



**Eagle Arts Academy, Inc.
Meeting of the Board of Directors**

Board Minutes

October 10, 2017

A meeting of the Board of Directors (the "Board") of the Eagle Arts Academy, Inc. ("Academy" or "EAA"), was held on Tuesday, October 10, 2017, in the Academy administrative offices, 1000 Wellington Trace, Wellington, Florida, pursuant to due notice commencing at 12:00p.m. The meeting originally scheduled for Monday, September 11, 2017, was postponed due to the impacts of Hurricane Irma.

Roll Call: Via Teleconference: Tim Quinn, Sheri Klostermeyer; Colleen Kirk, Donna McGowan and Dr. Jon Robertson (quorum established).

Administrative Staff and Invitees: Executive Director Gregory Blount, Business Manager Kristin Kolbensschlag, Principal Stacy Taggart, Principal Paul Copeland, Phil DiComo, Legal Counsel, Joe Asen, Financial Advisor from CSMC.

Board Chair Tim Quinn called the meeting to order. The meeting was called to order at 12:10p.m. As Mr. Quinn attended the meeting by phone he made a motion that Mr. Blount serve as temporary chair solely for the purpose of running the meeting for efficiency purposes, and Sheri Klostermeyer seconded the motion, which was approved unanimously.

1. Old Business:

Approval of August 7, 2017 Board Meeting Minutes:

After review,

Sheri Klostermeyer motions to accept the August 7, 2017 Board Meeting Minutes

Dr. Jon Robertson seconds the motion

Motion unanimously approved

2. New Business:

Financial Corrective Action Plan (CAP) Update

Mr. Quinn previously reported that he received a letter from the Director of Budget for the School District of Palm Beach County on March 28, 2017, requesting a corrective action plan to address EAA's financial condition. Mr. Quinn responded by letter (as previously discussed by the Board of Directors) on April 3, 2017. The letter outlined the numerous capital improvements made over the summer of 2016 for student health and safety



reasons, which effected EAA's reserves and excess revenues early in the year, and outlined specific steps and new initiatives which have been taken to address revenue shortfalls. Mr. Blount reported that many of these events, such as the establishment of a pre-school program, have been successfully undertaken. However, the primary financial issue continues to stem from the campus lease entered into by the school's prior management company which requires EAA to pay for a set number of students, even though the students do not exist. Mr. Blount referred to these as 'ghost students.' As the board and the School District is aware, Mr. Blount reported that he has been working with Mr. Asen and the landlord to address the issue of paying for ghost students. After meetings with the landlord, the school has had discussions with numerous Town of Wellington, school board, county and state and federal government officials. Mr. Blount also outlined the school's extensive efforts to bring in students from Puerto Rico who have been displaced by the hurricane. The school's first Puerto Rican student has already started, and unlike other public and charter schools, EAA is uniquely positioned to help because of its excess classroom capacity and lack of overcrowding. JetBlue and Royal Caribbean have been working with school to assist in bringing in students and their families, as well as bilingual teachers. Fifty hotel rooms have been made available by FEMA for displaced students who would like to attend EAA from Puerto Rico. The FTE count is this Friday, but the governor is working on a waiver for displaced students due to hurricanes. In response to the District's most recently letter, Mr. Quinn reported that he sent a letter to the District reminding them of his April 2017 response, and requested that if they would like an update on the progress they should properly request such.

Monthly Revenue Proposals from SDPBC from \$389,000 to \$209,000 per month starting September, 2017

Mr. Blount next explained that at the close of business on the date the School District closed in preparation of the hurricane, the District notified EAA it would cut FTE funding to the school prior to the October student count, creating a funding shortfall. The issue was discussed by the directors, who questioned the motives of the District. The school has reluctantly agreed to this funding adjustment and is working on alternative funding options.

Notice of Legal Challenge to HB7069-Superintendent Initiative

The directors next discussed the School District's challenge against the use of ad valorem tax income for charter schools. Mr. Blount notified the Board that the District sent a letter to EAA and all charter schools requesting acknowledgment and acceptance of the cut. Upon the advice of counsel, EAA did not sign such acknowledgement. In fact, no charter school has signed such acknowledgement.



Cash Flow Projection through June 2018 FYE

Mr. Asen reviewed in detail the cash flow projections, and all assumptions with the Board. Member of the Board asked numerous questions, which Mr. Asen addressed. Mr. Asen stated that the projections are extremely conservative, and assumes no students coming from Puerto Rico, even though we have many enrolled in EAA who have not yet been able to travel to the area.

Budget Amendment from 650 students in July to 420 as of Oct. 10, 2017

Mr. Blount and Mr. Asen next reviewed the budget amendment with the directors in detail. Upon discussion,

Sheri Klostermeyer motions to authorize and approve the proposed Budget Amendment as presented.

Colleen Kirk seconds the motion

Motion unanimously approved

Lease Status; Landlord Meetings

Mr. Blount again recapped the numerous meetings, which have been held with the landlord in an attempt to modify the lease and find common ground for moving forward without the need to pay for ghost students. Mr. DiComo provided any overview of the lease terms. After a detailed discussion,

Donna McGowan motions to authorize and approve monthly lease payments going forward to the landlord based on the actual number of students (420 students at \$1,050 per student) and to continue to renegotiate the lease with the landlord.

Colleen Kirk seconds the motion

Motion unanimously approved

Receivables Financing/Charter School Capital

The financial status of the school was discussed further, and Mr. Asen explained the rolling receivables from Charter School Capital as set forth in the proposed cash flow projections. After a detailed discussion,

Sheri Klostermeyer motions to authorize and approve the proposed cash flow statement, inclusive of a two-month receivables purchase (November and December) by Charter School Capital.

Dr. Jon Robertson seconds the motion

Motion unanimously approved



Draft FY17 Independent Audit

Mr. Asen reviewed in detail the draft audit provided by King & Walker, CPAs, PL. Mr. Asen commented that the audit was clean, with no findings or recommendations. He also indicated that the auditors note that if rent payments were based on actual students the school would have likely realized a surplus of approximately \$200,000. After a detailed discussion,

Donna McGowan motions to approve and accept the draft audit for FY17 by King & Walker, CPAs.

Sheri Klostermeyer seconds the motion

Motion unanimously approved

Pre-School Director

Mr. Blount provided an updated on the pre-school. Currently 18 students are enrolled. Mr. Blount reported that the EAA Dean of Students, [Israel Gosier] will take over as the pre-school director in addition to his current duties, contingent upon approval by the Health Care District. After discussion,

Colleen Kirk motions to appoint [Israel Gosier] as the new Director of Pre School effective immediately and contingent on HCD approval.

Tim Quinn seconds the motion

Motion unanimously approved

Hurricane Irma Make-Up days

Dr. Copeland provided an explanation of procedures for make-up days after the hurricane. He stated that some make-up days were waived by the state, and because of education hours provided, make-up days are not required, but they nonetheless feel it best to follow the School District calendar and therefore adopt the following as make-up days:
Oct. 16, Nov. 3 and Jan. 8.

Sheri Klostermeyer motions to approve and adopt the proposed make-up days of Oct. 16, Nov. 3 and Jan. 8

Dr. Jon Robertson seconds the motion

Motion unanimously approved

Church Sublease

The directors discussed the status of the sublease with New Sound Church. Donna McGowan offered to reach out to the church on behalf of the Board of Directors to discuss possible synergies between the church and school.



EXECUTIVE DIRECTOR / PRINCIPAL UPDATE

There were no additional updates from Mr. Blount, Ms. Taggart or Dr. Copeland at this time.

BOARD COMMENTS – There was an outpouring of support by the members of the board for Mr. Blount and the academic and management team, and for the hard work done by Mr. Blount and Mr. Asen to address the financial issues created by the School District's actions and the lease.

PUBLIC COMMENTS – None

The next meeting of the Board of Directors is scheduled for Monday, November 6, 2017, at noon.

Sheri Klostermeyer motions to adjourn the meeting
Colleen Kirk Seconds
Motion Unanimously Approved