

**FAME Public Charter School
SPECIAL MEETING OF THE BOARD OF DIRECTORS
3300 Kearney Street, Fremont, CA 94538
Thursday, May 5, 2011 @ 5 p.m.**

Roll Call

<i>Board Members</i>	<i>Present</i>	<i>Absent</i>
Mr. Kastriotis	X	
Mr. Khattak	X	
Mr. Malik	X	
Mr. Tsuei	X	

1. CALL TO ORDER & APPROVAL OF AGENDA

1.01 Roll Call/Establishment of Quorum

Mr. Naeem Malik, Board President, called the meeting to order at: 5:00 PM. A quorum was present.

1.02 Approval of Agenda as Posted or Revised

A motion was made by Mr. Kastriotis and seconded by Mr. Khattak to approve the Agenda, as Posted. Motion passed unanimously.

Motion carried 4-0.

2. COMMUNICATION FROM PUBLIC *(Limited to 3 minutes per speaker (or as established by the board chair) and no more than 15 minutes total for all speakers, subject to the discretion of the board chair. At a special board meeting there will be no public comment on matters NOT on the agenda.)*

2.01 Public comment regarding matters ON the agenda

Mohammad Shabaan – Noted that the board will be hiring a consultant (section 3.02). He inquired as to how the consultant will help and if she will be able to help the Leslie Street site. He stated that the said site is in “chaos” and there is a need for help in management and the general running of the site. There is a problem with discipline and holding kids in the office is not the solution. Kids are also moving around in the classroom and not sitting. He is mainly concerned with that site, as it is the site he deals with the most.

3. BOARD ITEMS FOR APPROVAL/DISCUSSION

3.01 Approval of board resolution to sell BASIS, Inc./FAME Receivables to Charter School Capital, Inc. (CSC) Pursuant to Receivable Purchase Agreement and related Term Letters

Ms. Alaiwat (CEO) with the assistance of Mr. Rizvi (who presented the numbers portion) presented a power point presentation to the board “*Sale of FAME Receivables in lieu of loan.*” In March of 2011, then again in April the CEO presented a loan option to the board. Since no action was taken, the loan action is now off the table and a second option, which is NOT a loan, has been identified: “Sales of Receivables”. Ms. Alaiwat gave an overview of the said option and what this process entails. She compared loan vs. sale, background, critical points, the necessary steps to sell

our receivables, the current money situation, impact of budget cuts and advantages of this approach (see attached (actual) presentation for details).

Mehdi stated that we have a good idea of in-flow and out-flow cash, but the amount of Accrued Receivable is assumptions. He is uncertain about these numbers since they are based on feedback from an outside entity, i.e. Charter School Inc.

Mr. Khattak inquired if the school can sell a portion of the period. Ms. Alaiwat replied that she has looked into that and found out the answer is no.

Ms. Alaiwat, briefly explained what P-1, P-2 and P-3 reports entail. Mr. Malik said he looks forward to meeting with the CSC representative to be clear regarding these reports--so that the board is also on the same page. Ms. Alaiwat stated that these reports are defined in the California Education Code.

Mr. Khattak inquired as to what would happen if attendance was to drop at the schools. Mr. Malik replied that would not be an issue since only earned attendance is considered as a receivable. He particularly liked this option for this reason-- that its money already earned rather than dealing with bank loans.

Mr. Khattak suggested we should increase the sale limit due to the uncertainty and additional fees and if we bind once, we will be bound.

Mr. Malik asked Ms. Kapellas (ACOE board member in the public) if she was aware of any other schools that have opted for selling receivables? Ms. Kapellas replied that she was aware of only one school doing it, but warned that it is a very costly/expensive venture. Mr. Malik stated that this is the reason the board needs to look into this more thoroughly even though it needs to quickly move forward.

*A motion was made by Mr. Kastriotis and seconded by Mr. Khattak to approve the board resolution to sell BASIS, Inc./FAME Receivables to Charter School Capital, Inc. (CSC) Pursuant to Receivable Purchase Agreement and related Term Letters. Motion passed unanimously. **Motion carried 4-0.***

Ms. Alaiwat noted the following changes to the resolution: inserted 20 million; BASIS Inc.; name of authorized person (CEO and Board President); changed signature line to Board President.

3.02 Review and approval of Board Consulting Agreement between the FAME Board of Directors and Brenda Miller, former superintendent, Livermore Unified School District

*A motion was made by Mr. Kastriotis and seconded by Mr. Khattak to approve the Board Consulting Agreement between the FAME Board of Directors and Brenda Miller, former superintendent, Livermore Unified School District. Motion passed unanimously. **Motion carried 4-0.***

Mr. Malik opened item 3.02 for discussion.

Mr. Khattak inquired as to the budget source allocate for this consultant. Mr. Kastriotis replied that there were savings from a previous employee's office salary (due to her early resignation). Ms. Alaiwat stated that the amount is not a savings and will exceed, considering the time allotted for the consultant. Mr. Kastriotis replied that they actually might not use her for the entire time planned or full amount. Mr. Rizvi stated that this savings has already been accounted for in the second draft budget.

Ms. Alaiwat stated that she does not have concerns about the contract, but rather was concerned about the scope of service/work. She noted that all school and board policies had been approved by legal counsel, but there is no scope that defines a relationship with the CEO, or evaluating roles of the CEO Vs. the board's role and operations. In addition, she emphasized the desire to have the

consultant review the infrastructure of our site base operations and relationship of staff members to those who they evaluate and the board. Mr. Malik stated that he would take her concerns into consideration. Gaining a better understanding of policy and procedure was Ms. Miller's (consultant) recommendation, and she is reluctant to get too involved. He also wants to see how involved Ms. Miller will need to be, but the goal is to have her as direct advisor to the board. This is how Ms. Miller would like to begin, but that does not mean it stops there. He further stated that he might not use Ms. Miller's services for the entire time stated in her contract.

At that point, Ms. Alaiwat believed that any objective in the scope of service should provide a deliverable to the school and the end results should be improvement. Mr. Malik replied "one step at a time". Mr. Tsei commented that he agreed with Ms. Alaiwat that there should be clear scope of deliverables.

3.03 Approval of the FAME Academic Year Calendar for 2011-2012.

*A motion was made by Mr. Kastriotis and seconded by Mr. Khattak to approve the FAME Academic Calendar 2011-2012. Motion passed unanimously. **Motion carried 4-0.***

3.04 Review and discussion of R.E.A.D K-12 Articles of Incorporation and mission

Mr. Malik opened item 3.04 for discussion.

Ms. Alaiwat explained the purpose of READ K-12 as a Public Charity and the intent behind its creation. She explained that the intent of this "non-profit" was to be a public benefit. The idea (or one of the ideas) was to have it help and infuse money from READ into FAME to help school programs. The main intent of READ was to help the community at large and spark interest in FAME (although not the school specifically or exclusively). The organization has been dormant and basically frozen and that it is up to the board to decide if they want to keep it open and activate it or shut it down.

Mr. Khattak inquires as to how much money has been spent or invested in READ K-12. Ms. Alaiwat replied that the amount spent to create it was a figure of around eight hundred dollars.

Mr. Malik said that the first question is: Do we want to keep and use it, bringing it under FAME? It was noted that it is a charitable non-profit, which operates differently than a corporation.

Mr. Kastriotis recommended that since we have never done anything with it and it has no relevance at this time that they close it, since the board already has so much ahead of them, and can resurrect this idea when the board decides to look into charitable type works (in the future).

Mr. Malik stated that he would like to look more into this before deciding anything.

4. MEETING ADJOURNMENT

The meeting adjourned at 6:08 pm.