

PLP BOD SPECIAL MEETING Minutes- Date: 01 September, 2010

PLP BOD Present: Twan Ellison, Michelle Adams, Bill Neal, Evelyn Gerdes, John Moloney, and Julie Flaherty.

Recused/Absent: Chris Perri

NOTE: Due to the nature of the topics and Chris' conflict of interest of representing Beacon Partners, he did not attend this Special meeting.

PLP Administration: Kate Alice Dunaway

Guests: BB&T Representatives: Charles Jones, Gina XXX, and Walt Cherry

Guests: PLP parents: Modesto Gomez and Kevin Shannon

NOTE: Confidentiality agreements have been sent to Modesto and Kevin to ensure that info discussed in this closed session will not be shared in appropriately.

Location: Middle School

BB&T shared a brief overview of the mortgage terms they can create for PLP to purchase the campus from Beacon Partners. Gomez and Kevin reviewed their interpretation of Beacon's proposal of how PLP can purchase campus using their investors for the gap between market price of campus and bank's lending amount.

- (1) Charles Jones discussed the letter of credit being a commitment that bond holders will be examining and that there is a number of additional documents needed and if we can meet this deadline, the paperwork is much less. The loan to PLP has a lot of moving parts but is essentially a bond to BB&T. The goal for PLP is to have as much of that mortgage to be FIXED and less variable.

Kate Alice shared that John Swift had emailed late this afternoon that Regions is not able to put a final proposal together just yet but the lending amount would be around \$19.5-20 million (25 year term) which would provide \$1.5 million to construct the ACC (to be paid off in 4 years). Regions should come with term sheet by Thurs of this week.

John hands out multiple handouts; Gomez' interpretation is that Beacon numbers are more rosy than the current market and standards show. Beacon, on their projections, show revenues growing (may or may not occur), show state funding to be flat relative to inflation (may or may not occur) and that Beacon shows Mecklenburg county pupil allotment increases to be larger than the state level increases (not likely, given current \$4 billion projected deficit). Simulations show a 4-5 year cumulative deficit.

In contrast, the rent payments are above the current market. Gomez articulates that given current market conditions, he doubts the market will support these types of rent payments.

Kevin Shannon shares that Beacon was taking a risk with PLP at the time they were talking and planning this lease-to-purchase agreement. The real estate market was in good shape. Over the years, given our enrollment, wait list, and academic excellence, PLP is providing to be less risky. Kevin shared that whether PLP can afford to pay or not is irrelevant- we need to examine lease agreement, based upon current market and economic factors.

PLP BOD SPECIAL MEETING Minutes- Date: 01 September, 2010

PLP BOD Present: Twan Ellison, Michelle Adams, Bill Neal, Evelyn Gerdes, John Moloney, and Julie Flaherty.

Recused/Absent: Chris Perri

NOTE: Due to the nature of the topics and Chris' conflict of interest of representing Beacon Partners, he did not attend this Special meeting.

PLP Administration: Kate Alice Dunaway

Guests: BB&T Representatives: Charles Jones, Gina XXX, and Walt Cherry

Guests: PLP parents: Modesto Gomez and Kevin Shannon

NOTE: Confidentiality agreements have been sent to Modesto and Kevin to ensure that info discussed in this closed session will not be shared in appropriately.

Location: Middle School

BB&T shared a brief overview of the mortgage terms they can create for PLP to purchase the campus from Beacon Partners. Gomez and Kevin reviewed their interpretation of Beacon's proposal of how PLP can purchase campus using their investors for the gap between market price of campus and bank's lending amount.

- (1) Charles Jones discussed the letter of credit being a commitment that bond holders will be examining and that there is a number of additional documents needed and if we can meet this deadline, the paperwork is much less. The loan to PLP has a lot of moving parts but is essentially a bond to BB&T. The goal for PLP is to have as much of that mortgage to be FIXED and less variable.

Kate Alice shared that John Swift had emailed late this afternoon that Regions is not able to put a final proposal together just yet but the lending amount would be around \$19.5-20 million (25 year term) which would provide \$1.5 million to construct the ACC (to be paid off in 4 years). Regions should come with term sheet by Thurs of this week.

John hands out multiple handouts; Gomez' interpretation is that Beacon numbers are more rosy than the current market and standards show. Beacon, on their projections, show revenues growing (may or may not occur), show state funding to be flat relative to inflation (may or may not occur) and that Beacon shows Mecklenburg county pupil allotment increases to be larger than the state level increases (not likely, given current \$4 billion projected deficit). Simulations show a 4-5 year cumulative deficit.

In contrast, the rent payments are above the current market. Gomez articulates that given current market conditions, he doubts the market will support these types of rent payments.

Kevin Shannon shares that Beacon was taking a risk with PLP at the time they were talking and planning this lease-to-purchase agreement. The real estate market was in good shape. Over the years, given our enrollment, wait list, and academic excellence, PLP is providing to be less risky. Kevin shared that whether PLP can afford to pay or not is irrelevant- we need to examine lease agreement, based upon current market and economic factors.

In terms of affordability, the annual giving fund would need to amass approximately \$250,000 per year. Kevin recommends the board review and create OPTIONS. That is, (1) renegotiate lease rates to something more affordable for PLP's operating budget and in-line with current market, (2) build the ACC and Final Arts Pavilion, and continue to rent. Bill Neal and John Moloney stated that other options (stress-testing alternatives) that need to be examined (part of due diligence) is to scout for other available properties either for sale at a lower cost or leasing space that is cheaper per square foot. Current appraisals of the campus do not support the asking price of \$22.5 million. Kate Alice confirmed the appraisal came in at \$19.5 million. Discussion continued about pro's and con's of picking up and moving, expense related, perception this decision will have on PLP community. Anne McIntosh and Kate Alice Dunaway suggested that part of examining the deal needs to be respectful to the relationship built and to continue professionalism and courtesy. Twan added that she has asked John M to be a conduit to Bill Pope and to Beacon Partners as we negotiate, discuss, create options, examine multiple aspects moving forward. Twan stressed that John M should represent the Board's decisions, not act without board approval, and to keep the Board informed. Any decisions- please email the board and give board members 24 hours to read email and respond. If decisions are that converge on fair offer by Sept 10, process can be initiated by first week of October, providing a good 90 days to close on any mortgage deal (Nov and Dec have multiple holidays).

Question: How does PLP purchase and build ACC on Beacon property? Kate Alice said John Woods stated a common solution used is that PLP build ACC and Beacon would lease the lot portion the ACC resides back to PLP.

Meeting ended at approximately 8:45 pm.

Respectfully submitted,

Dr. Anne McIntosh
PLP Board of Directors - Secretary