APPROVED

Springfield Prep
CHARTER SCHOOL

Springfield Prep

Minutes

Finance Committee Meeting

Date and Time
Wednesday April 20, 2022 at 7:45 AM

Location
2071 Roosevelt Avenue, Springfield, MA 01106 or via Zoom

This meeting of the Springfield Prep Charter School Finance Committee was held via Zoom Video Conference on 4/20/22 at 7:45 am. Meeting notice was posted on the school's website (www.springfieldprep.org) on 04/14/22 at 2 pm.

Committee Members Present
A. Malone (remote), A. Piela (remote), D. Morrin (remote), J. Rosewell (remote), N. Abramowitz

Committee Members Absent
None

Ex Officio Members Present
B. Spirer (remote)

Guests Present
M. Wagner (remote)

I. Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

A. Piela called a meeting of the Finance Committee of Springfield Prep to order on Wednesday Apr 20, 2022 at 7:48 AM.

C. Approve Minutes from previous meeting of Finance Committee on 1/24/22

D. Morrin made a motion to approve the minutes from Finance Committee Meeting on 01-24-22.
A. Malone seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

J. Rosewell	Aye
A. Piela	Aye
D. Morrin	Aye
A. Malone	Aye

D. Approve Minutes from Prior Meeting on 3/23/22

A. Malone made a motion to approve the minutes from Finance Committee Meeting on 03-23-22.
A. Piela seconded the motion.
The committee **VOTED** unanimously to approve the motion.

Roll Call

D. Morrin	Aye
A. Piela	Aye
J. Rosewell	Aye
A. Malone	Aye

II. FY23 Budget Proposal

A. FY23 Budget Proposal Review

- Meghan reviewed the updated budget proposal. There are no substantive changes to the budget that was presented to the committee and board in March. This budget includes some minor adjustments, including a small adjustment to the projected tuition revenue (totaling~$9,000 decrease) based on DESE's April FY23 projections and an increase to the personnel line to reflect the updated FY23 salary scales. This budget does not include the potential increase in facilities per pupil revenue, which, if included in the state's final budget would increase our budget by about $70,000.
- Jason asked if a salary study was conducted to inform the salary scales for FY23. Bill explained the analysis that the school conducts annually, including the MPCSA and review of local contract agreements. Jason asked specifically whether such a substantial increase (8%) would set a precedent that is difficult to sustain. Meghan discussed how we presented our budget and salary updates to our entire staff and communicated that an increase like this is based on revenue changes directly

related to the Student Opportunity Act, and are not typical. Anne noted that we should continue to communicate how this is atypical and share what employees could expect in future years (i.e. a COLA increase of 2%).
- Amy asked about our assumptions for benefits and Meghan shared that we have based assumptions on a 10% increase in benefits costs and a 15% increase in participation rates across the board.

III. Monthly Financials

A. March Financials

Financials are consistent with previous months and we continue to project about $1M in operating reserves at the end of this fiscal year.

IV. Building Project Financial Entity Summary

A. Building Project Financial Entity Summary

- Meghan talked through the summary of the financing structure. At a high level:
  - The School leases the building from Realty
  - Realty owns the building and leases the building to School
  - Friends holds the bond and is responsible for debt service payments.
- Dave from Affirmative Investments joined the meeting. He explained why there is a separate Realty corp - because essentially the New Market Tax Credit (NMTC) program is a matching program (for every dollar of new markets, there must be funds raised) and the entity that does the fundraising has to be different from the one that owns the project. He noted that the structure we use is the typical one. It's possible for schools to own the real estate but most schools opt not to for liability purposes.
- There was a question and discussion about how the "leverage loan" operates. Twain is a subsidiary of USBank, which is the tax credit investor. Twain puts up the cash in exchange for the tax credits Civic provides.
- Bill asked Dave to share additional information regarding the liabilities of the different organizations. Dave discussed what would happen in the unexpected event there were any operational issues that caused cash flow shortages, noting that Boston Private is the senior lender and has the first position.
- There was a question and discussion about why the funds Friends takes in does not match what it owes. This is because the payment structure was created before Realty received its tax exempt status (which caused the lease payments to be higher than is now necessary for Friends to meet it's quarterly bond obligations). The excess funds at Friends at the end of the fiscal year can be transferred back to the school's operating fund.

- The committee discussed how the three entities are subject to the annual financial audit because they are related entities and how the three boards work concurrently to make decisions regarding the school.

V. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:44 AM.

Respectfully Submitted,
B. Spirer

Documents used during the meeting

- SPCS FY23 Proposed Budget 4 15 2022.pdf
- 5. SP FY22 March SNP.pdf
- 7. SPCS FY22 March Grants.pdf
- 6. SPCS FY22 March Cash Flow.pdf
- 3. Friends FY22 March Summary.pdf
- 4. SP Realty FY22 March Summary.pdf
- 2. SPCS FY22 March Summary.pdf
- 1. SPCS FY22 March Details.pdf
- Overview of New Market Tax Credit (NMTC) Financing Structure (2).pdf