

THE ROSALYN YALOW CHARTER SCHOOL

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Tuesday, September 19, 2017, 6:30 p.m.

116 East 169th Street
Bronx, New York 10452

Trustees Present

Skype – Michael Rosen, Bill Jackson

John Carr, Ivan Lee, Sandra Hayes, Shirley Saunders, Miguel Balbuena, Gregoria Feliciano, Principal Letta Belle, Executive Director Alec Diacou, Board candidate Donna Demetri Friedman, Executive Director, RMHA, Collin Raymond, CSBM.

Call to Order

The meeting was chaired by John Carr and called to order at 6:30 p.m. A quorum was present.

Adoption of Agenda

The agenda was adopted.

Approval of Minutes

The minutes for the meeting held on July 18, 2017, were unanimously approved.

The minutes for the meeting held on August 15, 2017, were approved, as amended.

Chairman's Comments and Executive Session

Mr. Carr made a few brief comments and the board went into executive session. No public report issued.

New Board Candidate

Following introduction of Donna Demetri Friedman, executive director of the Riverdale Mental Health Association, and discussion of Dr. Friedman's role in outlining the critical role of social worker-teachers in Yalow's original 2013 charter application, a resolution was introduced by Mr. Carr, and unanimously approved.

Resolved: The Rosalyn Yalow Charter School Board of Trustees, has voted to select Donna Demetri Friedman as a final candidate to its Board of Trustees, with a term expiring on September 1, 2018, pending approval by SED. The resolution approving Donna Demetri Friedman is formally adopted upon SED's approval.

Finance Report (Michael Rosen, Collin Raymond)

Significant deviations from the approved FY17-18 budget fall into three categories: grant revenue, special education revenue, and personnel (hiring delays). Federal grants will be over budget by \$63k. Our approved budget underestimated *Federal* special ed revenue (\$1k/student), totaling \$12k based on projected numbers of students receiving greater than 60% CSE services. Approved Title II funds will be higher by \$51k. The FY17-18 budget assumes we will hire 61.5 full-time equivalent (FTE) employees. Currently we only have 51.5 FTE employees, and are behind in hiring several teachers, including two newly hired teacher-social workers, who resigned. As such, employee expenses—including payroll taxes and benefits—are running \$181k below budget, while total expenses are

\$215k below. FY17-18 year-end net income is currently forecast at \$442k—\$282k over budget of \$160k. We had \$2.6 million in the bank as of August 31, and currently expect to end the fiscal year with approximately \$2 million.

Principal Report

Ms. Belle discussed progress toward charter goals: 4-cycle student assessment calendar; structured data reporting to enhance board oversight; need for complete classroom libraries, especially non-fiction; and, plans to offer incentives to parents for participation in “parent university” for reading.

Although the dean of instruction, Curtis Nash, went out on short-term disability on May 18, Principal Belle expressed her desire to keep Mr. Nash on staff and requested legal consultation. A student attendance committee consisting of teachers will be formed to assist with absenteeism. The board applauded the formation of a teacher attendance committee, but asked to know who would oversee student absenteeism while Mr. Nash remains on medical leave. Principal Belle suggested that the 18% chronic absenteeism is due to asthmatic conditions among students. Donna Friedman asked for the number of students with asthma and noted that “innovation” funds are available to identify asthma. Michael Rosen requested that administration analyze the 2016-17 absentee report and provide the board with a formal analysis.

The board requested a report on teacher turnover.

Miguel Balbuena presented the board with a sample data dashboard he previously used at the Children’s Aid Society College Prep Charter School and asked the principal to review it for potential adoption by Yalow’s board to facilitate and simplify month-to-month board review and oversight.

Executive Director Report

Insurance update: New flood insurance rider policy with The Hartford, covers \$25k (\$887); Professional Government Underwriters (PGU), the agency running the program providing Yalow’s \$3 million errors and omissions (E&O) coverage has replaced Allied World with XL Catlin for the Educators Management and Employment Practices Liability coverage. Although we have not been able to find carrier to replace Allied, PGU’s substitution of XL Catlin may be a blessing. Update: Meeting with Walker Memorial, August 24: Reimbursement for past lease improvements (\$116.9k); agreed to \$71k, but working on more. Roof repair proposals (3, plus Walker’s contractor): a) \$267k replacement; b) \$382k replacement; c) \$164k (repair only). Walker selected another contractor for repairs, but contractor has not shown up. No update on Walker lease extension. Yalow staff hiring progress update. 61.5 full-time equivalent positions (FTE) needed; 51.5 FTE hired. Building space constraints are adversely impacting “specials” classes (fencing, violin, art, chess, professional development); specials classes now taking place in smaller rooms in rear of cafeteria (325 square feet) and in cafeteria. Still working through logistical kinks—storage, foot traffic, garbage— sharing “multi-purpose rooms.”

Executive director was directed to speak with Walker about leasing space in the church’s community room to use for use during double-booked fencing classes when 2 classes take place simultaneously.

The executive director presented a summary (attachment A) of four available sites for a second Yalow campus to open in the 2018-19 school year. With 456 students in 2018-2019, Yalow will be eligible for net additional facility rental assistance of \$1,091,652 (\$1,991,652 minus \$900,000 current rent). The available facility assistance would be split between 2 leases: 116 E. 169th St., currently \$900,000, and a second site lease. If the new 2-year lease with Walker Memorial increases rent to, say,

\$1,050, 000 (16.7%), Yalow would be able to sign a lease for a second facility, paying additional rent of up to \$940,000 annually, increasing to \$1,280,000 in 2019, when we will have 536 students.

The executive director visited four potential sites; two seem reasonable and affordable: 3490 Third Avenue (CSD9) and St. Paul's Hall at Mount St. Michael Academy (CSD11). St. Paul's Hall has significantly more space and many additional amenities. The listed square footage of each space is only part of the story, particularly for retrofitted spaces, which lose significant square footage in retrofitting for hallways/stairwells, etc.

Separately, the facility committee, as well as Letta Belle, Yvonne Booker-Byers, and Monique Evans visited the Mount St. Michael Academy site and approve the building and campus. They did not visit the 3 other sites. In the case of Third Avenue, longer term, Yalow would either need to downsize student growth or our arts, chess, or fencing classes. Although new, the Third Avenue space will be cramped and the subway stops are farther away from the school than at Mount St. Michael.

After reviewing the pro-forma 5-year, 2-campus, financial analysis summary for St. Paul's Hall Mount Saint Michael Academy (attachment B), the facility committee recommended moving forward with Mount St. Michael as the site of a second Yalow campus.

New Business

None.

Public Comment

None.

Adjournment

The meeting was adjourned at 9:25 p.m.

Approved by Board of Trustees on August 21, 2018

Attachment A

Potential 2nd-Yalow Campus Sites 2018-19

2018 Yalow Students	456	456	456	456
Additional Rent Revenue				
Lesser of 30% of GenEd PPA or rent minus current \$900,000	\$1,091,652	\$1,091,652	\$1,091,652	\$1,091,652
	609 Jackson Avenue	860 Forest Avenue	3490 Third Avenue	ST. Paul's Hall/Mt. St. Michael
Square feet	33,500 sq. ft.	13,000 sq. ft.	14,000 sq. ft.	16,000 sq. ft.
Max. Additional Students	240	160	160	330
Rent	\$38/sf \$1,100,000	\$540,000	\$600,000-\$700,000	Negotiated; based on renovations
ADA Compliant	Yes	No	Yes	Yes
Playground	No	Yes	No	Yes
Arts/Chess/Fencing	Workable w. suitable construction	Depends on access to sanctuary	No. One, but not all 3.	Yes
Teacher parking	Private garage next door	Yes	Private garage next door	Yes
Public transportation	#2 & #5 trains are a 3-block walk	#2 & #5 trains are a 3-block walk; #6 is a 5-block walk.	#B & D trains are a .8-mile walk (18 minutes;) the #4 is a 1-mile walk (20 minutes)	#2 train is a .5-mile walk; #5 train is .4 mile walk.
Cafeteria	Workable w. suitable construction	Depends on access to shared sanctuary. If used for lunch, fencing would need to be eliminated.	Yes	Workable w. suitable construction
Description	Narrow 7-story warehouse being repurposed as classroom space. Approx. 5,000 sf per floor, but much of space is used for hallways, staircase, & elevator shaft. Owner wants to place his own daycare center in 5,000 sf lobby. One entrance. Won't be complete in 2018.	Shared access to additional 5,000 s.f. church sanctuary with serving kitchen. Access to public library around corner. Former church school on 4 floors. 9 classrooms. Classrooms and bathrooms being renovated. Female bathrooms being added. Limited office space.	Move-in condition. 1st floor of new residential building currently being occupied by So. Bronx Classical Charter III. Approx. 160 students. 7 classrooms, but one would need to be eliminated to accommodate fencing.	Entire building on 22 acre campus. Traditional large classrooms (40 students, high ceilings). 3 floors plus separate large basement gym. 12 classrooms; 4 per floor. Classrooms and bathrooms being renovated. Female bathrooms being added. Separate science, art, music rooms. Many offices and staff lounge. Access to large new campus theater for performances.

Pro-Forma 2-Campus Financial Analysis Summary

September 16, 2017

Attached is a pro-forma financial analysis for a 2-campus school commencing with the 2018 school year. The key assumption concerns rent at each of the two locations. For purposes of this analysis I assume Yalow will pay the maximum rent billable to NYC under the charter school law, currently set at \$4,358 per student beginning in 2018. This translates into maximum combined rent of \$1,991,652 in 2018 (456 students) and \$2,225,888 (536 students) in 2019. This analysis assumes we spend the entire available rent between the two sites. As long as our combined rent doesn't exceed the total paid by NYC, my allocation of rent between the two sites makes no difference to the analysis.

As a starting point for this analysis I used the 6-year 2017-2022 budget, which we shared with Civic Builders. Costs unique to a second site begin on line #193 of the attached spreadsheet. A PDF of the summary is also attached. In 2018-19 we forecast net income of \$32k. In 2019-20 pro-forma net income increases to \$375k, and decreases thereafter when our number of students is fixed at 536—thereby, fixing per pupil revenue—while expenses continue increasing.

Please note I have not updated the 6-year budget to reflect changes that have occurred since May 24, 2017, when this budget was prepared for Civic Builders.

I received the draft rent proposal for St. Paul's Hall at Mount St. Michael last evening. The proposal includes building upgrades we requested, totaling \$1.7 million, including many new bathrooms for staff and students, central HVAC, new windows, plus an exterior elevator for ADA compliance. In a separate email I received today Peter Corritori pointed out the \$1.7 million doesn't include costs for additional ductwork or upgrades to the electric system if required for the new HVAC system.

The proposed rent of \$975,600, with 3% escalation, seems doable. The rent amortizes \$1.7 million of building improvements over a 5-year lease. If we ask for a longer lease the rent would decrease.

Mount St. Michael put this proposal together quickly, and we will have an opportunity to work out specific details. For example, we might ask for lower rent the first year and make increased rent payments starting in the second year.

Currently Yalow has 185 students commuting via yellow buses—half our student body. Mount St. Michael is about 6.3 miles northeast from Yalow. I estimate we could lose 100 current students if we open a second campus in CSD11. To put that number in perspective, over the summer we lost 26 of 249 students from last year with no change in our school's location. Currently we are replacing those 26 students with students from our waiting list. To prepare for a loss of c. 100 students next year, we will need to be extra vigilant in recruiting new students in both CSD9 and CSD11. We should also plan to invite parents to take tours of the new Mount St. Michael campus.

I've visited four potential sites for a second Yalow campus, which I sent the board on September 2. The best alternative to a second campus at Mount St. Michael Academy

Pro-Forma 2-Campus Financial Analysis Summary


is 3490 Third Avenue near 161st Street (1.6 miles by foot; 2 miles by car). The Third Avenue site is currently occupied by South Bronx Classical Charter School #3. The landlord is building them a new school in an affordable housing unit down the block. 3490 Third is beautiful space, accommodating 160 students, but it would not be able to house all of our special classes (art, chess, fencing, music, and Riverdale Mental Health). Yalow would remain cramped, as we are now. If we rent Third Avenue, however, the landlord offered to build Yalow our own building for all 6 grades (536 students) in CSD7, southeast Bronx.

Finally, I have a meeting scheduled with the NYC Department of Education on October 5 to discuss our facility needs: either a DOE building for all 536 students or a smaller space large enough to accommodate the next two years of Yalow student growth plus our special classes.

Two other schools are looking at the Mount St. Michael site. One is a private school, the other is a charter school, South Bronx Classical Charter School (a network). I recommend moving forward with a second campus at St. Paul's Hall on the Mount St. Michael campus. We can afford it. We won't be cramped. The classrooms are large with flexible walls. St. Paul's Hall has the luxury of being located on a big open campus with playgrounds, ball fields, music/science/computer labs, a large gym, theater space, and parking. Finally, leasing St. Paul's Hall buys us time to decide whether or not to proceed with building our own school building.

Best regards,

Alec

	A	B	F		G	H		I	J	K	L	N
			Budget	Projected Y/E	2016-2017	Draft Budget	Draft Budget	2018-2019	Draft Budget	2019-2020	Draft Budget	
1	ROSALYN YALOW CHARTER SCHOOL		ASSUMPTIONS									
2			249	249	374	457	536	536	87	Enrollment		
3			42	43	65	71	84	93	87	Staff		
4			14,027	14,027	14,527	14,527	14,527	14,527	14,527	GenEd Per Pupil Rate		
5			2,805	2,805	2,905	4,358	4,358	4,358	4,358	30% GenEd Per Pupil Rate		
6			10,390	10,390	10,390	10,390	10,390	10,390	10,390	20-60% SpEd Rate		
7			19,049	19,049	19,049	19,049	19,049	19,049	19,049	>60% SpEd Rate		
8	Revenue		5,114,146	5,088,403	7,237,734	9,828,279	11,501,098	11,565,098	11,590,098			
9	Expenses		5,094,546	4,977,719	7,078,127	9,796,012	11,125,500	11,353,963	11,484,907			
10	NET INCOME		19,600	110,684	159,606	32,267	375,597	211,135	105,191			
11												
12	LOCATION #2 EXPENSES											
13	Additional Staffing											
14	- Dean of Students					90,000	92,700	95,481	98,345	3% cost increase per year		
15	- Operations Manager					60,000	61,800	63,654	65,564	3% cost increase per year		
16	- Office Associate (x2)					80,000	82,400	84,872	87,418	3% cost increase per year		
17	- Custodian					38,000	39,140	40,314	41,524	3% cost increase per year		
18	- Building Aide					35,000	36,050	37,132	38,245	3% cost increase per year		
19	- Medical Benefits					39,735	39,809	39,886	39,965	Medical, dental, vision, worker's comp, NY disability		
20	- Taxes					23,180	23,875	24,591	25,329	Social Security & Medicare		
21	- 401k					6,060	6,242	6,429	6,622	401k assumes full enrollment		
22	Additional Staffing Total					371,974	382,016	392,359	403,012			
23	Office supplies for new location					2,000	2,000	2,000	2,000			
24	Furniture for new location					5,000	1,000	1,000	1,000			
25	Classroom supplies/materials, other student expenses					30,000	30,000	-	-	For increased student enrollment FY18-19 and FY19-20		
26	Internet/Phone					18,000	18,540	19,096	19,669	\$1500/mo		
27	Tech setup/install					5,000	-	-	-	First year of new location only		
28	Recruiting/staff					10,000	-	-	-	Wraps into recruiting costs in main expense sheet for future years		
29	Insurance					-	-	-	-	covered in above estimate		
30	Rent					940,000	1,285,942	1,285,942	1,285,942	First year of new location added, following years already calculated above by considering max per pupil contribution of 30%		
31	Utilities					35,000	35,000	35,000	35,000			
32	Repairs & Maint					10,000	5,000	5,000	5,000	Repairs & Maint, cleanup of space, snow removal		
33	Moving costs					10,000	-	-	-	First year of new location only		
34	TOTAL LOCATION #2 EXPENSES					1,436,974	1,759,497	1,740,397	1,751,623			
35												
36	TOTAL EXPENSES					9,796,012	11,125,500	11,353,963	11,484,907			
37												
38	NET INCOME (DEFICIT)/SURPLUS					159,606	375,597	211,135	105,191			
39						-	-	-	-			

Attachment B