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**Face to Face Academy**

**Special Board Meeting Notes**

**May 6, 2020**

Attendance included Academy School Board Members Bryan Bakke, Paul Roark, Mike Nord, John Vasecka, and Willie Suttle. Also present for the meeting were Darius Husain (*Academy Director,)* Jennifer Plum (*Assistant to the Board Secretary,*) and Tom Kigin (*Assistant to the Community Board Members.)* ***This Board Meeting was conducted via Zoom Meeting with all attendees online due to the restrictions in place for COVID-19*.** Guests included Joe Aliperto (*Dieci School Finance*.) Absent: Board Members Rachael Blawat and Guadalupe Lopez.

**1) Review of Agenda and Conflict of Interest Regarding Agenda Items**

**2) Presentation & Discussion Payroll Protection Program: Special Guest, Joe Aliperto *(Dieci School Finance)***

1. Documents called the *Memo: Payroll Protection Program (PPP,) The Paycheck Protection Program Application, and the Overview of PPP Loan Forgiveness* were circulated for review.
2. Mr. Husain briefed the Board members on the application process for the *PPP* loan. The Academy submitted the application during “round two” of the federal submissions. The Academy was approved for the loan and this special meeting was called for Board Members to vote on the acceptance of the *PPP* loan.

Discussion points included:

* Face to Face Academy qualifies for this federal loan as a non-profit agency.
* All charter schools in Minnesota are designated both as a governmental educational entity and as a non-profit agency.
* The bank for the loan is Bell Bank which was highly recommended to Deici School Finance.
* Mr. Husain spoke with Mr. Aliperto, Mr. Mayer at BerganKDV, and Ms. McGraw Healy about the *PPP* loan. All three parties who work with the Academy supported the loan application.
* Discussion about how charter schools may not be regarded as non-profit agencies in a larger political discussion regardless of Minnesota’s definition.
* Discussion about how Minnesota charter schools are not allowed to access funding from an approved levy. Currently, if the ability to access funds through the approved levy were in place for the Academy, it would be an additional $1300 per Academy student who resides in St. Paul.
* Mr. Aliperto noted that Mr. Husain met “above and beyond” all the requirements for the application which included gathering feedback from lawyers, banks, authorizers, other charter school directors, auditors, both Minnesota and the national charter school associations, and other community members. Note: Minnesota Association of Charter Schools (MACS,) which Mr. Husain is the Board Chair, and has not announced an official position on this loan for charter schools.
* Discussion about the assurances for the loan. One of the assurances includes maintaining staff positions during the pandemic which the Academy has. Another assurance includes language about accessing the loan due to the “economic uncertainties” during the pandemic. Discussion about the phrasing of “economic uncertainties” on the application and its implied vagueness.
* Mr. Husain, as the Director of Face to Face Academy, made these assurances on the federal application in order to meet the deadline for the application. This special Board meeting has the authority to vote on the return of the loan under the qualification of “safe harbor.”
* Many of the other Minnesota charter schools have already accepted the loan.
* Discussion about current budget expenses during the recent distance learning period. These include a significant cost for the technology that was needed in order to provide remote learning. Also, the Academy’s biggest donor of $15-20K is not in a position to give funds this year due to the economic challenge of COVID-19 for small business owners. The Academy staff have worked six additional days during distance learning.
* The Academy has not been able to hold the last three New Student Information Meeting which means that the waiting list for enrollment is down 82% in comparison to last school year. As of today, the Academy has been able to enroll only one new student during distance learning in comparison to the typical 6-10 students who enroll in May. During distance learning, there is less truancy enforcement or referrals which also supports current and ongoing enrollment.
* The Minnesota projected state budget model was circulated for discussion. The projection provided by the state does not include a second surge in COVID cases.
* The Academy usually finalizes hiring positions now in order to start the new school year in July.
* The building for the Academy is not currently structured to house students for potential instruction during the coronavirus outbreak. Additional chairs, tables, and outdoor space are needed. The bathroom that is located in the school space, but is used for the public clinic would also require construction.
* When there have been past budget concerns for the state, it increased its state-holdback for school funding as high as 40%.
* Discussion about the known financial health of the Academy’s current landlord. The landlord reported that they are not in a position to cover the cost of $6K for the needed bathroom construction in the Academy space.
* The Academy’s authorizer (UST) and auditor (BerganKDV) both agreed that the school qualifies for the federal loan. Mr. Aliperto reported that the Academy has done thorough research on the loan, and even more so than other charter schools that have already taken the loan.
* Discussion about how to return the loan, or any part of it, at a later date if the Academy did not require the additional funding. Mr. Aliperto reported that the Academy qualifies for the full forgiveness of the federal loan.
* Discussion about the potential for negative public discourse about charter schools accessing this loan while other public school districts don’t qualify for this specific loan. This could create another point of political divide between public school districts and public charter schools.
* Discussion about the public release of the projected economic path for Minnesota and how the return to economic growth never indicates a return to pre-COVID-19 economic projections. This information provided by the state highlights what could be considered as “economic uncertainties.”
* Discussion included the documentation of how to note the eligible expenditures. Mr. Aliperto noted that the application for the loan did not require that the Academy present a negative cash flow. He also noted that the loan does not need to be segregated in the checking account. On the other hand, Mr. Aliperto noted that FDIC limits require the Academy to have a separate checking account, but the federal application for the *PPP* loan does not require this process to be in place.
* Mr. Husain recommended conservative financial practices, as always, regardless of the *PPP* loan forgiveness.
* Mr. Kigin noted his support for the loan and recommended to continue conservative spending while considering the long-term uncertain expenses related to COVID-19.
* Mr. Suttle discussed the process of getting other bids on the construction needed for the bathroom space. Discussion included the equity of having the Academy covering the cost of the bathroom when it’s fundamentally the responsibility of a landlord.
* Mr. Nord noted the due diligence of Mr. Husain and Mr. Aliperto.
* Mr. Roark noted that this loan is funding to secure the Academy’s long-term programming in the community.
* Mr. Husian noted his good faith belief that the Academy qualifies for the loan.
* Mr. Aliperto recommends that the Board approve applying for *PPP* loan forgiveness in several months.
* Mr. Nord recommended revisiting the compensation for the extra days staff worked during the distance learning period.
* Mr. Husain recommended revisiting the budget with an adjustment to the projected ADM for SY 21 and how the budget would be affected as the Academy differentiates itself during distance learning.

**Upon a motion duly made and seconded, the acceptance of the Payroll Protection Program federal loan was accepted as submitted. Role call noted for acceptance included: Mr. Bakke, Mr. Vasecka, Mr. Roark, Mr. Suttle, and Mr. Nord.**

Meeting adjourned at 5:40 p.m.

Respectfully Submitted,

Bryan Bakke

Board Secretary