

First 8 Memphis Board Meeting Minutes

July 9, 2019

8:30am – 10:30am

Board Members Present: Jim Boyd, Carol Johnson (T), Kathy Buckman Gibson, Tanya Hart, Tomeka Hart (T), Mary McDaniel, Yvonne Madlock and Rebecca Yeung Note: **T-Telephone**

Board Member(s) Absent: Marion Hare and Larry Jensen

Staff Present: Jamilica Burke, Paris Ducker, Jeralyn Richardson, Haley Simmons and Mark Sturgis

Visitors: Alison Och (Maycomb Financial), Andrea Green (Maycomb Financial) and Andy Jones (Burch, Porter Johnson)

Call to Order and Opening Remarks

Chairman Buckman Gibson called the meeting to order at 8:37am.

Welcome and Check In:

Chairman Buckman Gibson welcomed the board members and thanked them for their hard work. She expressed gratitude on behalf First 8 Memphis to board member Ms. Tanya Hart for securing the meeting location for today's meeting.

Chairman Buckman Gibson advised that the City and County are currently reviewing parent board recommendations. City Council and County Commission are making decisions for their board member representative. We anticipate City and County appointees will be on-board by the next board meeting. Once these positions are filled, the board officer decisions will be made.

Board Business

Review of Q2 April 18, 2019 Board Meeting Minutes

Motion to approve the Q2 April 18, 2019 First 8 Memphis Board Meeting Minutes was made by Mr. Jim Boyd with a second by Ms. McDaniel.

Review of May 29, 2019 Board Meeting Minutes

Motion to approve the May 29, 2019 First 8 Memphis Board Meeting Minutes was made by Mr. Jim Boyd with a second by Ms. McDaniel.

Pre-K Discussion (Mr. Mark Sturgis)

Mr. Sturgis provided an overview of the First 8 Memphis Pre-K Launch timeline. This timeline includes the following:

- Terms and Conditions
- Performance and Expectations for pre-k operators
- Wrap-around/Supportive Family Services
- Timeline to distribute funds
- Data Sharing

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Mr. Sturgis gave a heartfelt thank you to board members especially Ms. McDaniel and Ms. Tomeka Hart who reached out to County Commissioners on behalf of First 8 Memphis for the Pre-k funding and contract. On June 24, 2019 the Shelby County Commission approved First 8 Memphis as the fiscal agent for Pre-K funds and a three (3) year contract.

We are waiting on the final signatures of both City and County Mayors on the Pre-K Service Agreement. The letters of intent will be sent to Pre-K operators on behalf of the First 8 Memphis board by July 10, 2019.

Ratification of Previous Actions - First 8 Memphis Professional Service Agreement (Chairman Buckman Gibson and Mr. Sturgis)

The board members reviewed and discussed the ratification of the Professional Services Agreement with the City of Memphis and Shelby County.

After discussion, upon a motion made by Ms. Hart with a second by Mr. Boyd, the Board approved the following resolutions:

WHEREAS, First 8 Memphis, LLC (the "Company") has been designated the Fiscal Agent for Pe-K funds provided by the City of Memphis, TN (the "City") and Shelby County, TN (the "County") for a period of three (3) years beginning July 2019 in accordance with the joint ordinance passed by the City and County;

WHEREAS, pursuant to the Ordinance and as Fiscal Agent, the Company is required to administer a Pre-K Program in accordance with terms agreed upon by the City, County and the Fiscal Agent, which terms are set forth in a Professional Service Agreement;

WHEREAS, the Company's Board of Directors previously designated an ad-hoc Committee of Tomeka Hart, Jim Boyd, Rebecca Yeung and Kathy Buckman Gibson (the "Committee") to review, negotiate and approve the Professional Service Agreement.

NOW THEREFORE,

BE IT RESOLVED, the Board of Directors does hereby ratify the actions of the Committee in negotiating and approving that certain Professional Service Agreement in substantially the form attached hereto as Exhibit A; and

FURTHER RESOLVED, the Board ratifies the actions of Kathy Buckman Gibson in signing the Professional Service Agreement as Board Chair.

Chairman Buckman Gibson expressed her gratitude to Mr. Boyd, Ms. Tomeka Hart and Ms. Yeung for their work on the Professional Services contract.

Pay for Success Loan Overview (Chairman Buckman Gibson and Maycomb Representatives)

The Board was also given an overview of the terms and conditions of the Pay for Success financing model by Ms. Alison Och and Ms. Andrea Green of Maycomb Capital.

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The Senior Lender - Maycomb Capital will provide First 8 Memphis the senior loan for the outcomes financing program.

The Subordinate Lender – The Urban Child Institute will provide First 8 Memphis the subordinate loan for the outcomes financing program.

Focus is on the outcomes through a pool of funds to help the underserved. Very excited about this project, historic due to level of local support & movement which represents cross –sector of collaboration. This is a good financial investment due to impact and to also shine the light about what is happening in Memphis. They provide upfront capital – not a typical loan – structured where they are actively in outcomes ;8million against outcomes achieved – Maycomb earns a 7% interest rate. Anything above the 7% interest rate -whatever funds remain will be shared 25% providers 50% to First 8 Memphis, 25% to the Lenders. Maycomb takes the risk on whether or not this investment works. They are happy to engage with stakeholders. The terms of the contract, repayment terms and a review of Exhibit C to the contract which discusses the flow of payments were thoroughly explained to the board.

After questions and discussion, on motion made by Mr. Boyd with a second by Ms. McDaniel, the Board approved the following resolutions:

WHEREAS, First 8 Memphis, LLC (the “Company”) has been designated the Fiscal Agent for Pe-K funds provided by the City of Memphis, TN (the “City”) and Shelby County, TN (the “County”) for a period of three (3) years beginning July 2019 in accordance with the joint ordinance passed by the City and County; and

WHEREAS, pursuant to the Ordinance and as Fiscal Agent, the Company is required to administer a Pre-K Program in accordance with terms agreed upon by the City, County and the Fiscal Agent, which terms are set forth in a Professional Service Agreement; and

WHEREAS, under the terms of the Professional Service Agreement, the Company is empowered to seek loans to provide funding for Pre-K programs; and

WHEREAS, the Community Outcomes Fund LP of Brooklyn, NY and The Urban Child Institute of Memphis, TN (collectively the “Lenders”) have each agreed to provide funding in the amount of \$7,568,000 to the Company for Pre-K programs for the 2019-2020 academic year (the “Loans”);

WHEREAS, the Community Outcomes Fund LP, The Urban Child Institute, Seeding Success, Inc. and the Company entered into that certain Letter of Intent dated May 7, 2019 outlining the proposed terms and conditions of the proposed funding (the “Letter of Intent”).

NOW THEREFORE,

BE IT RESOLVED, the Board of Directors does hereby authorize the Company to enter into a Senior Loan Agreement with Community Outcomes Fund LP to provide for the loan of \$6,054,400 to fund Pre-K classrooms and programs for the 2019-2020 academic year on substantially the same terms and conditions as outlined in the Letter of Intent ; and

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FURTHER RESOLVED, the Board authorizes the Company to enter into a Subordinate Loan Agreement with The Urban Child Institute to provide for the loan of \$1,513,600 to fund Pre-K classrooms and programs for the 2019-2020 academic year on substantially the same terms and conditions as outlined in the Letter of Intent; and

FURTHER RESOLVED, the Board authorizes the Company to enter into a Lender Pledge and Security Agreement with Community Outcomes Fund LP and The Urban Child Institute pledging collateral to the Lenders to secure the Loans to the extent such agreement does not conflict with any provisions of the Professional Service Agreement with the City and County; and

FURTHER RESOLVED, the Board authorizes the Company to enter into a Subordination and Intercreditor Agreement with Community Outcomes Fund LP and The Urban Child Institute as it relates to the relationship between the two Lenders; and

FURTHER RESOLVED, the Board authorizes the Company to enter into a Funds Flow Controlled Account Agreement with the Lenders and the bank designated to hold the City and County controlled funds to set forth the disbursement procedures for those funds; and

FURTHER RESOLVED, the Board authorizes Kathy Buckman Gibson, Board Chair, Tanya Hart, Board Member, and Mark Sturgis, Executive Director of Seeding Success, Inc., to review, negotiate and approve the agreements as outlined above with the assistance of legal counsel, all in accordance with the terms and conditions of the Letter of Intent; and

FURTHER RESOLVED, Kathy Buckman Gibson as Board Chair is authorized to execute the agreements as outlined above once fully negotiated to the satisfaction of her as Board Chair, Tanya Hart, Mark Sturgis and legal counsel;

FURTHER RESOLVED, Kathy Buckman Gibson as Board Chair is authorized to take any and all other actions necessary to effectuate the intent of the foregoing resolutions and the Loan Agreements.

First 8 Memphis Banking Recommendation (Chairman Buckman Gibson)

Chairman Buckman Gibson recommended that First 8 Memphis select First Tennessee Bank as its Banking Entity for the Accounts associated with First 8 Memphis, and controlled account necessary for its Pre-K contract with the City and County. The accounts will include the escrow account for the City and County, the Operating Account for First 8; as well as a loan account for the loan proceeds from Maycomb Capital and The Urban Child Institute.

On motion by Ms. McDaniel with a second by Ms. Yeung, the Board approved the following resolution:

NOW, THEREFORE, BE IT RESOLVED, The Board does hereby accept the proposal by First Tennessee New Horizons corporation as its Banking Entity for accounts associated with First 8

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Memphis including an Escrow Account for monies received by the City of Memphis and Shelby County, a deposit Loan Account for the proceeds of the loans, and an Operating Account.

More detailed resolutions will be forthcoming from First Tennessee bank officials and circulated for written consent approval.

First 8 Memphis Executive Director Search Updates

Chairman Buckman Gibson shared updates regarding the Executive Director search. The board discussed the best path to take on finalizing the process for hiring a permanent Executive Director to lead First 8 Memphis. Two (2) options were presented for discussion:

Option 1 – Continue with Edgility (proposal reviewed)

Option 2 – Perform internal search utilizing Seeding Success staff, First 8 Memphis and Seeding Success board network, and local/national job search engines.

The board agreed to table this motion. Mr. Boyd will reach out to alternate search firms for the Executive Director search utilizing connection points in the educational field.

Board members are encouraged to check their network connections to see if qualified candidates are available to grow the applicant pool.

First 8 Memphis Interim Staffing Plan

Chairman Buckman Gibson and Mr. Sturgis reviewed and discussed the interim staff plan for the following contracted positions:

- Interim Executive Director
- Strategy and Design Manager
- Pre-K Program Quality and Support Manager
- Pre-K Contract and Compliance Manager
- Communications – Kelly and Associates (current contract)
- Finance and Accounting (contract)

The board members discussed the Interim Staffing Plan and Interim Executive Director recommendation. The board agreed on the following:

- The Interim Executive Director will not be eligible to apply for the permanent Executive Director position.
- There must be 2 final candidates presented for the position of permanent First 8 Memphis Executive Director
- The Executive Director Search Committee will consist of Mr. Jim Boyd, Ms. Tanya Hart, Ms. Yvonne Madlock, Ms. Sean Lee (Porter Leath) and Dr. Mary Palmer (SWTCC).

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After further discussion, on a motion made by Mr. Boyd and approved by Ms. McDaniel, the Board approved the following resolutions:

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WHEREAS, pursuant to the Ordinance and as Fiscal Agent, the Company is required to administer a Pre-K Program in accordance with terms agreed upon by the City, County and the Fiscal Agent, which terms are set forth in a Professional Service Agreement; and

WHEREAS, under the terms of the Professional Service Agreement, the Company is in need of securing staffing to perform the services of the Agreement.

NOW THEREFORE,

BE IT RESOLVED, the Board authorizes the Company to employ Regina Walker as Interim Executive Director until such time the Company is able to hire a full-time Executive Director within a salary range of \$135k to \$150k;

FURTHER RESOLVED, the Board authorizes the Company to hire staffing in accordance with the interim staffing plan that includes the following positions:

First 8 Strategy and Design Manager

Pre-K Operations Manager

Pre-K Policy, Contract and Compliance Manager

Executive Administrative Assistant

Board Updates

Mr. Mitch Graves has resigned as F8M board member effective 7/8/19 due to work commitments. He expressed his appreciation for time served as a board member and pledged his ongoing support.

The board agreed to recruit a First 8 Memphis board member with a strong financial background.

Board Communications – Ms. McDaniel has agreed to be a spokesperson for First 8 Memphis on behalf of the board of directors.

Adjournment

The meeting adjourned at 10:30am.