

# Affiliated Building Company Meeting Minutes

## 11/7/23

Present: Kate Hinton, Wendell Sletten, Joell Pundsack, Dustin Reeves, Denise Spiess, Isaac Leonhardi

### Expansion Update

Sublease:

- There is a space available for sublease less than 3 miles from MSA. It is a furnished school building with 12 classrooms. We are looking at leasing the space for 2 years during construction.
  - Grades 10-12 will move to the building, about 300 students.
  - Location is outside of the district boundaries; District 622 (building is less than a half mile from 833)
    - Will need transportation (MSA contracts busing).
  - Presently working on negotiations with the landlord.
  - MSA administrators will tour on 11/7/23.
  - No construction updates will be made but will look at making sure it is up to code.
    - Make sure this is all okay before leasing.
  - Leasing the building will allow us to grow before the new building opens.
  - MSA will grow the middle school and ninth grade in the current location.
  - Hire another administrator to have someone at the new site.
- We are setting up a tour with our architect to make sure the space is up to code and determine if any changes need to be made.
- Based on that discussion we will start to determine what would be fair pricing for the property.
- The Executive Director will get bids on the cost of maintenance for that building.

Bond Timing:

- NTH is setting up a meeting with Baird to determine exactly what needs to be in place before we are ready to sell bonds.
- The goal is optimizing the timing of the sale to minimize interest costs.
  - The interest is capitalized in the loan.
  - Take out the money when we need it but no time before then.
    - Do not want to waste money by getting the loan too early.
    - Traditionally interest rates come down during the first of the year.

Property Follow up:

- NTH is coordinating the information that will come from Cottage Grove.
  - There have been challenges in getting information from the owner.
  - Purchase agreement needs to happen before going to bond.
  - Cottage Grove is interested in offering MSA a brown site. This would be on the border of Cottage Grove and Hastings.

- Not considering this option.
  - Hastings is getting too far south.
- The Executive Director is going to get them more information about the other proposed property so they can determine if they can get utilities to the property.
  - Looking at a location in Woodbury with an Apple Orchard that may be going up for sale.
    - Not sure if this would work since Woodbury wants locations to have a certain percentage of green space.
    - The price is somewhat reasonable but Woodbury is more expensive to build.

#### Financial Advising/Budgeting for Bonding

- We are engaging Bergan to review and prepare our financials in preparation for bonding.
  - Five year details to review regarding enrollment.
  - Cash flow and detailed balance sheet.
    - Similar to our regular process but more detailed because this is what the bondholders would like.
  - Work would begin in the next few weeks.

#### Roofing Update

- New flat roof has been installed over the annex.
  - Roof was repaired to stop further leaking.
- Roofing on building A begins November 7, 2023.
- New flat roof on Building B is needed over the stage.
  - \$123,000 insurance payment for all the hail and damage.
    - Covers all of the roofing cost, including the annex and Building B.

#### Next Steps

- Update on sublease.
- Expansion
  - Update on bonding.
  - Much better timeline will be provided at the December meeting.
  - Review and comment for the State of Minnesota (new build of over \$2 million needs to be provided to the State).