

APPROVED



El Camino Real Charter High School

Minutes

Finance and Investment Board meeting

March 2024 Finance and Investment Board meeting

Date and Time

Thursday March 14, 2024 at 5:30 PM

Location

El Camino Real Charter High School - (Principal's Conference Room)

5440 Valley Circle Woodland Hills CA 91367

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

Gregg Solkovits

Guests Present

Ryan Guinto

I. Opening Items

A. Call the Meeting to Order

Daniela Lopez-Vargas called a meeting of the Finance and Investment Committee of El Camino Real Charter High School to order on Thursday Mar 14, 2024 at 5:31 PM.

B. Record Attendance and Guests

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

Mr. Hussey led the Board members and guests in the Pledge of Allegiance to the United States of America (USA).

D. Public Comments

There were no public comments

E. CBO Report

Mr. Wood, ECRCHS CBO, presented the CBO Report to the Committee with highlights as follows:

Mr. Wood mentioned that they are currently between the second interim period and the end-of-year preparations.

Charter Conference: Mr. Wood mentioned the upcoming school-wide charter conference in Long Beach, organized by CCSA. Five individuals from the school will attend, focusing on networking, learning about the state's budget, revenue possibilities, and vendor interactions.

State Budget Concerns: He expressed concerns about the state budget based on a report from the Legislative Analyst's Office and updates from the governor's January budget. He noted the challenges faced by larger school districts, including potential cuts and layoffs.

Budget Process: Mr. Wood also noted that the budget process has commenced, with materials approved in the committee last month. However, they are awaiting formal approval from the full Board. Staff is proceeding as if the budget calendar has been approved to ensure progress.

Charter Division Visit: Mr. Wood discussed a recent visit from the charter school division on financial, operational, and educational matters. Financial evaluations involved sub-division of duties and interviews with staff. He anticipated hearing back from them possibly by late April, considering the previous year's timeline.

II. Consent

A. Approve Minutes of February 15, 2024, Finance and Investment Committee Meeting

Alexandra Ramirez made a motion to approve the minutes from Finance and Investment Board meeting on 02-15-24.

Daniela Lopez-Vargas seconded the motion.

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

III. Investment

A. Investment Update

Mr. Gregory Wood, CBO, presented Beacon Pointe's Investment Report and the February, 2024, Investment Update.

OPEB Trust: The OPEB account has seen positive results, with an increase from \$28.3 million at the end of January to over \$29.1 million at the end of February. The account started the year at \$25.3 million.

Payments totaling \$254,912 have been made to retirees over four months, along with \$220,000 contributions for eight months, totaling \$1,760,000 year-to-date. The gains on investments are \$2.2 million, with an 8.9% increase in investments. As of the current update, the balance has risen to \$29.5 million.

General Account: The general investment account, which includes T-bills, an annuity, and three investments via Beacon Pointe, has shown a modest return. The account holds \$7.4 million.

Ms. Lopez-Vargas inquired whether the \$29.5 million in the OPEB trust includes contributions. Mr. Wood clarified that the balance does not include contributions for the month of March or the \$220,000 contributions.

Mr. Wood mentioned that they are in the early stages of working with the Actuary to gather data and compare balances to the Actuarial report. They are currently collecting the necessary information for this process. Additionally, he has scheduled a call with SISC around the beginning of April to discuss potential healthcare plan premiums for the upcoming year. Furthermore, they are considering exploring CalPERS as an option for retiree benefit programs to compare rates with those offered by SISC for retirees.

IV. Finance

A. February 2024 Financial Update

Mr. Gregory Wood, CBO, and Ms. Arleta Ilyas, Director, Accounting and Finance, presented the February 2024, Financial Update.

Attendance (ADA): Ms. Ilyas provided an update on the attendance comparison for month six, noting that the current enrollment is at 3,112 students with an ADA of 2,864, compared to 3,400 students and an ADA of 3,140 at the same time last year.

Mr. Wood added that there was a significant decrease in ADA for February due to a weather-impaired day, resulting in a loss of about 814 from the average attendance day. They filed a J13A due to this material decrease, which meets the criteria for a significant reduction in attendance.

Cafeteria Update: Regarding cafeteria revenue and expenses, Ms. Ilyas shared that despite a decrease in average meals served per day by 33.68%, impacted by the storm-related attendance loss, the cafeteria has generated \$1.12 million in revenue while spending about \$932,000. This indicates that the cafeteria is still profitable despite the decrease in student attendance.

Mr. Wood noted an additional \$77,000 in cafeteria capital improvement that hasn't been reflected. Ms. Ilyas also mentioned the kit funds received, and Ms. Daniela inquired if those funds would be fully spent.

In response, Ms. Ilyas suggested allocating some of the costs for new equipment purchases against those funds. Mr. Wood emphasized prioritizing grants with deadlines while general funds can be carried over.

B. Discussion and vote to recommend the 2023-2024 Second Interim Report

Prior to the vote, Greg Wood, CBO, presented the 2023-2024 Second Interim Report.

Ms. Ilyas

Purpose & Assumptions section: Ms. Ilyas emphasized that the purpose of the second interim report was to offer stakeholders and the state a snapshot of ECRCH's financial condition at a specific point in time, akin to a 2nd quarter report in the private industry.

She mentioned that projections were based on state funding, with the state dictating the funds available for the report. One of the key assumptions they used was the enrollment figure of 3,145 students and an ADA (Average Daily Attendance) of 2,956, as of the P1 reporting period, as provided by the governor's legislative office.

Revenue & Expenditure: Ms. Ilyas provided a summary of the budget reporting process, comparing projections made during the first interim period with actual figures as of January 31, and forecasting year-end totals based on the information available in January. She noted that they projected revenues of \$55,400,000 and expenditures of \$50,485,000, resulting in a net balance of \$4,914,000.

On the revenue side, she highlighted the various sources contributing to the total revenue figure, with the majority coming from LCFF State Aid Sources, driven by attendance.

Ms. Ilyas pointed out the changes observed when comparing the second interim report to the first interim report. Specifically, she noted a decline of \$898,000 on the LCFF side and a decline of \$432,000 on the Federal side. Conversely, there was an increase in funding at the State and Local levels.

Mr. Wood stated that in comparing the 1st and 2nd interim reports, there were forecasts for reductions in federal revenue due to lower ADA, including decreases in IDEA funding, Federal Cafeteria Revenue, and increases in Title I Revenue and ESSER III. On the state side, similar reductions were expected, but there was also an addition of \$138,594 in new mental health services revenue. Additionally, there was mention of a COP grant of \$86,000 and a prior year E-rate Rebate of \$571,000.

Notably, investments had performed well, leading to a predicted increase of \$1.7 million in Other Local funds. **Mr. Hussey** emphasized that despite the apparent increase, the restricted nature of some funds meant they couldn't be utilized.

In response to a query about ESSER funds, Ms. Ilyas clarified that they must be spent by September 2024, and the \$493,648 mentioned was simply the amount reported, not necessarily the remainder.

Mr. Wood elaborated that there were different deadlines for spending COVID funds such as ESSER I and II, with attention focused on the September 30, 2024 deadline. He referred to a previous report detailing the allocation of these funds.

Ms. Ilyas then presented an **expenditure summary**, noting that salaries and benefits constituted the majority of expenses, with changes between the first and second interim reports including an increase in certificated salaries by \$177,000, a decrease in classified salaries by \$435,000, and reductions in supplies and services.

Mr. Wood emphasized that changes in expenses should reflect changes in revenue, particularly regarding the oversight fee paid to LAUSD, tied to LCFF funding.

Ms. Ilyas further explained the breakdown of changes, citing increases in certificated salaries for extra time and reductions in classified salaries due to fewer instructional aides on payroll, as well as decreased spending on supplies and services. Mr. Wood noted that while classified salaries decreased, some expenses were offset by increased spending in other areas, such as services provided by Peace of Mind personnel.

Components of the Ending Fund Balance: Ms. Ilyas explained the components of the ending fund balance, stating that according to the 2nd interim report, the projected ending balance was \$44.1 million. However, after accounting for net capital investments, restricted fund balances, including grants received, OPEB contributions, and interest, the true ending balance was \$27.7 million.

She also mentioned the availability of detailed reports, including the SAX report and prepared worksheets.

Mr. Wood then described the balance sheet estimate provided to LAUSD, LACO, and the CDE as part of the 2nd interim reporting, which showed the predicted assets and liabilities for the end of the year.

Ms. Lopez-Vargas inquired about accessing the detailed line items mentioned earlier, which Ms. Ilyas confirmed were available online as part of the finance committee packet.

Ms. Ilyas further discussed a report filed to the Special Ed group, detailing special education revenue and expenses, noting a deficit of \$3.5 million in running special ed programs compared to the funding received.

Mr. Wood elaborated on the necessity of properly utilizing federal funds to avoid repayment and demonstrating evidence of providing services exceeding state funding levels to ensure continued support.

He elaborated on the oversight provided by COP3 regarding special education services for charter schools, noting his involvement in the Fiscal Advisory committee. He highlighted the need to demonstrate evidence of providing services beyond what the state funding covers, and he viewed the \$3.6 million deficit in running special ed programs as a positive indicator, indicating that the general fund is providing additional support beyond what is mandated by the state, thus ensuring compliance and continued support.

Ms. Ilyas emphasized that, by law, they are required to provide services to every student in need, regardless of the amount of funding allocated for special education. Thus, even though they only receive \$3 million in total, the demands on campus necessitate providing more.

Mr. Wood further elaborated on El Camino's situation, noting that despite being second in enrollment compared to larger schools like Granada, ELCO has a significantly larger number of special education students with higher needs.

He explained that ELCO contributes approximately \$600,000 of their special education revenue to the COP group, which has its own budget. Schools that demonstrate they spend their allocated funds appropriately can request additional grant money from LAUSD COP.

Mr. Wood emphasized that schools must show their spending to justify receiving additional funds. Those with the highest needs are more likely to be approved for extra special education services.

Alexandra Ramirez made a motion to recommend the approval of the 2023-2024 Second Interim Report.

Daniela Lopez-Vargas seconded the motion.

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

C.

Discussion and Vote to Recommend to the Full Board Approval of the February 2024, Check Registers

ASB Account: Ms. Ilyas explained that the check registers displayed expenses from various accounts on campus, with the first one focusing on the ASB account, where expenditures are covered by funds raised by clubs and teams.

She pointed out numerous expenses related to sports tournaments, particularly in baseball and softball. Additionally, **Mr. Wood** added that the ASB account held, representing the total amount of checks issued in February.

Checking Account: Ms. Ilyas mentioned that this account serves as the primary account for most expenses, with approximately \$1 million being spent from it in February. The expenses included capital projects and purchases like books and instruments for the music program, categorized by expense type and funding source.

General Account: Regarding the general account, it covers significant recurring expenses such as insurance premiums and employee benefits. In February, a total of \$662,000 was disbursed from this account. Additionally, a breakdown was provided for payments made for certificated and classified retirees from the health insurance bill, indicated under the line item "SISC HEALTH."

Mr. Wood explained that the retiree payments previously covered by the general fund are now being funded through the OPEB trust. Previously, the general fund covered both the SISC health benefit premiums for active employees, totaling \$351,000 for February, as well as additional payments for retirees. However, due to favorable funding results from the OPEB, these expenses are now shifted to that account.

Vendor YTD: Ms. Ilyas then provided an overview of the Vendor YTD summary, indicating that \$1.8 million was paid to various vendors in February, bringing the YTD total to \$15.7 million.

ASB Trust Balances: She presented the ASB trust balances, highlighting the accounts for teams and clubs involved in fundraising on campus, each with various balances as of the end of February. Additionally, she mentioned the student store, which generated approximately \$90,000 year-to-date, resulting in a net of about \$50,000 for the ASB general after factoring in related expenses. Furthermore, she noted that the ASB account also includes a CD account for the Schmidt scholarship.

Mr. Wood elaborated on the Schmidt family's contributions, explaining that they were previously held at Friends of ECR. However, due to the organization's dissolution, the funds became available to the school through a check. Consequently, these funds were placed in a trust account for the Brett Schmidt scholarship, with \$54,000 invested in a

75% CD for the short term. Following the budget process, this amount will be reinvested into another CD.

In response to a question regarding fundraising for scholarships due to parents' concerns about the Schmidt funds being tied up because of the litigation involving Friends of ECR, **Mr. Wood** clarified that the attorneys of Friends of ECR promptly made the Brett Schmidt account available since it was distinct and limited in its expenditure scope. This clarification indicated that the funds were accessible for allocation.

Mr. Hussey addressed the second part of the question, stating that while parents may desire funds for wellness initiatives like the wellness center, any scholarship from the Schmidt account would be designated specifically for scholarships. He noted that historically, the contributions have typically funded a \$3000 scholarship.

He then also inquired about plans to supplement Friends of ECR scholarship, to which **Mr. Wood** responded that they intended to allocate funds for new scholarships from the CSF account, which had accumulated \$37,000 in full trust funds. He explained that since there were no major expenses, they aimed to provide several scholarships.

A member reiterated the urgency of knowing what scholarships the school would offer, and **Mr. Hussey** indicated that the scholarship process typically began in April, with more clarity expected after spring break.

Mr. Wood mentioned ongoing discussions with Friends of ECR, noting a pending balance of \$60,000 that they were still determining how to allocate. While he couldn't guarantee its availability, he suggested it could potentially be used for scholarships in the future.

Alexandra Ramirez made a motion to Recommend to the Full Board Approval of the February 2024, Check Registers.

Daniela Lopez-Vargas seconded the motion.

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

D. Discussion and Vote to Recommend to the Full Board Approval of the February 2024, Credit Card Charges.

Prior to the vote, Mr. Wood reviewed the credit card charges

Mr. Wood provided a summary of the school's credit card usage for the month of February, highlighting that there are two cardholders: David Hussey and Greg Wood. He presented a breakdown of charges for each cardholder, stating that Mr. Hussey's card was used for transactions totaling \$15,683, while Mr. Wood's card was used for transactions totaling \$16,516.

The combined total card usage amounted to \$31,000.

Additionally, Mr. Wood noted that the charges included expenses such as airline tickets for the Step team competition in Oakland, with details specifying who requested the charge, the amount, and the type of expense. Finally, he displayed a credit card bill showing the total charges of \$31,004 for the month.

Top of Form

Alexandra Ramirez made a motion to Recommend to the Full Board Approval of the February 2024, Credit Card Charges.

Daniela Lopez-Vargas seconded the motion.

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

E. 2023-2024 Capitalization Projects Updates

Mr. Guinto, Director of Technology, presented the current expenditures of the Capitalization Projects for the 2023-2024 school year

Media Center: Mr. Guinto said that the media center had been completed, including flooring, concrete polishing, and electrical work.

Technology: Additional CCTV cameras had been added, and the system had been consolidated. **School Front Façade:** Project was in progress, with plans submitted to the DSA and communication established.

Media Center: Décor and furniture installation had just been finished. Cubicles were being installed in collaborative spaces, opting for a simpler design-cubicles rather than double pane glass as initially planned due to time and cost constraints.

Gym and Stadium: A/V setup was underway, with an RFP out for competitive bids. A similar RFP process was ongoing for the Media Center. For the scoreboard and bleachers, they had contacted an architect to initiate the process.

Regarding the local vendor or builder inquiry, Mr. Guinto mentioned that they are currently focused on obtaining structural plans through an RFP process before sourcing. For the gym and stadium renovations, he noted plans to switch to motorized bleachers and expressed hope that the project would be completed by November 2024.

Responding to concerns about accessibility during construction, Mr. Hussey stated that they aim to schedule the work between volleyball and basketball seasons to minimize disruption.

On the technology front, Mr. Guinto discussed plans to implement a **PA system**, digital clocks with emergency messaging capabilities, and an **Access Control** system utilizing key cards. He mentioned a visit to a school district where similar systems were deployed, opting for battery-powered solutions to reduce costs. He also addressed concerns about perimeter gate locks, considering options to grant access to LAUSD while maintaining security.

Running Cost of Capitalization

Mr. Guinto outlined ongoing expenditures, covering permitting fees, asbestos abatement, furniture removal, and electrical work for the media center. He emphasized the choice of eco-friendly concrete polishing over traditional flooring options like carpet or laminate.

Ms. Daniela inquired about the status of budgeted expenses, particularly regarding furniture removal and other activities such as demo, painting, and concrete polishing. Mr. Wood explained that these costs were originally planned for the 2022-2023 budget. However, due to delays imposed by LAUSD, they are being reported in the current budget cycle for transparency. He clarified that these expenditures are still part of the 2022-2023 budget and should not be accounted for in the 2023-2024 budget.

Gym and Stadium: Additionally, **Mr. Guinto** provided updates on the progress in the gym and stadium areas. He mentioned that cable and discovery work has commenced, noting challenges encountered during turf removal in the stadium where conduit was damaged. A discovery process was initiated to assess the extent of the damage and formulate a plan. Fortunately, they were able to lay new cabling under the track without disturbing it, saving costs. Plans for stadium audio and video enhancements are also underway, with an open RFP for competitive bidding.

Technology: Mr. Guinto mentioned the data cabling project, which was initially bid at \$42,000 but reduced to half that amount due to E-rate discounts. They also integrated a visitor management system into the Verkada ecosystem.

Access Point Upgrade: There are also plans for access point upgrades on the main campus in the coming months, also benefiting from E-rate discounts. Mr. Guinto explained that the current access points are seven years old and reaching the end of their life, and the upgrade will likely occur during a downtime between summer school sessions.

During the discussion, a member inquired about funding for school beautification under the Facility Improvement budget. She mentioned her daughter's efforts to maintain a school garden but faced challenges due to depleted funds. **Mr. Wood** suggested that such requests could be considered for funding by the student body or categorized under donations. **Mr. Hussey** advised the member to have their daughter submit invoices and a brief description of the expenses for consideration.

F. Anderson Hall, Cafeteria, Walkway extension, and Student Store Roofing Project Bid Award

Prior to the vote, Mr. Delgado and Mr. Guinto, COO and Director of Technology, presented mentioning the following:

Mr. Guinto stated that they issued a RFP for the Anderson Hall, Cafeteria, Walkway extension, and Student Store roofing. They noticed deterioration, leaks, and water intrusion in these areas.

Despite being essentially one building structurally, they segmented the project for expense tracking purposes. For presentation purposes, the Student Store was depicted in yellow, Anderson Hall in blue, and the Cafeteria in red, which currently serves as the teacher's lounge and cooking area.

Mr. Delgado reported that they received two proposals, with one quoting \$420,000 and another vendor offering a lower bid of \$242,560. They ensured that both vendors provided proposals based on the same specifications.

The school decided to separate costs of the different roof sections and asked the vendors to do so in the quotes for expensing purposes. As for the cafeteria of Mr. Wood suggested using excess funds from the cafeteria account to cover the cafeteria roof repair costs, considering the surplus being built up in its accounts.

Responding to an audience's query about covering the roof repair costs with cafeteria revenues, **Ms. Ilyas** noted that with such infrastructure expenses, it might be okay to tap into the cafeteria's excess balance.

Mr. Wood added that the chosen vendor has a history of satisfactory work and adherence to timelines.

In response, **Mr. Delgado** mentioned that the expensive vendor was recommended by the district but may not justify the higher cost. They are however still in communication with the district. The next step involves testing the roof sample for asbestos by the district. If found, the district will handle the demo before proceeding with the project.

Regarding the project timeline, Mr. Delgado explained that it depends on asbestos testing results. If asbestos is detected, abatement will prolong the process. Permitting takes around 30 days, and the project could potentially begin during spring break, pending involvement from LAUSD, which may introduce delays.

Alexandra Ramirez made a motion to recommend to the full Board the Anderson Hall, Cafeteria, Walkway extension, and Student Store Roofing Project Bid Award.

Daniela Lopez-Vargas seconded the motion.

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

V. Closing Items

A. Adjourn Meeting

Daniela Lopez-Vargas made a motion to Adjourn the meeting.

Alexandra Ramirez 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 6:51 PM.

Respectfully Submitted,

Ryan Guinto