

MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS OF EWING MARION KAUFFMAN SCHOOL, INC.

May 10, 2023

A special meeting of the Board of Directors of Ewing Marion Kauffman School, Inc., a Missouri nonprofit corporation exempt from federal taxation under Internal Revenue Code § 501(c)(3), was held at its headquarters in Kansas City, Missouri on May 10, 2023, pursuant to public notice provided at least 24 hours in advance. The meeting was held via Zoom such that all could hear and be heard and see and seen.

Participating were Tracy McFerrin, Kelly Barnes, Kristin Bechard, Brett Hembree, Juan Rangel, Corey Scholes, and Jerry Williams.

Also participating from the School were Hannah Lofthus, President/CEO; John Tyler, Secretary and General Counsel; and Katie Pasniewski, Chief Operating Officer.

No community members were present at the beginning of the meeting.

Ms. McFerrin chaired the meeting. Mr. Tyler served as secretary. Ms. McFerrin called the meeting to order at 8:32 am, welcomed those in attendance, and previewed the agenda.

After discussion and upon motion duly made (Scholes) and seconded (Rangel), the board unanimously approved the minutes from the meeting of March 10, 2023.

Ms. McFerrin expressed her appreciation for Mr. Williams' participation in the SchoolSmart board chair event and her support for the upcoming graduation ceremony, its milestone for the students and School, and encouragement for board member attendance. She also noted that it is teacher/staff appreciation month and expressed her and the board's appreciation for the sacrifices and achievements of the School's teachers and staff.

Leadership Report

Ms. Lofthus congratulated two students on their remarkable achievements in debate, including recognition as the 2nd and 19th best debaters in the league. She reported on the celebration of "pride week" and its student-led activities to support all persons. She also reported on plans for college attendance experiences for students and that the School will be celebrating its first alumni graduating from college this spring. She also previewed the board's meetings in June and July. Discussion occurred throughout.

Finance

Ms. Pasniewski provided the finance report, including the treasurer's report as of March 31, 2023 and its relevance for informing the budget for next year. She reported projections that the fiscal year will close financially strong, including a cash balance of 246 days, a decrease of income due almost entirely to the timing on a grant payment from the Kauffman Foundation, and decreases in expenses. She highlighted key performance indicators for days of cash on hand, understaffing and explanations therefore, salaries and benefits being higher than planned in order to retain and attract teachers, and that current enrollment is under budget with attrition declining. She also summarized the check register and invited questions. Discussion followed.

After discussion and upon the recommendation from the Finance Committee, the board unanimously approved the treasurer's report, including the check register for February and March.

Budget for 2023-2024

Ms. Pasniewski presented the proposed budget for 2023-2024, including background on presumptions regarding anticipated priorities and challenges, flexibility regarding compensation given the uncertainties in the market and high demand for teachers and school staff, and projected increase in cash balance at the end of the year.

Ms. Scholes left the meeting during the prior presentation.

Discussion occurred throughout, including that the budget reflects expenses associated with strategies priorities in the following line items: student expense direct for instructional and student focus strategies, student expense indirect for professional development and recruitment, and office and business expense. Discussion also occurred about the line item for board-related expenses, such as evaluation of the CEO and development opportunities. Discussion continued about the level of budget increase for salaries and compensation; changes to the salary chart, including that staff returning for next year received larger increases as a retention effort and tracking against the market and its high demand and low supply; the increase in teacher starting salaries for the same reasons; why cash balances are not depleted to increase salaries because of the longer term consequences for a deficit budget and reserves; level of employee benefits for medical, dental, and vision; and total compensation considerations.

Ms. Pasniewski highlighted the effects of WADA and the recent changes in the Missouri formula, key assumptions for the budget about expenses, including staffing level, plans for the School to continue paying for most of the health premiums including projected increased costs, bonuses and supplemental pay pool, transportation and the effects of a bus driver shortage, and alumni scholarships for students most-in-need and paid for from private rather than public dollars, which include support for trade schools, "real-world" opportunities, and experiences other than traditional colleges and junior colleges. Discussion occurred throughout, including that School support for non-traditional post-secondary experiences and pathways to success has been a part of the School's trajectory for several years while still being college preparatory and the benefits of that approach for all students.

Ms. Pasniewski provided more details about planned enrollment and staffing for the coming fiscal year, including comparisons with the 2022-2023 budget and forecast, the rationale for these presumptions, and the resulting projected expense per student ratios. Discussion followed, including student recruitment strategies.

Ms. Pasniewski explained the most significant variables that could affect the budget for revenues and expenses, including enrollment, ADA, staff salaries and levels, and transportation. Discussion continued, including the effects of the political climate in Missouri on students, families, staff, employment, and more.

After discussion and upon the recommendation from the Finance Committee, the board unanimously approved the budget as presented and as attached as Exhibit A.

Ms. Lofthus left the meeting.

Community Forum

Per a question from Ms. McFerrin, Ms. Pasniewski provided follow-up from the discussion with Mr. Henderson at the last meeting about adjusting payment and/or loan opportunities for staff.

No members from the community were present.

Governance

Ms. McFerrin reported that Ms. Lofthus has developed a new board member board orientation packet for review and rollout, if appropriate. Ms. McFerrin provided an update on a potential new board member and next steps. She also encouraged those present to suggest people for the board, thinking about increased parent and/or alumni participation on the board, and steps for suggesting and vetting those prospects.

Appreciation was expressed for the board members' engagement, commitment, talent, and support for the School, its students and staff, and the work of the board.

Ms. Pasniewski left the meeting.

Closed Session

Pursuant to the published agenda, a motion was made (Rangel) and seconded (Barnes) to enter executive session as allowed by RSMO 620.021(1), (3), and (6) regarding legal, personnel, and students to discuss matters thereunder. Pursuant to a roll call vote, the following directors voted to approve the motion (Barnes, Bechard, Hembree, McFerrin, Rangel, and Williams) with no directors opposing or abstaining. The meeting entered closed session at 9:43 am.

Discussion followed about the president/CEO evaluation approach and next steps. Discussion also occurred about the status of unionizing and related efforts and succession planning.

A motion was made (Rangel) and seconded (Hembree) to leave the executive session and re-open the meeting. Pursuant to a roll call vote, the following directors voted to approve the motion (Barnes, Bechard, Hembree, McFerrin, Rangel, and Williams) with no directors opposing or abstaining. The meeting adjourned from closed session at 9:57 am.

There being no further business, the meeting adjourned at 9:58 am.

John Tyler, Secretary