

**INTERNATIONAL EDUCATION AND COMMUNITY INITIATIVES
D/B/A ONE BRIGHT RAY, INCORPORATED
Minutes of a Meeting
Of the Board of Directors
Held November 7, 2018**

A meeting of the Board of Directors (the "Board") of International Education and Community Initiatives, d/b/a One Bright Ray, Incorporated, a Pennsylvania non-profit corporation ("OBR"), was held at the offices of Community Academy of Philadelphia ("CAP") on November 7, 2018. The following Board members were present at the meeting, constituting a quorum: Joseph H. G. Proietta, M.Ed., President and Founder; Alberta P. O'Brien, EdD; Aykema Mabery-Austin; and Yolanda M. Negrón. Also present at the meeting were Marcus A. Delgado, Chief Executive Officer and Secretary; Frances Velazquez, Director of Financial Services; Joycet Velasquez, Chief Academic Officer; Michael Whisman, accountant with Charter Choices, Inc.; and Maria Granholm, Esq., of Duane Morris LLP. Board member Cassandra McLaughlin was absent from the meeting.

Mr. Proietta served as Chair of the meeting and, having met a quorum, called the meeting to order at 2:05 p.m.

As the first order of business, Mr. Proietta called for a review of the minutes from the meeting of the Board held on May 23, 2018. The Board reviewed the minutes and, upon a motion that was duly made and seconded, the minutes of the Board from the meeting held on May 23, 2018 were unanimously approved. The Board ordered that the minutes be placed in OBR's minute book. Mr. Proietta queried whether the minutes are available on OBR's website and Mr. Delgado indicated they are not. A brief discussion ensued regarding making Board meeting minutes available on OBR's website.

Second, Mr. Proietta requested a financial update. Mr. Whisman reviewed with the Board the **attached** Financial Statements for the three (3) month period ended September 30, 2018. Mr. Delgado first reviewed the Balance Sheet with the Board. Mr. Whisman explained that the far right column sets forth audited numbers as of June 30, 2018 and then reviewed with the Board the key differences between the numbers as of September 30, 2018 and the audited numbers as of June 30, 2018, including an increase in cash due to a prepayment by the School District of Philadelphia (the "School District") and a related increase in deferred revenue. Mr. Whisman noted that a recent payment from the School District (received after September 30), and OBR's bond refinancing (which closed mid-October), were not reflected in the Balance Sheet. Thereafter, the Board discussed the Balance Sheet, including the financial impact of the bond refinancing and the possibility of breaking down expenses by campus to better understand the financial viability of each campus. The Board next discussed the enrollment challenges at OBR's newest campus, Mansion, whether OBR is receiving sufficient funding to address such challenges, and how such challenges affect OBR's other campuses. Following such discussions, the Board agreed to revisit such topics, particularly the break-out of expenses by campus, at the next Board meeting. Mr. Whisman noted that the audited numbers as of June 30, 2018 were consistent with the Independent Auditor's Report and that a final draft of the Auditor's Report should be available by Friday, November 9, 2018.

Next, Mr. Whisman reviewed with the Board OBR's budget-to-actual performance for the three (3) month period ended September 30, 2018. Mr. Whisman first reviewed with the Board the budget performance of OBR Non-Profit. Mr. Whisman noted that OBR Non-Profit's actual net income from June 30, 2018 was \$170,773, as compared to the budgeted net income of \$212,030 for the same period, resulting in an unfavorable variance of \$41,258 and that an overall unfavorable variance of \$378,970 is projected for the end of OBR's fiscal year. The Board discussed at length the key variances from the budget, including the unfavorable variance projected for fiscal year-end and how the bond financing, and resulting increase in debt service, affected OBR Non-Profit's budget-to-actual performance.

Mr. Whisman next reviewed with the Board the budget-to-actual performance of OBR CHS and the Harcum Program. Mr. Whisman explained the key variances from the budget and answered questions from Board members regarding several of the line items from the two budget-to-actual reports.

Third, Mr. Delgado reviewed with the Board the attached chart setting forth the percentage of square footage of the Fourth Street and East Erie premises allocated between OBR and CAP, and the corresponding allocation of the bond refinancing project funds and expenses incurred in connection therewith. Mr. Delgado also reviewed with the Board the attached Two Year Capital Plan for school years 2017-2018 through 2018-2019, which includes proposed capital expenditures for each of the Fairhill and Simpson campuses broken out by year. Mr. Delgado noted that OBR is still waiting for more information on the procedure for reimbursement for capital expenditures out of the bond refinancing project funds. Mr. Delgado then answered questions posed by Board members regarding, and the Board discussed at length, the allocation of the bond refinancing project funds, the Capital Plan and billing procedures with respect to legal and other fees related to bond matters.

Fourth, Mr. Delgado reminded the Board that a budget (the "Original Budget") was presented and approved at the last Board meeting. Mr. Delgado noted that the 2018-2019 revised budget provided to members of the Board (the "Revised Budget") included several revisions to the Original Budget, but that the Revised Budget will need to be further revised to reflect whatever happens with the Mansion campus. Mr. Delgado recommended, and the Board agreed, to table the Revised Budget for discussion at the next Board meeting.

Fifth, Ms. Velazquez reviewed with the Board the attached letter from the Department of Education of the Commonwealth of Pennsylvania (the "Department of Education") regarding the results of an administrative review of OBR's national school lunch program. Ms. Velazquez reported that, following the administrative review, the Department of Education provided several comments to OBR for OBR to address. Ms. Velazquez reported that the comments were subsequently addressed by OBR to the satisfaction of the Department of Education, as set forth in the letter.

Sixth, Ms. Velazquez reviewed with the Board the attached letter from NFP regarding the annual compliance testing of OBR's 403(b) Retirement Plan. Ms. Velazquez reported that OBR satisfied each of the outlined compliance requirements, including with respect to contribution limitations, minimum coverage and nondiscrimination, and passed the compliance

testing. Following such report, the Board discussed the possibility of making the Department of Education and NFP letters publicly available on OBR's website.

Seventh, Ms. Velazquez provided an update regarding OBR's health insurance, which is due to be renewed in December. Ms. Velazquez reported that the premiums for OBR's existing plan would increase by at least 9% (originally quoted at almost 20%) if existing coverage is maintained. To limit the increase in premiums, OBR identified a comparable plan and negotiated a premium increase of only 2% (a 5% savings from budget). Ms. Velazquez explained that switching to the comparable plan would result in some changes to coverage, including increases in certain co-pays, as set forth on the medical benefit comparison chart provided to the Board, but that the comparable plan was still a good plan for employees. The Board discussed the proposed change in health insurance plan, the pricing thereof and the possible savings associated with switching from a PPO to an HMO plan. Following such discussions, the Board asked management to look into whether there is better pricing available for an HMO plan and whether such a plan could be identified and put in place before the December 1, 2018 renewal deadline. Management agreed to do so and to keep the Board apprised.

Eighth, Mr. Delgado provided an update regarding OBR's day program at the Mansion campus. Mr. Delgado discussed with the Board, at length, the low enrollment at the campus and how the low enrollment impacts OBR financially. Mr. Delgado reviewed with the Board projected losses for November and December related to the low enrollment at the Mansion campus. Mr. Delgado explained that enrollment was trending up, due to OBR's recruitment and orientation efforts, but was not increasing quickly enough to defray the losses of having a full staff at less than half of student capacity. The Board discussed potential strategies and solutions for addressing such challenges and agreed that management should raise the concerns, and revisit funding for the campus, with the School District.

Ninth, Mrs. Velasquez provided updates regarding the Fairhill, Simpson, Elmwood and Mansion campuses. Mrs. Velasquez reported that 54 students across campuses recently finished Module 1 and that the separate campuses are implementing promotional plans for individual students to help motivate them to complete the requirements to move up to the next grade. Mrs. Velasquez also informed the Board of a number of events, programs and initiatives occurring at the different campuses as well as a number of new hires across campuses. Mr. Proietta inquired as to how the Mansion night program was faring and Mr. Delgado reported that it is faring well and at capacity, with a waiting list of approximately 40 students. Mr. Delgado explained that the Mansion night program is modeled after the Harcum Program and students can tailor their schedules to the days and times that work for them. Mr. Delgado also provided the Board with details regarding the night program's student demographic, online course offerings/eligibility, course credit structure, enrollment and the possibility for expansion.

Tenth, Mr. Delgado provided the Board with an update on the Harcum Program. Mr. Delgado reminded the Board that Ms. Nelson is no longer with OBR, but checks in approximately once/month to help support the program. Mr. Delgado reported that 8 students were slated to graduate this year with an additional 17 slated to graduate in May, which would bring the total number of Harcum Program graduates to 103. Mr. Delgado also provided an update regarding the program's recruiting efforts, good relationship with Harcum College and

receipt of funds from Harcum College to replace prior bookstore credit (as discussed at prior Board meetings).

Eleventh, the Board briefly discussed matters regarding Board composition and the possibility of adding additional Board members.

Twelfth, Mr. Proietta asked if there was any new business to come before the Board.

There being no new business to come before the Board, Mr. Proietta reminded the Board that the next Board meeting is scheduled for Wednesday, December 12, 2018 at 2:00 p.m.

Thereafter, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 3:11 p.m.