



Elgin Math & Science Academy

Meeting of Finance & Operations Committee

Date and Time

Tuesday March 21, 2023 at 8:00 AM CDT

Agenda

	Purpose	Presenter	Time
I. Opening Items			8:00 AM
Opening Items			
A. Record Attendance and Guests	Discuss	Dan Alexander	1 m
B. Call the Meeting to Order	Discuss	Dan Alexander	1 m
This Meeting is being held remotely due to the COVID public health emergency.			
C. Approve Minutes of the February 21 2023 Meeting of the Finance Committee	Approve Minutes	Dan Alexander	3 m
II. Operations Update			8:05 AM
A. COO Report on Operations	Discuss	Dan Alexander	15 m

1. Bond Pricing

We successfully completed the bond sale in the midst of financial market unrest, March 15th. EMSA was seen as a strong credit by many parties, and different firms bought different parts of our bonds, as is typical.

The interest rate environment on March 15th was similar to February 22nd, the last date we did a pre-pricing estimate for the Board's information at the Feb. 28th Board

Meeting, prior to pricing. At that time, the projected annual cost was \$1,035,000 for the 40 year bond without an additional property replacement (building reserve) facility fund.

The final annual cost of the bond financing to EMSA will be approximately \$1,066,000 based on a pricing spread to MMD of 251 to 273, which is considered very good for a BA2 rated charter school. The blended interest rate was about 6.14%. The term is 40 years fixed rate - with an option to refinance ("call") after seven years. Borrowing included the \$500,000 property replacement reserve as directed by the Board.

Interest on the \$500,000 reserve may be kept by EMSA and used for any lawful purpose. At today's interest rates, that should be \$20,000 - \$25,000. This then brings the net debt service cost down to \$1,041,000 - \$1,046,000.

We are obligated to maintain the reserve fund at the \$500,000 level while bonds are outstanding, however, we can draw up to the full an amount for unforeseen expense and the replace the funds over up to a five year period.

Closing is slated to occur March 30th, and there is no reason to doubt it will happen on that date. Bond documents are under review by the various attorneys.

EMSA will receive about \$311,000 in reimbursement for a variety of capital outlay: summer 2022 construction, various development and closing expenses which needed to be paid up front, and finally a roughly \$110,000 deposit to the City of Elgin Engineering Division, which will be repaid to EMSA after all City approvals are given at the conclusion of construction. The \$110,000 did not increase the cost of borrowing, because that refund from the City will be redeposited with the Bond Trustee.

However, it did cause EMSA's cash level to fall to a level, given that the Q4 ISBE PCTC payment is set arrive early the week of March 20th. We borrowed \$100,000 on the Line of Credit as a temporary measure, which we will repay upon receipt of the Q4 ISBE funds.

2. Summary of Financial Projections

A summary of EMSA's five year financial projections, after incorporation of the bond financing after pricing, is attached. This projection will be reviewed and likely revised as part of the budgeting process.

3. Expansion/Construction

We are under permit, under contract, and under construction! Many subcontractors are working harmoniously at the site, under Bulley's direction and with WKA support.

Owner Architect Contractor meetings are taking place regularly. The project is on schedule, and progressing well.

4. DCEO Capital Grant

Our DCEO Grant Manager emailed DA on 3.11 to request a form revision, and confirmed via email after receiving the form revision that DCEO had received the updated legislative language they need, and are working on the capital grant contract review, once again.

5. State Facility Funding

As the Committee knows, a \$182,000 revenue line item was reserved for new facility funding after the Legislature passed and the Governor signed an FY23 State Budget with a new bloc of funding for Illinois charter schools. INCS has been working with the Governor's Office and tentatively identified DCEO as the State Agency which can process these funds. EMSA has provided INCS with the evidence of spending on the current project in the manner requested. We are waiting to hear more from INCS.

6. FY24 PCTC rate

ISBE sent us notice that the official rate would be issued in May, later than normal. As a reminder, we were able to obtain an "unofficial" PCTC rate paid in FY24, meaning it is subject to change with ISBE review of U-46 spending in FY22 ongoing. Unofficially, the PCTC rate paid in FY24 will be \$14,121 which would represent a year-to-year increase of 12.8%, or \$1,599 from the official PCTC rate paid in FY23, which is \$12,521.

7. ISBE Financial Audit

ISBE notified EMSA in early March that it would be auditing our FY20 - FY22 funding for Title 1, Title 2, IDEA, Transportation and ESSER/CARES Act funding and expenses. Their first step is review of the detailed General Ledgers and accompanying documentation, which we have provided. Their second step is to review our policies across a variety of subjects: procurement, student records, Board and staff conflict of interest policies, etc. We have provided these to ISBE.

8. ISBE Food RFP

We will be seeking ISBE approval for our food rebid, within the week. This takes some time to work through, but hope to be out for bid in late April and to award a food contract for next year around the end of this school year.

9. Upcoming Cleaning and Transportation Bidding

I will be doing RFPs for cleaning and transportation in April/May, as normal. Note that at least in the past, no bus company other than Illinois Central has been willing to provide an alternate proposal for transportation. Illinois Central is willing to supply us with a sixth bus route.

10. FOIA

EMSA received a FOIA from the Sheet Metal Workers Union in early March, asking for information about contracts awarded for work categories in their jurisdiction. This was provided to the requestor within the initial five day period, without issues.

III. Financial Report

8:20 AM

A. February 28 2023 Interim Financial Statements	Discuss	Douglas DeJong	30 m
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Douglas DeJong will present the interim financial statements for February 28 2023.

IV. TRACKING ITEMS

8:50 AM

A. Enrollment, FR Percentage	FYI	Dan Alexander	3 m
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Every student brings \$12,251 to EMSA in PCTC revenue over the course of a year. EMSA had 414 students at the Q1 census, two short of our full enrollment, 416. This resulted in a revenue shortfall for EMSA of \$6,125 for Q1. The second enrollment certification of 410 students results in a revenue shortfall of \$18,750 for Q2. The third enrollment certification on January 3, 2022 of 412 students results in a revenue shortfall of \$12,375 for Q3. \$37,250 is the total revenue shortfall to date, resulting from enrollment shortfalls. EMSA had 414 students as of the fourth certification, resulting in a revenue shortfall of \$6,125 for Q4.

	Purpose	Presenter	Time
EMSA's Free/Reduced rate percentage, so far unofficial, now stands at 56.5%. ISBE certification of this has occurred. EMSA is now eligible for an 80% discount rate through the e-rate program, as forecasted.			

V. Other Business 8:53 AM

A. Next meeting(s)	Discuss	Dan Alexander	2 m
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The next regularly scheduled Meeting of the Finance & Operations Committee will be Tuesday April 18, 2023.

VI. Closing Items 8:55 AM

A. Adjourn Meeting	Vote	Adam Gray	1 m
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