

APPROVED



Gestalt Community Schools

Minutes

Board Meeting

Date and Time

Thursday December 14, 2017 at 8:30 AM

Location

Power Center Academy High School, 5390 Mendenhall Mall, Memphis, TN 38115 - Audio
Conference: 901-213-5161 Enter Extension: 1216 Guest Password: 5152

Directors Present

A. Evans Blackwell, C. Leon, D. Selberg, K. Satterthwaite, K. Walker Burt, S. Branch (remote), T. Williams, Y. Lewis

Directors Absent

H. Coleman, P. Ray

Guests Present

A. Butler, G. Rucker, K. Parish, M. McFarland

I. Opening Items

A. Record Attendance and Guests

B. Call the Meeting to Order

A. Evans Blackwell called a meeting of the board of directors of Gestalt Community Schools to order on Thursday Dec 14, 2017 at 8:34 AM.

C.

Approve Minutes

C. Leon made a motion to approve minutes from the Board Meeting on 10-26-17 Board Meeting on 10-26-17.

Y. Lewis seconded the motion.

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

II. Academic

A. TNReady, NWEA, TVAAS - Tennessee Value Add Assessment System

Defering discussion until next meeting due to Ms Turner not being able to attend due to mandatory training with state of Tn.

III. Finance

A. Finance Reports and Committee Recommendations

Kim Parish - Enrollment - PCAES 553 - PCAMS 460 - PCAHS 679 - NSAES 125 - NSAMS 240

Budget was with a 7% attrition rate, so that loss of scholars would not impact negatively. Currently, scholars are leaving and we prefer to not backfill positions after January and we are close to our 7% attrition rate calculation now. If we continue to lose scholars, we will have to reevaluate the financial impact.

Kim Parish Cash - GCS goal is to be 45 days cash on hand. Average cash outlay per month, including payroll, is approximately \$1.8 million. We ended November with \$2.137 million or 36 days cash on hand. Still on target cash wise to meet 45 days on hand. Still working on assumptions that we will meet the philanthropic goal; also have the charter school note we can draw on. Enrollment drops, decreases BEP allocations and then the cash flow.

Yetta Lewis - Fundraising - We budgeted a \$1 million need and backed that target down to \$500K in the reforecast. We have Commitments of \$345,00; Receipts of \$160,739.

Revenue Sources - Annual Giving Campaign launched in December with #Giving Tuesday; NFL Grassroots - finalist

Crawford - PAC final notification on Dec 15; Suntrust, Whole Foods, Annie's Community Garden, State Farm, and Lowe's are all in 2018.

Previously, discussed EPA Brownfield cleanup grant requires us to own property before we apply and the EPA Brownfield Assessment Grant is not available to nonprofits. The EPA does have some in-house funding to be pursued but would go to Gestalt Village Holdings.

We will be leveraging Gaskill Strategies for overall development strategies for corporate and individual wealth funders starting in 2018. Kauffman Foundation -

out of Kansas is coming to visit to determine their interest;
pursuing FedEx; Operation Hope for families; those who complete training
program have access to a \$15,000 grant for home ownership.
Adjusted Target \$500,000; Stretch Target \$720,000
Yetta's biggest concern is the Government target of \$250,000.

Question raised, "When should we adjust the budget based on the philanthropy
budget not being met?"

Are there plans to reduce expenses based on hiring freeze? Who can facilitate the
discussion about budget and expenses. Finance team will layout what happens if
we do not meet philanthropy and then board will see where they can offer
assistance.

Net Surplus - Projecting surplus for 2017-2018. GCS is budgeting Net Income of
\$817K and a cash surplus of \$400K without the Mendenhall purchase and with \$1
million in fundraising need. We are holding the reins on expenses and are sitting at
a \$477K surplus through November.

Audit Action Plan - Draft of Accounting Manual received from Afton, Kim Parish
has to review and share with Yetta Lewis and then the Board Finance committee,
then to full Board for their approval. Hope to have everything by end of 2017-2018
school year.

Current Audit - Our current audit has been given the verbal blessing and the
auditors have moved on to the last step which is the Federal Programs audit. They
selected Title I and CSP this year and we don't foresee any issues in these areas.

We are expecting a draft of the final report by end of this week. We do not
anticipate any problems with audit report.

A. Butler arrived.

B. Mendenhall Update

Adrianna Butler - search Property Manager update -- Search is in process; Meeting
today with a vendor to discuss their pricing. Based on this conversation, we may
have to go back out for bid.

Kim Parish - Closing date moved to February

C. Suntrust Bank - LOC

Yetta Lewis - Jean Morton from Suntrust called and said we were behind on our
Line of Credit, she came into the office in October with a letter; she said there was
an ongoing attempt to contact us. Yetta contacted finance and they paid the

balance on the line of credit off. Ms Lewis spoke with Ms Morton and she said that the chain of action had already started and she was unable to stop it. Our Line of Credit was closed and all of our Suntrust accounts closed due to 60 days of non-payment. Ms Parish stated that Norriese Jackson has an email from Ms Morton saying that we were extended until December 3rd. Ms Morton has said that If our Audit comes up clean, she is willing to re-engage; Ms Lewis would like to re-engage. Ms Lewis has meet with the local Suntrust branch president (Johnnie Moore); they are allowing us to keep the Youth Account. Ms Lewis has a meeting with Ms Morton and Mr Moore (local back President) in January; a GCS Board member will attend this meeting; Yetta Lewis will communicate to Ashante Evans Blackwell when the meeting is scheduled.

M. McFarland arrived.

IV. Board Governance

A. Performance Cycle

The CEO review is in process; the assessment is completed and info has been sent to the Governance committee. Next steps are sharing everything with the Governance committee and then sharing with Ms Lewis.

B. Board Recruitment

Suntrust Sr VP Dodd Williams will be joining in January; wants to work with Finance Committee

Chris Winton from FedEx - will be joining in January; backgrounds in HR, Technology, and some Real Estate acquisition

Dr Susan Elswick - decided not to pursue due to vendor relationship

Also in discussions with Dr Terry Evans; she has Elementary to College experience

Ms Williams' term will be expiring soon and we will need a new parent representative

V. Closing Items

A. Next Board Meeting Date

B. Adjourn Meeting

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,
G. Rucker