Infomercial In Response to Letter of Flip Mason to Robert Marcus of 5/29/97 from Jane Jakuc

Governance

The By-Laws of Willow Hill School, Inc. are the By-Laws of the corporation, and stand as written. If it were the intent of the members of the corporation to merge with the Advisory Board of Trustees, such action should have happened either in the manner specified in the By-Laws or at a meeting specifically called to change those By-Laws. The lack of compliance of the corporation and Trustees with the By-Laws was cited by the Head to the Chair/President first in 1980, again in 1984 and 1986 and again in April 1996 as a result of the NEASC evaluation. One year later, no steps have been taken to rectify the situation despite the urging of the Head, most recently in her May 12 letter asking that the Boards duly constitute themselves prior to June 30, 1997. There has been no notice of intent to change nor action to date.

Financial Management Issues

According to the By-Laws, and prior practice, the chief financial officer of the school is the corporate Treasurer. That position, defined in the By-Laws as:

> Section 5. Treasurer. The Treasurer shall, except as otherwise ordered by the members, keep or cause to be kept in books belonging to this Corporation complete and accurate accounts of all monies, funds, and property of the Corporation, and of all disbursements, resources, and liabilities of the Corporation and shall have the care and custody of the money, funds, valuable papers, documents, and securities of the Corporation. He/She shall render to the President and members at the meetings of the members, or whenever they may require it, correct statements showing the financial condition of the Corporation. He/She shall have and exercise, under the supervision of the members, all the powers and duties ordinarily incident to such office in similar corporations; provided however, that no promissory note or bond shall be given in the name of the Corporation unless previously authorized by a vote of the members, and in such case the same shall be signed by the Treasurer and countersigned by the President."

This position has been vacant since the resignation of Jean Little in Spring, 1992. Any real concern on the part of either the members or the Trustees could have been addressed by:

1) Electing a Treasurer to fulfill the designated responsibilities under the By-Laws or by having the Treasurer of the Board of Trustees take over the responsibilities in a pro-active, well-informed manner.

2) Limiting the power of the Chair/President who, by setting the Director's salary in a letter of August, 1995, assumed the role of Corporate Treasurer in violation of the By-Laws which specifically prohibit the holding of two offices by an individual.

3) Responding to the repeated requests of the Business Manager (Martina Alibrandi) and the Head (Jane Jakuc), beginning 5 years ago, that the school contract with someone well-versed in Chapter 766 (Matt McNamara) to insure compliance with DPS regulations. Instead, the Chair repeatedly refused to enlist the aid of this individual saying, "the school has a lawyer".

4) Allowing an independent auditor (John Reedy) to continue in place after he had provided to the Chair inaccurate information specifically in regard to setting the Head's salary and in many other areas, despite the protests of the Head and the Business Manager. A discrepancy report from DPS cited over 11 mistakes in two successive filings.

5) Ignoring the Head's citing to the Chair repeated incidences of the independent auditor's ineffectiveness and mistakes in tracking spending in DPS categories. Reedy suggested that the school set up a "slush" fund -- an idea rejected by the Head and the Business Manager and only implemented in July 1996 at the insistence of the auditor.

6) Ignoring the report to the Chair by the Business Manager (M. Alibrandi) that Reedy failed to follow the suggestions of Matt McNamara regarding the FY95 and FY96 filings with DPS after he was told appropriate definitions of allowable expenses (including depreciation, flowers, etc.) The auditor claimed, "McNamara doesn't have to sign the report"; however, he made a donation to the school of half his fee, after the fact, as an apology.

7) Ignoring the report to the Boards that the school's Business Manager had given her notice in Spring, 1995 for a departure date of June 30, 1996. Subsequently, in an effort to cooperate, the Head suggested two excellent candidates for the Business Manager position. The Boards rejected these candidates out of hand, despite the fact that there was then no hope for an orderly transition starting in March, 1996 that could be completed by June 30. In an effort to cooperate, the Head acceded to their wishes and hired neither individual, though their interference was unauthorized.

8) Rejecting a total of ten budget drafts for FY97 from March-September, 1996 (prepared by M. Alibrandi, W. Tate with M. Alibrandi and Jane Jakuc with W. Tate) despite the fact that those drafts did not differ in formulation or reporting style from any budget prepared in the prior fifteen to twenty years by E. J.W. Cooper or Martina Alibrandi. The Board did so in a hostile, insulting manner inappropriate for healthy Board Chair/Head/Business Office relations. The budgets were referred to by the Chair as "those sheets of paper with numbers on them".

9) Dismissing as "frivolous and unimportant" the new chart of accounts as prepared by the new Business Manager (W. Tate) in 1996-97, although it is the most thorough, most complete, and most accurate method of tracking spending in the school's history.

10) Dismissing as "meaningless" the excellent financial performance of the new Business Manager despite the fine financial circumstances toward which she has led the school through exceptionally conscientious and thorough management.

11) If the Head receives nearly $200,000 in compensation as the Mason letter attests, the Head would like to know in which account in Switzerland those funds are kept so she can afford to pay her son's camp tuition.

As to the other points,

1. In regard to "exit" interviews conducted in July and August with the Business Manager (who left 6/30/96) and the auditor Reedy, along with a search of accounts payable, conducted by the Board President and another member of the corporation (a librarian), neither the Business Manager nor the independent auditor indicated to the Head any difficulty that arose in those interviews except an evidently very hostile attitude ("witch-hunt" as one said) on the part of the Chair. The independent auditor informed the Head that she'd "better give in and give him (the Chair/President) what he wants. It was Ken Olson's 'friends' who threw him out of Digital."

2. At a meeting in late November, the Boards insisted that the Head dismiss the new Business Manager, promoted from a five-year old position as part-time bookkeeper (paid <u>privately</u> by the prior Business Manager until September, 1994) as of July 1, 1996. The Head had not only executed a year's contract with that Business Manager but was quite impressed with her performance to date. The Head informed the Board that hiring/firing personnel decisions were hers to make, that she had tried to cooperate with the Boards' wishes on two other potential candidates, and that she hired the present Business Manager on July 1 when the office became vacant so the school could function. She reminded the Boards that she (the Head) was not the Chief Financial Officer of the school according to the By-Laws. The Corporate Treasurer is the Chief Financial Officer, and that position is vacant still. The Business Manager position is administrative and much broader than financial. It is the position of the Treasurer, or of a finance committee in a larger corporation, to hold the Head accountable for spending decisions, and in turn, to report to the corporate Board as a whole. This structure was also suggested by the firm of Leonard, Mulherin & Greene in their report of April 25, 1997 on p. 2, section B, and recommended to the Head as being the most appropriate structure for a school of this size by two outside CPAs, one the Chief Financial Officer of a large international corporation. The members and Trustees have rejected this position to date.

3. The Head's salary of $87,620 in 1996-97 was set by the Chair/President in a letter of August, 1995. Prior to a three-step raise program instituted by the Chair, the Head's salary had been $59,688. Over the past 27 years, the average Head's overall salary has been $24,000 per year. The Chair/President has always been aware, as have the members of the Boards, that the Head (and every other employee) receives full health, dental, and tuition reimbursement. These benefits are defined in the Faculty Handbook - a document never requested by Leonard, Mulherin & Greene. In addition, the Head and other faculty with young children (only one in 1995-96 and 1996-97) have always been reimbursed for child care expenses at mandatory school functions, at the insistence of the Head and long prior to her having a child. If these practices are somehow untoward, then the Head should be told so she can make appropriate changes. If mistakes of judgment have been made by the Chair in setting compensation, the Head should be told so she can make appropriate changes.

The Head's husband earns his own salary for teaching, in keeping with his certification, 23 years experience and supervisory responsibilities. That salary is exactly equivalent to that of another faculty member on the same "step". He is not compensated for his additional responsibilities as athletic director, or art department head, nor is she (the other faculty member) compensated for her additional responsibilities for all-school scheduling or math department head. They both serve on the Admissions Committee without additional compensation. To include the Head's husband's salary within the Head's "compensation" completely denegrates his value to the school, and in essence, puts him in much the same discriminatory situation as many wives face.This discrimination is inappropriate, unfair, and wrong. Incidentally, when the Head asked the Chair/President in a personal conversation if there would be any financial ramifications to the school regarding her marriage to her husband in 1982, the Chair's response was "Are you crazy? This is the 20th century." Apparently, such is not the case.

The Head's husband has performed maintenance services for the school since 1974. He worked many of those years for no compensation. He was formally commended in 1987 by Steve Porter, a member of the corporation, for the outstanding nature of his ability to work successfully with officials of the Town and contractors and service providers of every ilk. He has singlehandedly insured remarkable care of the facilities, and insured all inspections and accreditations have been successful. His hours have been essentially the same for the past 14 years. They are, during the school year, 4-7 p.m. Monday-Friday, one full day (Saturday or Sunday), two weekends a month, two full days two weekends a month. He works full-time during school vacations 8-5 or 6, full-time during the summer including weekends (with 2-1/2 weeks vacation). Any additional special needs of the school (evenings, late night visits, meetings, etc.) are met. He does not - and never has - held two full-time positions <u>at the same time</u> - a fact well known by the Chair/President. For these services, he is paid $26,243. When he took on coaching responsibilities, he declined payment because he lost those maintenance hours and felt he had already been compensated. The Business Office was advised by Leonard, Mulherin & Greene and by Matt McNamara of the appropriate way to record-keep this and other positions in compliance with the DPS regulations for the UFR. It will do so for all additional staff time starting July 1, 1997.

The Leonard, Mulherin team at the time of the inquiry this winter, did not request attendance records, etc. We do keep them and our attendance guidelines are addressed in the Faculty Handbook.

The position of Head of Buildings & Grounds carries with it the supervision, maintenance and care of the school's two vehicles. Both vehicles are approved by the Department of Education for ownership and use by the school. Instead of a vehicle for the Head (approved) <u>and</u> one for Buildings & Grounds, the Head drives her own car and is reimbursed for gas and parking only, as are other faculty members. Buildings & Grounds and physical education have had use of a school vehicle since the first Suburban was purchased in 1972; the physical education program has had the use of a second school vehicle as well since 1985. There is nothing inappropriate or untoward in this arrangement other than the fact, apparently, that the Head is married to a particular individual.

4. The Head opposed the Boards' decisions to engage an independent auditing firm for several reasons:

   a) The Boards had just spent $13,030 on an independent auditor for FY96, some $6,530 over the school's budget. That audit, apparently referred to with respect in the Chair's letter of 5/29/97, found no practices in place that could be construed as untoward. If there were, this information was not relayed to the Head. The new "investigation" by Leonard, Mulherin was purported to cost $4,500, and the Head disapproved as indicated by her vote. Additionally, the school incurred a $706 late fee from the IRS because the 990 was not filed on time by the auditor.

   b) FY91-96 were years in which the Business Manager's practices were never called into question. An additional audit of FY96 appeared redundant.

   c) Unless the Boards could commit to retaining the accounting firm as the school's auditor for FY97, retaining them for a single task (which appeared to be solely that of a witch-hunt to justify the Boards' opposition to the new Business Manager hiring, seemed an exceptionally poor reason to divert scarce funds from program and from the students. Instead, the Head recommended that since the NEASC report of Spring 1996 had identified weaknesses in long-range strategic planning at the Boards' level, any additional funds to be expended should go toward retaining the services of a strategic planning consultant. It would be his/her task to look at the larger picture (including finances) of governance and Board/Chair/Head relations which were rapidly and drastically deteriorating. This situation was clearly observed and commented upon by the firm of Leonard, Mulherin during and after their visit. They have since refused the school as a client, possibly due to the turmoil. This is very unfortunate for the school.

   d) In spite of the fact that the Head had been opposed to retaining Leonard, Mulherin & Greene for this purpose, she and the new Business Manager fully cooperated with the process and immediately implemented some of the firm's suggestions regarding tracking expenses, reimbursements, chart of accounts, DPS categorizing, etc. The Head and the new Business Manager waited from February to May to receive the report which apparently went through 11 or 12 drafts. They delayed the budgeting process, automating payroll, technology improvements while the firm - apparently at the direction of the President/Chair - wrote and changed drafts that were already in his possession. Those drafts were withheld from the Business Office and the functioning "school" - which was to pay the bill - for months.

   e) The Head has, at every meeting and in correspondence, requested clarification of issues, delineation of "charges", expression of concrete concerns from the members of the Board and the Trustees without result. Nor have these individuals been willing to address any issues of strategic long-range planning. In order to comply with the wishes of the NEASC recommendations and in view of the failure of the Boards to act in these matters, the Head organized an information-gathering body to look at issues of governance, expansion, physical plant, program, finance and management, projections over time, marketing and enrollment. This body, called The Advisory Council, with representation from parents, past parents, educators, business people, faculty and alumni, has met regularly, has a well-defined committee structure, and hoped to have a report ready for the Boards' considerations by early August. Board memebers were invited to join but refused. No Head of School needs "permission" to form such a council, nor would any "governing" body be opposed to such a council, or refer to it as "resisting" and "subverting", unless they were opposed to close scrutiny themselves.

f) The Head has <u>never</u> announced long-term strategic directions publicly before such plans have been presented to/discussed by the Boards. The Boards had been in agreement with the Head - including exploration and feasibility of expansion of enrollment and physical plant - up until such time as one Trustee in October 1995, called the lack of group-oriented strategic planning to the Chair/President's attention, thereby creating an awkward/embarrassing situation for the Chair/President. Further efforts by the Head to involve the representatives from all constituencies in the NEASC evaluation and to begin such a strategic planning process - beginning with a large-group meeting on March 26, 1996 - have, were and continue to be obstructed by the Chair/President and some other Trustees.

g) In conversation with a Trustee in early winter, the Head asked if she needed legal representation. The Trustee said it would be a good idea. The Head contacted two attorneys for advice but continued to attend meetings, tried to be cooperative, complied with outrageous directives in a genuine effort to be non-adversarial. Rather than positive responses, the result was continued verbal battering at meetings, exclusion from discussions in which innuendo, misstatements, and untruths were apparently "spun" directly concerning her performance and in which she was prevented from defending herself. The Chair/President has now objected to the Head's retaining counsel as "adversarial" in spite of the fact that there are two attorneys - one a corporate lawyer, President of the Corporation and a Trustee, and one, a litigator and a Trustee -- on the Boards.

No viable Head of School, including this Head, could honestly complain about <u>legitimate</u> oversight and inquiry conducted in a professional, non-personally intrusive, or injurious manner. To be denied information repeatedly, however, regarding the concerns (legitimate or illegitimate) of members and Trustees is pointless, personally hurtful and destructive to the school. It diverts attention from the students and families we serve and from the faculty who need support and direction.

Despite Flip's letter of 5/29/97, the Head has <u>not</u> been asked to prepare a job description. There is a job description for the Head's position in the NEASC information which the Boards have had since March, 1996. An excellent description of the role of Head is contained in the NAIS "Trustee Handbook"; that book was given to all members and Trustees. Additionally, the Head forwarded to the Trustees a sample contract from the National Coalition of Girls' Schools and a letter of agreement from an independent school - both of these contain good descriptions of the Head's role. For individuals who have always, members or Trustees, -- up until Summer, 1996 -- positively evaluated and praised the current Head's performance, it is odd to require a job description at this juncture.

It is critical that the three parties: the Head, the members and the Trustees resolve these issues - most recently delineated in the Head's letter of May 12, prior to the close of school on June 7, 1997. The Boards claim a meeting prior to that date is not possible. The Head notified the Boards, in the person of three members as early as May 6, 1997, one the Chair, that she cannot attend a meeting on June 10, 1997 due to essential and pre-existing family commitments. This meeting is unofficially purported to discuss her contract, and she cannot be present! This action is again unconscionable.

For the information of all concerned parties:

I. The corporation needs a Chief Financial Officer until such time as the By-Laws are changed or until such time as changes to the By-Laws are agreed upon.

II. A decision needs to be made regarding the offering of continued employment to the Head of School by those legally constituted to do so, and that decision has not been made in anything approaching a timely fashion. The terms and conditions of her employment must be clearly defined. If an offer is made, the Head then needs to decide if she can or cannot accept such an offer.

III. The school has no auditor - again - as we approach the end of the fiscal year. To interview an auditor, the school needs a Head and a Chief Corporate Financial Officer who can subsequently make recommendations to the governing body.

IV. The school must submit an accreditation re-application to the Department of Education by June 30, 1997. The Head, who is responsible for re-accreditation, currently cannot honestly report having a contracted faculty, a contracted Head, a clear corporate structure, or an auditor -- all requirements. These are all issues in which the Boards' actions have inappropriately interfered to the extreme detriment of the school. The school is in serious danger because of these actions.

V. The school needs outside (non-related) legal counsel as recommended by NAIS so, should the school continue, it will never be in this position again.

VI. If the Head is offered or accepts employment, and if the faculty accepts employment, the Head and the faculty must then hire replacement faculty for those faculty not returning, so an honest application can be submitted to the DOE. In any regard, the June 30 deadline has apparently been ignored by the Trustees.

VII. And most serious, the Boards have apparently drawn present families into this depressing fray with a mailing - unsigned - from "The Board of Trustees". Such action is unconscionable given the degree of stress and anxiety these families and their children feel on a day to day basis. Several current parents approached faculty at a school function on June 1 and students approached the Head's husband on June 2 after receiving

"The Trustees" mailing. All Willow Hill School personnel have, to date, "fielded" those inquiries to cause as little turmoil as possible. This action on the part of "The Board of Trustees" is ill-advised, highly irresponsible, and very much to the detriment of the school and its students. The Head and faculty have worked ceaselessly to prevent any anxiety from reaching presently enrolled families. Now, by the very vague and pointless rhetoric of the "Trustees" letter, an explanation must be forthcoming. This can only impact adversely on the students we serve. How irresponsible on your part, and how wrong for the students, families and for the school.

N.B. The first direct casualty of this hostile relationship is the Project Feat instructor, (David Heinsohn) who resigned early on Friday, May 30, rather than try to continue in an untenably divided situation in which his mother, a corporate member and Trustee, figures notably. He has been, this year, absent and late for school, unable to engage in regular or year-end activities, and we can only understand the enormous pain he feels at the loss of his connection of 23 years.

Sincerely,

Jane-Elisabeth E. Jakuc

Jane-Elisabeth E. Jakuc,
Head