APPROVED

El Camino Real Charter High School

Minutes

Finance Committee Meeting

Date and Time
Thursday April 15, 2021 at 4:00 PM

Location
VIRTUAL COMMITTEE MEETING - 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/2536951971439411981, webinar ID 363-820-955. 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 Apr 15, 2021 at 4:04 PM.

B. Record Attendance and Guests

C. Public Comments

There were no public comments.

II. Consent

A. Approve Minutes of March 18, 2021 Finance Committee Meeting

Beatriz Chen made a motion to approve the minutes from Finance Committee Meeting on 03-18-21.
Scott Silverstein seconded the motion.
The committee **VOTED** unanimously to approve the motion.

III. Financial Review

A. March 2021 Financial Update

John Arndt of ICON School Management gave the presentation. On the Balance Sheet, Mr. Arndt noted that the net assets reflects a 3% economic uncertainty, as opposed to 5% previously used. The State Aid Deferrals of almost $2M was also added to this page under Accounts Receivable, which should increase to about $7M effective by June 30th. Mr. Archibald stated that there was a deferral of $2M in February/March, which will be paid out in October/November 2021; another deferral in April which will be paid out in September 2021; a third deferral in May which will be paid out in August; and a June deferral which will be paid out in July. So though the total deferrals will be $7M by June, it will start getting paid out starting July.
The Cash Analysis includes an expected Cash Flow chart, which reflects the deferrals. Mr. Archibald noted that the chart is cut off in June; it includes the deferrals but does not show the deferred revenue to be received.
The Profit & Loss (YTD) shows that there were significant variances as compared to last year. Mr. Silverstein noted that it is important to keep this in mind, that there were significant variances and that no one could have predicted the swings that occurred due to the pandemic, and that these types of variances are not the norm. Mr. Archibald noted

that the FMV formula needed to be adjusted, as we started the year at a negative number.
On the Budget Comparison, Mr. Archibald asked what percentage of the year we are through as of March 2021; Mr. Wood replied 75%. Mr. Arndt stated that we are on track for our budget.

B. Investment Advisor Presentation

Mike Breller of Beacon Pointe gave a presentation. He introduced himself and spoke on his background and experience, as well as Beacon Pointe's experience working with our types of assets. He spoke regarding Beacon Pointe's system of portfolio management, and how they will provide reporting to the school and to the Board.
Mr. Silverstein asked how we were looking right now in comparison to the market. Mr. Breller replied that the OPEB account is very growth-oriented focused, and that as a result we have experienced growth, but this is about as good as we can expect. There is some high-yield risk in our portfolio, so we are on the outside risk level where traditional institutional investing is involved. Mr. Breller suggested that we modify the balance to come closer to the traditional institutional investing model.
Mr. Archibald asked if Mr. Breller had looked at our Investment Policy Statement (IPS), and whether he could give us some recommendations for modifying that. Mr. Breller replied that he had yet to meet with staff to go over the IPS as we have been working towards finalizing the various agreements needed. But he anticipates scheduling a meeting with staff shortly to go over the IPS; Beacon Pointe may insert another category of manager guidelines. They will also recommend language to add to the end of the section on Fixed Income.
Mr. Archibald asked how the transition has been from the prior manager; Mr. Breller replied that the transition should be fairly seamless, and it should happen by the end of April or the first part of May. Mr. Archibald asked what the impact would be in terms of transaction costs; Mr. Breller replied that it should be fairly minimal, no more than a percentage point of the expected return.
Mr. Archibald also asked that, given the nature of the OPEB account and the fact it is tied with the liabilities, are essentially matching the duration of the liabilities with the assets. Mr. Breller stated that we could try to match the liabilities with the assets and tailor it tighter. Beacon Pointe will get more information from the finance team on what the obligations will look like and report back.
Mr. Silverstein asked if the proposed IPS that Beacon Pointe will be presenting will include a social conscious language; Mr. Archibald noted that he thought the IPS had already been modified to include this. Mr. Breller noted that the current IPS does not have a socially responsible investment language, but he will ensure it is in the new policy.

C. Review of Investment Portfolio

Mr. Hussey noted that, as of March 21st, we are at 19.5M in the OPEB trust. If we captured the investment gain as of today, we would be at $20.02M, reflecting an increase of $700K since March 21st. This is due, in part, to our contribution of $200K.

Mr. Silverstein asked the term on the annuities; Mr. Arndt stated it was for 3 years, but Mr. Wood stated that he believed it was at least 10 years. Mr. Archibald asked that the term be listed in next month's presentation. The maturity dates for the annuities are different as well.
Mr. Archibald asked about the plan for transitioning the portfolios. Mr. Hussey stated that we had received all the answers we needed from US Bank and Beacon Pointe, which Beacon Pointe can speak to during their presentation, and that we are ready to move the funds.
Mr. Archibald stated that it is easy to look at the market gains and use that as a measure of evaluating , what is the return versus the risk relative to the appropriate risk for the relevant benchmarks. So in comparing portfolio performances under the various investment advisors, it is important to remember the nature of the market. Mr. Hussey stated that it is the goal to have a stable investment account. Mr. Wood stated that the report was two-dimensional, and that the investment advisor would add an extra dimension for full understanding.
Mr. Silverstein noted that we are contributing $220K a month and we are sitting on a lot of cash, so is there a formula we can use to consider increasing our contributions. Mr. Archibald cautioned against this as a formula or plan, as it would put us in a terrible position if we were to increase our investment portfolio but not have sufficient cash to operate. Mr. Hussey said that it is important to have sufficient cash on hand, particularly considering the capital improvements the school is seeking to make.

D. Review of March 2021 Check Registers

Mr. Hussey stated that the March check registers reflect multiple AT&T line items; he stated that we were able to close out the AT&T lines shortly after these items, and they will be consolidated into a single line item.
Mr. Silverstein asked about the line item for $13,489.66 for envelopes; Mr. Wood noted this was several orders spaced out over time. About half of the amount was for next year's supply, to secure the pricing.
Ms. Chen asked about SPACH220, how many payments we were anticipating. Mr. Wood replied that there would be one additional payment.
Mr. Silverstein asked about the charge to repair the compressor, what costs we were responsible for and what costs LAUSD was responsible for. Mr. Hussey noted that the Sole Occupant Agreement states that we are responsible for maintenance and upkeep, but that LAUSD would replace items that needed wholesale replacement. Mr. Silverstein asked if there was a log keeping track of the timeframe for the items we are replacing; Mr. Hussey noted that we have everything on paper, but that we would have to modernize this process.
Beatriz Chen made a motion to recommend approval of the March 2021 check registers to the Board.
Scott Silverstein seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call	
Beatriz Chen	Aye
Brian Archibald	Aye
Scott Silverstein	Aye

E. Review of March 2021 Credit Card Bills

Mr. Hussey noted that there are 2 statements, as we are closing out use of the AMEX card and just started using the US Bank card.
Mr. Silverstein asked why there are charges for Home Depot, when we have a Home Depot credit card. Mr. Hussey replied that this is because our custodial staff has been purchasing items directly to do work on campus.
Scott Silverstein made a motion to recommend approval of the credit card charges to the Board.
Beatriz Chen seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call	
Beatriz Chen	Aye
Brian Archibald	Aye
Scott Silverstein	Aye

F. Discuss Status of CARES Act Funding

Mr. Hussey stated that we have completed the 12/31/21 allocations. We are working on the GF allocation, which has a deadline of 6/30/21. As to the IPI (In Person Instruction) allocation, the amount starts as of 4/1/21; we lose approximately $11K each day we are not in in-person instruction. From the original $1.137M, we are currently down to $1.046M, and it goes away entirely if we are not in IPI by 5/15/21.
Ms. Chen asked as to when we will be returning to IPI; Mr. Hussey noted that we have had two negotiation sessions with UTLA, and have another tomorrow. And we met with AFSCME today. UTLA has been advised of the loss of funding for each day we are not in IPI.
Mr. Silverstein asked what the criteria for IPI is. Mr. Hussey replied that there was a specific guideline for which groups had to be allowed to return. Right now, we have about 100 students in our cohorts coming to campus. Per County code, we are allowed up to 900 students on campus. To meet the minimum for IPI, we would have to offer IPI to at least one grade level.

G. Discuss and Vote on PPP Loan Forgiveness

Mr. Archibald stated that when the idea of applying for a PPP loan came about, he was opposed based on quasi-political reasons and based on understanding the community in which we are located. However, with the fallout and the confusion that came about the extended school closure and ongoing pandemic, he changed his view and supported getting the PPP loan. Since then, things have settled and he believes it would be an

egregious breach of public trust, given the circumstances and given the intent of the PPP loan program, and the types of institutions that could not get the loan, to not repay the loan.
Ms. Chen stated the intent of the PPP loan was to pay wages, and if we did not use it for that purpose, then she would agree with Mr. Archibald. At the same time, the market is volatile but we have CARES Act funding to help offset some of the costs.
Mr. Silverstein stated that the money was issued at a time of duress, where we needed to be sure that we had the funding to keep everything moving forward. These funds are from taxpayer monies, and if they were used for the purpose intended, then we are spending the money in compliance with the requirements under the PPP loan program.
Mr. Archibald asked how we could determine this, given that we have a single pile of money. Mr. Silverstein noted that, if the monies were reasonably used in a way that complies to the requirements, then we should not pay it back.
Mr. Hussey stated that we did receive the loan in good faith, at a time when we needed funds to make sure we could meet payroll and had not yet secured any CARES Act funding. As long as we complied with the requirements under the program, we could use the funds to benefit the school and community, such as hiring additional teachers and psychiatric social workers.
Mr. Wood stated that he aligned with Mr. Archibald in that circumstances have changed since the time when we applied for the loan. And we are in much better financial shape now. However, we are a business and there is a strong argument that can be made that we are using the funds to help support the institution. And if we had known at the time we applied what our financial position would be now, then perhaps we would not have applied for the loan.
Mr. Chang noted that, assuming we can reasonably identify that the funds were used for the purposes intended by the program, and given that there are significant capital improvement projects that we need to do to improve the school, seeking loan forgiveness does not seem to be fiscally responsible.
Mr. Arndt stated that he would agree that, given our current financial position and cash on hand, he would not be in favor of seeking PPP loan forgiveness.
Ms. Chen noted that the CARES Act funding would provide for a total of up to $9M in additional funding; Mr. Wood noted that the IPI funding amount is reduced and is being reduced further daily.
Mr. Archibald stated that, given that the Committee is not unanimous in their thinking, rather than making a recommendation to the Board the Committee members can individually state their opinion during the Board meeting.

H. Discuss Capital Improvement Projects

Mr. Hussey stated that he sat down with staff and discussed those projects that the school always wanted but had not had opportunity to do. The projects were separated into three categories: A is highest priority; B is second priority; and C is lowest priority. Also, each category is also numbered based on preferred order. The projects were

further separated into L as term projects, and S as short term projects. Mr. Wood noted that we would have to also consider the funding source for these projects.
Mr. Silverstein noted that, for the upgrade restrooms, we have to be mindful of the costs that would be triggered with ADA; Mr. Hussey noted that we are being careful with this, to differentiate between improvements that would and would not trigger ADA.
Ms. Chen asked what "Monument Signs" meant; Mr. Hussey said these are digital signs that would be placed on the corner of the various streets listed and would be in place of the banners. Ms. Chen also asked about the marquee for the front of the school; Mr. Hussey replied that it would be to replace the current marquee that is in the front.
Ms. Chen also asked that landscape for the quad area be included.
Ms. Chen asked if the parent groups had been questioned for recommendations; Mr. Hussey stated that he had talked to one parent group, and would talk to the other parent group(s) next week.
Ms. Chen also asked what the "STEAM room" would consist of; Mr. Hussey replied that he has discussed with Mr. Zahur the STEAM coordinator, and it would be a room where students could come in and have access to STEAM program items such as a 3D printer. This is both a short and long-term goal.
Ms. Chen asked about the "Technology room" - Mr. Hussey noted it would be for a Career and Technical Education certificated program.
Mr. Hussey noted that he is continuing to work on getting a budget / estimates for the cost associated with the various projects.
Mr. Silverstein stated that permits would have to be pulled for some of these items, and that getting a permit could take an extended period of time. And perhaps we can seek those improvements/items that could be obtained for the reopening of the school that would not require a permit. Mr. Hussey noted that we also have to deal with LAUSD for many of these items, which will cause further delay.

IV. Closing Items

A. Adjourn Meeting

Scott Silverstein made a motion to adjourn the meeting.
Brian Archibald 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 6:34 PM.

Respectfully Submitted,
Daniel Chang