APPROVED

El Camino Real Charter High School

Minutes

Finance Committee Meeting

Date and Time
Thursday October 15, 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/5264559940421068811, webinar ID 796-766-875. 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 Oct 15, 2020 at 4:01 PM.

B. Record Attendance and Guests

C. Public Comments

There were no public comments.

II. Consent

A. Approve Minutes of September 17, 2020 Finance Committee Meeting

Beatriz Chen made a motion to approve the minutes from Finance Committee Meeting on 09-17-20.
Scott Silverstein seconded the motion.
The committee **VOTED** unanimously to approve the motion.

III. Financial Review

A. Review of Investment Portfolio

Michael Schwartz and Gene Goldman of Cetera Advisor attended the meeting.
Mr. Archibald advised that he did not understand the presentation, as he was hoping to see a clear delineation between the two types of investment funds, and the performance of the different classes of investments as outlined in the Investment Policy document. Also, within the different classes, he was looking to see a performance of the investments versus the benchmarks.
Mr. Wood noted that the report does differentiate between the OPEB investment account and the general account. Mr. Archibald clarified that the report does provide delineation, but it does not show the performance of the different classes of investment, and the performance versus the benchmarks.
Mr. Schwartz stated that the report did show the performance by manager, the asset class, and the performance of the manager versus the benchmark. This is on the page with the number 2 in handwriting on the top right.
Mr. Archibald replied that the Investment Policy Statement ("IPS") identified the different asset classes (equities, fixed income, etc.).

Mr. Schwartz referred to a separate document just sent, which was shared. This does identify the fund performance (by manager) versus the benchmarks. And the document "El Camino UMA Current" shows some more of this information.
Mr. Archibald stated that he would put together an outline of what he would like to see, and will share it with the Committee to determine if this is the type of reporting that the Committee would like to see. He stated that he would also like to see time periods, current year / last 3 years / last 5 years. Mr. Schwartz stated that if this was shared with him, he would be happy to provide the information in the format desired.
Mr. Schwartz said that the portfolios are doing well, the last quarter the portfolio returned a total growth of 17.48%, as opposed to the Dow Jones growth of 6.8% (though he acknowledged that this was based on equities and investments, whereas Dow is based solely on equities).
Mr. Archibald also questioned the annuities investment, and how it fit into our IPS. Mr. Schwartz stated that these annuities would be considered a fixed asset. Mr. Schwartz noted that it was his understanding that the school wanted some liquidity in this asset. When Cetera took over this portfolio, it was his understanding that the school wanted conservative growth with no volatility.
Mr. Silverstein asked what percentage of the portfolio was to be in fixed assets; Mr. Schwartz stated it is 100% in fixed income assets. Until these two annuities were introduced at the end of August/beginning of September, this entire portfolio was in bank-product CDs. Mr. Archibald noted it cannot be 100% in fixed income assets, since we have over $1M in cash. Mr. Archibald believes there was a disconnect if this is what Mr. Schwartz believes the Board wanted.
Mr. Silverstein stated that we have a fiduciary responsibility to safeguard the school's assets, which stockbrokers do not have.
Mr. Archibald asked for Mr. Schwartz's recommendation, particularly whether we should modify the IPS based on the unusual and volatile status of the economy. Mr. Schwartz stated that he believes we are okay in our investment mix at this time.
Mr. Wood agreed to sit down with Mr. Schwartz and go over the IPS.
The Committee discussed whether we want to move to an Environmental, Social and Governance ("ESG") model of investing, which measures the sustainability and societal impact of investing in certain companies. Mr. Schwartz indicated that we can put a filter that blocks out investments in alcohol, tobacco, or firearms, etc. The question is whether we want to block out all such investments, or only to those investments that are more than a certain percentage invested in these types of products. Ms. Chen noted that she agrees we should move into the ESG accounts. Mr. Schwartz will put together a proposal with an investment mix that he believes is prudent based on this meeting, which will include an ESG model.
Mr. Silverstein asked the nature of Mr. Schwartz's relationship with Cetera. Mr. Schwartz stated that he is an independent investment advisor that works through Cetera. And Pershing is the third-party clearer through which everything is cleared. We pay a single blended fee that is paid to both Mr. Schwartz and Cetera, the fee is less than 1%. Mr. Schwartz stated that his office has close to $300M in investments it is managing.

B.

Review of September 2020 Check Registers

Ms. Chen asked about the AP refunds, and whether the check register includes names of students. Mr. Wood indicated that the names are those of parents/guardians, not students.
Ms. Chen also asked about the Teqlease audit charges of $6,678.83; Mr. Wood stated that we are obligated to return a certain number of laptops to the vendor, and this charge represents the cost for non-returned laptops. He also noted that there are revenue offsets to this amount, such as warranties purchased by parents.
Mr. Silverstein asked about the Piece of Mind Care Services charge of $37,639.46. Mr. Hussey noted that we contract out with Piece of Mind Care Services for special education charges, such as BII's, etc. This is paid for services rendered, not a contractual obligation amount. Piece of Mind Care sends us 12 individuals.
Beatriz Chen made a motion to recommend approval of the September 2020 Check Registers to the Board.
Scott Silverstein seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

Scott Silverstein	Aye
Brian Archibald	Aye
Beatriz Chen	Aye

C. Review of September 2020 American Express Bill

Ms. Chen asked about the Jive Communications charge, and the fact that it shows as requested by R.Guinto. This is the monthly charge; Ms. Chen asked whether this is a separate charge requested by the technology office, or if it should show as a recurring charge processed by the business office. Mr. Wood indicated that though it is a monthly charge, someone has to still sign off on the purchase, and this came under Mr. Guinto's name when we switched over from AT&T to Jive. We are looking to move away from charging this on the credit card.
Scott Silverstein made a motion to recommend approval of the September 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. September 2020 Financial Update

This item was moved up after item II.A.
John Arndt of ICON shared the financial presentation for September 2020.

Mr. Arndt noted ECR is doing well, and based on the current status and the PPP funding, we are right on track to where we projected to be at the end of the year. We are also looking to the amount of property taxes that will actually be collected, which affects LCFF funding. Mr. Wood noted that the biggest financial concern is whether the state will issue further deferrals.
It was noted that the deferrals is currently 35% of the LCFF, which is equal to approximately $7M.
Mr. Wood stated that our budget is based on an ADA of 3378; our actual current ADA is 3472.
Last year, our special education enrollment was 365; this year it is 410, which is approximately 12% of our total student population. We will be receiving a grant, which is about 20% higher than last year.
Mr. Wood further stated that we have had discussions with LAUSD regarding some of the maintenance & operations charges. We are still asking for clarification and a fee-for-service agreement for charges such as gardening. It was noted that the hourly rate for gardening services went up 19% as compared to last year, at approximately $58 an hour. We are questioning whether some of the gardening services were actually provided; and going forward, we will ask that their service providers clock in and out, since they are billing us on an hourly basis.
We are looking to become part of the LA County Treasury; the benefit would be that being part of the Treasury would allow us immediate access to state and federal funds. And it would also allow us to pay our contributions to CalSTRS and CalPERS directly, instead of having to send a cashier's check.

E. Discuss and Vote on Resolution Re Retirement Healthcare Benefits Trust

This Resolution document identifies that Gregory Wood is designated as the Trustee, with the right to designated others as Co-Trustees. Mr. Silverstein noted that there should not be just one Trustee, and this appears to allow for just one. Mr. Archibald agreed, and stated that he would not recommend approval of this Resolution, but if it can be modified and presented subsequently to the Board, that would be sufficient.
This matter was tabled.

F. Discuss Food Service Costs

Mr. Wood noted that the current contract provides for a profit for each lunch sold and a loss for each breakfast sold. This was sufficient when students were physically present and much more lunches were sold than breakfasts; however, with the pandemic and giving out both meals at the same time for an entire week to each student/parent who comes to pick up the meals, ECR is now losing money. Chartwell sent an analysis showing how the contract was based on a full year mix of 60% lunches and 40% breakfasts, which would have resulted in a return of $17,387 for the year. We are now handing out about 800 meals on a daily basis. The special revenue from the state does offset this, and we are required to meet the nutritional needs of not just our students but the entire community. Our contract with Chartwells will expire at the end of this school

year (last year of a 5 year contract), and we will be bidding this out to food service providers for a more balanced model.

IV. 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 6:14 PM.

Respectfully Submitted,
Daniel Chang