

Great Hearts Texas Stakeholders,

Thank you to all who attended the June 12th meeting of our Board of Directors. We experienced an unexpected electricity shortage which had us revert to phone flashlights for a short period of time. Fortunately, all was well by 10:18 AM when we were able to proceed with our meeting.

Superintendent Report:

Following comments from the public, Superintendent Minter began his report by announcing the recent promotion of three GHTX leaders to serve as Executive Directors. He introduced Mandi Cannon, Dr. Will Rutherford, and Monet Lessner. Each Executive Director shared remarks including their career paths at Great Hearts. XD Cannon initially served as an Assistant Headmaster at Monte Vista in 2014, served as Headmaster at Monte Vista, and moved to Ft. Worth to serve as the inaugural Headmaster at Lakeside. She will be responsible for the Arlington, Irving, Lakeside, and Prairie View academies. XD Rutherford has served in various roles at Great Hearts Texas for the last eight years, served as a Headmaster at Monte Vista, and most recently served as the Sr. Director of Achievement and Accountability. He will continue to lead the Achievement and Accountability team in addition to supporting Northern Oaks, Forest Heights, and Invictus. XD Lessner spoke of her experience as a Special Education teacher at Austin ISD as well her service as an interventionist, 504 coordinator, Assistant Headmaster and most recently Headmaster at Monte Vista South. She will lead our Special Student Services and support Live Oak, Monte Vista, and Western Hills. Superintendent Minter also announced three internal promotions to headmaster roles: Anne-Kathleen Borushko for Forest Heights Lower, Katherine Imber for Monte Vista South, and Leah Hammons for Invictus Lower. He also announced the recent hiring of Kristin Durney as Director of Human Resources.

Superintendent Minter described the revised budget process for FY 24. This new process allows for an expedient consensus on enrollment targets and provides flexibility to adjust quickly to last minute issues such as those resulting from the 2023 legislative session. For FY 24, we were able to budget for a pay increase for teachers and staff as a direct result of our growth and implementing new efficiencies. We are holding steady on our health care premiums and offering additional health benefits to our employees at a minimum additional cost beginning on July 1st. If the legislature approves additional funds for teacher pay raises during a special session, we will submit a budget amendment for approval to address an additional increase in teacher and staff pay among other items.

We separated our online education expenses in the budget to help us prepare for the state's decisions on funding a virtual education period.

(6/15/23 Update: Texas Education Agency Commissioner Mike Morath announced a waiver to fund online students in all grade levels as directed by Governor Abbott's announcement earlier in the week. Great Hearts Online – Texas meets the requirement and will proceed as planned with the 2023 – 2024 school year.)

Additional successes with the finance department include raising \$22.9 million through a bond offering. The response to our bond offering was impressive with 97% of the offering sold out within the first hour. Our current bond rating is BAA3, and our Permanent School Fund rating is AAA.

This year, we earned fundraising pledges of \$2.72 million including pledges from the Ewing Halsell Foundation, the Brackenridge Foundation, and the Summer Boost program. We also successfully implemented “The \$5 Million Project” which achieved cost savings and revenue enhancers that enable us to deliver this year's budget results.

We had many successes this year with our Operations team including:

- The quick implementation of a new vendor for our lunch program which required revamping most of our kitchens with just a few weeks' notice.
- Significant improvements with security including addition armed police officers at our schools, improving our work on risk assessments, and implementing our security construction initiative – all of this contributed to our 7 for 7 in passing the state-conducted door audits on our schools.
- Our reenrollment rate for our current students is 92.73% which reinforces that more than 9 out of 10 students are returning to our schools.
- Our overall enrollment rate is strong with a wait list that exceeds 5,000 students. Every school this year has a waiting list.

For future growth, we are looking for sites along San Antonio and North Texas including a site for our fourth school in Tarrant County. For Tarrant County, I am requesting your approval to request a one-year extension of our current Tarrant County expansion amendment. In addition to this expansion, we submitted an expansion amendment to the TEA to increase the enrollment cap of our current schools from 12,400 to 17,880. We recently received approval for this significant expansion and appreciate the vote of confidence that the TEA is providing to Great Hearts Texas.

We have some challenges including:

- Finding affordable and workable sites in San Antonio and Tarrant County for future schools
- - The uncertainty of state funding which affected the pay raises that we would like to provide for our faculty and staff.
- General challenges of running a school district of our size
- Ongoing focus on academic improvement and ensuring that our academic model serves every student who walks through our doors.

We also have successes with students throughout the district including our Monte Vista students winning 1st place at a robotics competition, and our student athletes winning state championships in volleyball (Live Oak), flag football (Northern Oaks), and swimming (Monte Vista).

Finance Report:

After the Superintendent's report, Kevin Byrne provided updates on Enrollment, Attendance, and Year to Date FY 23 Financial Report. He also reviewed the FY24 budget. For the FY24 budget, revenue is projected based on enrollment of 12,099 students (including 800 Online students) which is a 20% increase in enrollment. Mr. Byrne mentioned that we had hoped to include a 3% pay raise for teachers with additional funds approved in the 2023 Texas legislature. Since this legislation did not pass during the regular session, we reduced our expenses and our Net Operating Income in our FY 24 budget to provide a 2% raise for faculty and staff. The current FY24 budget submitted for approval includes the 20% increase in enrollment and reduced expenses in IT and Healthcare Benefits which will occur with the transition to in-house IT and Benefit support.

Mr. Byrne reviewed a revised budget for security improvements and submitted a budget of \$10,179,017 for approval.

Mr. Byrne discussed the 2023 Bond closing which will provide funds for constructing the 2nd phase of construction for Live Oak and the purchase of land for Northern Oaks expansion.

Resolutions:

Three resolutions passed during the June 12th meeting:

- Resolution to extend the current TEA expansion amendment for a 4th school in Fort Worth for an additional year.
- Resolution to accept the FY24 budget.
- Resolution to accept the revised budget for security improvements.

Thank you for your interest in this recap. For more information on the June 12th board meeting and future meetings, please visit:

<https://texas.greatheartsamerica.org/finance-compliance/public-board-meeting/>

In partnership,
Great Hearts Texas