

The Arnold Law Firm and  
Ivy Hawn Charter School of the Arts



# Your School has a Facilities Loan

## How to Maintain Compliance

P r e s e n t a t i o n

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**FCSC 2023**





# Meet the Presenters



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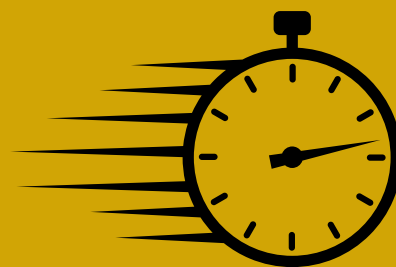
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# Types of Facilities Financing

Most typical types of financing

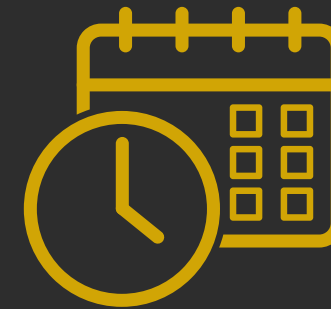
## Loans

Loan Agreement, Mortgage



Less Reporting  
Requirements

Timing,  
Need,  
Resources



Longer Term  
Financing

Can provide lower  
interest rates

## Loans of Bond Proceeds

Trust Indenture, Loan  
Agreement, Mortgage,  
Continuing Disclosure  
Agreement, Tax Certificate



# Typical Facilities Financing Covenants and Reporting Requirements

- Debt Service Coverage Ratio
- Days Cash on Hand or Liquidity







# Reporting



- Monthly/Quarterly/Annual Reports
- Enrollment and Academic Covenants and Reports
- Budget Reporting
- Audited Financial Statements
- Annual Investor Call





# Requirements that May Not be Due Until Years After Closing

- Capital Needs Assessments
- Insurance Coverage review
- Arbitrage/Rebate Calculation (for loans of bond proceeds)





# Typical Facilities Financing Restrictions

- **Limitations on additional debt or right of first refusal for future financing**
- **Facility use limitations**
- **Amendments to construction, leases and other agreements**
- **Limitations on ability to sell financed property or authorize easements**
- **Investment of trust accounts**





# Typical Disclosure Requirements



## **Continuing Disclosure**

- **Dissemination Agent**
- **Reporting to a Trustee or Bank/Lender**



## **Other disclosures**





# You have a loan...

## Now what?



How do you ensure current and future board members and school leadership understand the loan?



Who will be responsible for loan requirements during research, negotiation, and closure?



How will the responsibilities of the loan be tracked to ensure compliance? Who will be responsible for making sure nothing “falls through the cracks”?



Now that you have a loan, what are your future goals? How will they affect your current loan?



# Examples from Ivy Hawn

01

Bond Training

02

Bond Reporting Tool



03

Board Policies, Procedures, Calendar

04

Financial Back Office

05

Access to Documents

06

Contingency Planning





# Annual Calendar Guide

This section is a guide to assist the board in staying on track with items and processes throughout the year.

## July

Governing board meeting fourth Thursday  
Annual review of board policy and procedures

Quarterly presentation of bond status from the Compliance Director

## August

Governing board meeting fourth Thursday  
Complete annual review of by-laws

## September

Governing board meeting fourth Thursday  
Start evaluation of the School Improvement Plan (completed in 2019 and is due in 2024)

## October

Governing board meeting fourth Thursday  
Complete annual review of admission and enrollment policy and lottery process  
Arbitrage Calculation/Rebate Analyst every five years (the first deadline is November 1, 2023)

Quarterly presentation of bond status from the Compliance Director

## November

Governing board meeting third Thursday  
Complete annual review of the School Improvement Plan

## January

Governing board meeting fourth Thursday  
Accreditation process is completed every five years (completed in 2022 and is due in 2027)

Implementation of an independent survey on morale, environment, and the culture of the school

Quarterly presentation of bond status from the Compliance Director

## February

Governing board meeting fourth Thursday  
Principal evaluation process discussion at meeting

## March

Governing board meeting fourth Thursday  
Completion of principal evaluation  
Start budget process  
Start board recruitment process, if necessary

## April

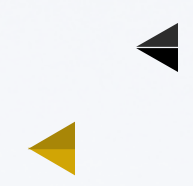
Governing board meeting fourth Thursday  
Submittal of board member contributions  
Continue board recruitment process, if necessary  
Annual review of the principal's contract  
Annual arbitrage report – Arbitrage Investment Group  
Quarterly presentation of bond status from the Compliance Director

## May

The governing board annual meeting on the fourth Thursday  
Completion of budget process and budget approval  
Completion of board member evaluations  
Complete board recruitment process and installation of new members, if necessary  
Election of officers

## June

Governing board meeting fourth Thursday  
Annual review and vote on Principal's contract  
Capital Needs Assessment for Bond Compliance due every five years (first deadline July 1, 2023)  
Complete annual review of the schools policy and procedures, if needed



**Thank You**  
**For Your Attention**

