

APPROVED



El Camino Real Charter High School

Minutes

Finance and Investment Board meeting

September 2023 Finance and Investment Board meeting

Date and Time

Tuesday September 26, 2023 at 5:30 PM

Location

El Camino Real Charter High School - Library (Media Center)

5440 Valley Circle Woodland Hills Ca 91467

Meeting can also be seen and heard at:

North Campus - 7401 Shoup Ave. West Hills CA 91307

The Finance and Investment 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 OTHER MEETING ATTENDEES:

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 September 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

Committee Members Absent

None

Guests Present

Ryan Guinto

I. Opening Items

A. Call the Meeting to Order

B.

Record Attendance and Guests

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

Mr. Hussey led the Pledge of Allegiance

D. Public Comments

1. Cheryl Dorris - Good evening finance and investment board. My name is Cheryl and I'm a parent of an ECR student here. He's a senior, but what I wanted to say today is to make sure you hear my voice and my comments. Mrs. Hart is an ECR student here and she made a statement at one of the previous ECR board meetings a couple of months ago, regarding getting assistance for unhoused students and necessities for the Wellness Center. She was receiving donations from former friends of ECR. However, my understanding through the statements that Mr. Woods made at another... board meeting, a school board meeting, is that ECR has always had funding for what she needed. I am just speaking today to make sure that the funding is made available to her and the Wellness Center. Whatever necessities that they need, that it be made available to them. I don't know what particular area it falls under, but I just want to make sure, as a parent here at ECR, that it gets put on record that please give her and that unit the funding that they need or the assistance that they need for the unhoused or for the Wellness Center. That's it. Thank you.

II. Consent

A. Approve Minutes of the May 22, 2023, Finance and Investment Committee Meeting

Motion to approve the minutes from Finance and Investment Committee on 05-22-23.
The committee **VOTED** unanimously to approve the motion.

B. Approve Minutes of the June 15, 2023, Finance and Investment Committee Meeting

Motion to approve the minutes from Finance and Investment Committee Meeting on 06-15-23.
The committee **VOTED** unanimously to approve the motion.

III. Investment

A. August 2023 Investment Update

Greg Wood: Thank you, Daniella. In the materials, the August 2023 balances in the OPEB trust, we had \$25,898,000. As of the end of August. That's up with two months of contributions of \$440,000, so our... We have gains of \$120,000 in the first two months of the year. The account is up 2.2 percent since June of 2023. It was down slightly from July. The balance, I pulled the balances as of yesterday. Again, the market has dipped a bit on economic news, so we've actually lost since the end of August. We're currently looking at a balance of like \$25.3 million in there, so it's... Market conditions have

decreased that that balance. On the general account, the school's investment account, the Beacon Pointe three investment accounts are at \$6.26 million and the two annuities, which we'll be talking about in a little bit later, they're at about \$800,000. On a combined basis, we've got \$32.96 million in both the accounts. That's the August investment review accounts.

B. Discussion and vote on Re-Investment vote of 2 annuity funds from General Account

Greg Wood: As I just presented on the balances, we have two annuities that are expiring. Midland National, which has about \$400,000 and the other annuity is Athene. On those two annuities that... At the end of the three-year period, so they both made an offer. If we wanted to, we could continue to keep the three-year annuities and they would provide a rate of what they would offer for the next three-year period, and we can choose to either accept or ask for the funds out. The first one that's on the screen is Midland. We had... For the Midland account, they actually offered a nice... We were at 2.4 percent on the last three-year annuity. They're offering 4.8 percent, which I think that's a very sound fixed rate. I am recommending that we keep Midland National's annuity for another three-year period, as opposed to... Now, if you go... Athene also has a... Yeah. Athene, similar situation happened on their annuity renewal on page two as opposed... There you go. Interest rate. Scroll up a little bit there. They're only offering 1.95 percent, so I'm recommending that we cash out the Athene annuity, because that's well below what a market--

Ms. Elias: Market value.

Greg Wood: Market value that we offer, so why tie it up, \$400,000 annuity, getting something that's below market value? Those are my two recommendations. Now, in terms of... I'm hopeful that this committee will agree, and so, I... Yeah. To me, if you agree that Athene should be cashed out, I have two options to propose. One, we could roll it into the Beacon Pointe general account, so they could just disperse it amongst the assets in the general account. That would be one option. The other one, I think I did reach out to... City National Bank is our current bank that we have our checking and some of our other accounts. In talking to them, they could get us into some T-bills, which is, I think, there was someone in the room that... T-bills... As the market's going down, T-bill rates are much higher than market rates, so we could get into a T-bill with City National Bank. They quoted that we could get like a two-year T-bill for like 4.9 percent or a three-year T-bill for 4.7 percent. The choices, again maybe it's a two-step process. One, if the committee recommends and the full board approves getting out of the Athene, which is what I'm recommending in the secondary part of the thing would be, where should the fund, this \$400,000 fund go? I'm kind of... Maybe just to have it diversified ... I mean, the T-bill, T-bill sounds fine. I would be okay with either decision that the full board makes, to either have it just be incorporated into the Beacon Pointe general account, but I kind of like having a diversification a little bit, but the City National Bank can get... provide us a 4.7 percent three-year T-Bill rate. I'm kind of leaning to recommend that, but I would be okay if we... if this committee or the board says, "No, we... just." It's easier to account

if it's in the Beacon Point, but I'm going to... Either way, but I may maybe slightly recommend the T-bill, the T-bill with City National. That's what my recommendation is. I'd be open to whatever the... hear the committee's opinion on... Definitely keeping Midland and cashing out the Athene investment renewal offer.

Daniela Lopez-Vargas: Yeah, I think we can agree that Athene's offering of their own interest rate.

Greg Wood: Thoughts on whether we just roll it into the Beacon Pointe general account versus... I mean, we can hold on to it and then... either one... putting it in Beacon Point, I mean, they're... In talking to Mike Breller, he thinks he could probably get around 5 percent, but I mean, that's subject to market conditions, as opposed to... I was trying to maybe diversify a T-bill, if I was...

Alexandra Ramirez: How long is it? [0:11:57 inaudible] on a T-bill?

Greg Wood: We would get a choice. We could do two years and they would offer a 4.9 percent return or we could do three years, and he's saying they could offer a 4.7 guaranteed rate for three years. Obviously, both being more than what Athene's offering, so just... Like I said, Beacon said that they... Market conditions, the way that the portfolio is structured, he thinks 5 percent isn't unreasonable. If we want to put it into Beacon Pointe, I would be... I wouldn't object. I don't have a problem with us just putting all the investment money, except Midland, in the same general account I've been reporting on all the time, or if we wanted to be slightly different, we can open up a T-bill with City National Bank. I'm okay with either decision, to be honest.

Daniela Lopez-Vargas: I personally wouldn't be opposed to the T-bill. Alex...

Alexandra Ramirez: I... The T-bill rate sounds good, sounds reasonable. At 4.9 for two years? That's what you said?

Greg Wood: Yeah. 4.9 for two years, not 4.7.

Alexandra Ramirez: The lower term on that.

Greg Wood: A two-year--?

Alexandra Ramirez: Yeah, so [0:13:29 crosstalk], but are we...? Our vote right now though, we're definitely voting to cash out of Athene.

Ms. Elias: Yeah.

Alexandra Ramirez: That's clear.

Greg Wood: We need to vote to roll over Midland. The vote would incorporate the committee and our board would agree to roll over the Midland annuity at 4.8 percent. Then, separate within that is... The Athene, to cash it out.

Alexandra Ramirez: Let's say we cash out, what do we do with the money?

Greg Wood: Correct. I'm totally okay. I wouldn't object to doing a two-year T-bill, if that's the consensus of the committee is to do two years at 4.9 percent.

Alexandra Ramirez: I wouldn't oppose to the two years. I mean, 4.9 is pretty good.

Greg Wood: Yeah. You can see--

Alexandra Ramirez: [0:14:18 inaudible] possibly get us [0:14:23 inaudible]. I mean, that's a business point that's not [0:14:27 inaudible] ...

Greg Wood: Okay.

Daniela Lopez-Vargas: So, a two-year T-bill?

Greg Wood: Two-year T-bill.

Alexandra Ramirez: Three-year?

Ms. Elias: Two-year.

Alexandra Ramirez: Two-year.

Greg Wood: Yeah.

Alexandra Ramirez: Okay.

Greg Wood: I'm totally good with that.

Alexandra Ramirez made a motion to Recommend to the full board the approval of rolling over Midland annuity at 4.8 percent and cash out Athene to do a two-year T-bill, through City National Bank.

Daniela Lopez-Vargas seconded the motion.

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

IV. Finance

A. 2022-2023 Unaudited Actuals

Ms. Ilyas: Okay. This is our unaudited actuals. It's going to be your columns towards the left-hand side, and basically, it's going to show how we ended last year. You can see our LCFF revenue. We received \$40 million, and then, if you go... if you scroll down and look at our federal revenues.

Greg Wood: \$40.506 million, if you're tracking the unaudited actual. It's really the... Numbers in the first three first column represents unrestricted, second column is restricted, and then, the third column would be total combined.

Female Speaker: Yes, so then, on the federal side, we received \$4.6 million, and of that \$4.6 million, \$183,000 is unrestricted and \$4.4 million is restricted. A lot of that has to do with our COVID money. You could see the different types of federal revenue being broken out by what they're called. If you scroll down, you will see the pieces that make up our state revenue, which we received \$7.6 million. It continues on to the next page, so... You can see the pieces between restricted and unrestricted, and then finally, the last piece of revenue is our other local. We received 8.6 of other local revenue and you can also see the different pieces between restricted and unrestricted. Our total revenue received was \$61.4 Million, and then, on the expenditure side, you could where--

Greg Wood: Could we explain real quick? Sorry. I mean, it is--

Greg Wood: Good. Special ed, so when you see, for those that aren't familiar with kind of the educational basis, when you see general fund contributions, the \$2.3 million that you've seen a plus/minus, so \$2.3 million is, well... You talk... That's a special... That's the contribution, the general fund, which is why the first column is a minus... had to put into the special ed deficit or encroachment, so that just... It's a little unique relative to financials and profit losses. We've always got to zero out kind of the special ed excess expenditures that comes up a number of slides. Just by way of kind of conversation and let you know why do we see a plus and a minus. Good.

Ms. Ilyas: Okay, and then, so on the expenditure side, we have certificated salaries coming in at \$17.7 million. You can see the different types of certificated salaries we pay, and then, on the classified side, we came in at 5 million. You scroll down.

Ms. Ilyas: And then, on the employee benefit side, we came in at 10 million, and you can see the different types of benefits we pay out, both statutory and like health and welfare type of benefits. Then, on the supply side, which is like all our classroom materials, we came in at \$4 million and you can see the different pieces. The biggest one will always be like non-capitalized equipment, because that's like our computers and our tech-related items, and then, our services, we came in at \$9.9 million, and then you could see... You scroll down. You can see the different types of services we pay out. Then, on the capital side, because we record depreciation, our depreciation came in at \$277,000, and then we have our indirect costs with LAUSD. It's our one percent oversight that they charge us. Our total expenditures came in at \$47.7 million and our ending balance--

Ms. Ilyas: Is \$13.7 million, but what we want to point out to the committee is that, of that \$13.7 million, \$9 million of that is restricted, because a lot of our grants that we received this year fall to the ending balance, so that's what we parsed out based on what we had to report. Even though it looks like our ending balance is \$13 million, \$9 million of it is tied up within our grant. Our true unassigned unrestricted ending balance is \$4.5 million.

Greg Wood: Which is very... Obviously, very healthy and that's... We continue to grow from our unaudited. Again, I mean, again some of this, because of the success, the increases in our OPEB account. I mean, those gains, which are kind of normal operating gains and every... Gains on our investments and the interest on the OPEB account, that while we report those, just to clarify... People will see \$13 million like, "Wow..." I mean... Hey, granted, that's a good position to be in, but just to clarify to the public, to our board in this organization, it's like, well, we are growing those other mandatory... We are growing some of our restrictive balances, which is good to have a cafeteria fund to be able to spend on future things, and so, having these restricted accounts, that's a good thing. We can spend from those accounts, but some of that, once you pull those out for things to spend on... Other types of things at \$4.5 granted is still a great number to have in a year. It's a very successful year from our... in our unaudited actuals of 2022.

Daniela Lopez-Vargas: I was trying to remember what the second interim looked like, but I can't remember off the top of my head. Were we expecting an operating income this large?

Greg Wood: My recollection is maybe two.

Daniela Lopez-Vargas: Two million?

Greg Wood: Maybe \$2 million, yeah, for estimated actuals.

Ms. Ilyas: A lot of this... So, if you look at the different pieces, a lot of why we had such a high ending balance is because like we have to... We have to report our like learning recovery grant in our ending balance, and also like our OPEB contributions, which were like \$3.2 million.

Daniela Lopez-Vargas: Okay. Any questions?

Ms. Ilyas: Yeah. We can go to form 62.

Greg Wood: Yeah. Can we then...? We'll get to the last columns, but we'll come back to this, Ryan, but could we choose...? There you go. Yeah. So, that's...

Ms. Ilyas: This is our [0:25:34 inaudible] form 62. This is what we report out to the state in terms of our unaudited actuals. You can see it's just... This page is a summary version of what we had just explained to the committee.

Greg Wood: It goes from the detail. This page kind of summarizes LCFF versus federal services. When you get down to where it says “C,” there you see the \$13,712,000. That’s the same number that was on the Excel at the bottom, that when we start pulling out the extras. So, when there’s the adopted budget... Next to that, we had to report. What was the adopted budget? If you look to the right, at the time, it was 2.0, so we reported that we adopted a budget of \$2.036 million **[0:26:25 inaudible]**. Just to scroll through the other ones real quick, Ryan, because we don’t have to do those in details. It has balance sheet information, so all... Everything is more or less... Those are reported in our... The Excel really does have the comparison line. We try to mirror... The Excel kind of mirrors the state.

Ms. Ilyas: That’s all the pieces.

Greg Wood: Okay, and then, the other attachment. For those of... Those are the forms we send to the state. Yeah, there you go. This is the special ed, so when we talked about kind of the transfer we did between... So, our special ed funding, we have federal funding, which is... That needs to be zeroed out every year, so this form that we said... says we brought in \$842,000. We spent \$842,000. There was no encroachment federally... Any organization getting federal funds for special ed, they must show and demonstrate that they spend it. On the state side, we showed we brought in the \$3.4... or \$6 million for a state special ed. However, between the salaries of classified benefits of the books and supplies, we spent in excess of that, \$5.759. The \$2.3 million dollars **[0:27:55 inaudible]** kind of that “encroach,” you have to pull that amount to balance out your excess spending, you pull it and that’s **[0:28:03 what sets in]** ... That’s a drain on the general account. That’s the form that, when we as part of the special ed option three... So, LAUSD looks at this, that they want to show that... They want to see and/or show that charters are spending... If they aren’t spending the monies they’re getting for both federal and state, they would look upon that, disparagingly saying, “Well, why should you get this much money?” Some of the grants that we get also include grants from the option three school, option three network. We get some funding from LAUSD and if... They look at... If we don’t show or demonstrate that we are spending well in excess of the money we get in, we would not be eligible. They would either cut our funding in some cases and they may ask us to return some of those funds, if we showed a surplus.

Ms. Ilyas: It also shows not just to LAUSD, but to the state that we are providing certain special ed services to students and meeting their needs.

Daniela Lopez-Vargas made a motion to Recommend to the full board the 2022-2023 audited actuals.

Alexandra Ramirez seconded the motion.

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

B. 2023-2024 Budget Updates

Ms. Ilyas: We adopted a budget back in June with assumptions on enrollment and ADA, so come September, we kind of have a better feel of how many kids are coming in, and so far, we’re seeing a drop in enrollment. We went from 3,420 to 3,145, so that’s going to significantly impact our funding. You can see the comparison between adopted and what

we're projecting as of the information we know today. Our LCFF has gone from \$41 million to \$39 million, which is--

Greg Wood: About 6.9 percent or over like... Is there something over to the right, or you may have it on this. It's about a \$2.8 million drop in the LCFF funding projections, so again, some of the... One good news is, on the budget we adopted, we did adopt the budget in June with the two million surplus, so it's a good thing we... As we're setting this budget, so you already see that... So, having a \$2.8 million drop in the LCFF, that already immediately eats up the surplus we approved.

Ms. Ilyas: So, if you go down to the federal side, some of that revenue is ADA-driven, such as our special ed IDEA. With ADA going down, that portion of revenue is also going to go down as well. We also got our preliminary numbers for like Title I, Title II and Title IV, and you can see that those have also gone down if you look at the comparisons. We also put our allocations in for our COVID grants, so we finalized what we spent on June 30th on the unaudited side, so now we're putting in the remaining balance of those grants in the projected column, because those grants have to be spent by September of 2024 of next year. We went from \$4.1 million to \$3.9 on the federal side, so if we scroll down to this other state, which is in two pages... On the other state, we actually went up, because the state revised our art music block grant revenue. If you scroll down, Ryan. We weren't supposed to be getting anything this year, but then, the state came out, and said, "Oh, we're going to release \$1.1 million," so we accounted that in the projection. Our state revenue went up, and if you go to our local revenue, we went up by just a little bit from \$5.2 to \$5.4 million, but overall, our revenue went down about two million dollars from \$54 million to \$52 million. Then, on the expense side, we mostly kept our expense projection the same, except on the OPEB side, which is in the employee benefits area. We had increased the numbers, because of retiree repayments, and then we also made a revision on our transportation, because of the bus contract that we just agreed to--

Greg Wood: The bus contract of 350 versus--

Ms. Ilyas: If you scroll down, Ryan. Again.

Greg Wood: A little more.

Ms. Ilyas: The pink line, yeah.

Greg Wood: We also... a couple areas that we... We've changed from the budget is actually CalPERS... Our CalPERS expense, we actually... we had overestimated. We lowered it, because our unaudited actuals, it was much lower, so we lowered our CalPERS expense. Is that \$200,000? Yeah. Probably about \$260,000 in expense from the adopted budget, because we... In closing out the unaudited actuals and having similar salary levels, we lowered that expense, because it's early to set to our... I think we hit... We didn't make any health and welfare and all the other areas were largely unchanged. We did change the bus, the other area, because of some legal fees. You'll notice that we up that, because of some recent legal settlements that we have included, kind of an increase of about \$100,000 in settlements for legal. Pretty much left all the other amounts unchanged this early in the year. So, with those slight changes... Ryan, we are at... Could you scroll down? As of now, again, we will update, because there is still, obviously, a lot of things in motion and in play, relative to ADA and other expenses, and getting more data and details. With all the updated ADA, I guess, at the moment, we're

recommending... The balance at the moment, new budget balance for re-adoption that we're recommending, it would contain the \$200,000, \$205,000 deficit, if you see the column D, which I'm okay with doing... knowing. We have... We're budgeting very conservatively on the ADA and there is more... There is potentially more income coming in on other... There are some other state income that I think... and the fact... Again, that combined with the excess, the surplus we had from last year, \$200,000... a \$200,000 deficit, I'm personally not concerned if that ended up being what the number was at the end of the year, given that we... even taking that \$4 million surplus, it would get that... There will be years that we would have a deficit, but that's... To me, that would be a rainy day need of \$200,000 if, in fact, that's what... We'll continue to update that, so we're requesting the committee to recommend to the full board to adopt this new budget for 2023-2024.

Daniela Lopez-Vargas: Yes, sir. I think this might be a... may be a question. So, I'll see if it's on here. Is there anything being done to recruit additional students and bring up enrollment five and two somewhere in the air, where we had originally thought it would be?

Greg Wood: I think there are and maybe... [0:38:30 throughout the time] maybe just before... I mean, what ties into this is there is a slide where Arleta analyzes and where you could come back to this in a second. There is an ADA slide where Arleta...

Ms. Ilyas: Compares.

Daniela Lopez-Vargas: The graphs?

Ms. Ilyas: Yeah, so we're just comparing... We're comparing the different types of ADA and enrollment from--

Greg Wood: There you go.

Ms. Ilyas: From last year.

Greg Wood: This is a good slide, because you're looking at, to the left, this year is a room with, at least... As of the end of month one, was 3,165. You can see it by grade level, the components by grade level, and then, if you scroll, the... Yeah, the graph underneath that. We started the year at 3,469, so it's basically a 300-student drop from August of 2022 to August 2023. I mean, the thing we really... Again, not only it's the drop, but the biggest concern we're... in the... we've... It's the ninth graders. I mean, some of the other grade levels drop slightly. Yeah, we had the highest... In essence, we lost the 906 students from last year graduated, 12th graders, and we replaced those 906 with... Our incoming ninth graders were only 678. The other three grade levels are more... Within a hundred of each other for 10th, 11th, and 12th this year, but my long-term concern, Daniela, to your point in question is that it would not... That trend... One is, we need to try to recover some of those ninth graders, and two is, yeah, that would be if, in 2024, we... That 678, if we did nothing to that, if that goes over to the 10th grade, if we continue to have 650s or 670, yeah, that would be... I think we would be forced or budgetarily, we would have to be looking at staff... things like staff cuts, because we... Obviously, we built the level of teachers to students to be closer to it. We basically have the same number of teachers for 3,469 that we do for 3,165. So, I think, yeah. Organizationally, we need to get the word out to the stakeholders and to potential parent assistants, that we need to continue to support the level of education and the class sizes

we do. My personal concern is like we need to not only back... continue to look for and backfill this year, but if we can figure out whatever caused that to go down, make sure it's a... I would hope it's only like a one-time blip of the 678 that meet, yeah, the numbers in future years will go up again.

Ms. Ilyas: Seems like [0:41:35 inaudible] at ADA actually increased this year in month one, compared to month one last year.

Greg Wood: Yeah. Yes.

Ms. Ilyas: That's interesting they didn't... That's the one group that didn't suffer... dip in ADA.

Greg Wood: Yep. So... Maybe you can go back now around to the Excel version, when you move around just for you... Okay. Subject to any other questions, I guess, we would be asking for, looking for a motion to re-adopt the 2023-2024 budget to be able to support the decline in enrollment in ADA that currently shows a deficit of \$205,000 [0:42:24 inaudible] ask the committee to discuss and recommend to the full board.

Alexandra Ramirez made a motion to Recommend to the full board these adopted 2023-2024 budget updates.

Daniela Lopez-Vargas seconded the motion.

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

C. Review of August 2023 Check Registers

This is our check register for August. This is the check register that... for the ASB account, so you can see all the expenses coming out of the ASB Bank account, what vendor we paid, what it was for and what trust account it came out of.

Greg Wood: 12... the \$17,000.12 a month?

Ms. Ilyas: Mm-hmm.

Greg Wood: Okay.

Ms. Ilyas: Anyone with questions on that one? Next, check register.

Ryan Guinto: It's the general fund?

Ms. Ilyas: Either, yeah. This is our general check register. This is where we pay our... what I call like our big-ticket monthly items, so you can see our OPEB monthly contribution payments to our 403(b) and supplemental life, and also, our health benefits, and then, we've also broken down how much... of our health benefits bill, how much goes towards retirees.

Greg Wood: Just a quick comment since that's... it's... agendized... it will be coming up soon. I think we've talked about that there's a discussion/voting item to have the OPEB account pay [0:45:31 inaudible] the retiree payments into this. On this check register, you can see the... If it were to start, I'm recommending that we start in October, but you can see that the retiree payments for the month is listed down below, so the \$38,825 and \$8,500 would... If the board approves not having that amount come out of the general fund, we would... that amount would be sent to... U.S. Bank is our... maintains the OPEB accounts, so as we report on the OPEB balances, if that's approved, that amount would

then be deducted from the OPEB bank account, not our not our City National Bank account [0:46:20 inaudible].

Ms. Ilyas: Then the next, the final check register is our checking. This is where we pay our bills. You could see who we paid, what we paid it for, how much and what fund program it's coming out of. Fund program and account, so then, if you were ever curious, you could say, "Oh... Well, that's part of the supplies number that I saw on the report." You can see the phone bill. You can see referees. You could see the legal, T. Brian's reimbursement, all sorts of stuff.

Greg Wood: Could you [0:47:10 close...?] That one, too wide...

Ms. Ilyas: Then, under the checking agenda item, we always include our vendor year-to-date, so if you could pull that one...? It's another PDF, so this is our vendor year-to-date. You can see all the vendors we have paid thus far in this fiscal year, how much we paid them this month and how much we've paid them year-to-date.

Greg Wood: Which is basically [0:48:03 inaudible].

Ms. Ilyas: We paid about \$3.2 million in expenses in checks. To the next... Is there anything else under this item?

Greg Wood: The trust.

Ms. Ilyas: Within our ASB Bank account, we have trust balances that the clubs and the teams all maintain, so you can see the different accounts and the different teams that have money in there, and then, on the last page, you could see the amount that is in ASB general.

Greg Wood: For the future, and maybe this group may know, but yeah. A general statement would be... So, it's this... As we're trying to build the... what used to be Friends of ECR, again we would do monthly reporting. Any monies that parents or the community contributes to, this is where we would be reporting on a monthly basis, with the balance of [0:49:30 inaudible] ... formerly Friends of ECR, but now, the royal...

Daniela Lopez-Vargas: Royal families?

Greg Wood: Royal families.

Alexandra Ramirez made a motion to Recommend to the full board, the review of the August, 2023 check registers.

Daniela Lopez-Vargas seconded the motion.

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

D. Review of August 2023 Credit Card Charges

Ms. Ilyas: Okay. This is a list of our monthly transactions on the credit card. For the period of August, you can see who we paid, what we... why we paid, whose card it was on, who wanted the expense, how much, what pot of money it came from and what category it falls into. Usually, I tried to treat the credit card as a last resort. The vendor absolutely, unequivocally doesn't accept a check, then I will 'him and ha,' and say, "Okay, fine. Put it on the credit card." These are the expenses that went on the card for the month of August and the statement is--

Greg Wood: Broken down by card, the two cards we have. Mr. Wood and Mr. Hussey, the two cards [0:51:41 inaudible] now. Can you scroll up briefly? Right. Up. I guess... Yeah. If you look way at the top before the box there, you see the \$13,917.81. Those are the new charges and I really just scheduled those out on the more Excel look, at the one by card that you're seeing coming at us reporting and accounting for each of the transactions. Basically, all the things that you can see on this that... The reference numbers and all that stuff, we go to an extra step to kind of tell you that amount, which is on the Excel sheet, who asked for it, what do we charge [0:52:24 inaudible], so that's kind of a cross-reference between the credit card statement and how we report on the details of the expenditures.

Daniela Lopez-Vargas: You're doing a good job of keeping it short...

Greg Wood: Thank you. [0:52:39 inaudible] ... Who can use the credit card? They have to approve either Mr. Wood or--

Ms. Ilyas: They have to have a PO.

Greg Wood: Yeah. They have to have a PO. Sometimes, we double check that the vendor is truly the... we can't, but there is no other way to pay them except with the credit cards... They get run through the ringer before we let this stuff happen. I mean, like I said, there is a small... We could get a reward... We could get a cash rewards out of this [0:53:14 inaudible] ...

Daniela Lopez-Vargas: What do we do with those rewards again?

Ms. Ilyas: It goes into our fundraising balance.

Greg Wood: Our fundraising account.

Alexandra Ramirez made a motion to Recommend to the full board the August 2023, credit card charges.

Daniela Lopez-Vargas seconded the motion.

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

E. Discussion and Vote on OPEB Account Paying monthly Retiree Premiums

Greg Wood: We just had the sample of, I think, at a prior board meeting... we... the discussion was made for the public and it's been a month since we've had that discussion. I'm not aware, unless another board member heard back any... I didn't hear any negative feedback, so I have talked between the last board meeting of the discussion, have talked to both the CIS, the provider of the premiums to coordinate with U.S. Bank... I've talked to our U.S. Bank Trust Fund, so that... identified what process of this is voted on, so we could implement probably starting with the October payment, the October bill from CIS, which is the healthcare provider. If the board moves this forward, then the business office plan would be to separate the CIS... the health bill between actives and retirees, and then send a notification to U.S. Bank for them to remit the balance as we've kind of showed on that check register, that they would be remitting the balance to CIS, our healthcare provider under the school's general fund. Then, just pay for the actives. I guess, I'm... Knowing how our fund... How we're... at least, as of the last actual report, we're 93 percent funded with future... continuing to make the contributions for the remainder of the year, the \$220,000... I feel very comfortable asking the board to

approve the school starting with the October healthcare payment, to ask the OPEB account to now start paying for the retiree premiums.

Daniela Lopez-Vargas: We'd no longer see on the general check register at Real--?

Greg Wood: It would be. Right. It would not be in the general, but we would account for in the OPEB. Probably on the OPEB, on the investments, it would show kind of the... because that is affecting... The balances are being reduced, so when I show the \$25 million is in round numbers, but the OPEB account, I would start to show on that...

Ms. Ilyas: The expense.

Greg Wood: Yeah, a monthly expense there to say, "Hey, it went down by \$46,000, because they made a distribution to the healthcare provider." Yes, that would come... roll off the general checking check register, but roll on to the OPEB accounting report.

Ms. Ilyas: In theory, those expenses are covered by the gains.

Greg Wood: Yeah. I mean, actuarially, right. I mean, as we talked about, I mean, the investment gains and investment/interest, everything that successful investments... Yes, I mean, once it becomes fully funded, I mean, that's the goal is we could theoretically not even have to make our \$220,000 if it's ideally... if actuarily it hits the... a five... I mean, the whole thing is based on they're expecting... They would be fully funded going forward... They're expecting maybe five percent healthcare increases and maybe five percent investment returns, [0:57:44 inaudible] traces of those [0:57:45 inaudible]. So, those are in. So, obviously, the math wouldn't work out great. If you have healthcare premiums up five percent, then, yes. It's fully funded as long as you're getting... If you get more than five percent the investment return, well it'll be 105 percent. It can be more than fully funded, but on the other hand, if healthcare premiums went up 15 percent in the month or in a year... or the investment... we suffered some investment losses, I mean, we could revisit... We could look at if... We could look on an annual basis, yeah. What... how fully funded are we? I mean, we don't have to necessarily raise any red flags to say, "Okay, are we comfortable with the fact that it went from..." let's just say "...from 93 percent, if something terrible happened between now and the end of the year." If it down went down to 80 percent, I mean, I would probably be recommending to the board, "Okay, we need to make other arrangements to get it back up to a hundred percent." It should be an annual... This should be an annual review that... Our actuarial part, that will not cease to occur just because we say we're fully funded. There is a reason, obviously, organizationally we want to continue to look at those, but the balances and actuarily based upon who's retiring, who's not retiring and all that's been based on the report to see if we have more people retiring than we expected and... adversely affected, but if some people left without being eligible, that would favorably impact it. Yeah, so all those things are still in play on an annual basis to look at how the OPEB account looks. We shouldn't ignore that.

Daniela Lopez-Vargas made a motion to recommend to the full board the OPEB account paying monthly retiring premiums.

Alexandra Ramirez seconded the motion.

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

V. School Business

A. Fund Balance Designation

Greg Wood: Again, I'm bringing you up... Again, we have new board members, so I'm just... I think we've had this conversation before. Again, I'm looking a fund balance designation. I'm looking to establish like a deferred maintenance account for the school to have a designation. Again, I would love... Ideally, what I'm hoping to do is, if the board is in agreement, it would be ideal to have the board approve a fund balance designation by the time... retroactive to June 30th, because what I personally... I would like our financial statements to show that we are being responsible, and for our long-term capital needs, that we are setting aside money for that. Again, I think, outside agencies, the fact that... I mean, it's nice we are successful and we are growing our unrestricted fund balance to... What's it? \$26 million, I think, we saved... Remind me. Once we pull up some of the other balances. I think I had proposed 20 percent. Twenty percent gets moved on a one-time basis as of June 30th, and going forward, the country... that we could continue to... when we have positive unrestricted balances, to have that... If we have a deficit, let's say... if we had that 200... We would make no... There would be no additional amounts. What I'm... I guess, I would like some feedback. It's still in free... It's in a discussion. It's somewhat unusual. Deferred maintenance accounts with school districts, the state helps and funds your deferred maintenance equipment. I'm looking to try to define... I'm hoping by the next meeting to put some meat to... I'm throwing out just that we should designate something. I'm looking maybe for some guidance and/or... I really would like to put parameters on. Okay. Let's just say if it's \$5 million dollars, it's like, "Okay, do we need... we need... maybe a different investment policy?" It's not quite as simple as let's just designate somebody. I'm looking to maybe do we need a separate investment policy statement, or whatever amount we designate, again, our Beacon Pointe, that theoretically, we could open up an account with them, that we could put some investment parameters on that, and then I guess, we would potentially... Whatever the amount is, the organization would be... Maybe it's the... Since this is the... more for capital improvements and everything, is there some tolerance that our board has for...

Greg Wood: Yeah. They would have that as a more liquid... They would keep it more liquid, such that in the month of December... Right. We want to take a million dollars out of this... Part of our maintenance plan is that we want to use a million dollars of this deferred...

Greg Wood: To renovate our library.

Daniela Lopez-Vargas: For that, is that a conversation that we should also have with the capitalization committee?
who can model it out?

Greg Wood: What's that?

Alexandra Ramirez: Inhouse. Do we have someone inhouse that can model it out?

Greg Wood: I guess I'm talking to some of the other... committee and tech guy... I know there is a guy named Ryan. He'd do a great job on that. Yeah, like I said, I

was struggling and try... I couldn't find... I loved to look at other districts... This doesn't necessarily exist, at least, in an educational environment. It's tough, because the...

Ms. Ilyas: Well, in the district world, any deferred maintenance goes into what they call Fund 14. You would take some of your LCFF and transfer it to Fund 14, and then do all your deferred maintenance there, but it's different in...

Greg Wood: Charter world.

Daniela Lopez-Vargas: Once we designate this percentage of our fund balance for these types of projects, we ever needed to use--?

Ms. Ilyas: We'll tap into it.

Greg Wood: Would tap into this. That's another... That's a good comment.

Daniela Lopez-Vargas: Your recommendation, at this point, is 20 percent?

Greg Wood: I mean, given the balance, I mean, that would be a nice start. So, that would give us somewhere in the range of--

Ms. Ilyas: It's a one-time--

Greg Wood: Five million dollars.

Ms. Ilyas: It's only one, probably, yeah. To start it out.

Greg Wood: One time, yes. Correct.

Daniela Lopez-Vargas: Then, if we had a year with a positive operating income, would the contribution that year continue to be 20 percent or are we looking at a different percentage?

Greg Wood: That's just my suggestion. Again, that's just a suggestion.

Daniela Lopez-Vargas: Okay.

Greg Wood: Since the startup of that fund was a 20 percent, it can be...

Ms. Ilyas: It would be up to the board at the time.

Greg Wood: Would be up the... Yeah, the board would have to... They... We could make it 20 percent. Whatever... and I would want it to be... It needs to be based upon an audited fund balance. I wouldn't want any major--

Daniela Lopez-Vargas: This is unaudited. Would it make sense to get like a wish list of projects that the school--

Ms. Ilyas: We have a master plan.

Greg Wood: The master plan. The question would be, again, how much... what's the prior...? The wish list, I think, technically exists. Right, Ryan? It's just a matter of **[1:10:11 crosstalk]** the priorities of the wish list, and again, there could be things funded either out of the design... not... Once we establish it, I mean...

Ms. Ilyas: Could do that for us?

Greg Wood: I mean, again, but he has... I've already kind of briefly asked him, but he says, "But that..." That's going to depend on what... if... give him a dollar amount, but then, he also needs to know how much--

Greg Wood: Yes.

Daniela Lopez-Vargas: And lots of ideas.

Daniela Lopez-Vargas: We will continue with this discussion then, during Thursday's meeting--

Greg Wood: Hopefully, the board would seek membership or participation. I guess, people only have to necessarily be member... no commitment to come every month.

However often we have those meetings, it's just like we want input from everybody. If they can only... If someone can only make it to one meeting... I'm not promoting that this be a two-year mission meeting. Hopefully, it's a short ad hoc, whatever, that doesn't have a long life to it, that we could come to a point and we can make some recommendations back to the full board.

Greg Wood: Yep. I agree. Yep.

Daniela Lopez-Vargas: Yeah.

Greg Wood: **Okay.** I mean, I could... that could be the report out when the full board meets

Daniela Lopez-Vargas: On Thursday?

Greg Wood: On Thursday.

Daniela Lopez-Vargas: Okay.

Greg Wood: This committee can speak to that, and then, maybe the full board will... Let our board chair know that maybe we can... we wanted to kind of...

Ms. Ilyas: Put it out there. Start the discussion.

Greg Wood: ultimately be there... is a bit more...be there... We have a sketch of what we think is important to have in this fund balance designation, but it could be the... The board itself, if it wants to tackle it on their own or maybe they can have an ad hoc committee or something that we can get more input from other stakeholders.

Daniela Lopez-Vargas: Yeah. I think an ad hoc committee would be good.

VI. Closing Items

A. Adjourn Meeting

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,
Ryan Guinto