

LEMAN CLASSICAL SCHOOL SPECIAL BOARD MEETING
FRIDAY, MAY 23, 2025 AT 12:00 P.M.
MINUTES

The LCS Board met via zoom for the LCS Special Board meeting on May 23, 2025. The meeting started at 12:05pm. Paige McLaughlin presided, and a quorum was present with board members Victoria Hostin, Stacy Thomas, Chris Young, and Hope Kentnor in attendance. Head of Schools, Dr. Jason Edwards was also present along with Katie Determan, CEO, Lorena Witty, CFO, Aaron Russell, parent and member of the LCS Finance Committee, and Mike Farley from FAUSTUS Management Company.

Ms. McLaughlin made a motion to approve the April 10, 2025 meeting minutes. Ms. Hostin seconded. A vote was taken. There was no opposition. The April 10, 2025 Special Board Meeting minutes were approved.

APPROVED: April 10, 2025 Special Board Meeting Minutes

There were no public comments.

Ms. Hostin then kicked off the LCS Budget Review items and provided a history of her involvement with the finance committee and her personal affiliation with the FAUSTUS Management Company that oversees the Leman Classical Schools and therefore abstained from any part of the conversation or voting related to the proposed increase in management fee.

A robust presentation and series of questions and answers about the proposed management fee increase moving from 10% to 11% ensued. Currently, there is not a management fee charged for the Bayou Gulch campus. The schools are currently operating at a deficit given the new campus expenditures and an increase of 1% would also lower the schools' debt service ratio. Additionally, the increase will assist with covering headcount for the Arizona campuses that will not directly impact the Colorado campuses in terms of added resources, but only added expenses. Should the debt service ratio not be covered, it puts the schools at risk for having bondholders exercising the option to send an external consultant to advise the school on how to come into compliance.

Due to the unbalanced budget going into this fiscal year, Ms. McLaughlin asked Ms. Determan to clarify that the management fee, per our contract can defer the management costs but that they will still be reflected on the budget, however considered a deferred cost until the budget is operating in a positive direction. Ms. Determan affirmed that statement. This management fee can be just a portion deemed necessary, not the full amount.

Ms. McLaughlin made a motion to disapprove the proposed 2025/2026 fiscal year budget with the 11% management fee and proceed with the 2025/2026 fiscal budget with the current 10% management fee with the note that the LSC Governing Board may be asking for a deferred

payment for the management fee for any amount necessary to make the budget whole given there is currently an unbalanced budget. Ms. Thomas Seconded. Ms. McLaughlin did a roll call for all LCS Governing Board Members:

- Ms. Hostin: abstained
- Mr. Young: Yay
- Ms. Kentnor: Yay
- Ms. Thomas: Yay
- Ms. McLaughlin: Yay

APPROVED: 2025/2026 Budget with the 10% Faustus Management Fee

Ms. McLaughlin then provided the Board President update to the LCS Governing Board including status updates with the completion for the Bayou Gulch Campus and evolving state and federal laws that affect scholars and parents.

Dr. Edwards then provided the Head of Schools update to the LCS Governing Board including current scholar enrollment, teacher and staff hiring.

Ms. McLaughlin made a motion to adjourn the meeting at 1:22pm. Ms. Kentnor Seconded. There was no opposition. Meeting adjourned at 1:22pm