

**Minutes of the
CHIME Institute
Board of Directors Special Meeting
Held via Zoom
Wednesday, May 20, 2020**

Members Present: Nine members of the Board were present: Patrick Smith (Chair), Melissa Aguilar, Jeff Becker, Tony Battaglia, Dawn Hamilton, Josh Mark, Traci Myman, Marc Polansky, and Matt Rinnert These members constitute a quorum

Members Absent: One member was absent: Lisa Mucci.

Others Present: Staff: Annie Cox and Erin Studer.

I. Call to Order

P. Smith called the meeting to order.

II. Public Comment

There was no public comment at this meeting.

II. Action Item: Resolution to affirm need to accept the SBA Paycheck Protection Act Loan

GOVERNING BOARD RESOLUTION APPROVING PARTICIPATION IN THE FEDERAL STIMULUS “PAYCHECK PROTECTION PROGRAM:

WHEREAS, CHIME Institute (THE CORPORATION”) is a California nonprofit public benefit corporation organized for charitable purposes, is tax-exempt under Section 501 (c) # of the Internal Revenue Code, and operates one or more public charter schools:

WHEREAS, this Board of the Directors (“Board) is the governing body of the corporation:

WHEREAS, the federal Coronavirus Aid Relief and Economic Security Act (“CARES Act”) created a program called the “Paycheck Protection Program” (“PPP”), which initially provided \$349 billion in forgivable loans to small businesses (including nonprofit corporations like Corporation);

WHEREAS the PPP is implemented as a Small Business Administration (“SBA”) loan from a local bank, fully guaranteed by the SBA, with a two-year term and a 1.0% annual interest rate, to be used towards ensuring continuing employment for employees of qualifying businesses and weathering the fiscal uncertainty of COVID-19;

WHEREAS, due to the unknown economic impact of the COVID-19 crisis on statewide K-12 public education funding, cash flow deferrals, negative impacts to enrollment, ongoing economic recessionary trends and other factors, current economic uncertainty creates a need for additional funding to ensure and support the ongoing operations of the Corporation in operating its public charter school(s) over the coming weeks and the next 12-24 months;

WHEREAS, the Corporation proposes to borrow an aggregate amount not to exceed \$1,299,940 from Bank of America under the PPP (the “loan)

WHEREAS, if the Corporation as borrower meets the following, the amount of the PPP Loan is expected to be fully forgiven and becomes grant revenue to the Corporation:

1. Corporation uses PPP Loan proceeds to pay gross payroll, benefits, lease/mortgages for facilities, and utility costs over the 8-week period following loan origination,
2. Corporation maintains full-time equivalent staffing levels at pre-COVID staffing levels consistent with PPP provisions, with a proportionate reduction in loan forgiveness for reduction in staffing levels over the 8 weeks following PPP Loan origination vs. pre-COVID staffing levels; and

WHEREAS, the Corporation intends to use the proceeds of the PPP Loan on gross payroll, benefits, lease/mortgages on facilities, and utility costs over the 8-week period following receipt of Loan proceeds, and proposes to maintain pre-COVID staffing levels or increase current staffing to pre-COVID levels, in order to qualify for up to 100% forgiveness of the outstanding PPP loan balance following such 8-week period;

WHEREAS, the Corporation is taking the loan funds in good faith and compliance with the stipulations of the PPP program in consideration of the following economic circumstances facing the Corporation:

- i. CHIME faces considerable economic uncertainty which threaten ongoing operations.
- ii. While the State of California has guaranteed schools will be funded through June 30, 2020, and the school has continued to employ their workers, the immediate impact of COVID-19 on both state allocation of education dollars and on student enrollment jeopardize CHIME's charter school ability to operate and employ their workers.
- iii. Best current estimates of fiscal year budgets for 2020-21 indicate losses of several hundred thousand dollars for all Institute programs
- iv. Significant fiscal losses were experienced because fundraising and revenue generating programs were forced to be canceled due to COVID-19
- v. CHIME does not have significant reserves, liquidity, or lines of credit available to them to make up for this level of lost revenue

NOW, THEREFORE, in light of the foregoing findings and determinations, this Board does hereby find, resolve, and order as follows:

1. Motion M/S/P (P. Smith/J. Mark) The Board hereby approves the Paycheck Protection Program, "PPP" Loan from Bank of America Bank, ratifies any and all prior actions taken by management and advisors to process the initial application for the PPP Loan, and directs and authorizes staff and advisors to take all necessary steps to ensure full compliance with all provisions and requirements under the PPP Loan.

Board members had an opportunity to ask questions.
Public given opportunity to make comment.

VOTE

AYES: 9 (Melissa Aguilar, Jeff Becker, Tony Battaglia, Dawn Hamilton, Josh Mark, Traci Myman, Marc Polansky, Matt Rinnert and Patrick Smith)

NOES: 0

ABSTAIN: 0

ABSENT: 1 (Lisa Mucci)

2. Motion M/S/P (J. Mark/D. Hamilton) The Executive Director of the Corporation or his/her designee is authorized and directed, for and in the name and on behalf of the Corporation, to execute, deliver, approve, and, as appropriate, declare final the PPP Loan documents, and all such documents, agreements, or instruments or amendments thereto.

Public given opportunity to make comment.

Vote

AYES: 9 (Melissa Aguilar, Jeff Becker, Tony Battaglia, Dawn Hamilton, Josh Mark, Traci Myman, Marc Polansky, Matt Rinnert and Patrick Smith)

NOES: 0

ABSTAIN: 0

ABSENT: 1 (Lisa Mucci)

SECRETARY'S CERTIFICATE

I, Marc Polansky, Secretary of the Board of Directors of the Corporation, hereby certify as follows: The attached/foregoing is a full, true, and correct copy of the resolutions duly adopted at a meeting of the Board of Directors which was duly held on May 20, 2020, at which meeting all of the members of the Board of Directors had due notice and at which a quorum thereof was present; and at such meeting such resolutions were adopted by the following vote:

AYES: 9 (Melissa Aguilar, Jeff Becker, Tony Battaglia, Dawn Hamilton, Josh Mark, Traci Myman, Marc Polansky, Matt Rinnert and Patrick Smith)

NOES: 0

ABSTAIN: 0

ABSENT: 1 (Lisa Mucci)

ATTEST:

Marc Polansky, Secretary

III. Adjournment

Motion M/S/P (P. Smith/D. Hamilton) to adjourn the meeting.

VOTE

Yeses: Melissa Aguilar, Tony Battaglia, Jeffrey Becker, Dawn Hamilton, Josh Marc, Traci Myman, Marc Polansky, Matt Rinnert, Patrick Smith.

No's: None

Abstentions: None.