

**TRINITY BASIN PREPARATORY
MEETING OF THE BOARD OF DIRECTORS
2730 N HWY 360
GRAND PRAIRIE, TEXAS, 75050
MONDAY, MAY 18, 2020**

12:00 P.M. OPEN SESSION

ALL MEMBERS OF THE BOARD PARTICIPATING IN THIS MEETING WILL PARTICIPATE VIA VIDEO OR TELEPHONE CONFERENCE IN ACCORDANCE WITH THE GOVERNOR'S AUTHORIZATION CONCERNING SUSPENSION OF CERTAIN OPEN MEETING LAW REQUIREMENTS FOR COVID-19 DISASTER.

Members of the public may access the meeting via telephone by dialing 1-346-248-7799 or 1-669-900-6833 (using meeting ID: 676 870 7552) or by using the following videoconference link: <https://esc11.zoom.us/j/6768707552>. A quorum of members of the Board will participate in the meeting and will be audible to the public.

I. CALL TO ORDER:

II. OPEN SESSION

III. NON-AGENDA RELATED PUBLIC COMMENTS

This forum allows anyone in attendance to address the Board on any matter except personnel and individual student issues. Any personnel concerns should be brought to the attention of the CEO prior to the meeting. Speakers will be limited to three (3) minutes. Non-agenda items will be taken for no more than 30 minutes.

IV. ACTION ITEMS:

- a. **Financial report (CFO)**
- b. **Academic Report and COVID 19 response**
- c. **Campus Operations and Expansion Report and COVID 19 response**
- d. **Enrollment Report and COVID 19 response**
- e. **Technology / Financial Report and COVID 19 response**
- f. **Development Report and COVID 19 response**
- g. **Consider and/or vote on affirmation and approval of management's decisions regarding justification and planned use of Paycheck Protection Program loan**
- h. **Consider and/or vote on 2020-2021 Student Dress Code**
- i. **Consider and/or vote on minutes from meeting on 04.20.20**
- j. **ADJOURNMENT**

V. CLOSED SESSION PER TEXAS GOVERNMENT CODE. If at any time during the meeting, the Board determines that a closed or executive meeting is required, then such closed or executive meeting will be held by the Board as authorized by the Texas Open Meetings Act, including, but not limited to the following sections:

- a. **Private Consultation with the Board's Attorney (Sec. 551.071)**
- b. **School Children; School District Employees; Disciplinary Matter or Complaint (Sec. 551.082)**

VI. ADJOURNMENT

CERTIFICATE AS TO POSTING OR GIVING OF NOTICE

On this ___ day of May, 2020, at ___ a.m., this notice was posted on Trinity Basin's website (www.trinitybasin.net) and readily accessible to the general public at all times for 72 hours preceding the scheduled time of the meeting.

**Randy Shaffer
Chief Executive Officer
Trinity Basin Preparatory**

A.

**Financial
Report**

Board Report

CHIEF FINANCIAL OFFICER

as of April 30, 2020

Treasury Report

Key Ratios / Indicators	FY 2019	YTD 2020	'20 Budget
YTD Net Income	\$ 7,200,089	\$ 4,136,407	\$ 4,000,000
YTD EBIDA	\$ 7,708,278	\$ 5,721,000	\$ 8,500,000
Days Cash on Hand + Reimbursement Due Day's Cash	187	184 43 \$94,100	150+
FIRST Rating	100	100	100

Employee Count

Current Employees = 479

- Teachers 233
- Aides 79
- Other Campus Staff 110
- Administration 57

Current Financial Activity

- CM Fixed Assets Purchased: \$ 141,000 Phase 2 Computers
- YTD Fixed Assets Purchased: **\$1,271,000**
 - Chromebooks / iPads 701,000
 - Ledbetter Roof Repl. 154,000 (+\$75,000 PY)
 - Furniture 122,000
 - Ford Transit – Passenger 42,000
 - District Van 33,000
 - Turf – Pafford Playground 38,000
 - Access Control 36,000
 - Copiers 26,000
 - FS Equipment 24,000
- PPP Loan \$4,600,000 received

BANKING -

- LCB mmkt \$ 13,600,000
 - TexPool 911,000
 - BBVA mmkt 26,000
 - LCB cash 1,700,000
 - Capital One 710,000
 - Bank of Amer 389,000
- Cash \$17,360,000 = 184 days
(125 days base +59 LCB revolvers)
- \$ 5.6 million revolvers drawn 4/30
 - \$ 6.0 million PNC revolver (\$20.0 million cap)

Other Information

Credit Lines

- \$ 20.0 million - PNC Revolving – Used \$6.0 million
- \$ 5.6 million - LCB Revolving

Cash Needs

- \$ 23.0 million - Mesquite bldg. to open 8/2020
- 13.0 million - Panola phase III to open 8/2021
- 3.5 million - Pafford land purchase for 8/2021 expansion
- 10.5 million - Pafford 8/2021(?) building expansion

\$ 50.0 million - Known projects

- PNC credit line expandable to \$50 million if desired.
- Seeking other credit lines
- new market tax credit for Panola phase III.

Jefferson
\$11m

Ewing
\$4m

Grand Prairie
\$4m

Liberty Capital Bank

Equipment
10th Street
\$1.6m

Panola I
\$3m

Panola II
\$6m

Panola III
\$13m

Mesquite
\$22 million

\$40m Bond Issue 7/2020

Unencumbered	Future Build
Ledbetter \$9 million	BOLT \$3m
Pafford \$7m	BOLT Building \$11 million

Future: \$20m Bank Line

TRINITY BASIN PREPARATORY
UNAUDITED

	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	YTD FY 2020
Ending Cash	\$ 12,097,785	\$ 12,535,080	\$ 11,625,885	\$ 11,915,008	\$ 12,584,213	\$ 15,661,020	\$ 12,236,621	\$ 17,366,656		
Days Cash	121.5	122.6	116.8	122.6	131.0	163.5	129.9	184.5		
PNC Reimb due			20.1	20.6	20.8		42.5	42.5		
PNC Project Loan \$2oMr	\$ 10,000,000	\$ 10,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 10,000,000	\$ 6,000,000	\$ 6,000,000		
LCB PPP Loan								\$ 4,630,075		
LCB Credit Lines \$5.6Mr	\$ 5,620,193	\$ 5,620,193	\$ 5,600,000	\$ 5,600,000	\$ 5,600,000	\$ 5,600,000	\$ 5,600,000	\$ 5,600,000		
Revenues	\$ 3,298,498	\$ 3,693,625	\$ 3,638,218	\$ 3,546,506	\$ 3,557,179	\$ 3,980,766	\$ 3,160,224	\$ 3,335,908		\$ 28,210,923
Less Expenses:										
Payroll Costs	2,084,938	2,205,631	2,194,150	2,129,245	2,150,358	2,161,648	2,081,680	2,330,092	-	17,337,743
Other Operating	816,332	844,627	546,148	489,004	511,626	575,400	362,531	331,963	-	4,477,630
Interest & Amort.	128,515	140,648	118,222	130,335	125,310	125,584	128,665	188,564	-	1,085,843
Depreciation	133,997	143,787	141,787	142,787	147,787	148,078	145,826	169,251	-	1,173,300
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Change in Net Assets	\$ 134,716	\$ 358,932	\$ 637,911	\$ 655,135	\$ 622,099	\$ 970,056	\$ 441,522	\$ 316,038		\$ 4,136,407
EBIDA & Ext. Items	\$ 397,228	\$ 643,367	\$ 897,920	\$ 928,257	\$ 895,196	\$ 1,243,718	\$ 716,012	\$ 673,853		\$ 6,395,549
Debt Service 2014 Bonds	\$ 83,998	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ 92,146	\$ -	\$ 729,023
Other Debt	46,378	49,863	21,686	35,741	35,524	35,798	32,829	24,278		282,097
Cash Debt Service*	\$ 130,376	\$ 142,009	\$ 113,833	\$ 127,887	\$ 127,671	\$ 127,944	\$ 124,975	\$ 116,424		\$ 1,011,119
D-S Coverage (YTD)	3.0	3.8	5.0	5.6	5.9	6.5	6.4	6.3	6.3	6.3

* Excludes optional pre-payments

TRINITY BASIN PREPARATORY

UNAUDITED

	SEE AUDIT											1st Amendment	
	Consolidated											YTD 8 Months	Budget
	FY 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	FY 2020	FY 2020	
Revenues:													
Total Local Support	965,986	27,358	40,923	64,671	32,265	34,757	34,940	30,094	16,683	-	281,691	466,058	
Total State Funds	47,954,436	2,929,692	3,315,660	3,176,424	3,192,996	3,158,985	3,165,352	2,916,537	3,211,955	-	25,067,601	38,300,000	
Federal Program Revenues													
Child Nutrition	2,724,167	204,322	196,455	167,883	166,488	204,561	211,433	52,376	16,885	-	1,220,402		
Federal Revenue Dist. by TEA	24,383	-	-	10,685	4,566	4,566	4,566	4,566	-	-	28,949		
Federal Revenue Dist. by PPP	-	-	-	-	-	-	-	-	-	-	-		
Federal Funds Title I	259,630	72,922	70,824	81,214	75,722	82,971	89,212	81,137	-	-	554,002		
Federal Funds Title II (Part A)	97,587	11,008	11,178	37,862	10,285	5,180	11,068	11,008	(6,856)	-	90,733		
Federal Funds Title III	124,719	21,113	21,113	21,113	21,113	20,759	20,768	20,288	-	-	146,267		
IDEA B (formula)	337,713	24,235	24,958	65,051	24,235	24,149	175,037	17,822	51,605	-	407,092		
IDEA B (preschool)	(509,434)	292	292	292	291	292	292	273	-	-	2,024		
Summer School Nutrition	-	-	-	-	-	-	-	12,764	45,635	-	58,399		
School Health Services(SHARS)	983,300	7,556	12,222	13,022	18,545	20,960	268,098	13,358	-	-	353,761		
Medicaid Admin. Claim (MAC)	-	-	-	-	-	-	-	-	-	-	-		
Total Federal Program Rev.	4,042,065	341,448	337,042	397,122	321,245	363,438	780,474	213,592	107,269	-	2,861,630	3,933,942	
Total Revenues	\$ 52,962,487	\$ 3,298,498	\$ 3,693,625	\$ 3,638,218	\$ 3,546,506	\$ 3,557,179	\$ 3,980,766	\$ 3,160,224	\$ 3,335,908	\$ -	\$ 28,210,923	\$ 42,700,000	66%
Expenses	281,657			-	-	-	-	-					
11 Instructional	43,238,542	1,829,171	1,952,308	1,797,114	1,568,267	1,725,334	1,757,044	1,685,485	1,902,922	-	14,217,645	22,253,852	
12 Library and Media	22,834	123	126	-	-	764	-	2,100	398	-	3,512	92,625	
13 Curriculum development	415,754	15,382	36,367	16,709	8,420	15,180	18,847	6,383	5,836	-	123,124	274,107	
21 Instructional Leadership	1,048,649	49,115	49,344	49,515	49,313	43,704	43,394	42,325	41,878	-	368,587	586,314	
23 School Leadership	2,569,137	141,600	142,491	142,762	164,198	151,608	147,865	144,431	144,557	-	1,179,513	1,746,967	
31 Guidance & Counseling	1,453,755	91,973	92,735	85,442	85,702	95,464	105,468	79,595	83,119	-	719,498	1,131,504	
33 Health Services	822,923	27,010	27,620	23,911	24,833	26,703	42,360	22,979	22,729	-	218,146	358,248	
35 Food Services	2,122,039	229,641	217,027	212,158	196,533	217,366	219,802	116,179	89,806	-	1,498,512	1,891,666	
36 Extra Curricular Activities	21,691	1,875	2,047	1,190	3,000	-	-	6,587	-	-	14,699	12,000	
41 General Administration	2,950,427	151,780	177,037	166,121	246,583	153,937	161,003	149,498	139,885	-	1,345,843	2,017,437	
51 Facilities Maintenance	7,270,525	348,966	323,113	261,663	283,636	269,408	300,023	253,487	305,389	-	2,345,683	4,142,143	
52 Security and Monitoring	611,631	16,956	13,683	20,047	22,227	21,253	24,130	18,399	17,544	-	154,240	290,128	
53 Technology / Data Systems	2,587,295	113,470	137,744	77,064	70,611	60,948	38,434	44,361	59,042	-	601,676	992,223	
61 Community Services	262,739	3,277	7,535	12,815	8,328	12,863	11,337	3,360	3,449	-	62,964	78,934	
71 Debt Service	3,784,617	128,515	140,648	118,222	130,335	125,310	125,584	128,665	188,564	-	1,085,843	2,573,000	
71 Extraordinary	-	-	-	-	-	-	-	-	-	-	-		
81 Fund Raising	524,690	14,928	14,868	15,573	29,386	15,239	15,421	14,868	14,751	-	135,033	258,853	
Total Expenses	\$ 69,707,248	\$ 3,163,782	\$ 3,334,693	\$ 3,000,307	\$ 2,891,371	\$ 2,935,081	\$ 3,010,710	\$ 2,718,702	\$ 3,019,870	\$ -	\$ 24,074,516	\$ 38,700,000	62%
Change in Total Net Assets	\$ (16,744,761)	\$ 134,716	\$ 358,932	\$ 637,911	\$ 655,135	\$ 622,099	\$ 970,056	\$ 441,522	\$ 316,038	\$ -	\$ 4,136,407	\$ 4,000,000	103%

TRINITY BASIN PREPARATORY

UNAUDITED

	Consolidated											YTD 8 Months	Budget	67%
	FY 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	FY 2020	FY 2020		
61-- Payroll Costs	50,473,003	2,084,938	2,205,631	2,194,150	2,129,245	2,150,358	2,161,648	2,081,680	2,330,092	-	17,337,743	26,047,000	67%	
											61.5%	61.0%		
6211 LEGAL SRVCS	39,975	40	460	-	-	3,172	-	-	32,779	-	36,451	40,000		
6212 AUDIT SRVCS	125,500	2,500	40,000	-	2,500	-	2,000	2,500	-	-	49,500	67,000		
6216 SPED SRVCS	224,334	6,325	12,470	19,630	12,045	13,795	18,795	17,519	12,581	-	113,160	133,000		
6219 PROFES SRVCS	55,216	748	280	17,063	14,688	4,500	1,500	-	(32,779)	-	6,000	14,000		
6239 EDUCATION SERVICE CENTERS	233,104	500	28,884	18,206	1,510	45,530	3,082	535	325	-	98,572	136,000		
6249 CONTRACTED MAINT/REPAIR	461,689	15,657	13,194	12,245	10,304	7,391	33,904	4,521	21,285	-	118,501	375,000		
6259 UTILITIES	1,153,124	102,159	81,655	45,989	44,442	44,869	46,154	53,465	55,487	-	474,221	723,000		
6255 E-RATE CREDITS	(93,273)	(2,013)	-	320	(2,025)	(2,025)	-	(1,947)	(11,711)	-	(19,401)	(94,000)		
6264 PPI Lease Exp	(253,505)	1	-	-	-	-	-	-	-	-	1	14,000		
6269 RENTALS-OPERATING LEASES	1,250,191	48,521	48,521	41,521	31,521	31,521	31,521	31,521	62,521	-	327,172	646,000		
6297 MARKETING SERVICES	130,443	8,745	9,339	7,824	7,660	14,734	8,517	6,181	10,470	-	73,472	109,000		
6299 MISCONTRACTED SRVCS	2,300,858	120,444	127,896	80,487	100,189	77,371	132,310	73,762	68,621	-	781,081	955,000		
62-- Professional and Contracted Svcs.	5,627,657	303,630	362,700	243,286	222,834	240,857	277,784	188,058	219,579	-	2,058,728	3,118,000	66%	
6311 GASOLINE/FUELS	6,267	179	432	267	146	402	375	155	165	-	2,121	3,000		
6319 SUPPLIES	390,725	8,786	8,769	5,243	4,329	5,631	8,473	8,347	4,613	-	54,190	193,000		
6329 READING MATERIALS	1,097,981	52,135	176,353	16,465	-	764	-	5,600	-	-	251,318	956,000		
6339 TESTING MATERIALS	62,003	-	-	796	241	-	900	35,422	-	-	37,359	27,000		
6341 FOOD	1,313,781	163,100	147,135	141,514	119,777	135,506	152,049	58,685	23,259	-	941,024	1,018,000		
6342 NON-FOOD	53,671	9,406	5,843	9,093	6,544	5,251	521	4,300	303	-	41,261	75,000		
6344 USDA COMMODITIES	45,663	-	5,980	1,203	10,940	16,730	10,809	-	16,885	-	62,548	119,000		
6390 OTHER SUPPLIES AND MATERIALS	319,050	96,299	3,727	6,664	(42)	1,635	18,852	-	-	-	127,134	211,000		
6397 MARKETING SUPPLIES	37,653	318	2,443	352	2,475	1,621	2,981	592	4,007	-	14,789	16,000		
6398 SOFTWARE LICENSES	759,256	101,097	34,516	31,461	42,915	8,250	4,650	8,910	6,762	-	238,562	417,000		
6399 GENERAL SUPPLIES	2,257,230	46,239	45,040	40,862	35,189	45,787	46,177	20,100	18,884	-	298,279	1,169,000		
6649 FURNITURE & EQUIPMENT	112,956	-	7,204	8,633	-	15,383	3,000	-	13,237	-	47,456	50,000		
63+66 Other Supplies & Materials	6,486,050	477,558	437,443	262,553	222,514	236,959	248,788	142,112	88,116	-	2,116,042	4,254,000	50%	
6411 TRAVEL-EMPLOYEE	135,200	6,361	13,230	7,271	2,339	5,190	4,328	295	465	-	39,480	103,000		
6412 TRAVEL - STUDENTS	205,933	3,968	9,731	12,331	13,829	7,737	10,177	6,160	(352)	-	63,580	103,000		
6429 INS/BONDING COSTS	552,592	19,894	20,765	19,894	19,894	19,894	33,520	24,605	24,155	-	182,623	249,000		
6449 DEPRECIATION EXPENSE	2,686,424	133,997	143,787	141,787	142,787	147,787	148,078	145,826	169,251	-	1,173,300	2,212,000		
6495 DUES	9,482	750	-	-	1,500	-	-	-	-	-	2,250	7,000		
6499 MISC OPERATING COSTS	47,702	4,172	757	813	6,093	987	803	1,302	-	-	14,928	34,000		
64-- Other Operating Expenses	3,637,333	169,142	188,270	182,096	186,443	181,596	196,907	178,188	193,519	-	1,476,161	2,708,000	55%	
6521 INTEREST ON BONDS	2,846,950	83,998	92,146	92,146	92,146	92,146	92,146	92,146	92,146	-	729,023	1,105,000		
6529 PPI INTEREST	143,846	7,549	7,549	7,549	7,549	7,549	7,549	7,549	7,549	-	60,390			
6523 INTEREST ON DEBT	648,426	38,829	42,314	14,138	28,192	27,976	28,249	25,280	16,729	-	221,707	1,470,000		
6524 AMORTIZATION OF BOND FEES	119,336	3,698	3,698	3,698	3,698	3,698	3,698	3,698	3,698	-	29,586	42,000		
6525 RECOGNITION OF BOND PREM/DIS	(160,574)	(6,059)	(6,059)	(6,059)	(6,059)	(6,059)	(6,059)	(6,059)	(6,059)	-	(48,471)	(72,000)		
6598 BANK FEES FOR RENEWAL OR REVI	79,114	500	1,000	6,750	4,808	-	-	6,050	74,500	-	93,608	28,000		
Total Expenses	\$ 69,901,142	\$ 3,163,782	\$ 3,334,693	\$ 3,000,307	\$ 2,891,371	\$ 2,935,081	\$ 3,010,710	\$ 2,718,702	\$ 3,019,870	\$ -	\$ 24,074,516	\$ 38,700,000	62%	

TRINITY BASIN PREPARATORY

UNAUDITED

	Consolidated										YTD 8 Months	Budget
	FY 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	FY 2020	FY 2020
6112 SUBSTITUTE	(234,135)	20,685	22,223	23,543	28,477	9,382	23,584	25,335	1,900	-	155,128	312,189
6119 SALARIES PROFESSIONAL	27,948,468	1,683,350	1,800,242	1,783,328	1,577,659	1,719,364	1,717,266	1,672,804	1,323,843	-	13,277,855	21,376,555
6121 EXTRA DUTY PAY/OVERTIME	11,580,238	1,543	1,296	3,234	130,927	5,096	5,738	8,991	5,708	-	162,533	75,202
6129 SALARIES SUPPORT PERSONNEL	2,981,734	174,213	176,453	185,604	180,360	178,168	181,335	174,047	177,197	-	1,427,376	2,197,126
6139 EMPLOYEE ALLOWANCES	500	-	-	-	-	-	-	-	-	-	-	578
6141 FICA/MEDI	4,445,033	26,930	27,146	28,040	29,811	26,506	27,797	27,205	25,480	-	218,916	336,050
6142 GROUP HEALTH	1,495,248	78,438	78,035	78,755	79,315	79,035	76,771	77,430	78,284	-	626,063	839,990
6145 UNEMPLOYMENT	614,028	9,272	7,995	2,446	2,358	47,175	41,038	10,932	(41,216)	-	80,001	168,605
6146 TRS	1,774,563	88,106	89,512	86,803	97,922	83,309	85,624	78,881	81,362	-	691,521	705,015
6149 EMPLOYEE BENEFITS	(132,672)	2,401	2,728	2,397	2,416	2,323	2,494	6,054	2,536	-	23,349	35,689
6179 PAYROLL ACCRUAL	-	-	-	-	-	-	-	-	675,000	-	675,000	-
61-- Payroll Costs	50,473,003	2,084,938	2,205,631	2,194,150	2,129,245	2,150,358	2,161,648	2,081,680	2,330,092	-	17,337,743	26,047,000

TRINITY BASIN PREPARATORY

UNAUDITED

Assets	SEE AUDIT									
	B. Balance	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	
Current assets:										
Cash and cash equivalents	\$ 15,947,573	\$ 12,097,785	\$ 12,535,080	\$ 11,625,885	\$ 11,915,008	\$ 12,584,213	\$ 15,661,020	\$ 12,236,621	\$ 17,366,656	
Due from Texas Education Agency	3,615,116	3,726,092	3,723,184	3,087,045	3,004,777	3,052,684	3,085,138	2,932,711	2,775,823	
Prepaid expense	101,799	79,578	59,683	39,789	19,894	0	246,049	221,444	228,683	
Total current assets	<u>\$ 19,664,488</u>	<u>\$ 15,903,455</u>	<u>\$ 16,317,947</u>	<u>\$ 14,752,718</u>	<u>\$ 14,939,680</u>	<u>\$ 15,636,897</u>	<u>\$ 18,992,207</u>	<u>15,390,777</u>	<u>20,371,161</u>	
Non-current assets:										
Deposits	10,340	10,340	10,340	10,340	10,340	10,340	10,340	10,340	10,340	
Property and equipment, net	45,654,858	45,803,420	45,789,542	45,804,145	45,661,358	45,668,230	45,533,389	45,744,557	45,752,821	
Loan Receivable	6,068,097	6,058,000	6,063,048	6,068,097	6,073,145	6,078,193	6,068,097	6,073,145	6,078,193	
Total non-current assets	<u>51,733,295</u>	<u>51,871,760</u>	<u>51,862,930</u>	<u>51,882,581</u>	<u>51,744,843</u>	<u>51,756,763</u>	<u>51,611,825</u>	<u>51,828,042</u>	<u>51,841,354</u>	
Total assets	<u><u>\$ 71,397,783</u></u>	<u><u>\$ 67,775,215</u></u>	<u><u>\$ 68,180,877</u></u>	<u><u>\$ 66,635,300</u></u>	<u><u>\$ 66,684,522</u></u>	<u><u>\$ 67,393,660</u></u>	<u><u>\$ 70,604,032</u></u>	<u><u>\$ 67,218,819</u></u>	<u><u>\$ 72,212,515</u></u>	
Liabilities and Net Assets										
Current Liabilities:										
Accounts payable	1,676,752	1,329,995	1,199,939	874,159	623,680	612,306	738,665	878,637	566,298	
Accrued wages	2,020,559	2,020,990	2,146,088	2,298,884	2,088,764	2,192,488	2,334,404	2,233,009	2,567,243	
Accrued expenses	424,706	404,785	458,834	480,883	337,931	334,980	309,383	446,431	474,480	
Current mat. LCB bank loans	136,636									
Current mat. of capital leases	-	-	-	-	-	-	-	-	-	
Total current liabilities	<u>4,258,652</u>	<u>3,755,770</u>	<u>3,804,860</u>	<u>3,653,926</u>	<u>3,050,374</u>	<u>3,139,774</u>	<u>3,382,451</u>	<u>3,558,077</u>	<u>3,608,021</u>	
Long-term debt:										
Deferred rent	150,000	150,000	150,000	140,000	140,000	140,000	140,000	140,000	140,000	
Capital leases, net of current mat.	-	-	-	-	-	-	-	-	-	
LTD - LCB bank loans	8,883,557	5,620,193	5,620,193	5,600,000	5,600,000	5,600,000	5,600,000	5,600,000	10,230,075	
LTD - PNC bank loans	10,000,000	10,000,000	10,000,000	8,000,000	8,000,000	8,000,000	10,000,000	6,000,000	6,000,000	
LTD - NMTC Capital One	7,946,692	7,959,164	7,960,312	7,961,461	7,962,609	7,963,758	7,964,906	7,966,055	7,967,203	
LTD - 2014 bonds, net of issue costs	26,117,704	26,114,195	26,110,686	26,107,177	26,103,668	26,100,159	26,096,649	26,093,140	26,089,631	
Total long-term liabilities	<u>53,097,953</u>	<u>49,843,552</u>	<u>49,841,191</u>	<u>47,808,638</u>	<u>47,806,277</u>	<u>47,803,916</u>	<u>49,801,556</u>	<u>45,799,195</u>	<u>50,426,910</u>	
Total liabilities	<u>57,356,606</u>	<u>53,599,322</u>	<u>53,646,052</u>	<u>51,462,564</u>	<u>50,856,652</u>	<u>50,943,690</u>	<u>53,184,007</u>	<u>49,357,272</u>	<u>54,034,931</u>	
Total net assets	<u>14,041,177</u>	<u>14,175,894</u>	<u>14,534,825</u>	<u>15,172,736</u>	<u>15,827,871</u>	<u>16,449,970</u>	<u>17,420,025</u>	<u>17,861,547</u>	<u>18,177,585</u>	
Total liabilities and net surplus	<u><u>\$ 71,397,783</u></u>	<u><u>\$ 67,775,215</u></u>	<u><u>\$ 68,180,877</u></u>	<u><u>\$ 66,635,300</u></u>	<u><u>\$ 66,684,522</u></u>	<u><u>\$ 67,393,660</u></u>	<u><u>\$ 70,604,032</u></u>	<u><u>\$ 67,218,819</u></u>	<u><u>\$ 72,212,515</u></u>	

TRINITY BASIN PREPARATORY

UNAUDITED

CASH FLOW	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	YTD 2020
Cash flows from operating activities:										
Increase in net assets	\$ 134,717	\$ 358,932	\$ 637,911	\$ 655,135	\$ 622,099	\$ 970,056	\$ 441,522	\$ 316,038		\$ 4,136,408
Adjustments to reconcile net asset changes:										
Depreciation	133,997	143,787	141,787	142,787	147,787	148,078	145,826	169,251		1,173,300
Amortization of debt issuance costs	3,698	3,698	3,698	3,698	3,698	3,698	3,698	3,698		29,586
Amortization of bond premium	(6,059)	(6,059)	(6,059)	(6,059)	(6,059)	(6,059)	(6,059)	(6,059)		(48,471)
Changes in operating assets and liabilities:										-
Due from Texas Education Agency	(110,976)	2,909	636,139	82,267	(47,907)	(32,454)	152,427	156,889		839,294
Loan Receivable (Capital One)	10,097	(5,048)	(5,048)	(5,048)	(5,048)	10,097	(5,048)	(5,048)		(10,097)
Prepaid expense	22,221	19,894	19,894	19,894	19,894	(246,049)	24,605	(7,239)		(126,884)
Deposits										-
Accounts payable and accruals	(366,247)	49,091	(150,935)	(603,552)	89,400	242,677	175,626	49,944		(513,995)
Deferred rent	-	-	(10,000)	-	-	-	-	-		(10,000)
Net cash provided by operating activities	(178,552)	567,203	1,267,388	289,123	823,864	1,090,044	932,596	677,474		5,469,140
Cash flows from investing activities:										
Purchases of equipment	(282,559)	(129,909)	(156,390)	0	(154,659)	(13,237)	(356,995)	(177,514)		(1,271,263)
Investment - Panola Phase III										
Investment - Mesquite										
Investment - New Projects										
Net cash used in investing activities	(282,559)	(129,909)	(156,390)	0	(154,659)	(13,237)	(356,995)	(177,514)		(1,271,263)
Cash flows from financing activities:										
Principal payments on bank loans	(3,400,000)	-	(2,020,193)	-	-	2,000,000	(4,000,000)			(7,420,193)
Current mat. of LTD - 2014 Bonds										-
Other Federal Loans								4,630,075		4,630,075
Net cash provided (used) by financing	(3,400,000)	-	(2,020,193)	-	-	2,000,000	(4,000,000)	4,630,075		(2,790,118)
Net increase (decrease) in cash	(3,861,111)	437,295	(909,195)	289,123	669,205	3,076,807	(3,424,399)	5,130,035		1,407,760
Beginning cash and cash equivalents	15,947,573	12,097,785	12,535,080	11,625,885	11,915,008	12,584,213	15,661,020	12,236,621		15,947,573
End of period cash and cash equivalents	12,097,785	12,535,080	11,625,885	11,915,008	12,584,213	15,661,020	12,236,621	17,366,656		17,366,656

TRINITY BASIN PREPARATORY

UNAUDITED

	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Consolidated FY 2019
Ending Cash	\$16,131,335	\$31,766,095	\$27,490,527	\$27,905,284	\$26,967,305	\$ 27,264,605	\$27,888,799	\$30,840,413	\$ 29,140,169	\$ 29,331,919	\$ 29,437,685	\$ 30,364,683	\$ 31,635,640
Days Cash - FIRST	16.9	66.0	77.0	93.9	104.3	117.3	130.4	154.0	155.1	158.6	161.8	163.3	171.5
LCB Loan Balance	\$ 9,020,193	\$18,040,386	\$14,640,386	\$14,640,386	\$14,620,193	\$ 14,620,193	\$14,620,193	\$14,620,193	\$ 14,620,193	\$ 14,507,494	\$ 14,185,677	\$ 18,459,171	\$ 18,459,171
PNC Loan Balance												\$ 10,000,000	\$ 10,000,000
Revenues	\$35,594,268	\$ -	\$ 3,298,498	\$ 3,693,625	\$ 3,638,218	\$ 3,546,506	\$ 3,557,179	\$ 3,980,766	\$ 26,647	\$ (171,603)	\$ (238,210)	\$ (3,880,553)	\$ 53,045,338
Less Expenses:													
Payroll Costs	20,767,634	67,009	2,148,466	2,263,963	2,253,664	2,184,646	2,210,422	2,222,070	2,072,276	4,272,115	4,078,607	5,932,132	50,473,003
Other Operating	6,764,649	124,138	936,387	1,050,845	715,771	679,587	667,441	735,459	398,342	441,427	415,592	852,506	13,064,645
Interest & Amort.	1,469,025	91,038	212,255	243,112	219,846	236,326	229,414	225,978	230,626	125,200	127,863	199,298	3,784,417
Depreciation	1,530,113	-	121,210	131,000	129,000	130,000	135,000	135,291	-	1,364	1,222	1,403	2,686,424
Extraordinary Item	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Net Assets	\$ 5,062,847	\$ (282,184)	\$ (119,820)	\$ 4,703	\$ 319,937	\$ 315,947	\$ 314,902	\$ 661,967	\$ (2,674,597)	\$ (5,011,709)	\$ (4,861,493)	\$ (10,865,892)	\$ (16,963,152)
EBIDA & Ext. Items	\$ 8,061,985	\$ (191,146)	\$ 213,645	\$ 378,816	\$ 668,782	\$ 682,272	\$ 679,316	\$ 1,023,237	\$ (2,443,971)	\$ (4,885,145)	\$ (4,732,409)	\$ (10,665,191)	\$ (10,492,311)
Debt Service 2014 Bonds	\$ 1,197,159	\$ 91,403	\$ 176,145	\$ 184,293	\$ 184,293	\$ 184,293	\$ 184,293	\$ 184,293	\$ 184,293	\$ 92,228	\$ 92,152	\$ 92,107	\$ 2,846,950
Debt Service 2011 Bonds	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	-	220,000
Other Debt	799,573	2,989	42,474	64,263	36,086	52,201	51,985	48,549	43,637	21,309	23,857	-	750,056
All Debt Service (cash)	\$ 2,016,733	\$ 114,392	\$ 238,619	\$ 268,556	\$ 240,379	\$ 256,494	\$ 256,277	\$ 252,842	\$ 247,930	\$ 133,537	\$ 136,009	\$ 92,107	\$ 3,817,006
D-S Coverage	4.0	3.7	3.4	3.2	3.2	3.1	3.1	3.2	2.3	1.0	(0.1)	(2.6)	(2.8)
<i>Excludes optional pre-payments</i>													
Total Liabilities	50,489,802	100,105,458	95,941,195	95,986,690	93,795,721	93,216,789	93,280,120	95,453,143	95,867,792	95,382,598	94,926,560	87,680,042	
Total Equity	13,621,304	27,180,495	27,309,197	27,659,613	28,289,008	28,938,127	29,551,710	30,513,249	28,174,140	28,058,066	27,810,632	28,233,022	
D/E	3.7	3.7	3.5	3.5	3.3	3.2	3.2	3.1	3.4	3.4	3.4	3.1	

TBP PANOLA PROJECT UNAUDITED

Revenues:

Local Support													
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-
PPI INTEREST REVENUE	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Income	285,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	-	-	240,000
Gifts & Donations	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Sale of Pers. Property	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenue	285,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	-	-	240,000
Food Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Enterprising Services Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Support	285,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	-	-	240,000
Total State Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Program Revenues													
Child Nutrition	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Revenue Dist. by TEA	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Funds Title I	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Funds Title II (Part A)	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Funds Title III	-	-	-	-	-	-	-	-	-	-	-	-	-
IDEA B (formula)	-	-	-	-	-	-	-	-	-	-	-	-	-
IDEA B (preschool)	-	-	-	-	-	-	-	-	-	-	-	-	-
School Health Services(SHARS)	-	-	-	-	-	-	-	-	-	-	-	-	-
Medicaid Admin. Claim (MAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Federal Program Rev.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 285,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 240,000
Expenses													
11 Instructional	140,656	12,787	12,787	12,787	12,787	12,787	12,787	12,787	12,787	12,787	-	-	102,295
12 Library and Media	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Curriculum development	-	-	-	-	-	-	-	-	-	-	-	-	-
21 Instructional Leadership	-	-	-	-	-	-	-	-	-	-	-	-	-
23 School Leadership	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Guidance & Counseling	-	-	-	-	-	-	-	-	-	-	-	-	-
33 Health Services	-	-	-	-	-	-	-	-	-	-	-	-	-
35 Food Services	-	-	-	-	-	-	-	-	-	-	-	-	-
36 Extra Curricular Activities	-	-	-	-	-	-	-	-	-	-	-	-	-
41 General Administration	15,000	2,500	-	-	2,500	-	-	-	2,500	-	-	-	7,500
51 Facilities Maintenance	12,501	1	-	-	-	-	-	-	-	-	-	-	1
52 Security and Monitoring	-	-	-	-	-	-	-	-	-	-	-	-	-
53 Technology / Data Systems	-	-	-	-	-	-	-	-	-	-	-	-	-
61 Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-
71 Debt Service	56,777	8,697	8,697	8,697	8,697	8,697	8,697	8,697	8,697	8,697	-	-	69,578
71 Extraordinary	-	-	-	-	-	-	-	-	-	-	-	-	-
81 Fund Raising	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 224,935	\$ 23,985	\$ 21,484	\$ 21,484	\$ 23,984	\$ 21,484	\$ 21,484	\$ 21,484	\$ 23,984	\$ 21,484	\$ -	\$ -	\$ 179,374
	(7,021,562.21)	(128,701.77)	(350,415.98)	(629,394.92)	(649,118.87)	(613,582.82)	(961,539.64)	(435,505.66)	(307,522.21)	-	-	-	-
Change in Total Net Assets	\$ 60,065	\$ 6,015	\$ 8,516	\$ 8,516	\$ 6,016	\$ 8,516	\$ 8,516	\$ 8,516	\$ 6,016	\$ 8,516	\$ -	\$ -	\$ 60,626

TBP PANOLA PROJECT UNAUDITED

	See Audit	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	YTD	
	FY 2019	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	FY 2020	
61-- Payroll Costs	-	-	-	-	-	-	-	-	-	-	-	0.0%
6211 LEGAL SRVCS	-	-	-	-	-	-	-	-	-	-	-	-
6212 AUDIT SRVCS	15,000	2,500	-	-	2,500	-	-	2,500	-	-	-	7,500
6216 SPED SRVCS	-	-	-	-	-	-	-	-	-	-	-	-
6219 PROFES SRVCS	-	-	-	-	-	-	-	-	-	-	-	-
6239 EDUCATION SERVICE CENTERS	-	-	-	-	-	-	-	-	-	-	-	-
6249 CONTRACTED MAINT/REPAIR	-	-	-	-	-	-	-	-	-	-	-	-
6259 UTILITIES	-	-	-	-	-	-	-	-	-	-	-	-
6255 E-RATE CREDITS	-	-	-	-	-	-	-	-	-	-	-	-
6264 PPI Lease Exp	12,501	1	-	-	-	-	-	-	-	-	-	1
6269 RENTALS-OPERATING LEASES	-	-	-	-	-	-	-	-	-	-	-	-
6297 MARKETING SERVICES	-	-	-	-	-	-	-	-	-	-	-	-
6299 MISCONTRACTED SRVCS	-	-	-	-	-	-	-	-	-	-	-	-
62-- Professional and Contracted Svcs.	27,501	2,501	-	-	2,500	-	-	2,500	-	-	-	7,501
6311 GASOLINE/FUELS	-	-	-	-	-	-	-	-	-	-	-	-
6319 SUPPLIES	-	-	-	-	-	-	-	-	-	-	-	-
6325 ELA CONSUMABLES	-	-	-	-	-	-	-	-	-	-	-	-
6329 READING MATERIALS	-	-	-	-	-	-	-	-	-	-	-	-
6339 TESTING MATERIALS	-	-	-	-	-	-	-	-	-	-	-	-
6341 FOOD	-	-	-	-	-	-	-	-	-	-	-	-
6342 NON-FOOD	-	-	-	-	-	-	-	-	-	-	-	-
6344 USDA COMMODITIES	-	-	-	-	-	-	-	-	-	-	-	-
6390 OTHER SUPPLIES AND MATERIALS	-	-	-	-	-	-	-	-	-	-	-	-
6397 MARKETING SUPPLIES	-	-	-	-	-	-	-	-	-	-	-	-
6398 SOFTWARE LICENSES	-	-	-	-	-	-	-	-	-	-	-	-
6399 GENERAL SUPPLIES	-	-	-	-	-	-	-	-	-	-	-	-
6649 FURNITURE & EQUIPMENT	-	-	-	-	-	-	-	-	-	-	-	-
63+66 Other Supplies & Materials	-	-	-	-	-	-	-	-	-	-	-	-
6411 TRAVEL-EMPLOYEE	-	-	-	-	-	-	-	-	-	-	-	-
6412 TRAVEL - STUDENTS.	-	-	-	-	-	-	-	-	-	-	-	-
6429 INS/BONDING COSTS	-	-	-	-	-	-	-	-	-	-	-	-
6449 DEPRECIATION EXPENSE	140,656	12,787	12,787	12,787	12,787	12,787	12,787	12,787	12,787	-	-	102,295
6495 DUES	-	-	-	-	-	-	-	-	-	-	-	-
6499 MISC OPERATING COSTS	-	-	-	-	-	-	-	-	-	-	-	-
64-- Other Operating Expenses	140,656	12,787	12,787	12,787	12,787	12,787	12,787	12,787	12,787	-	-	102,295
6521 INTEREST ON BONDS	-	-	-	-	-	-	-	-	-	-	-	-
6522 CAPITAL LEASE INTEREST	-	-	-	-	-	-	-	-	-	-	-	-
6523 INTEREST ON DEBT	-	-	-	-	-	-	-	-	-	-	-	-
6524 AMORTIZATION OF BOND FEES	11,485	1,149	1,149	1,149	1,149	1,149	1,149	1,149	1,149	-	-	9,188
6525 RECOGNITION OF BOND PREM/DISC	-	-	-	-	-	-	-	-	-	-	-	-
6529 INTEREST EXPENDITURES/EXPENDES	45,292	7,549	7,549	7,549	7,549	7,549	7,549	7,549	7,549	-	-	60,390
6598 BANK FEES FOR RENEWAL OR REVIEV	-	-	-	-	-	-	-	-	-	-	-	-
7919 GAIN ON DEBT RETIREMENT	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 224,935	\$ 23,985	\$ 21,484	\$ 21,484	\$ 23,984	\$ 21,484	\$ 21,484	\$ 23,984	\$ 21,484	\$ -	\$ -	\$ 179,374

B.
Academic
Report

C.
Campus
Operations and
Expansion
Report

5.18 Campus Operations and Expansion Report

Campus Operations Staff:

- **Maintenance techs-** All reporting daily to manage campus maintenance concerns and repairs. Maintenance techs also provide backup for absent security guards and custodians.
- **Custodians-** All reporting daily to each campus. Custodians follow daily checklists and monitor visitor logs to clean and sanitize campuses.
- **Security-** All reporting daily from 7:30 am to 4 pm at each campus. Guards have daily logs to complete and a schedule to follow. Guards serve as the daily physical presence at each campus.
- **Food Service-** Reporting daily to hand out breakfast and lunch meals to students. Food service is operating at four campuses: Tenth, Ledbetter, Panola and Pafford

Food Service District weekly totals (number of meals served to students):

	Total Meals
4/20 – 4/24	4,436
4/27 – 5/1	4,275
5/4 – 5/8	3,995
5/11 – 5/13	1,311 (thru Wed)

- TBP is currently running the summer feeding program at all feeding locations. This means TBP serves meals to all TBP students as well as anyone 18 years old and under. We are currently serving breakfast and lunch together at both serving times, 5 days per week. We are also handing out meals on Fridays for the weekends.

Security incidents:

- One security incident at Pafford. During a routine perimeter walk, the security guard discovered two homeless individuals sleeping in an outside utility room. The authorities were called, and the two individuals were charged. No damage occurred to any TBP property.

Maintenance projects:

- Leaking pipe discovered and repaired at Jefferson.
- Replace worn and damaged carpet and floor tiles throughout District
- Painting and drywall repair underway at all campuses
- Floor strip/wax will be scheduled in June
- New facility work order system implemented in April
- New District Operations vehicle purchased in April
- Storage items moved out of Panola church in preparation for demolition
- Clorox 360 sprayers and chemicals, facemasks and hand sanitizer have been ordered

Expansion projects:

- **Mesquite:**
 - o Parkway (GC) continues to make good progress. Polished concrete floors are being finished. Tile in restrooms is complete. Ceiling grid and lights are being installed. Sheetrock is up and taping/painting is underway. Windows and doors have been installed and roof system is 90% complete. Contractor has implemented several safety measures in response to COVID-19, including daily temperature checks for every individual worker onsite.
 - o Permanent power is onsite and HVAC system install is finalizing.
 - o Anticipated completion date of June 17th.

- Agreement signed with Heart of America to furnish building with furniture, library supplies, and design features. Delivery is scheduled for the end of June.
- A punch list walkthrough with Parkway is being targeted for early-to-mid June.







- **Panola:**

- Church and back buildings have been cleared out and remediation and demolition are underway.
- Construction fencing has been installed and the construction trailer is onsite.
- Design plans are 50% complete.
- Two change orders submitted so far:
 - Removing modular buildings from construction contract, which resulted in a positive impact is roughly \$100,000.
 - Additional asbestos discovered in the back buildings, which resulted in a negative financial impact of \$109,000.
 - Anticipated change order expected due to poor soil conditions, which requires additional foundation measures.
 - Contingencies and allowances were built into the contract and I'm confident that we can absorb these changes and still keep the project on track and within budget.
- Conceptual drawings attached.

- **Bolt:**

- Purchase agreement signed in early March.
- Environmental study was completed and came back clean with no further action recommended.
- Train/noise study was completed.
- Contract Inspection Period expires on July 3rd
- TBP is working with the TEA on possible extensions or delays available to open Bolt in 2022.

- **Charter Amendments:**

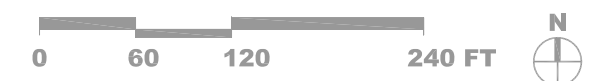
- Request to increase district student enrollment cap was filed on 3/4 (deadline for TEA response is 5/3)—no response from TEA
- Request to add districts to geographic boundary was filed on 3/4 (deadline for TEA response is 5/3)—no response from TEA
- Notice of Remote Learning was filed on 3/20 (no response expected)
- Request to add Bolt as an additional instructional site was filed on 3/30: request was approved by TEA

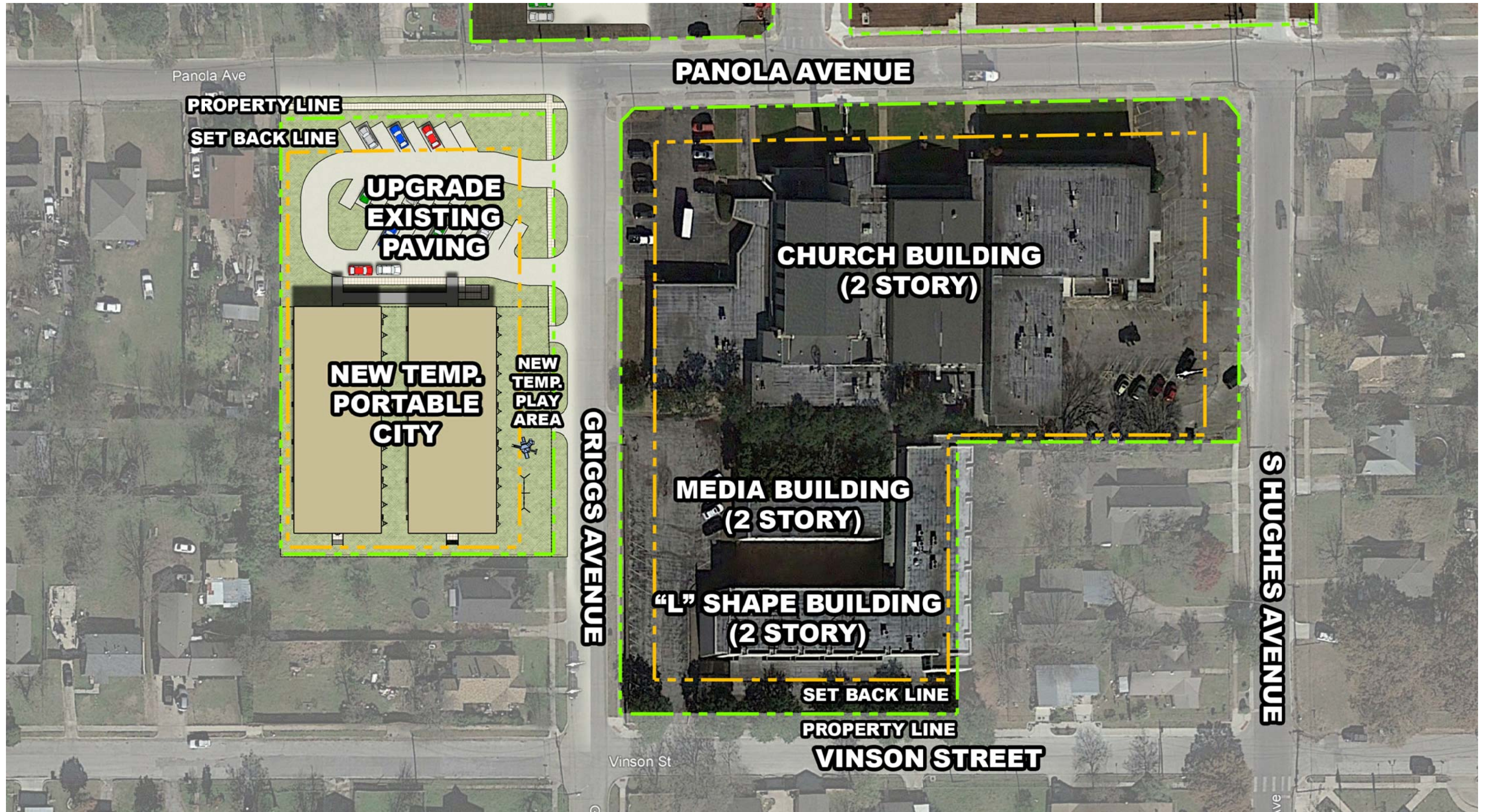


New Trinity Preparatory PK3-8th School

Trinity Basin Preparatory, Inc.

Existing Aerial Image





New Trinity Preparatory PK3-8th School

Trinity Basin Preparatory, Inc.

Conceptual Site Plan Study - Phase 1



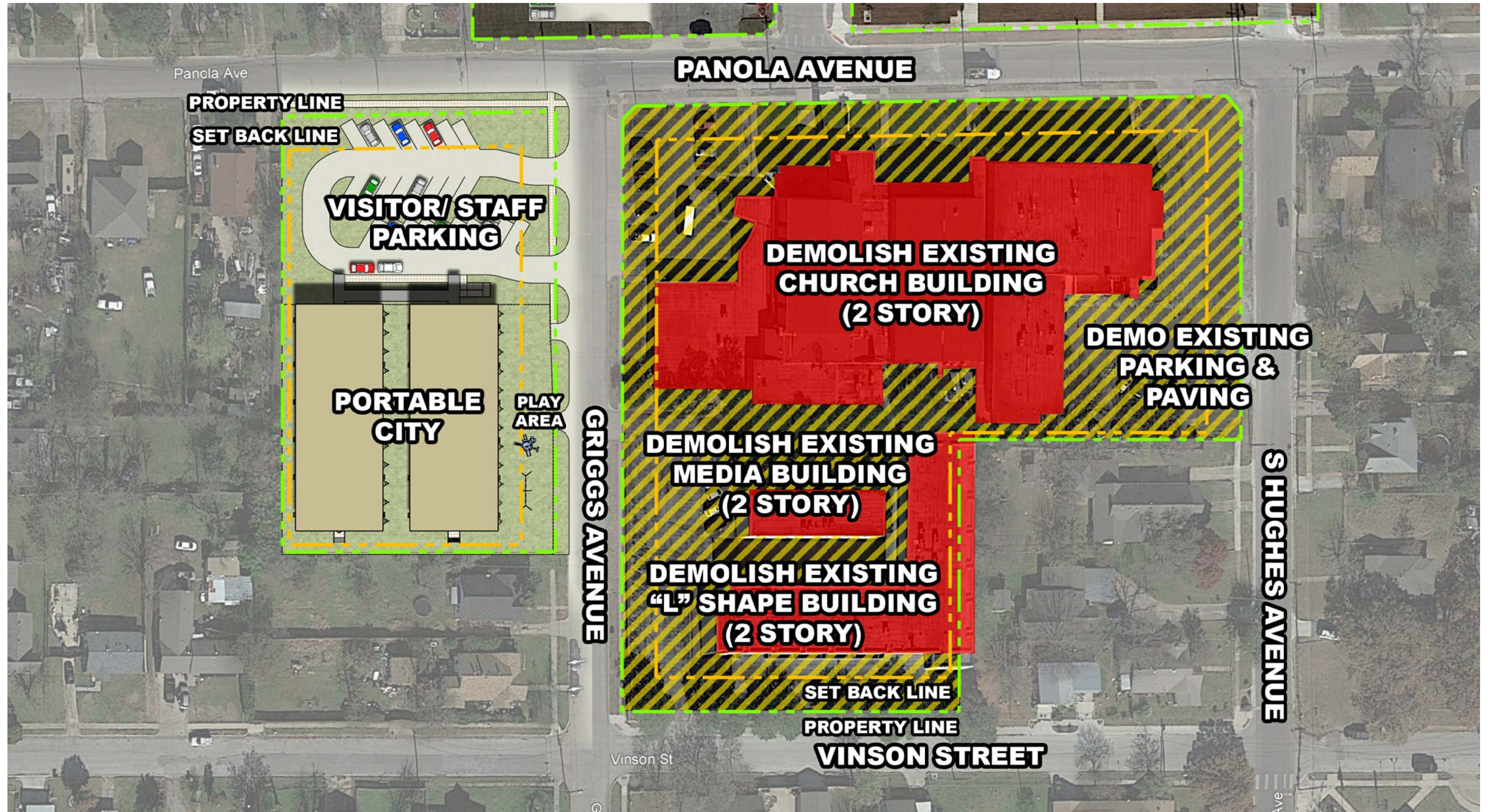


New Trinity Preparatory PK3-8th School

Trinity Basin Preparatory, Inc.

Conceptual Floor Plan





New Trinity Preparatory PK3-8th School

Trinity Basin Preparatory, Inc.

Conceptual Site Plan Study - Phase 2



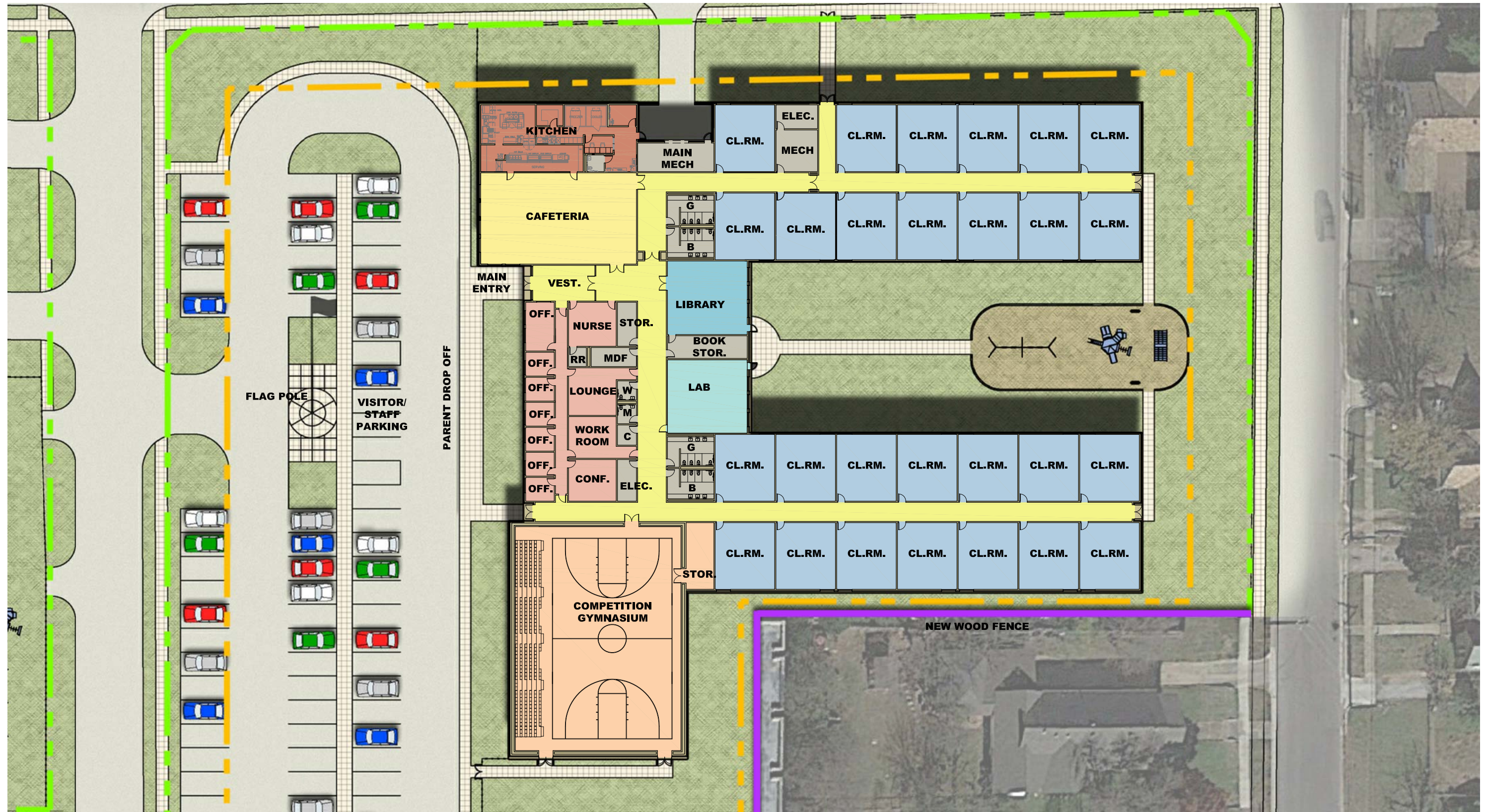


New Trinity Preparatory PK3-8th School

Trinity Basin Preparatory, Inc.

Conceptual Site Plan Study - Phase 3





New Trinity Preparatory PK3-8th School

Trinity Basin Preparatory, Inc.

Conceptual Floor Plan



D.
Enrollment
Report

Trinity Basin Preparatory

Enrollment 2019-2020

Enrollment as of 5/15/2020

Ewing		
<u>Grade</u>	<u>Enrollment</u>	<u>Enrollment Cap</u>
PK3	39	40
PK4	77	80
K	89	88
1st	82	88
2nd	85	88
3rd	86	88
4th	83	88
Total	541	560

<u>Date</u>	<u>Enrollment</u>	<u>Enrollment Cap</u>
8/19/2019	3686	4214
9/16/2019	3834	4210
10/21/2019	3846	4186
11/15/2019	3852	4210
12/16/2019	3851	4210
1/21/2020	3828	4210
2/14/2020	3799	4210
3/18/2020	3803	4210
4/20/2020	3798	4210
5/15/2020	3797	4210

10th Street		
<u>Grade</u>	<u>Enrollment</u>	<u>Enrollment Cap</u>
PK3	38	40
PK4	96	100
Kinder	105	110
1st	87	110
2nd	90	110
3rd	86	110
4th	94	110
Total	596	690

Pafford		
<u>Grade</u>	<u>Enrollment</u>	<u>Enrollment Cap</u>
PK3	40	40
PK4	80	80
K	87	88
1st	88	88
2nd	86	88
3rd	88	88
4th	86	88
5th	95	96
6th	96	96
7th	88	96
8th	72	96
Total	906	944

Jefferson		
<u>Grade</u>	<u>Enrollment</u>	<u>Enrollment Cap</u>
5th	184	216
6th	212	216
7th	192	216
8th	167	216
Total	755	864

Panola		
<u>Grade</u>	<u>Enrollment</u>	<u>Enrollment Cap</u>
PK3	77	80
PK4	80	80
K	80	88
1st	77	88
2nd	84	88
3rd	44	44
4th	43	44
5th	46	48
6th	47	48
7th	37	48
Total	615	656

Ledbetter		
<u>Grade</u>	<u>Enrollment</u>	<u>Enrollment Cap</u>
PK3	57	80
PK4	77	80
Kinder	42	44
1st	40	44
2nd	39	44
3rd	23	44
4th	28	44
5th	16	20
6th	26	48
7th	36	48
Total	384	496

2020-2021 Enrollment

Campus	Expected Re-Enrollment	New Students: Offered/Accepted	Total Students Expected
Ewing	433	119	552
10th Street	483	105	588
Jefferson	720	61	781
Ledbetter	328	112	440
Pafford	816	178	994
Panola	574	212	786
Mesquite	0	168	168
District Total	3354	955	4309

Current Enrollment Cap 2020-2021	Actual Enrollment Cap 2020-2021
612	560
754	690
944	864
724	664
1006	944
865	796
420	384
5325	4902

New Students: Waitlist	New Students: Application In Process
0	2
0	2
0	7
0	1
183	10
50	6
0	4
233	32

KEY:

Re-Enrollment - 19-20 students who are expected to return

New: Offered/Accepted - New students who have been offered a seat

Total Students Expected - total of previous 2 columns

Current Enrollment Cap - includes max students plus overage that are admitted

Actual Enrollment Cap - max students for grade level

New: Waitlist - New students who are on the waitlist

New: Apps in Process - New applications that have not been moved to waitlist or offered seat

Ewing Campus	Re-Enrollment Packets Received	New Students: Offered/Accepted	Total Students Expected
PK3	0	37	37
PK4	32	45	77
Kinder	74	15	89
1st	85	6	91
2nd	78	3	81
3rd	81	10	91
4th	83	3	86
Totals	433	119	552

Current Enrollment Cap 2020-2021	Actual Enrollment Cap 2020-2021
44	40
88	80
96	88
96	88
96	88
96	88
96	88
612	560

New Students: Waitlist	New Students: Application In Process
0	0
0	0
0	1
0	0
0	0
0	1
0	0
0	2

10th Street Campus	Re-Enrollment Packets Received	New Students: Offered/Accepted	Total Students Expected
PK3	0	30	30
PK4	37	45	82
Kinder	89	18	107
1st	101	5	106
2nd	86	3	89
3rd	88	2	90
4th	82	2	84
Totals	483	105	588

Current Enrollment Cap 2020-2021	Actual Enrollment Cap 2020-2021
44	40
110	100
120	110
120	110
120	110
120	110
120	110
754	690

New Students: Waitlist	New Students: Application In Process
0	0
0	0
0	0
0	0
0	0
0	2
0	0
0	2

2020-2021 Enrollment

Jefferson Campus	Re-Enrollment Packets Received	New Students: Offered/ Accepted	Total Students Expected
5th	173	11	184
6th	170	39	209
7th	196	8	204
8th	181	3	184
Totals	720	61	781

Current Enrollment Cap 2020-2021	Actual Enrollment Cap 2020-2021
236	216
236	216
236	216
236	216
944	864

New Students: Waitlist	New Students: Application In Process
0	0
0	2
0	5
0	0
0	7

Ledbetter Campus	Re-Enrollment Packets Received	New Students: Offered/ Accepted	Total Students Expected
PK3	0	36	36
PK4	51	27	78
Kinder	69	14	83
1st	37	5	42
2nd	34	4	38
3rd	33	4	37
4th	19	5	24
5th	26	2	28
6th	10	9	19
7th	21	6	27
8th	28	0	28
Total	328	112	440

Current Enrollment Cap 2020-2021	Actual Enrollment Cap 2020-2021
88	80
88	80
96	88
48	44
48	44
48	44
48	44
52	48
104	96
52	48
52	48
724	664

New Students: Waitlist	New Students: Application In Process
0	0
0	0
0	0
0	1
0	0
0	0
0	0
0	0
0	0
0	0
0	1

Pafford Campus	Re-Enrollment Packets Received	New Students: Offered/ Accepted	Total Students Expected
PK3	0	40	40
PK4	37	46	83
Kinder	78	18	96
1st	85	8	93
2nd	86	7	93
3rd	85	8	93
4th	87	6	93
5th	85	16	101
6th	92	12	104
7th	92	11	103
8th	89	6	95
Totals	816	178	994

Current Enrollment Cap 2020-2021	Actual Enrollment Cap 2020-2021
40	40
85	80
96	88
93	88
93	88
93	88
93	88
101	96
104	96
104	96
104	96
1006	944

New Students: Waitlist	New Students: Application In Process
52	2
54	0
12	0
13	1
5	2
6	0
4	0
3	0
34	0
0	3
0	2
183	10

2020-2021 Enrollment

Panola Campus	Re-Enrollment Packets Received	New Students: Offered/ Accepted	Total Students Expected
PK3	0	73	73
PK4	69	17	86
Kinder	74	22	96
1st	75	11	86
2nd	71	7	78
3rd	78	15	93
4th	42	6	48
5th	41	10	51
6th	42	42	84
7th	45	7	52
8th	37	2	39
Totals	574	212	786

Current Enrollment Cap 2020-2021	Actual Enrollment Cap 2020-2021
88	80
85	80
96	88
96	88
96	88
96	88
48	44
52	48
104	96
52	48
52	48
865	796

New Students: Waitlist	New Students: Application In Process
0	0
30	1
6	0
0	0
0	1
0	1
4	1
8	0
0	1
2	1
0	0
50	6

Mesquite Campus	Re-Enrollment Packets Received	New Students: Offered/ Accepted	Total Students Expected
PK3	X	39	39
PK4	X	38	38
Kinder	X	24	24
1st	X	17	17
2nd	X	9	9
3rd	X	16	16
6th	X	25	25
Totals	0	168	168

Current Enrollment Cap 2020-2021	Actual Enrollment Cap 2020-2021
88	80
88	80
48	44
48	44
48	44
48	44
52	48
420	384

New Students: Waitlist	New Students: Application In Process
0	0
0	2
0	0
0	0
0	0
0	1
0	1
0	4

E.

**Technology /
Financial
Report**

F.
Development
Report

G.
Paycheck
Protection
Program Loan

CARES Act Payroll Protection Program

SBA Loan Options

	Paycheck Protection Program Loan [Section 7(a)(36)]
Dates available	Feb. 15 - June 30, 2020
Lender	Banks approved by SBA
Eligibility	Fewer than 500 employees
Maximum loan size	\$10 million
Guarantee needed?	No
Collateral required?	No
Duration	2 years
Interest Rate	1.00%
Advance grant available	No
Forgiveness available?	Yes
Allowable use of funds	Payroll, mortgage, rent, and utilities

TBP	PPP
Funded	April 18, 2020
Lender	Liberty Capital
Reported Employees	479
Loan Amount	\$4.6 Million
Use of Funds	Payroll

Qualifying Payroll Costs

What Does Payroll Include?

Sum of payment of any compensation with respect to employees that is:

- Salaries, wages, commissions, or similar compensation
- Payment of cash tips or equivalent
- Payment for vacation, parental, family medical or sick leave
- Allowance for dismissal or separation
- Group health insurance premiums
- Any retirement benefits
- State or local taxes assessed on the compensation of employees (e.g. SUTA)
- Independent Contractors/Sole Proprietorships/Partnership - Sum of payments of any compensation that is a wage, commission income, net earnings from self employment, or similar compensation and that is in an amount more than \$100K per year (pro-rated for covered period)



PPP Loan Forgiveness

How Much of the Loan Will Be Forgiven?

Certain payments made during the **8-week period beginning on the date of the origination** (“covered period”)

- Payroll costs (\$100K /yr/person annualized)
- Interest payments on mortgages (both real & personal property) on debt incurred prior to 2/15/20
- Rent (lease agreement in effect prior to 2/15/20)
- Utilities (Electricity, gas, water, transportation, telephone, and internet) for service that began prior to 2/15/20

Forgiveness can be **REDUCED** based on the following:

1. Reduction in workforce
2. Reduction in wages
3. Economic Injury Disaster Loan - \$10,000 advance

Relief is available for employers based on the following:

1. Rehire employees by 6/30/20
2. Make up for wage reductions by 6/30/20



No Forgiveness = Repayment at 1% interest

- ▶ As of May 13, 2020
- ▶ SBA has previously stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by SBA for compliance with program requirements set forth in the PPP Interim Final Rules and in the Borrower Application Form. If SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request, SBA will seek repayment of the outstanding PPP loan balance and will inform the lender that the borrower is not eligible for loan forgiveness. If the borrower repays the loan after receiving notification from SBA, SBA will not pursue administrative enforcement or referrals to other agencies based on its determination with respect to the certification concerning necessity of the loan request. SBA's determination concerning the certification regarding the necessity of the loan request will not affect SBA's loan guarantee.



U.S. Small Business Administration
Paycheck Protection Program

NOTE

PAYCHECK PROTECTION PROGRAM SBA LOAN NO.: 12596172-00

DATE: April 17, 2020

LOAN AMOUNT: \$4,630,075.00

INTEREST RATE: 1.00%

BORROWER: Trinity Basin Preparatory, Inc.

LENDER: Liberty Capital Bank

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of Four million six hundred thirty thousand seventy-five dollars and no cents (\$4,630,075.00), interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower.

"SBA" means the Small Business Administration, an Agency of the United States of America.

"Paycheck Protection Program" means those loans extended pursuant to Sections 1102 and 1106 of the CARES ACT as loans under the SBA's 7(a) Loan Program.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

Borrower shall pay this loan in 18 installments of principal and interest in an amount necessary, as determined by Lender on the date six months from the date hereof (the "Payment Calculation Date"), to fully amortize the outstanding principal balance of this Note at the Interest Rate over an 18 month period commencing on the Payment Calculation Date, beginning November 17, 2020 and continuing on the same day of each calendar month thereafter, through and including April 17, 2022 when the entire remaining principal balance of the Note, and all accrued and unpaid interest, shall be due and payable.

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower:

- A. Fails to do anything required by this Note and other Loan Documents;

- B. Defaults on any other loan with Lender;
- C. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- D. Makes, or anyone acting on Borrower's behalf makes, a materially false or misleading representation to Lender or SBA;
- E. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- F. Fails to pay any taxes when due;
- G. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- H. Has a receiver or liquidator appointed for any part of their business or property;
- I. Makes an assignment for the benefit of creditors;
- J. Excluding all material adverse changes resulting from COVID-19, Borrower has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- K. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- L. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from Borrower;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower includes the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor.
- H. Borrower acknowledges that this Note evidences a loan extended by Lender to Borrower under the Paycheck Protection Program. Borrower covenants to comply with the requirements imposed upon borrowers under the program. The Paycheck Protection Program includes a feature by which under certain circumstances Borrower may be entitled to forgiveness of substantially all or a portion of the loan evidenced by this Note. Borrower acknowledges that, as a condition precedent to any such forgiveness, Borrower shall be required to provide such information and documentation and sign such certificates and documents as Lender may determine is necessary or appropriate or is required under the Paycheck Protection Program.

10. STATE-SPECIFIC PROVISIONS:

- A. **Usury Savings Provisions.** It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply strictly with the applicable Texas and/or federal law governing the maximum rate or amount of interest payable on this Note. In no event shall Lender ever contract for, charge, take, reserve or receive amounts deemed interest which would exceed the Maximum Lawful Rate (herein so-called) applicable to this Note. If the applicable law is ever judicially interpreted so as to render usurious any amount contracted for, charged, taken, reserved or received in respect of this Note, including by reason of the acceleration of the maturity or the prepayment thereof, then it is Borrower's and Lender's express intent that all amounts charged in excess of the Maximum Lawful Rate shall be automatically canceled, ab initio, and all amounts in excess of the Maximum Lawful Rate theretofore collected by Payee shall be credited on the principal balance of this Note (or, if the Note has been or would thereby be paid in full, refunded to Borrower), and the provisions of this Note shall immediately be deemed reformed so as to comply with the applicable laws.

B. **Statute of Frauds Notice.** Pursuant to §26.02 of the Texas Business and Commerce Code, Lender and Borrower hereby agree as follows: This Note and the written documents, agreements and instruments entered into in connection with this Note represent the final agreements between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

11. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.


BORROWER:

Trinity Basin Preparatory, Inc.

By:

Name: Randal C. Shaffer

Title: President

A handwritten signature in black ink, appearing to read "Randal C. Shaffer", is written over a horizontal line. The signature is cursive and somewhat stylized.

Paycheck Protection Program Certification and Authorization

Trinity Basin Preparatory, Inc. (the "Borrower") has applied for an SBA Paycheck Protection Program loan (the "Loan") with Liberty Capital Bank (the "Bank"). I am the duly authorized representative of the Borrower, and hereby certify to Bank as follows:

1. The Borrower has completed and submitted to Bank the Paycheck Protection Program Borrower Application Form (the "Application") in order to request a loan under the CARES Act. Borrower represents to Bank that the statements and representations made in the Application, and the documents and information submitted by or on behalf of Borrower in connection with the Application, were true, correct and complete as of the date of the Application and remain true, correct and complete as of the date hereof. Borrower acknowledges that both Bank and the US Small Business Administration are relying upon such statements and representations in extending the Loan to Borrower.
2. Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas. Borrower has delivered to Bank true, correct and complete copies of each of its formation and governance documents, including certificates of formation or other public filings, and all amendments.
3. I am the duly appointed President of Borrower. I am duly authorized by Borrower to apply for and borrow the Loan on behalf of Borrower and to cause Borrower to comply with the rules, regulations and requirements imposed upon borrowers under the Paycheck Protection Program.
4. When I sign the loan documents for the Loan, Borrower will be bound thereby and duly obligated thereunder.
5. I am familiar with the rules, regulations and requirements of the Paycheck Protection Program, and have had ample opportunity to ask, and Bank and its representatives have been available to respond or refer me to other resources to address any questions I have about the program and the Loan.
6. In particular, I confirm my understanding of the following:
 - a. Bank is facilitating Borrower's access to the Paycheck Protection Program in extending the Loan and is not independently making a credit or lending decision with respect to the Borrower.
 - b. Funding of the Loan is fully within the discretion of the SBA and is based on the Application submitted by Borrower. The Bank's only obligation in initiating the Loan is to process and submit in support of Borrower's Application the "Lender Application Form – Paycheck Protection Program Loan Guarantee" promulgated by the SBA.
 - c. Funding by the SBA is on a "first come first serve" basis from funds allocated under the CARES Act and Bank cannot assure the Loan will be funded even if the Borrower is eligible. Similarly, Borrower acknowledges that Bank cannot submit an application until Borrower has provided all necessary payroll documentation and other required information and documentation and Bank has had adequate time to review such materials.
 - d. SBA is solely responsible for making a determination of how much, if any, of the Loan will be forgiven and Bank has no authority or responsibility with respect to such decision aside

from submitting the necessary forgiveness request to the SBA. Bank may, but is not obligated to, condition submission of the forgiveness request upon Bank's receipt from Borrower of the information and documentation required by Bank and the SBA in connection with any such request for forgiveness.

- e. Borrower hereby agrees to fully indemnify Bank and all persons and parties affiliated with Bank with respect to any liability, damages, costs or expenses incurred by Bank or any of the indemnified parties as a direct or indirect result of any false or materially misleading statements made by or on behalf of Borrower with respect to the Loan, the application for the Loan, or the application for forgiveness.
7. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.
8. I affirm that that Borrower's tax documents submitted in connection with the Application are identical to those submitted to the Internal Revenue Service. I also understand, acknowledge, and agree that the Bank can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General.

Date: April 17, 2020

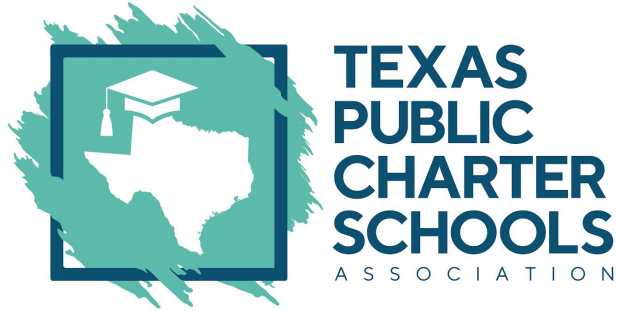
BORROWER:

Trinity Basin Preparatory, Inc.

By: _____

Name: Randal C. Shaffer

Title: President



Message Guidance for Charter Schools Receiving PPP Loans

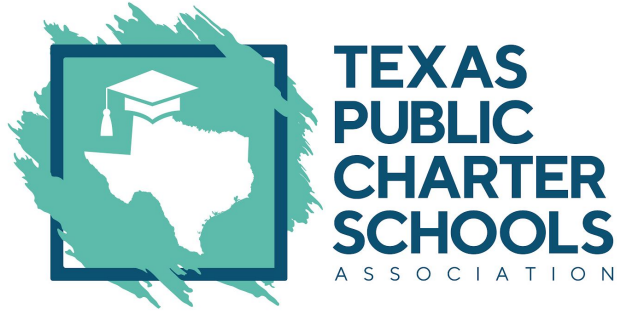
Some public charter schools are eligible for financial support through the recent federal stimulus bill (the CARES Act), including access to loans through the Small Business Administration available to nonprofit entities. While a few have criticized charters who have applied for these loans and suggested that charter schools should only be eligible for funds available to all schools, in this time of great crisis, it is important for charter schools to be able to access any funding available in order to continue to serve their students and support staff members. Below are some key messages that may help guide your external communication about your decision to apply for or accept a Paycheck Protection Program loan. We recommend that you be prepared to talk about the specific things your campus is doing to help students and families at this time, and particularly highlight the efforts of those essential employees who would be eligible for hazard pay.

Topline Messages

- We will use this money to serve our students and support our teachers and staff.
- Congress made these one-time loans available to nonprofits like ours.
- State lawmakers are forecasting there will be cuts to school budgets.
- Unlike ISDs, public charter schools receive no local property taxes that can help offset state cuts.
- We are grateful for this one-time support and are using it to pay our teachers and support our students and families during this uncertain time.

Key Message Points

- With any financial decision we make, our first priority is to continue providing a high-quality public school option to students in our community. The federal government made nonprofit organizations with fewer than 500 employees, including charter schools, eligible for these funds because lawmakers value the contribution organizations like ours make to our community, including the great education we provide to children and the jobs we offer. The significant financial uncertainty facing all nonprofit organizations, including schools like ours, jeopardizes our ability to continue serving students and taking care of our staff members. These funds will help us continue our current programs and services for students and protect our staff members' jobs and benefits.



- State lawmakers are already saying cuts to school budgets are coming. When school budgets are cut by the state, ISDs can rely on property taxes to fill the gap. Charter schools can't because we don't receive any local property tax funds. Our only source of funds is from the state. We have no backstop. This loan will allow us to protect jobs today and in the future as we prepare for budget cuts.
<https://therivardreport.com/san-antoniios-school-leaders-prepare-for-belt-tightening-in-wa-ke-of-coronavirus/>
- Because we do not receive property tax funding, charter schools overall receive less funding than district schools. The average public charter school receives about \$700 less per student than the average ISD. While ISDs will always receive property tax funding, we have access to this federal one-time loan to help us keep people employed through what could be a significant recession.
- Like every school in this state, we had to shift our entire operation from a bricks and mortar school building to an online environment in a matter of days. I am proud of the job our teachers and other staff members are doing to keep kids learning, keep them fed, provide wraparound social services, and keep them connected with their friends and support networks. This crisis has shown that the work that schools of all types do day in and day out is the backbone of our communities. America can't work when schools aren't open. We are grateful for the Members of Congress who made these loans possible and the support it offers to schools like ours in these uncertain times.

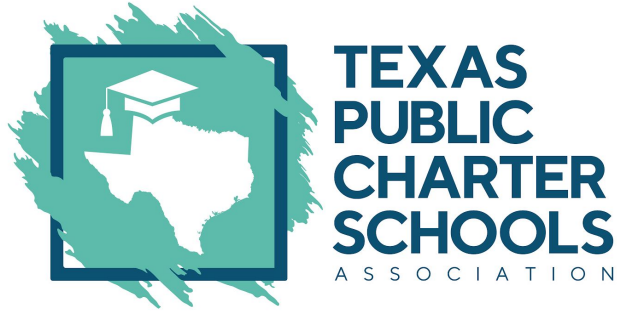
FAQ About the PPP Loans

Q: How much can a nonprofit borrow?

A: Nonprofits are eligible to apply for 2.5x their monthly payroll costs, up to \$10M. The loan will be forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Any portion of the loan that is not forgiven will be paid back at a 0.5% interest rate.

Q: How are businesses and organizations being prioritized, i.e. who gets chosen?

A: Applications are being processed on a first-come, first-served basis until funding runs out. However, Congress has already replenished the funds, and U.S. Senators are calling for additional funds to be made available to accommodate as many applications as may be received.



Q: How are organizations being held accountable for how they spend the money?

A: All organizations that receive loan funds will be responsible for demonstrating the funds were used on payroll costs, mortgage interest, rent, or utilities payments. If the funds are used for anything else, they will have to be paid back with interest. The loans also have to be paid back with interest if an organization does not maintain its staff and payroll.

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PAYCHECK PROTECTION PROGRAM LOANS Frequently Asked Questions (FAQs)

The Small Business Administration (SBA), in consultation with the Department of the Treasury, intends to provide timely additional guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program (PPP), established by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). This document will be updated on a regular basis.

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act and of the Paycheck Protection Program Interim Final Rule ("PPP Interim Final Rule") ([link](#)). The U.S. government will not challenge lender PPP actions that conform to this guidance,¹ and to the PPP Interim Final Rule and any subsequent rulemaking in effect at the time.

1. **Question:** Paragraph 3.b.iii of the PPP Interim Final Rule states that lenders must "[c]onfirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower's application." Does that require the lender to replicate every borrower's calculations?

Answer: No. Providing an accurate calculation of payroll costs is the responsibility of the borrower, and the borrower attests to the accuracy of those calculations on the Borrower Application Form. Lenders are expected to perform a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning average monthly payroll cost. For example, minimal review of calculations based on a payroll report by a recognized third-party payroll processor would be reasonable. In addition, as the PPP Interim Final Rule indicates, lenders may rely on borrower representations, including with respect to amounts required to be excluded from payroll costs.

If the lender identifies errors in the borrower's calculation or material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the issue.²

2. **Question:** Are small business concerns (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) required to have 500 or fewer employees to be eligible borrowers in the PPP?

Answer: No. Small business concerns can be eligible borrowers even if they have more than 500 employees, as long as they satisfy the existing statutory and regulatory definition of a "small business concern" under section 3 of the Small Business Act, 15 U.S.C. 632. A business can qualify if it meets the SBA employee-based or revenue-

¹ This document does not carry the force and effect of law independent of the statute and regulations on which it is based.

² Question 1 published April 3, 2020.

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based size standard corresponding to its primary industry. Go to www.sba.gov/size for the industry size standards.

Additionally, a business can qualify for the Paycheck Protection Program as a small business concern if it met both tests in SBA's "alternative size standard" as of March 27, 2020: (1) maximum tangible net worth of the business is not more than \$15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than \$5 million.

A business that qualifies as a small business concern under section 3 of the Small Business Act, 15 U.S.C. 632, may truthfully attest to its eligibility for PPP loans on the Borrower Application Form, unless otherwise ineligible.

3. **Question:** Does my business have to qualify as a small business concern (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) in order to participate in the PPP?

Answer: No. In addition to small business concerns, a business is eligible for a PPP loan if the business has 500 or fewer employees whose principal place of residence is in the United States, or the business meets the SBA employee-based size standards for the industry in which it operates (if applicable). Similarly, PPP loans are also available for qualifying tax-exempt nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code (IRC), tax-exempt veterans organization described in section 501(c)(19) of the IRC, and Tribal business concerns described in section 31(b)(2)(C) of the Small Business Act that have 500 or fewer employees whose principal place of residence is in the United States, or meet the SBA employee-based size standards for the industry in which they operate.

4. **Question:** Are lenders required to make an independent determination regarding applicability of affiliation rules under 13 C.F.R. 121.301(f) to borrowers?

Answer: No. It is the responsibility of the borrower to determine which entities (if any) are its affiliates and determine the employee headcount of the borrower and its affiliates. Lenders are permitted to rely on borrowers' certifications.

5. **Question:** Are borrowers required to apply SBA's affiliation rules under 13 C.F.R. 121.301(f)?

Answer: Yes. Borrowers must apply the affiliation rules set forth in SBA's Interim Final Rule on Affiliation. A borrower must certify on the Borrower Application Form that the borrower is eligible to receive a PPP loan, and that certification means that the borrower is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632), meets the applicable SBA employee-based or revenue-based size standard, or meets the tests in SBA's alternative size standard, after applying the affiliation rules, if applicable. SBA's existing affiliation exclusions apply to the PPP, including, for example the exclusions under 13 CFR 121.103(b)(2).

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6. **Question:** The affiliation rule based on ownership (13 C.F.R. 121.301(f)(1)) states that SBA will deem a minority shareholder in a business to control the business if the shareholder has the right to prevent a quorum or otherwise block action by the board of directors or shareholders. If a minority shareholder irrevocably gives up those rights, is it still considered to be an affiliate of the business?

Answer: No. If a minority shareholder in a business irrevocably waives or relinquishes any existing rights specified in 13 C.F.R. 121.301(f)(1), the minority shareholder would no longer be an affiliate of the business (assuming no other relationship that triggers the affiliation rules).

7. **Question:** The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?

Answer: No. The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits, including:

- employer contributions to defined-benefit or defined-contribution retirement plans;
- payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
- payment of state and local taxes assessed on compensation of employees.

8. **Question:** Do PPP loans cover paid sick leave?

Answer: Yes. PPP loans covers payroll costs, including costs for employee vacation, parental, family, medical, and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127). Learn more about the Paid Sick Leave Refundable Credit [here](#).

9. **Question:** My small business is a seasonal business whose activity increases from April to June. Considering activity from that period would be a more accurate reflection of my business's operations. However, my small business was not fully ramped up on February 15, 2020. Am I still eligible?

Answer: In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

10. **Question:** What if an eligible borrower contracts with a third-party payer such as a payroll provider or a Professional Employer Organization (PEO) to process payroll and report payroll taxes?

Answer: SBA recognizes that eligible borrowers that use PEOs or similar payroll providers are required under some state registration laws to report wage and other data on

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the Employer Identification Number (EIN) of the PEO or other payroll provider. In these cases, payroll documentation provided by the payroll provider that indicates the amount of wages and payroll taxes reported to the IRS by the payroll provider for the borrower's employees will be considered acceptable PPP loan payroll documentation. Relevant information from a Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, attached to the PEO's or other payroll provider's Form 941, Employer's Quarterly Federal Tax Return, should be used if it is available; otherwise, the eligible borrower should obtain a statement from the payroll provider documenting the amount of wages and payroll taxes. In addition, employees of the eligible borrower will not be considered employees of the eligible borrower's payroll provider or PEO.

11. **Question:** May lenders accept signatures from a single individual who is authorized to sign on behalf of the borrower?

Answer: Yes. However, the borrower should bear in mind that, as the Borrower Application Form indicates, only an authorized representative of the business seeking a loan may sign on behalf of the business. An individual's signature as an "Authorized Representative of Applicant" is a representation to the lender and to the U.S. government that the signer is authorized to make the certifications, including with respect to the applicant and each owner of 20% or more of the applicant's equity, contained in the Borrower Application Form. Lenders may rely on that representation and accept a single individual's signature on that basis.

12. **Question:** I need to request a loan to support my small business operations in light of current economic uncertainty. However, I pleaded guilty to a felony crime a very long time ago. Am I still eligible for the PPP?

Answer: Yes. Businesses are only ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, on probation, on parole; subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or, within the last five years, for any felony, has been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment).

13. **Question:** Are lenders permitted to use their own online portals and an electronic form that they create to collect the same information and certifications as in the Borrower Application Form, in order to complete implementation of their online portals?

Answer: Yes. Lenders may use their own online systems and a form they establish that asks for the same information (using the same language) as the Borrower Application Form. Lenders are still required to send the data to SBA using SBA's interface.

14. **Question:** What time period should borrowers use to determine their number of employees and payroll costs to calculate their maximum loan amounts?

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Answer: In general, borrowers can calculate their aggregate payroll costs using data either from the previous 12 months or from calendar year 2019. For seasonal businesses, the applicant may use average monthly payroll for the period between February 15, 2019, or March 1, 2019, and June 30, 2019. An applicant that was not in business from February 15, 2019 to June 30, 2019 may use the average monthly payroll costs for the period January 1, 2020 through February 29, 2020.

Borrowers may use their average employment over the same time periods to determine their number of employees, for the purposes of applying an employee-based size standard. Alternatively, borrowers may elect to use SBA's usual calculation: the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application (or the average number of employees for each of the pay periods that the business has been operational, if it has not been operational for 12 months).

15. **Question:** Should payments that an eligible borrower made to an independent contractor or sole proprietor be included in calculations of the eligible borrower's payroll costs?

Answer: No. Any amounts that an eligible borrower has paid to an independent contractor or sole proprietor should be excluded from the eligible business's payroll costs. However, an independent contractor or sole proprietor will itself be eligible for a loan under the PPP, if it satisfies the applicable requirements.

16. **Question:** How should a borrower account for federal taxes when determining its payroll costs for purposes of the maximum loan amount, allowable uses of a PPP loan, and the amount of a loan that may be forgiven?

Answer: Under the Act, payroll costs are calculated on a gross basis without regard to (i.e., not including subtractions or additions based on) federal taxes imposed or withheld, such as the employee's and employer's share of Federal Insurance Contributions Act (FICA) and income taxes required to be withheld from employees. As a result, payroll costs are not reduced by taxes imposed on an employee and required to be withheld by the employer, but payroll costs do not include the employer's share of payroll tax. For example, an employee who earned \$4,000 per month in gross wages, from which \$500 in federal taxes was withheld, would count as \$4,000 in payroll costs. The employee would receive \$3,500, and \$500 would be paid to the federal government. However, the employer-side federal payroll taxes imposed on the \$4,000 in wages are excluded from payroll costs under the statute.³

³ The definition of "payroll costs" in the CARES Act, 15 U.S.C. 636(a)(36)(A)(viii), excludes "taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period," defined as February 15, 2020, to June 30, 2020. As described above, the SBA interprets this statutory exclusion to mean that payroll costs are calculated on a gross basis, without subtracting federal taxes that are imposed on the employee or withheld from employee wages. Unlike employer-side payroll taxes, such employee-side taxes are ordinarily expressed as a reduction in employee take-home pay; their exclusion from the definition of payroll costs means payroll costs should not be reduced based on taxes imposed on the employee or withheld from employee wages. This interpretation is consistent with the text of the statute and advances the legislative purpose of ensuring workers

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17. **Question:** I filed or approved a loan application based on the version of the PPP Interim Final Rule published on April 2, 2020. Do I need to take any action based on the updated guidance in these FAQs?

Answer: No. Borrowers and lenders may rely on the laws, rules, and guidance available at the time of the relevant application. However, borrowers whose previously submitted loan applications have not yet been processed may revise their applications based on clarifications reflected in these FAQs.

18. **Question:** Are PPP loans for existing customers considered new accounts for FinCEN Rule CDD purposes? Are lenders required to collect, certify, or verify beneficial ownership information in accordance with the rule requirements for existing customers?

Answer: If the PPP loan is being made to an existing customer and the necessary information was previously verified, you do not need to re-verify the information.

Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to BSA compliance.⁴

19. **Question:** Do lenders have to use a promissory note provided by SBA or may they use their own?

Answer: Lenders may use their own promissory note or an SBA form of promissory note.

20. **Question:** The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week period; when does that eight-week period begin?

Answer: The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.⁵

21. **Question:** Do lenders need a separate SBA Authorization document to issue PPP loans?

Answer: No. A lender does not need a separate SBA Authorization for SBA to guarantee a PPP loan. However, lenders must have executed SBA Form 2484 (the

remain paid and employed. Further, because the reference period for determining a borrower's maximum loan amount will largely or entirely precede the period from February 15, 2020, to June 30, 2020, and the period during which borrowers will be subject to the restrictions on allowable uses of the loans may extend beyond that period, for purposes of the determination of allowable uses of loans and the amount of loan forgiveness, this statutory exclusion will apply with respect to such taxes imposed or withheld at any time, not only during such period.

⁴ Questions 2 – 18 published April 6, 2020.

⁵ Questions 19 – 20 published April 8, 2020.

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Lender Application Form for the Paycheck Protection Program)⁶ to issue PPP loans and receive a loan number for each originated PPP loan. Lenders may include in their promissory notes for PPP loans any terms and conditions, including relating to amortization and disclosure, that are not inconsistent with Sections 1102 and 1106 of the CARES Act, the PPP Interim Final Rule and guidance, and SBA Form 2484.

22. **Question:** I am a non-bank lender that meets all applicable criteria of the PPP Interim Final Rule. Will I be automatically enrolled as a PPP lender? What criteria will SBA and the Treasury Department use to assess whether to approve my application to participate as a PPP lender?

Answer: We encourage lenders that are not currently 7(a) lenders to apply in order to increase the scope of PPP lending options and the speed with which PPP loans can be disbursed to help small businesses across America. We recognize that financial technology solutions can promote efficiency and financial inclusion in implementing the PPP. Applicants should submit SBA Form 3507 and the relevant attachments to NFRLApplicationForPPP@sba.gov. Submission of the SBA Form 3507 does not result in automatic enrollment in the PPP. SBA and the Treasury Department will evaluate each application from a non-bank or non-insured depository institution lender and determine whether the applicant has the necessary qualifications to process, close, disburse, and service PPP loans made with SBA's guarantee. SBA may request additional information from the applicant before making a determination.

23. **Question:** How do the \$10 million cap and affiliation rules work for franchises?

Answer: If a franchise brand is listed on the SBA Franchise Directory, each of its franchisees that meets the applicable size standard can apply for a PPP loan. (The franchisor does not apply on behalf of its franchisees.) The \$10 million cap on PPP loans is a limit per franchisee entity, and each franchisee is limited to one PPP loan.

Franchise brands that have been denied listing on the Directory because of affiliation between franchisor and franchisee may request listing to receive PPP loans. SBA will not apply affiliation rules to a franchise brand requesting listing on the Directory to participate in the PPP, but SBA will confirm that the brand is otherwise eligible for listing on the Directory.

24. **Question:** How do the \$10 million cap and affiliation rules work for hotels and restaurants (and any business assigned a North American Industry Classification System (NAICS) code beginning with 72)?

Answer: Under the CARES Act, any single business entity that is assigned a NAICS code beginning with 72 (including hotels and restaurants) and that employs not more than 500 employees per physical location is eligible to receive a PPP loan.

⁶ This requirement is satisfied by a lender when the lender completes the process of submitting a loan through the E-Tran system; no transmission or retention of a physical copy of Form 2484 is required.

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In addition, SBA's affiliation rules (13 CFR 121.103 and 13 CFR 121.301) do not apply to any business entity that is assigned a NAICS code beginning with 72 and that employs not more than a total of 500 employees. As a result, if each hotel or restaurant location owned by a parent business is a separate legal business entity, each hotel or restaurant location that employs not more than 500 employees is permitted to apply for a separate PPP loan provided it uses its unique EIN.

The \$10 million maximum loan amount limitation applies to each eligible business entity, because individual business entities cannot apply for more than one loan. The following examples illustrate how these principles apply.

Example 1. Company X directly owns multiple restaurants and has no affiliates.

- Company X may apply for a PPP loan if it employs 500 or fewer employees per location (including at its headquarters), even if the total number of employees employed across all locations is over 500.

Example 2. Company X wholly owns Company Y and Company Z (as a result, Companies X, Y, and Z are all affiliates of one another). Company Y and Company Z each own a single restaurant with 500 or fewer employees.

- Company Y and Company Z can each apply for a separate PPP loan, because each has 500 or fewer employees. The affiliation rules do not apply, because Company Y and Company Z each has 500 or fewer employees and is in the food services business (with a NAICS code beginning with 72).

Example 3. Company X wholly owns Company Y and Company Z (as a result, Companies X, Y, and Z are all affiliates of one another). Company Y owns a restaurant with 400 employees. Company Z is a construction company with 400 employees.

- Company Y is eligible for a PPP loan because it has 500 or fewer employees. The affiliation rules do not apply to Company Y, because it has 500 or fewer employees and is in the food services business (with a NAICS code beginning with 72).
- The waiver of the affiliation rules does not apply to Company Z, because Company Z is in the construction industry. Under SBA's affiliation rules, 13 CFR 121.301(f)(1) and (3), Company Y and Company Z are affiliates of one another because they are under the common control of Company X, which wholly owns both companies. This means that the size of Company Z is determined by adding its employees to those of Companies X and Y. Therefore, Company Z is deemed to have more than 500 employees, together with its affiliates. However, Company Z may be eligible to receive a PPP loan as a small business concern if it, together with Companies X and Y, meets SBA's other applicable size standards," as explained in FAQ #2.

25. **Question:** Does the information lenders are required to collect from PPP applicants regarding every owner who has a 20% or greater ownership stake in the applicant business (i.e., owner name, title, ownership %, TIN, and address) satisfy a lender's obligation to collect beneficial ownership information (which has a 25% ownership threshold) under the Bank Secrecy Act?

Answer:

For lenders with existing customers: With respect to collecting beneficial ownership information for owners holding a 20% or greater ownership interest, if the PPP loan is being made to an existing customer and the lender previously verified the necessary information, the lender does not need to re-verify the information. Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected such beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to Bank Secrecy Act (BSA) compliance.

For lenders with new customers: For new customers, the lender's collection of the following information from all natural persons with a 20% or greater ownership stake in the applicant business will be deemed to satisfy applicable BSA requirements and FinCEN regulations governing the collection of beneficial ownership information: owner name, title, ownership %, TIN, address, and date of birth. If any ownership interest of 20% or greater in the applicant business belongs to a business or other legal entity, lenders will need to collect appropriate beneficial ownership information for that entity. If you have questions about requirements related to beneficial ownership, go to <https://www.fincen.gov/resources/statutes-and-regulations/cdd-final-rule>. Decisions regarding further verification of beneficial ownership information collected from new customers should be made pursuant to the lender's risk-based approach to BSA compliance.⁷

26. **Question:** SBA regulations require approval by SBA's Standards of Conduct Committee (SCC) for SBA Assistance, other than disaster assistance, to an entity, if its sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest is: a current SBA employee; a Member of Congress; an appointed official or employee of the legislative or judicial branch; a member or employee of an SBA Advisory Council or SCORE volunteer; or a household member of any of the preceding individuals. Do these entities need the approval of the SCC in order to be eligible for a PPP loan?

Answer: The SCC has authorized a blanket approval for PPP loans to such entities so that further action by the SCC is not necessary in the PPP program.

27. **Question:** SBA regulations require a written statement of no objection by the pertinent Department or military service before it provides any SBA Assistance, other than disaster loans, to an entity, if its sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest, or if a household member of any of the preceding individuals, is an employee of another Government Department or Agency having a grade of at least GS-13 or its equivalent. Does this requirement apply to PPP loans?

⁷ Questions 21 – 25 published April 13, 2020.

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Answer: No. The SCC has determined that a written statement of no objection is not required from another Government Department or Agency for PPP loans.

28. **Question:** Is a lender permitted to submit a PPP loan application to SBA through E-Tran before the lender has fulfilled its responsibility to review the required borrower documentation and calculation of payroll costs?

Answer: No. Before a lender submits a PPP loan through E-Tran, the lender must have collected the information and certifications contained in the Borrower Application Form and the lender must have fulfilled its obligations set forth in paragraphs 3.b.(i)-(iii) of the PPP Interim Final Rule. Please refer to the Interim Final Rule and FAQ 1 for more information on the lender's responsibility regarding confirmation of payroll costs.

Lenders who did not understand that these steps are required before submission to E-Tran need not withdraw applications submitted to E-Tran before April 14, 2020, but must fulfill lender responsibilities with respect to those applications as soon as practicable and no later than loan closing.⁸

29. **Question:** Can lenders use scanned copies of documents or E-signatures or E-consents permitted by the E-sign Act?

Answer: Yes. All PPP lenders may accept scanned copies of signed loan applications and documents containing the information and certifications required by SBA Form 2483 and the promissory note used for the PPP loan. Additionally, lenders may also accept any form of E-consent or E-signature that complies with the requirements of the Electronic Signatures in Global and National Commerce Act (P.L. 106-229).

If electronic signatures are not feasible, when obtaining a wet ink signature without in-person contact, lenders should take appropriate steps to ensure the proper party has executed the document.

This guidance does not supersede signature requirements imposed by other applicable law, including by the lender's primary federal regulator.⁹

30. **Question:** Can a lender sell a PPP loan into the secondary market?

Answer: Yes. A PPP loan may be sold into the secondary market at any time after the loan is fully disbursed. A secondary market sale of a PPP loan does not require SBA approval. A PPP loan sold into the secondary market is 100% SBA guaranteed. A PPP loan may be sold on the secondary market at a premium or a discount to par value.¹⁰

⁸ Questions 26 – 28 published April 14, 2020.

⁹ Question 29 published April 15, 2020.

¹⁰ Question 30 published April 17, 2020.

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31. **Question:** Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

Answer: In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.

Lenders may rely on a borrower's certification regarding the necessity of the loan request. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.¹¹

¹¹ Question 31 published April 23, 2020.

As of May 13, 2020

PAYCHECK PROTECTION PROGRAM LOANS Frequently Asked Questions (FAQs)

The Small Business Administration (SBA), in consultation with the Department of the Treasury, intends to provide timely additional guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program (PPP), established by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). This document will be updated on a regular basis.

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act and of the Paycheck Protection Program Interim Final Rules ("PPP Interim Final Rules") ([link](#)). The U.S. government will not challenge lender PPP actions that conform to this guidance,¹ and to the PPP Interim Final Rules and any subsequent rulemaking in effect at the time.

1. **Question:** Paragraph 3.b.iii of the PPP Interim Final Rule states that lenders must "[c]onfirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower's application." Does that require the lender to replicate every borrower's calculations?

Answer: No. Providing an accurate calculation of payroll costs is the responsibility of the borrower, and the borrower attests to the accuracy of those calculations on the Borrower Application Form. Lenders are expected to perform a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning average monthly payroll cost. For example, minimal review of calculations based on a payroll report by a recognized third-party payroll processor would be reasonable. In addition, as the PPP Interim Final Rule indicates, lenders may rely on borrower representations, including with respect to amounts required to be excluded from payroll costs.

If the lender identifies errors in the borrower's calculation or material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the issue.²

2. **Question:** Are small business concerns (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) required to have 500 or fewer employees to be eligible borrowers in the PPP?

Answer: No. Small business concerns can be eligible borrowers even if they have more than 500 employees, as long as they satisfy the existing statutory and regulatory definition of a "small business concern" under section 3 of the Small Business Act, 15 U.S.C. 632. A business can qualify if it meets the SBA employee-based or revenue-

¹ This document does not carry the force and effect of law independent of the statute and regulations on which it is based.

² Question 1 published April 3, 2020.

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based size standard corresponding to its primary industry. Go to www.sba.gov/size for the industry size standards.

Additionally, a business can qualify for the Paycheck Protection Program as a small business concern if it met both tests in SBA's "alternative size standard" as of March 27, 2020: (1) maximum tangible net worth of the business is not more than \$15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than \$5 million.

A business that qualifies as a small business concern under section 3 of the Small Business Act, 15 U.S.C. 632, may truthfully attest to its eligibility for PPP loans on the Borrower Application Form, unless otherwise ineligible.

3. **Question:** Does my business have to qualify as a small business concern (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) in order to participate in the PPP?

Answer: No. In addition to small business concerns, a business is eligible for a PPP loan if the business has 500 or fewer employees whose principal place of residence is in the United States, or the business meets the SBA employee-based size standards for the industry in which it operates (if applicable). Similarly, PPP loans are also available for qualifying tax-exempt nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code (IRC), tax-exempt veterans organization described in section 501(c)(19) of the IRC, and Tribal business concerns described in section 31(b)(2)(C) of the Small Business Act that have 500 or fewer employees whose principal place of residence is in the United States, or meet the SBA employee-based size standards for the industry in which they operate.

4. **Question:** Are lenders required to make an independent determination regarding applicability of affiliation rules under 13 C.F.R. 121.301(f) to borrowers?

Answer: No. It is the responsibility of the borrower to determine which entities (if any) are its affiliates and determine the employee headcount of the borrower and its affiliates. Lenders are permitted to rely on borrowers' certifications.

5. **Question:** Are borrowers required to apply SBA's affiliation rules under 13 C.F.R. 121.301(f)?

Answer: Yes. Borrowers must apply the affiliation rules set forth in SBA's Interim Final Rule on Affiliation. A borrower must certify on the Borrower Application Form that the borrower is eligible to receive a PPP loan, and that certification means that the borrower is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632), meets the applicable SBA employee-based or revenue-based size standard, or meets the tests in SBA's alternative size standard, after applying the affiliation rules, if applicable. SBA's existing affiliation exclusions apply to the PPP, including, for example the exclusions under 13 CFR 121.103(b)(2).

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6. **Question:** The affiliation rule based on ownership (13 C.F.R. 121.301(f)(1)) states that SBA will deem a minority shareholder in a business to control the business if the shareholder has the right to prevent a quorum or otherwise block action by the board of directors or shareholders. If a minority shareholder irrevocably gives up those rights, is it still considered to be an affiliate of the business?

Answer: No. If a minority shareholder in a business irrevocably waives or relinquishes any existing rights specified in 13 C.F.R. 121.301(f)(1), the minority shareholder would no longer be an affiliate of the business (assuming no other relationship that triggers the affiliation rules).

7. **Question:** The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?

Answer: No. The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits, including:

- employer contributions to defined-benefit or defined-contribution retirement plans;
- payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
- payment of state and local taxes assessed on compensation of employees.

8. **Question:** Do PPP loans cover paid sick leave?

Answer: Yes. PPP loans covers payroll costs, including costs for employee vacation, parental, family, medical, and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127). Learn more about the Paid Sick Leave Refundable Credit [here](#).

9. **Question:** My small business is a seasonal business whose activity increases from April to June. Considering activity from that period would be a more accurate reflection of my business's operations. However, my small business was not fully ramped up on February 15, 2020. Am I still eligible?

Answer: In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

10. **Question:** What if an eligible borrower contracts with a third-party payer such as a payroll provider or a Professional Employer Organization (PEO) to process payroll and report payroll taxes?

Answer: SBA recognizes that eligible borrowers that use PEOs or similar payroll providers are required under some state registration laws to report wage and other data on

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the Employer Identification Number (EIN) of the PEO or other payroll provider. In these cases, payroll documentation provided by the payroll provider that indicates the amount of wages and payroll taxes reported to the IRS by the payroll provider for the borrower's employees will be considered acceptable PPP loan payroll documentation. Relevant information from a Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, attached to the PEO's or other payroll provider's Form 941, Employer's Quarterly Federal Tax Return, should be used if it is available; otherwise, the eligible borrower should obtain a statement from the payroll provider documenting the amount of wages and payroll taxes. In addition, employees of the eligible borrower will not be considered employees of the eligible borrower's payroll provider or PEO.

11. **Question:** May lenders accept signatures from a single individual who is authorized to sign on behalf of the borrower?

Answer: Yes. However, the borrower should bear in mind that, as the Borrower Application Form indicates, only an authorized representative of the business seeking a loan may sign on behalf of the business. An individual's signature as an "Authorized Representative of Applicant" is a representation to the lender and to the U.S. government that the signer is authorized to make the certifications, including with respect to the applicant and each owner of 20% or more of the applicant's equity, contained in the Borrower Application Form. Lenders may rely on that representation and accept a single individual's signature on that basis.

12. **Question:** I need to request a loan to support my small business operations in light of current economic uncertainty. However, I pleaded guilty to a felony crime a very long time ago. Am I still eligible for the PPP?

Answer: Yes. Businesses are only ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, on probation, on parole; subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or, within the last five years, for any felony, has been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment).

13. **Question:** Are lenders permitted to use their own online portals and an electronic form that they create to collect the same information and certifications as in the Borrower Application Form, in order to complete implementation of their online portals?

Answer: Yes. Lenders may use their own online systems and a form they establish that asks for the same information (using the same language) as the Borrower Application Form. Lenders are still required to send the data to SBA using SBA's interface.

14. **Question:** What time period should borrowers use to determine their number of employees and payroll costs to calculate their maximum loan amounts?

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Answer: In general, borrowers can calculate their aggregate payroll costs using data either from the previous 12 months or from calendar year 2019. For seasonal businesses, the applicant may use average monthly payroll for the period between February 15, 2019, or March 1, 2019, and June 30, 2019. An applicant that was not in business from February 15, 2019 to June 30, 2019 may use the average monthly payroll costs for the period January 1, 2020 through February 29, 2020.

Borrowers may use their average employment over the same time periods to determine their number of employees, for the purposes of applying an employee-based size standard. Alternatively, borrowers may elect to use SBA's usual calculation: the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application (or the average number of employees for each of the pay periods that the business has been operational, if it has not been operational for 12 months).

15. **Question:** Should payments that an eligible borrower made to an independent contractor or sole proprietor be included in calculations of the eligible borrower's payroll costs?

Answer: No. Any amounts that an eligible borrower has paid to an independent contractor or sole proprietor should be excluded from the eligible business's payroll costs. However, an independent contractor or sole proprietor will itself be eligible for a loan under the PPP, if it satisfies the applicable requirements.

16. **Question:** How should a borrower account for federal taxes when determining its payroll costs for purposes of the maximum loan amount, allowable uses of a PPP loan, and the amount of a loan that may be forgiven?

Answer: Under the Act, payroll costs are calculated on a gross basis without regard to (i.e., not including subtractions or additions based on) federal taxes imposed or withheld, such as the employee's and employer's share of Federal Insurance Contributions Act (FICA) and income taxes required to be withheld from employees. As a result, payroll costs are not reduced by taxes imposed on an employee and required to be withheld by the employer, but payroll costs do not include the employer's share of payroll tax. For example, an employee who earned \$4,000 per month in gross wages, from which \$500 in federal taxes was withheld, would count as \$4,000 in payroll costs. The employee would receive \$3,500, and \$500 would be paid to the federal government. However, the employer-side federal payroll taxes imposed on the \$4,000 in wages are excluded from payroll costs under the statute.³

³ The definition of "payroll costs" in the CARES Act, 15 U.S.C. 636(a)(36)(A)(viii), excludes "taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period," defined as February 15, 2020, to June 30, 2020. As described above, the SBA interprets this statutory exclusion to mean that payroll costs are calculated on a gross basis, without subtracting federal taxes that are imposed on the employee or withheld from employee wages. Unlike employer-side payroll taxes, such employee-side taxes are ordinarily expressed as a reduction in employee take-home pay; their exclusion from the definition of payroll costs means payroll costs should not be reduced based on taxes imposed on the employee or withheld from employee wages. This interpretation is consistent with the text of the statute and advances the legislative purpose of ensuring workers

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17. **Question:** I filed or approved a loan application based on the version of the PPP Interim Final Rule published on April 2, 2020. Do I need to take any action based on the updated guidance in these FAQs?

Answer: No. Borrowers and lenders may rely on the laws, rules, and guidance available at the time of the relevant application. However, borrowers whose previously submitted loan applications have not yet been processed may revise their applications based on clarifications reflected in these FAQs.

18. **Question:** Are PPP loans for existing customers considered new accounts for FinCEN Rule CDD purposes? Are lenders required to collect, certify, or verify beneficial ownership information in accordance with the rule requirements for existing customers?

Answer: If the PPP loan is being made to an existing customer and the necessary information was previously verified, you do not need to re-verify the information.

Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to BSA compliance.⁴

19. **Question:** Do lenders have to use a promissory note provided by SBA or may they use their own?

Answer: Lenders may use their own promissory note or an SBA form of promissory note.

20. **Question:** The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week period; when does that eight-week period begin?

Answer: The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.⁵

21. **Question:** Do lenders need a separate SBA Authorization document to issue PPP loans?

Answer: No. A lender does not need a separate SBA Authorization for SBA to guarantee a PPP loan. However, lenders must have executed SBA Form 2484 (the

remain paid and employed. Further, because the reference period for determining a borrower's maximum loan amount will largely or entirely precede the period from February 15, 2020, to June 30, 2020, and the period during which borrowers will be subject to the restrictions on allowable uses of the loans may extend beyond that period, for purposes of the determination of allowable uses of loans and the amount of loan forgiveness, this statutory exclusion will apply with respect to such taxes imposed or withheld at any time, not only during such period.

⁴ Questions 2 – 18 published April 6, 2020.

⁵ Questions 19 – 20 published April 8, 2020.

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Lender Application Form for the Paycheck Protection Program)⁶ to issue PPP loans and receive a loan number for each originated PPP loan. Lenders may include in their promissory notes for PPP loans any terms and conditions, including relating to amortization and disclosure, that are not inconsistent with Sections 1102 and 1106 of the CARES Act, the PPP Interim Final Rules and guidance, and SBA Form 2484.

22. **Question:** I am a non-bank lender that meets all applicable criteria of the PPP Interim Final Rule. Will I be automatically enrolled as a PPP lender? What criteria will SBA and the Treasury Department use to assess whether to approve my application to participate as a PPP lender?

Answer: We encourage lenders that are not currently 7(a) lenders to apply in order to increase the scope of PPP lending options and the speed with which PPP loans can be disbursed to help small businesses across America. We recognize that financial technology solutions can promote efficiency and financial inclusion in implementing the PPP. Applicants should submit SBA Form 3507 and the relevant attachments to NFRLApplicationForPPP@sba.gov. Submission of the SBA Form 3507 does not result in automatic enrollment in the PPP. SBA and the Treasury Department will evaluate each application from a non-bank or non-insured depository institution lender and determine whether the applicant has the necessary qualifications to process, close, disburse, and service PPP loans made with SBA's guarantee. SBA may request additional information from the applicant before making a determination.

23. **Question:** How do the \$10 million cap and affiliation rules work for franchises?

Answer: If a franchise brand is listed on the SBA Franchise Directory, each of its franchisees that meets the applicable size standard can apply for a PPP loan. (The franchisor does not apply on behalf of its franchisees.) The \$10 million cap on PPP loans is a limit per franchisee entity, and each franchisee is limited to one PPP loan.

Franchise brands that have been denied listing on the Directory because of affiliation between franchisor and franchisee may request listing to receive PPP loans. SBA will not apply affiliation rules to a franchise brand requesting listing on the Directory to participate in the PPP, but SBA will confirm that the brand is otherwise eligible for listing on the Directory.

24. **Question:** How do the \$10 million cap and affiliation rules work for hotels and restaurants (and any business assigned a North American Industry Classification System (NAICS) code beginning with 72)?

Answer: Under the CARES Act, any single business entity that is assigned a NAICS code beginning with 72 (including hotels and restaurants) and that employs not more than 500 employees per physical location is eligible to receive a PPP loan.

⁶ This requirement is satisfied by a lender when the lender completes the process of submitting a loan through the E-Tran system; no transmission or retention of a physical copy of Form 2484 is required.

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In addition, SBA's affiliation rules (13 CFR 121.103 and 13 CFR 121.301) do not apply to any business entity that is assigned a NAICS code beginning with 72 and that employs not more than a total of 500 employees. As a result, if each hotel or restaurant location owned by a parent business is a separate legal business entity, each hotel or restaurant location that employs not more than 500 employees is permitted to apply for a separate PPP loan provided it uses its unique EIN.

The \$10 million maximum loan amount limitation applies to each eligible business entity, because individual business entities cannot apply for more than one loan. The following examples illustrate how these principles apply.

Example 1. Company X directly owns multiple restaurants and has no affiliates.

- Company X may apply for a PPP loan if it employs 500 or fewer employees per location (including at its headquarters), even if the total number of employees employed across all locations is over 500.

Example 2. Company X wholly owns Company Y and Company Z (as a result, Companies X, Y, and Z are all affiliates of one another). Company Y and Company Z each own a single restaurant with 500 or fewer employees.

- Company Y and Company Z can each apply for a separate PPP loan, because each has 500 or fewer employees. The affiliation rules do not apply, because Company Y and Company Z each has 500 or fewer employees and is in the food services business (with a NAICS code beginning with 72).

Example 3. Company X wholly owns Company Y and Company Z (as a result, Companies X, Y, and Z are all affiliates of one another). Company Y owns a restaurant with 400 employees. Company Z is a construction company with 400 employees.

- Company Y is eligible for a PPP loan because it has 500 or fewer employees. The affiliation rules do not apply to Company Y, because it has 500 or fewer employees and is in the food services business (with a NAICS code beginning with 72).
- The waiver of the affiliation rules does not apply to Company Z, because Company Z is in the construction industry. Under SBA's affiliation rules, 13 CFR 121.301(f)(1) and (3), Company Y and Company Z are affiliates of one another because they are under the common control of Company X, which wholly owns both companies. This means that the size of Company Z is determined by adding its employees to those of Companies X and Y. Therefore, Company Z is deemed to have more than 500 employees, together with its affiliates. However, Company Z may be eligible to receive a PPP loan as a small business concern if it, together with Companies X and Y, meets SBA's other applicable size standards," as explained in FAQ #2.

25. **Question:** Does the information lenders are required to collect from PPP applicants regarding every owner who has a 20% or greater ownership stake in the applicant business (i.e., owner name, title, ownership %, TIN, and address) satisfy a lender's obligation to collect beneficial ownership information (which has a 25% ownership threshold) under the Bank Secrecy Act?

Answer:

For lenders with existing customers: With respect to collecting beneficial ownership information for owners holding a 20% or greater ownership interest, if the PPP loan is being made to an existing customer and the lender previously verified the necessary information, the lender does not need to re-verify the information. Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected such beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to Bank Secrecy Act (BSA) compliance.

For lenders with new customers: For new customers, the lender's collection of the following information from all natural persons with a 20% or greater ownership stake in the applicant business will be deemed to satisfy applicable BSA requirements and FinCEN regulations governing the collection of beneficial ownership information: owner name, title, ownership %, TIN, address, and date of birth. If any ownership interest of 20% or greater in the applicant business belongs to a business or other legal entity, lenders will need to collect appropriate beneficial ownership information for that entity. If you have questions about requirements related to beneficial ownership, go to <https://www.fincen.gov/resources/statutes-and-regulations/cdd-final-rule>. Decisions regarding further verification of beneficial ownership information collected from new customers should be made pursuant to the lender's risk-based approach to BSA compliance.⁷

26. **Question:** SBA regulations require approval by SBA's Standards of Conduct Committee (SCC) for SBA Assistance, other than disaster assistance, to an entity, if its sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest is: a current SBA employee; a Member of Congress; an appointed official or employee of the legislative or judicial branch; a member or employee of an SBA Advisory Council or SCORE volunteer; or a household member of any of the preceding individuals. Do these entities need the approval of the SCC in order to be eligible for a PPP loan?

Answer: The SCC has authorized a blanket approval for PPP loans to such entities so that further action by the SCC is not necessary in the PPP program.

27. **Question:** SBA regulations require a written statement of no objection by the pertinent Department or military service before it provides any SBA Assistance, other than disaster loans, to an entity, if its sole proprietor, partner, officer, director, or stockholder with a 10 percent or more interest, or if a household member of any of the preceding individuals, is an employee of another Government Department or Agency having a grade of at least GS-13 or its equivalent. Does this requirement apply to PPP loans?

⁷ Questions 21 – 25 published April 13, 2020.

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Answer: No. The SCC has determined that a written statement of no objection is not required from another Government Department or Agency for PPP loans.

28. **Question:** Is a lender permitted to submit a PPP loan application to SBA through E-Tran before the lender has fulfilled its responsibility to review the required borrower documentation and calculation of payroll costs?

Answer: No. Before a lender submits a PPP loan through E-Tran, the lender must have collected the information and certifications contained in the Borrower Application Form and the lender must have fulfilled its obligations set forth in paragraphs 3.b.(i)-(iii) of the PPP Interim Final Rule. Please refer to the Interim Final Rule and FAQ #1 for more information on the lender's responsibility regarding confirmation of payroll costs.

Lenders who did not understand that these steps are required before submission to E-Tran need not withdraw applications submitted to E-Tran before April 14, 2020, but must fulfill lender responsibilities with respect to those applications as soon as practicable and no later than loan closing.⁸

29. **Question:** Can lenders use scanned copies of documents or E-signatures or E-consents permitted by the E-sign Act?

Answer: Yes. All PPP lenders may accept scanned copies of signed loan applications and documents containing the information and certifications required by SBA Form 2483 and the promissory note used for the PPP loan. Additionally, lenders may also accept any form of E-consent or E-signature that complies with the requirements of the Electronic Signatures in Global and National Commerce Act (P.L. 106-229).

If electronic signatures are not feasible, when obtaining a wet ink signature without in-person contact, lenders should take appropriate steps to ensure the proper party has executed the document.

This guidance does not supersede signature requirements imposed by other applicable law, including by the lender's primary federal regulator.⁹

30. **Question:** Can a lender sell a PPP loan into the secondary market?

Answer: Yes. A PPP loan may be sold into the secondary market at any time after the loan is fully disbursed. A secondary market sale of a PPP loan does not require SBA approval. A PPP loan sold into the secondary market is 100% SBA guaranteed. A PPP loan may be sold on the secondary market at a premium or a discount to par value.¹⁰

⁸ Questions 26 – 28 published April 14, 2020.

⁹ Question 29 published April 15, 2020.

¹⁰ Question 30 published April 17, 2020.

31. **Question:** Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

Answer: In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.

Lenders may rely on a borrower's certification regarding the necessity of the loan request. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.¹¹

32. **Question:** Does the cost of a housing stipend or allowance provided to an employee as part of compensation count toward payroll costs?

Answer: Yes. Payroll costs includes all cash compensation paid to employees, subject to the \$100,000 annual compensation per employee limitation.

33. **Question:** Is there existing guidance to help PPP applicants and lenders determine whether an individual employee's principal place of residence is in the United States?

Answer: PPP applicants and lenders may consider IRS regulations (26 CFR § 1.121-1(b)(2)) when determining whether an individual employee's principal place of residence is in the United States.

34. **Question:** Are agricultural producers, farmers, and ranchers eligible for PPP loans?

Answer: Yes. Agricultural producers, farmers, and ranchers are eligible for PPP loans if: (i) the business has 500 or fewer employees, or (ii) the business fits within the revenue-based sized standard, which is average annual receipts of \$1 million.

Additionally, agricultural producers, farmers, and ranchers can qualify for PPP loans as a small business concern if their business meets SBA's “alternative size standard.” The

¹¹ Question 31 published April 23, 2020.

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“alternative size standard” is currently: (1) maximum net worth of the business is not more than \$15 million, and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than \$5 million.

For all of these criteria, the applicant must include its affiliates in its calculations. [Link](#) to Applicable Affiliation Rules for the PPP.

35. Question: Are agricultural and other forms of cooperatives eligible to receive PPP loans?

Answer: As long as other PPP eligibility requirements are met, small agricultural cooperatives and other cooperatives may receive PPP loans.¹²

36. Question: To determine borrower eligibility under the 500-employee or other applicable threshold established by the CARES Act, must a borrower count all employees or only full-time equivalent employees?

Answer: For purposes of loan eligibility, the CARES Act defines the term employee to include “individuals employed on a full-time, part-time, or other basis.” A borrower must therefore calculate the total number of employees, including part-time employees, when determining their employee headcount for purposes of the eligibility threshold. For example, if a borrower has 200 full-time employees and 50 part-time employees each working 10 hours per week, the borrower has a total of 250 employees.

By contrast, for purposes of loan forgiveness, the CARES Act uses the standard of “full-time equivalent employees” to determine the extent to which the loan forgiveness amount will be reduced in the event of workforce reductions.¹³

37. Question: Do businesses owned by private companies with adequate sources of liquidity to support the business’s ongoing operations qualify for a PPP loan?

Answer: See response to FAQ #31.¹⁴

38. Question: Section 1102 of the CARES Act provides that PPP loans are available only to applicants that were “in operation on February 15, 2020.” Is a business that was in operation on February 15, 2020 but had a change in ownership after February 15, 2020 eligible for a PPP loan?

Answer: Yes. As long as the business was in operation on February 15, 2020, if it meets the other eligibility criteria, the business is eligible to apply for a PPP loan regardless of the change in ownership. In addition, where there is a change in ownership effectuated through a purchase of substantially all assets of a business that was in operation on

¹² Questions 32 – 35 published April 24, 2020.

¹³ Questions 36 published April 26, 2020.

¹⁴ Question 37 published April 28, 2020.

February 15, the business acquiring the assets will be eligible to apply for a PPP loan even if the change in ownership results in the assignment of a new tax ID number and even if the acquiring business was not in operation until after February 15, 2020. If the acquiring business has maintained the operations of the pre-sale business, the acquiring business may rely on the historic payroll costs and headcount of the pre-sale business for the purposes of its PPP application, except where the pre-sale business had applied for and received a PPP loan. The Administrator, in consultation with the Secretary, has determined that the requirement that a business “was in operation on February 15, 2020” should be applied based on the economic realities of the business’s operations.

39. Question: Will SBA review individual PPP loan files?

Answer: Yes. In FAQ #31, SBA reminded all borrowers of an important certification required to obtain a PPP loan. To further ensure PPP loans are limited to eligible borrowers in need, the SBA has decided, in consultation with the Department of the Treasury, that it will review all loans in excess of \$2 million, in addition to other loans as appropriate, following the lender’s submission of the borrower’s loan forgiveness application. Additional guidance implementing this procedure will be forthcoming.

The outcome of SBA’s review of loan files will not affect SBA’s guarantee of any loan for which the lender complied with the lender obligations set forth in paragraphs III.3.b(i)-(iii) of the Paycheck Protection Program Rule (April 2, 2020) and further explained in FAQ #1.¹⁵

40. Question: Will a borrower’s PPP loan forgiveness amount (pursuant to section 1106 of the CARES Act and SBA’s implementing rules and guidance) be reduced if the borrower laid off an employee, offered to rehire the same employee, but the employee declined the offer?

Answer: No. As an exercise of the Administrator’s and the Secretary’s authority under Section 1106(d)(6) of the CARES Act to prescribe regulations granting de minimis exemptions from the Act’s limits on loan forgiveness, SBA and Treasury intend to issue an interim final rule excluding laid-off employees whom the borrower offered to rehire (for the same salary/wages and same number of hours) from the CARES Act’s loan forgiveness reduction calculation. The interim final rule will specify that, to qualify for this exception, the borrower must have made a good faith, written offer of rehire, and the employee’s rejection of that offer must be documented by the borrower. Employees and employers should be aware that employees who reject offers of re-employment may forfeit eligibility for continued unemployment compensation.

41. Question: Can a seasonal employer that elects to use a 12-week period between May 1, 2019 and September 15, 2019 to calculate its maximum PPP loan amount under the interim final rule issued by Treasury on April 27, 2020, make all the required certifications on the Borrower Application Form?

¹⁵ Questions 38 – 39 published April 29, 2020.

As of May 13, 2020

Answer: Yes. The Borrower Application Form requires applicants to certify that “The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program.” On April 27, 2020, Treasury issued an interim final rule allowing seasonal borrowers to use an alternative base period for purposes of calculating the loan amount for which they are eligible under the PPP. An applicant that is otherwise in compliance with applicable SBA requirements, and that complies with Treasury’s interim final rule on seasonal workers, will be deemed eligible for a PPP loan under SBA rules. Instead of following the instructions on page 3 of the Borrower Application Form for the time period for calculating average monthly payroll for seasonal businesses, an applicant may elect to use the time period in Treasury’s interim final rule on seasonal workers.

42. **Question:** Do nonprofit hospitals exempt from taxation under section 115 of the Internal Revenue Code qualify as “nonprofit organizations” under section 1102 of the CARES Act?

Answer: Section 1102 of the CARES Act defines the term “nonprofit organization” as “an organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and that is exempt from taxation under section 501(a) of such Code.” The Administrator, in consultation with the Secretary of the Treasury, understands that nonprofit hospitals exempt from taxation under section 115 of the Internal Revenue Code are unique in that many such hospitals may meet the description set forth in section 501(c)(3) of the Internal Revenue Code to qualify for tax exemption under section 501(a), but have not sought to be recognized by the IRS as such because they are otherwise fully tax-exempt under a different provision of the Internal Revenue Code.

Accordingly, the Administrator will treat a nonprofit hospital exempt from taxation under section 115 of the Internal Revenue Code as meeting the definition of “nonprofit organization” under section 1102 of the CARES Act if the hospital reasonably determines, in a written record maintained by the hospital, that it is an organization described in section 501(c)(3) of the Internal Revenue Code and is therefore within a category of organization that is exempt from taxation under section 501(a).¹⁶ The hospital’s certification of eligibility on the Borrower Application Form cannot be made without this determination. This approach helps accomplish the statutory purpose of ensuring that a broad range of borrowers, including entities that are helping to lead the medical response to the ongoing pandemic, can benefit from the loans provided under the PPP.

¹⁶ This determination need not account for the ancillary conditions set forth in section 501(r) of the Internal Revenue Code and elsewhere associated with securing the tax exemption under that section. Section 501(r) states that a hospital organization shall not be treated as described in section 501(c)(3) unless it meets certain community health and other requirements. However, section 1102 of the CARES Act defines the term “nonprofit organization” solely by reference to section 501(c)(3), and section 501(r) does not amend section 501(c)(3). Therefore, for purposes of the PPP, the requirements of section 501(r) do not apply to the determination of whether an organization is “described in section 501(c)(3).”

As of May 13, 2020

This guidance is solely for purposes of qualification as a “nonprofit organization” under section 1102 of the CARES Act and related purposes of the CARES Act, and does not have any consequences for federal tax law purposes. Nonprofit hospitals should also review all other applicable eligibility criteria, including the *Interim Final Rules on Promissory Notes, Authorizations, Affiliation, and Eligibility* (April 28, 2020) regarding an important limitation on ownership by state or local governments. 85 FR 23450, 23451.¹⁷

43. **Question:** FAQ #31 reminded borrowers to review carefully the required certification on the Borrower Application Form that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” SBA guidance and regulations provide that any borrower who applied for a PPP loan prior to April 24, 2020 and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith. Is it possible for a borrower to obtain an extension of the May 7, 2020 repayment date?

Answer: SBA is extending the repayment date for this safe harbor to May 14, 2020. Borrowers do not need to apply for this extension. This extension will be promptly implemented through a revision to the SBA’s interim final rule providing the safe harbor. SBA intends to provide additional guidance on how it will review the certification prior to May 14, 2020.

44. **Question:** How do SBA’s affiliation rules at 13 C.F.R. 121.301(f) apply with regard to counting the employees of foreign and U.S. affiliates?

Answer: For purposes of the PPP’s 500 or fewer employee size standard, an applicant must count all of its employees and the employees of its U.S and foreign affiliates, absent a waiver of or an exception to the affiliation rules. 13 C.F.R. 121.301(f)(6). Business concerns seeking to qualify as a “small business concern” under section 3 of the Small Business Act (15 U.S.C. 632) on the basis of the employee-based size standard must do the same.¹⁸

45. **Question:** Is an employer that repays its PPP loan by the safe harbor deadline (May 14, 2020) eligible for the Employee Retention Credit?

Answer: Yes. An employer that applied for a PPP loan, received payment, and repays the loan by the safe harbor deadline (May 14, 2020) will be treated as though the employer had not received a covered loan under the PPP for purposes of the Employee Retention Credit. Therefore, the employer will be eligible for the credit if the employer is otherwise an eligible employer for purposes of the credit.¹⁹

¹⁷ Questions 40 – 42 published May 3, 2020.

¹⁸ Questions 43 – 44 published May 5, 2020.

¹⁹ Question 45 published May 6, 2020.

As of May 13, 2020

46. **Question:** How will SBA review borrowers' required good-faith certification concerning the necessity of their loan request?

Answer: When submitting a PPP application, all borrowers must certify in good faith that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” SBA, in consultation with the Department of the Treasury, has determined that the following safe harbor will apply to SBA’s review of PPP loans with respect to this issue: Any borrower that, together with its affiliates,²⁰ received PPP loans with an original principal amount of less than \$2 million will be deemed to have made the required certification concerning the necessity of the loan request in good faith.

SBA has determined that this safe harbor is appropriate because borrowers with loans below this threshold are generally less likely to have had access to adequate sources of liquidity in the current economic environment than borrowers that obtained larger loans. This safe harbor will also promote economic certainty as PPP borrowers with more limited resources endeavor to retain and rehire employees. In addition, given the large volume of PPP loans, this approach will enable SBA to conserve its finite audit resources and focus its reviews on larger loans, where the compliance effort may yield higher returns.

Importantly, borrowers with loans greater than \$2 million that do not satisfy this safe harbor may still have an adequate basis for making the required good-faith certification, based on their individual circumstances in light of the language of the certification and SBA guidance. SBA has previously stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by SBA for compliance with program requirements set forth in the PPP Interim Final Rules and in the Borrower Application Form. If SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request, SBA will seek repayment of the outstanding PPP loan balance and will inform the lender that the borrower is not eligible for loan forgiveness. If the borrower repays the loan after receiving notification from SBA, SBA will not pursue administrative enforcement or referrals to other agencies based on its determination with respect to the certification concerning necessity of the loan request. SBA’s determination concerning the certification regarding the necessity of the loan request will not affect SBA’s loan guarantee.

47. **Question:** An SBA interim final rule posted on May 8, 2020 provided that any borrower who applied for a PPP loan and repays the loan in full by May 14, 2020 will be deemed by SBA to have made the required certification concerning the necessity of the loan request in good faith. Is it possible for a borrower to obtain an extension of the May 14, 2020 repayment date?

²⁰ For purposes of this safe harbor, a borrower must include its affiliates to the extent required under the interim final rule on affiliates, 85 FR 20817 (April 15, 2020).

As of May 13, 2020

Answer: Yes, SBA is extending the repayment date for this safe harbor to May 18, 2020, to give borrowers an opportunity to review and consider FAQ #46. Borrowers do not need to apply for this extension. This extension will be promptly implemented through a revision to the SBA's interim final rule providing the safe harbor.²¹

²¹ Questions 46 – 47 published May 13, 2020.



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ATTORNEYS AND COUNSELORS FOR TEXAS PUBLIC SCHOOLS AND LOCAL GOVERNMENT

April 2, 2020

RE: CARES ACT: Paycheck Protection Program Opportunity through Small Business Administration

Dear Charter School Leaders:

As part of the CARES Act, the \$2 trillion stimulus package passed by Congress, a potential short-term loan opportunity through the Small Business Administration (“SBA”) was created. This opportunity is known as the Paycheck Protection Program (“PPP”), which sets aside approximately \$349 billion in small business loans. The goal of the PPP is to incentivize small businesses to maintain payroll during the current economic process through approving short-term and forgivable loans to qualifying businesses.

Following is a brief summary of the PPP.¹

A. Initial Considerations

As a threshold matter, please understand *it is not certain that charter schools will be determined eligible to receive PPP loans*. As noted below, the PPP is generally applicable to any business—including nonprofit corporations—with **500 or fewer employees**. This generally would include charter schools where the charter holder is a nonprofit corporation. However, the SBA has in response to past natural disasters excluded charter schools from eligibility for certain disaster loan opportunities after determining that charters are “publicly entities.”

The text of the PPP does not specifically exclude charter schools, and neither the SBA nor the Treasury Department have yet to issue guidance excluding any particular nonprofit entities from potential eligibility. However, that may change as the loan application process begins in full force and as additional guidelines come out during the several week period before loan awards are approved. Applications may be submitted tomorrow April 3, 2020 and the recommendation is for eligible entities to submit applications as soon as possible.

¹ Much of this information has been taken from a “[Paycheck Protection Program \(PPP\) Information Sheet: Borrowers](#)” published by the United States Department of the Treasury (“Treasury Department”).

Also, in order to meet eligibility requirements in applying for the PPP loan, each charter school must evaluate whether it can make a **good faith certification** that current economic uncertainty makes the loan necessary to support ongoing operations. We point out that this may or may not be problematic, as the Texas Education Agency (“TEA or “Agency”) has stated on multiple occasions that funding for the remainder of the 2019–2020 school year should remain relatively unchanged for charter schools and because the PPP loan opportunity ends on June 30, 2020. Thus, each charter school will need to check its projected budget and expenditures and impact of this emergency to determine whether a PPP loan is, in **good faith**, needed to support its ongoing operations for the next several months.

Further, schools will need to check additional short-term funding assistance programs and see whether there are prohibitions on “double-dipping” by seeking multiple funding sources to cover similar expenses (such as other FEMA and SBA funding grants or loans). That said, it is still possible for charter schools may at a minimum submit a PPP loan application, with the express understanding that the SBA may reject the application. There are no fees for applying. **For expediency we recommend you check with your existing depository bank or lending banks for their ability to assist.**

B. Who can apply?

The PPP is available to businesses—including nonprofit organizations that are recognized as tax-exempt under the Internal Revenue Code—with **500 or fewer employees**.² As noted in section A, it is presently unclear whether charter schools will be allowed access to PPP loans. But, final rules have not yet been issued and initial publications from the SBA and Treasury Department have indicated that PPP loans are available to **any nonprofit organization with 500 or fewer employees**.

C. What certifications must be made and what documentation must be provided, and how and when can applications be submitted?

As part of a PPP loan application, a school must certify in good faith that:

1. Current economic uncertainty makes the loan necessary to support ongoing operations;
2. Funds will be used only to retain workers and maintain payroll or to make mortgage, lease, and utility payments;
3. You have not and will not receive another PPP loan;
4. You will provide to the lender documentation verifying the number of full-time equivalent employees on payroll and the amount of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after receiving a PPP loan; and

² Businesses in certain industries can have more than 500 employees if they meet certain standards, but the SBA generally requires these to include for-profit businesses. Information on size standards is available through the [SBA website](#).

5. Other miscellaneous attestations included in the PPP application form.

Eligible small businesses may begin applying for a PPP loan beginning April 3, 2020. Applications may be made through any existing SBA lender or through a federally insured depository institution, federally insured credit union, or a participating Farm Credit System institution. A list of SBA lenders is available through www.sba.gov. Again, we recommend checking first with your existing depository bank or lending banks for expediency.

To complete the application process, you must complete a [PPP loan application](#) and provide your lender with payroll documentation. Your SBA lender should be able to answer questions about the application form and any supporting documentation needed to complete the application process.

D. How can PPP loan funds be used?

Proceeds from PPP loans may be used for:

1. Payroll costs, including benefits;³
2. Interest on mortgage obligations incurred before February 15, 2020;
3. Rent under lease agreements in force before February 15, 2020; and
4. Utilities for which service began before February 15, 2020.

It is anticipated that at least 75% of loan proceeds must be used for payroll costs.

E. How large can a loan be?

PPP loans can be for up to two months of your average monthly payroll costs from the last year, plus an additional 25% of that amount. A total loan amount is also subject to a \$10 million cap. And, payroll costs are capped at \$100,000 annualized for each employee.

Only one PPP loan may be awarded to any qualifying employer.

F. What are the PPP loan terms, and how much of a loan is forgivable?

PPP loan amounts are generally due in two years. Payments are deferred for six months; however, a 0.50% fixed rate of interest will accrue throughout the life of the loan period.

³ Payroll costs can include: (i) salary and wages, capped at \$100,00 on an annualized basis for each employee; (ii) employee benefits including costs for vacation, parental, family, medical or sick leave, allowances for separation or dismissal, payments for group health care benefits including insurance premiums, and payment of any retirement benefit; (iii) state and local taxes assessed on compensation; and (iv) other costs incurred by sole proprietors or independent contractors.

You will owe money when a loan is due if loan proceeds are used for anything other than payroll costs, mortgage interest, rent, and utilities payments over the eight weeks after loan proceeds are awarded.

Funds also will not be forgiven if staff and payroll are not maintained. Specifically, loan forgiveness will be reduced in the following instances:

1. Your full-time employee headcount is reduced.
2. Salaries and wages are decreased by more than 25% for any employee that made less than \$100,000 annualized in 2019.
3. You have until June 30, 2020 to restore full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

Requests for loan forgiveness may be submitted to the lender that serviced the loan. The request must be accompanied by documents verifying the number of full-time equivalent employees and pay rates, as well as any payments for mortgage, lease, and utility expenses.

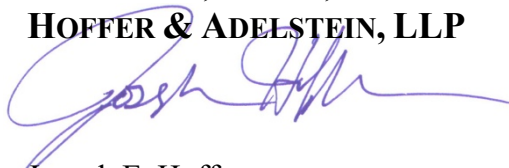
G. How long is the PPP active?

The program is scheduled to be open through June 30, 2020. Because there is a funding cap and lenders require time to process applications, it is recommended that applications be submitted sooner rather than later.

Please review this advisory with your finance team to make a determination as to whether a PPP loan may be needed, and to decide whether you can make a good faith certification that current economic uncertainty makes the loan necessary to support ongoing operations. A decision should be made quickly, however, as PPP loans will be awarded on a first-come, first-served basis, and the loan opportunities will be extended to independent contractors and self-employed individuals beginning April 10, 2020. TEA recently stated it would be providing guidance on how to access CARES Act funding, but that guidance may take up to 30 days to issue, at which time the window for requesting a PPP loan may be closed due to exhaustion of available program funds.

Cordially,

**SCHULMAN, LOPEZ,
HOFFER & ADELSTEIN, LLP**



Joseph E. Hoffer

H.
2020-2021
Student Dress
Code

Trinity Basin Preparatory
2020-2021 Student Dress Code

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The intent of Trinity Basin Preparatory's dress code is to prevent distractions in the educational environment so that students and staff may focus on academics. The expectation is that uniforms are clean, neat, and the right size. All accessories should be understated. Uniforms may contain a TBP logo embroidered on a uniform piece by an approved TBP vendor. Each campus office has information on where school uniforms may be purchased.

Exceptions to the dress code for an individual student may only be granted by the Superintendent for a medical reason, a religious, cultural or deeply held philosophical belief, or any other basis protected by law. Campus- or district-wide exceptions to the dress code must be limited and approved in advance by the Chief Academic Officer.

Neutral color is defined as white, black, brown, tan, navy, and grey.

DRESS CODE FOR GIRLS

- Blue plaid skirt – no shorter than 2 inches above the knee
 - Jumpers and skorts are permissible for Pre-K3 – 4th grade students
 - Charcoal or navy blue straight leg pants (French Toast, Dickies with no tag, US Polo Association, or Lee); no Cargo or Carpenter pants
 - Navy blue or black knee socks or navy blue tights
 - Both knees socks and tights cannot be worn at the same time
 - Black dress shoes with heels no more than one inch high; shoes must have black soles
 - Blue blouse with round collar – **OR** – blue oxford button-down dress shirt. A white, short-sleeve undershirt must be worn under the uniform shirt. Shirts should be long enough to remain tucked in when sitting or bending over and should remain tucked in at all times except during P.E. and recess.
 - Neutral colored shorts must be worn under skirts
 - Blue plaid criss-cross tie
 - If wearing pants, black dress belt with standard prong (except for PK)
- Optional:
- Solid navy blue zip or button cardigan sweater or sweater vest
 - Official TBP navy or grey fleece zip jacket with logo
 - Solid navy blue blazer or sport jacket
 - Jewelry
 - Hair bows or accessories should be the uniform plaid, navy blue, white or yellow.
 - Hair beads and threads may be worn by students in 4th grade and below; they may be navy blue or white and must be a discreet amount so as to not distract
 - Neutral-colored ponytail holders are acceptable.
 - 1 watch with silver, gold or neutral band
 - 1 pair pierced earrings - solid stud type (gold, silver, or gemstone - no larger than ●) to be worn only in ear lobes
 - 1 small ring per hand
 - Necklaces must be tucked inside shirt

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DRESS CODE FOR BOYS

- Medium grey, charcoal, or navy blue straight leg pants (French Toast, Dickies with no tag, US Polo Association, or Lee); no Cargo or Carpenter pants
 - Blue oxford dress shirt with button down collar. A white, short-sleeve undershirt must be worn under the uniform shirt. Shirt should be long enough to remain tucked in when sitting or bending over and should remain tucked in at all times except during P.E. and recess
 - Blue plaid 4-in-hand tie
 - Black dress belt with standard prong (except for PK)
 - Black or navy blue crew length dress socks
 - Black dress shoes with a black rubber sole; boots, chukkas, athletic shoes and boat shoes are not considered dress shoes
- Male hairstyles must be above the collar, ears and eyebrows. Hair must be appropriately tapered on sides and top of head. Dreadlocks and braids are allowed, but must be above the collar, ears and eyebrows. No ponytails are allowed. Face must be clean shaven.
- Optional:
- Solid navy blue zip or button cardigan sweater or sweater vest
 - Official TBP navy or grey fleece zip jacket with logo
 - Solid navy blue blazer or sport jacket
 - Jewelry
 - 1 small ring per hand
 - 1 watch with silver, gold or neutral band
 - Necklaces must be tucked inside the shirt

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Cold Weather Accommodations (allowable at Principal's discretion)

- School sweatshirts may be worn over school uniform; any jacket or sweatshirt with a hood is not acceptable in the classroom

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Notes:

- PK students are not required to wear belts
- Medium grey pants will be allowed for boys for the 2020-2021 school year only; starting in the 2021-2022 school year pants must be charcoal grey or navy blue

NOT ACCEPTABLE FOR DRESS CODE

- Sagging or low-rise pants
- Undergarments should not be visible
- No visible tattoos
- No excessive make-up
- Visible colors or lettering on undershirts; undershirts other than white
- Body piercing; earrings on boys
- Bandanas or anything worn across the forehead
- Nail polish or artificial fingernails
- Athletic shoes (except during P.E. and recess)
- Large or distracting belt buckles
- Bracelets of any kind
- Head coverings of any kind
- **Jewels, or other hair jewelry**
- Altered hair color (including highlights); distracting hairstyles including but not limited to faux hawks, designs shaved in hair, excessive spikes, etc.; distracting or large hair accessories are also not acceptable
- Uniform pieces that are too small, dirty or torn
- No modifications or alterations can be made to any part of the uniform, including, but not limited to, monograms, embroidery, symbols, except for approved embroidering of the TBP logo
- Beards, mustaches, or goatees

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Beads, jewels, or other hair jewelry

SPIRIT DAY DRESS CODE

Fridays are designated as Spirit Days. On Spirit Days, students may choose from one of the following three options.

- Option 1 Students may wear their full uniform and follow the regular dress code
- Option 2 Students may wear a Titans t-shirt, House shirt, or uniform shirt and tie with blue jeans
 - Blue jeans must be solid, dark blue, may not be too tight or too small, and may not be baggy. Blue jeans must not have embellishments, embroidery, or holes. Blue jeans must touch the top of the shoes.
 - Students may wear tennis shoes or the uniform dress shoes; tennis shoes must be mostly black, white or grey (including the sole) with black or white laces; tennis shoes may not have characters on them such as Dora or Spider Man or light up. No boots, chukkas, or boat shoes may be worn.
 - Students must wear a solid black belt with their jeans (except for PK students)
 - The Titans t-shirt, House shirt, or uniform shirt must be tucked in to their jeans
 - A solid white, navy, or grey long sleeve t-shirt may be worn under the Titans t-shirt
 - Only solid navy blue, black or white socks may be worn; socks may be crew or ankle
- Option 3 Girls may wear a Titans t-shirt tucked in to their uniform skirt or pants. Boys may wear a Titans t-shirt tucked in to their uniform pants
 - Must wear uniform socks and shoes
 - Boys must wear a black belt and girls must wear a black belt if wearing uniform pants (except for PK students)
 - Are not required to wear a tie

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For boys and girls, a solid white, navy, or grey long sleeve t-shirt may be worn under the Titans t-shirt.

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 <#>Boys must wear uniform socks and shoes¶
 <#>Boys must wear a black belt¶
 <#>Boys are not required to wear a tie¶
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Students must follow the regular dress code regarding accessories and prohibited items regardless of the option chosen.

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COLLEGE DAY DRESS CODE

The Chief Academic Officer designates the 2nd Wednesday of every month as a College Day. On College Days, students may choose from one of the following three options.

- Option 1 Students may wear their full uniform and follow the regular dress code
- Option 2 Students may wear a shirt from any college, any approved Titan spirit shirt or uniform shirt and tie with blue jeans.
- If choosing to wear a jersey with no sleeves, a long- or short-sleeved t-shirt must be worn underneath.
 - Blue jeans must be solid blue with no holes or colored thread, may not be too tight or too small, and may not be baggy
 - Students may wear tennis shoes or the uniform dress shoes; tennis shoes must be mostly black, white or grey (including the sole) with black or white laces; tennis shoes may not have characters on them such as Dora or Spider Man or light up. No boots, chukkas, or boat shoes may be worn.
 - Students must wear a solid black belt with their jeans
 - The college or Titans t-shirt or uniform shirt must be tucked in to their jeans
 - Only solid navy blue, black or white socks may be worn; socks may be crew or ankle

- Option 3 Girls may wear a shirt from any college or any approved Titan spirit shirt tucked in to their uniform skirt or pants. Boys may wear a shirt from any college or any approved Titans spirit shirt tucked in to their uniform pants.
- Must wear uniform socks and shoes
 - Boys must wear a black belt and girls must wear a black belt if wearing uniform pants (except for PK students)
 - Are not required to wear a tie

For boys and girls, a solid white, navy, or grey long sleeve t-shirt may be worn under the college shirt or Titan spirit shirt. If choosing to wear a jersey with no sleeves, a long- or short-sleeved t-shirt must be worn underneath.

Students must follow the regular dress code regarding accessories and prohibited items regardless of the option chosen.

The administration of Trinity Basin Preparatory reserves the right to interpret these policies during the school year, as amended by the Board.

Printed Student Name

Student's Signature

Parent's Signature

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Boys must wear a black belt¶
Boys are not required to wear a tie¶
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I.
Minutes from
meeting on
04.20.20

**TRINITY BASIN PREPARATORY
MEETING OF THE BOARD OF DIRECTORS
2730 N HWY 360
GRAND PRAIRIE, TEXAS, 75050
MONDAY, APRIL 20, 2020**

12:00 P.M. OPEN SESSION

- I. CALL TO ORDER:** Loren Hitchcock called the meeting to order at 12:09 p.m. He announced that a quorum was present. The members in attendance via videoconference were:

Randy Shaffer, President, Member
Ken Petree, Vice President, Member (joined at 12:21 p.m. and was present for all voting items)
Julia Gomez, Member
Dana Bickford, Member
Loren Hitchcock, Member
Mike Winemiller, Member
Frederick Brown, Member

Others in attendance were:

James Dworkin, Chief Financial Officer, Board Treasurer
Trey Varner, Chief Legal and Operations Officer, Board Secretary
Brandon Duck, Chief Development Officer
Lesley Austin, Chief Academic Officer

NOTE: This meeting was conducted in accordance with the Governor's authorization concerning suspension of certain open meetings law requirements for COVID-19 disaster. All attendees attended the meeting via videoconference and were visible and audible to the entire group and any others joining the meeting for the entirety of the meeting. An audio recording was made of the entire meeting.

- II. OPEN SESSION – 12:09 p.m.**

III. NON-AGENDA RELATED PUBLIC COMMENTS

This forum allows anyone in attendance to address the Board on any matter except personnel and individual student issues. Any personnel concerns should be brought to the attention of the CEO prior to the meeting. Speakers will be limited to three (3) minutes. Non-agenda items will be taken for no more than 30 minutes.

IV. ACTION ITEMS:

- a. **Financial report (CFO) —No Action Taken**
- b. **Academic Report and COVID 19 response—No Action Taken**
- c. **Campus Operations and Expansion Report and COVID 19 response—No Action Taken**
- d. **Enrollment Report and COVID 19 response—No Action Taken**
- e. **Technology / Financial Report and COVID 19 response—No Action Taken**
- f. **Consider and/or vote on reimbursement resolution for property located at 412 W. Bolt St., Fort Worth, and surrounding lots—Dana Bickford made the motion to adopt the reimbursement resolution as presented. Julia Gomez seconded. The vote was unanimous.**

- g. Consider and/or vote on reimbursement resolution for personal property and equipment—** Dana Bickford made the motion to adopt the reimbursement resolution as presented. Loren Hitchcock seconded. The vote was unanimous.
- h. Consider and/or vote on Region XI Interlocal Benefits Coop Agreement for 2020-2021—** Mike Winemiller made the motion to approve the Region XI Benefits Coop Agreement as presented. Ken Petree seconded. The vote was unanimous.
- i. Consider and/or vote on Board Governance Policy—**Ken Petree made the motion to approve the Board Governance policy as presented. Dana Bickford seconded. The vote was unanimous.
- j. Consider and/or vote on minutes from meeting on 02.17.20—**Mike Winemiller made the motion to approve the minutes from the meeting on 02.17.20 as presented. Loren Hitchcock seconded. The vote was unanimous.
- k. Consider and/or vote on minutes from meeting on 03.18.20—**Julia Gomez made the motion to approve the minutes from the meeting on 03.18.20 as presented. Frederick Brown seconded. The vote was unanimous. Loren Hitchcock abstained due to absence at meeting on 03.18.20. Dana Bickford also abstained due to partial absence at meeting on 03.18.20.
- l. Consider and/or vote on engagement of auditors for 2019-2020 financial audit—**Dana Bickford made the motion to approve the engagement of the auditors for the 2019-2020 financial audit as presented. Ken Petree seconded. The vote was unanimous.
- m. ADJOURNMENT**

V. CLOSED SESSION PER TEXAS GOVERNMENT CODE. If at any time during the meeting, the Board determines that a closed or executive meeting is required, then such closed or executive meeting will be held by the Board as authorized by the Texas Open Meetings Act, including, but not limited to the following sections:

- a. Private Consultation with the Board’s Attorney (Sec. 551.071)—**No discussion.
- b. School Children; School District Employees; Disciplinary Matter or Complaint (Sec. 551.082)—**No discussion.

VI. ADJOURNMENT—1:59 p.m.

Minutes Reviewed by:

Trey Varner, Board Secretary