

KIPP New Orleans Schools Board Meeting Minutes: December 10, 2020

A public meeting of the Board of Directors (the Board) of KIPP New Orleans Schools (KNOS) was held on Thursday, December 10, 2020, at 5:45 p.m. virtually via Zoom.

The meeting was called to order at 5:48 p.m.

The following members were present: Donnell Bailey, Larry Washington, Roddrick Jones, Sherice Clark, Lauren Hitt, Drew Marsh, Stanwood Duval, Kelt Kindick, Bruce Hurley, and Steven Usdin (who departed at 6:56 p.m.).

The following member was absent: Robert Hudson.

The following members of KNOS staff were present: Rhonda Kalifey-Aluise, CEO; Katie Walmsley, CFO; Joey LaRoche, CSO; Todd Purvis, CAO; Liz Masten, COO; Brad Rosenblat, Managing Director of Finance and Accounting; Kevin Barnes, Managing Director of Engagement; and Kristen Chawla, Director of Engagement & Events.

The following guest was present: Ileana Ledet, Vice President of Policy at Great New Orleans, Inc.

Welcome

Mr. Washington welcomed everyone to the meeting.

Approval of Minutes

Mr. Washington introduced a vote to approve the minutes from the October meeting. A motion to approve was made by Mr. Bailey and seconded by Mr. Usdin. The motion passed by a unanimous voice vote.

CEO Report

Ms. Kalifey-Aluise provided an update about schools which included: the success managing COVID-related challenges and absences; the organization's continued partnership with Capitol High School in Baton Rouge; and the plan for DEI training during the January board retreat. Members will complete a survey in advance of the training. Mr. Washington also addressed the importance of the DEI training and identified that this is their "we" work and responsibility as a board in supporting KNOS.

Academic Committee Report

Mr. Purvis provided an academic update and identified the key factors that contributed to the challenges of the first semester. Many of these were operational versus academic such as numerous hurricanes, different start dates for different grades, and in-person versus remote instruction for students. Mr. Purvis reported that while virtual instruction has been strong, it does not compare to in-person instruction, and schools will focus on increasing in-person attendance in January. He identified that one of the most significant challenges among high schools is the dropout risk for students. Increasing attendance, creating creative reasons for students to attend in person, and accelerating learning are a few of the strategies to decrease risk.

The following schools' charters received a five-year renewal from NOLA Public Schools: KIPP Morial; KIPP Believe; KIPP Central City; and Booker T. Washington High School.

Finance Committee Report

Mr. Marsh relayed that the finance committee convened on Monday, December 7th, and discussed matters related to the last fiscal year, this fiscal year, and next fiscal year. He turned the report over to Ms. Walmsley, CFO. Ms. Walmsley began her update by summarizing the presentation that representatives from Ericksen Krentel ("EK"), the Certified Public Accountant firm hired to conduct FY20 audits for KNOS and Friends of KIPP New Orleans (FKNO), provided to the finance committee on Monday evening. Ms. Walmsley pointed to a summary of the FY20 consolidated statement of financial position, indicating a total net asset increase of over \$8 million. Ms. Walmsley reminded the Board of the relationship between this FY20 surplus and the net operating deficit that the Board approved in the FY21 budget, as well as the deficit that Ms. Walmsley expects to run in FY22 as a result of the multi-year economic impact of COVID-19.

Ms. Walmsley relayed that EK had related to the finance committee that, once the audit is finalized and EK's internal review procedures are complete, EK expects to deliver a clean audit report free of any findings or management letter comments. Despite this expectation, EK had relayed to the committee that they are facing a time delay in their ability to complete Single Audit testing on funds awarded to and claimed by, KNOS in FY20 under the Elementary and Secondary Emergency Relief (ESSER) program, which Congress passed as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This delay is due to the federal Office of Management and Budget (OMB) delays in providing testing guidance to auditors. Ms. Walmsley confirmed that she has been in touch with the Louisiana Department of Education (LDOE) and that EK received confirmation from the Louisiana Legislative Auditor (LLA) earlier today that the LLA is aware of this delay and expects many entities to file extension requests for the December 31, 2020 filing deadline. Ms. Walmsley concluded by relaying that she has plans to receive an update from EK on Monday, December 14th and will keep the finance committee informed.

Next, Ms. Walmsley reported the FY21 financial summary, noting that the forecasted year-end adjusted fund balance is very close to the Board-approved budget. Ms. Walmsley noted that the \$1.2 million decrease in projected FY21 surplus from the last committee meeting was driven by several items, including 1.) a decrease in MFP due to 10/1 enrollment landing 19 students lower than expected, a decrease in private facility funding, and a slight decrease in differentiated funding; 2.) a decrease in federal grants as a result of initial FY21 grant awards remaining flat from the prior year; 3.) a decrease from delaying the anticipated receipt of FEMA funding past the end of FY21; 4.) a reduction in forecasted SPED tiered funding, offset by; 5.) operational and payroll savings. Management also continues to hold the full budgeted-contingency as a conservative practice at this stage of the fiscal year. Mr. Marsh remarked that the finance committee reviewed 10/1/2020 enrollment results in detail on Monday evening, and Ms. Walmsley updated the Board that they can expect to spend time delving into these enrollment results at the Board retreat in January. Mr. Marsh indicated that excess seat capacity across Orleans Parish in elementary grades continues to be a growing threat for the organization's financial position and that this threat will be felt in middle school grades over the next several years. Ms. Kalifey-Aluise indicated her eagerness to spend time on this topic with the Board in January.

Ms. Walmsley then turned to the FY22 budget process, noting that NOLA-PS expects combined state and local MFP funding levels to decrease by 8.7% next year as a result of depressed sales tax collections during the current fiscal year, as well as some commercial ad valorem tax reductions. The anticipated per-pupil impact is forecasted to be about \$4 million in base student funding and another \$4 million in per-pupil deferred revenue. Further, block grants are forecasted to remain flat year-over-year, and additional COVID-related relief has not yet been issued by Congress. Mr. Duval asked for further information about how the state and local MFP prediction was made. Ms. Walmsley replied that NOLA-PS has been monitoring sales tax collections monthly and has also provided information about ad valorem tax non-collection and the Assessor's reduction in the assessed value of commercial property in the CBD and French Quarter, and then concluded her Finance update.

Governance and Nominating Committee Report

Mr. Bailey reviewed current board members whose terms are being renewed: Mr. Marsh, Mr. Usdin, and Mr. Bailey. Also, after a lengthy vetting process, Mr. Bailey and the Governance and Nominating Committee recommend Ms. Danielle Willis as a candidate for consideration. He referenced Ms. Willis's resume and letter of intent to join the KNOS Board of Directors. He invited others to share their impressions, and several board members and staff endorsed her candidacy.

Renewal of Directors and Election of New Member

Mr. Washington introduced a vote to approve Mr. Usdin for a renewed term as a KNOS Director. A motion to approve was made by Mr. Hurley and seconded by Ms. Hitt. The motion passed by a unanimous voice vote and showing of hand.

Mr. Washington introduced a vote to approve Mr. Marsh for a renewed term as a KNOS Director. A motion to approve was made by Mr. Kindick and seconded by Ms. Hitt. The motion passed by a unanimous voice vote and showing of hand.

Mr. Washington introduced a vote to approve Mr. Bailey for a renewed term as a KNOS Director. A motion to approve was made by Ms. Hitt and seconded by Mr. Marsh. The motion passed by a unanimous voice vote and showing of hand.

Mr. Washington introduced a vote to elect Ms. Willis to join the KNOS Board of Directors. A motion to approve was made by Mr. Kindick and seconded by Judge Duval. The motion passed by a unanimous voice vote and showing of hand.

Public Comments:

Mr. Washington invited Ms. Ledet to comment. Ms. Ledet thanked the board for welcoming her to the meeting and commended the board on their service to KIPP New Orleans and the staff for their dedication to KIPP and education in New Orleans.

Mr. Washington adjourned the meeting at 7:12 p.m.

Respectfully Submitted,

Approved by:

Kristen Chawla

Larry Washington, Board President