APPROVED

El Camino Real Charter High School

Minutes

Finance Committee Meeting

Date and Time
Thursday September 17, 2020 at 4:00 PM

Location
Online Only - Please See Below

The Finance Committee is a standing committee of the Board of Directors of El Camino Real Alliance.

For committee meeting materials, please go to the school's main office, or call (818) 595-7500. Some board meeting materials are also posted in the school's website (https://ecrchs.net - click the ECR Board tab).

VIRTUAL COMMITTEE MEETING

In accordance with Governor Newsom's Executive Order N-29-20, the meeting of the Finance Committee will take place via a virtual/teleconferencing environment.

To join the virtual Committee meeting, please register through GoToWebinar https://attendee.gotowebinar.com/register/6872105700884835599, webinar ID 551-488-899. You must register for the event (note you do not need to enter your legal name to participate). Once registered, you can attend the meeting through the online link, or by telephone (a call-in number and audio PIN will be provided after you register and prior to the meeting).

PUBLIC COMMENTS

If you would like to make a comment during the Public Comment section or during an agenda item, you may do so in two ways: (1) click the "Raise Hand" icon on the control panel; or (2) email your comment to comment@ecrchs.net and it will be read on the record. **Please note**: your name will be read on the record along with your comment; if you do not wish to have your name read, please indicate on your email.

In order to conduct an orderly meeting, all members of the public will be placed on mute during the Committee meeting, except during public comments. Note that for those who elect to participate through the call-in number, you will not have the option of being unmuted during the meeting.

The Public Comments agenda item is set aside for members of the audience to raise issues that are not specifically on the agenda. However, due to public meeting laws, the Committee can only listen to your issue, not respond or take action. The Committee may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen-requested item. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed thirty (30) minutes. A member of the public who requires the use of a translator, in order to receive the same opportunity as others to directly address the Committee, shall have twice the allotted time to speak. When addressing the Committee, speakers are requested to adhere to the time limits set forth. In order to maintain allotted time limits, the Committee Chair may modify speaker time allocations or the total amount of allotted time for an item.

Consent Agenda: All matters listed under the consent agenda are considered by the Committee to be routine and will be approved/enacted by the Committee in one motion in the form listed below. Unless specifically requested by a Committee member for further discussion or removed from the agenda, there will be no discussion of these items prior to the Committee votes on them. The Committee recommends approval of all consent agenda items.

In compliance with the Americans with Disabilities Act (ADA) and upon request, El Camino Real Alliance may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Requests for disability related modifications or accommodations shall be made 24 hours prior to the meeting to Daniel Chang, in person, by email at d.chang@ecrchs.net, or by calling (818) 595-7537.

Committee Members Present
Beatriz Chen (remote), Brian Archibald (remote), Scott Silverstein (remote)

Committee Members Absent
None

Guests Present
Daniel Chang (remote), David Hussey (remote), Gregory Wood (remote)

I. Opening Items

A. Call the Meeting to Order

Brian Archibald called a meeting of the Finance and Investment Committee Committee of El Camino Real Charter High School to order on Thursday Sep 17, 2020 at 4:00 PM.

B. Record Attendance and Guests

C. Public Comments

Letty Zane asked that Mr. Wood provide a status of LAUSD's Notice to Cure.

II. Financial Review

A. Review of Investment Portfolio

Mr. Wood reported that, as August 28, 2020, we have $15.4M in the OPEB (lifetime health benefits) trust account. Mr. Archibald asked that the following information be provided : 1) the balances in the portfolio; 2) where the allocation is among the various investments; 3) for the different classes of funds, how those classes are performing versus the benchmarks for those classes. Ms. Chen also asked that the Committee be provided a year's history. Mr. Hussey pulled up the report and noted that the beginning account value was $13.5M and current account value is $15.4M. Mr. Archibald asked for a delineation of the amount we are putting in versus the amount of growth.
Also, on the asset summary, we have 1% in cash, 68% equities, 8% mutual funds and 23% exchange traded products. Mr. Archibald asked for the specific classes of investments, and their performance v. the benchmarks.
Mr. Wood asked if the Committee wanted to have our investment portfolio manager come in once a year to discuss the portfolio; Mr. Archibald agreed to once a year so we can discuss the portfolio and the performance of the managers.
Mr. Silverstein asked if there was a way of getting a graph showing the actuary's assumptions v. the actual performance so we could see how the OPEB account was trending. Mr. Wood noted that we are at about 40% funded.
Mr. Silverstein also asked if there were any issues with what types of companies our funds are invested in; Mr. Archibald stated that Mr. Wood should discuss this with the investment company, and that we could look into putting some guidance into our investment policy. And we can come up with a list of items in which the school should not be investing, with the input of the investment company.
Regarding the general portfolio, Mr. Hussey noted that the account's value at the beginning of the year was $7.3M, and the current value is $7.15M. Mr. Archibald was

surprised by this, given that the investments were all in CD's and were being converted into equity as they came due. Mr. Archibald also asked for a description of the composition of the account. Mr. Wood noted that we have cash equivalent of nearly $1.8M, and the rest of the account is in CD's. Mr. Archibald that more information be provided as to why this portfolio lost $150K.

B. Review of August 2020 Check Registers

Ms. Chen had one question regarding the refunds on the international students; overall, how much was the refund and did this impact the budget? Mr. Wood noted that there were 4 international students who requested refunds, and this has been accounted for in the budget. There may be more requests for refunds as the school year goes on, though some students are holding the funds in place with the hopes of coming to the school in the second semester.
Beatriz Chen made a motion to recommend approval of the August 2020 Check Registers to the Board.
Scott Silverstein seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

Brian Archibald	Aye
Beatriz Chen	Aye
Scott Silverstein	Aye

C. Review of August 2020 American Express Bill

Mr. Archibald stated that he usually will ask for a spot check of items on the bill and will ask for back-up documentation of that; he asked for this from Mr. Wood recently. Mr. Wood discussed the chart created which shows whose card was used, who made the request, and a description of the charge.
Mr. Archibald asked if there was somewhere on the statement that showed the amount of points/rewards accrued. It was noted that the American Express used does not provide for points. Mr. Wood intends to introduce a US Bank government card that has a points system; he will bring this to the Committee at the next meeting.
Scott Silverstein made a motion to recommend approval of the August 2020 American Express bill to the Board.
Beatriz Chen seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

Scott Silverstein	Aye
Beatriz Chen	Aye
Brian Archibald	Aye

D. August 2020 Financial Update

John Arndt of ICON discussed the August financial presentation. The Balance Sheet now separates out the OPEB; as a result, the investments are 216% higher and the long-term debt is 166% higher. And the long term debt increased because of the PPP loan; until this loan is forgiven, it is considered long term debt. Mr. Archibald asked that the long term debt for OPEB and the rest be separated in these presentations. Mr. Wood noted that the breakdown is: $3.8M is the PPP loan; $30M is the lifetime benefits; and $160K is compensated assets liabilities. The cash line shows the $3.8M PPP loan proceeds. The Cash Flow also reflects the PPP funding. We have a positive cash balance increase of $1.2M YTD.
Mr. Arndt asked if the Cash Analysis should identify the PPP funds; Mr. Archibald indicated that he would not like it included, that it should be separate.
Mr. Wood noted that our funding will be more stable, given that we will be using last year's P2 numbers; as a result, we know what our funding will be for the next school year. The Budget Update reflects an updated budget based on use of the most recent LCFF calculator. Mr. Archibald asked if this updated budget assumes that the PPP loan will be repaid; Mr. Arndt responded yes. Mr. Archibald also asked that if we end up with a surplus of $2M, what is the plan for this surplus? Mr. Wood noted that this working budget includes $8.5M in revenue which is being deferred until the next school year; as a result, the $2M surplus will be used to pay operating expenses. Also, there is news that next year's finances may be worse than this year; if that is not the case, then any surplus would be used to hire more teachers in needed areas and for facilities upgrades. Mr. Archibald also asked what our plan would be if the market dropped, for example, by 40%.
Mr. Wood noted if that happened, we would need to have conversations about shifting our portfolio and our short-term investment strategy into safer investments.
Mr. Silverstein asked where the disputed payment to LAUSD is included; Mr. Wood noted this was already accounted for in the accrued liabilities. The amount was set aside in a separate bank account, but LAUSD required an escrow account be set up. We found an escrow company to set up a holding escrow account and reached out to LAUSD about setting this up, but have yet to receive a response.

E. Review and Vote on Revised Fiscal Policies and Procedures

The proposed revisions to the FPP was reviewed. Some of the changes were made based on requests from LAUSD's Charter School Division. Other changes were made at the suggestion of Mr. Wood, who believed there should be some clarification of and updates to the FPP.
Mr. Silverstein asked that the "marijuana" be changed to reflect that the industry is known as the cannabis industry. He also asked that the conflict of interest section clarify what constitutes immediate family; this section was revised to change the term to "relative" and make it consistent with the conflict of interest language in ECR's Employee Handbook. Language was also added to clarify that this does not include interest in a publicly-traded company in which the relative does not have a controlling interest.

Mr. Silverstein also asked for clarifying language that all items purchased must be delivered to the school in order for the item to be reimbursable.
Mr. Silverstein also asked regarding the BTSA language; this was changed to reflect the current terminology used of Teacher Induction. Language was also added to identify that if the coursework is not completed, reimbursement will not be provided.
Mr. Silverstein also asked that the section on Insurance include a requirement that the insurance company used be at least rated "A" or better and a financial rating of "10" or better by AM Best.
Mr. Silverstein asked if there was a procedure for how cash received from fund raisers, ticket sales, etc., are handled. It was noted that there is a procedure; staff has to ensure that the procedure is complied with at all times.
Scott Silverstein made a motion to recommend approval of the revised Fiscal Policies and Procedures to the Board.
Beatriz Chen seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call	
Scott Silverstein	Aye
Brian Archibald	Aye
Beatriz Chen	Aye

F. Review and Vote on 3 Year Budget

Mr. Archibald asked that the motion be modified to recommend approval of the 3 year budget, with the proviso that the 2020-2021 budget identified be adopted as the current school year's budget.
Mr. Wood noted that the budget cash flow identifies the accrued column which shows the gaps in funding which will have a significant impact on cash flow. The July 1, 2021 cash balance of $1.2M *includes* the $3.8M received from the PPP loan; without that, we would have had a deficit of $2.7M which we would have had to make up through other funding sources.
Beatriz Chen made a motion to recommend approval of the 3 Year Updated Budget, including making the 2020-2021 budget the adopted budget for 2020-2021.
Scott Silverstein seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call	
Brian Archibald	Aye
Scott Silverstein	Aye
Beatriz Chen	Aye

III. Closing Items

A. Adjourn Meeting

Scott Silverstein made a motion to adjourn the meeting.
Beatriz Chen seconded the motion.

The committee **VOTED** unanimously to approve the motion.
There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:01 PM.

Respectfully Submitted,
Daniel Chang