APPROVED

El Camino Real Charter High School

Minutes

Finance and Investment Committee Meeting

Date and Time
Thursday May 19, 2022 at 4:30 PM

Location
In Person

El Camino Real Charter High School

Library Media Center - Main Building Hallway

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).

ATTENTION:

WE HAVE RETURNED TO "IN-PERSON" FINANCE AND INVESTMENT COMMITTEE MEETINGS

INSTRUCTIONS FOR PRESENTATIONS TO THE BOARD BY PARENTS AND CITIZENS:

El Camino Real Alliance ("ECRA") welcomes your participation at ECRA's Board meetings. The purpose of a public meeting of the Board of Directors ("Board") is to conduct the affairs of ECRA in public.

Your participation assures us of continuing community interest in our charter school. To assist you in the ease of speaking/ participating in our meetings, the following guidelines are provided:

1. Agendas are available to all audience members at the door to the meeting.

2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Public Comments."

"Public Comments" 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.

These presentations 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 be permitted twice the allotted time to speak.

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.

3. You may also complete a "Request to Speak" form to address the Board on Agenda items. With regard to such agenda items, you may specify the item(s) on your "Request to Speak" form and you will be given an opportunity to speak for up to three (3) minutes before the item is addressed, and total time allocated to agenda items will not exceed six (6) minutes for a Discussion item and nine (9) minutes per Vote item.

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 be permitted twice the allotted time to speak, and the total allocated time shall be appropriately increased as well.

4. When addressing the Board, speakers are requested to state their name and 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.

5. Any public records relating to an agenda item for an Open Session of the Board which are distributed to all, or a majority of all, of the Board members shall be available for public inspection at 5440 Valley Circle Blvd., Woodland Hills, California, 91367.

IMPORTANT NOTE REGARDING PUBLIC COMMENTS:

Effective May 19th, 2022, public comments presentations at all ECRA Regular and Special Board Meetings and Committee Meetings must be made in person.

There is no obligation on the part of the school to have a school official read public comments during in-person Board Meetings.

A member of the public is welcome to appear at the Board meeting to make a public comment or make arrangements with another person in attendance to speak on the person's behalf.

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 or more motions 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 vote(s) on the Consent Agenda item(s). 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, Daniela Lopez-Vargas, Danielle Malconian

Committee Members Absent
None

Guests Present
David Hussey, Gregory Wood, Kurt Lowry, MBreller@beaconpointe.com (remote), jarndt@iconsm.com (remote), s.webster@ecrchs.net

---

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 May 19, 2022 at 4:44 PM.

B. Record Attendance and Guests

Quorum established.

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

Mr. Hussey led meeting participants and guests in the Pledge of Allegiance to the United States of America.

D. Public Comments

There were no requests for public comment.

II. Consent

A. Approve Minutes of April 21, 2022, Finance and Investment Committee Meeting

Alexandra Ramirez made a motion to approve the minutes from Finance and Investment Committee Meeting on 04-21-22.
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

III. Investment

A. Investment Update

Mr. Wood, CBO, and Mr. Breller, of Beacon Pointe, provided the Q1 Investment update, with highlights as follow:

OPEB Account Discussion:

1. OPEB $21.305 Million
2. Gen. Account $6.214 Million
two annuities, neither of which is controlled by either US Bank or Beacon Pointe, so Mr. Wood pulled those items because we receive separate reporting by those two organizations. Over $700K
3. OPEB start of year - $21.25 Million; we've made 10 months of contributions at $2.2 Million; we've incurred market losses of $2.145 Million; gains and losses were down 10% because of the investments, but because of the contributions, we are up .3% as of April 2022.

Mr. Breller on 1Q22 package:

SLIDE 12: Mr. Breller reviewed Market Performance Summary, noting negative equities and Fixed Income performance during the Quarter and YTD returns.

Discussed the Fed's desire to get inflation under control with fiscal stimulus (last two quarters); steps to be taken are time-sensitive in order to try to create a "soft landing," to slow inflation without bringing us into a recession.

Rare to have volatility in both equities and fixed income; S&P 500 down 4.6% and US Aggregate Bond is down 5.9%.

Part of context is that the US had been at a 200-year low in interest rates. Fed increases rates and people are taking their money out of both equities and fixed income and moving it into cash. We should expected to see some continued volatility.

SLIDE 13: Mr. Breller reviewed the US Equity Sector Review, 1Q22, and One Year, noting that over the past twelve months, most segments of the market posted positive returns, with energy and utilities growth posting positive returns in the first quarter, and all sectors other than Communication services posting positive returns over the prior twelve-month period.

S&P down 8% in April, and down so far another 5% in May. Overall, S&P down 18%. Rates increasing in short and long-term. Short term volatility and long-term.

SLIDE 20: Mr. Breller reviewed the OPEB Total Composite as of March 31, 2022.

Mr. Breller discussed each sector of the OPEB account chart, including current balances, current allocation, investment policy, policy range, difference, and whether or not the sector performance is "within the IPS Range."

In short, ECR's investments (US Equity, Intl. Equity, Fixed Income, Alts., and Cash all are within the expected investment policy range.

Mr. Breller noted if any investments fall out of the policy range it is their (Beacon Pointe) responsibility to make adjustments to allocations in the hopes of bringing the sector back within range.

Mr. Breller next reviewed the OPEB Total Composite, noting the current market value of $22,518.835, which is down 6.8% for the quarter and YTD, since its inception of September 2021.

Mr. Breller noted that this quarter has been one of the worst performing quarters, in particular as pertains to total Domestic Equity and total International Equity. Energy and utilities still up. Fund managers note that it is not too surprising to have these short-terms

numbers. Beacon Pointe will continue to hold Fixed Income at about the policy level or a little higher in order to manage risk during this period of volatility.

SLIDE 23: Mr. Breller reviewed this slide which provides greater detail; no cause for concern enough to make any changes to allocations/fund managers in Domestic or International Equities allocations/funds/managers.

Discussed Chinese and Russian equities in the Invesco Developing Markets fund having lost all value, thus resulting in substantial losses in the Invesco

Fixed Income Managers - done a couple of things; Dodge and Cox adjusted to give us a little extra yield, and PIMCO Short Asset Investment which has less interest rate sensitivity.

Fixed Alternatives mix is working; inflation is up so infrastructure is up; short-term asset bond was a "win" for the portfolio.

Questions Re: OPEB:

Mr. Webster asked what is the expense ratio on Fiduciary Management and Polen Capital, to which Mr. Breller replied that Beacon Pointe uses separate accounts, with Fiduciary Management at 50 basis points (.5%); Polen Capital is 60 basis points or .6%. These are both negotiated fees with Beacon Pointe.

Mr. Webster asked a follow-up question about our policy index benchmark and against whom we are comparing performance, CalSTRS, or a market index, to which Mr. Breller replied that it is a moderate portfolio market index, specifically, as listed on **slide 25**, as follows:

60% MSCI ACWI / 40% Bloomberg US Aggregate TR

General Account (GA) Discussion:

SLIDE 30: Mr. Breller noted that instead of the 60/40 mix in the OPEB, the General Account Asset Allocation is roughly the opposite, with Fixed Income securities weighted at 64% and Equities at about 30+%. More conservative, but still with losses.

SLIDE 32:

Mr. Breller reviewed the General Account Total Composite.
Fixed income down 4.9; shorter time horizon; if we need $1M or $1.5M, it should come from here, which has less volatility. Less exposure to equities risk in this account.

Mr. Hussey asked how long might it take to get out of the market's deep dive, to see a correction, to which Mr. Breller replied that it typically takes two quarters of growth to exit a recession. If markets decline 2-6 quarters, you see a steep recovery once the market hits the recovery stage. Average loss is 28%; loss is 18%; can expect more volatility. I do believe that a recess is a probability. We don't have excess valuation like we had in 2000 and 2008. We have strong fundamentals and high employment with inflation that the Fed is trying to fight, which, when under control, there will likely a result in a more market-positive fiscal policy.
Do expect more volatility while fixed income should offer some protection from the volatility.

Ms. Malconian asked if we have any investment in any "cryptocurrency" to which Mr. Breller replied that we do not and that we may never get a recommendation like that from him as it is too much of a speculative asset class today.

Mr. Breller will join the next board meeting again via virtual format.

IV. Finance

A. April 2022 Financial Update

Mr. Wood, CBO, and Mr. Arndt, of ICON School Management, provided the April 2022 Financial Update, with highlights as follow:

Balance Sheet Slide:
Reviewed Assets Actuals, Prior Year, $ Change to Prior, and % Change; Overall Total Assets $36.9 Million, an 18.70% increase from April of 2021 (prior year).

Cash has 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 Loan being forgiven.
• Restricted Net Position:
• Lottery - $233,711
• ELO - $733,967
• ELO PP - $239,972
• Unrestricted Net Position – Investigating allocation of Net Assets into a Designated Fund for Deferred Maintenance
Total liabilities: 16.21% increase

Cash Analysis Slide:

ECRCHS is projected to have 182 days of cash on hand (Recommended to have min. of 90)
Total Cash (Checking/Savings/CDs) on-hand April 2022: 21,674,033.25

Profit and Loss (Summary) Slide:

Reviewed Revenues, Expenses, Net income (Loss), and Net Income Before FMV Adjustments from Adopted Budget 21-22, 1st Interim Budget, 2nd Interim Budget, YTD 2021-2022, and PYTD 2020-2021.

Mr. Wood noted that the FMV Adjustment line reflects a market loss of $3.32 Million YTD 2021-2022, or roughly a $7M loss from PYTD 2020-2021 valuation of $4.19 Million.

Profit and Loss (YTD) Slide:

Revenues down 13.59%; Expenditures up 10.31%; net income before FMV Adjustment down 106.89%.
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 in December for EE/ER contributions made in prior year for DBS Earnings

Budget Comparison (YTD) Slide:

Lottery Amounts went from $150 – Unrestricted / $49 – Restricted to $163 – Unrestricted / $65 – Restricted (more revenue)

• SPED Rates are projected to increase from the $689 – State/ $267 – Federal (more revenue)
• Lower Enrollment/ADA from 21-22 Adopted Budget (approx. 152 ADA/$1.6M less).

Reviewed Revenue and Expenditures percentages. Lower enrollment a cause for drop in revenue.

About 80% spent at this time of the year.

Mr. Wood noted that we are 8/10 completed with this year, so expenditures largely reflect this and are in general, aligned. Books and supplies have categorical funding requirements, so he is not concerned about the budget expenditure reflecting over 100% used due to categorical budget off-set.

Department Budgets (4000s) Slide:

• Textbooks and Instructional Materials in certain departments will continue to be monitored due to the need of purchasing more materials in order to continue higher educational standards

Textbooks and Core Curricula Materials = 91% expenditures
Instructional Materials and Supplies 102.63% expended

Other Departments Slide:

• Investment advisor provided a complete quarterly report update at the May Finance Committee Meeting and Board Meeting.
• Detailed May Revise Budget updates for 2022-2023 will be provided in a School Services of California Conference to be attended on May 20th.

Reviewed following documentation by name only.

Ms. Malconian asked about the Governor's budget, to which Mr. Wood noted that it is the May Revise; a 3 hour call tomorrow to learn more to review the May Revise; we'll have more updates to share at the next regular board meeting.

Mr. Wood reviewed Slide 76 from second handout re: ASB Trust Accounts, and the sections, columns, etc.

Total Trust Accounts balance $515,600.55 + ASB Balance $36.5 Million = $ 553,079.04 Adjusted Balance.

B. Review of April 2022 Check Registers

Danielle Malconian made a motion to approved the April 2022 Check Registers.
Alexandra Ramirez seconded the motion.
Mr. Wood discussed the April 2022 Check Registers prior to the vote.

Mr. Webster noted that the OPEB Trust funds are to used entirely for retirement funds and not for general funds in any way, shape, or form, to which Mr. Wood replied, "correct," and to which Ms. Malconian replied to Mr. Webster, with words to the effect of, "Well, that is not what the question was," to which Mr, Webster noted, "Well, you're talking about recoupment of funds, and there should be no discussion about recoupment of funds from the OPEB account."

In reply, Mr. Hussey noted that if we were to get into financial hard times, we could use funds from OPEB to support the general fund.

Mr. Wood and Ms. Malconian agreed, with Mr. Wood noting that we cannot take funds out that had already been contributed, but the board could take existing funds from OPEB to support the general fund if the need arises.

Mr. Wood continued that once the OPEB is fully funded, actuarially speaking, is should be self-sustaining.

Dr. Lowry asked when the OPEB account is expected to be fully funded, to which Mr. Wood replied, five or six years, but investment portfolio performance will determine, as well as healthcare costs. Schwab actuary will obtain census information and this item will provide an updated answer at the July Board Meeting.

Ms. Malconian asked about the Techlease buyout and how the asset would be treated, in which Mr. Wood noted that we could potentially put it in inventory or CARES funded; he will first obtain the opinion from the auditor.

Mr. Wood then reviewed the Vendors document from A-Z.

Mr. Wood then reviewed the ASB checking account document and some transactions.
The committee **VOTED** unanimously to approve the motion.

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

C. Review of April 2022 Credit Card Charges

Daniela Lopez-Vargas made a motion to Approve the April 2022 Credit Card Charges.
Alexandra Ramirez seconded the motion.
Mr. Wood reviewed the US Bank Credit Card Statement Transactions by the two cardholders, Mr. Hussey, and Mr. Wood.

Then, there is a supporting document, who requested the charge.

Ms. Malconian asked if there was more detail on the Amazon charges, to which Mr. Wood provided more detail based on the second attachment to this agenda item.

Mr. Hussey noted that we might be able to identify which departments purchase what items.

Ms. Ramirez asked who approves these purchase, to which Mr. Wood noted that there is a purchase order process, to which Mr. Wood explained the process.
The committee **VOTED** unanimously to approve the motion.

Roll Call

Daniela Lopez-Vargas	Aye
Alexandra Ramirez	Aye
Danielle Malconian	Aye

V. School Business

A. Average Daily Attendance (ADA) Update

Mr. Wood, CBO, provided our ADA Update, with highlights as follow:

We've completed month 9; one more month on which to report.

Attendance 90.6 (Nov.); YTD 92.2 ADA.

We are looking to hear confirmation on whether or not schools/we can use the 2019-2020 ADA percentage and apply that ADA percentage to this year's enrollment.

Combination of CALPADS (CDE is all about attendance) and ADA systems. We will do our own internal calculations to make some projections and we will also report what the Governor reports, and we will have more information by the end of June.

June 15th is when the State is expected to pass a State budget. There are incentives for legislators to pass the budget.

Ms. Malconian asked Mr. Hussey about our expected enrollment projections, to which Mr. Hussey said we are slightly lower, but we generally increase enrollment over the Summer.

B. Discussion and Vote on 2022-2023 Budget Updates

Danielle Malconian made a motion to approve the proposed Instructional Materials/Textbook Budgets for 2022-2023.
Alexandra Ramirez seconded the motion.
Mr. Wood discussed the 2022-2023 Budget Updates prior to the vote, with highlights as follow:

1. Budget Calendar Adopted in Feb. 2022
2. Budget packets when to Department Chairs, Department heads, and administrators received the completed proposed budgets.
3. Reviewed the columns and forms and process, gave specific details for various Departments, including English Department, regarding novels, which we will track as textbooks.
4. Mr. Wood continue to recommend a schoolwide budget contingency dollar amount in order to support department spending overages.

Mr. Wood noted that the proposed $65K "contingency" line amount gives us some flexibility in case a funding need arises without requiring us to go back to the board to request additional funding through a vote.

Dr. Lowry asked about the math and science budgets increases and if those were related to new textbook adoptions, to which Mr. Wood and Mr. Hussey replied in the affirmative regarding those content areas and the English Department.

Mr. Wood walked through an example from the English Department, with novels and explained where an additional $54K came from.

Ms. Lopez-Vargas asked if Departments were asked to provide quotes for their purchases as back-up, to which Mr. Wood replied in the affirmative. Mr. Wood gave an example of Alg. 1 and Alg. 2 purchases.

Ms. Malconian asked if licenses are included in the programs, including books, software, etc., to which Mr. Hussey and Mr. Wood replied, "yes."

Mr. Hussey noted that we'd try to purchase textbooks in different years to spread out expenditures.

Mr. Wood then discussed Instructional Materials budgets process, with highlights as follows:

1. Athletics budget review
2. EL Department

We are trying to keep the IMA pure. $350/per teacher allowance to help determine our budgets.

Having a similar Department IMA budget contingency fund.

We'd therefore like to request that the board approve a $397K+ budget for IMA for 2022-2023.
The committee **VOTED** unanimously to approve the motion.

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

C. Discussion on Cafeteria Financial Summary and Possible Vote on Request for Proposal (RFP) Review Updates

Alexandra Ramirez made a motion to recommend that the full board approve Chartwells as 2022-2023 Food Service Provider with a possible 4-year option to renew.
Daniela Lopez-Vargas seconded the motion.
PRIOR TO THE VOTE ON THE RFP PROPOSAL:

Mr. Wood, CBO, led a discussion on the Cafeteria Executive Summary and Request for RFP Review Updates, with highlights as follow:

Timeline:

. Reviewed the highlights and attrition of the vendors during the timeline
. Three vendors, Chartwells, Huntington Foods, and Fresh Start
. Two vendors submitted proposals, Chartwells, and Fresh Start

Rubric:

. Cost
. Experience with Natl. Food Service Providers
. Presented information appropriately
. Financial Stability
. Capability
. Taste

Mr. Wood then reviewed the scores for each vendor, as well as described the process for the taste test and who participated in the taste test process.

Based on the rubric, Chartwells scored a 95/100 and Fresh Start scored an 82/100.

Supporting Documents:

Mr. Wood reviewed supporting documentation, including a per meal/unit cost for breakfast and lunch.

We used 100,000 breakfasts and 150,000 lunches to help us "cost this out."

Breakfast - Fresh Start: combined food plus labor per meal cost $3.23 for total cost of: $323,000.

Lunch - Fresh Start: combined food plus labor per meal cost $4.63 for total cost of: $694,500

Total Fresh Start Cost = $,1017,500.

Breakfast - Chartwells: combined food plus labor per meal cost $2.48 for total cost of: $248.000.

Lunch - Chartwells: combined food plus labor per meal cost 4.057 for total cost of: $608,550

Total Chartwells Cost = $856,550

Cost Difference of $160,000 in favor of Chartwells. Based on the Overall Rubric scores and with the cost better on Chartwells, food costs definitely weighed in Chartwells' favor.

20 participants in Taste Test, including Ms. Malconian:

Huntington Foods 4.3
Chartwells - 4.0
Fresh Start - 3.8

Based on the overall process, and rubric, Mr. Wood recommended to the Committee that they recommend that Chartwells be approved to continue our Food Service at ECRCHS.

Chartwells revenues will be

Ms. Malconian noted that Chartwells' proposal was better prepared.
Mr. Wood introduced Chartwells' representative who was attending the meeting.

Ms. Malconian asked about signage, to which Chartwells' representative replied that they have signage for meals, decals, and railings, a budget of $20K.

Mr. Wood also noted that Chartwells will work with ECRCHS on cafeteria projects/remodeling, etc.

Ms. Malconian asked if Mr. Wood sees the use the cafeteria carts, to which Mr. Wood replied possibly, yes.

Dr. Lowry asked if the bidding companies were able to bring any type of breakfast and lunch.

Participants in the taste test were students (15-16), faculty, staff, and one board member, Ms. Malconian.
The committee **VOTED** unanimously to approve the motion.

Roll Call

Alexandra Ramirez	Aye
Daniela Lopez-Vargas	Aye
Danielle Malconian	Aye

VI. Closing Items

A. Adjourn Meeting

Alexandra Ramirez made a motion to adjourn the meeting.
Danielle Malconian 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 6:15 PM.

Respectfully Submitted,
Kurt Lowry