



**Board of Trustees Emergency Meeting
Thursday, May 20th, 2020
Video Conference via Zoom**

Board of Trustees Present: Nancy Biberman, Lori Chemla, Andrea Cohen, Felicia Franklin, Sabrina Hope King, Davon Russell, Jodi Schneider

Board of Trustees Absent: Valerie Capers

SBECA Staff Present: Brian Blough

Other: Digant Bahl, Accounting Solutions of New York; Meredith Leverich, WHEDco

Members of the Public Present: 0

Call to Order

Mr. Russell called the meeting to order at 11:35 am.

Public Comment

No members of the public were present.

Discussion on Paycheck Protection Program

Digant Bahl of Accounting Solutions of New York, SBECA's financial services provider, delivered a memo to the Board, reporting that the Small Business Administration has issued new guidelines for the Paycheck Protection Program, which make this federal program more accessible to charter schools. He said that there are still funds available, should SBECA's Board decide to pursue this opportunity.

Mr. Russell raised concerns around whether SBECA would be scrutinized for accepting a loan, given that the school's sole funding comes from the State and is not expected to be eradicated or reduced, as private sources may be. He cautioned against the appearance of "double-dipping."

Mr. Bahl argued that future funding from the State may not be at the same level as it has been in the past and that additional cuts may be made throughout the next fiscal year. Although SBECA is preparing a conservative budget for the coming school year, the economic forecast remains very uncertain, so there may be a need for additional support to maintain the same level of operations. Mr. Bahl said that the new guidelines indicate that loans of less than \$2 million will be considered in good faith and will not receive the same level of scrutiny as larger loans.

Mr. Bahl further explained that there are two certifications required to apply for a PPP loan: uncertainty and need. He said that the Governor's recent statements around possible budget cuts justify the uncertainty element. He added that, although SBECA has enough liquidity to cover payroll should there be shortfalls, the State also requires a certain amount of cash on hand to remain compliant. Given that SBECA's possible loan would be for up to \$1.2 million, representing 2.5 months of payroll, rent and utility expenses, the need



element is assumed based on the new guidelines. He said that there are attorneys in the charter school sector that would provide a legal opinion to substantiate need, given the circumstances.

Andrea Cohen, Nancy Biberman and Lori Chemla agreed and stated that the funds could offer a safety net and that, if it is determined that the school does not need the loan, the funds could be returned with the required interest. They all said that the benefit of having the funds in case of a shortfall outweighs the risk of having to repay with interest, given the tremendous uncertainty surrounding future funding and potential expenses that may arise from COVID-19.

Nancy Biberman made a motion to adopt the following resolution:

Whereas, the current economic uncertainty related to the Covid-19 pandemic makes a loan necessary to support our ongoing operations;

Whereas, the Small Business Administration is administering the Paycheck Protection Program (PPP) SBA 7 (a) loan program to provide a direct incentive for small businesses, including nonprofits, to keep their workers on the payroll.

Whereas, the loan amount is based on 2.5 times the monthly payroll and may be used on payroll related expenses together with rent and certain other expenses;

Whereas, SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilitiesⁱ;

Whereas, if 1) the number of full-time equivalent employees is reduced or 2) wages for individual employees making less than \$100,000 per year are reduced by more than 25%, then a portion of the loan will be repayable in two years;

NOW therefore, it is resolved that:

South Bronx Early College Academy Charter School (the School) is authorized to borrow the maximum amount available under the PPP SBA 7(a) loan program or such lesser amount as the Trustees shall determine; and

The Trustees of the School are authorized to execute a promissory note and such other documents as are necessary in the name of the School and take any and all action necessary to obtain the loan.

Note: The current estimate of the average monthly cost for the last 12 months is \$505,000. Hence the approximate amount of the loan per the program is \$1.2 million.

Felicia Franklin seconded the motion, and the Board unanimously voted to adopt the resolution.

The Board then discussed the process for applying for the PPP loan. Mr. Bahl said that small institutions have seen greater success accessing funds than larger institutions. Mr. Russell said that he agreed, based on WHEDco's experience applying for a PPP loan.

Lori Chemla made a motion to adopt the following resolution:



RESOLVED, that this Board of Trustees does hereby authorize and direct, Brian Blough, School Principal, to open an operating account at Spring Bank of Bronx, New York, on behalf of the South Bronx Early College Academy Charter School's Board of Trustees.

Jodi Schneider seconded and the Board unanimously voted to adopt the resolution.

Scheduling a Finance Committee Meeting

Mr. Russell said that the Finance Committee would meet prior to the June 4th meeting to take a deep dive into the proposed budget, prior to the full Board vote.

New Business

There is no new business.

Next Meeting

The next meeting is on June 4th, 2020 at 5:00 pm via Zoom. Mr. Russell thanked the Board for participating in this additional public meeting to ensure a timely response to Mr. Bahl's proposal.

Adjournment

The Board unanimously voted to adjourn the meeting.

ⁱ Statement taken from SBA website: <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>