

Monocacy Montessori Communities, Incorporated (MMCI) Board of Trustees
(BOT) Wednesday, May 24, 2023 @ 7:00 p.m.

Virtual Meeting: meet.google.com/fcv-mjvy-utv
Join by phone: +1 346-808-1766 PIN: 378 965 061#

Regular Meeting Agenda

1. Call To Order 7:00 p.m.

Tara Dunsmore called the meeting to order at 7:02 pm, read the recording consent, and started the recording.

2. Welcome/Introductions 7:02 - 7:05 p.m.

Voting Members Present: Tara Dunsmore, Elizabeth Landru, Michael Beth Edwards, Diego Alvarez, Kelli McIntosh, Meggan Sombat, Jennifer Mayo, Julie Clark, Najlaa Richard, Elise Goodwin, Nichole Dowlearn, Jessica Lawrence Wujek, Kathleen Lutrell (12)

Other Leadership Present: Marilyn Horan, Amy Dorman, Brandon Sowers, Robert Weiland, Nikki Burgee (4)

3. Community Comments 7:05-7:10 p.m.

There were no Community Comments this month.

4. Consent Agenda Items 7:10-7:12 p.m.

- **EVOTE: On May 17, 2023 Meggan Sombat moved to [Approve the March 2023 MMCI BOT Meeting Minutes](#).** The Motion was Seconded by Najlaa Richard. The Motion CLOSED on May 20, and PASSED with 8 Aye, 2 Abstain, and 3 did not vote.

5. Member & Committee Advance Reports and Updates 7:12-7:15 p.m.

All May 2023 Officer and Committee Reports submitted are linked below.

- MMCI President Report - 5 minutes (Tara Dunsmore)
- MMCI Treasurer/ [Assistant Treasurer Report](#) - 5 minutes (Diego Alvarez/ Kelli

McIntosh)

- [MMCI Financial Report 04/2023](#) (access restricted)
- [MMCI Finance Summary 04/2023](#)
- [MMCI Facilities Committee Update](#) - 5 minutes (Elizabeth Landru/ Tara Dunsmore/ Molly Carlson/ Michael Beth Edwards)

Tara said that MVM's project is moving along - they have chosen Brushee Builders for at least phase 1 of the project. Meeting on site with developers, builders, architects, city departments, Pulling demo permits, financing is moving forward.

The CCM Lease on the Agenda for later, we are still waiting for the zoning amendment.

- [MVM High School Grant and Planning Update](#) - 5 minutes (Amy Dorman)

Tara said that the HS Meet and Greet was well received.

- MMCI Diversity Equity and Inclusion Committee Update - 1 minute (Jennifer Mayo/ Vanessa Deugarte)
- MMCI Nominating Committee Update - 1 minute (Meggan Sombat)
- [MMCI Lottery Committee Update](#) - 1 minute (Jen Swafford)
- [MMCI Grants and Fundraising Committee Update](#) - 1 minute (Meggan Sombat)
- [BOT Book Club Update](#) - 1 minute (Julie Clark)

School Updates:

7:15 p.m.

- [MVMPCS](#) - 5 minutes (Amy Dorman/ Brandon Sowers/ Elizabeth Landru/ Bob Weiland)
 - MVMPCS Principals Report

Amy Dorman said that we are wrapping up the school year, field day is tomorrow. The Middle School trip to Williamsburg was lovely. Amy said that the HS Meet and Greet was an opportunity for the incoming students to meet their teachers; there were 37 students in attendance along with parents, and there was great energy in the room. Summer Professional Development for MVM high school teachers is scheduled June 6 - July 6.

Amy gave a shout out to MVM families for the meals and car detailing gifted during Teacher Appreciation Week. They felt well taken care of and appreciated.

- [MVMPCS GC Chair Report](#)
- MMCI MVM VP Report

Elizabeth Landru said that inventory management systems are being discussed at both the MVM and MMCI level. There is potential for facilities management along with asset management with some systems she has looked into. She will provide a report in July.

- [CCMPCS](#) - 5 minutes (Marilyn Horan/ Michael Beth Edwards/ Nikki Burgee)
 - CCMPCS Principal Report

Marilyn said that Teacher Appreciation Week was amazing with meals, gift cards, and posters. CCM Staff felt so appreciated. End of year activities include field day, Middle School dance, zoo field trip, outdoor school. Marilyn said that the big news is that today CCM found out that they are level 5 accredited EXCELS. Marilyn said that fidelity to the Montessori program was primary, and it is a lot of work to achieve accreditation.

- CCMPCS GC Chair Report

Nikki Burgee said that the biggest thing is CCM's lease renewal and getting zoning approved.

- MMCI CCM VP Report

6. Follow-ups/ Action Items

7:15 p.m

- [BOT Action Items & Follow Ups - May 2023](#)

7. New Business: Discussion and Votes

7:15 p.m. - 10:00 p.m.

Closed Session: To discuss a matter directly related to the contents of a bid or proposal; and to consider the acquisition of real property for a public purpose and matters directly related thereto.

MOTION: Tara Dunsmore moved to go into closed session to discuss a matter directly related to the contents of a bid or proposal; and to consider the acquisition of real property for a public purpose and matters directly related thereto.

Seconded by Kelli McIntosh

MOTION PASSED with 11 Aye

The Closed Session began at 7:18pm.

The Closed Session ended at 7:41pm.

- **DISCUSSION: Before and Aftercare Proposals (Kelli McIntosh/ Jessica Lawrence Wujek)**

Jessica Lawrence Wujek reported that she has compiled some research on Before and Aftercare programs. She said she's been focusing on companies based in Frederick County.. Jessica has had discussions with Champions, BarT, and YMCA. Jessica said that PreK Before and Aftercare is more complicated with a separate licensing process. She spoke to Meadows Montessori which is right around the corner from the new MVM Facility, and could be an option for PreK before and aftercare for both schools, and the biggest hurdle is transportation. She reported that she got good response and information from all, and she disclosed to other parties that we are doing due diligence.

Tara thanked Jessica for finding other options, and reminded Jessica that we want to include both

schools, and that we could look for a PreK option that is located closer to CCM. Jessica said that she reached out to multiple non-profits, and the YMCA was the only one that responded. Tara said that we have to make a decision by the end of June, so the deadline for proposals will be June 15, or sooner. We need to have enough time to discuss, and also be sensitive to our long-term relationship with Club House Kids.

Michael Beth Edwards said that there is a difference between transporting 3 and 4 year olds when we discuss PreK. Tara agreed that with both schools having full day 4's, our goal should remain to offer before and aftercare starting with 4's.

Tara gave an update on Club House Kids. They will need to get a license for the new location, including an inspection, which is a 45 day process. This could be a problem for any provider.

Jessica said that she recently discussed this, and the YMCA has been through something similar recently, and having copies of the building plan could be a work around.

Tara said that it's also possible that Club House Kids could transport our students to their facility. Jessica added that BarT has a permanent location in Urbana, and could provide transportation, however parents would have to pick up in Urbana.

Elizabeth Landru thanked Jessica for her work.

- **DISCUSSION: Facilities Financing Package (Tara Dunsmore)**

Tara said that we recently learned some unexpected information from our financiers, and have had to look deeper into how MMCI will apply for financing.

Tara presented the following information in a slideshow:

- Breakdown of PPA - payroll is the majority (salaries and related expenses), facilities (rent or mortgage plus operating costs), materials in classrooms, MMCI Admin Fee (MMCI charges to each school for bookkeeper, lottery, insurance, etc.)
- MVM spends 72% on payroll, 19% on facilities, 5.37% classrooms, 2-3% MMCI Admin Fee (approximate)
- Restricted funds stay with FCPS (payroll and salary, buybacks, in-kind services that come off the top before we get PPA and FCPS is not transparent about the costs of those).
- Non-restricted - currently all of that money stays with FCPS (our purchases, we request funds from FCPS through invoices to pay our expenses)
- We have recently agreed to an intercept agreement that allows the bond holders to be paid directly from FCPS.
- We are looking to move to a quarterly distribution system where our non-restricted funds will be deposited into our MMCI accounts every 3 months. 1. So we have greater control over our money. Right now FCPS has total control and they sometimes change the rules. 2. Our utilities and other bills go directly to FCPS and we aren't able to track or monitor the details. 3. Additionally, we would have control over the surplus. It would already be in our accounts, instead of us having to ask for our funds. 4. We are the only charter school in the state that doesn't use a quarterly distribution system, and the investors are not comfortable with that.

Amy Dorman asked if we are the only charter operator in the state who handles funds this way, including other Frederick County charter schools, and why.

Tara answered that MMCI/ MVM existed prior to charter school law, and when CCM opened, we went with the same system. Other schools developed a better system and the FCPS newer charter schools adopted that better system.

Elizabeth added that from an investor standpoint, more autonomy makes for a stronger credit profile.

Tara continued:

- Facilities Financing - the investors require a real estate collateral, gross revenue pledge, and assets (unrestricted).
- Originally we expected to bundle the two facilities and combine the financing package. By doing it that way, both schools revenues and assets were at risk if one school failed.
- However, now we are in the position to make a decision. The financiers said that they would pledge both MMCI schools, and we learned of the decision. We could decide between including both or including only MVM (first).
- Why would we consider pledging both?
 - ◆ Stronger credit profile - lower rates
 - ◆ Increase the probability of MVM closing now, in a volatile market
 - ◆ CCM's future transaction will benefit from MVM's lower interest rates

Considerations - This is ONLY applicable until CCM buys their building, and then both schools are on the hook for each other.

1. If MVM struggles to make their payments (low enrollment), CCM would have to make up the difference. MVM could sustain for up to 5 years. If MVM loses their charter, CCM would be on the hook, however the building would be sold to pay off debts.
2. CCM would not be able to use another financier - only MHHEFA. The only way that would become an issue if CCM pushed their project multiple years and wanted to go with a different group.

Elizabeth said that it makes for a stronger profile. It is like using CCM as well as MVM's 401k for financing strength, however we do not expect to tap into that.

Tara said that if MVM and CCM were a married couple, MMCI accounts are a joint account. They still have separate accounts. They would pull from the joint account first, then each other's accounts.

Diego added that he has analyzed this transaction deeply, and there is some minimal risk, but the benefits far outweigh the risks, MVM and CCM are sister schools that support each other, and CCM will benefit from this arrangement for financing.

Tara said that one question our financial advisors asked us is if there were no bonds in place, would CCM help MVM through an intra-company loan. Tara explained that the answer is complicated because MMCI would help first. The finance committee is currently discussing amending MMCI financial policies and increasing reserves to ensure MMCI will always be in a position to assist either school. Most charter operators put the money from all schools in one pot, run their schools, and then spend the remainder on staffing, etc.

Tara explained that MMCI is different in that we separate funds for each school. We see each school as a somewhat autonomous group that maintains control over their money.

We are looking at increasing our operational reserves, and it's important to look at how we control those funds per MMCI policy.

Another question asked was if there is a benefit to CCM in MVM buying this building. Tara said yes, CCM students receive lottery priority for high school, and also, both schools are stronger together. Third, they asked what is the likelihood that CCM would qualify for, or want to pursue different financing. Tara said that in the short term this is a non-issue. However, if they do not buy now, after 2-3 years if anything changes, that could present a problem.

Also, what is the probability that CCM will finance in the near future? Is there a chance that CCM will not buy their building? Tara said that this question is the one that gives her the most pause, because the zoning outcome is pending. However, we have looked at the budgets, and even if the Corporate Court purchase were to fall through, MMCI would continue to search until a facility was purchased.

And, CCM carries a greater risk until purchasing is complete. However, the benefits outweigh the risk.

Also, can either school afford higher interest rates in this market? The answer is no.

And finally, if either school has serious concerns about the other being an investment risk, why was MMCI considering joint financing in the first place. Tara said that at one point we were even considering sharing a building, and we've always known that our schools' futures are tied together.

Tara said that MMCI Executive Committee members spoke to MAPCS and they suggested that we move forward with pledging both schools assets for financing. .

Campanile, our financial adviser, also recommended that we combine, with no questions.

We looked closely at the difference between restricted and unrestricted funds because that puts into perspective the amount of risk.

Diego Alvarez recommends that CCM puts their surplus into FCPS accounts, in the short term, they are protected because they are held by FCPS. And the CCM GC would have to approve transferring those funds.

Michael Beth emphasized that the difference in financing for lower risk vs higher risk is immense. She added that in terms of MVM filling seats, there is little to no risk because the charter expansion also allows lateral, lower-grade expansion.

Tara thanked Michael Beth for bringing up this point, and shared some budget projections for under-enrollment showing that MVM would survive, even with a couple of years of

under-enrollment.

Kathleen Luttrell said that autonomy is important, but it isn't feasible for CCM to go with other than bond financing, so they will likely benefit from MHHEFA. Kathleen asked if it would be a separate or amended bond. Tara answered that there are options, and it will depend on the amount of money and time frame for borrowing. CCM will benefit from being lumped in.

Jessica Lawrence Wujek said that it is reassuring that so many separate advisors recommended that we combine assets.

Tara agreed and said that is why we have so many different teams of advisors to inform our decision-making.

Elizabeth said that the opinion from MAPCS that this is industry standard was reassuring.

- **DISCUSSION/ VOTE: PPA Distribution (Tara Dunsmore/ Diego Alvarez)**

Tara said that FCPS had promised to send an updated Financial policy on how they handle quarterly distributions, and we do not have it yet. Tara wanted to have it in hand before we vote, so she proposed that we move the vote to the May 30th meeting.

Marilyn asked about the surplus from this year.

Tara said that she has signed the final versions of the Charter Amendments and sent them to FCPS. Dr. Lippy said that they would be approved by the BOE by the end of this month. We can't have access to the surplus before those are signed.

Tara said that we also would need to submit a revised budget showing that we had planned to spend it this year. This is another good reason to move to quarterly distribution.

- **DISCUSSION/VOTE: Legacy Impact Capital Change Order (Tara Dunsmore/ Elizabeth Landru/ Michael Beth Edwards)**

Tara said that Legacy Impact Capital (LIC) is the company that we've contracted with for management of both of our facilities purchases. Tara gave credit to Molly Carlson, who she said negotiated a flat fee for CCM, which MVM was also able to take advantage of, rather than a percentage based fee, which is standard for LIC.

Our original contract for MVM for the Toll House project was \$500,000.00. We switched projects and now we are restarting some of the work. With that, LIC has proposed a change order for \$200,000.00 to complete the remaining work.

Elizabeth said that we were working on the Toll House project, and we pivoted to TJ Drive. The scope of work for LIC has stayed the same, however because we had to pivot, LIC had to start over with the due diligence items. This has meant a duplication of efforts, of time and resources.

Tara added that when they sent the original change order, they proposed a percentage based fee. With that, there is less incentive for developers to stay on budget. We trust LIC and have a good working relationship, however we wanted to ensure that there was motivation for our developers

to stay on budget. With the proposed Change order, LIC would make more money with the flat fee if they stay on budget.

Tara said that this number is not final, and this is simply their proposal. We will not see a reduction in service if we do not approve the change order for this amount, however Tara encouraged the board to consider compensating LIC for the additional work on the second building.

Elizabeth said that LIC is doing all they can to keep it affordable, for example they are not charging for travel even though their contract specifies that they can. They also negotiated with contractors for a savings of 200k.

Julie Clark asked where this money comes from, and Tara clarified that this additional fee is included in financing.

Michael Beth asked if we are entirely sure that we aren't going to be charged travel expenses.

Tara said that they may in the future, however we have a great working relationship and reiterated that we trust LIC. Tara said that through negotiations, she and Elizabeth made it clear that the BOT would need to approve the change.

Michael Beth asked if we could negotiate the change order down to 150K or 1000K. However, at the end of the day, 50K is not a lot rolled into a project, and she supports Tara and Ellie's perspective.

Elizabeth said that there was meaningful negotiation to arrive at \$200k.

Tara shared and explained the original LIC contract. Almost all of the due diligence items have been completed, and none of it has been paid, due to the ending of the Toll House project. They've done 20% of the actual project and haven't been paid.

Tara said that LIC is doing a lot of work in a short period of time for this new project at TJ.

Jessica asked if the project were to change again, would LIC come back with another change order.

Elizabeth said that would likely happen if we changed projects, however that is not in the realm of possibility.

MOTION: Tara Dunsmore moved to approve the Legacy Impact Group Change order fee for Monocacy Valley Montessori in the amount of \$200,000.

Seconded by Elizabeth Landru.

MOTION PASSED with 12 Aye.

- **DISCUSSION/ VOTE: MMCI Tuition Policy and Reimbursement Agreement (Diego Alvarez/ Kelli McIntosh & Amy O'Connor)**

Tara said that in the last 6 months, we've approved Tuition Policy addendums for each school. Amy O'Connor identified some issues with the way the policies were presented, and her rewrite addresses those concerns.

Bob Weiland added that this came up because we approved tuition reimbursement for a member of staff and this has captured the details of the addendums.

Marilyn, Nikki, and Michael Beth said that they were not aware of these edits, and would not feel comfortable if the board voted until the CCM GC Chair and VP had a chance to review.

Tara opted to HOLD this vote until our Special Voting Meeting on Tuesday May 30 so that CCM has a chance to review.

- **DISCUSSION: Staff Names in Tuition Reimbursement Votes SOP (Meggan Sombat)**

Meggan Sombat said that this was discussed at our March meeting regarding an Evote for Tuition Reimbursement. Members shared various perspectives related to historical practice, transparency, and staff members' comfort level. Meggan stated that we need a volunteer (or volunteers) to gather information and create a draft policy/ policy point for MMCI. The draft should be ready for discussion at our July 2023 meeting.

Julie Clark volunteered to look into history and make policy or procedure recommendations.

ACTION ITEM - Look into using staff names in votes (Julie Clark)

- **DISCUSSION/ VOTE: MAPCS Membership Renewal (Elizabeth Landru/ Kelli McIntosh)**

Elizabeth said that she received the MAPCS renewal invoice, and it was inaccurate. She discussed it with MAPCS and is waiting for an updated invoice for a vote.

- **DISCUSSION/VOTE: CCM Lease (Michael Beth Edwards)**

Michael Beth said that Lisa Graditor built safeguards into CCM's lease agreement, and the current lease term is up on June 20, 2023. She explained that CCM needs to extend their lease for another year, however as soon as they purchase the building, the lease will end.

MOTION: Tara Dunsmore moved to approve the Notice of Lease Extension for CCM I move to approve CCM's notice Tenant hereby gives notice of its intent to exercise the first one-year extension of the lease dated October 27, 2015.

Seconded by Julie Clark.

MOTION PASSED with 12 Aye.

- **DISCUSSION: MMCI Staffing (Diego Alvarez)**

We've had multiple meetings, finance committee and work session to discuss MMCI staffing. Diego put a presentation together, and what we decided is that we have lots of options, however this would deplete the MMCI savings, and at this point we are not in a position to deplete savings or increase admin fees for the schools. As far as hiring a director, we will revisit this discussion in 6 months, and continue to revisit until we can afford it, and made decisions about how we want to structure our savings. However, adding buildings may justify an increase to the job descriptions, and increase to that position.

- **DISCUSSION/VOTE:** MMCI Website Upgrade (Tara Dunsmore)

MOTION: Tara Dunsmore moved to approve up to \$80 for the purchase of a theme for the MMCI website.

Seconded by Jessica Lawrence Wujek.

MOTION PASSED with 12 Aye.

Tara said that our next meeting will be on Tuesday, May 30 and is a Special Voting Meeting.

MOTION: Tara Dunsmore moved to adjourn the meeting.

Seconded by Julie Clark.

MOTION PASSED with 12 aye.

The meeting ended at 9:51pm.

Announcements:

1. Upcoming MMCI Business Meetings (usually held at 7PM the FINAL Wednesday of each month): *meetings will be virtual unless otherwise noted.*
 - Tuesday, May 30, 2023 - Special Voting Meeting
 - Wednesday, June 28, 2023
 - Wednesday, July 26, 2023
2. Minutes and Agendas may be found online at <http://mmcimd.org/calendar/>