

Discovery Schools of Lake Alfred
Governing Board Emergency Workshop
Tuesday June 25 at 8:30 am
Lake Alfred Public Library
Minutes

Board Approved
7/11/24
Date

People Present:

Chair Nancy Daley

Board Member Charlotte Butler

Board Member Doretha Tillman

Board Member John Taylor

Chair Daley called the meeting to order at 8:30 am. Although the meeting was open to the public, no members of the community were present.

Chair Daley presented the current budget planned to be considered on Thursday and explained it was about the fifth iteration of a budget for the 2024-2025 DHS/DALA schools that was created over the last several weeks. Each one was adjusted by eliminating positions to attempt to balance the budget. It still shows a 0.80 debt service ratio which is short of the 1.1 ratio requested by the bondholders. The bondholders have expressed that the board is ultimately responsible for the financial decisions presented to them. The board maintained that they were not kept fully informed of the financial decline over the last 5 years.

As an example, Chair Daley presented an earlier version of the 24/25 budget that had been presented to the principals of the schools. They eliminated eight positions and the principals' response was that they could not run the schools without these positions.

(George emailed that this solution didn't come close to solving the deficit in any case.)

Chair Daley referred to the Financial Audit of October 2023 which showed Financial Decline. She referred to the FSLA Leadership assessment of the executive director and the board request to increase enrollment

Chair Daley then referred to the Education Compliance Services report by Becki Krueger who was hired to complete a Management Report on February 6, 2024. It also suggested an increase in enrollment.

All these reports pointed to the decline in enrollment that caused the current financial crisis. The board was advised by the compliance report that there were waiting lists during this time, but empty seats were not filled.

Chair Daley showed the board members the draft forbearance agreement that requests a third party evaluation of the existing Executive Director, CFO and Governing Board to provide specific recommendations as to whether the existing management should be retained.

There was board discussion about ways to save money to try and get the debt ratio to a level that the bondholders would accept without losing instructional and support positions. Some suggestions were to:

- Eliminate a life insurance policy on the executive Director saving \$3,000 in premiums per month. This expense was never approved by the board as required by the bylaws.
- Eliminate a \$2,000 per month supplement for training a principal

- Eliminate \$70 -\$80 per week in gasoline bills for the school pick-up truck

Board member Taylor asked if there was a requirement for the schools to have an Executive Director. Chair Daley said not all charter schools have them. Board Member Butler asked if the bondholders had the ability to shut down the schools. Chair Daley said that they would not want to, but it was not impossible. She shared that since February 7, 2024 she has had multiple calls and teams meetings with the bondholders and several attorneys. It was the school attorney, Daniel Woodring who suggested we call an emergency budget workshop to let the board see the budget problems ahead of the regular meeting scheduled for June 27 and discuss solutions.

There was some discussion regarding the budgetary pros and cons of eliminating the Executive Director position. Everyone agreed that the most important thing was the education of the students and the continuation of the schools.

Since it was a workshop, no action could be taken. The next regular meeting was scheduled for June 27, 2024 at the DALA media center where we would be required to pass a budget in order to receive state funding for the year.

Chair Daley adjourned the meeting at 10:15 am.