



**Regular Meeting of the
Board of Directors of Citizens of the World Kansas City**

Location: Virtual Meeting via Zoom

Online Link:

<https://us06web.zoom.us/j/89781082545>

Passcode: PAZf0A

(312) 626-6799 | 835066

Date: Thursday, December 19th, 2024, 6:00pm

Proposed Minutes

1. Call to Order

Mrs. Butler called the meeting to order at 6:03 p.m.

Mrs. Butler welcomed the members of the public in attendance and gave an overview of the meeting order.

2. Roll Call by Board Chair

Mrs. Butler called roll as follows:

Present:

Hon. Ardie Bland (6:20 pm)
Ms. Sophia Bond
Mrs. Lydia Butler
Mrs. Angela DeWilde
Dr. Asiya Foster
Mr. Roosevelt Lyons
Mr. Jim MacDonald
Ms. Selina Rios

Absent:

Mr. James Brown
Ms. Brandi Finocchario
Dr. Sarah Hicks

Mrs. Butler determined that with 7 of 11 (later 8 of 11) Board Members present, a quorum is established for purposes of holding the meeting and voting.

3. Review & Consideration of Proposed Agenda *[Board Action]*

The Board did not have any comments regarding the proposed agenda.

Ms. Rios moved to approve the agenda as presented and Ms. Bond provided a second to the motion. The motion was unanimously approved with none abstaining.

4. Public Comments

Mrs. Butler introduced herself, thanked the public, and provided an overview of the public comment process and guidelines. Ms. Finocchario then invited public comment; no public comment was made.

5. Consent Agenda *[Board Action]*

- a. Review & Consideration of minutes from the November 21st, 2024 regular meeting of the Board
- b. School Dashboard
- c. Strategic Plan Dashboard
- d. Board & Committee Calendar
- e. Staffing Report
- f. Events Calendar

Mrs. Butler presented the Consent Agenda and asked the Board if any member wanted to remove any item from the Consent Agenda in order to further discuss and/or solely vote on that item; no member did.

Mrs. DeWilde moved to approve the Consent Agenda as proposed and Ms. Bond provided a second. The motion was unanimously approved with none abstaining.

6. Board Committee Business & Reports

- a. **Executive Committee** (Dr. Sarah Hicks) *[Information/Discussion]*
 - i. Update on Board Policy Manual

Mr. Brennan shared that school leadership has drafted a full Policy Manual update, incorporating new policies required by MCPSC and state statute, and recommended by MCPSA. However, with Dr. Miles' family situation, they were unable to be finalized in time for this meeting. School leadership will plan to present and review with the Executive Committee in January.

- ii. Discussion on Additional Board Member Recruitment

Mrs. Butler reminded the Board that Dr. Hicks and Dr. Foster will roll off the Board in March. The Committee would like to add Board perspectives from K-12 Education and Human Resources and asked the Board to connect any recommendations with Dr. Miles and/or the Committee.

- b. **Audit Committee** (Mr. James Brown)
 - i. Review & Consideration of Fiscal Year 2023-2024 Audit *[Board Action]*

Mr. Brennan shared that KPM CPAs prepared two engagements, all of which again received an "Unmodified/Clean" opinion.

First, he shared the overall audit, including state-level DESE compliance; there were no findings at the state level.

The second engagement related to federal funds, particularly the COVID Education Stabilization Fund. Again, there were no findings at the federal level.

Mrs. Butler shared that as the Board Treasurer, she was pleased to receive an unmodified opinion and praised Mr. Brennan and the Ed-Ops team for such.

Ms. Bond moved to approve the Fiscal Year Audit 2023 as proposed and Mr. Lyons provided a second. The motion was unanimously approved with none abstaining.

Hon. Bland joined the meeting at 6:20pm.

- c. **Facilities Committee** (Dr. Danielle Miles)
 - i. Presentation from LevelField Partners
 1. Broadway Site Acquisition Efforts

Mr. Rossley (LevelField) reported that they have worked with the Facilities Committee to continue trying to strengthen the school's negotiating position with IFF as it relates to the Broadway purchase price.

- They requested IFF's most recent full accounting of the purchase price
- They have told IFF that the team believes a \$5m grant was awarded in 2015 by the Kauffman Foundation to IFF was the source of the equity that IFF put into Broadway's acquisition and development
- They have not yet made a specific ask of IFF for a reduction in purchase price tied to the approximately \$2m they contributed to the project.
- IFF committed to sending them a memo prior to the holiday that includes "all historical context" associated with the Broadway purchase price, which will then be shared with the Facility Committee and discussed at the next committee meeting.

2. Financial Projections & Testing Affordability

Mr. Rossley also shared that LevelField discovered that the financial projections from Ed-Ops that they and the school has been working with to assess project affordability contained a material error specific to projected State Revenue – an error that, once corrected, resulted in a significantly negative impact to project affordability in FY26 and beyond.

Ed-Ops since recalculated State Revenue using KCPS' recently released 2024 ASBR. This Report shows a \$40m year-over-year increase in the local aid pool, which then projects a substantial basic formula increase in FY26. Ed-Ops prepared an updated version of the financial projections model which LevelField used to draft an update to the project affordability model.

Mr. Brennan elaborated that the material error specifically was a cut-and-paste issue from Ed-Ops' model projection software into the project pro-formas; it was not an error of the model itself, but rather an unfortunate and rather significant user error. He does not have any concerns about Ed-Ops model quality and he requested an additional layer of double-checking be put on all Ed-Ops projections for the remainder of the project.

Once LevelField is confident in the updated model's accuracy and conservatism, they will share it with the potential financing partners who have expressed interest in the project so that they can further advance their initial underwriting activities. In order to maintain acquisition financing timing, they need to send it to lenders no later than January 8th.

He also reported that the Finance Committee has asked LevelField to secure preliminary term sheets from potential lenders for acquisition financing, including reimbursement for predevelopment spending, on terms that support near-term project affordability, no later than the end of January in order to continue funding predevelopment activities via cash reserves versus a financed source.

In sharing the details of the updated model draft, he highlighted the following:

	24-25	25-26	26-27	27-28	28-29	29-30
Proj. Enrollment	400	410	458	490	532	558
Ending Cash	\$1,526,317	\$1,742,718	\$1,934,705	\$2,385,363	\$3,090,951	\$4,107,113
DSCR (goal 1.3)		2.53x	1.31x	1.45x	1.65x	1.89x
DCOH (>60)	79	89	84	99	121	157
% of PPR to Debt (goal ~12%)	8.3%	6.7%	14.2%	15.3%	14.1%	13.4%

3. Preliminary Project Schedule & Milestones

Mr. Rossley reminded the Board that the school needs to finance the acquisition by April 4th in order to be bond-eligible. LevelField is working with potential lenders to determine the most efficient and cost-effective way to meet the April 4th acquisition deadline and their underwriting requirements.

LevelField has also sought clarifying information from Ms. Holliday-Scott specific to approved uses of bond funds.

Mr. Rossley again presented the following project schedule:

- Construction permit for remediation project received: March/April 2025
- CWCKC acquires Broadway facility from IFF: no later than April 4th, 2025
- Construction permit for expansion/renovation project received: June/July 2025
- Remediation project occurs: June – August 2025
- 8k ft² southside expansion construction occurs: August 2025 – May 2026
- Renovation project occurs: June – July 2026
- Project Complete: August 2026

4. Team Assemblage

Mr. Rossley reported that the school received proposals for general contractor services from McCown-Gordon and Turner Construction. LevelField and school representatives (Mr.

Brennan & Mr. Smith) interviewed both firms and independently scored each. Scoring was markedly similar and favored McCown-Gordon.

He shared that McCown-Gordon's key terms included:

- Construction Fee of 3.5% of the estimated project cost
- General Conditions of \$540k for 12 months
- 100% of Shared Cost Savings passed to owner.

LevelField is awaiting MultiStudio's contact which the Facility Committee, LevelField, and Citizens' counsel will review prior to recommending that Dr. Miles sign. Further, LevelField is requesting the Board approve McCown's proposed terms and delegate contract approval to the Facility Committee and Dr. Miles.

Mrs. DeWilde asked for clarity around the motion, and Mr. Rossley clarified that this motion gives Dr. Miles the authority to move forward with these specific terms; the board will revisit if the contract varies.

Mrs. DeWilde moved to approve a motion to grant Dr. Miles the authority to move forward with McCown-Gordon as the General Contractor for the facility project and Ms. Rios provided a second. The motion was unanimously approved with none abstaining.

5. Project Greenlighting Criteria

Mr. Rossley next presented five greenlighting criteria they propose to use to guide future project related decisions, specifically those related to committing to ongoing preconstruction spending and then eventually the acquisition and project financing themselves. If agreed, LevelField will review the status of each item during future meetings as needed, provide relevant updates, address key questions and issues, and seek the Board's input/direction on those issues.

- Site Acquisition/Due Diligence – Is the school satisfied that LevelField exhausted our negotiation efforts with IFF before agreeing to a purchase price? Did LevelField find anything of significant concern from an organizational risk, timing, and/or budget perspective as they worked through due diligence?
- Schedule – Is the team on pace to support a Summer 2026 delivery of both the expansion and renovation projects? Has the team encountered any major hurdles relative to timing and/or budget pressures? Is the school on track to receive construction permits for the remediation project no later than April and for the expansion and renovation projects no later than July?
- Project Budget – How confident is the team that the school will be able to hit the targeted project budget for both the GO Bond "Pass" and "Does Not Pass" scenarios and deliver the desired programming requirements? Is the team identifying sufficient potential value engineering options to mitigate potential cost escalations until the GMP is signed?
- Financing – Does LevelField have lenders committed to the project and at terms that do not exacerbate near-term affordability pressures? Can the lenders meet closing timelines? Is the school prepared to close assuming both GO Bond "Pass" and "Does Not Pass" scenarios?
- Affordability – Does the school have a financial model the team is confident in? How reasonable would it be to close any potential affordability gaps?

Mr. Rossley said that his goal today was to solicit feedback on the criteria such that the Board feels confident that LevelField is focused on assessing the most critical issues and are asking the right questions to do so.

d. **Finance & Operations Committee** (Mrs. Lydia Butler)

i. Review & Consideration of Monthly Financials (November 2024), including Check Register *[Board Action]*

Mrs. Butler presented the November Financial Report and highlighted page 6's Balance Sheet, showing a current Cash Balance of \$2.2m, with a projected year-end balance of \$2.1m.

She walked through Page 7's Income Statement, highlighting:

- Year-to-date revenue of \$2.9m, against a budget of \$2.39m.
- Year-to-date expenses of \$2.9m, against a budget of \$2.9m.
- Net Income of \$37k, against a budget of (-\$498k).
- Forecasted year-end revenue of \$6.77m, against a budget of \$6.3m.
- Forecasted year-end expenses of \$6.8m, against a budget of \$6.9m.
- Forecasted year-end Net Income of (-\$56k) against a budget of (-\$566k).
- A projected 113 days of cash on hand position, slightly increasing from last month.

Mrs. Butler noted that on the revenue side, the school continues to be stronger than budgeted due to higher enrollment and a higher-than-budgeted per-pupil (ADA) state payment. The school slightly increased the ADA budget from \$12,850 to \$13k, and Ed-Ops believes there is continued potential for additional upside. Expenses continue to trending in line with the budget, except for Student Transportation. The Finance Committee approved school leadership to reallocate expenses and adjust the overall projection here, which will be reflected in December's financials. The school's Net Income has remained above budget.

Lastly, she stated that the Finance Committee did not note anything as out of order on the Check Register or Accounts Payable.

Mrs. DeWilde asked for clarification regarding the additional transportation costs. Mrs. Butler explained that more students are qualifying for McKinney-Vento support, and Dr. Miles shared that she believes attendance for these students has improved as a result. Mrs. Butler further explained that it will be made up for due to increased state funding.

Dr. Foster moved to approve the November Financial Report and Check Register as proposed and Ms. Bond provided a second. The motion was unanimously approved with none abstaining.

ii. Review & Consideration of Short-Term Facility Funding *[Board Action]*

Mrs. Butler reported that LevelField projected that there would be approximately \$450k-\$500k in needed funding for the facility project between now (actually last month) and when financing closes. While there is the option to pursue a short-term bridge loan, LevelField recommended – and the Committee agreed – that it did not make sense to pay the origination fee, pay attorneys, pay time and effort when we know financing will close in April (due to the accelerated ownership timeline required by the potential bond funds). In essence, the \$500k loan would cost the school \$50k in non-refundable expenses. Instead, the school will cover this needed funding through cash reserves, then recover this investment at closing.

This would mean the school's cash reserves would decrease to \$1.3m-\$1.5m in the coming months, but then recover in April/May – well before the end of the fiscal year.

Reminded the Board that If EFF is our financing partner, no equity contribution from the school would be required. Other financing partners may require an equity contribution from the school, which these expenses would satisfy.

The Committee did recommend that the Board set a milestone (i.e. January 31st) that the school will have received financing term sheets or else we need to pause the project.

Mr. MacDonald asked if there are any restrictions around paying ourselves back for the loan; Ms. Butler answered that there are no restrictions and no anticipated pushback from the lender since we are essentially borrowing from ourselves.

Ms. Bond asked if there is any cost to this option aside from not having this amount of cash on hand. Mr. MacDonald asked about the impact of other large anticipated costs in the coming months. Ms. Butler answered that there is plenty of time to make up any needed cash, and Mr. Brennan reminded the board about our additional open line of credit.

Mr. MacDonald moved to approve using Cash Reserves as a short-term funding solution as proposed and Ms. Bond provided a second. The motion was unanimously approved with none abstaining.

- e. **Educational Equity Committee** (Dr. Asiya Foster)
 - i. No Update; December Meeting Postponed to January

Dr. Foster affirmed the Committee did not meet in December as planned due to Dr. Miles' family situation and looks forward to meeting and reporting in January.

- f. **Brand Identity Committee** (Mrs. Angela DeWilde)
 - i. No Update; December Meeting Postponed to January

Mrs. DeWilde affirmed the Committee did not meet in December and looks forward to meeting in January.

- 7. **Executive Director's Report** (Dr. Danielle Miles) [*Information/Discussion*]
 - i. 2025-2026 Enrollment Update (Mrs. Katy Lineberry)

Mrs. Lineberry shared that the 2025-26 application period opened on November 9, coinciding with the City School Fair. Now through March 1 is Open Enrollment; applications received during this period will be eligible for the lottery, according to the lottery preferences. She reminded Board the school will continue to then receive applications first-come, first-serve after then.

Mrs. Lineberry shared the application data received to date, noting that few applications have been submitted in December, which is typical of this time of year. ShowMeKCSchools is investigating KCPS data to see if low application submissions is a city-wide issue or something specific to area charter schools. Mrs. Lineberry expects application submissions to increase following the holiday season.

8. Adjourn *[Board Action]*

Dr. Foster moved to adjourn and Ms. Rios provided a second. The motion was unanimously approved with none abstaining. The meeting was adjourned at 7:40 pm.

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