

MINUTES
Excel Academy Massachusetts Board of Trustees
Finance Committee Meeting
Friday, December 8, 2023 – 8:30-10am
Location: Zoom

Finance Committee Members in Attendance: David Stolow, Rob Lytle

Finance Committee Members Absent: Dave Sachs

Non-Finance Committee Board Members Present: N/A

Staff Attending: Owen Stearns, Andrew Solomon, Aaron Stelson, Arthur Kaynor

Members of the Public Attending: Liza Cariaga-Lo, Seth Reynolds, Chris Satti, DJ Cass, Tim Weller

1. Call to Order & Introductions

Solomon called the meeting to order at 8:42 am and presided over the meeting. Kaynor kept the minutes. Reynolds facilitated introductions and noted that this is a joint, concurrent meeting of the Excel Academy MA Finance Committee and the Friends of Excel Academy Board. Cariaga-Lo is attending as a representative of the Excel RI Board and is participating in this meeting for informational purposes, since the Excel Academy RI Treasurer and Finance Committee was not able to attend. Reynolds provided introductory remarks and framing for the conversation and our objectives for inter-board collaboration on these key strategic topics.

2. Public Comment

None

3. Board Business

Stolow motioned to approve the 10.25.23 meeting minutes, and Lytle seconded, and the motion was approved unanimously.

All those in favor: David Stolow, Rob Lytle

Opposed: None

Abstain: None

4. Financial background overview

Solomon provided the Board with an overview of the financial context at a high level for each of the three Excel entities, which was also summarized on slides that were shared with the Board members.

The Board briefly discussed whether there are ways to more quantitatively assess whether compensation increases are yielding better student performance outcomes. The Board would like to regroup on whether there are a few specific, key data points that we would like the Finance Committees and/or Boards to be reviewing on a recurring basis, to help assess success more quantitatively in the future around key financial decisions.

Stolow narrated two big-picture questions where long-term collaboration and transparency will be needed:

- How we think about sources of funding and dividing between entities
- How we think about risk to one entity when making decisions about another entity (e.g., how a RI real estate investment decision could impact future MA finances)

Solomon provided additional context about the scale of debt anticipated in RI relative to what the MA Board is accustomed to from previous real estate needs in MA. Construction costs are now two or three times what we experienced when building our MA High School. RI also has a subsidy program that makes debt more affordable, if eligible (SBA). And the RI region will ultimately be larger in scale than MA region, so may benefit from

economies of scale from having larger school campuses eventually. But the economic model is going to need to be fundamentally different in RI, and that also presents challenges to navigate from a management perspective.

The Board also discussed that it is important to think differently about capital for growth. From the Friends Board perspective, unless it is determined to be viable to expand into elementary grades in Chelsea, for now growth is capped in MA and so growth opportunity is heavily weighted toward RI.

Solomon provided additional detail about Friends assets and restrictions on those assets.

Lytle commented that while it was helpful to do a deep analysis of CMO costs when reviewing the fee structure last spring, the financial scale of that topic is small proportionally, relative to these broader topics of real estate, debt, and enrollment growth pace, and the Board would like to focus on these topics more this year.

The Board asked for comparative data about staffing ratios and confidence level in the RI financial model given lower public funding. Solomon shared that CSGF identifies RI as a high-tuition region in comparison with the national landscape, even though not as high as MA, and also noted that we have other peers who have managed the economic model in RI successfully.

Stearns shared that we are committed philosophically to ensuring a continuous high-quality 5-12 pathway for current XLRI students, and that we are already making decisions to slow the growth pace in RI, to mitigate financial and other risks of trying to expand too quickly, especially without economically viable real estate options. Stearns also noted that reduction in growth pace may impact national donor interest levels to invest in the school, but that we currently have a pipeline of national donors ready to support, especially for real estate needs.

Reynolds noted a core aspect of the Excel model, which is that we believe that each school can operate effectively on the public dollar, with the exception of special programming like CAPS, and so our challenge as a team is to figure out how to accomplish this in both states given the different economics – and we believe this is possible. Cass noted that it may be helpful to form a working group to assist the leadership team with both the economics of compensation and also the related leadership, messaging, and/or communications challenges.

The Board noted that it is a helpful reminder of the overall financial context for each entity and that, for at least a few years, RI will likely have fewer students and greater needs financially. Stolow and Lytle also noted that they would prefer to avoid an ‘annual tug of war’ between Boards around whether resources are being shared fairly between the regions. There are more important financial topics to dedicate staff time to.

Weller shared reflections on a growth share matrix that may be useful to help conceptualize and strategize our approach in each region given these realities and offered to assist on a committee or working group.

5. Preview of FY25 budget process

Stelson provided a brief summary of what to expect for the FY25 budget process and agreed to send out a more detailed summary via email before the holidays.

6. Discussion of inter-entity financial decision-making framework

Due to timing constraints, the Board asked to organize another joint FC meeting for February or March to continue this broader strategic conversation and to continue discussion of a financial decision-making framework. The Board also agreed to hold separate FC meetings in January to debrief and to finalize plans for FY25 compensation.

7. Adjourn

Lytle moved to adjourn the meeting at 10:02 am, seconded by Stolow, and the meeting was adjourned.

List of Documents Presented at the Meeting:

1. Agenda
2. 10.25.23 Meeting Minutes
3. Financial Overview Summary Slides for each Excel entity
4. Summary of FY25 Budget Process
5. Draft Inter-Entity Financial Decision-Making Framework