

The regular monthly meeting of Coney Island Preparatory Public Charter School was held on April 20, 2020, at 5:00 pm.

Board Member Present: _____

Jacob Mnookin

Joe Talia

Julie Goran

Joe Herrera

Leslie-Bernard Joseph

Jennifer McArdle

Guest Present:

Eldridge Gilbert

Hallie Hanson

KC Klegar

Absent:

Quorum Present: Yes

I. Minutes

Leslie-Bernard Joseph, the Chief Executive Officer, presented the board with the March 23, 2021 Board Meeting Minutes for approval

Voted: **[Insert Board Name]** made a motion to approve March 23, 2021 Board Meeting Minutes. **[Insert Board Name]** seconded the motion and it was approved unanimously.

II. Schools Update

Leslie-Bernard Joseph presented the board with the following school updates:

1. **Open Campuses:** Coney Island Prep saw a modest increase in the number of families electing to come in-person for instruction through the remainder of the school year. The organization expects to see a third of their scholars each week, up from ~20-25%.
2. **State Testing Update:** Only a handful of families opted into taking state tests this week. The organization expects less than 40 students between grades K-8 to take state tests this school year.
3. **Staff Vaccinations:** The organization has seen an increase in the response rate up; currently 91%. More than half of their staff population is fully vaccinated (approximately 61%), with 15% of their staff having received their first dose. There is a small population of the organization who is still unsure or has not responded to their survey yet.

III. Facilities Update

Leslie-Bernard Joseph presented the board with an update to Coney Island Prep's Upper Elementary School potential facility. Mr Joseph went over some details of the facility as well as highlighted some of the immediate renovations work that would need to be accomplished in 60 days after taking possession of the facility, which includes:

- Upgrading all wiring and wifi needs
- Painting
- Exterior signage
- Security, locks, keyless entry and alarm systems on doors
- Reconstructing walls to maximize classroom space/ size
- Removing carpeting/ finishing flooring

Mr Joseph went on to present the board with the rent schedule for the Upper Elementary school in their 5 year lease. With that, the board was updated on potential risk implications to consider as well.

- Without additional space, Coney Island Prep cannot grow for the foreseeable future.
- For fall 2021, we either face some threat of the need for social distancing and inadequate space to serve all scholars 5 days a week. With that the potential to have to stretch their highest-performing school across two locations.
- The organization will have to manage four complicated processes simultaneously, each with their own risk.
 - The organization must secure

III. Enrollment Strategy Update

IV. Federal Funding Update

V. Fundraising Update

VI. Reminder: CEO Evaluation

VII. Adjournment

There being no further business to be transacted in the meeting was adjourned at 6:05 pm

I hereby certify that these are a true and correct copy of the "minutes" that were adopted by the Board of Trustees of this Corporation on April 23, 2020.

Respectfully Submitted,

Jacob Mnookin, Secretary

Campuses Open

State Testing

- Monday April 18th. Only kids who are coming in person should be taking the test.
- A lot of kids who are thriving are staying home.
- This will incentivize scholars from coming in. This will only be a sample size of our scholars who will be tested.
- CIP can OPT out of testing. NYS has formally applied for a waiver from the federal government.
- This would leave about two weeks to prepare for State Testing.
- Schools should conduct outreach to families of full-time, remote instruction students to determine the parents' interest in having their child come to school to participate in
- Julie- what do we lose from not undergoing the State Tests.
 - The best thing that the data can be used for is for broader comparison to other CMOs and schools. There are a lot different data points; MAP testing is something that can be used to compare kids nation wide
 - This is a lot dated information as this doesn't come out until the next year. It feels worse for a lot of reasons but there are limited things that you can do with the data due to the timeline of when it comes out.
 - There is a lot of opposition in other charter networks around not testing their kids. The DOE has told their principals, to ask their families and see if they want to have their kids tested.
- Jen- Anticipating pushback from families.
 - No push back anticipated.
 - Families who have kids at risk for retention, however CIP would not get the results time to use that as an indicator.
 - Thinking about messaging to parents around being neutral. Letting them have the option, and their right to have it. Realize that there won't be 0 kids who need to be tested. Logistically the same amount of backend mandates. If

SPED needs the accommodations. (Think 20 v 2 kids; they need the same planning) Messaging, around OPT in v OPT out.

Core Issue: Should CIP encourage the limited number of families attending school to “opt-out” of state testing?

- The message seems for families to do what they want. There is uncertainty around what can happen if it is pushed too strongly. There could be consequences later on.
- The kind of messaging around follow up conversations with parents. It is easier if they ask us, but do not want to discourage them.
- Will proceed with gentle discouragement to families.

III. Fundraising Update

Spring Fundraising Vision

- Over the past 10 months the experience has been good. EOY giving campaign driven by Wendy and Jim. Get 125K at the end of June.
- Thinking about more sustainable opportunities for fundraising. Hope to grow in the next few years that can't be offset by PPA.
- New ideas in giving circles. Transactional giving towards relationship building. More connection to CIP and the mission.
- Support the board and the Mnookins and reach out to your network and allow for more organic ways to learn about Coney Island Prep. Take the concentration from some folks and build sustainability.
- Drop invites to the entire mailchimp. Once you get it, send it to everyone in your network who can benefit from this event. Let HH and or LBJ know so they can reach out to them personally.
- Last year with an email raised 125K from the Mnookin list alone. Used that as the general goal for this year's Spring Event. This is an ambitious but attainable goal. Hoped to spread that out amongst the board members.
 - Jim and Wendy Mnookin: \$65,000
 - Josh Wolfe: \$25,000
 - Leslie: \$10,000
 - Board: \$25,000
 -
- If there are other employers to tap into. These are the rough numbers on the approach.
- Quarterly will reconcile the list. Hope is that folks will fall in love with CIP through these various touch points. Less reliant and transfer those to CIP and not just feel connected to CIP by Jake and his parents (not over rely)
- The Russos were a couple brought to CIP by the Mnookins. Handed off the relationship to LBJ.

- It is frustrating that those programs still cost 1,000 of dollars but see a difference for those kids who attend those programs. Scholars are much more comfortable with applying away from school.

Next Steps

- Board to follow up with the people from their lists personally and have HH support outreach if they needed.

Previewed the addendum with Sam, a suggestion was thinking of additional star power that might live in the network to add to the program.

Some ideas are luminaries in the Education space, or throw out anyone who would have a friend who would be a great fit for this event.

IV. Finance Update

- **Cash Management Policies**
 - Significant cashbuild-This happened because this year there was a surplus in this year.
 - Operating mostly virtual, there are a lot less expenses. CFO sees a lot less.
 - No expense is being denied. There is just less expenses in virtual.
 - Receipt of the PPP funds and have gotten financial federal grants.
 - Potential release of the letter of credit. This means the cash balance is way higher with the audit free credit.
 - Operating cash- something good for up to 3 months.
 - Payroll + 20%
 - Reserve cash- 3 to 18 month included.
 - Payroll Reserves
 - Letter of Credit
 - PPP Loan
 - Due to Builders
 - UES Incubation Lease
 - UES Incubation Lease
 - Central Office Lease
 - Compensation Initiative
 - A number of these things will move into the strategic bucket.
 - Strategic/Investable cash- wouldn't need for greater than 18 months.
 - How much cash are we comfortable with not needing from 18 to 2 years. 5.5 to 6 million. That would include 2.5 from the PPP. Do not expect to need them in the short term.

- Would like to solicit if this opinion makes sense. See where the level of risk can be from the board level.
- The rates on the longer term CDS, weren't very high compared to the short term CDs.
- Harder to get to the 40 basis points.
- With Rates so low, the bias should be returned with capital than return on capital. Could be in a position to look at this quarterly or annual. Being conservative with it, right now in a really volatile rate period. An alternative would be to take some CDs, some vanguard fund. Minimize the risk where we can see the account decline 5-10% instead of get out some sort of return on it.
- Jen- if we are going to get an audit, should CIP wait to not use the cash. Wouldn't you want to protect the funds just in case?
 - Certainly today CIP is a great financial position. A year ago talking to 20% budget cuts and 3.2 millions taking out of budget cuts. Being hopeful when we applied for the loan, worried about our financial position. LBJ feels there is not a risk to invest some of the money. PPP is not the way the cash has increased significantly.
 - At the end of last fiscal year took the initiative to move money out of some CDS to make the balance sheet look longer dated. Is it getting harder to sit on this much cash.
 - Using JPM to do some portfolio management, ask them what they recommend and how they would manage it. They could agree with KC and/or.
- Not a lot of appetite for something with a lot of risk. There is comfort around how strategic v reserved cash is being thought of.
- Talia- agree to use the strategic cash to find ways to make money on it. Should have a process in place to visit this monthly seeing how volatile the rate has been. There might be some periods of time where high yield low risk is paying you more.
- Risk reward to take it on, it is not asymmetric in favor to CIP.
- Talia- Trying to align the duration of the asset with when you are going to need that cash makes sense. The gap with shorter term rates, to long term is not so significant- where the mark might be on the day. In a normal interest rate environment it would be true. The spread is not big enough where you get paid for going out significantly further.
- **PPP Loan Forgiveness**
 - Coney Island Prep received \$2,555,000 from the Payment Protection Program on May 5, 2020 through Signature Bank. Two year loan with 1% interest

- Intend to have a cover period of 05/05 to 10/19 2020. Now is time to prepare and submit a forgiveness application.
- The application consists of 2 parts
 - Loan necessity questionnaire for those who got more that 2 mil over funding. Are subject to audit.
 - The loan forgiveness
- The audit is based on 2 million received amounts. Puts CIP in a bucket who can get an audit between now and the next 6 years.
- Interest deferral ends at Mid August, but will have it reviewed by the PFKOD. Takes about a few weeks for the lenders to approve it and the SBA.

IV. Facilities Update.

- **815 Kingshighway**
 - Drafted and sent termination agreement. Sent to the landlord so they can return the fund promptly.
- **UES incubation site**
 - Alleviates the space challenges in case CDC keeps desk 3 feet apart. 3-5 has their own LT and would not want them to split.
 - Pursue growth without the HS facility.
 - Can turn it around in 60 days. Short term for 5 years with renewal option.
 - Risks
 - Earliest would be in mid May or late May. Lots of things done simulatly.
 - Trying to lease this without enough lease time
 - Expan enrollment especially in grades 3.
 - Pursuing facilities funding form the city.
 - Falling on enrollment would not help
 - Not getting facilities funding would not help
 - This is especially good for all the kids who might be able to come to school every day next year.
 - Julie
 - Landlord dealt with before. Does this give you comfort around the idea of timing?
 - Very comfortable since they own the HS.
 - Restricted the lease last Spring so they can capture the facilities assistance. Super supportive and has helped during COVID.
 - Brooklyn/Queens diocese, they own a lot of buildings and do this so often. In contrast to Barak.
 - They don't negotiate leases and say these are the terms.
 - Communication is strong

- Enrollment-
 - Down 40 to 60 percent down in a lot of large networks.
 - Will be harder to enroll in grades 5, 6, and elsewhere. Large employers are seeing employment applications.
 - Will not be that aggressive, know the minimum number of students that will be needed in the building. Can hit those targets but are risks.
 - 3rd grade 60 to 90 kids.
 - Can't do in person events or in person information sessions.
 - In conversations with other networks, there are long term trends depending on the school. CIP has been insulated because only real players in this area. AF, Uncommon, Success accustomed from having schools around the block from each other.
 - This can draw from new scholars to pull from. Between the ES and the mS so hopefully that it will help.
 - Last year through March had 230 new applications in K-3. This year the same timeline has 199 applications. For grade could not hit a target of 90 kids with these applications.
 - As things open back up- can walk around and pass out flyers. The other thing is, right now there is no sense in changing schools if they will motor be open every day of the week.
 - The way of thinking of mitigating that student risk. If it is 90 kids that's three cohorts. There are other things that would love to have but will forgo. Principals are thinking of flexibility. To make this work, you do not need 2 teachers in the classroom to figure out how to move things around.
 - This is happening very quickly and how to build that budget to make it affordable.
 - One of the mitigating offers is that CIP is sitting on a lot of cash so the school won't shut down.
 - DBI is because they can time the projects the building is received. The way it is being thought of is wiring, internet. Feel confident in wiring, painting, and flooring. Expanding the bathrooms would happen over the holiday break and not school year. 25K a month in the Summer as opposed to 18K in 815 and committing to make things happen in a short amount of time.
 - CIP looks at it to start the process and see if it can be done. If you don't negotiate the lease to get inside of DBI, it definitely won't happen for September. Someone who is looking at it frequently, so that each milestone is being looked for or outside folks who have been in this space before and

engage them to achieve those month by month goals. Coming back to the board with the benchmarks.

- Vote: Motion to approve to negotiate a term sheet with UES building and sign with DBI so they can get CIP a building. Joe Talie and Josh Wolf second.

- Network Office
 - Headcount is outgrown.
 - Facility issues in the space.
 - Looking at Office space, value at each of them. The surf ave would be in a residential area much larger and unique space.
 - A larger turn key space that would take less work on CIP's part. The 626 would move more quickly and is a real process and pursue it.
 - The fees are on the side of the landlord and for commercial office space and not for finding a school
 - Cleary will negotiate both office space and building
 - *Vote:* Sign a representation agreement with brokers- Transwestern. Jake approved and Julie and Jen

- CEO Evaluation
 - 360 ovulation from the CEOs evaluation
 - Board will complete the evaluation and have an opportunity to discuss.

V. Adjournment

There being no further business to be transacted in the meeting was adjourned at 6:30 pm

I hereby certify that these are a true and correct copy of the “minutes” that were adopted by the Board of Trustees of this Corporation on March 23, 2020.

Respectfully Submitted,

Jacob Mnookin, Secretary