

Board Meeting Minutes

Organization: Pride Academy Charter School Board Meeting
President: Mr. Mitchell
Time: 6:12pm
Place: 117 Elmwood Avenue, East Orange, NJ 07018
Date: March 2, 2011
Minute Taker: Ms. Jodi Cenac
Board Members Present: Mr, Felton, Mrs. Stephens, Mr. Moore, Ms. Albert, Mr. Mitchell
Others Present: Mrs. Thomas, Mr. Ray, **School Attorney**, Mr. Crum, **another lady**
Absent: Mr. Tiggs

This meeting was publicized in the following papers: Newark Star Ledger, Orange Transcript, East Orange Record and Newark Ledger

IMPORTANT DATES TO REMEMBER:

March 15, 2011 @ 6pm

Topic	Discussion	Outcome
I. Welcome	Greetings and introductions by Board members	
II. Call to Order/Pledge	Mr. Mitchell called the meeting to order at pm Roll call was done by Mr. Mitchell Announcement of publications- Mrs. Thomas	

→ Mr. Crum spoke in regards to the transaction where Shining Schools would be the borrower and there would be a lease between Shining Schools and Pride Academy Charter School for the purchase of the building.

→TD Bank said they had concerns with Shining Schools being the borrower. They were concerned with the structure- meaning having a way to hold the school accountable. This has been going on for 2 months and delayed the progression of the transaction.

→The bank has now said they can get to a “yes” approval if the school is the borrower, or if Shining Schools is the borrower and the school has to be the guarantor.

→If we have a decision made by the Board that supports Shining Schools being the borrower, and Pride not being the guarantor then we can go ahead with an investment company TRF, however their rate is 8% which is higher than TD Bank. In the worst-case scenario, this is an option that we have if we do not get approved by the bank.

→ Our school attorney **Joe** spoke about the regulations in the Department of Education that states how a charter school’s finances are to be run. The regulation states that charter schools should not incur debt for longer than a 12 -month period. However, they can have debt for more than 12 months if the debt is secured by the value of real property (mortgage) and the mortgage cannot exceed the value of the property. For example, you cannot take a loan for \$160,000 and the property is only worth \$100,000. → The attorney also shared that there is a stipulation where there is to be no recourse against the Charter School if they cannot pay the loan. The bank should not go to the charter school and ask for funds.

→The guarantee is there for the purpose for appeasing the lender and if the loan should fail to make

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	<p>payments, every effort will be made against the School and then Shining Schools in order to obtain funds.</p> <p>→ Shining Schools will have as collateral the property and the long-term lease. However, there may be a question as to why Pride is not the guarantor and why Shining Schools is the name on the document.</p> <p>→ Mr. Ray wanted to share some of the concerns from the auditor. He shared that some of the State Aid was moved to the Shining Schools account in anticipation of the development of the project. The auditor is questioning why that was done.</p> <p>→ The School Attorney advised that it would be much safer to proceed as the guarantor than the borrower.</p> <p>→ Mr. Moore questioned the personal liability of the Board members for making a decision in support of the school being the guarantor. Mr. Ray explained that this transaction does not fall under this category. In addition, we have insurance for the Board members. The School Attorney continued to explain that this is a different scenario.</p> <p>→ Mrs. Thomas stated that there is ambivalence about the regulations and there seems to be a lot of research that needs to continue. She was very adamant in stating that she would not engage in any actions that would compromise our students or go against regulations. She inquired about the penalties associated with going with the decision that Pride was the guarantor.</p> <p>→ Does not doing this put us in serious jeopardy in the future? What are really the repercussions? How liable are the Board Members?</p> <p>→ Mrs. Stephens emphasized that we need to be careful when making a decision and make sure that we are not moving forward too fast without considering all of our options. We do not want anything to come back and “haunt” us.</p> <p>→ Mr. Mitchell said that we would be sure to have the protective language in the contract before any documents were signed.</p> <p>→ One of the Board members asked if any of these decisions would impact our charter renewal. The School Attorney said while there may be questions during the process, it should not impact our renewal in a negative way. Mrs. Thomas said they would probably give us a time period for corrective action if there are violations, but she was not sure if this transaction would fall under this category.</p>	
XVII. Adjournment	The meeting ended at 7:45pm	