



Dr. Shearon Roberts, Interim Committee *Chair*, present
Matthew Moreland, Committee Member, present
Enrique Garcia, Committee Member, present
Courtney Elzey, Committee Member, present
Kimberly Kupresan, Committee Member, present
Bernard Guste, Committee Member, present
Catherine MacPhaille, Committee Member, present

Ex-Officio

Dr. Chase McLaurin, CEO, present
Keeanya Chenier, CFO, present

Finance Committee Meeting

Board of Directors of Lycée Français de la Nouvelle Orleans

Thursday, December 8, 2022 from 5:30PM - 7:30PM

Priestley Campus (In-Person Meeting)

1601 Leonidas Street, New Orleans, LA 70118

Community Conference Room

I. Roll Call

Dr. Shearon Roberts

A. Motion to Approve Minutes of August 9, 2022 Finance Committee meeting

Courtney moves, Enrique seconds.

Anne Norman noted language in the minutes about AMIS not in compliance with our own bylaws, Dr. Roberts restated that Keith Bartlett is no longer appointed, and that Matthew has been appointed to replace him on the AMIS board.

Motion Passes unanimously and minutes are approved

**II. Motion to approve the final payment to Eskew Dumez Ripple
Lea**

Joe Neary/Tracy

Discussion recap is as follows. These are summary dialogue from the wrap up of the architect's final payment.

Dec 2015 for 7 years now since firm started working with Lycee.

Asked to submit paperwork to Joe.

Joe: architect has now delivered the building to Lycee,

Jon Volman: We are in the construction close out phase, executing any more change orders against the contract. Architect fee is based on total cost of construction project. Once final construction cost is arrived at, including various change orders. Motion is to settle EDR's contract and adjust it for the terms of the contracts. Taken into consideration change order due to various items like window price increase.

Catherine and Courtney: Mandated in the contract. It's usually whatever the final price is to the

contractor. Price goes up so your fee goes up to.

Joe says that's what they have negotiated the fee price.

Jon notes that the contract stipulates how fee was calculated. That was sum total of bid price, plus or minus change orders and give backs on cost increases.

Tracy: the compensation is based on 7.5 % of the final number, additional cost on change orders, deductions in credits given back. In this calculation our fee is reduced. We agree to do one adjustment and one at the end. Incremental adjustments along the way. We did one adjustment to the fee after the bid was in and after. Agreed to let that ride until all the final costs were in.

Tracy: Part of our services as architects to do weekly observations on the work. During the cost of construction, every month when the contractor submits a pay obligation, certify the pay obligation to certain the work equals how much of the work is completed.

Each of the change orders is negotiated by us. Certificate of completion. It was finished in December.

Jon: through the lending community Scola had a third party Moran in Baton Rouge, came down monthly to do inspections based on loan draws against the loan. Moran did monthly reports that they did.

Bernard: asks for a final closing report.

Joe: they don't provide those but I can ask the lender. I can get all of them and drop them in a drop box. All pay apps have certification. Any invoices attributable to the construction. We can then provide info to National Park Service to make a determination for eligible for the tax credits.

Catherine: asks for discussion of the calculation of the \$1.243 million, how was that calculated.

Joe: where are we in the contingency we agreed we were going to have design or construction changes or cost increased. Start off with \$793,000, additional added equity by the board of \$1.26 million. Total approved change orders, list of green change orders that add to the \$1.243 million.

Catherine: Asks: Are you being paid on price increases? How much of that was a price increase that the school had to incur because prices went up.

Joe: that only happened once with the windows. The supplier said prices have skyrocketed. Rather than fighting that and delaying the project and putting the tax credits in jeopardy we decided to pay it.

Joe: it is not included. Termite treatment, removal.

Jon: every change order went before the facilities' committee and then the board. Board approved CEO to approve change orders up to a designated amount to not delay the construction timeline.

Catherine: builders risk extension why is that included. We have gone over budget already.

Jon: That's some time delay.

Catherine: Asks about including costs of the \$35k for builders' risk, and \$90k for windows into the fee.

Tracy: stick with a simple calculation just as its stated in the contract. There were 92 different change order proposals, each one has a history. Jon knows them in detail. Included were credits we gave back fee for work that we had already done. My feeling is that the credits sort of wash out with change orders that didn't require as much effort on our part.

Courtney: we there any other change orders for the architect like delay.

Jon: There were time extensions but no cost time extensions, we worked through them by avoid having to pay more money. So we worked really hard to not throw money away.

Catherine: what about the \$99,000 first change order

Joe: was a requirement of the lender.

Catherine: \$250,000 should come off this list, or at least 7.5 percent.

Joe: \$489,000, ... we are \$500,000 in in terms of the value for the engineer for this project and they got me back \$489,000.

Jon: made changes to thing and extracted nearly \$500,000 in costs out of the project.

Enrique: should be reflected in the contingency sheet.

Jon: Processes it as an alteration to the bid price.

Tracy: our fee is reduced as a 7.5% of that amount. \$40,000 for some site work, redesign cost.

Jon: EDR waived their design fees. Smoke evac decision on the atrium.

Tracy: large change order for regulatory requirement, not charge any additional fee for that and we would pay the engineering fee for that.

Bernard: Our point of view that.

Enrique: its clear here.

Tracy: taking pieces out of it from the full context.

Bernard: I would like to see the initial bid, and what this percentage was based on. If it was agreed by the board that his figure included this insurance. You all have negotiated down. I don't like it but if that initial estimate includes insurance.

Catherine: I think this is a negotiation and they said they will take off the \$90k. Things that were price increases have nothing to do with the architect and their fees. Instead of \$1.243. Additional insurance, termite treatment.

Enrique: It's a contract, it's a document signed between two parties.

Catherine: It's not normal of what is on there.

Courtney: 7.5% of total cost of work. Total cost of work includes insurance, termite treatments.

Courtney: we do have a signed contract and we have to honor it or we will be in breach.

Catherine: how to

Courtney: Article 11. Compensation.

Catherine: \$75,000, 7.5% of a million.

Tracy: Catherine is right, this can be a negotiation, regardless of the language of the contract there is always.

If someone will let us meet with a decisive number. 7.5% of \$1.236 and \$90,000 off and 7.5% off that and his concession.

Mat: your recommendation would put it.

S. Roberts; asked Catherine and Courtney to complete negotiation with Tracy Lea for final price.

Finance committee will reconvene then to approve motion for final payment.

S. Roberts will get final close out document from architect and share with committee.

Joe: billable hours, that is \$42,000, chart in the memo. The bills supporting that with the hours of the individuals who worked hourly attached. A summary of those hours attached that summarizes them that a contractor. So total fee is \$42,525 for hourly fee bill. Bid to construct with 93 days added by change orders so it extended basic services portion of the architect contract by days. So that moved the schedule completion date. We certified final completion before that to avoid penalties for tax credits. Investor expected completion by a certain date for tax credits with a certain year.

Tracy: one more piece of work for contractors' final payment. We were going to throw that in, if this continues to go on that number will go up. We are still holding \$30k from the builder, one more inspection to make sure all the punch list work is done.

Jon: walked the final punch list 99.9% of it is done. A few open items is done.

Bernard: who is responsible for that.

Jon: he has responsibility that his punch list is completed. He will charge us time for that.

Courtney: is this another inspection, this is a final inspection.

Tracy: 3 inspections for substantial, 3 for final completion, we have already done 11. This gets into the reason its fear to not make a claim for the 90 days of delays. So it seems fair to me because our part of the work is a lot, since do that under the base contract.

Courtney: 6 inspections, 13 at the end, 7 more, that helps clarify the additional expenses.

Kimberly: background, not prolong or make it more expensive.

Jon: Tracy and EDR has done could have been a more rigid stickler to the contract. We have struggled to close this and get this project closed.

Enrique: The architects, yes. I am an architect looking at the payment, we are arguing for less than 15k.

Mat: Amount on savings.

Enrique: \$14 million project.

Kimberly: natural by-product

Bernard, motions to agree to the concession of the windows and the firm halts it services at Nov. 30. Enter in Bernard motion, and Mat seconds.

\$75k;

Reduce the total from contract sum of 1.243 by 90k based on 7.5 % fee, and then pay the invoice dated Nov. 30, invoice 1184 \$42,975, assuming we will not be invoiced for any other hourly. After the Nov. 30 date. Final inspections completed

4 in favor: Mat, Bernard, Kimberly, Enrique

2 against: Courtney and Catherine

Motion passes.

Jon: tax credits submitted. Have our packet, likely come do an inspection. With their requirements. At that point that's when the money, not been told when that is going to happen.

Enrique: I routinely remind them to not make changes to the building.

Joe: next things to happen: \$462k, operation reserve fund separated \$226k, certificate from the lender, a final title search so we can dig down.

III. 1st Quarter Financial Report Update

Keeyana Chenier, CFO

Chenier approved review of 1st Quarter FY23 financial summary

Sept 30, 2.7 million, accounts receivable of 100k, pre-paid expenses mainly insurance, due from 1601 account building as of June 30. Once we finally close out the project to show that our depreciation is flowing properly.

Committee questions:

Kimberly: Medicaid training. What services school billing for.

Kimberly: how to maximize for Medicaid related resources.

Keeanya: cash flows are a concern from our account to 1601, FY 23 budget, how to get a balance budget, lease payment, 46k a month in hard cash to 1601, even though all part of the same org.

When we come up for balloon payment have to show cash in those accounts. Has been a substantial hit to our cash balances. How to trim our budget and how we can trim expenses.

We can at any one time 1.2 to 2 in the bank, we spend over \$1 million in operations. Reimbursed for federal funds, helping to pay for one time expenses. So these things, to carry us through, function. Funds the state owes us, get that revenue in.

Catherine, 46k a month, how long does this go on.

Keeanya: when the building is paid off this goes on. Interest on Hancock Whitney, historic tax credit is supposed to pay that loan off.

Bernard: Scola and Hancock Whitney

Keeanya: 46k is lease payment to 1601, franchise tax, property tax, utilities.

1.2 million in reserve is safely reserve that we are not touching. However, that's not a lot of money. So if we don't get covid funds next year, then we are a 2 million deficit. 1.9 million in essr.

Keeanya: 1601 owns the money.

Mat: shell final day to do the transfer. He has renewed it, the LLC. \$35 dollars a year to the state.

When can we get rid of shell corp to sell the tax credits.

1601 novagradic files tax returns for 1601.

S.Roberts: when it ceases.

IV. Outstanding Finance Matters

Dr. Shearon Roberts

S. Roberts calls for finance meetings in the third week of January given CFO report on cash flows. Committee agrees to hold January meetings.

V. Old Finance Committee Business

Dr. Shearon Roberts

S. Roberts calls for 1601 hearing and provides the following summary of questions for 1601 based on committee discussion. Asks Joe Neary to prepare a presentation on the ownership structure of 1601, when LFNO can change that structure. Whether the LFNO board or CEO signs for Bank and loan needs for 1601, Can the current 1601 legal representative continue to serve and for how long. How does any changes to the structure affects the bank terms and lending agreements and tax credits.

Ask if this can be presented in January.

S. Roberts hands meeting over to Courtney for note taking. S. Roberts leaves meeting at this point.

VI. General Public Comment Period

Dr. Shearon Roberts

VII. Final Remarks from Committee Members

Dr. Shearon Roberts

VIII. Meeting Adjourned

Courtney Elzey final minutes notes: The 1601 questions highlighted above are exactly what the committee discussed once S. Roberts left. There were no public comments. A motion was made by Matthew Moreland (Seconded by Catherine MacPhaille) to adjourn the meeting. Board Members unanimously agreed. Meeting concluded at 7:30pm

