

**Coral Community Charter School**

**Governance Council Minutes**

**10-24-17 Regular Meeting**

**4401 Silver Ave SE**

**Albuquerque, NM 87108**

**Members Present:**

In person: Ashley Sarracino; Patrick Correa; Mary Merchant; Krista Martinez

Attending via phone: Michael Reeves; Katherine Begaye; Fawn Turner

Guests: Ms. Bachman; Ms. Lerner; Mrs. Eldredge; Susan Fox, School Attorney

**Absent:** Tania Triolo; Freeman Leaming; Keren Fenderson

---

**I. Opening Items**

Call the meeting to order @ 5:38 p.m. by Patrick Correa.

Mission of the charter school read.

Move to review each item in the consent Agenda:

Upon Motion and second, the motion was approved

**Minutes:**

Mary moves to accept the minutes as written for 10.10.17 Special Meeting; 2<sup>nd</sup>, Krista

Roll Call Vote all in the affirmative

Krista and Ashley abstained as they had not attended the meeting.

**II. Budget and Finance**

Mike Reeves reviewed the finances on Saturday and there is nothing of any significance that came up. Bank recs were reviewed. The PO with Art Hirsch needs to be approved, but the PO was \$15,600 which typically go through CES. Mike reviewed the contract and nothing was out of the ordinary.

All other financial reports are trending as expected.

Krista move and Ashley 2<sup>nd</sup> to approve financials for August & September 2017.

Roll Call Vote: motion carries

Ms. Lerner:

**BARS:**

13-M Moving 3k out of salaries to a stipend for a teacher to work in the NM Reads to Leads Requirements, the balance is moved to software.

Ashley moves, Mary 2<sup>nd</sup>

Roll Call Vote:

Motion carries.

27-I – Go Bond puts 2790 towards purchase of library and A/V which will be used for purchasing chrome-books

Krista moves, Ashley 2<sup>nd</sup>

Roll Call Vote:

Motion carries.

28 IB – disallowed prior approval because the code was wrong due to a system glitch. As a result Ms. Lerner had to recreate the least assistance to cover costs for rent.

Mary moves to approve 28-IB, Ashley 2<sup>nd</sup>

Roll Call Vote:

Motion carries.

**Lease Purchase:**

Ms. Bachman notified the GC last week of the lease purchase agreement for review. The Foundation approved the agreement as it reads in dropbox and we've been working with Fox Matthews, Attny.

Ms. Bachman asked Ms. Eldredge to be in attendance as she is currently working on the Foundation side and Ms. Bachman was on the Foundation side.

Susan Fox: reviews the summary document prepared and distributed to GC members

Ms. Fox has been asked to help prepare the document and is using the form that the PED requires in accordance with Lease Purchase Act. All items the act requires are included in the document. When the draft document is submitted for review, Ms. Fox will also prepare a certified letter noting that it does comply with NM law.

GC members are reviewing in the draft form.

Guest: Denise Brissey-Cohen arriving

Ms. Fox reviews summary of lease:

The fee includes the mortgage including the interest

- This Lease Purchase Arrangement (“LPA”) is prepared in accordance with the New Mexico Public School Lease Purchase Act and directives of the New Mexico Public Education Department.
- The initial purchase price amortized on Exhibit C to the LPA is \$2,794,225.00. The interest rate charged on the balance of the purchase price is 5%. The initial purchase price will be amortized over 30 years. There is no prepayment penalty. The School can exercise its option and proceed to close the purchase of the property on any option date, starting in February of 2018, at the price given on Exhibit C to the LPA as of that closing date.
- Exhibit C to the LPA shows the break out of principal and interest and the total monthly payments. The Base Rent payments will remain at \$15,000 per month over the 30 year term. The school is responsible for all maintenance and repairs, and the landlord will be passing its costs of operating/owning/administering the property back to the school as additional rent over and above the base rent amounts.
- The total amount of interest the School will pay over the 30 year term is \$2,605,776.44.
- The Lease Purchase Arrangement must be approved by the New Mexico Public Education Department prior to the Council’s execution, which means no money is paid to Coral Foundation for Excellence in Education under the Lease Purchase Arrangement unless and until the NMPED approve the Lease Purchase Arrangement. The amortization schedule reflects a start date of February, 2018, to allow time for PED review and approval of the LPA.
- Upon execution by the parties, the Lease Purchase Arrangement will supersede and replace the current Lease between the parties.
- The length of the contract is for 30 years, commencing as of the date of execution – the commencement date of the LPA is contingent on the NMPED’s approval of the LPA.
- Exhibit D describes the sources of funding and illustrates how the School has determined it can pay for the monthly obligations under the Agreement.
- Upon approval of the NMPED, the GC will need to meet again to authorize execution of the approved LPA. Once the LPA is executed, the facility is deemed a “public facility”. According to law, the School may use mil levy proceeds from SB9 and HB33 to supplement the PSFA lease reimbursement money to pay rents.
- The School can cancel the LPA and has no obligation to continue the lease from year to year, although it is a 30 year term.

Nothing in the lease prevents the landlord to make repairs/improvements to the property and is one of the main reasons for entering into the arrangement.

Ms. Lerner added that our current rent rate is the same as the rate in the LPA for the school. Ms. Fox advised there was no down-side.

Questions: Fawn – If the school decided to change facilities, what would happen? Susan Fox: The school wouldn't move forward with the purchase and the school wouldn't be liable. The LPA has the built-in flexibility.

Why does the school need to purchase?

It allows the school to access public funds we can't currently access for improvements/maintenance of the property SB 9, HB33, or any other operational or legislative funds. Currently the school is prohibited by law to make improvements because it's privately own. Because of the LPA, the facility becomes publically owned, not privately owned. The state 2015 deadline statute will be in compliance and PFSA lease reimbursement requirements and satisfied any requirements that the PED or the legislature have with regard to appropriations or public funds. It's also beneficial when the school renews and takes the steps to own the building. There are legislative requirements .

2015 statute says- by July 1, 2015, you have to satisfy the statute in 1 of 4 ways: 1) Owns the property outright 2) LPA 3) Leasing the property from a private landlord and the landlord is contracted to maintain the property to meet state standards 5) leasing from a non-profit and there are no public facilities available.

Currently the school meets #3, but the school misses out on thousands of dollars from HB-33 and other funds. On renewal, while one portion is satisfied one part of the statute, it is more preferable to the PEC that the school be in a LPA because of the benefits vs. a straight lease.

Currently, the school has been awarded HB-33 fund in the amount of \$250,000 that we would be allowed to access under an LPA. With SB-9, there's roughly \$50-\$60k. In addition to the \$250k under HB-33, an additional \$125k would be available to the school each fiscal year.

Ashley also noted that the charter was written for this area and we had outgrown the space at Balloon Park.

Patrick:

“This is a regular meeting of the Coral Community Charter School's Governing Council for the purpose of considering the acquisition of the school's current facility located at 4401 Silver Avenue SE, Albuquerque, New Mexico, from the Coral Foundation for Excellence in Education through a lease purchase arrangement as defined by the New Mexico Public Schools Lease Purchase Act. You have all been provided a copy of the Lease Purchase Arrangement and exhibits prepared by our attorneys, a Summary of the Lease Purchase Arrangement terms and conditions, the document specifying the source of funds for the facility payments pursuant to the Lease Purchase Agreement which is an exhibit to the Lease Purchase Agreement, and a copy of the proposed Resolution concerning the Lease Purchase Agreement, which states

Is there a motion regarding Resolution concerning the Lease Purchase Arrangement?

Motion made by Krista Martinez: I move to approve the Resolution for Coral Community Charter School Governing Council to enter into the proposed Lease Purchase Arrangement with Coral Foundation For Excellence in Education and to submit the proposed Lease Purchase Arrangement to the New Mexico Public Education Department for approval.

Second: Mary Merchant

**ANY DISCUSSION? No Discussion**

BEFORE WE VOTE, ARE THERE ANY QUESTIONS OR COMMENTS FROM THE STAFF OR THE PUBLIC REGARDING THE LPA?

Patrick Correa: I am going to call for a Roll Call Vote on this issue:

Katherine Begaye – NO

Ashley Sarracino - YES

Mary Merchant - YES

Michael Reeves - YES

Fawn Turner – YES

Krista Martinez - YES

5 yes

1 No

No Abstentions

The motion carries.

### **III. Audit Committee**

Exit conference will take place on November 1.

**IV. Academic Committee**

A meeting time has been set to meet for November.

**V. Executive Director Support Committee**

The committee will schedule the meeting for November.

**VI. Facility**

Once the LPA is returned from PED, work will be done.

**VII. Governance**

The governance committee will schedule a meeting.

Krista moves that we accept Kim Brazel's resignation.

Ashley 2<sup>nd</sup>

Roll Call:

Motion carries unanimously

New Member Vote – Tabled so all GC members can review the candidate's information which will be sent out by Ms. Bachman

Committee assignments are tabled until November Meeting.

**Executive Director Report**

Ms. Bachman reviewed highlights.

**VIII. Technology Committee**

Members will schedule a future meeting.

**IX. New Business/Happenings**

Next meeting on November 28<sup>th</sup> at 5:30 pm.

**X. Adjournment**

Krista Moves to adjourn Ashley 2<sup>nd</sup>; the motion carries unanimously.

