

FLORIDA EAST COAST CHARTER SCHOOL, INC.
MINUTES OF MEETING OF BOARD OF DIRECTORS

February 17, 2022

A meeting of the Board of Directors of Florida East Coast Charter School, Inc., took place at 5:30 pm on February 7, 2022, at 1293 N. US 1, Suite 5, Ormond Beach, FL 32174. Directors present were Steven Packard, Brian R Seeber, John Gagne, Beverly Grissom, and Jessica Gnanamanickam; Richard Prazenica and Kathy Kluth participated virtually. A quorum was present. Brian Seeber chaired the meeting.

The Notice was presented to the meeting and found to be in order. It was posted on the website. Brian Seeber made a motion for a revised agenda, to add electing a secretary. Steve Packard moved approval of the agenda and Beverly Grissom seconded; the Agenda was unanimously approved.

The approval of the minutes of the prior meeting were moved to be approved by Steve Packard, and John Gagne, the minutes were unanimously approved.

There was a motion to review the status of the marketing committee, website progress, and social media presence. Steve Packard moved approval of the agenda and Beverly Grissom seconded. The board discussed finalizing logo by that evening if possible. There was also discussion as to who is responsible for keeping website current, what monies are available, what is a reasonable cost, and that there is a need to hire someone, but not right now as things are on hold pending other discussions.

There was a motion to review the status of the principal search and Building Hope Services status. There was only 1 interview as one possible interviewee had taken another job. The candidate interviewed was very charismatic, enthusiastic, and a principal of a charter school. They were vague about the salary requirements. Pay range for here is less than what he is making currently, so he declined. He is making about \$103,000 now. Another possible candidate is consulting, and he doesn't want to be principal anymore but could be an interim person to help at \$1,000/month. And he has been part of opening a charter school previously. Two phone screening, one of them Curtis Fuller sent a link, and was a finalist at another school, they were ok with the salary-range and it is worthwhile to interview him. Salary range was \$5,000/mo? We should interview William Morris. Charter application had said \$3,000/month. Consultant versus principal cost was also discussed. We would be hiring a principal at \$3,000/month during the planning year. It was discussed what we would pay the principal with. Finding a principal is better than a consultant, as a principal is what the school uses to help sell the school, pick the curriculum, and recruit teachers.

The number for the census is important as this plays into the monies the school receives. Yesterday Brian talked with Dr. Penn, what number should we use for a census? Charter application says 270 the first year. They send money on a per capita basis. It was discussed someone opened a school with 200 students and they were at the same place we are now. The

break-even census count was also discussed, that it would be hard to open with 127 students, that closer to 200 we can break even. And the monies we get to start into that school year, are based on whatever numbers are in the computer in June, which you get the monies in July for 75% of your student number, and in the district system. Then the district counts in October and February again and the average of this number is the final number which your funding is based on.

Curtis informed the board that you hire the staff based on the census or student count. After you get the student base you hire the teachers. The school is selling a principal and a curriculum. It was brought up that there were some concerns that the curriculum was not thoroughly established enough, but it was clarified that often the principal is the one who sets the curriculum, and in this case the principal would be involved in helping set the curriculum. There was discussion on the nomenclature of the word curriculum, textbooks are not curriculum, curriculum is what you teach.

It was decided to get the interview team to interview the person, if they think it is a good option, get board to decide or look at a consultant as a possible second option. William Orriss is the new option as he was interviewed for another school and was one of the finalists for another school, plus screening questions. Friday afternoon at 3 will be the day to interview, or Saturday at 3. Curtis- 11am Saturday at school for the interview!!!! (verify interview time)

A motion was made to discuss the projected budget about Golden Pair & Company's proposal to develop Projected Five Year Annual Operating Budget 2022-2023 et seq. As far as the projected budget, Joy will get in touch with Dr. Penn for excel spreadsheet, and we can get the excel spreadsheet tomorrow. Another item discussed was that certain number inputs change certain outputs, for example census numbers change teacher's salaries, but NOT transportation or utilities. The question was asked how the spreadsheet arrives, and it was said via email.

A motion was made by Brian Seeber to elect Jessica Gnanamanickam as secretary, and Steve seconded it, it was unanimously approved.

The discussion then moved to discuss Rob Vaeth and our communication with him and the board's relationship with him. There are certain things that we are responsible to pay, and we need funding. The funding source had previously been represented by the landlord until July 1st, and we could get funding from the school board. We must commit to begin paying as soon as we have a principal. A discussion was taken along those lines, and we left the meeting with concern as the landlord was unwilling to fulfill that role until things were changed from the previous setup. The conditions of giving/lending money have been removed. He's cautious right now, because he wants the school to be successful, and can it be done, and will it open successfully. He's not convinced it will and there is concern of lending money if it is not successful. Our landlord would prefer it to open 2023, and possibly the grant can be obtained in that year as well, and this can happen in the next 9 months. There is a contractual right to delay up to 3 years. And Curtis of Building Hope said that if there is utilities issues, it's not unusual for schools to open if they are right where we are right now. We can reapply for the CSP grant, have 3 months of a principal, and put off till April as getting the actual cash in the bank takes a long time. Delay may be necessary if there is no funding.

A board member gave his thoughts on our landlord, that our landlord wanted to get certain board members out and certain board members in, and that he doesn't want to pay Dr. Penn. Board members are owners of the school, and we have Fiduciary duty to do the right thing by the school. Each board member owns a slice of the school, and with the landlord's current behavior are we willing to be in a business relationship with him. The landlord needs to be reigned in to only conduct themselves as a landlord. There are concerns about a checking account and the limitations on a lease. Leasing, (as is frequently the case), the landlord advances funds to build-up. What is the lease access rules? Most leases say the landlord has limited access. We fall into a different category as we are a school, and we vet anybody who goes thru. Contract could say landlord couldn't go in when students are there. Would this solve the issue? We would also have county regulations so we could have more leverage. Example we could have recourse if this was broken, and a management company could come in and do all the things required. It was discussed about the potential toxic situation and chaos bringing a principal into this. And if the principal can deal with it, can the parents? Is the landlord even willing to negotiate a lease? Even if certain board members step down?

It was discussed that about \$60,000 is needed to get school in process to open. We need to have this money and it needs to be a board decision not a landlord decision. We need to open in August if we open this year, and the landlord needs to be willing to advance \$60,000 in the bank account, if our landlord can't make this decision, then that makes our decision to delay one year. We will go the landlord and say this is how we can go forward now, and how we can have the CSP grant. We need to be clear and honest with any principal we hire as to what is going on. Kathy Kluth our accountant said that \$75,000 was more a reasonable number to start-up as there are some unforeseen costs such as desks. And who knows with Covid what additional requirements are needed with distancing etc. We need funds drawn up, if we open this year, it is a board decision with no interferences from landlord. Curtis of Building Hope said there are lenders that lend to charter schools, and our attorney could review all the documents if we need an outside funding source. Local banks are a better option to lend to a local charter school. It was also discussed about exploring a different building or even a smaller one, if we open 2023 we can start discussions now.

It was discussed to make a motion to vote to dissolve the board and the school. Or a motion to agree to secure a loan from the landlord by such and such date and see where that takes us. Start up this August in July, how many desks do we need. Several board members spoke up and said don't dissolve the board. It was discussed that having another location could help leverage the lease and other discussions with the landlord. It could also be put into a formal request to the landlord and set parameters and limits for the landlord. If the contract gets breached, then we don't have to pay back money would give more assurance it would go smoothly. And we could put in the lease the landlord has no say about board members.

The board will give the landlord the request for the 60-75k, and the lines and if he says no, then that is our decision. We can't solve the issue with lease with it's high price per square foot expectation until we know the landlord is gong to loan the school the \$60-\$75k right away. but the state is willing to recognize to help us.

A motion to propose a motion for a 75k FECC bank account, school opening needs, and if we get such a loan we will pursue opening this year. Specific stipulations, and for the lender, intrusiveness, terms of this loan, what is interest rate, and time to pay back. Curtis of Building Hope clarified that an interest only loan for 1st year, loan paid during 1st charter year and payback before renewal is done. Getting approval from state is hard for CSP. It was discussed we already have a lot of furniture there. We will still be pursuing other options, such as local lender or another property. Landlord has skin in the game, re-payment of another investment. Loan WITH lease of the building. Negotiate loan AND lease together. Where is the lease? Brian is working on the lease already and a draft of a lease in the application for the charter, it is NOT complete for sure, does not reflect industry standard etc., and per capita approach. Motion failed for lack of a second, until landlord can be asked for his position.

A motion was made to adopt a motion about a loan and that we know if we can go forward. Brian will put it in writing and we can submit this to the landlord to get an answer on whether or not the landlord will invest this year for this funding which needed to open this year. The loan is contingent upon leasing building, if we get the loan we will only lease the 499 address. We need the successful negotiation of a lease and to negotiate a lease for the 499 address. The number of students that the state is paying us for the FTE, is what should be in the lease. District will give us a number to calculate the payment. And we could use that in the meantime until we get the Oct/Jan averages. Joy told us that we could have 4 kindergarten classes, 4 of first grade with tables and chairs but we would have nothing for the cafeteria. We should have enough chairs and tables if we don't have 4 of each grade. We need additional monies available if we need social distancing. Motion failed for lack of a second, until landlord can be asked for his position.

A motion was made to discuss the status of building improvements. Steve said he is inspired and motivated now, and he will meet with the landlord next week. Sandra Tweedy is doing a safety and inspection visit, as we needed to know what direction we were going to go into, and who should be there etc. We aren't sure if we are going to get the loan etc. We need an answer early next week, to be ready to open the school in August of 2022. Is it too early to interview the principal this Saturday with these items in question? Motion failed for lack of a second, until landlord can be asked for his position.

The discussion moved to give an update on the interaction with Sandra Tweedy, the charter school liaison at VCSB. Topic came up about school board, attorney for school board, and others, there were no issues at all from them to be encouraged to start a school there. Her comment was along the lines of What do we need to do to get you to open the school?

The discussion was then moved to the bank account for the corporation. How can we open such an account. The contract itself could be persuasive with the bank, collateral or signature. Is there any reason to choose one bank or another? One person would be on the payroll. We need an accounting service who would do other things. What about benefits if you use a leasing company or ADP and they hold money. We need to do the bookkeeping and do 1099 & W2s, which pay more than through a leasing company. Community banks are better to get community loans. Which bank to open account in, and which is the best one? The cheapest is the credit union if only use for an account. Steve will ask Jan McGee about who she uses.

Brian made a motion to approve the Insurance for Directors, as Brent Gimmell at Egis Advisors gave us a rate of a prorated premium of \$150, so that it aligns with our fiscal year. Steve seconded it, and it was unanimously approved.

Comments from the public: Joy says that Volusia Co school enrollment is down a certain percentage due to Covid. Schools are over-crowded? Is there a downturn about enrollment due to covid? Online is down this year. A lot of parents and students are interested in the charter school. Curtis will see if he can get a sample lease, and if he gets one he will send us it.

The next meeting is set tentatively for Tuesday, February 22, 6pm; and if we hire a principal, another meeting for Tuesday March 1st at 5:30pm.

The meeting was moved to be adjourned by Beverly and seconded by Steve Packard as there was no further business to conduct.

Submitted by Jessica Gnanamanickam.