APPROVED

El Camino Real Charter High School

Minutes

Finance and Investment Committee Meeting

Date and Time
Thursday April 21, 2022 at 4:30 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/5577564524885939979
Webinar ID: 463-546-899

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 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.

NOTE: Effective April 18th, 2022, public comments presentations at all ECRA Regular and Special Board Meetings and Committee Meetings are limited to two (2) 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
Alexandra Ramirez (remote), Daniela Lopez-Vargas (remote), Danielle Malconian (remote)

Committee Members Absent
None

Guests Present
David Hussey (remote), Emilie Larew (remote), Gregory Wood (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 Apr 21, 2022 at 4:32 PM.

B. Record Attendance and Guests

C. Pledge of Allegiance to the United States of America (USA)

Mr. Hussey led the committee in the Pledge of Allegiance.

D. Public Comments

There were no public comments.

II. Consent

A. Approve Minutes of March 17, 2022, Finance and Investment Committee Meeting

Daniela Lopez-Vargas made a motion to approve the minutes from Finance and Investment Committee Meeting on 03-17-22.
Danielle Malconian seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

Danielle Malconian	Aye
Alexandra Ramirez	Aye
Daniela Lopez-Vargas	Aye

III. Investment

A. Investment Update

Mr. Wood provided the March 2022 Investment update, with highlights as follow:

OPEB Trust Investment Account:

* OPEB Trust finished the month at $22,519,497
* Beginning Balance on 7/1/21 was $21,250,357
* YTD Contributions $1,980,000
* Due to market conditions, the account has lost a total of $710,860 for a 3.3% Loss
* Overall, the OPEB account has experienced a 6% gain due to contributions.
* OPEB has three (3) investment managers: Polen Capital Mgt.; Fiduciary Mgt.; and Beacon Pointe

General Investment Account:

* Gen. Inv. Acct. finished the month at $7,272,534
* Gen. Inv. Acct. has same three investment managers: Polen Capital Mgt; Fidicuiary Mgt.; and Beacon Pointe
* Two Annuities:
1. Midland - 3 yr. 8/23 Fixed @ 2.40%
2. Athene - 3 yr. 9/23 Fixed @ 1.95%

Beacon Pointe provided what Mr. Wood calls an executive summary and overview of general market conditions.

Mr. Breller will be providing more detailed updates at next month's meeting on the investments we have and discuss whether or not they are performing within policy guidelines.

IV. Finance

A. March 2022 Financial Update

Mr. Arndt reviewed the March 2022 Financial Report, with highlights as follows:

Balance Sheet Slide:
* Cash increased due to 20-21 One-Time Funds, PPP Loan, and 20-21 Deferral Payments
* State overpaid with Deferrals and will reduce cash for 21-22 LCFF ($2M)
* LT Debt decreased due to FMV adjustment to OPEB Accounts as well as PPP being forgiven

* Restricted Net Position:
  - Lottery - @233,711
  - ELO - $733,967
  - ELO PP - $239,972

* Unrestricted Net Position - Investigating allocation of New Assets into a Designated Fund for Deferred Maintenance (Capital Improvements)

Total Assets have grown by 21%

Cash Analysis Slide:
* Recommend having 90 days of Cash on Hand; ECR is at projected 200
* Correction noted to US Bank OPEB MMA #0852 amount: Should be $270,360.10 and not $400,659,24
* PPP Account #1309 was closed and transferred into Gen. Account #1761 on 3/1/2022.

Profit & Loss (Summary) Slide:
* Auditors removed the PPP Loan from Federal Revenue and placed it in last year's budget, so that his why the federal revenue is $3M less from 1st to 2nd interim.

Profit & Loss (YTD) Slide:
* LCFF Revenues down 2.61%
* FMV Adjustment down 147%
* In-person instruction and sport activities will incur additional expenses with the re-opening of school
* Additional CARES Related expenses for 21-22 will also increase expenses.
* Employee Benefits decrease due to STRS Refund.
* Mr. Wood noted a huge increase in local revenues compared to this time last year; also noted that Special education revenues had been listed on the State Revenues line in 2020-2021 while Special Education revenues are listed in Local Revenues in 2021-2022. Mr. Arndt is going to confirm this accounting adjustment.

Budget Comparison (YTD) Slide:
* Lottery Amounts went from $150 - Unrestricted / $49 - Restricted to $163 - Unrestricted / $65 - Restricted (more revenue)
* SEF Tax Rate went down from 1.23% to 0.50% (Savings)
* SPED Rates are projected to increase from the $689 - State /$267 - Federal (more revenue)
* Will adjust salaries and benefits due to Salary Negotiations for 2nd Interim
* Lower Enrollment/ADA from 21-22 Adopted Budget (approx. 94 ADA/$1M less)
*PPP Money was classified to 20-21 Revenue instead of 21-22 Revenue
* Mr. Wood noted that we are within an expected range for our expenditures, with the exception of our Books and Supplies which we want to have expended as soon as possible to get these materials into the hands of our students.

Department Budget (4000s) Slide:
* Approved Textbooks & Core Curricula Materials Budget 89.89% spent.
* Instructional Materials and Supplies budget 99.11% expended.
* Ms. Malconian asked what "Schoolwide" meant under Instructional Materials & Supplies and budget item with 18.18% spent, and Mr. Wood noted that that budget item is not connected to any one department but would be for schoolwide benefit, for examples, schoolwide testing materials, as opposed to something specifically purchased for the English Department or other department.

Other Matters Slide:
* 2021-2022 CSD Financial Review underway (Part II). Additional Review to take place April 26 & 27.
* Investment Advisor will provide a complete quarterly report update at the May Finance Committee Meeting and Board Meeting.

Remaining Slides:
* Mr. Arndt noted that these slides/pages provide details on where ICON came up with all of the financial report numbers/amounts.

B. Review of March 2022 Check Registers

Mr. Wood, CBO, reviewed the March Check registers from the General Account, ASB, Trust, etc.

Mrs. Malconian asked Mr. Wood if a check is written from the Trust account, it would say "Trust," whereas if it doesn't say "Trust," it comes from the General Account. Mr. Wood, replied, in general, "yes."

Mr. Hussey noted that Check 1826 would be an appropriate "Trust" account item and should thus be noted as a Trust item on the check.

Mr. Wood replied that he will consider creating a separate column or other way to differentiate from where a check is coming, whether it is the general fund, ASB, or Trust account.

Alexandra Ramirez made a motion to recommend approval of the March 2022 check registers to the full Board.
Danielle Malconian seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call	
Danielle Malconian	Aye
Daniela Lopez-Vargas	Aye
Alexandra Ramirez	Aye

C. Review of March 2022 Credit Card Charges

Mr. Wood, CBO, reviewed the March Credit Card Charges.
Danielle Malconian made a motion to recommend approval of the March 2022 credit card charges to the full Board.
Alexandra Ramirez seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call	
Daniela Lopez-Vargas	Aye
Danielle Malconian	Aye
Alexandra Ramirez	Aye

D. CARES Budgets Discussion

Mr. Wood presented the CARES funding and spending update through March 31, 2022.

Each column represents a different categorical fund and with different spending deadlines; including budgeted amounts, amount spent, and any balance at 3/31/22.

Mr. Wood noted that his focus is to ensure that there is no unspent money in each account by their respective spending due dates.

Mrs. Malconian asked if the Committee will see additional details on spending, to which Mr. Wood replied, "Yes."

E. Discussion and Vote on Reallocation of Extended Learning Options (ELO) Budget

This item was tabled and may be addressed at a future meeting if/as needed.

V. School Business

A. Discussion and Vote on Buy Out of Leased Student Laptops

Mr. Wood, Mr. Delgado, and Mr. Hussey presented this information, with highlights as follows:

* Mr. Wood asks for F & I Committee's recommendation and eventual vote at the Regular Board Meeting on how we will close out Student laptop leases.

* Chromebooks are learning loss eligible expenses.

* Summary of the issue provided, as follows:
Tech. and business departments have closely with Techlease (leasing partner) to obtain a competitive lease buyout quote with favorable terms, while assuring a cost-effective proposal. The FMV (Fair Market Value) was negotiated to $48 for all outstanding leased

devices. Pre-negotiated FMV for the 2019-20 and 2020-21 were $129 and $112, respectively. This proposal also includes savings of $4902.21 on interest expense.

Based on ECR's cost analysis, projections of our remaining lease payments, and factoring the audit cost (charges derived from lease returns averaging $50,000 per/yer.). ECRHS will save approximately %58,663.40 if early buyout is exercises. The funding source will not encumber the general fund budget as ECRCHS will be using categorical funding (e.g., ESSER, CARES, etc., to cover the amount).

This will also allow ECRCHS to offer a student "buy-back" option, which will allow students to purchase their devices for a marginal cost.

Mr. Hussey noted that with ECR buying out the leases, ECR can offer students and families an option to purchase a device for approximately $20, and ECR can then recoup some of the buyout cost.

CARES and ECF funding also available to support our position in favor of buyout of laptops, including projected future savings from the general fund.

Mr. Wood said this buyout is highly recommended.

Ms. Malconian asked if Seniors' devices are provided to incoming freshmen, and Mr. Wood, Mr. Hussey, and Mr. Delgado replied "no." Mr. Hussey added that a new batch of devices is purchased each year for the incoming class of freshmen. Mr. Delgado added that we receive a discounted interest rate on the purchase of freshmen devices.

Ms. Malconian followed up to ask if there is a problem with reselling these devices due to the fact that we'd be using CARES money to buyout the leases. Ms. Malconian noted that it may be sufficient to just give away the devices so that there is no money exchanged. Mr. Delgado noted that he will follow-up on that question to ensure what ECR is able to do and what, if any, restrictions may apply.
Danielle Malconian made a motion to to recommend to the full Board that ECR exercises the option to obtain a competitive early lease buyout for leased student laptops.
Alexandra Ramirez seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

Alexandra Ramirez	Aye
Daniela Lopez-Vargas	Aye
Danielle Malconian	Aye

B. Average Daily Attendance (ADA) Update

Mr. Wood reviewed month 8 of attendance and P2 attendance report, with highlights, as follow:

* Month 8 ADA 8 is $3264.58;
* Budgeted amount was $3427.60;
* We are currently at $163.02 below current budgeted ADA.

YTD ADA% = 92.4%
Prior year ADA% = 96.6% (non-pandemic)

Enrollment Down, plus ADA down (pandemic-related)

Ms. Malconian noted that the Independent Study ADA improved a lot this year, and Mr. Hussey noted that that is typical and that many parents haven't wanted their students to return to on-campus learning just yet.

Ms. Lopez-Vargas noted that the increase isn't in Independent Study enrollment so much as it reflects an increase in Independent Study YTD ADA%.

She also asked why there is no number listed for Month 8 Independent Study ADA, to which Mr. Wood replied that he did not have the number at the time he drafted the report and he will back-fill the number in his next report.

Ms. Lopez-Vargas asked on what date is the month 8 cut-off, and Mr. Wood noted that it was April 8th, due to Spring break being the week of April 11-15.

C. Discussion on 2020-2021 Tax Return (Form 990)

Mr. Wood reviewed reporting of data on the tax return from Christy White & Associates, with highlights as follows:

* Requirement by IRS
* Page 6 Question 11a - Has an obligation = Yes, provided, and will be presented, too, at the next Board meeting. Not a voting item, but must present to governing board prior to May 15th filing deadline; annual filing.
* Mr. Wood reviewed compensation of directors, officers, trustees,
* Mr. Wood reviewed Independent Contractors (largest vendors), description of services, and compensation.
* Mr. Wood noted that the full Board will receive this information.

D. 2022-2023 Budget Updates

Mr. Wood reviewed this year's new process for departmental budget requests.

We've received textbook and instructional materials accounts, noting differences in department needs and timelines;

* We're going to try to standardize some of this process due to anticipated differences in department needs and varying degrees of understanding.

* Requests are coming in between now and the next Finance and Investment Committee meeting to show department requests and administration's review and recommendations of Department requests.

E. Discussion on Cafeteria Financial Summary and RFP Process Updates

Mr. Wood reviewed the financial summary for the Cafeteria, with highlights as follows:

* We show our free and reduced - for march 1251.
* We continue to grow our participation rates, as noted in March 2022 with 1911 meals served per day
*Chartwells has hired more people in response to growth/participation; looking at our serving lines to increase efficiency.
* A challenge that we are working to improve.

* March Revenue - $183,548; reflects our continued growth and participation.

* March Expenses - $156,820; reflects Food and Labor Costs, plus commodities that come in.

* Net Gain/Revenue in March of $27,232.

* Net Gain/YTD Revenue is $134,314.

* We have a lot of upgrades to be made and the revenue will help us make important upgrades to equipment and related efficiencies.

RFP Process and Bidding:

20 students, staff, and 1 Board Member, Ms. Malconian),

Ms. Malconian participated in part of of the on campus RFP process with vendors.

Three organizations were interested in participating in the bid process. Each provided several food options for students and staff to sample and rate/rank.

Financial proposals from each bidding vendor will follow later.

Ratings/Rankings and recommendations to the Full Board in May will come from the students, staff, and board member who participated in the food tasting and ranking process/opportunity.

By the next Finance and Investment Committee, we'll make a recommendation to then be voted on by the full board in May. If any change, we need to give advance notice.

Ms. Malconian asked if the $170,000 in projected income/revenue needs to be spent by a proposed date, to which Mr. Wood replied, "No." Funds cannot be comingled, but no spending deadline. We'll continue to track.

Ms. Malconian asked if we're predicting the same amount of revenue, to which Mr. Wood stated that he is not certain that there will be a change, but when the Budget's May Revise comes in, we'll know, but we'll continue to budget as if the free and reduced price meals (universal) will remain in effect for all students for all meal periods.

Ms. Malconian noted that she enjoyed participating in the process and looks forward to the proposals.

VI. Closing Items

A. Adjourn Meeting

Alexandra Ramirez made a motion to adjourn the meeting.
Daniela Lopez-Vargas 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 5:54 PM.

Respectfully Submitted,
Emilie Larew