

APPROVED



City on a Hill Charter Public School

Minutes

June 2023 Finance Committee Meeting

Date and Time

Friday June 16, 2023 at 12:00 PM

This meeting took place remotely pursuant to a supplemental budget bill which, among other things, extends the temporary provisions pertaining to the Open Meeting Law to March 31, 2025 signed into law by Governor Healey on March 29, 2023.

Committee Members Present

Andres Tejeda Soto (remote), Ted Gildea (remote)

Committee Members Absent

Michelle Allwood

Guests Present

Asha Ibrahim (remote), Cynthia Marie (remote), Jordan Lopez (remote)

I. Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

Ted Gildea called a meeting of the Finance Committee of City on a Hill Charter Public School to order on Friday Jun 16, 2023 at 12:02 PM.

C.

Approve May 2023 Meeting #2 Minutes

Andres Tejeda Soto made a motion to approve the minutes from May 2023 Meeting #2 May 2023 Finance Committee Meeting #2 on 05-15-23.

Ted Gildea seconded the motion.

The committee **VOTED** to approve the motion.

Roll Call

Ted Gildea Aye

Michelle Allwood Absent

Andres Tejeda Soto Aye

II. General Financial Updates

A. General Financial Updates

Ted Gildea, Committee Chair and Treasurer, directed the attention of the Committee to the General Financial Updates. Jordan Pina, Chief of Staff, explained that Sonya Pratt, Executive Director, was out of the office and that she and Cynthia Marie, CEO of CentralSource, would be providing updates on behalf of the School.

Marie began updates by displaying the May 2023 Activity Report, which displays actual, budgeted and forecasted revenue and expenditures for Fiscal Year 2022-23 (FY23) as of May 2023. The Committee asked to first discuss the status of the School's line of credit usage, and its current debts. Marie confirmed that the School continues to not carry debt, as the Circuit Street building is owned by the City on a Hill Foundation, and that due to the School's continued strong cash position, it has not needed to utilize any line of credit. The Committee thanked Marie for confirming those points, and asked her to continue with the overview of finances.

Marie then directed the attention of the Committee to the forecast, which had not changed since the previous finance meeting, and noted that the school remains under budget due to both increased federal funding and lower than anticipated personnel costs. She shared that as of the end of May, the School had spent roughly 90% of the budget. She noted that the School is still working to receive its April 2023 Tuition Check from the Department of the Treasury due to the disruption in deposits from the Silicon Valley Bank (SVB) collapse in March 2023 and ongoing mail delivery issues on campus. Marie confirmed, however, that while the School is working to quickly deposit those funds, they were not immediately needed for any urgent expenses.

The Committee inquired as to whether the School was in a position where it would need to return any unused funds to the State. Marie confirmed that given the \$2.5m payment the School would be providing towards the refinance of the Circuit Street Building mortgage, it was not expected to be the case, but that she would be performing a final calculation with school leadership, and would work with the Board to create a plan for addressing the surplus. She shared that acceptable set-aside reasons would be for either

long-term debt servicing or capital planning. The Committee discussed these purposes, and agreed that pursuing the former would be a way to continue to build the sustainability of the School. Pina also added that she, Pratt and CentralSource meet monthly to discuss specific entitlement grants to ensure that funds are not left on the table.

Gildea then asked whether a vote to recommend to the Board that the School pursue setting aside surplus funds for long term debt servicing was required. Pina shared that she did not believe it to be a requirement, but that it would be good to have the recommendation on record.

Andres Tejeda Soto made a motion to recommend to the Board that the School pursue setting aside surplus funds for long term debt servicing.

Ted Gildea seconded the motion.

The committee **VOTED** to approve the motion.

Roll Call

Ted Gildea Aye

Andres Tejeda Soto Aye

Michelle Allwood Absent

The Committee then asked Marie to confirm the term of the Foundation's refinanced loan, and she confirmed it would be paid off over 10 years. She also shared that there will be a new lease between the Foundation and School which outlines the terms of rent payment over those 10 years, and affirms the School's right to remain tenant without paying further rent when the building is paid off, as long as it operates as a public charter school. Pina confirmed that the discussion and approval of the lease would take place at the June 2023 Board Meeting, and would leave the School with much lower facilities costs.

The Committee then asked Marie and Pina to confirm if there were any other financial milestones that the Board should be aware of. Pina confirmed that the Board had already approved the FY2023-24 Budget, taken the applicable loan votes, and is slated to take the Foundation-School lease vote at the June 2023 Meeting. Marie also confirmed that the School's application for a tax-free bond backed by MassDevelopment had been approved, saving roughly \$150,000 in interest over the term of the loan, and that the School had received all applicable approvals from the Department of Elementary and Secondary Education (DESE).

Marie then directed the attention of the Committee to the May 2023 Balance Sheet. She pointed to the School's \$6m in equity as an indicator of the School's strong financial position, and noted that there are some liabilities, such as staff salaries, which are paid over the summer. She indicated that the next Balance Sheet would no longer display these as they would be resolved with end of year closing procedures.

III. Circuit Street Building Refinance & Construction Updates

A. Circuit Street Building Construction Discussion

Gildea then directed the attention of the Committee to the Construction Discussion. Pina shared that the School is currently in a crunch to finalize permits, and that she, Pratt and Gildea had a meeting with the School's Project Manager to move that work forward.

During that meeting, the School expressed its concern that it was in a similar position to that of June 2022, which delayed this project by a year. Pina shared that the School found this particularly frustrating, as it had begun this process a lot sooner than it had in 2022, leadership had changed the School's end of year calendar to allow for additional time, and leadership felt that the School's project manager had not adequately advocated for the School when the permit had not been moving through the process. Gildea and Pina shared that they believe there is now more urgency on the part of the Project Manager, but were open to other suggestions on how to continue to move this process forward in a way that allows for on-time completion of the project.

Pina also confirmed that while there is still a possibility of construction starting on schedule, the School is also pursuing external location options for New Staff and All Staff Orientations in August to provide an additional two-week buffer.

B. Mortgage Refinance Discussion

The Mortgage Refinance Discussion was included within the General Financial Updates section.

IV. 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 12:44 PM.

Respectfully Submitted,
Ted Gildea

Documents used during the meeting

- May Balance Sheet.pdf
- May Activity Report.pdf