



CHARTER HIGH SCHOOL

**SPECIAL MEETING MINUTES**

**BOARD OF TRUSTEES**

**Monday, May 11, 2020**

**Location:** Zoom call to Board members:

**Time:** 12:00 PM

**Present:**

Ellen Eagen, President/Founder

Pastor Willie Mitchell, Vice President

Steve Kimatian, Secretary/Treasurer

Karen McMahon, Trustee

Vicki Giaratanno, Trustee -excused

Beth Gavenda, Chief Financial Officer

Fran Coudriet, Administrator

**A. WELCOME**

The meeting began with the Founder welcoming everyone and thanking them for attending this special meeting. She said the primary purpose of calling the meeting was to have the Board review the recent grant made to OnTECH under the CARES Act under the Payroll Protection Program.

**B. CARES ACT APPLICATION**

The Founder stated that given the major negative impact that COVID-19 had made on companies, Congress enacted the CARES Act with a specific segment addressing small business defined as profit and non-profits having under 500 employees. OnTECH made an application for the economic support and received a grant of \$190,086 on May 4, 2020 which was directly deposited in its bank account. One of the primary conditions of the grant was that the school certified that the money was anticipated as being necessary for its continued operations and that it promised to keep current employees on the payroll for at least the granting period covering eight weeks. Several matters were discussed by the Board relevant to applying for the grant. It should be noted that the analysis of whether to apply for and to accept funds should be made as of the date of the request under the CARES Act.

1. The Founder stated there had been discussions with the Syracuse City School District on monies that were due and payable at the time of the application under the CARES Act. Specifically, the bi-monthly payment for per pupil attendance had not been paid and the total SPED monies for the year were not paid. OnTECH had received an email in response to a phone call and an email to the District from the OnTECH Chief Financial Officer that they were not paying vendors at this time. Made a part of these minutes is



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the email received from the district saying they were not paying vendors. Trustee McMahon asked to be clear about it that both the SPED and regular monies had not been paid to date. The answer was affirmative.

2. The Founder also said she had been part of the discussions with the Charter School Office, the authorizer, and other charter schools that there was no certainty that the monies owed to the charters was going to be paid at the time that the certification of the application was made.
3. In considerations of the discussion from the OnTECH auditors, O'Connor & Davies, who also represented many other charter schools, one consideration for accepting the monies was a calculation based on how much money was available for meeting operational needs going forward. If it was less than 6 -12 months of operating funds they advised that it would be appropriate to accept the funds. The OnTECH CFO made calculations which showed that the current operating monies would last approximately four and one-half months. Made a part of these minutes are those calculations. In a separate conference call with OnTECH, a principal of the auditors had stated that it did not seem inappropriate for OnTECH to apply for the monies although he clearly stated that his opinion was not to be relied on.
4. The Founder brought up the point that there were two parts to the funding - one was the application and receipt and the other was the forgiveness or repayment. If necessary, recipients of the funds, if they were not forgiven, could pay back the monies at 1% interest starting a year from the receipt. She also mentioned that the funds could be returned by May 14, 2020 without any penalty. She said that if the funds were improperly secured there were penalties that would be levied and that was one reason for having the Board vet the process and the receipt.
5. Trustee McMahon said she felt OnTECH had good reason to certify the request for the funding particularly because it had two specific payments due from the District for monies which had not been paid, along with the notice that vendors were not being paid. Trustee Mitchell agreed with this assessment.
6. Trustee Kimatian said a further consideration that was important was the statement by Governor Cuomo who said that education funding would be cut, that statement being made on at least three separate occasions, the latest one being on the day of this meeting. He said that brought great uncertainty to the financial picture for OnTECH.
7. Pastor Mitchell said that his church had considered applying for the monies, but had not done so because there were only a few employees and they had been doing well financially. He further said he did not see why OnTECH should not avail itself of the program as it did not set up the requirements or the process, but was only seeking to utilize what was presented as support for small operations.
8. Trustee Kimatian stated that there might be some in the charter community who elect not to apply for a PPP grant, but many of these were large entities with multiple schools having significant cash flow and which had been in operation for many years. On the contrary, he stated that OnTECH was a standalone new school and had only itself to sustain operations. Loss of its revenue stream was an existential threat.
9. Another factor to take into account Trustee Kimatian said was the fact that OnTECH had taken steps to insure that all employees could continue on the payroll. That was one of



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the primary reasons for the PPP grant. Even though it was not necessary to keep all the employees during the online period, OnTECH had found ways to utilize their services and adjust the definition of job assignments to accommodate their continued employment.

10. Trustee Kimatian also stated there was likely to be an additional impact on the operating expenses as a result of renovations that needed to be made to the church and the rectory for the coming year. In order to accommodate the anticipated incoming 9th grade class which would then include 9th, 10th and 11th grades, renovations needed to be made at least in the church to meet code and State Facilities requirements. Though a State Stimulus grant was applied for, he said that the director of the grant stated the competition for the monies would be very intense this year. The Founder stated that she had heard the same thing from other charter schools and since OnTECH had received the grant last year, it was unlikely they would also receive it this year. Accordingly, these renovation monies would be coming directly from operating expenses.
11. Administrator, Fran Coudriet stated that he felt the application for the PPP monies was justified and an easy story to tell in that OnTECH had not received the monies to which it was entitled from the city district and there was no assurance at the time of application that such payments would be made.
12. The CFO raised the question of whether OnTECH would get negative publicity for requesting a grant and the optics may not look good. Trustee McMahon said that OnTECH could end up in the news for taking the grant, but at the same time our mission was very unique and it might very well be that many students might not be in high school if not for OnTECH and so she felt for that and the other reasons the application for the grant was justified. Trustees Mitchell and Kimatian agreed.

With the above discussion having taken place, Trustee Kimatian called for the motion on the grant. Trustee Mitchell made a motion to approve OnTECH's application for the Payroll Protection Program grant under the CARES Act incorporating all the discussion above in satisfying the certification for requesting the grant. The motion was seconded by Trustee Kimatian. There being no further discussion, the Trustees voted unanimously to approve the application and acceptance of the PPP monies.

Founder Eagen then brought up the importance of following the best practice procedures for receiving and applying the PPP monies. First of all it was recommended that the money should be deposited in a separate account. The CFO said this was done. When payroll or other monies appropriate to the grant were paid out, they should be drawn from this account to transparently show the flow of the dollars. The CFO said this was the intended procedure. She also said that the CFO and Board needed to keep apprised of the requirements for forgiveness.

### **C. LIABILITY POLICY WITH UMBRELLA COVERAGE**

Treasurer Kimatian then asked the Trustees to address one more issue since the Board was convened. The OnTECH overall liability policy had reached its term end and needed to be renewed. The current policy went from a premium of \$6,516 to \$7115. The one change he recommended was increasing the liability from one million aggregate limit to three million.



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With so many issues today being litigated, with potential personal injuries with the growing population at OnTECH, with claims being made against educators for even questionable reasons and now with some even saying there could be Covid based claims, he recommended the increase in coverage. The total cost of the coverage would now be \$9,196. On motion by Trustee Mitchell, seconded by Trustee McMahan, it was unanimously agreed to adopt the proposed liability policy.

### **D. ADJOURNMENT**

There being no further business to discuss, the meeting was adjourned at 12:30 PM on unanimous consent of the Trustees.