

**MINUTES OF THE BOARD OF DIRECTORS
BEACON COLLEGE PREP CHARTER SCHOOL
December 19, 2017**

The Board of Directors for Beacon College Prep Charter School held its regularly scheduled meeting on Tuesday, December 19, 2017 at 10:00 a.m. at Beacon College Prep – 13400 NW 28th Ave., Opa Locka, FL 33054

Members Present

Mr. Jeffrey Miller, President and Board Chair
Mr. Octavio Verdeja, Treasurer
Ms. Melissa Krinzman, Secretary – by phone

Others Present

Mr. Patrick Evans, Principal, Beacon College Prep
Mr. John Flickinger, Director of Development, Beacon College Prep
Richard Moreno, Building Hope

Call to Order

Jeffrey Miller called the meeting to order at 10:20 a.m.

Approval of Minutes for October 5, 2017

The minutes of the October 5, 2017 board meeting were presented by Melissa Krinzman. Mr. Miller motioned to approve. Mr. Verdeja seconded the motion. The minutes were approved unanimously.

Treasurer's Report: Financial statements for the period ending 11/30/17 were reviewed and approved.

2017-18 Budget: Patrick Evans reviewed again the revised budget approved at the last board meeting. He informed the board that the school will face a cash shortfall of over \$30,000 if the increase in projected revenue for capital outlay funding (as proposed in HB 7069) does not come through this fiscal year. The school has not received the expected increase in capital outlay funding to date and it is not clear if the projected revenue will be realized this year. The legislation is currently tied up court.

Mr. Flickinger also noted that there are over \$75K in unbudgeted expenses appearing on our financial statements that are related to the acquisition of the school property and requested that the board address this issue.

Segregation of Accounting for BCP Corporate and BCP School: The Board discussed separating out the activities and expenses relating to the operations of the corporate entity of Beacon College Prep, Inc. and the activities of the school related to the education of our students. Rich Moreno recommended creating “two sets of books” for one company with two departments and segregating the activities of the corporation from the operations and budget of the school.

The board agreed to establish a separate accounting system for BCP Corporate activities and to retroactively adjust the schools budget and financials accordingly. The BCP Inc. Corporate account will track activities of the corporation - such as property acquisition, school expansion, fund raising activities, etc. At present corporate activities/expenses are mostly related to the acquisition of the school property. The board agreed to reimburse the school for any and all corporate expenses incurred since the beginning of this fiscal year including consulting fees from Jubilee and any other unreimbursed expenses relating to property acquisition – approximately \$36,000.

Board Vote: Mr. Miller made a motion to establish a new corporate bank account strictly for the use of Beacon College Prep, Inc. Corporate activities. Mr. Miller will fund this account initially with a \$50,000 grant. Signatories will include himself, Octavio Verdeja and John Flickinger. Mr. Verdeja seconded the motions and it was approved unanimously.

The Board asked Mr. Flickinger to develop a budget for anticipated BCP Corporate expenses through the end of the school year.

Cash Flow: The board discussed the cash flow situation for the school noting that we continue to face cash shortages due, in part, to timing issues with respect to receipt of FEFP, Title 1 and Capital Outlay funds. For example, no Title 1 funding was received in November from the school district forcing the school to request a cash advance from Mr. Miller to cover payroll. This combined with unexpected Hurricane expenses due to Hurricane Irma and a reduction in projected Capital Outlay revenue has forced the school into a very tight cash situation.

Mr. Evans pointed out that the school has been paying for unbudgeted expenses related to the planned purchase of the school property and this has impacted the cash position of the school. He also noted (again) that he is projecting a \$30K cash shortfall by the end of the year as per above budget discussion and that this impacts operations now with respect to availability of cash.

Board Action: Mr. Miller agreed to advance the school \$50,000 to address cash flow issues related to the timing of receipt of school district or federal funds payments.

Old Business - Property Acquisition

Mr. Flickinger reported that a number of issues have been uncovered during the due diligence process relating to property conditions requiring repair and remediation. He has obtained estimates for major work and they include:

- Asbestos Abatement in Building B - \$140,000
- Re-build after abatement - \$80,000
- Repair of Sewage System - \$90,000
- Repair of HVAC System - \$75,000
- Flood mitigation/Drainage repair - \$260,000 (previously reported)

Mr. Flickinger said he has informed Sonia Mitchell, the principal of Florida International Academy, in writing of the asbestos situation in the FIA Building. There is no asbestos reported in the

buildings that Beacon College Prep currently lease. But if we were to purchase the property a complete abatement of Building B would be necessary.

The total cost of necessary repairs is approximately \$645,000. This combined with a lower than expected appraisal value of \$8.3M makes the property unaffordable at the current agreed upon purchase price of \$8.3M. After discussions with the lenders we have been encouraged to go back to the owners to re-negotiate the purchase price down. The board authorized Mr. Flickinger reach out to the owners to see if they were open to re-negotiating the price. They also authorized him to sign a new purchase agreement for \$7.3M without any contingencies.

Mr. Flickinger was directed by the board to inform the owners that the repairs outlined above would have to be completed before we would renew our lease at the end of this year in the event that we cannot agree on a price and the sale does not go through.

FIA Transition

The board discussed the transition process as it relates to Florida International Academy and asked Mr. Moreno to reach out to Ms. Mitchell to understand better her intentions for the school going forward.

Approved by:

Melissa Krinzman
Melissa Krinzman, Secretary

Date 02.06.18