

APPROVED



Veritas Preparatory Charter School

Minutes

Board Meeting

Date and Time

Friday April 28, 2017 at 8:15 AM

Location

Veritas Prep Charter School 1st floor conference room or Dial-in number: 866-848-2216,
Conference Code: 7783935205

Trustees Present

A. Mendelson, C. Alves, D. Fuller (remote), D. Janes, G. Moody, J. Crowell, L. Doherty, M. Landon, M. Sweet, R. Sela, T. Gabinetti

Trustees Absent

L. Abbate

Trustees who left before the meeting adjourned

J. Crowell, M. Landon

Guests Present

Carl Wistreich, D. Raymond, Denise Forbes, E. Pendergrass, R. Romano

I. Opening Items**A. Record Attendance and Guests****B. Call the Meeting to Order**

A. Mendelson called a meeting of the board of trustees of Veritas Preparatory Charter School to order on Friday Apr 28, 2017 at 8:18 AM.

C. Approve Minutes

M. Sweet made a motion to approve minutes from the Board Meeting on 03-31-17 Board Meeting on 03-31-17.

D. Janes seconded the motion.

The board **VOTED** unanimously to approve the motion.

D. Board Contribution

A. Mendelson reminded the board to contribute by June 30th. R. Romano commented on current development efforts.

II. Governance

A. Acknowledgement of Board of Trustee Resignations

A. Mendelson presented that A. Martin and C. Wistriech have tendered their resignations effective April 10, 2017. He also mentioned L. Abbate is also resigning effective June 30, 2017.

III. Facility Purchase

A. Authorize Executive Director to Sign a Sublease Amendment with Springfield Prep Charter School

R. Romano walked through the amendment to the sublease agreement with Springfield Prep Charter School for the SY18 school year highlighting additional space due to addition of a 3rd grade. She provided information on the rent increase.

M. Sweet made a motion to approve the sublease amendment with Springfield Preparatory Charter School as presented and approve R. Romano to execute the amendment on behalf of Veritas Preparatory Charter School.

D. Janes seconded the motion.

The board **VOTED** unanimously to approve the motion.

B. Approve Board of Directors of Friends of Veritas Prep Charter School

A. Mendelson commented on the amount of work R. Romano and M. Sweet have done on the facility acquisition and this is a moment for the board.

M. Sweet provided information on the work on the facility acquisition and the strength of the school that is making purchase happen. M. Sweet walked through the parts of the the transaction.

M. Sweet provided background on Friends of Veritas Preparatory Charter School and its governance structure. Friends will be the purchaser, borrower and lessor to the school. He also mentioned the purpose is to support the school as defined by the charter.

Carl Wistreich will be chair of the Board with other members of the Board to be A. Mendelson, L. Doherty and A. Gabinetti. R. Romano will be president.

M. Sweet made a motion to for the Trustees of the School to designate A. Gabinetti and L. Doherty as members of the Friends of Veritas Preparatory Charter School Board of Directors.

D. Janes seconded the motion.

The board **VOTED** unanimously to approve the motion.

C. Approve the Assignment of the Option to Friends of Veritas Prep Charter School

R. Sela made a motion to to approve that Veritas Preparatory Charter School assign its right to purchase the property known as 370 Pine Street, Springfield, Massachusetts (the "Premises") for the purchase price of THREE MILLION THREE HUNDRED THOUSAND AND 00/100 (\$3,300,000.00) DOLLARS, in accordance with the purchase option under the existing lease dated March 26, 2012, as amended, between Maraline Development Corporation and the School, to Friends of Veritas Preparatory Charter School, Inc. ("Friends"); and that Rachel Romano, the Executive Director of the School, is hereby authorized and directed to execute on behalf of the School an Assignment of Option Rights and/or other documents deemed necessary or advisable to complete the assignment of such option rights to Friends (collectively, the "Assignment Documents"), with the actual Assignment Documents executed by Rachel Romano, as the Executive Director of the School, deemed to be the assignment Documents approved by this vote.

D. Janes seconded the motion.

The board **VOTED** unanimously to approve the motion.

D. Approve the Guarantee of the Acquisition Financing of Friends of Veritas Prep Charter School

M. Sweet commented on the loan to purchase the building is for \$3.6M and highlighted the costs making up the difference between the loan amount and purchase price which include closing costs and for after purchase improvements. The assets of the school will be held as collateral against the guaranty by the school.

D. Janes made a motion to approve that the School (i) guaranty the obligations of Friends under a loan (the "Loan") in the principal amount of THREE MILLION SIX HUNDRED THIRTY THOUSAND AND 00/100 (\$3,630,000.00) DOLLARS (the "Loan"), as such Loan is described in a Loan and Trust Agreement dated as of May 1, 2017 (the "Bond Loan Agreement") among Friends, Massachusetts Development Finance Agency (the "Agency") and PeoplesBank as trustee (the "Trustee" or "Lender") for the benefit of PB Partners, Inc. as bondholder (the "Bondholder"), regarding the issuance of \$3,630,000 Massachusetts Development Finance Agency Industrial Revenue Bonds (Friends of Veritas Preparatory Charter School, Inc. Project, Series 2017) (the "Bonds"), and any and

all other documents, certificates and agreements executed and delivered by Friends in conjunction with the Loan and/or the Bonds (collectively, the "Bond and Loan Documents"), and (ii) as security for the School's guaranty, grant a first priority security interest in the assets of the School in accordance with a Security Agreement, a Cross Default, Cross Collateralization and Cross Guaranty Agreement, and other documents and certificates that may be required by the Trustee as a condition to the Loan (collectively, the "Guaranty Documents"); and that Rachel Romano, the Executive Director of the School, is hereby authorized and directed to execute the Guaranty Documents on behalf of the School, with the actual Guaranty Documents executed by Rachel Romano, as the Executive Director of the School, deemed to be the Guaranty Documents approved by this vote.

R. Sela seconded the motion.

The board **VOTED** unanimously to approve the motion.

E. Approve the Lease Between the School and Friends of Veritas Prep Charter School

M. Sweet provided a highlight of the terms of the lease referencing the type of lease, rent, and expenses information. He mentioned the school will not be paying real estate taxes going forward after the City approves its application. He also mentioned the rent amount will increase by 7.5% in 3 years to provide money to Friends to build up cash for improvements or unexpected costs. In addition, the debt service to PeoplesBank will decrease over time and rent will also decrease as Friends builds equity. The lease term is 20 years with 4-5 year options. Discussion around taxes, and the relationship of the Friends of VPCS Board and the school. M. Sweet stated nothing in the lease would threaten the school's control over the academic program. Discussion around the terms of the lease. .A. Gabinetti asked about the guarantee fee. M. Sweet commented it is less than originally budgeted.

D. Janes made a motion to approve the lease agreement between Friends of Veritas Preparatory School and Veritas Preparatory Charter School for the facility located at 370 Pine Street, Springfield 01105 as presented and approve R. Romano to execute the lease on behalf of the school.

J. Crowell seconded the motion.

The board **VOTED** unanimously to approve the motion.

F. Approve Amending the Existing Line of Credit with PeoplesBank

M. Sweet provide information on the why the credit line change is needed. The pay-down requirement is deleted for FY17 and FY18.

L. Doherty made a motion to approve the Amendment, Modification, and Confirmation Agreement with PeoplesBank and approve R. Romano to execute on behalf of the school.

M. Landon seconded the motion.

The board **VOTED** unanimously to approve the motion.

IV. Finance Committee

A. FY18 Budget

A. Gabbinetti and R. Romano presented the preliminary draft of the FY18 budget. They are soliciting questions to be sent to them before the May meeting when a vote will be taken to approve the budget. R. Romano presented on the differences with current budget versus the FY18 highlighting state tuition reimbursement, enrollment, personnel costs, grants for expansion. L. Doherty mentioned the DESE grant may need to be recognized this year. R. Romano commented that the grant has been awarded but no money has been sent. R. Romano commented on the grant request to the Davis Foundation. She also provided information on grant requests to be submitted within the next few months. M. Sweet requested the budget include FY17 budget and actuals. M. Sweet asked about staff compensation. R. Romano commented on the current expected increases for staff for FY18. She also mentioned starting salaries were increased a few years ago and suggested the board and all committees will need to study staff compensation next year.

B. March Financials

R. Romano began by commenting on the financials for this month have been created by the new company and they are still learning the school and the numbers are not as accurate as they should be. She walked through the financials highlighting, tuition, fundraising projection, special education, technology and instructional supplies, and summer payroll accrual. The school is tracking ahead but not by the amount listed in the financials but will end with a surplus at year end. A. Gabinetti commented on his review of cash and he feels comfortable that the financials are tracking properly. He also mentioned risk and we are tracking in the moderate risk category as defined by DESE.

C. Wistreich left.

J. Crowell left.

M. Landon left.

V. Academic Achievement

A. Academic Achievement Data

R. Sela provided a brief update on the dashboard highlighting improvements in 8th grade and that the focus of the team has been on 5th and 8th grade student performance this year and the amazing work by staff and leaders. She commented the Anet interim assessments, SRI and SMI results and performance against another Springfield middle school. She commented on the reduction of suspensions by more than 50%. The discrepancy between the subgroups has also been reduced.

B. Dissemination

R. Sela commented on the efforts on dissemination and R. Romano is working with a marketing and PR consultant.

VI. 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 9:41 AM.

Respectfully Submitted,
L. Doherty