

ACERO CHARTER SCHOOLS, INC.
MINUTES OF A MEETING OF THE AUDIT, COMPLIANCE AND FINANCE COMMITTEE

June 19, 2019, 8:00 AM
209 W. Jackson Blvd., Suite 500
Chicago, Illinois 60606

DIRECTORS PRESENT: Mr. Simon Yohanan (Committee Chair); Ms. Roxanne Matias

DIRECTORS ABSENT: Mr. Douglas Hewitt

OTHERS PRESENT: Richard L. Rodriguez, Chief Executive Officer, Acero Schools; Araceli R. De La Cruz, General Counsel/Chief Administrative Officer, Acero Schools; Michael Bradley, Chief Financial Officer, Acero Schools.

Call to Order and Roll Call

At 8:00 a.m. the meeting of the Audit, Compliance and Finance committee was called to order. A roll call was taken. Director Yohanan and Director Matias were present, a quorum was established.

Consideration and Recommendation of Temporary FY20 Budget

Mr. Bradley began his presentation of the Temporary FY20 Budget by reviewing with the committee the terms of the charter funding agreement entered into with the Chicago Public Schools. Discussion ensued. Mr. Bradley then reviewed the major changes from the FY19 Budget and discussed improvements to the funding model. Mr. Bradley provided a comparison of budgeted revenue for FY20 to FY19 and also provided a comparison of budgeted expenses from FY20 to FY19. Mr. Bradley then presented the proposed temporary FY20 Budget with a comparison to FY19, and shared FY20 priorities. Discussion ensued.

Director Yohanan made a motion to recommend the approval of the proposed temporary FY20 Budget to the full Board. Director Matias seconded the motion and the motion carried.

Consideration and Recommendation of Insurance Policy Renewals

Ms. De La Cruz provided the committee with an overview of the types of insurance maintained by Acero Schools pursuant to its Charter Agreement with Chicago Public Schools and in alignment with standard business practice. Mr. Matt Stevens from Mesirow Alliant joined the meeting via telephone. Mr. Stevens shared that Mesirow Alliant, the designated insurance broker for Acero Schools, solicited responses from the market for quotes to renew its expiring policies. Discussion ensued regarding the responses. Mr. Stevens then discussed how the premiums for the 2019-2020 policies compared to the premiums paid for the 2018-2019 policies. Discussion ensued.

Director Matias made a motion to recommend the approval of the renewal of Acero's expiring insurance policies to the full Board. Director Yohanan seconded the motion and the motion carried.

Discussion Regarding Refinance of New Market Tax Credit

Mr. Bradley shared with the Committee that the time has come to unwind the New Market Tax Credit and refinance the funds through a taxable term loan. He provided an overview of the unwinding and shared a preliminary summary of the terms and conditions of the refinance. Mr. Bradley emphasized that this refinance will help align all of Acero's debt instruments. The Committee reviewed a proposed Board Resolution authorizing officers of the organization to effectuate the finalization of all related documents to unwind the New Market Tax Credits and refinance the funds through a taxable term loan.

Director Yohanan made a motion to recommend the approval of a Board Resolution authorizing the unwinding of the New Market Tax Credit and refinancing of the funds through a taxable term loan to the full Board. Director Matias seconded the motion and the motion carried.

Discussion Regarding Consolidated Grant Application

Mr. Bradley shared with the Committee that Acero will be submitting a Consolidated Grant Application and gave a brief overview of the process. Discussion ensued.

Public Comment

No public comment was presented to the Committee.

Old/New Business

No new or old business was presented to the Committee.

Adjournment

Director Yohanan adjourned the meeting.

Respectfully submitted,

Roxanne Matias
Board Secretary

Approved by Acero Board on June 26, 2019.