



Milestones Community Schools Inc. D/B/A Imagine Schools at West Melbourne Governing Board Meeting

Milestones Community Schools Inc. D/B/A Imagine Schools at West Melbourne

Meeting Minutes

Date: September 21, 2020

Time: 5:30 pm

Location: Virtual Meeting Via Google Meet - COVID-19

Virtual Access Information: Join with Google Meet at meet.google.com/pdo-sgsn-iea or join by phone (US)+1 318-389-1868 PIN: 713 861 798#

I. Call to Order – Melissa Koretsky

The meeting was called to order at 5:34pm by Melissa Koretsky.

II. Roll Call – Melissa Koretsky

Board Members: Melissa Koretsky, Bill McMullen, Jennifer Sikoski, and Julie Khlar (Board Attorney), Healthier Needelman (Board Attorney)

School, Region, and Other Attendees: Brian DeGonzague (Principal), Greg Young (Region Finance Director), Jennifer Fornes (Region Director), Diane Beatty (Executive Vice President), Karl Huber (SchoolHouse Finance), Steven Giarratano (King & Walker)

III. Public Notice – Melissa Koretsky

Brian DeGonzague informed the board that the public notice of the September 21, 2020 board meeting and agenda was posted on the school marquee, website, and front office.

IV. Old Business

a. Approval of August 19, 2020 Minutes* – Melissa Koretsky

Bill McMullen made a motion to approve the August 19, 2020 minutes. Jen Sikoski seconded. All in favor. Motion carries.

Board Members	Vote
Melissa Koretsky	Aye
Bill McMullen	Aye
Jennifer Sikoski	Aye

V. New Business

a. Financial Audit Report * - Greg Young

Greg Young introduced Steven Giarratano with King & Walker. Steven provided a detailed overview of the audit. Stephen stated that it was a clean report and there were no findings. Jen Sikoski made a motion to approve King & Walker's FY20 Audit. Bill McMullen seconded. All in favor. Motion carries.

Board Members	Vote
Melissa Koretsky	Aye
Bill McMullen	Aye



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Jennifer Sikoski	Aye
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b. Financial Report * - Greg Young

Greg Young shared the financial report. The comparisons are based on the preliminary FY21 report that was created pre-COVID-19. Greg Young walked the board through the line items and the adjustments made to revenues and expenses.

c. Lease Modification *- Brian DeGonzague

Brian DeGonzague introduced Karl Huber with SchoolHouse Finance about the lease modification. Karl Huber shared an offer in lease reduction from ESJ to include:

- A one-time rent reduction of \$600,000 applied to FY20 and/or FY21 rents, depending somewhat on the timing of the amendment. Currently, they are proposing: Approx. \$560k reduction in FY 20 base rent credited to amounts owed through June 30, 2020; Approx. \$40K reduction in FY 21 base rent credited to amounts owed through Sept. 30, 2020;
- Prime lease escalation reduced to 1% for FY 22, 0% in FY 23 and then 1.5%-2.0% thereafter for the remainder of the current prime lease term (June 30, 2034); depending on where we end up on the prime lease, SHF would propose a slightly lower escalation in the amended sublease than the prime lease that would gradually reduce the current sublease/prime lease rent differential over the remainder of the current lease;
- In exchange, ESJ is asking for an additional six-year lease term. Although SHF is not in a position to extend the prime lease term, ESJ is willing to accept a direct lease with ISWMB for this six-year term extension. So the rent reductions would be conditioned upon ISWMB entering into a direct lease with ESJ for an additional six-year term (FY 34-FY 40, without a guarantee from SHF or Imagine) giving ESJ a total remaining combined lease term of 20 years under the current lease and the new ISWMB direct lease.
- ESJ is also asking that as part of this amendment SHF agree to eliminate SHF's right to terminate the current lease by payment of a \$5.25 MM termination fee.

Karl Huber shared that this proposal is substantially better than anything ESJ has proposed before. Since both Imagine and SHF are interested parties in this transaction, we cannot be the ISWMB board's advisor on whether to accept this proposal and we strongly recommend that the board seek advice of counsel on how to proceed. Julie Khlar advised the board to consider the proposal provided so that this lease modification can be finalized before the end of the calendar year. Melissa Koretsky is asking for some additional consideration for



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the terms of the modification to include a purchase option at the end of the lease term.

A recommendation was made to provide a counter proposal to ESJ and authorize the board attorney and a board member to work through the negotiations and bring back to the board for final approval.

Bill McMullen made a motion to offer a joint letter of intent to ESJ with a counter proposal for reduction of about \$30K on the rent and 1.5% fixed escalator and propose a purchase option at t acap rate that is currently marketing the property and appoint Bill McMullen and Julie Khlar to work through the negotiation. Jen Sikowski second. All in favor Motion carries.

Board Members	Vote
Melissa Koretsky	Aye
Bill McMullen	Aye
Jennifer Sikoski	Aye

d. State of the School Report - Brian DeGonzague

Brian DeGonzague shared that the current students enrollment is 502 which is an increase from the 427 students from last spring. Demographics are very similar to last school year. Slight decrease in the ESE population. The school is currently a CEP school and will remain unless the percentages of direct certification decreases.

e. Title IX* - Julie Khlar

Julie Khlar shared the Title IX expectations with the board and the new requirements for the school and the new rules and regulations have been put in place to protect individuals. Bill McMullen made a motion to accept the Title IX policy. Jen Sikowski seconded. All in favor. Motion carried.

Board Members	Vote
Melissa Koretsky	Aye
Bill McMullen	Aye
Jennifer Sikoski	Aye

f. Out of Field Report * - Brian DeGonzague

Brian DeGonzague shared the Out of Field Report for the fall 2020. Bill McMullen made a motion to accept the Out of Field Report. Jen Sikoski seconded. All in favor. Motion carried.



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Board Members	Vote
Melissa Koretsky	Aye
Bill McMullen	Aye
Jennifer Sikoski	Aye

- g. Regional Report** - Jennifer Fornes shared Imagine West Melbourne will be going through a charter renewal. The school district has reached out Brian about the desire to renew with the school district. Brian has indicated that the school wants to pursue the renewal for a minimum 5-year period. No further documentation has been received from Brevard Public Schools. The region has the state template to begin the work on the renewal.

VI. Meeting Adjournment/Next Meeting – October 21, 2020 at 4:30pm

Bill McMullen made a motion to continue to meet through electronic means with an option for those to go to the school if they wish to do so. Jen Sikowski seconded. All in favor. Motion carried.

Board Members	Vote
Melissa Koretsky	Aye
Bill McMullen	Aye
Jennifer Sikoski	Aye

Brian will be sending the resume of the potential board member for the next meeting.

Melissa Koretsky adjourned the meeting at 7:10pm.