

New Horizons Charter Academy

Board Meeting

October 29, 2020

Board Present – David Sams (Chair), Stephen Rinka, Esq., Dr. Christina Duran, Richard Thomas ED
Not Present - Dr. Mario Castenada

Staff / Public - Jannet Curiel, Xiomara Medrano, Bea Italia, Katie Liechti, Perla Manzo, Sandy Mejia, John Kim, Emily Peterson, Dolores Roque, Guillermo Gomez, Geetha Huma C.P.A.

I. **CLOSED SESSION** – Not conducted.

Zoom Meeting Commenced at: 03:20 PM

Public Comments: - None

Items for Action

Approval of Board Meeting Minutes (September Board Meeting) with revisions to be made:

- Motion made to approve – David Sams
- Second – Dr. Christina Duran
- Motion Carries (3 votes)

Monthly Financial Report

September 2020 Financials (Charter Impact) – NHCA Average Daily Attendance is 271, with an average PY2 @ enrollment of 272.

1. Revenue forecast for the year at \$4.0 M, apportionment of federal relief funding received in September - \$271K.
2. Expenses forecasted at \$3.8M including learning loss mitigation expenses of \$42K for teacher Professional Development, Chromebooks and software. The NHCA balance of \$200K must be spent by 12/30/20.
3. Surplus forecasted at \$238K and ending fund balance at \$704K.
 - a. Ending fund balance projected at \$704K, 18.8% of total expenses (above the recommended minimum of 15%)
4. Cash balance as of September is at \$1MM and projected at \$1.1MM at fiscal year-end, including deferral financing @ 6% interest rate.

Motion to Approve September 2020 Financials:

- Motion made to approve – David Sams
- Second – Dr. Christina Duran
- Motion Carries (3-0 votes)

Executive Report (Richard Thomas)

We have a few NHCA updates we would like to share with you about facilities and expenditures

- **Covid-19 Updates and Reopening Framework 2020-2021**
 - David Sams – Will NHCA custodial fees be going up?
 - Richard Thomas - NHCA costs will be lower at this time because they mostly focus on the office while we do not have children on campus. Our custodians do provide NHCA with deep cleaning, as we prepare for the visitation of our most vulnerable students. NHCA also bought more comprehensive cleaning equipment, machines that you can strap on to your back and spray (a bio-sprayer) to disinfect and deep-clean classes.

- EPA Final Expenditures 2019-2020 (Charter Impact) – The Board approved this last month, you need only post your expenditures to your web site. You generally spend \$60,000 on teachers' salaries, nothing to approve, just sharing the final numbers with the Board.

- Learning Loss Mitigation Fund Budget 2021 – Budget for monies provided by California Department of Education (CDE), were presented to the board for review and discussion. Primary expenditures are related to purchase of new Chromebooks, IT equipment, IT services, Counseling Services, Professional Development for Staff, new online curriculum, intervention teacher, operational equipment to provide safe school site and other resources for teachers teaching distance learning.

- Co-Location of Mitigation of Overallocation Penalties – NHCA is waiting to hear back from LAUSD regarding the dispute resolution process.

- Application for California School Financial Association (CSFA), Revenue Anticipation Notes (RAN), and Advances in State Aid Payments (ASAP Program) – An Application was submitted for you into the ASAP program.

- **Application for Charter Asset Management (CaM) and STIFEL Loan Application** (John Kim) – Our program provides you a tax-exempt rate. You can more flexibly structure the funding to receive funds by January and February rather than March and April. We can provide the flexibility to pre-pay your funding early, thereby avoiding the interest for the remaining amount of funding. We propose (5) different deferrals, that will be paid back deeper in the calendar year. The factoring of CaM will be \$629,000, followed by \$151,000 and \$152,000 later in the year. The tax-exempt rate provides a 1% savings to you. Our revenue anticipation notes will be available in February of 2021, the other programs will fund you after the deferrals have occurred. We will provide you access to your funds earlier and allow you to pay it off earlier, which will provide considerable savings over time. The forms to complete this are attached to your resolution.

Dr. Duran – Isn't it risky to be working in the stock market, at this time?

John Kim – There are several transportation agencies that are considered high risk in today’s markets, but education is seen as a much more secure place for investors to place their money, they say that government and non-profits provide us a much safer investment in the short-term, like this, our revenue anticipation notes.

Mr. Sams – Is this the first time NHCA has ever borrowed money this way?

Mr. Thomas – NHCA has done this before, when NHCA opened the school, because schools often must hire teachers buy materials and you typically do not get your attendance money until much later in the year. NHCA did not see the deferrals coming, but the state is working this way, so this is our situation.

Dr. Duran – To be clear, we are not grabbing this money, we are looking at our best options.

Mr. Thomas - Dharma Educational Institute agrees to enter CAM and Stifel (factoring option), to borrow (\$680,000 not to exceed \$1,000,000) authorizing Mr. Sams, and Mr. Thomas to manage both agreements.

Dr. Duran – Do we have to run this through our legal people to authorize these resolutions?

Mr. Thomas – Our legal team has reviewed the Board resolutions presented today and found them sound for the purposes of acceptable financing options.

John – This does not obligate you currently, there is no liability to the Dharma Educational Institute.

- Motion made to approve – Stephen Rinka Esq,
- Second – Dr. Christina Duran
- Motion Carries (3-0 votes)

Meeting adjourned at 5:08 PM

Next Board Meeting – December 3rd – November Board Meeting held in December due to Thanksgiving Break.