APPROVED

Abby Kelley Foster Charter Public School

10 New Bond Street Worcester, MA 01606
Phone: (508) 854-8400 Fax: (508) 854-8484
www.akfcs.org

Facilities and Finance Committee Meeting Minutes - DRAFT
Friday, March 15, 2024 at 8:00 a.m.
Executive Director's Conference Room - Middle School

Patrick Royce called the meeting to order at 8:02 a.m.

Trustees Present: Patrick Royce, Bibiche Zagabe-Ndiku

Staff Present: Gabriel Beltran, Andrew Cruickshand, Heidi Paluk

Guest: Jim George, finance consultant via ZOOM

No public comments

No new business

Trustee Patrick Royce made a motion to approve the February 16, 2024 meeting minutes. Trustee Bibiche Zagabe-Ndiku made the motion, seconded by Trustee Royce. No comments for questions, roll call vote recorded.

Bibiche Zagabe-Ndiku - yes Patrick Royce - yes

Action: Trustees approved February 16, 2024 Facilities and Finance Committee meeting minutes.

Attachments:
AKFCS Budget to Actual January 31, 2024
AKFCS Statement of Financial Position
AKFCS Statement of Cash Flows
AKFCS Check Detail Report
AKFCS Trustee Authorized Signatories Form
AKFCS Investment Management Policy
AKFCS Cash Management Policy

Finance Reports - Jim George

Mr. George referred the committee member to the AKF Balance Sheet, noting accounts receivables at the end of January were low due to the state's late payment which was received in early February. Nutrition revenue is trending ahead. Drawn down half the COVID Funding. Federal grant funding will come in a little over budget. Last year of ESSRA funding. Expenses in Administrative salaries, Mr. George reported to the committee that he and Executive Director, Heidi Paluk are working on salaries. Mr. George reported that he was on site last week and worked on positioning and controls to fix salaries in FY'24 and FY'25. Mr. George and Executive Director Paluk are working to make sure salaries are in the position where they are supposed to be and create a position of control to identify positions required to operate AKF and who is in what spot, going forward a tighter number identified in the budget. Mr. George reported that the budget and ADP do not match up. Committee members discussed salaries and positioned people in the proper category

within the budget. Mr. George explained reversed accruals and the salaries paid out, adjusting the salary expenses at the end of the year. Committee members discussed numbers salaries more in control and Executive Director Paluk informed committee members she has had conversations with managers about their hiring needs and department salaries. Trustees went into a discussion about the Leadership and Administration line item variance. Discussion commenced around budget coding of personnel and Mr. George and Director Paluk conducted an internal inspection to identify every AKF employee and their coding within ADP. This action was never done before but it is assuring there are funds available for salaries and supporting positioning and controls going forward. Trustees requested a footnote on the budget reporting the macro of significant line items buckets that go together. The committee discussed Contracted Services salaries that should be dispersed across different line items in the budget.

Mr. George reported retirement fringe is trending ahead. In the Federal Unemployment Tax AKF will be receiving a refund, Mr. George will look into the reason AKF is receiving a refund. Committee members noted that unemployment is high and discussion arose around the number of claims filed for unemployment which were not challenged. Executive Director Paluk reported that there are identified cases of fraud in terms of identity theft. Committee members would like a year-to-date unemployment actual vs budget in financial reporting. Mr. George noted that the salaries in percentage go up based upon the State's calculation rate.

The committee discussed line classifications in each budget category. The committee suggested having a snapshot YTD depiction of the Top Five classifications (ie Retirement & Fringe 1. Unemployment 2. …., 3. ..). The Committee requested a report on Contracted Services to have an in-depth look at Legal. Executive Director Paluk will provide a breakdown of legal expenses YTD Budget to Actual.

Mr. George presented an overview of AKF's Profit and Loss statement. $1.2 million increase, cash up $1 million, liabilities down $1 million. AKF is in a good fiscal position relative to $1.2 million in profits. The committee raised questions about credit cards with a $0 entry. Mr. George explained the credit cards move to Accounts Payables at the end of the month. Committee members discussed whether credit cards should be in the statement and asked for historical reference. Executive Director Paluk will work on this with Mr. George.

Executive Director Paluk reported she ran the report for the Cash Flows and Check Register Report. Committee members commented these reports are good to review with Mr. George and Executive Director Paluk. The committee discussed the timing of entering bills into Bills.com and the four dates that are in the system which can be pulled to create monthly reports. The Date Created was reported out as opposed to the Paid Date of the bill, bill.com report can be updated according to committee preference.

The committee received updates on hiring for Director of Finance and Chief Academic Officer. Director Paluk reported that she will work with Mr. George to build the FY'25 budget then Mr. George can do long-term planning to extend out to ten years. Mr. George will also integrate into long-term planning the long-term facilities projects and the borrowing range of $12-$17 million. The committee requested an overview of the projections. The committee discussed the role and best fit for AKF in terms of a Business Manager Role or a Director of Operations position and ways to be creative for a position that suits the needs of AKF. The committee talked about opportunities as well as the need for leadership-minded qualities. Executive Director Paluk reported having conversations with the Business Manager from Veritas Charter School. Mr. George concluded his reporting to the committee and was excused from the remainder of the meeting at 8:49 a.m.

Abby Kelley Foster Charter Public School does not discriminate on the basis of race, color, religious creed, national origin, sex, ancestry, sexual orientation, as defined by law, or on the basis of age, as defined by law, disability, gender identity, genetic information, veteran's status, military service or application for military service.

Facilities Report - Andrew Cruickshank

Director of Facilities Andrew Cruickshank referred committee members to the monthly report. Director Cruickshank updated members on the middle school roofing project. The high school parking project started on Monday, contractor working on some permit issues. Mr. Cruickshank shared on-screen photos of the sinkhole project, sectioned off, and the beginning of the digging project. The project is still on track for the four-week timeline. Mr. Cruickshank shared the deep depressions that have surfaced. Mr. Cruickshank reported the digging up of the asphalt led to discoveries by the cameras down in the sinkholes as well as into the pipes. Mr. Cruickshank reported in addition the identification of a 50ft pipe by Saint Gobain on the C Street side that is not attached to other pipes but is leaking. Executive Director Paluk reported that the City of Worcester published a report of the 25 highest leaks through the city, two leaks are close to AKF. Director Paluk showed on-screen maps of the project locations, leaks, and pipes. One leak is by the guard shack which has been leaking 10 gallons per minute over the past three years. The other leak is a manhole the leak is not coming from any pipe and is free-flowing. The committee further discussed the leaks coming onto AFK property and whether those leaks are part of the sinkhole issue. The committee acknowledged that the AKF sinkhole project is getting to the root cause of the sinkhole problem. Mr. Cruickshank reported that the City of Worcester reported they cannot repair the leaks. Director Paluk reported that the AKF attorney is reviewing the documents and reports from the City of Worcester and documenting conversations with contractors (Cryan) and the City of Worcester.

Mr. Cruickshank updated the committee on the HVAC bids. AKF received $254K from COVID and the funds were slated to replace the old HVAC units in the elementary school. This would be a $0 cost to AKF. Trane was the only bidder and their proposal increased by 200%. Director Paluk did not intend to add money to fix the HVAC and is unclear why there is such a large increase from Trane. AKF has to decide by the end of December whether to use funds for HVAC repairs and have a contractor repair to cover COVID funds. Repair and add money to HVAC repairs, or return money. Director Cruickshank and Director Paluk explained the scope of the work and the integration of technology as part of the HVAC upgrade. Updates to the committee will be provided at next month's meeting. Mr. Cruickshank concluded his report.

Information Technology Updates - Gabriel Beltran

Director of Information Technology, Gabriel Beltran provided an overview of updates in the IT department. The recently installed phone system has been successfully updated for all extensions and IT is fixing some noise issues. Updating wireless access points. High school exterior cameras installation to cover dead zones and back parking lot. Mr. Beltran provides an overview of the Tech Club in the middle school. Students through the course will learn how to repair and troubleshoot Chromebooks and will receive one at the end of the club session. Mr. Beltran reported back on the cybersecurity conference he attended and showed a map of Massachusetts with cyber attacks on schools. The map was color-coded by level of attack, most of the schools identified were public schools. The state has funding for schools to work with vendors for training and cybersecurity audits. Auditors recommended a cyber audit on AKF financial systems. The committee is supportive of supporting IT and discussed cyber vulnerabilities at AKF, vendors, and when is the best time to provide training for AKF employees.

Abby Kelley Foster Charter Public School does not discriminate on the basis of race, color, religious creed, national origin, sex, ancestry, sexual orientation, as defined by law, or on the basis of age, as defined by law, disability, gender identity, genetic information, veteran's status, military service or application for military service.

Attachments - Heidi Paluk

Action of Trustees by Unanimous Written Consent - The form needs to be updated and presented to the full board for signatures. Executive Director Paluk will update and present to the full board at the March meeting to vote and ratify the AKF Investment Policy.

Investment Management Policy - Heidi Paluk, Patrick Royce

The Executive Director asked for a review of the policy to ensure all points were included and covered in the document. The committee reviewed the policy.

I. PURPOSE OF THE INVESTMENT POLICY STATEMENT
All points are reviewed with no changes.

II. GOALS - WHAT PURPOSE DOES THE MONEY SERVE?
Included a review in December and June. The committee will also receive quarterly reports.

III. INVESTMENT ALLOCATION TARGETS
All points were reviewed with no changes.

IV. LIQUIDITY
Move - Liquidity should be evaluated quarterly, and strategy amended according to anticipated needs by the Executive Director and a member of the Board of Trustees who also serves on the Finance and Facilities Committee - to VI. INVESTMENT MONITORING (new bullet point)

V. FRAMEWORK FOR SELECTING INVESTMENTS
All points were reviewed with no changes.

VI. INVESTMENT MONITORING
Add bullet points

- Liquidity should be evaluated quarterly, and strategy amended according to anticipated needs by the Executive Director and a member of the Board of Trustees who also serves on the Finance and Facilities Committee
- Monitoring of investment accounts should be done at a minimum with the investment advisory by the Executive Director and/or Business Manager at a minimum on a quarterly basis.
- Investment changes within the structure of the account may be made with the consent of the Executive Director and one sitting member of the Finance and Facilities Committee.
- No more than 50% of the school's cash may be maintained in a third-party investment account.
- All Finance and Facilities Committee members vote on money going into investment accounts.
- Money moving out of the investment account back into school is authorized by the Executive Director and one sitting member of the Finance and Facilities Committee.

Abby Kelley Foster Charter Public School does not discriminate on the basis of race, color, religious creed, national origin, sex, ancestry, sexual orientation, as defined by law, or on the basis of age, as defined by law, disability, gender identity, genetic information, veteran's status, military service or application for military service.

Cash Management Policy - Heidi Paluk and Patrick Royce

Patrick Royce noted the policy should reflect that not less than 50% is maintained in traditional banking/liquid accounts. Mr. Royce and Executive Director Paluk will discuss revising the draft and present it to other members of the Committee to review and provide feedback and bring it to the full board to vote.

Trustee Royce called for a motion to adjourn the meeting. Trustee Zagabe-Ndiku made the motion, seconded by Trustee Royce. Members voted unanimously in favor, meeting adjourned at 9:47 a.m.

Abby Kelley Foster Charter Public School does not discriminate on the basis of race, color, religious creed, national origin, sex, ancestry, sexual orientation, as defined by law, or on the basis of age, as defined by law, disability, gender identity, genetic information, veteran's status, military service or application for military service.