u>	
President	Tim Shaw	President	Ken L. Williams, D.O.
Secretary	Lisa Sparks, Ph.D.	Secretary	Mari Barke
Treasurer	Mari Barke	Treasurer	_____

RECOMMENDATION:

Appoint the officers of the Education Facilities Corporation.

DG:sh



**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 7, 2024
TO: Renee Hendrick, Deputy Superintendent
FROM: David Giordano, Associate Superintendent, Administrative Services
SUBJECT: The Esplanade Project Operational Results for Fiscal Year 2023-24

BACKGROUND:

For the 2023-24 fiscal year, the Esplanade Project averaged 92% occupancy with an average debt service interest rate of 2.84%.

The total operating revenues were \$2,770,417, and the total expenditures which includes major tenant renovations were \$2,087,565 resulting in an increase in our fund balance of \$682,852.

The fixed debt service rate of 2.84% will continue until June 1, 2029 when the Certificates of Participation will be paid in full. The current Principal outstanding is \$6,325,000.

Our Esplanade Project Fund Balance as of June 30, 2024, was \$5,074,141.

RECOMMENDATION:

Receive the Esplanade Project Operational Report for fiscal year 2023-24.

DG:sh

The Esplanade Project Annual Report
2023/24 Fiscal Year -- Actual Vs. Budget Comparison

Budget Categories	2023/2024 Budget	2023/2024 Actuals	Actual Vs. Budget
BEGINNING FUND BALANCE:	\$4,391,288.42	\$4,391,288.42	\$0.00
TOTAL OPERATING REVENUE: (1)	\$1,993,509.83	\$2,770,417.09 (A)	\$776,907.27
OPERATING EXPENDITURES:			
Total Rental Expenditure: (2)	\$850,824.84	\$682,135.39	(\$168,689.45)
Total Debt Service Payments: (3)	1,392,574.00	1,385,962.33 (B)	(6,611.67)
Special Principal Prepayment:	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL OPERATING EXPENDITURES:	\$2,243,398.84	\$2,068,097.72	(\$175,301.12)
TOTAL CAPITAL EXPENDITURES: (4)	\$1,200,000.00	\$19,467.00	(\$1,180,533.00)
OTHER FINANCING SOURCES (USES):	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL EXPENDITURES:	\$3,443,398.84	\$2,087,564.72	(\$1,355,834.12)
NET CHANGE IN FUND BALANCE:	(\$1,449,889.02)	\$682,852.37	\$2,132,741.39
ENDING FUND BALANCE:	\$2,941,399.41	\$5,074,140.79	
Restricted Fund Balance:			
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:	\$1,321,399.41	\$3,454,140.79	

(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

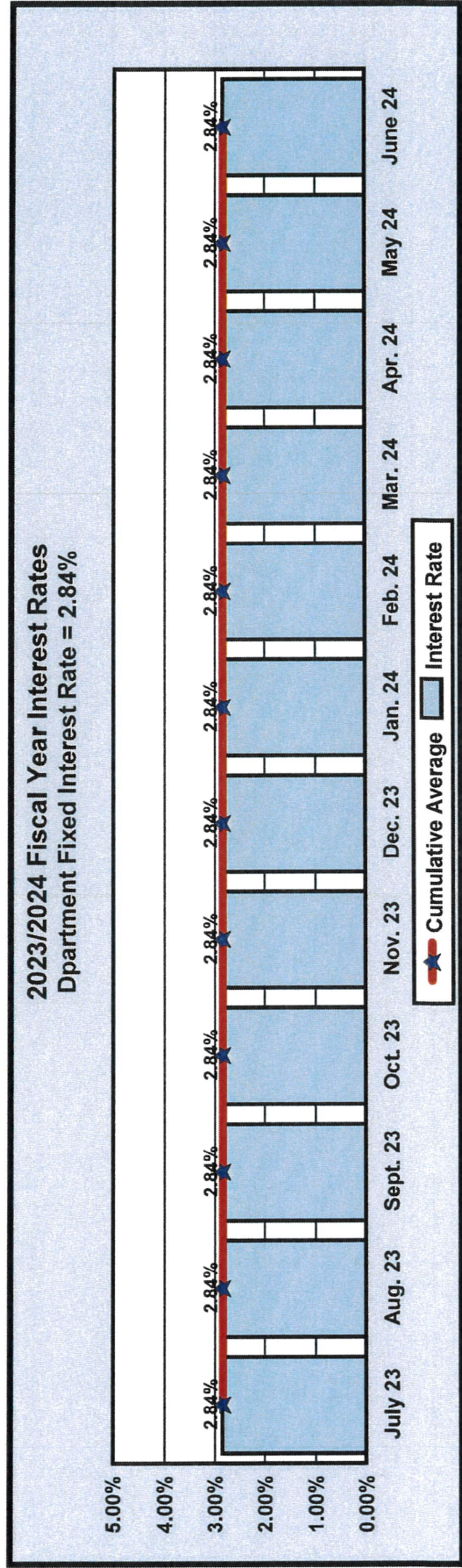
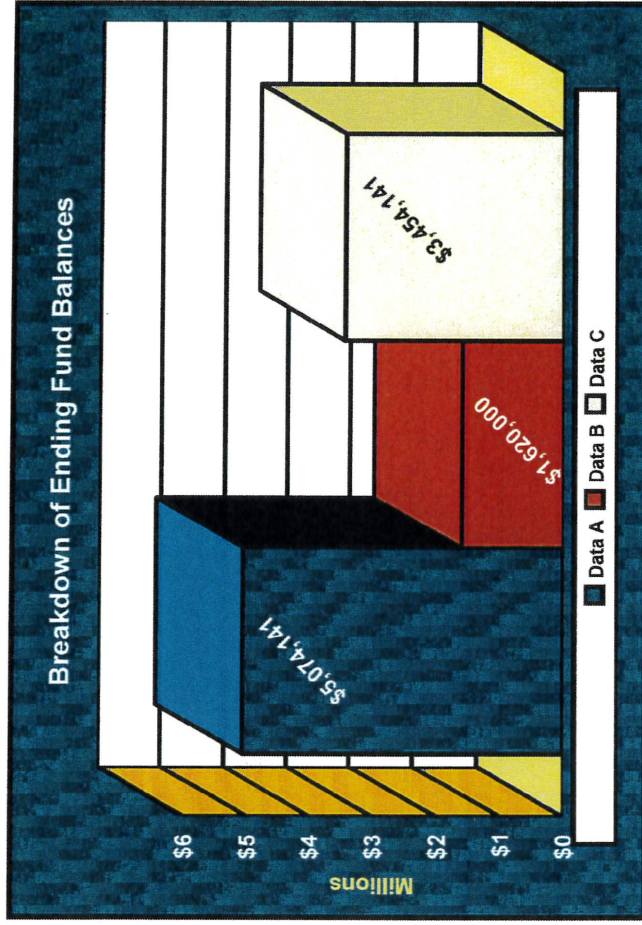
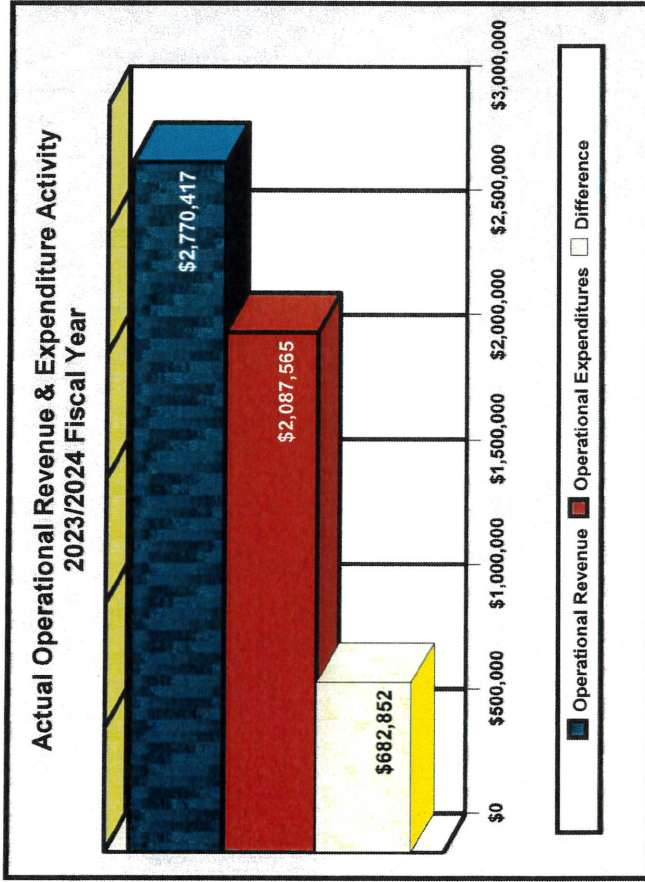
(A) Fiscal Year 2023/24 average occupancy rate is 92%.

(B) The Department's rate was reset at a fixed interest rate of 2.84% on December 1, 2019, through June 1, 2029. Payments are due semiannually on June 1st & December 1st. Includes interest and management fees.

(C) The current principal outstanding is \$6,325,000.

The Esplanade Project Annual Report

Fiscal Year 2023/2024 Fiscal Year Results



The Esplanade Project Annual Report
2023/24 Fiscal Year Revenue/Expenditure Results

BEGINNING FUND BALANCE:	\$4,391,288.42
TOTAL OPERATING REVENUE (1):	\$2,770,417.09
OPERATING EXPENDITURES:	
Total Rental Expenditures (2):	\$682,135.39
Total Debt Service Payments (3):	1,385,962.33
Special Principal Prepayment:	<u>0.00</u>
TOTAL OPERATING EXPENDITURES:	\$2,068,097.72
TOTAL CAPITAL EXPENDITURES (4):	\$19,467.00
OTHER FINANCING SOURCES (USES):	<u>0.00</u>
TOTAL EXPENDITURES:	\$2,087,564.72
NET CHANGE IN FUND BALANCE:	\$682,852.37
ENDING FUND BALANCE:	\$5,074,140.79
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:	\$38,084.51
Esplanade Operational Fund Accounts:	<u>3,416,056.28</u>
Total Unrestricted Fund Balance:	\$3,454,140.79

- (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:

(A) Fiscal Year 2023/24 occupancy rate is 92%
The Department's rate was reset at a fixed interest rate of 2.84% on December 1, 2019, through June 1, 2029.
Interest is paid semiannually on June 1st & December 1st. The current Principal outstanding is \$6,325,000.

The Esplanade Project Revenue/Expenditure Report
From July 1, 2023 Through June 30, 2024

Description of Activity	Fiscal Year 2023/2024 1st Quarter	Fiscal Year 2023/2024 2nd Quarter	Fiscal Year 2023/2024 3rd Quarter	Fiscal Year 2023/2024 4th Quarter	Fiscal Year 2023/2024 Combined
<u>Rental & Other Revenue</u>					
Tenant Rent Revenue	\$650,798.38	\$617,660.90	\$619,829.68	\$597,826.17	\$2,486,115.13
Common Area Maintenance Fees	30,369.26	29,978.35	29,884.24	27,837.15	118,069.00
Late Fees	<u>274.68</u>	<u>2,101.27</u>	<u>2,821.36</u>	<u>2,032.62</u>	<u>7,229.93</u>
Total Rental Revenue:	\$681,442.32	\$649,740.52	\$652,535.28	\$627,695.94	\$2,611,414.06
2002 Program/O.C.Treasurer Interest:	30,546.78	38,556.24	28,705.61	61,194.40	159,003.03
Other Revenue	0.00	0.00	0.00	0.00	0.00
Total Rental Revenue:	\$711,989.10	\$688,296.76	\$681,240.89	\$688,890.34	\$2,770,417.09
<u>Operating Expenditures</u>					
Property Management	\$29,180.64	\$27,362.28	\$27,516.27	\$26,136.71	\$110,195.90
Property Taxes & Permits	0.00	15,200.58	0.00	0.00	15,200.58
Repairs - Air Conditioning System	7,695.16	13,442.81	5,680.54	6,734.06	33,552.57
Repairs - Facilities	9,100.65	7,069.67	4,847.16	11,418.02	32,435.50
Repairs - Grounds	0.00	0.00	0.00	560.73	560.73
Leasing Commissions	13,719.56	7,689.17	4,115.69	11,111.25	36,635.67
Consulting Services - 5851	0.00	0.00	0.00	0.00	0.00
Maintenance - Landscape	3,995.97	5,276.92	2,663.96	5,327.92	17,264.77
Maintenance - Plumbing	655.00	564.50	926.45	2,736.47	4,882.42
Maintenance - Lighting	2,513.47	3,273.35	1,162.11	8,734.86	15,683.79
Maintenance - Parking Lot	774.48	774.48	798.00	798.00	3,144.96
Maintenance - Alarm System	950.00	2,850.00	1,900.00	2,850.00	8,550.00
Custodial Services	12,914.40	8,609.60	0.00	2,170.00	23,694.00
Custodial Supply	2,105.00	2,934.23	0.00	31,941.58	36,980.81
Sweeping Services	0.00	0.00	0.00	5,608.66	5,608.66
Miscellaneous Services	3,715.74	1,273.49	751.66	6,546.27	12,287.16
Pest Control	873.10	925.50	1,466.85	1,022.90	4,288.35
Advertising	362.07	410.41	327.23	347.79	1,447.50
Legal Services	3,954.15	2,402.20	3,220.45	3,187.59	12,764.39
Utilities - Water	5,939.72	12,027.32	4,029.07	9,160.95	31,157.06
Utilities - Waste Disposal	12,133.98	7,834.32	11,652.48	10,996.98	42,617.76
Utilities - Electric	68,183.75	59,317.40	39,893.91	40,323.16	207,718.22
Utilities - Natural Gas	229.14	1,350.65	5,484.21	1,822.25	8,886.25
Other	<u>2,578.34</u>	<u>0.00</u>	<u>0.00</u>	<u>14,000.00</u>	<u>16,578.34</u>
Operating Expenditures:	\$181,574.32	\$180,588.88	\$116,436.04	\$203,536.15	\$682,135.39
<u>Capital Expenditures</u>					
Site/Project Improvements	\$0.00	\$0.00	\$0.00	\$19,467.00	\$19,467.00
Tenant Improvements	0.00	0.00	0.00	0.00	0.00
Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Capital Expenditures:	\$0.00	\$0.00	\$0.00	\$19,467.00	\$19,467.00
<u>Debt Service Expenditures</u>					
Interest Component of Payment	\$0.00	\$106,287.00	\$0.00	\$106,287.00	\$212,574.00
Principal Component of Payment	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,160,000.00</u>	<u>1,160,000.00</u>
Total Debt Service:	\$0.00	\$106,287.00	\$0.00	\$1,266,287.00	\$1,372,574.00
Program Operational Expenditures:	<u>4,871.25</u>	<u>0.00</u>	<u>1,871.25</u>	<u>6,645.83</u>	<u>13,388.33</u>
2002 Program Expenditures:	\$4,871.25	\$106,287.00	\$1,871.25	\$1,272,932.83	\$1,385,962.33
Total Expenditures:	\$186,445.57	\$286,875.88	\$118,307.29	\$1,495,935.98	\$2,087,564.72
Revenue/Expenditures:	\$525,543.53	\$401,420.88	\$562,933.60	(\$807,045.64)	\$682,852.37
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Sources	0.00	0.00	0.00	0.00	0.00
Transfers Out	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Sources (Uses):	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Change in Fund Balance:	\$525,543.53	\$401,420.88	\$562,933.60	(\$807,045.64)	\$682,852.37
Esplanade Operational Fund:	\$2,719,899.92	\$2,719,899.92	\$2,719,899.92	\$2,719,899.92	\$2,719,899.92
2012 Program Fund Accounts:	51,388.50	51,388.50	51,388.50	51,388.50	51,388.50
Reserve Fund:	<u>1,620,000.00</u>	<u>1,620,000.00</u>	<u>1,620,000.00</u>	<u>1,620,000.00</u>	<u>1,620,000.00</u>
Total Fund Balance -- Beginning:	\$4,391,288.42	\$4,916,831.95	\$5,318,252.83	\$5,881,186.43	\$4,391,288.42
Total Fund Balance -- Ending:	\$4,916,831.95	\$5,318,252.83	\$5,881,186.43	\$5,074,140.79	\$5,074,140.79



**ORANGE COUNTY DEPARTMENT OF EDUCATION
FACILITIES CORPORATION**

BOARD AGENDA ITEM

DATE: August 7, 2024
TO: Renee Hendrick, Deputy Superintendent
FROM: David Giordano, Associate Superintendent, Administrative Services
SUBJECT: The Esplanade Project Operational Budget for Fiscal Year 2024-25

BACKGROUND:

The budget reflects revenues at an average occupancy rate of 85%. For the budget year, we expect that rental expenditures will increase by 15% or \$102,320, and project capital expenditures at \$1,200,000 for tenant improvements. On December 1, 2019, our interest rate was fixed at 2.84% through June 1, 2029, and the projected debt service payments total \$1,394,630 this year. The interest rate is fixed through the term of loan.

Based on these assumptions we are projecting a net decrease in the fund balance of \$747,189 for the budget year.

RECOMMENDATION:

Receive and approve the Esplanade Project Operational Budget for fiscal year 2024-25.

DG:sh

The Esplanade Project Annual Report
2024/2025 Fiscal Year Revenue/Expenditure Budget

BEGINNING FUND BALANCE:	\$5,074,140.79
TOTAL OPERATING REVENUE (1):	\$2,631,896.24
OPERATING EXPENDITURES:	
Total Rental Expenditures (2):	\$784,455.70
Total Debt Service Payments (3):	<u>1,394,630.00</u>
TOTAL OPERATING EXPENDITURES:	\$2,179,085.70
TOTAL CAPITAL EXPENDITURES (4):	\$1,200,000.00
OTHER FINANCING SOURCES (USES):	<u>0.00</u>
TOTAL EXPENDITURES:	\$3,379,085.70
NET CHANGE IN FUND BALANCE:	(\$747,189.46)
ENDING FUND BALANCE:	\$4,326,951.33
Restricted Fund Balance:	
2012 Program Reserve Fund:	\$1,620,000.00
Total Restricted Fund Balance:	\$1,620,000.00
Total Unrestricted Fund Balance:	\$2,706,951.33

- (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 85%.
Rental Expenditures are projected at 115% of FY 2023/24 Actuals. Debt Service payments are based on a fixed interest rate of 2.84% through June 1, 2029.