

## *The GREAT Academy Board of Directors*

### *Meeting Minutes*

Monday, June 10, 2024

1. **Call to order**

Mr. Douglas called to order the regular meeting of The GREAT Academy Board of Directors at 12:09pm on Monday, June 10, 2024, at The GREAT Academy 6001-A San Mateo Blvd NE, Albuquerque 87109.

2. **Roll call**

Mrs. Edmond conducted a roll call. The following members were present: Mr. Douglas, Mrs. Edmond, Mrs. Gee, Mr. Pitts and Mr. Boyd were present. A quorum was achieved.

3. **Discussion & Possible Action on 6/10/2024 Agenda**

**Action Item** – Mr. Douglas presented the agenda for the meeting. The members reviewed the agenda. He asked if there were any questions. There were none. He asked for a motion to approve the agenda. Mr. Boyd offered the motion to approve the agenda. Mrs. Gee seconded the motion. All were in favor of the approval of the agenda. The agenda was approved.

4. **Discussion & Possible Action on 5/13/2024 Minutes**

**Action Item** – Mr. Douglas drew the members' attention to the minutes from the 5/13/2024 regular meeting. He asked if there were any questions. Mr. Douglas asked for a motion to approve the minutes of the 5/13/2024 meeting. Mrs. Edmond offered the motion and Mrs. Gee seconded the motion. All were in favor. The minutes were approved.

5. **Open Forum**

There was no one to be heard for the Open Forum.

6. **Audit Committee Report**

Mr. Douglas recognized Mr. Matthews to present the Audit Committee Report. Mr. Matthews noted that there are no audit activities taking place currently. The audit typically starts in summer. The audit that will take place this year will be for the 2023-2024 fiscal year. Mr. Matthews stated that the committee also discussed the Lease Purchase Resolution. He stated that submitting the Lease Purchase Resolution is a part of the correction action plan in response to the pre-paid rent finding from the previous audit. If this item is approved by the school's board and the foundation board and by the PED, it will resolve the finding for the pre-paid rent that has repeated for the last few years. He asked if there were any questions. Mr. Boyd asked if findings are illegal. Mr. Matthews stated that findings are not necessarily issues of legality but rather the auditor's opinion and interpretation of accounting principles and statutes. Audits are basically the opinions of the auditors, which is why they are referred to as "modified or unmodified opinions". Mrs. Edmond asked if a finding is a legal issue, is it still classified as a finding or if it is classified as something else. Mr. Matthews stated that it would still be classified as a finding. There were no other questions.

7. **Finance Committee Report**

Mr. Douglas recognized Mrs. Edmond to provide the report. She noted that there was nothing unusual in the AP for the month of May. There was a lease payment in the amount of \$21,458.34. She stated that there were three payrolls in May due to the school being on 26 pay periods for the year. There were no unknown unknowns in the bank reconciliation. There were no questions.

8. **Discussion & Possible Action on Check Listings/Bank Reconciliation**

**Action Item** – Mr. Douglas recognized Mr. Gilman to present the check listings and bank reconciliation. Mr. Gilman noted that the total AP disbursement for May was \$55,061.21 and there were three payrolls in May and

the total payroll expenditure was \$62,088.25 which brought the total spending for May to \$117,149.46. Spending for May was average. There was nothing out of the ordinary. He moved on to the bank reconciliation for May. Everything reconciled to the GL. The beginning bank balance was \$718,160.92. There was \$132,640.96 brought in and \$143,368.81 was spent. This brings the ending bank balance on May 31<sup>st</sup> to \$707,433.07. This is less the outstanding checks in the amount of \$10,062.58 which brings the book balance to \$697,370.49. Looking at the outstanding checks, there were no stale items and everything is current. He reviewed the bank statement. He asked if there were any questions. There were none. Mr. Douglas asked for a motion to approve the check listings & bank reconciliation for the month of May. Mr. Pitts offered the motion. Mr. Boyd seconded the motion. All were in favor and the check listings and bank reconciliation for the month of May were approved.

## **9. Discussion & Possible Action on Resolution 2024-1 Lease Purchase Agreement**

**Action Item** – Mr. Douglas recognized Mr. Matthews to present the Resolution 2024-1 Lease Purchase Agreement. Mr. Matthews noted that if approved by both boards, this resolution would go to PED for final approval. He stated that there are three main purposes for this Lease Purchase Arrangement. First, if approved, the school will be able to use HB-33 and SB-9 bond money for building maintenance. Currently, the Foundation is responsible for building maintenance because the school is not allowed to spend bond money on a building it does not own. Secondly, it would reduce the school's maintenance and rent payments. Currently, the school pays \$5500 each month to the foundation for maintenance. The monthly rent is about \$21,000. This action would reduce the rent to around \$11,000. Lastly, the school has been receiving a repeat finding for remitting pre-paid rent to the foundation. The approval of this Lease Purchase Arrangement would mitigate this as a finding in future audits. The pre-paid amount would turn into a down payment. The building was appraised at \$2,370,000 by NAI Sun Vista. This amount is the sale price, less the remaining balance of the pre-paid rent amount of \$664,500 and a \$350,000 cash down payment from the school brings the financed amount to \$1,355,500 which would be amortized over 20 years. The interest rate in the packet is listed at 8%. This would make the monthly payments \$11,337.95. The LPA packet has all of this information parsed out. It also includes a payment schedule and the appraisal. There are a number of other exhibits including a Source of Funds Letter that shows that the school has the money to enter into this agreement. If approved by both boards and the PED, the school would only have to use roughly 8% of its SEG on the mortgage liability. This would be a big savings to the school. This is the third time the school has submitted a Lease Purchase Agreement dating back to 2015. Mr. Matthews noted that the resolution includes the lease purchase arrangements and all of the supporting documents. He also noted that the resolution would need to be approved by the Foundation's board before being submitted to PED. Mr. Matthews pointed out that the way that the agreement is structured that a roll call vote would be necessary. He asked if there were any questions. Mr. Pitts asked if the state provided reasons for the previous denials. Mr. Matthews stated that the first lease purchase agreement that was submitted was not technically denied, the state simply did not respond. This was in 2015. The second time it was submitted in 2020, it was not approved due to multiple audit findings. This submission would be the third time and the submission itself is an attempt to mitigate the repeated audit finding related to pre-paid rent. Mrs. Edmond noted that it would seem that it would have been approved since it would have prevented repeated audit findings. Yes, we have said all along that if the lease purchase agreement had been approved the first time it was submitted, the repeated findings would have been a non-issue. Mr. Pitts asked what would happen if the school closed before the 20-year loan payment schedule ended. Mr. Matthews stated that, similar to a home mortgage, the bank technically still owns the home until you pay off the mortgage. If the school closed within the 20 years, the ownership would stay with the Foundation. Mr. Gilman stated that Mr. Matthews is correct. The process for the commercial purchase is similar to the residential purchase of a home and if the school were to close, the ownership would be with the Foundation. Mr. Pitts asked if the worst-case scenario would be that if the state does not approve the lease purchase agreement that the school will continue to get the repeated finding related to the pre-paid rent. Mr. Matthews said that this is correct. Mrs. Edmond asked what the chances are of them denying the lease purchase agreement. Mr. Matthews said that he is not sure of the

chances one way or another. Mr. Pitts asked if there is an appeal process if it is not approved. Mr. Matthews stated that based on past experience there is not one he is aware of. Mr. Pitts asked what the reason is for the roll call vote in this instance. Mr. Boyd stated that for a contract such as this a roll call vote is necessary and is common. It is going to a third party, which is the state and is just how it is done with it being a substantial contract. There were no further questions. Mr. Douglas asked for a motion to approve the Resolution 2024-1 Lease Purchase Agreement. Mr. Boyd provided the motion to approve the Resolution 2024-1 Lease Purchase Agreement. Mr. Douglas then asked Mrs. Edmond to conduct the roll call vote. It was as follows: Mr. Douglas – yes; Mr. Pitts – no; Mrs. Edmond – yes; Mr. Boyd – yes; Mrs. Gee – yes. The vote is 4 – yes and 1 – no. The Resolution 2024-1 Lease Purchase Agreement passes with a 4-1 vote.

#### **10. Discussion & Possible Action on Open Meetings Act Resolution**

**Action Item** – Mr. Douglas recognized Mrs. Matthews to present the Open Meetings Act Resolution. She explained that the Act lays out how and when the board will conduct its meetings. She noted that the budget that has been submitted included the meetings on the second Monday of the month. It also discusses where/how the postings will happen. The notice and the agendas are posted on the front door of the school and on the school website according to the required time frames listed in the OMA. She also pointed out that TGA webcasts their monthly meetings. The meetings are accessible to the public through the school's website. The recordings are also posted on the school's website along with the agendas each month. This is a requirement of all public schools beginning July 1<sup>st</sup> this year. The OMA also discusses the process for holding special meetings and emergency meetings. Mrs. Matthews noted that the Open Meetings Act is structured based on and meets the state law, mandates and regulations in relation to public meetings. She asked if there were any questions. There were none. Mr. Douglas asked for a motion to approve the Open Meetings Act Resolution. Mrs. Edmond offered the motion. Mrs. Gee seconded the motion. All were in favor and the Open Meetings Act Resolution was approved.

#### **11. Discussion & Possible Action on IDEA-B Application**

**Action Item** – Mr. Douglas recognized Mr. Matthews to present the IDEA-B application. Mr. Matthews noted that IDEA-B provides the school with federal funds to support the school in delivering special education services to students with disabilities. A lot of the application is agreeing to assurances and procedures related to the special education program. He stated that the school would receive \$27,464. 100% of that amount will go towards supplementing the FTE for a special education teacher. He asked if there were any questions. There were none. Mr. Douglas asked for a motion to approve the IDEA-B application. Mr. Boyd offered the motion. Mr. Pitts seconded the motion. All were in favor and the IDEA-B application was approved.

#### **12. Discussion & Possible Action on Special Education Procedures**

**Action Item** – Mr. Douglas recognized Mr. Matthews to present the Special Education Procedures. Mr. Matthews explained that this would accompany the IDEA-B application and is needed for the IDEA-B approval. The school must either adopt its own special education policies and procedures or agree to use the state's special education policies and procedures. TGA has agreed to abide by the state's special education policies and procedures. These procedures indicate all of the processes and procedures that affect any student who is referred to special education and students who are classified as special education students and have individualized education plans. It also includes aspects of discipline, addresses the least restrictive environment and evaluation of students with disabilities. This document satisfies the item on the IDEA-B checklist related to how TGA will manage its special education program. He asked if there were any questions. There were none. Mr. Douglas asked for a motion to approve the Special Education Procedures. Mrs. Edmond provided the motion. Mr. Pitts seconded the motion. All were in favor. The Special Education Procedures were approved.

**13. Discussion & Possible Action on Per Pupil Policy 24-25**

**Action Item** – Mr. Douglas recognized Mrs. Matthews to present the Per Pupil Policy 24-25. Mrs. Matthews drew the members’ attention to the Per Pupil Policy. She noted that this policy is a requirement of the ESEA-Elementary and Secondary Education Act. It delineates funds that will be included on the per pupil expenditure report. The funds are listed on the policy. Any expenditures that support students should fall into one of the funds/functions listed. She asked if there were any questions. There were none. Mr. Douglas asked for a motion to approve the Per Pupil Policy for SY 24-25. Mrs. Gee offered the motion. Mr. Boyd seconded the motion All were in favor. The Per Pupil Policy was approved.

**14. Upcoming Regular Meeting**

Mr. Douglas noted that the date of the next regular meeting would be Monday, July 8, 2024 @ 12:00pm.

**15. Adjourn**

**Action Item** – Mr. Douglas called for the meeting to be adjourned at 1:10pm. Mrs. Gee offered a motion to adjourn the meeting. Mr. Pitts seconded the motion. All were in favor and the meeting was adjourned.

Submitted by: Mrs. Edmond

DocuSigned by:

*Henry Douglas Jr.*

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President

7/8/2024

Date