



Thursday, November 7, 2024

6:00 p.m. – 9:00 p.m. CT

In Person: Great Hearts Prairie View

9001 NW Hwy 287 Ft. Worth, TX 76131

Via Zoom: <https://us02web.zoom.us/j/81885155216?pwd=vC664UagDxISX1oHgZjyuQgykpiXH5.1>

## MEETING MINUTES OF THE GREAT HEARTS TEXAS BOARD OF DIRECTORS

Date: Thursday, November 7, 2024

The regular scheduled meeting of the Great Hearts Texas Board of Directors was held at 9001 NW Hwy 287, Ft. Worth, TX 76131.

Mr. Jim Rahn verified quorum prior to the Call to Order.

### AGENDA (items taken out of order)

I. Call to Order-

Mr. Jim Rahn presided over the meeting and called the meeting to order at 6:03 p.m. CT.

Texas Board Members	Position	Present	Absent	Via
Mr. Jim Rahn	Chairman	X		In person
Mrs. Jackie Moczygemba	Vice Chairwoman	X		Zoom
Mr. Brandon Byrne	Secretary	X		Zoom
Dr. Olecia Christie	Board Director	X		Zoom
Mr. Kevin Hall	Board Director	X		In Person
Dr. Jonathan Sanford	Board Director	X		In Person
Mrs. Shannon Sedgwick-Davis	Board Director		X	

Other Staff/Guests	Position	Present	Absent	Via
Paul Pastorek	Conservator	X		Zoom
Dr. Wade Dyke	Interim Superintendent	X		In person
Lisa Zerbonia	Vice President of Operations	X		In person
Kevin Byrne	Vice President of Finance	X		In person
Megan Freeman	Chief of Staff	X		In person
Emily Boney	Legal Counsel	X		Zoom
Laurie Gutierrez	Blazek and Vetterling Audit	X		Zoom
Monet Lessner	Executive Director	X		Zoom

I. **Public Comment-** Mr. Rahn opened Public Comment and shared that all written comments submitted were distributed to the board and read in advance of the meeting. Ms. Freeman shared the time allotted as approved by the Chairman, 2 minutes. The Great Hearts TX Board of Directors listened to the comments from the public.

II. **Approval of Consent Agenda:**

- a. Approval of Meeting Minutes from September 5, 2024
- b. Approval of Special Education Policies
- c. Approval of District Improvement Plan
- d. Approval of Great Hearts Parental Involvement Policy

6:21 p.m. CT Mr. Rahn asked if any of the board members wanted to remove one or more items from the consent agenda. No items were removed. Mr. Rahn stated that he would accept a motion to approve the consent agenda.

**Are any items to be removed?** none

**Motion to move:** Dr. Jonathan Sanford moved to approve the consent agenda

**Second the motion:** Brandon Byrne seconded the motion to approve the consent agenda.

**All of those in favor?** All in favor, none opposed. Motion carried 6-0 at 6:27 p.m.

III. **Conservator Progress Report**

Mr. Pastorek reports that progress is being made with HR onboarding processes. Mr. Pastorek is working with Great Hearts Texas to complete a “Needs Analysis” to assure HR practices are in accordance with Texas law. A draft of the “Needs Analysis” has been submitted to TEA. Moving forward, goals and deadlines will be set, and Mr. Pastorek will provide updates at the next board meeting.

IV. **Interim Superintendent Report-** Dr. Dyke shares that Jason Doughty has been hired as Interim Executive Director, sharing that his veteran experience with Great Hearts will serve to support

headmasters at the schools. Executive Director Lessner has also expanded her leadership role to include, on an interim basis, the Academic Team in addition to her responsibilities for Special Education. Lisa Zerbonia, Vice President of Operations, updates the Board on the construction progress at the Arlington Phase 2 development and having broken ground on the new permanent Irving Lower School campus. In addition to construction, Great Hearts TX has seen 3,000 new applicants in the first four days of open enrollment for the 2025-2026 school year.

**V.**

a. Headmaster Welcome

Dr. Milligan highlighted new family engagement opportunities within the ESL department, the growing Parent Service Organization, and the fine arts classes offered to first-grade scholars. Mr. David Lapointe, Headmaster of Upper School, introduced the Upper School's new house system and the academic intervention designed to aid students behind on work.

b. Special Education Update

Ms. Lessner shares the strategies for special education. These strategies include adding oversight measures, additional training, and taking steps towards staffing supplementation. Great Hearts TX has not received any special education complaints filed with TEA this first quarter.

Mr. Kevin Hall asks what levers are being used or are planned moving forward. Ms. Lessner shares that requiring campuses to retain and review data has made a difference. Once there is additional school funding, we can add additional campus clerks to support identification and tracking.

**VI. Finance Update**

a. Audit Report

The audit was provided by Blazek and Vetterling, Laurie Gutierrez, Engagement Partner and Kayla Millsaps, Audit Engagement Senior Manager. Ms. Gutierrez reviewed the process followed when completing the audit from June 30, 2024, in accordance with the generally accepted auditing standards in the United States of America as well as government auditing standards. No significant or material weaknesses were found. Discussed two deficiencies, 1) Non-payroll disbursement- A check was written for an incorrect amount due to a manual process 2) A lack of internal control over reporting adjustments.

Federal programs tested included IDEA B- Special Education and the Child Nutrition Cluster – School Breakfast and School Lunch Program. Auditors reported a finding of a lack of procedures in place to reconcile and produce a complete and accurate SEFA and Special Education Cluster expenditure and one out of 40 disbursements charged to IDEA B was unallowable as it was a routine school expenditure versus compensatory. A corrective action plan will be included in a report on compliance to management.

Auditors reviewed a Summarized Statement of Financial Position, including an increase of \$6.5 million, additional financing of \$38 million, investments increased at \$8.1 million, and property right-of-use assets increased about \$30.4 million. The only significant increase in liabilities was in bonds and notes payable as a result of the 2024 bond offering of about \$48 million. The Foundations School Program revenue and other state revenue increased 29% due to an increase of average daily attendance. Federal Program revenue decreased because the ESSR funds came to an end. Local revenue decreased \$2 million, while total expenses increased by \$30 million. Change in assets for the year was a deficit of \$1.2 million as compared to the prior year which was a positive \$2 million.

**Mrs. Jackie Moczygemba-** Are you satisfied with the changes in GH Texas to fix the issues that were found?

**Auditor Answer:** Is comfortable with the management's response and correction plan.

**Mr. Brandon Byrne-** How have these deficiencies been remediated and how does this look compared to other charter schools?

**Auditor Answer:** They will always find something miscoded as it is the nature of the volume of transactions. 1 out of 40 is normal. The item about the expenditure and upload is a unique event due to the change of systems this year. This was unusual in nature because of the system change.

**Dr. Olecia Christie-** Are there any other gaps that we should be mindful of?

**Answer:** No, no other deficiencies that management should act on.

**Dr. Jonathan Sanford:** Foundation School Program and other state revenue- What was the increase in attendance?

**Mr. Kevin Hall-** It was an increase in the number of students that are attending.

**Mr. Kevin Byrne-** Commented on the lack of control- This was a manual process, when the download comes out of the AP system, there was an error in payment. Instead of 3,000 it was 30,000. This error was caught, but the concern was that this could create a space for someone to commit fraud.

**7:07 p.m. CT Mr. Rahn stated that he would accept a motion to approve the audit.**

**Motion to move:** Kevin Hall motions to approve the audit.

**Second the motion:** Jackie Moczygemba seconded the motion to approve the audit.

**All of those in favor?** All in favor, none opposed. Motion carried 6-0 at 7:07 p.m.

b. Financial Report

ADA-As of September 2024, we are at 96% ADA. Enrollment is sitting close to budget. As students leave, we are backfilling those enrollments.

Statement of Activities- Fiscal period ending in September we are at \$355,000. We are right on track with our budget. There are some gaps, but overall, we are in good shape for the first quarter.

**Ms. Olecia Christie-** Is there pattern to attrition?

**Mr. Kevin Byrne-** Last year we had a 2% decline, so we work to enroll a higher number at the beginning or the year or backfill.

**Ms. Jackie Moczygemba-** State reimbursement- what is the lag that is experienced, is it a month, two months, three months?

**Mr. Kevin Byrne-** There is a lag in payment from the state, generally. There was also a delay in payment from Online. That is why the cash is important to have on hand. The state pays 90 days in reverse.

**Dr. Jonathan Sanford-** How many days of cash on hand? Runs close to margin.

**Mr. Kevin Byrne-** 61 days of cash on hand, and a debt service coverage of 1:1.

**Mr. Kevin Hall-** The rate that the state has been paying for students hasn't changed for the last five years, so that has been a challenge. Attendance (ADA) is an important part of what we do for both learning and funding.

**Motion to move:** Mr. Kevin Hall moved to approve Wade Dyke, as formally authorized and to replace the prior Superintendents to sign checks, notes, drafts, bills of exchange, acceptances, undertakings, or orders for payment of money from funds of Great Hearts. America Texas, on deposit in such accounts as may be deemed to be necessary, desirable, appropriate, or otherwise, in the best interests of Great Hearts. America Texas.

**Second the motion:** Dr. Jonathan Sanford seconded the motion to approve.

**All of those in favor?** All in favor, none opposed. Motion carried 6-0 at 7:17 p.m.

## **VII. Public Hearing**

### **a. Charter FIRST Rating**

Charter FIRST ratings are a financial accountability system where there are 21 indicators and schools are rated A-F. FISCAL year 23 we are rated at a B. We anticipate moving back up to an A. Where we lost points are days of cash on hand, current assets over liabilities, and administrative cost ratio. Our mark was an 86 (B+), so we are hoping that gets back up to an A.

Mr. Rahn then opened for questions.

Question from the Public- What can reduce administrative cost?

Mr. Byrne- There are several areas where administrative costs are shared.

Mr. Hall- We had more students, so we were able to put in more money to the school side.

Dr. Sanford- There was also a forced reduction of administrators.

Question from Public- Does the salary given to the Superintendent, does that play into any part of the financial statement?

Mr. Rahn- The compensation is fair, competitive, and inline with the scope of the job. There is an external comparison that is used to determine this level of compensation. This compensation was deemed to be fair and reasonable.

Question from the Public- - Percentage drop was impacted with the cut of Indorf and Minter, and additional excessive administrative pay. Did Minter just now get off the bank accounts? We need to have better fiscal controls over our bank accounts.

Mr. Kevin Byrne- On staff until August as Chief Advisor to the board.

Mr. Jim Rahn- He was not signing checks and we agree that this should be done.

Question from the Public- Would it be more helpful to the improvement of the rating if the executive salaries were more accessible to the public?

Mr. Kevin Byrne- We also disclose on our form 990, which is on the website salaries. Anybody making over \$100,000 is listed on there.

Comment from the Public- This organization is not the type of organization that requires a Chief of Staff. When we are talking about how dire our financial situation is, and we look at this role, there's no reason for the role. We have positions that are unnecessary.

Dr. Wade Dyke- In general we have not seen an increase in state revenue per student for 5 years. The organization laid people off in the central office so that we could afford to pay teachers more. Our top priority is run our schools well, securing more money from the state and channel that money into compensation for teachers and staff. The critical thing as we go into the new year will be to continue to work on attendance and continue to offer a great education, and to get the revenue and put it into the school classrooms. The legislature moves slowly, and we may not have an answer until May, but we are optimistic.

Question from the Public-How much money is lost when a student misses a day of school?

Mr. Kevin Byrne- You take \$10,000 and divided that by 180 to get a rough estimate. If there are doctor appointments, consider taking those in the afternoon.

Question from the Public- Minter is off the bankrolls, does that mean we are no longer paying him?

Mr. Kevin Byrne- Mr. Minter was still employed until August.

**Following the Charter FIRST Public Hearing, Mr. Rahn asked for a motion to move to Executive Session.**

**So moved: Mr. Kevin Hall motioned to move to Executive Session.**

**Second the motion: Dr. Jonathan Sanford**

**All of those in favor? All in favor, none opposed. Motion carried 6-0 at 7:42 p.m.**

***Executive Session Entered 7:42 p.m. CT***

***Executive Session Closed 8:47 p.m. CT***

**8:47 p.m. CT Mr. Rahn announced the return to open session and that no actions occurred in**

closed session. Mr. Rahn opened the floor to board members that wish to propose action after coming out of executive session.

**VIII. Other Action Items**

**a. Consider and take possible action on matters discussed in closed session**

**b. Consider and take possible action on parent grievance**

**Motion:** Jackie Moczygemba motions that the board take no action on the complaint.

**Second Motion:** Mr. Kevin Hall

**All of those in favor?** All inf favor, none opposed. Motion carried 6-0 at 8:48 p.m.

**c. Consider and take possible action on the ratification of a non-expansion amendment to move Irving Lower School to the newly purchased property at 3580 Story Road West Irving, Texas 75038**

**d. Motion:** Kevin Hall motions to resolve that Great Hearts America Texas, the charter holder of Great Hearts Irving's Lower School currently located at 3550 Story Road West Irving be relocated to 3580 Story Road West Irving, Texas 75038, effective August 2025 and the Superintendent or designee is authorized to submit a non-expansion amendment request to the TEA consistent with the above resolutions.

**Second Motion:** Mr. Brandon Byrne

**All of those in favor?** All inf favor, none opposed. Motion carried 6-0 at 8:49 p.m.

**e. Consider and take possible action on homebound waiver**

**Motion:** Mr. Kevin Hall proposes a resolution that the Board approve the waiver of remote, homebound instruction.

**Second Motion:** Dr. Jonathan Sanford

**All of those in favor?** All in favor, none opposed. Motion carried 6-0 at 8:50 p.m.

**IX. Closed Meeting/Executive Session-The Board will retire to closed session pursuant to Texas Government Code Section 551 concerning the following sections:**

- a. Pursuant to 551.071, Consultation with Legal Counsel regarding pending legal matters
- b. Pursuant to 551.074, discussing conservator matters and consultation with conservator on HR matters
- c. Pursuant to 551.0745, To hear a complaint against an employee
- d. Pursuant to Section 551.072, To deliberate the purchase, exchange, lease, sell or value of real property.
- e. Pursuant to Section 551.0821, to discuss personally identifiable information about a public school student.

Return from Closed Session 8:47 p.m.

Announcement:

Mr. Jim Rahn shares that Ms. Shannon Sedgwick Davis will step down from the board on Dec 31<sup>st</sup> of 2024. Ms. Sedgwick-Davis was on the board from the beginning. We thank her for tireless leadership. It was Shannon that encouraged Jim to serve on the board. Shannon not able to make it here today.

Ms. Jackie Moczygemba- Echoes the sentiments and shares Shannon having invited Jackie to the board. Ms. Moczygemba is thankful for Shannon's 11 years on the board, and her tremendous leadership, leading with grace and compassion, and thoughtfulness.

Ms. Olecia Christie- Shares that Ms. Sedgwick-Davis is stellar leader and we were lucky to have her as the board navigated some tough challenges.

Kevin Hall- Shares that he is grateful for Shannon and her leadership and dedication. She has approached this great work with grace and energy.

Brandon- Shannon worked harder than anyone realizes, and that the community should be grateful for that as well.

Dr. Jonathan Sanford- 11 years is a long time, and the work is demanding and is grateful for the ways in which Shannon has served Great Hearts and helped get it off the ground. The question of a replacement will arise, but first we will clarify our Governance Charter and will then need to plan a replacement path.

Wade- Wants to thank Shannon as a friend and a colleague. Shannon has really embodied great heartedness in everything that she does.

## **X. Adjournment**

**Mr. Rahn entertained a motion to adjourn.**

**So moved:** Dr. Jonathan Sanford

**Second the motion:** Mr. Kevin Hall

**GH TX Meeting of the Board of Directors adjourned at 8:55 p.m. CT**



Dr. Jonathan Sanford- 11 years is a long time, and the work is demanding and is grateful for the ways in which Shannon has served Great Hearts and helped get it off the ground. The question of a replacement will arise, but first we will clarify our Governance Charter and will then need to plan a replacement path.

Wade- Wants to thank Shannon as a friend and a colleague. Shannon has really embodied great heartedness in everything that she does.

**X. Adjournment**

**Mr. Rahn entertained a motion to adjourn.**

**So moved:** Dr. Jonathan Sanford

**Second the motion:** Mr. Kevin Hall

**GH TX Meeting of the Board of Directors adjourned at 8:55 p.m. CT**

The undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of the November 7, 2024 Meeting Minutes of the Great Hearts Texas Board of Directors. Meeting Minutes were approved by the Great Hearts Texas Board of Directors January 23, 2025.

Secretary: Brandon Byrne

Date: 07/02/2025

Signature: Brandon Byrne  
Brandon Byrne (Feb 7, 2025 13:12 CST)

Email: brandon.byrne@nortonrosefulbright.com