



Board Meeting Athenian eAcademy

****Call Only****

Wednesday December 21, 2016

4PM – 5PM

****Virtual Participation Only****

Meeting Location & Host Site

AeA Main Office

765 East 340 South, Suite 203

American Fork, Utah 84003

GoToMeeting Code: **240-191-725**

Call-in information

Dial: **(571) 317-3116**, or

Toll Free: **(877) 309-2070**

Code: **240-191-725**

1. Call to Order – 4PM, Brett Nielsen
2. Reviewing Minutes from Nov 9 meeting (below)
3. Not reviewing Financials
4. Not Reviewing Dashboard
5. Review of ACD Lease Addendum (dated 19Dec16: attached)
 - a. Lease Capitalization
 - b. Delta Land Acquisition
6. Budget update
7. Consider Board Dinner in January
8. Adjourn

Minutes

1. **Call to order:** Amy, Karen, Matt, Brett, Rebecca (4:04), Amy seconds call to order, Pending Holly
2. **No Minutes**
3. **No Financials**
4. **No Dashboard**
5. Matt presents the tentative offer
 - a. The action to find a purchase option was approved in a board meeting several months back. We now have a viable option. This discussion is to move forward with this option.
 - b. We are not approving an actual loan, just to move forward to get a final offer and terms, which would be presented to the Board for approval.

- c. Our total finance package is made up of money in a non-profit name Vertex, and EB5 funding, which includes off shore funding.
 - d. This loan, if approved would likely go into place roughly January. It would save about \$24k in monthly payments through the end of FY17, and we would receive our security deposit to this point, or roughly another \$24k, for a total savings of roughly \$45k+ this first year.
 - e. Year two the savings would be roughly \$54k of reduced monthly payments plus the absence of property taxes, thus a total savings of roughly \$80k. Year three and four the savings would escalate by about \$9k per year. The total savings over 4 years would well exceed \$250k
 - f. Due to EB5 financing we are not eligible for a USDA Loan yet. In about four years we would be eligible for both a USDA loan as well Bonding.
 - g. Bonds are more expensive to obtain, higher closing costs, though the interest rate is much lower, typically 3-5%.
 - h. The USDA loan is easier to obtain, much smaller closing costs, roughly the same range of interest rates. Our attorney Joel Wright recently closed a loan for a charter school below 3% interest rate!
 - i. By moving forward we are not approving this loan. Once we get final terms we can either reject the loan and reconsider after year 2, or take the loan. This is only to move forward on a specific offer
 - j. Karen asked about the interest rate compared to the market. Matt noted that this proposed rate is 5%, though the final would like be between 5% and 6%, which is lower than our current rate. Again, noting the savings at this rate.
 - k. Brett Moves to approve moving forward, Karen seconds the motion**
 - l. Approved unanimously**
6. Matt presents CAM, Rebecca presents financials
- a. Matt asks Rebecca to discuss the current financial position of AeA, presenting our current Cash Flow and Balance Sheet, both of which show sound numbers. Matt added the UCA statement, which clearly shows that USOE owes AeA \$220k for the year.
 - b. Matt notes that UCA works on reimbursements, thus we spend the money first, then we are reimbursed.
 - c. Rebecca notes that we are on track to receive several UCA funds by the end of November, totaling over \$55k, though USOE could always delay that due to paperwork. Last year these funds didn't come in until December and January, thus the short term need.
 - d. The total short term advance is \$75k, with repayment in December and January, with a cost of roughly \$3,500. If for any reason we needed to delay repayment we can with extended costs being nominal
 - e. Matt explains that this is not a loan, but CAM legally purchases the rights to future cash outlays from USOE. Matt also noted that the Utah Military Academy used this service for the same reason their first year of operation.
 - f. Brett moves to approve CAM short term loan, Amy seconds
 - g. Approved unanimously
7. Calendar is presented
- a. Matt noted that the USOE audit determined a few corrections needed to be made. This included approving the updated calendar.
 - b. Amy asked what the tweaks were from the first calendar. The first calendar had teachers starting August 1 without break through the first day of classes August 22,

thus three weeks of professional development and teacher prep time. Matt noted that teachers had concerns about the number of days in the calendar exceeding 195, so it was agreed to give the teachers the week of August 8 off. Thus, they worked the week of August 1, had the week of August 8 off, then began again the week of August 15. This needs to be approved and submitted to USOE.

- c. Karen asked about an additional 10 minutes of instructional time Matt had mentioned in an email. He noted that the auditors counted minutes and determined AeA was slightly short, so the daily schedule was adjusted, lessening some time in other areas to add 10 minutes, which clearly satisfies USOE requirements. It was also noted that our recess is structured, thus meeting state standards for PE.
 - d. Matt discussed the attached daily schedule and Epic Fridays. This included a discussion about the rotations. In addition, Matt noted that based upon surveys showing 40%+ of Millennials believe socialism is superior to Capitalism more needed to be done. Every Friday lessons are given specifically around America, called "The American Moment." The first lesson included the Mayflower, next was Civil Rights, etc. They have been very well received. Karen noted this was good to build this knowledge in our scholars.
 - e. Karen moves to approve the calendar, Amy seconds
 - f. Approved unanimously
8. Board dinner before Christmas somewhere in Utah County, an email will be sent out to find a date, time and location
9. Mentions two audits, one the annual the other from USOE. Eide Bailly seems to be very sound. One issue is the RFP relative to decisions made before approved
- a. The auditor asked Matt and Rebecca for the RFP work on certain contracts, specifically Charter Solutions and Rosetta Stone.
 - b. Matt discussed with the auditor that these were approved as part of the due diligence with the application, thus before AeA existed as a charter school, thus not required as part of the RFP. The question was then asked if charters were expected to revisit all decisions made during the application process, once approved. No clear answer was provided.
 - c. Matt reached out to our attorney Joel Wright and asked for guidance. His legal opinion is as Matt noted, that we are not required to do an RFP for decisions made as part of the application before we are approved. He did not that once approved all contracts should be let out for RFP no longer than five years of duration. AeA will follow this legal guidance and at the completion of FY20 review any, and all contracts entered into during the application process, if they have not already been reviewed by that year.
10. Adjourn at 436, Amy and Karen seconds

Motions

- Approve moving forward on building loan
- Approve CAM funding
- Approve FY17 calendar as adjusted