



Lawrence Family Development Charter School
34 West Street, Lawrence, MA 01841
978-689-9863

FINANCE SUBCOMMITTEE

Wednesday, August 5, 2020

REMOTELY – 2:00 PM

AGENDA

I. OPEN MEETING

II. BUSINESS ITEMS

- Update on DESE Guidance (rates, reopening, etc.)
- SY'21 Calendar Revised
- Cares Act Application
- Investment Policy Update

III. ADJOURN



Lawrence Family Development Charter School

SCHOOL CALENDAR FY'2020-2021 REVISED WITH 9/14/20 START DATE

JULY	MON	TUE	WED	THU	FRI	JANUARY	MON	TUE	WED	THU	FRI
			1	2	3						1
	6	7	8	9	10		4	5	6	7	8
	13	14	15	16	17		11	12	13	14	15
	20	21	22	23	24	18/83 days	18	19	20	21	22
	27	28	29	30	31		25	26	27	28	29
AUGUST	MON	TUE	WED	THU	FRI	FEBRUARY	MON	TUE	WED	THU	FRI
	3	4	5	6	7		1	2	3	4	5
	10	11	12	13	14		8	9	10	11	12
	17	18	19	20	21		15	16	17	18	19
	24	25	26	27	28	15/98 days	22	23	24	25	26
	31										
SEPTEMBER	MON	TUE	WED	THU	FRI	MARCH	MON	TUE	WED	THU	FRI
		1	2	3	4		1	2	3	4	5
	7	8	9	10	11		8	9	10	11	12
	14	15	16	17	18		15	16	17	18	19
13/13 days	21	22	23	24	25	23/121 days	22	23	24	25	26
	28	29	30				29	30	31		
OCTOBER	MON	TUE	WED	THU	FRI	APRIL	MON	TUE	WED	THU	FRI
				1	2					1	2
	5	6	7	8	9		5	6	7	8	9
	12	13	14	15	16		12	13	14	15	16
21/34 days	19	20	21	22	23	15/136 days	19	20	21	22	23
	26	27	28	29	30		26	27	28	29	30
NOVEMBER	MON	TUE	WED	THU	FRI	MAY	MON	TUE	WED	THU	FRI
	2	3	4	5	6		3	4	5	6	7
	9	10	11	12	13		10	11	12	13	14
	16	17	18	19	20		17	18	19	20	21
17/51 days	23	24	25	26	27	20/156 days	24	25	26	27	28
	30						31				
DECEMBER	MON	TUE	WED	THU	FRI	JUNE	MON	TUE	WED	THU	FRI
		1	2	3	4			1	2	3	4
	7	8	9	10	11		7	8	9	10	11
	14	15	16	17	18		14	15	16	17	18
14/65 days	21	22	23	24	25	14/170 days	*21	2	23	24	25
	28	29	30	31			28	29	30		

Holidays & School Vacations
 July 3 – Independence Day
 Sept. 7 – Labor Day
 Oct. 12 – Columbus Day
 Nov. 11 – Veterans’ Day
 Nov. 25-27 – Thanksgiving Break
 Dec. 21-Jan. 4 – Christmas Break
 Dec. 25 – Christmas Day
 Jan. 1 – New Year’s Day
 Jan. 18 – Martin Luther King Day
 Feb. 15 – President’s Day
 Feb. 15-19 – Winter Break
 Apr. 2 – Good Friday
 Apr. 19 – Patriot’s Day
 Apr. 19-23 – Spring Break
 May 31 – Memorial Day Observed

Important Dates
 ✂ Aug. 3 – First day for 205-day Leadership Team
 ☺ Sept. 14 – K-2-Grade 8 School Starts
 🛎 Sept. 15 – K-1 School Starts
 Nov. 20 – First Quarter Ends
 Jan. 29 – Second Quarter Ends
 Apr. 9 – Third Quarter Ends
 ❖ Last Day of school without snow days
 ♦ Last day of school with 5 snow days
 * Last day for teaching staff without snow days
 ◇ Last day for teaching staff with 5 snow days

Staff Development
New Hire Only Orientation:
 August 12-14
 Professional Development Days:
 Aug. 17-September 11
 January 4
 April 16
 Day after last day of school

LAWRENCE FAMILY DEVELOPMENT CHARTER SCHOOL

Statement of Investment and Spending Policies

_____, 2020

I. Introduction

Investment assets managed by Lawrence Family Development Charter School (the “School”) provide funding for a broad array of the School’s activities. The Trustees of the School, mindful of their stewardship responsibilities, have adopted this Statement as a policy framework for managing the School’s investment portfolio and establishing spending rates in accordance with the needs of the School.

II. Structure

The Finance Committee (“the Committee”) is responsible for overseeing the management and investment of assets and property held by the School. Its membership consists of members of the Board of Trustees with relevant financial expertise and qualifications. The Committee is to discharge its responsibilities in accordance with this statement.

The Committee shall report to the Board on the School’s investment portfolio, its performance, and spending from the School investments at least annually, which report shall include an analysis of the status of the current investment portfolio, the individual transactions executed during the prior year, disbursements made by the Committee or under its direction, and such other information requested by the Board, prepared in such a manner as to allow the Board to ascertain whether the spending activities during the reporting period conformed to this Investment and Spending Policy.

III. Investment Policy

A. Investment Objectives

The School’s portfolio is to be invested for long-term growth through the use of strategies that will accommodate relevant, reasonable or probable events. The School’s primary goal is to realize a total return (income plus capital change) that will preserve and enhance (in real and nominal terms) the principal of the School’s funds and at the same time provide a dependable source of income for current operations and programs of the School.

B. Investment Considerations

Subject to the terms of any gift instrument, in managing and investing School funds, the Committee shall consider the charitable purposes of the School and the investments. Each person responsible for managing and investing School funds shall comply with the duty of loyalty, and manage and invest School funds in good faith, and with the care than an ordinarily prudent person in a like position would exercise under similar circumstances. In managing and investing School investments, the Committee:

1. may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the School and the skills available to the School; and
2. shall make a reasonable effort to verify facts relevant to the management and investment of School funds.

Except as otherwise provided by a gift instrument, in managing and investing School funds, the following factors, if relevant, shall be considered:

1. general economic conditions;
2. the possible effect of inflation or deflation;
3. the expected tax consequences, if any, of investment decisions or strategies;
4. the role that each investment or course of action plays within the overall investment portfolio;
5. the expected total return from income and the appreciation of investments;
6. other resources of the School;
7. the needs of the School to make distributions and to preserve capital; and
8. an asset's special relationship or special value, if any, to the charitable purposes of the School.

Management and investment decisions about an individual asset shall not be made in isolation but shall be made in the context of the School's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the School.

A person who has special skills or expertise or who is selected in reliance upon the person's representation that the person possesses special skills or expertise shall have a duty to use those skills or that expertise in managing and investing School funds.

C. Diversification of Investments

In recognition of the prudence required of fiduciaries, the School will diversify its investments reasonably. Experience has shown that financial markets and inflation rates are cyclical, and therefore, control of volatility will be achieved through diversification of asset classes and selection of managers of diverse styles. The Committee will diversify the investments of the School unless the Committee reasonably determines that, because of special circumstances, the purposes of the School will be better served without diversification.

D. Asset Allocation

Selecting asset classes and determining their relative weight within the School's investment portfolio are the responsibility of the Committee. The Committee will consider the impact of asset class weightings on the return and volatility of the portfolio. Each asset class selection will be carefully considered by the Committee in accordance

with a systematic allocation process. A Schedule setting forth current asset classes, targets and ranges is attached to this Statement as Schedule 1. The Committee will review that Schedule as necessary but at least yearly. Modifications shall be retained with the minutes of meetings of the Committee.

E. Investment Managers

Investment managers will be appointed by the Committee following a systematic search for those with demonstrated quality in the asset classes and investment styles desired and competitive management fees and transaction costs. Managers are given discretion to manage funds entrusted in accordance with the style for which they are employed provided they comply with restrictions and limitations determined by the Committee from time to time. The performance of each manager will be measured on a total-return basis, net of fees and transaction costs, over 3-5 year time periods against: (1) the investment performance of other managers in the same asset class and with similar investment styles; and (2) relevant benchmarks or market indices for a given asset class.

F. Investment Consultant

The Committee may retain the services of an independent investment consultant (or consultants) for the purpose of assisting the Committee in developing and attaining the investment objectives of the School. Such a consultant will assist in establishing investment objectives, determining alternative models of asset allocation, identifying appropriate managers or funds and measuring performance. It will be expected to produce for the Committee and School's officers timely reports that monitor the performance of individual managers against similar managers as well as the performance of the entire portfolio against its objectives and against other appropriate indices as well as special reports requested from time to time. Consultant relationships will be reviewed by the Committee every three years, or more frequently as appropriate, on the basis of both performance and pricing.

G. Alternative Investments

i. The purpose of investing in alternative investments is to enhance diversification through non-market-dependent strategies and to provide positive absolute rates of return regardless of the general direction of equity and fixed-income markets. A manager may make alternative investments only to the extent consistent with the manager's investment style and only if authorized to do so in its management agreement with the School.

ii. Alternative investments are defined as strategies that include, but are not limited to, the following: private equity funds, hedge funds, commodities, managed futures, convertible securities, mortgage-backed derivatives, merger arbitrage, real estate, oil and gas investments, bonds (both investment-grade and non-investment grade, including high yield debt, distressed or other securities), short selling of equity securities, futures contracts on market indices or commodities and options contracts on market indices or individual securities. Allowable hedge fund strategies include: statistical arbitrage, equity market neutral, convertible arbitrage, distressed securities, merger

arbitrage, fixed income arbitrage, equity long/short, global macro and short selling. Alternative investments are to be used by a manager in a manner consistent with providing enhanced diversification and positive absolute rates of return.

H. Communicating and Reporting from Investment Managers

i. Each manager engaged by the Committee is responsible for immediate notification of the Committee as to all significant matters pertaining to investment policies and management of the School's assets, including, but not limited to: 1) major changes in the investment manager's investment outlook, investment strategy and portfolio structure; 2) any significant changes in the ownership, organizational structure, financial condition or senior personnel staffing of the investment manager's organization; and 3) quarterly transactions, evaluation and performance reports,

ii. Quarterly, and if requested, monthly, evaluations of assets under management shall be supplied by investment managers, in such form as may be requested by the Committee and shall include market valuations, industry segmentations, transaction registers, cash statements and similar reports. Reports of fixed-income securities and equities shall show inventories at cost, purchase date, market value and share or unit values at cost and market values.

iii. At reasonable times and at the direction of the Committee, meetings shall be held with each manager under contract to discuss performance results, economic outlook, organizational changes and other pertinent matters.

iv. All materials required of managers and custodians shall also be provided to the Committee's consultants.

IV. Spending Policy

Subject to the terms of any gift instrument, in making a determination to appropriate for expenditure or accumulate funds, the Committee must act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

1. the duration and preservation of the School investments;
2. the purposes of the School;
3. general economic conditions;
4. the possible effect of inflation or deflation;
5. the expected total return from income and the appreciation of investment assets;
6. other resources of the School; and
7. the Investment Policy.

V. Application of Revised Massachusetts Endowment Law

On July 2, 2009, Massachusetts enacted a version of UPMIFA, the Uniform Prudent Management of Institutional Funds Act, a model act approved by the Uniform Law

Commission that serves as a guideline for states to use in enacting legislation. This replaces a previous law, UMIFA, the Uniform Management of Institutional Funds Act.

Under UMIFA, spending below the “historic dollar value” of an endowment was not permitted. Historic dollar value is defined as the market value of the fund at the time the gift was originally made. Although the School remains legally required to preserve an endowment fund as a permanent fund, under UPMIFA the historic dollar value threshold is eliminated and the School has greater short-term spending flexibility. The governing board now has discretion to appropriate for expenditure, in accordance with prudent spending guidelines and the seven factors enumerated above (Section III), funds below the historic dollar value of a permanent endowment fund. Thus, absent explicit donor instructions to the contrary, under UPMIFA the Board of the School is legally permitted to determine and maintain a prudent payout amount, even if the market value of the fund falls below historic dollar value.

The School, however, continues to place the highest value on adhering to the intent of donors in making long-term endowment gifts. The Board will not spend below the historic dollar value of a fund until the Committee has thoroughly reviewed the rationale and need for such expenditure and documented its approval in the minutes of a meeting of the Committee.

VI. CONFLICT OF INTEREST

It is the policy of the School to avoid conflicts of interest in its operations and in the selection of investment managers or funds. Without limitation of general conflict-of-interest rules adopted by the School, Trustees and officers of the School and members of the Committee shall make disclosure, and shall not participate in any decision on behalf of the School, as to any firm with which he or she has an ownership, governance or employment relationship. No independent investment consultant or investment manager retained by the School, or any entity in which such consultant may have an interest, shall be a party to any transaction with, or have a financial or other interest in, any investment manager providing services to the School or any fund in which the School has an investment.

VII. OVERALL ASSET CLASSES, TARGETS AND RANGES SCHEDULE I

<i>Asset Class</i> <i>Maximum %</i>	<i>Target %</i>	<i>Minimum %</i>
Long Equity Investments	___	___
Dom. Large Capitalization	___	___
Dom. Small Capitalization	___	___
International Equities	___	___

Total Fixed Income Investments	—	—	—
Investment Grade	—	—	—
High Yield	—	—	—
Global Bonds	—	—	—
Total Alternative Investments	—	—	—
Hedge Funds/HFOF	—	—	—
Private Equities	—	—	—
Cash & Cash Equivalents	—	—	—

Approved by the **[Board of Trustees / Finance Committee]**, _____,
2020.