



Minutes of a Meeting of the Board of Directors
of
Casa Esperanza Montessori
held on
October 21, 2021 at 6:00 p.m.

The following are minutes of a Meeting of the Board of Directors of Casa Esperanza Montessori Incorporated, a North Carolina nonprofit corporation (the “**School**”), held via Zoom videoconference, at the time and on the date noted above. The proceedings were live-streamed on YouTube.

Member	Present	Absent
Monique Taylor, Chair	X	
Seraka Davis, Vice Chair	X	
Alice Ward, Treasurer	X	
Mike Slipsky, Secretary	X	
Jon Lee	X	
Monica Perry	X	
Teresa Outlaw, Head of School	X	

Proper notice having been given and a quorum of directors being present, the Meeting was called to order by Mrs. Taylor at 6:00 p.m.

I. WELCOME

Mrs. Taylor welcomed everyone to the Meeting.

II. CONFLICT OF INTEREST STATEMENT

Mr. Slipsky read the School’s Conflict of Interest Statement.

III. SCHOOL MISSION STATEMENT

Mr. Slipsky read the School’s Mission Statement.

IV. CONSENT AGENDA

The first matter to come before the Meeting was the approval of the previously circulated Agenda for the Meeting. Mr. Slipsky made a motion to approve the Agenda as presented, which was seconded by Ms. Perry. The motion was unanimously approved.¹

V. MINUTES FROM AUGUST 5, 2021, AUGUST 19, 2021 AND SEPTEMBER 16, 2021

The next matter to come before the Meeting was the approval of the Minutes of the Board’s August 5, August 19 and September 16, 2021 meetings. Ms. Perry made a motion to approve the August 5, 2021 minutes, which was seconded by Mr. Lee, and the motion was unanimously approved. Mr. Slipsky made a motion to approve the August 19, 2021 minutes, which was seconded by Mr. Lee, and the motion was unanimously approved. Ms. Perry made a motion to approve the September 16, 2021 minutes, which was seconded by Mr. Slipsky, and the motion was unanimously approved.

VI. REVIEW OF AUDITED FINANCIAL STATEMENTS

The next matter to come before the Meeting was the review of the School’s audited financial statements for the fiscal year ending June 30, 2021. Ms. Amanda Habich from the accounting firm of Thomas, Judy & Tucker joined the Meeting and led the discussion of the audited financial statements. Because Ms. Habich had previously engaged in a detailed review with the Board’s Finance Committee, she provided a high-level summary of the financial statements at the Meeting. Of particular note was the fact that this year was a “clean audit.” After discussion, Mr. Lee made a motion to approve the audited financial statements, which was seconded by Mr. Slipsky. The motion was unanimously approved. Ms. Habich left the Meeting at the conclusion of her presentation.

VII. PUBLIC COMMENT

None of the Meeting’s attendees indicated a desire to make public comments, so none were made.

VIII. ANNOUNCEMENTS

There were no announcements on the Agenda and none were made.

IX. HEAD OF SCHOOL REPORT

Ms. Outlaw gave a brief report regarding enrollment (a net loss of four students, most of whom either wanted a virtual option), hiring needs (a floating paraprofessional to provide additional support and a full-time substitute), and new hires (Priscilla Beltran as a 1st/2nd grade immersion

¹ All votes taken at the Meeting were taken by roll call vote.

paraprofessional, Juan Pimental as a floating paraprofessional and ESL instructor, Rita Shah as a 3rd/4th grade enrichment Math & Science teacher, and Catherine Wood as a substitute teacher). Ms. Ward made a motion to approve the announced slate of new hires, which was seconded by Mr. Slipsky. The motion was unanimously approved.

Ms. Outlaw went on to mention that due to the difficulty of hiring in a tight labor market, School leadership will be reviewing local wage data and potentially making compensation changes in order to make the School more attractive to new hires.

Ms. Outlaw then discussed the North Carolina benchmark testing scores received by the School's students. In particular, the School will be engaging in interventions to support Math instruction, including engaging in a software trial that will be considered for purchase if the results warrant it.

Next, Ms. Outlaw gave a Covid-19 update: no new cases; two students in quarantine due to non-School exposure. The School intends to continue with outdoor lunches. Finally, Ms. Outlaw mentioned the possibility of the School participating in the NC DHHS's Covid-19 testing program.

With regard to grants and grant applications, Ms. Outlaw reported that the School had total carryover grant funds of \$65,460 on hand, with total non-competitive grant applications of \$485,420 (all related to Covid response), and total competitive grants in process of \$100,000.

Ms. Outlaw reported that the School's faculty have been receiving training in health and mental health, and all yellow bags and emergency plans have been updated. Ms. Lane is working with Raleigh PD on safety exercises.

Next, Ms. Outlaw reminded the Meeting of the upcoming Boosterthon events, including the Fun Run on November 5, 2021, with a community potluck outdoors on the field that evening.

Finally, Ms. Outlaw reported on the School's culture-building efforts. Namely, the School administration is considering feedback from staff and a teacher development program.

X. NEW BUSINESS

- A. Monthly Financial Overview. The first item of new business was the monthly financial overview, which was presented by Shaneki Cauble. Ms. Cauble noted that the line item for HR was overstated by \$48,000 due to misallocation of charges for immigration sponsorships to the wrong account. That misallocation will be corrected. Ms. Cauble reported that budget line items are accounted for and generally on target for this point in the school year. Some expenses are one-time, others such as copying are due to unforeseen but unavoidable circumstances—i.e., more copies were being made at the beginning of the school year since not all curriculum materials were received on time. Ms. Ward pointed out that private programs should be analyzed as its own program to ensure that it remains profitable. Ms. Cauble will ensure that revenue is being applied correctly.
- B. Payroll Schedule. The next item of new business was a proposal to sync the pay periods for hourly and salaried employees. Ms. Cauble presented a slide deck to show that the pay periods for salaried and hourly employees do not match up and that that discrepancy creates confusion in some cases. Salaried employees are paid twice monthly, while hourly

employees are paid for the prior two-week period. Ms. Cauble proposed that, beginning with January 1, 2022, the hourly employees payroll dates be adjusted so that they would be paid on the same, twice monthly schedules as salaried employees. For example, the School would collect hourly employees' time sheets for January 1–15 and pay them for that time on January 31. Under the current schedule, in some cases, hourly employees are paid 5 weeks from the first day of that pay period. Ms. Perry asked that the School ensure compliance with any employment labor law for appropriate notice in the proposed change. After discussion, it was agreed that Ms. Cauble would update the pay schedule to provide the Board with a more detailed presentation on the issue (and the proposal) at the upcoming November 1, 2021 meeting.

- C. Lease Amendment #8. The next item of new business was a proposed new amendment to the School's facility lease to permit its use of the outdoor lunch area. After discussion, Ms. Ward made a motion to approve the Lease Amendment #8, which was seconded by Mr. Slipsky. The motion was passed unanimously.
- D. Face-Covering Policy. The next item of new business was the statutorily required vote under S.B. 654 regarding the School's face-covering policy. Ms. Ward made a motion to continue the School's existing face-covering policy in effect, which was seconded by Mr. Lee. The motion was passed unanimously.
- E. COVID-19 Testing Program. The next item of new business was the NC DHHS's Covid-19 testing program. After brief discussion, the matter was tabled until the November 1, 2021 meeting so that Ms. Outlaw could gather additional information regarding the proposed budget for the program and provide additional details.

XI. OLD BUSINESS

- A. Hiring Delegation. The first item of old business to come before the Meeting were proposed revisions to the Hiring Delegation Agreement between the School and the Head of School, pursuant to which hiring authority is delegated to the Head of School. Mr. Lee made a motion to approve the Hiring Delegation Agreement as submitted and revised, which was seconded by Ms. Davis. The motion was passed unanimously.
- B. Financial Topics Related to Bond Issuance. Ms. Ward reviewed the School's financial projections for the proposed bond issuance. The projections include a projected enrollment of 750 after five years, and projected enrollment numbers for the preschool program have been kept lower until we have more space to accommodate them in the new facility. Ms. Ward mentioned that the current fiscal year will be a bit of a hybrid due to having three months of participation in the state pension plan and the balance of the year on the 457 retirement plan. She also reported that current projections allow the School to meet its debt coverage requirements each year. In particular, the 45 days' cash-on-hand requirement is significantly exceeded.

Ms. Ward then reviewed the current bond structure and draft term sheet. Truist has worked to give the School a fairly steady, flat payment over the 35-year life of the bonds. The bonds will include ~\$15.8 million in Series A bonds, which are tax-free, and ~\$5.775 million in Series B bonds, which are taxable. The taxable Series of bonds will be used to

buy out the School's pension obligation and to finance the School's facility lease termination. There are related covenants in favor of the bondholders; for example, the School would have to approach bondholders before incurring any new significant debt. December 17, 2021 is the targeted closing date for the bond issuance. Truist presented to Nuveen, Silvercrest, and Black Rock as prospective bond purchasers. Black Rock was not interested, but the other two have met with the leadership team and they are interested. Mr. Slipsky made a motion to approve the term sheet as presented, which was seconded by Mr. Lee. The motion was unanimously approved.

The next matter to come before the Meeting was the proposed extension of the School's contract with Nigel Bearman. After Ms. Ward explained the proposed terms of the extension, Mr. Slipsky made a motion to approve the proposed extension of Mr. Bearman's contract with the School, which was seconded by Ms. Davis. The motion was unanimously approved.

The next matter to come before the Meeting was the extension of the School's bridge loan, which was necessitated by the bridge loan's maturity date vs. the anticipated closing date of the bond issuance. Ms. Ward explained the terms of the extension, including an extension fee of \$7,500. Ms. Perry made a motion to approve the extension of the School's bridge loan on the terms presented, which was seconded by Ms. Davis. The motion was unanimously approved.

- C. Facility and Construction Update. The next item of old business to come before the Meeting was Ms. Perry's facility and construction update for the School's new facility. Ms. Perry shared that we anticipate site and building permits once NCDOT permits are received; this is anticipated by Winter break. The working group will also be preparing a formal groundbreaking ceremony. Official renderings have been requested and are being prepared by the School's design-builder BCCG for display at the School. Ongoing construction updates will be shared via time-lapse video once construction begins. Although the timeline has been at the mercy of the weather and the permitting process, the plan remains to open the new facility in time for the 2022-2023 school year. The official address for the new facility is 10510 Star Road, Wake Forest. Ms. Cauble will spearhead selection of fixtures, furniture and equipment and will engage faculty, parents and students as appropriate for input.

XII. COMMITTEE REPORTS

The next matters to come before the Meeting were Board Committee reports, which were as follows:

- A. Board Affairs – Board Affairs will meet November 3 at noon to finalize the review of the School's revised Ethics and Parent Organization policies.
- B. Development — The GoPlaySave fundraiser raised \$4,100, which is only \$900 short of last year, so it was fairly successful campaign. The Charleston gift wrap fundraiser will begin November 12. The Committee intended to meet with a consultant to target capital fundraising for the new facility or elements in the new facility plan.

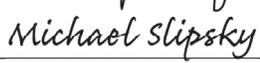
C. Executive — Quarterly check-in.

D. Finance — To date, the Finance Committee’s focus has been on financial forecasts and other information required for the bond issuance process. The Committee has received input from the School’s administrative team regarding what topics the Committee should be working on next.

XIII. ADJOURN

There being no further business on the Agenda, Mr. Slipsky made a motion to adjourn the Meeting at 8:11 p.m., which was seconded by Mr. Lee. The motion was unanimously approved.

 / 12/13/21 Monique Taylor, Board Chair

 / 12/14/21 Michael Slipsky, Board Secretary
