

GOODWILL EDUCATION INITIATIVES, INC.
BOARD OF DIRECTORS ANNUAL MEETING
August 3, 2020

MINUTES

The Board of Directors of Goodwill Education Initiatives, Inc. met at 10:30 a.m. August 3, 2020 via Zoom conference call. Present were:

Gita Baker
Claudia Cummings
Marianne Glick
Rich Horn
Jill Kramer
Kent Kramer
Jay Oliver
Doris Pryor

Staff/Other:

Shelley Ashley	Lynn Greggs
Katie Bustamante	Christina Lear
Ivan Cropper	Corenn Lorenzini
Anne Davis	Kim Myers
Betsy Delgado	Dan Riley
Sheila Dollaske	Dan Scott
Corey Emery	

Andee Hendee, Charter Growth Fund
Eric Chan, Charter Growth Fund

Board Chair Jay Oliver presided and called the meeting to order.

On a motion by Marianne Glick, duly seconded, the meeting minutes for the April 7, 2020 Board of Director's meeting were approved as previously distributed.

Dan Riley gave the Treasurer's Report for the period ending June 30, 2020. Dan noted total year-to-date revenue is \$6,425,000, \$1,600,000 ahead of budget and total year-to-date operating income shows a loss of \$535,000, \$934,000 ahead of budget. Private funding is ahead of budget due to claims on the Google Digital Skills grant (sub-grant through GII). It is offset in expenses for certifications (professional fees), textbooks (supplies and materials), and barrier removal (other expenses). Additionally, GEI purchased the building housing the Meadows Excel Center in December, which resulted in an in-kind donation from the seller of \$1,047,000. Federal funding is ahead of schedule due to continued awards for the Ignite program.

On a motion by Rich Horn, duly seconded, the financials for June 2020 were approved unanimously.

Dan reported on the Use of GEI Excess Cash memo, highlighting the following:

- GEI has over \$10M of cash and investments, and no debt or other significant investments or contingent obligations. Included in that amount is a fixed income portfolio of appx \$23M with current yields of 2.5% annually, before fees.

- GCSI has a \$5 million working capital line of credit with JP Morgan Chase Bank (Chase). GCSI has used the line more heavily than anticipated over the last 24 months, due in part to a financially challenging year in 2018, and heavy capital expenditures. The GCSI line of credit is priced at one-month LIBOR plus 1.5%, or roughly 2% currently. GCSI has used \$3M of its fixed income reserves, and has no line borrowings.
- The proposal would be that GCSI uses GEI as its primary working capital line of credit lender. In this scenario, GCSI will borrow and repay working capital from GEI, using GEI's excess cash as the funding source. In exchange, GCSI will pay GEI an interest rate equal to what it currently pays to Chase. In this way, we can better utilize the cash resources of the collective Goodwill organization, and substantially reduce or eliminate the need to borrow from Chase. Interest paid from GCSI to GEI stays within the Goodwill organization, and provides a financial return to GEI for the use of its cash.

- A summary of the available cash calculation is below:

Total GEI cash and investments	\$10,000,000
Less: cash reserve requirement, per authorizers	(3,600,000)
Capital expenditure requirements	(1,100,000)
Cash reserves (safety net)	<u>(1,700,000)</u>
Excess cash and investments	\$3,600,000

Amount made available for lending to GCSI *\$3,000,000 (allows \$600k additional cushion)*

- GEI would be able to leave its current investment portfolio as is, and earn interest income on its excess cash, creating incremental income to support its mission. If the GEI and GCSI boards approve this proposal, the accounting team will set up all of the processes and controls required to implement the change. We would retain the Chase line of credit, primarily for emergency liquidity purposes, through the end of its term in September 2021. We expect to renew or replace the Chase line of credit upon its expiration.

There was discussion on assessment and approvals, controls with process and procedures and adding to scope of work with internal/external audits.

On a motion by Marianne Glick, duly seconded, the board unanimously approved the line of credit as described with the caveat of there being a separate account for the \$3M total monies available for lending and an activity report of said account is provided at each of the quarterly GEI Board meetings for review and approval.

Kent Kramer reported on the Board Self-Assessment Survey, which is an annual requirement by OEI. He commented that six of eight board members responded (one new member was not included). He noted that topics around fundraising and board recruitment would be further dissected and greater clarification be given at future meetings. Kent also noted "I don't know" responses are good educational opportunities moving forward.

Kent reported on the lobbying update, highlighting the following:

- This is an especially important year for Excel Centers around the State budget
- Strategy will focus on maintaining current seats and amount per student
- Discussions with various legislators will pick back up during the next session

Betsy Delgado added the following points:

- Re-emphasis on two outstanding charters
- Upcoming growth will be difficult this year
- Continue to retain integrity of model – understanding that it is a balance

There was discussion on sustainability of current monies per student and what directors can do to help?

Betsy introduced Andee Hendee and Eric Chan with the Charter Growth Fund who have recently toured the Excel Center – Richmond and continue learning more about the work we do. Each of the Directors introduced themselves and spoke briefly about service on the Board.

Andee introduced herself and remarked that the Charter Growth Fund's mission is to fund high-performing charter schools for growth and expansion.

Eric introduced himself and commented that the Charter Growth Fund is a non-profit that began 15 years ago and currently supports 130 schools nationally. He noted they are particularly interested in the dual mission of not only helping adults find their way back to education, but their economic outcomes and mobility as well.

Andee engaged Directors with questions of big decisions faced over the last year, big decisions upcoming and contemplating future – what are the goals?

There was discussion on these questions.

The meeting was adjourned.