

PLP BOD SPECIAL SESSION Meeting Minutes- Date: Sept 14, 2010

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

Recused: Chris Perri

PLP Administration: Kate Alice Dunaway

Location: Houston House

Twan opened the meeting at 7:35 pm stating the goal is to determine (discuss) and possibly vote as to whether PLP purchases the campus or continues to lease.

- (1) September 3, 2010 Meeting with Beacon Partners. To review for benefit of non-founding board members, Oct 7, 2007- Bill Pope reviewed a lease to own agreement that provided rent payment schedule and three "options" to buy campus and recommended the Board approved. Board, at that time was: Barbara Freund, Larry Harrelson, Jackie Hayes, John Moloney, and Anne McIntosh. Short facts: Twan and Kate Alice met with Pete Lash and Chris Perri stating PLP had interest in buying. Pete and Chris stated purchase price \$22.2 million could be lowered to \$21.5 million but no further negotiations, in spite of current appraisal of \$19.5 million. Pete and Chris stated they only wanted to discuss campus purchase with KA Dunaway and/or Twan Ellison.
- (2) Regions Bank Terms/Proposal- See Sept 14, 2010 handout. Kate Alice stated that Bill Neal made contact in the spring with Regions Bank. Regions Executive Jon Swift and Bo Buckner (attorney who is with Regions) came back on Sept 08, 2010 with a proposal that is markedly different from BB&T proposal Short facts:
 - Loan \$19.5 million which is one million more than the BB&T loan amount. [\$16.5 million of 19.5 million is 25 year amortization; the other \$3 million is a 7 year loan]
 - Loan is over 25 years; whereas BB&T was over 20 years.
 - The interest rate is 4.79 percent
 - Regions will consider a short-term loan for the \$2 million gap between \$19.5 and \$21.5 asking price.
- (3) KA then shares how PLP BOD can arrange for \$21.5 purchase price with loan and not having any "gap" of funds. Basically,
 - \$479,884.76 security deposits we already have
 - \$450,000.00 surplus funds we already have
 - \$500,000.00 capital campaign contribution dollars we already have
 - \$500,000.00 funds coming in from 2007-2009 and 2009-2010 from Mooresville Graded, Catawba, Iredell-Statesville, and CMS; Regions Bank said a letter from Richard Vinroot on law firm letter head saying PLP is due these funds from legal settlements will suffice.
 - \$70,115.14 projected surplus that will be generating from campus purchase (savings from lease payments) that we take out at Dec 30 cash flow.

Additionally, Regions will review possibility of providing short-term 7 year loan for ACC (financing in April, 2011) noting that PLP plans to receive \$550,000 from Town of Mooresville for Shared Use of ACC Agreement, an additional \$250,000-400,000 contributions on the ACC (over and beyond what is already committed), and that PLP initiates construction loan with Regions.

With this scenario, there is NO gap financing needed.

(4) John Moloney- Examination of Rate of Return for Beacon

John reminds the Board that the Covenants must be met by the Bank which insures that we do not do anything outlandish. He states there are four pages and upon review, the covenants appear to play in our favor and will be a critical part of negotiations. Short facts:

- The \$21.5 million is above market value in a depressed commercial real estate market. Paying prime price for non-prime real estate; the 22 acres was challenging on several fronts and continues to limit us with types of buildings/parking).
- Beacon's 40 investors took a risk but they have built in compensation for that risk and have been paid. The risk factor has reduced.
- John provides handout's to all board members showing that Beacon is making approximately 27.7 percent on their investment.
- John expressed concerns about enrollment as to whether we have projected revenues accurately. What happened to the 1705 numbers? KA said there is no way to approach 1705 without the Fine Arts Pavilion (FAP). Anne asked if the 1500 numbers are reasonable, given the Upper School and Middle School withdrawal rates; KA said 1500 is reasonable and attainable.
- Discussed that PLP BOD contact Briggs-Petway, the auditing firm and ask them to review and see if the financial scenarios seem reasonable (due diligence with fiduciary responsibility).
- Expressed concerns about sinkhole; KA said they are away of sinkhole and ask that this wait until ACC gets underway when the road is torn up. Do fewest repairs as possible for now. John asked about warranties and KA said most warranties have expired.
- Bill added that at any purchase price, PLP would immediately see \$500,000 savings between rent and mortgage payments and \$120,000 in taxes which would free up \$620,000 which can be used towards campus purchase. He added we needed to consider a strategic plan to buy land touching PLP campus so we can expand to 40 or so acres to add parking and ball fields, if and when adjacent property comes up for sale.
- John mentions that PLP Parent and Kaleidoscope Foundation Treasurer Brad Garrett works for 5/3 Bank and his area of expertise is working with colleges and universities doing these very types of bond financing. John suggests Brad review to provide his assessment. Anne asserts that with Brad being on Kaleidoscope Foundation, he does not need to sign a confidentiality agreement.

(5) Twan asks if we are ready to vote. Bill asks we take 10-15 minutes to think. We can vote next TUES but not afterwards as board members are out of town. What will we know then that we do not know tonight? Response: Sleep and reflection; a lot of information to absorb and most of us have just received documents today without reading through them.

Discussion: Can we say NO to this current proposal, lease another year, and then see what the economy is doing a year from now? Board members say we cannot afford to continue to lease; Twan spoke to Tom Williams this afternoon and he encourages purchase because PLP cannot afford lease payments much longer- Beacon knows this. Evelyn states that parents will feel more "ownership" if they know we have bought the campus. Julie expresses concerns on how to communicate clearly that the ACC contributions are being used to help with campus purchase; Anne volunteers to work with Twan to create message of how ACC is being built and campus purchase occurring to provide transparency and accountability of funds raised.

Twan hands out ballots; each board member votes. Unanimous decision to purchase campus as opposed to continue to lease.

Twan asks for list of questions (reminding board members to email her if they think of other questions)

- Interest rate- need analysis from Year 1 to Year 25 on bond of all interest paid, principal paid; KA reminded that there are two loans. Anne said she'd like to see payment schedule analysis of both loans.
- Clarity on debt swap ratio (appears to be at 100 percent)
- Sink hole
- Timeline for \$35,000 legal fees and \$25,000 origination fees to be paid (KA thinks by Dec 31, 2010).
- Communicating how ACC contributions will be managed in facilitating ACC to be built and campus purchase to occur.
- KA states she will be meeting Scott and Nechol Thayers this week; what does she share?
- Julie states she will be representing Board at Family Council meeting this Thurs; what does she share?

Twan reminds board members information is still confidential and will remain so until documents are signed. Meeting ended at approximately 9:27 pm.

Respectfully submitted,

Dr. Anne McIntosh
PLP Board of Directors - Secretary