APPROVED

El Camino Real Charter High School

Minutes

Finance and Investment Committee Meeting

Date and Time
Thursday February 17, 2022 at 5:00 PM

Location
Virtual

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 via the following link:

Registration URL: https://attendee.gotowebinar.com/register/3828507605494399502
Webinar ID: 506-268-267

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 public 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 your comment will be read on the record.

IMPORTANT NOTE REGARDING SENDING IN A WRITTEN COMMENT:

For anyone who wishes to send in a written comment to be read during Public Comments, you are strongly encouraged to email your comment to the aforementioned email address at least one (1) hour prior to the Official Board Meeting start time (e.g., by no later than 3:30 p.m. for a 4:30 p.m. Board Meeting start time). Otherwise, there is no guarantee that your comment will be viewed and read during Public Comments. If your written comment is received and is expected to be read on the record, your name and title/role will also be read on the record. If you wish to not have your name read on the record, please indicate so in your email.

Please note that, in order to conduct an orderly meeting, all members of the public will be placed on mute during the Board 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 Board can only listen to your issue, not respond or take action. The Board 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 Board, shall have twice the allotted time to speak. When addressing the Board, speakers are requested to adhere to the time limits set forth. In order to maintain allotted time limits, the Board 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 Board to be routine and will be approved/enacted by the Board in one motion in the form listed below. Unless specifically requested by a Board member for further discussion or removed from the agenda, there will be no discussion of these items prior to the Board votes on them. The Executive Director 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 David Hussey, in person, by email at comment@ecrchs.net, or by calling (818) 595-7500.

Committee Members Present
Daniela Lopez-Vargas (remote), Danielle Malconian (remote)

Committee Members Absent
None

Guests Present
David Hussey (remote), Gregory Wood (remote), Kurt Lowry (remote)

I. Opening Items

A. Call the Meeting to Order

Danielle Malconian called a meeting of the Finance and Investment Committee Committee of El Camino Real Charter High School to order on Thursday Feb 17, 2022 at 5:02 PM.

B. Record Attendance and Guests

Mike Breller of Beacon Pointe was also in attendance as an invited guest and presenter.

John Arndt of Icon School Management was also in attendance as an invited guest and presenter.

C. Pledge of Allegiance

Mr. Hussey led the meeting members and guests in the Pledge of Allegiance.

D. Public Comments

Dr. Lowry reported no requests for verbal and/or written Public Comment had been received.

II. Consent

A. Approve Minutes of January 20, 2022, Finance and Investment Committee Meeting

Danielle Malconian made a motion to approve the minutes from the January 20, 2022, Finance and Investment Committee Meeting. Finance and Investment Committee Meeting on 01-20-22.
Daniela Lopez-Vargas seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call

Daniela Lopez-Vargas Aye
Danielle Malconian Aye

III. Investment

A. Investment Update

Finance Committee Members discussed and agreed to switch the agenda to address Item IV. January 2022 Financial Update prior to Item III. Investment Update.

Mr. Wood, ECRCHS CBO, and Mr. Breller of Beacon Pointe presented an update on ECR's Investments, a summary of which follows:

* Mr. Wood reviewed OPEB and General Investment Portfolios as listed on the attachment. 6.6% Total Change in OPEB Account over 7 months (end of January).

Mr. Breller discussed the following Regarding OPEB:

* Reviewed Market Performance Summary

* Discussed current investment themes and catalysts that impact portfolio management/policy.

* Unprecedented fiscal stimulus during COVID; plus core inflation. 6% plus.

* Investment policy statement was created strategically, and we make nuanced changes within the policy. Neutral position on risk today.

* Reviewed Summary of Cash Flows $854,000 net cash flows.

* Reviewed Asset Allocation and performance, per policy. Reviewed on a quarterly basis. Reviewed Total Composite portfolio funds and performance as of December 31st, 2021.

* Reviewed Fixed income = high grade bonds; to safeguard assets; alternatives = less correlated; real estate; infrastructure; ETF hedges equity risk. Buy a put to ensure that if market falls, we're at a slightly negative return due to cost of the put, but like an insurance policy, you're protected from further loss in value.

* Reviewed Gen. Account Performance Report: Change in Market Value of 30%/70% portfolio (stocks/bonds, in general). OPEB 60%/40% Stock to Bond. Reviewed policy, portfolio, and performance/balances.

* Reviewed Asset Allocation - Risk/Return Scenarios of alternative portfolios. Goal is to optimally diversify assets.

* Analysis - Years 1 and 5 - What's expected after 1 year based on alternatives/scenarios, etc., and what's expected after 5 years, etc.

* Mr. Wood noted that for the parameters for a $5Million, we will need to see from our own capital needs what we want to do to create a cashflow situation, and consider annual contributions, possibly, etc. We need to figure this out as to when this money will be needed for capitalization projects, per Ms. Malconian.

* Mr. Wood noted that we will need to look at our immediate and long-term needs.

IV. Finance

A. January 2022 Financial Update

Finance Committee Members discussed and agreed to switch the agenda to address Item IV. January 2022 Financial Update prior to Item III. Investment Update.

Mr. Wood, ECRCHS CBO, and Mr. Arndt of Icon School Management presented the January 2022 Financial Update, a summary of which follows:

* Cash Analysis - Cash on hand 193 (Recommended 90 days)

* PPP Account will be closed at the Regular Feb. Board Meeting on Feb. 24th. (closed out to general account).

* Profit and Loss Summary - 1. PPP Loan Forgiveness funds have been moved into the income for "last year;" 2. Loss in YTD 801,000 on fair market value adjustment due to losses in OPEB account.

* Budget Comparison - Will be reducing federal revenue; net income will be reduced; negotiations, tax rates changing; 2nd interim will be different than 1st interim; Mr. Wood noted that YTD January reflect retro-active payroll increases for both certificated and classified. What we agreed to will be reflected in full year budget;

* Department Budget - textbooks and IMA; will be adjusted for 2nd interim. Mr. Wood noted that we will recognize revenue offsets for expenses. Ms. Malconian inquired about administrative expenses and Mr. Wood noted that those are schoolwide supplies, etc.

NOTE:
Upon Mr. Wood's and Mr. Arndt's presenting concluding, Mr. Breller of Beacon Pointe entered the meeting and the Finance and Investment Committee opted to have him

present the Investment Update before returning to the remainder of the Finance Agenda Items.

B. Review of January 2022 Check Registers

Danielle Malconian made a motion to Recommend Approval of the January 2022 Check Registers.
Daniela Lopez-Vargas seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call	
Danielle Malconian	Aye
Daniela Lopez-Vargas	Aye

C. Review of January 2022 Credit Card Bills

Danielle Malconian made a motion to Recommend Approval of the January 2022 Credit Card Charges/Bills.
Daniela Lopez-Vargas seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call	
Danielle Malconian	Aye
Daniela Lopez-Vargas	Aye

D. 2020-2021 Audit Report

Mr. Wood provided an overview of the ECRA Audit Report that had been prepared by Christy White, Incorporated, CPAs.

Deadline of Jan. 31st, 2022, met.

Auditor will be provided to the Board during the Regular February Board Meeting on 2/24/22.

Mr. Wood's review included the following topics:

*Statement of financial position, assets, liabilities and total/net assets and liabilities.

* Our auditor uses comparative YTD figures.

* Christy White & Associates is under contract for a third year.

* Reviewed Expenses between 2021 to prior year 2020.

Ms. Malconian asked if this auditor looked at covid-related funds and how used, such as CARES, and/or PPP, etc. Mr. Wood affirmed that they are aware of these funds and how we are reporting, and how these might align with their audit reporting needs.

* Mr. Wood provided a brief overview of Cash Flow and footnotes, referring to these by definition as defined/outlined in the pages of the report.

* Mr. Wood reviewed our cash assets in the County Treasury.

* Reviewed two annuities we had; accounts receivable; capital assets and related categories; Mr. Wood noted the details in liabilities, and net assets from page 7 (net investment in capital assets).

* Liquid assets in Note 8;

* STRS and PERS; Retirement eligibility for pre-charter and post-charter guidelines; actuarial liability.

* Reviewed board members at the time and terms of office, programs (categorical); ADA, and minutes of instruction, etc.

* Unaudited actuals

* P. 31 - Highlights findings, modified opinion, a "clean opinion," no weaknesses or material issues going on; if we did have any findings, they would be listed so nothing had been reported to the State.

V. School Business

A. Average Daily Attendance (ADA) Update

Mr. Wood presented the ADA, noting that month 5 was the worst of the year, impacted by COVID-19 Omicron variant.

Ms. Malconian noted a 75% ADA in LAUSD, and we are well above that as we are in the 93+% ADA range.

Mr. Wood expects that we'll lower our LCFF revenue projections.

Ms. Malconian inquired about the possibility of the State looking into alternative ADA funding models. Mr. Wood acknowledged the possibility but is unclear about whether or not charter school districts will need to adhere to the same model(s) for reporting ADA. April or May is when we will lock in, typically. Next year's funding is most likely to be impacted, not this year's funding.

Ms. Lopez-Vargas noted that there are four ADA funding proposals/models available, but only one or them would likely help charters this year.

Ms. Malconian asked about ADA and PPP revenue reductions would take ECRCHS into the "red." Mr. Wood noted that there will be approximately a $4M difference, but we'd still be okay.

B. 2022-2023 Budget Planning Calendar

Daniela Lopez-Vargas made a motion to make a recommendation to approve the proposed 2022-2023 Budget Planning Calendar.
Danielle Malconian seconded the motion.
Mr. Wood reviewed each date and task, providing insights and rationale, prior to the vote.

The committee **VOTED** to approve the motion.

Roll Call	
Danielle Malconian	Aye
Daniela Lopez-Vargas	Aye

C. Food Services Update and Request for Proposals (RFP)

Danielle Malconian made a motion to recommend to approve our Food Services Update and Request for Proposal (RFPs) process.
Daniela Lopez-Vargas seconded the motion.
Mr. Wood provided an overview of the Food Services Update and Request for Proposals (RFPs) process and timelines prior to the Vote.

Ms. Malconian asked Mr. Wood if he is expecting a proposal from Chartwell, to whic Mr. Wood replied in the affirmative.
The committee **VOTED** to approve the motion.

Roll Call	
Daniela Lopez-Vargas	Aye
Danielle Malconian	Aye

Mr. Wood then provided a Cafeteria Financial Summary, indicating that ECRCHS Cafeteria has on hand approximately $78K in revenues and is projected to have a balance of $116K.

Mr. Wood noted that cafeteria performance is a great improvement and is benefitting from school-wide breakfast and lunch programs.

D. Investment Account for Capital Improvements Projects

Mr. Wood and Ms. Malconian noted that Mr. Breller had discussed this item briefly during his investment presentation and that this conversation will be continued during the Capitalization Projects Committe (Ad Hoc).

VI. Closing Items

A. Adjourn Meeting

Daniela Lopez-Vargas made a motion to Adjourn Meeting.
Danielle Malconian seconded the motion.
The committee **VOTED** 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 7:09 PM.

Respectfully Submitted,
Kurt Lowry