APPROVED

Veritas Preparatory Charter School

Minutes

Finance Committee Meeting

Date and Time
Thursday February 20, 2025 at 4:00 PM

Location
Veritas Prep Charter School 1st Floor Conference Room or Dial-In Number: 866-848-2216, Conference Code: 7783935205, Leader Code: 2356

Join Zoom Meeting
ID: 82384629673
Passcode: 966439

(US) +1 929-205-6099
Passcode: 966439

Committee Members Present
A. Martínez, D. Ford (remote), D. Fuller (remote), M. Landon (remote), R. Martin (remote)

Committee Members Absent
None

Guests Present
N. Gauthier (remote), R. Romano (remote)

I. Opening Items

A.

Record Attendance

B. Call the Meeting to Order

D. Ford called a meeting of the Finance Committee of Veritas Preparatory Charter School to order on Thursday Feb 20, 2025 at 4:01 PM.

C. Approve Minutes

D. Fuller made a motion to approve the minutes from Finance Committee Meeting on 01-16-25.
R. Martin seconded the motion.
The committee **VOTED** unanimously to approve the motion.

II. Other Business

A. DIF Exit & Insured Cash Sweep Product

Introduction of IntraFi Product
Xiaolei and Cindy from PeoplesBank introduced the IntraFi product, which will replace the Depositors Insurance Fund (DIF) that PeoplesBank exited in July of the previous year.

- The IntraFi product is designed to provide FDIC insurance coverage for balances above $250,000.
- PeoplesBank will remain the point of contact for all transactions and statements.
- The product works by distributing funds over $250,000 to other FDIC-insured banks within the IntraFi network, ensuring full coverage on deposits exceeding the standard FDIC limit.
- This change is necessary because PeoplesBank has outgrown the deposit limit permitted under the Massachusetts Deposit Insurance Fund due to its growth.

Mechanics of IntraFi
The IntraFi product operates similarly to a sweep account.

- Customers will have a primary account with a target balance of $250,000, and any amount over that will be shown in a reciprocal account.
- These excess funds are then diversified into other banks within the IntraFi network.
- Customers will have additional online access to view which banks hold their funds and can request changes if they are uncomfortable with any particular bank.
- The system ensures that no single bank holds more than $250,000 of a customer's funds to maintain full FDIC coverage.
- PeoplesBank will continue to manage interest rates and day-to-day transactions will remain unchanged for customers.

Reconciliation and Reporting
The implementation of IntraFi will impact account reconciliation processes.

- Customers will see transactions going back and forth between their primary account and the reciprocal account.
- While day-to-day operations for customers remain the same, the reconciliation process will require additional attention.
- PeoplesBank offered to provide sample statements and more detailed information on the reconciliation process to help customers understand the changes.
- Some customers have opted not to use IntraFi due to concerns about the complexity of reconciliation, while others are comfortable with the changes.

Risk Management and Bank Monitoring

The committee discussed concerns about counterparty risk and how IntraFi manages the selection and monitoring of participating banks.

- PeoplesBank representatives agreed to provide more information on IntraFi criteria for bank selection and ongoing monitoring processes.
- The committee also discussed the importance of understanding which banks are part of the network and the ability to exclude specific banks if desired.
- The FDIC insurance coverage of $250,000 per bank serves as the primary risk mitigation factor for customers using the IntraFi product.

Financial Implications for the School

The committee discussed the school's current account balances and the potential impact of implementing IntraFi.

- The school's operating account has been maintaining balances over $1 million, with a twelve-month average balance of nearly $1.2 million for the calendar year 2024.
- The committee recognized the need to protect funds exceeding the $250,000 FDIC insurance limit and considered Intrafi as a potential solution.
- They also discussed the possibility of testing the product with specific accounts before full implementation.

B. Fred C Church Insurance Overview

With Lynne unable to attend this meeting, this will be covered at next month's meeting.

III. Finance

A. FY26 Budget Update

With Lynne unable to attend this meeting, this will be covered at next month's meeting.

B. Monthly Financial Reports

Enrollment and Financial Updates

Rachel reported higher than usual student attrition in January, with 13 students leaving compared to 6-8 in the previous year.

- This increase was partially attributed to immigration concerns and some disciplinary actions at the high school level.
- The committee noted that this attrition would impact the school's finances for the current year, as it occurred before the February 15th cutoff date for enrollment counts.
- However, they also noted that any further attrition after February 20th would not affect the current year's funding.

Political and Regulatory Concerns
The committee briefly touched on broader political and regulatory concerns that could impact charter schools and their funding.

- They discussed potential changes in federal education policy, particularly regarding Title I funding and support for diversity, equity, and inclusion initiatives.
- The committee also mentioned concerns raised by the Massachusetts Charter Public School Association about a Supreme Court case involving a religious charter school in Oklahoma and its potential implications for charter school regulations and public perception.

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 5:00 PM.

Respectfully Submitted,
D. Ford

Documents used during the meeting

- Insured Cash Sweep Overview 202407.pdf
- Veritas Illustrated Insurance Program 2024-25.pdf
- Financial Reports to Finance Committee 1.pdf