

**KIPP New Orleans Schools
Finance Committee Meeting
August 21, 2024**

A public meeting of the finance committee of the board of directors of KIPP New Orleans Schools (“KNOS”) was held in person at the KNOS School Support Center on August 21, 2024, at 9:00 a.m.

The following members of the committee were initially present: Reggie Jackson and Barrett Green. A quorum was established. The following KNOS staff members were present: CFO Katie Walmsley, CEO Rhonda Kalifey-Aluise, Director of Accounting Rebecca Guarino, Director of Accounting Maura Redden, and Director of AP & Purchasing Alisha Saul. The following guest was present: audit partner Jeremy Thibodeaux of Ericksen Krentel. The following committee member was present virtually as the meeting commenced before joining in person after the voting item: Danielle Willis.

Mr. Jackson called the meeting to order at 9:03 AM. Mr. Jackson made a motion to approve the minutes from the June 11, 2024 meeting; Mr. Green seconded the motion, and the committee unanimously approved the minutes.

Ms. Walmsley began her CFO report by providing a summary of FY24 end-of-year projections in advance of the audit formally commencing. She communicated that the organization was on track to slightly exceed its board-approved net income target and named that the team had completed many final accounting tasks, while a few others remained pending. She indicated that this committee would be reviewing the audit engagement letters at the conclusion of the meeting and signing them to formally commence the audit, as they are authorized to do by the full Board in the committee charter. Ms. Walmsley conveyed that she had not yet finalized the FY24 management fee and would be seeking to ensure that final budgeted revenue and expense would remain under 105% of board-approved levels. Lastly, Ms. Walmsley highlighted that FY24 financials would show an anomalous end-of-year cash balance and corresponding accounts payable balance due to an erroneous duplicate payment that New Orleans Public Schools issued to Orleans Parish LEAs on June 28, 2024 and later reversed in the subsequent period in early July 2024. Mr. Thibodeaux remarked that they would be disclosing the anomaly in the audits of KIPP New Orleans Schools and all charter schools that were similarly affected.

Ms. Walmsley then previewed the responses that management had prepared for the annual Louisiana Compliance Questionnaire which is proposed for Board adoption by vote at the full Board meeting later in the week, and she provided the committee with the opportunity to ask management any clarifying questions about the responses. Mr. Thibodeaux pointed out that the organization had the opportunity to answer question 29 as “not-applicable” rather than in the affirmative given that KIPP New Orleans Schools has not issued any municipal securities.

Ms. Walmsley then turned to the 2024-2025 budget, reminding the committee that the full Board would be voting on the adoption of the budget as it had been presented at the June Finance Committee and Board meetings. She conveyed that FY25 enrollment was trending slightly better than budgeted levels and roughly on par with FY24 levels, but with some variances between campuses. The committee returned once again to a conversation about Booker T. Washington High School’s enrollment challenges and reaffirmed their desire to engage management in medium-term planning decisions and implications by mid fiscal year.

The committee then shifted its focus to a discussion about the opportunity for KIPP New Orleans Schools to meet its obligations as guarantor of the remaining principal on Friends of KIPP's upper tier loans from Capital One and the Low Income Investment Fund (LIIF), estimated to be a little under \$7 million by late October, by way of an upfront rent prepayment to Friends of KIPP to be amortized over a 58 year term in conjunction with the remaining term of the Sub-sublease for use of the KIPP Believe building's grounds. Ms. Walmsley relayed that Bayou District Foundation Elementary -- which currently holds that sub-sublease for use of the grounds, owns the building, and rents the building to KIPP New Orleans Schools -- plans to transfer title of the building to Friends of KIPP New Orleans and re-assign the ground lease from itself to Friends of KIPP, in exchange for Friends of KIPP forgiving the remaining principal on its Lower Tier Debt when the New Market Tax Credit transaction unwinds on or after October 25, 2024 and it assumes ownership of Investor 90, LLC, which will take ownership of the debt when the six Community Development Enterprises (CDEs) dissolve.

Ms. Walmsley demonstrated that the net effect for KIPP New Orleans Schools would be a significant reduction in annual rent expense, even when accounting for KIPP's expected contributions toward an annual capital needs/planning fund for the building. Mr. Thibodeaux explained to the committee that he would consider a transaction designed in this manner to be an exchange transaction and would not consider this approach to be gratuitous.

Mr. Jackson adjourned the meeting at 10:36 AM.