APPROVED

Excel Academy Massachusetts

Minutes

Finance Committee Meeting

Date and Time
Tuesday March 4, 2025 at 8:30 AM

Location
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Meeting Notice Posted Publicly: 2/27/25

Please note: All items listed on the agenda are subject to a possible vote by the Board of Trustees or its subcommittees.

Committee Members Present
D. Sachs (remote), D. Stolow (remote), R. Lytle (remote)

Committee Members Absent
None

Guests Present
A. Kaynor (remote), A. Solomon (remote), A. Stelson (remote), Chiv Heng (XLRI Board member) (remote), DJ Cass (Friends of Excel Board member) (remote), Jamie Greenthal (XLRI Board member) (remote), O. Stearns (remote), Seth Reynolds (Friends of Excel Board member) (remote), Timothy Weller (Friends of Excel Board member) (remote)

I. Opening Items

A. Record Attendance

B. Call the Meeting to Order

D. Stolow called a meeting of the Finance Committee of Excel Academy Massachusetts to order on Tuesday Mar 4, 2025 at 8:31 AM.
A. Kaynor noted that this is a joint, concurrent meeting of the Excel MA and Friends of Excel Finance Committees and that members of the Excel RI Finance Committee are attending for informational and collaborative purposes.

C. Public Comment

N/A - No members of the public provided comments.

II. Finance

A. Update on FY25 and Planning for FY26-27

A. Solomon refreshed the group on the purpose and structure of this group and meeting and reminded the group of its shared norms for working together. A. Solomon also reminded the group of the following three framing questions that were provided in advance, along with a memo and other supporting materials:

1. Are there significant elements of the plan, goals, high-level steps, or risks that are missing or seem to misunderstand key issues?
2. What key information is missing, if any, that a board should know as we iterate on our 5-year plans?
3. What inter-board issues are raised or missing that you think require more exploration?

A. Solomon introduced the agenda for the meeting today, as detailed on Finance Update Slides that were provided to the Board members.

A. Stelson summarized key parameters: the CMO Fees in each region, Operating Gain(Loss) per Entity, Subsidies per Entity, and Fundraising Targets per Entity, as detailed on Slide 9.

D. Sachs added that it will be very helpful to dig into the discussion of possible risks related to federal and local funding, acknowledging that some discussion will happen today and that it will be a a continued conversation, as we learn more and navigate ongoing uncertainty in the coming weeks and months.

D. Stolow asked a clarifying question about investments at Excel RI that will support enrollment, and A. Stelson clarified that the investments are to increase capacity at the current facility to allow for more classroom space and make the school building more sustainable as a standalone campus.

R. Lytle asked a clarifying question regarding how the management team is thinking about managing risks, which O. Stearns and A. Solomon clarified, and the team agreed that this will make sense as a further discussion topic for the full Boards.

O. Stearns noted that he would like to bring the Boards a perspective on contingency planning from the management team in various potential scenarios.

S. Reynolds added his perspective on risks to different funding streams. D. Stolow concurred with the concern that disruptions at the federal level could cause turbulence at all levels, including state and local.

C. Heng added context regarding how budget planning works each year relative to when we receive information about final state budget amounts.

A. Stelson outlined possible levers the Boards could use to mitigate funding impacts temporarily, and their relative scale, as detailed on Slide 11. A. Solomon highlighted and spoke in more detail about options that are most pertinent to Board decision-making, such as whether to pay off or refinance real estate debt in FY27.

D. Stolow echoed earlier sentiments that we are part of a broad public education community and will have peers in solving some of these problems and expressed willingness to draw down reserves if a true "rainy day" scenario occurs.

A. Solomon updated the Joint Finance Committee on where we are with Rhode Island real estate and enrollment planning and possible scenarios depending on certain real estate outcomes.

D. Stolow added the perspective that taking on big real estate projects adds risk to the three entities in the form of less flexibility and fewer options. However, because we have such an incredibly strong track record on student recruitment and enrollment and have many more applicants than available seats, continued growth still seems to make sense when weighing the various factors.

C. Heng added context regarding enrollment trends in Providence and the extreme imbalance of demand for charter public seats relative to availability.

A. Solomon returned the group to the discussion of potential risks to funding and asked the Board members to help surface if the management team may be missing or misunderstanding possible risks, to help the team recognize possible blind spots.

D. Stolow noted that a possible blind spot is how we think about risks to enrollment. We have such a strong track record (past and ongoing) with recruitment and enrollment, that we may be at risk of assuming that this will continue when outside factors could impact enrollment beyond our control.

O. Stearns and C. Heng added context regarding enrollment risk in RI and noted that there is a strong correlation between declining enrollment and school performance, and not due to demand. A. Kaynor noted that demand for high quality charter public school seats relative to capacity in RI is about 12:1.

S. Reynolds asked whether there are concerns related to staffing and talent. A. Solomon and O. Stearns noted that we are in a stronger position than we had been in the first couple years post-pandemic, but that it does make sense to include this topic on the table of potential risks for future visibility and tracking.

A. Stelson asked the Board to weigh in if there are concerns with the current planning we are doing and our current assumptions with respect to CMO Fees, Operating Gains(Losses), Subsidies per Entity, and Fundraising to move our budget planning process forward. The group did not have any significant concerns with moving the budget process forward on the basis of these current assumptions.

T. Weller noted that the budget planning is thoughtful and makes sense, and if we see one of these major possible disruptions occur, we will have to pause and reassess, but that we are well positioned to do so with the level of scenario planning that has been thought through proactively.

B. Discussion of 5-Year Strategic Financial Plan

A. Solomon presented information regarding long-term sustainability parameters, including goals and backstops, as detailed on Slides 15-17.

O. Stearns added context about fundraising targets and how they may be impacted by some of the uncertainty factors discussed earlier in the meeting.

D. Stolow asked whether there is concern that ability to refinance could be impacted by future uncertainty. A. Solomon and D. Stolow agreed to have a separate informational call with an expert on debt management.

A. Solomon outlined next steps in the 5-year planning process and asked for volunteers from each Board to consult with the management team on these matters, as outlined in detail on Slide 18. By default the team would like to work with each of the three Treasurers but welcomes other Board members who want to play a more active role in next steps to continue developing the 5-year strategic financial plan.

C.

Update on Transition Planning

O. Stearns updated the Board members on where we are with planning for the CFO role, given A. Solomon's expected transition. O. Stearns summarized how we are conceptualizing the new role, which will be structured a bit differently for our needs as an organization in this next phase. O. Stearns noted that he will be asking Board members to participate in the hiring process and also that we would welcome referrals once the position is posted.

III. Closing Items

A. Adjourn Meeting

D. Stolow and D. Cass thanked the staff for an excellent and thorough presentation on a myriad of complex and inter-connected issues.
There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 10:00 AM.

Respectfully Submitted,
D. Stolow
List of documents used at the meeting:

- Agenda
- Summary memo re: 5-Year Financial Goals & Plans
- Financial Model Packet - 3.4.25
- Finance Update Slides

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