



# PROVIDENCE HALL CHARTER SCHOOL

## *Minutes Providence Hall - Board of Trustees Meeting Thursday, April 11, 2013*

**Meeting called to order by Laurie Compton at 2:41 pm:**

**ROLL CALL:**

*Board of Trustees members present: Robb Enger, Sonya Peterson, Alicia Hansen, Londyn Nelson, Laurie Compton, Melanie Kingdon.*

**Others Present:** *Erin Preston, Jodi Lusty, Jim Freeland, Shannon Singleton, Erica Hancock, Rebecca Strait, Kelly Mattingly, Max Meyer, Beverly Ledward, Reagan Peck (introduced), Melissa Enger.*

**PUBLIC COMMENT:** *None submitted.*

**Grade Presents: First grade teachers: Angela Winder: Common core**

*Literature vs. Nonfiction text. The kids love it. To introduce nonfiction to our first graders this year, we didn't have to push it. They love it. We are teaching what is in nonfiction. They came up with a list and chose their own topics. They researched and came up with their own nonfiction book----(Samples passed around). We spent 2 weeks working on this, and the students stayed engaged in the project. Inquiry: Question and answers in their books. They are learning so much in the process. The students prefer nonfiction to fiction. They loved asking a question and coming up with multiple answers on their own. It was a great success.*

**5<sup>th</sup> Grade Teacher Kim Anderson:** *Presentation: My perspective in moving from the younger grades to the upper grades and how the PYP model has changed the students as learners and has helped them to grow over the years. In three years we see so much growth. Exhibition: Similar to a graduate research fair: Kids are taking something that they are interested in and developing a project around it. From 2<sup>nd</sup> grade to 5<sup>th</sup> grade, they are now mentors for the younger children. The exhibition is going on now----- they are learning to be critical thinkers.*

*Erin: We wanted Kim's perspective, having taught the same kids at many levels to show how they are progressing. We are teaching kids differently and they are acquiring critical thinking skills.*

**Laurie Compton:**

**Item of Discussion:** *Follow Up Questions and Comments from Previous Meeting*

*Laurie Compton has a question about whether or not the Junior High teacher in question from the last Board Meeting is taking the necessary classes. Erin Preston confirms that he is not taking the classes. Erin has communicated the decision to him.*

*Laurie also inquired about whether we are revisiting the donating hours. Erin will address this and we will revisit another time.*

**Item of Discussion:** *Approval of March BOT Minutes*

**MOTION BY SONYA PETERSON TO APPROVE THE MINUTES FROM THE MARCH 14, 2013 BOT MEETING PENDING WE CHANGE THE ROLE CALL. 2<sup>ND</sup> BY ALICIA HANSEN. VOTE IS UNANIMOUS IN FAVOR.**

**ERICA HANCOCK / JODI LUSTY:**

**Item of Discussion:** *MYP Official Report in IB MYP authorization process: PHJH received a very positive report. Roger Dowd, our official MYP Consultant visited the JH on March 14-15 to check our progress towards MYP authorization; his official reports that he submits to IB were very favorable. There are a couple of small changes we need to make to our IB policies and some work that we need to do with Areas of Interaction, but Roger gave me some good ideas to make the transition smoother.*

*Erica reports that she has already made the changes to the policies and sent them back to Roger for another look through. When he returns them to her she will submit them for Board approval again.*

*The report appears very favorable, and Roger told us we are in a good place for our Authorization. He gave us the approval to submit the Application for Authorization in October as planned.*

**LONDYN NELSON:**

**Item of Discussion:** *Daddy Donuts: A success. Had enough left over to deliver to pm Kindergarten.*

**Item of Discussion:** *Teacher Appreciation: May 6<sup>th</sup>. We are in the process of starting a committee. Burgandi Keddington will oversee this committee to make sure that PHAST will control the process. Secretaries' day is April 24<sup>th</sup>. Brooke Kynastyn and Londyn will take care of this.*

**Item of Discussion:** *BOGO Book Fair*

**Item of Discussion:** *Elections for Next Year's Council: We will hold a meeting for next year's elections. Most will want to hold their positions for next year's elections. Londyn will be leaving PHAST. Londyn would be interested in being PHAST liaison, but is wondering if there is an issue with her being a TA too.*

*Erin Preston interjects with: The duty is Londyn's to state whether or not she has a conflict as a TA and PHAST liaison. Sonya Peterson asks the question: Would closed session be any kind of a conflict? Would she need to recuse herself from closed session?*

*Londyn thinks that conflict could arise with decisions regarding Elementary Administration so perhaps she should recuse herself from those decisions, also any decisions related to pay-on-pay increase. The perceived conflict would have to be brought up by Londyn. Laurie Compton has no issues with this. Alicia Hansen stressed as long as the board is ok with it, showing no favoritism to anyone in the future. We can draft something for the next BOT meeting*

**Item of Discussion:** *Carnival: Francis Burgeson will oversee the carnival. Jim has allowed us to use the Junior High yard. Date of carnival is May 30<sup>th</sup>. We would like to make money from the carnival via donations etc. We have a lot of access to some great parents who would be willing to donate if we organize events properly.*

## **ERIN PRESTON:**

### **Superintendent Report:**

*Enrollment projections are going high. Robb Enger asks what is our year-to-year re-enrollment rate? Erin responds that the rate is at 98.2 but the numbers are different with different reports. The treasurer's office and the credit enhancement program have set a minimum standard for re-enrollment at 85% from year to year for qualification for the moral obligation finance program.*

### **Budget:**

*Due to the current Federal Budget Sequester, many federal programs have been cut effective February of this year. Two that impact our current year budget are Special Ed IDEA funds (a \$10,900 projected cut for us from this year's budget) and Title 1 funds (a projected \$4900 cut from this year's budget.)*

*The 2012 Legislature has now passed their budget for the coming year and have approved a 4.3 % increase to Education funding. 2.3% of that is allocated for growth – basically new kids coming into the system. 2% is an increase to current education programs – so a 2% increase for us for education funding for next year.*

*Erin reviewed chart for school districts. We are larger than 11 districts. We are doing a great job at PH in our spending compared to others.*

*As good teachers progress, we will have to increase salaries.*

*As our teachers are IB trained, we have an expensive program to maintain. This means we need to keep these baseline expenditures as low as possible.*

*Sonya Peterson: Are there numbers that the legislature would like to see?*

*Erin responds that at PH, 73% of our budget goes to student instruction. Good to see because much of education funding increases tend to go to administration in other districts. The legislature is attentively looking for what the districts are doing with the money given to them and how does it compare from district to district.*

*In trying to analyze our financial program against districts, other charters, etc. I received some interesting data from an old law school friend in the Legislature. The attached document shows how much the districts and other charters spend by category. I am overall very pleased with the results of how our school does in comparison to other Utah schools.*

### **Financing (HS): Erin Preston's discussion on financing for the High School.**

*Chart: Over the past year plus I have been trying to analyze our options for financing the High School expansion. The ability to get money for this construction in the most cost effective manner possible is key to our expansion, just as our careful construction and take-out financing have been to the success of our schools up to this point and our ongoing financial solvency.*

*With legislative and market changes going on now we have a different set of criteria to assess in determining the most cost efficient way to proceed on the HS financing. One additional criteria in this analysis has been the long-term financing and the possibility of doing a construction financing that combines with a long-term financing so that we can 1) leverage current interest rates that are at historic lows, and 2) minimize the 2%+ finance costs we have to incur on each financing transaction – combining them into one transaction. Because our HS will not qualify for a USDA loan, we are going to have to obtain permanent financing through the bond market. While I had hoped that we would be able to go to market on the school with the UT Finance Authority backing (which could have lowered interest rates substantially – their one completed deal was closed at 3.4% + 1.5% fee), recent discussions with the State Treasurer now leave me no hope that our school, or almost any school, will likely qualify using this program for the next few years. Given that I am back to an analysis of an open-market take-out of the construction/long-term bonding of the HS. Assuming we can go to an open market construction/bonding take-out in the next 6 months (Sept. at the soonest), the Van Alfen's and Piper Jaffray are estimating we could likely get an interest rate of 5.5% on an unrated deal (no S&P rating) or as low as 4.9% on an S&P rated deal of BBB- or better. Given recent changes to S&P's ratings, achieving that rating will be*

*difficult, although not yet impossible. Even without the rating though, we would be better off obtaining this financing than almost any other school has been in gaining long-term financing over the past decade. There is risk in not obtaining financing under the current market conditions as well. Currently, money is at an all-time low and finance costs can only go up. If we build a building on a lease/developer model and do traditional take-out financing the first year after opening (2014-2015) we will surely pay higher rates than we would now and would have had to incur double financing costs.*

*All of that analysis would point us away from doing a developer build and towards doing our own financing. However, the recent procurement code changes provide additional challenges and hurdles in us building our own building rather than using a developer. Specifically, whose money is at risk (a developer's vs. the State's) is at issue. We need to balance out the risks of building against procurement code for the sake of saving state funds in how we proceed next. Penalties attached only in taking bribes. Shannon will act as procurement agent. I am asking the Board to walk through the analysis I have been doing with me now to assess how we next proceed with this project. Specifically, I am seeking the Board's direction on whether to focus our efforts on obtaining construction/take-out financing and building our school as district would OR preparing an RFP for a developer build model that would have us doing take-out financing upon completion/opening. While the developer model would be easier for me, the costs of this model would add at least \$1,200,000-\$3,000,000 to the cost of the high school, possibly more based on traditional developer fees and financing. We need to try to find a contractor who can also serve as a developer to serve some functions.*

*Laurie asks if we could be pretty confident that doing it ourselves would save us \$20,000 plus a month.*

*Erin believes it will most likely be more than that.*

*Erin indicates that to be able to provide all the unique programs that PH offers, we need to cut cost on our buildings as much as possible, and that includes minimizing finance costs.*

*Laurie states that Erin has the Boards full supports but is concerned about Erin needing assistance in this process.*

*Erin will be asking to bring on more support as we grow.*

*Alicia recommends that admin be on board with Erin's focus on the HS and step up in responsibilities.*

*Erin is working on setting up systems as needed as we grow. We will be larger than 11 districts in the state.*

*We will have to bring on more people and more support to grow our infrastructure to support this new student base.*

*Max: Erin and Shannon are not enough. They will need a lot of help. Hire help when needed.*

### ***Charter Solution Contracts Modifications: (Erin Preston)***

*As PH expands we are in need of additional support services both internally and from our Charter Solutions business managers. For the past couple of years PH has relied heavily on Shannon Singleton for our primary business management services in the school and secondarily relied on another ½ time person with Max Meyer overseeing all services. The ½ person position has not proven to be an effective system with us having to utilize employees that were a poor fit, or were too heavily pulled to other responsibilities. At this point, our needs are such that we should have a full-time business manager for the handling of facilities, purchasing, payroll, janitorial oversight, expenses, etc. at each facility. Additionally, we are moving Shannon Singleton into a PH employee roll. Shannon has already begun assisting in the High School planning, construction, procurement and hiring and will eventually help oversee the business functioning of all 3 schools. As we have begun moving Shannon into that role we have hired Beverly Ledward to serve as the JH Business Manager. Beverly has been doing a great job but to further utilize Shannon in the PH oversight and HS construction we will need an additional CS business manager in the Elementary to relieve Shannon's responsibilities there.*

*Erin: I have asked CS for a proposal that would accommodate 2 full-time business managers for PH: one for the Elementary and one for the JH with shared responsibilities between them for the overall operations. Max has proposed the attached contract for the \$165,000 per year for 2 full-time business managers, with his continued oversight. Under this plan, Shannon will transition to the PH employee effective June 2013. This contract, like all our CS contracts, is cancellable with 30 days notice. Also, specific to PH, it is understood*

*that PH's Board and staff will continue to oversee all financial decisions of the school and CS will continue to provide us their support and technical expertise in implementing the school's direction.*

*Max will change the dates to make sure everything is correct.*

***MOTION BY ROBB ENGER TO ACCEPT THE CHARTER SOLUTIONS CONTRACT. 2<sup>ND</sup> BY LONDYN NELSON. VOTE IS UNANIMOUS IN FAVOR.***

***Erin: Discussion on Employee 30-Hour Work Week -----***

*Due to recent changes in Federal law, any employee who works more than 30 hours a week will soon be considered a full-time employee eligible for benefits. Prior to this change, the line was 35 hours. Currently we have about 15 employees who are considered part-time who would change to full-time employees. The added cost to the school would be approx. \$90,000 per year for the benefits. Because of the significant budget hit this would take, I am inclined to recommend a cut in hours for these employees to stay within federal guidelines for part-time employees of under 30 hours a week. Alternatively, we could offer benefits to these employees but would need to cut other positions to make this up. (TA's?)*

*Laurie is OK with cutting hours on some but not others depending on the schools dependence on the employee. We need to analyze which positions we need to cut back and those that we do not.*

*Max: This is the result of Obama care. This can take effect for the 2014 year, or over a summer transition. This will give the employees notice.*

***Max: Discussion on Social Security and Medicare: Payroll tax.*** *Charters are now eligible to opt out of Social Security, like districts do. Employees would receive a 6.2 % raise if we cut SS from their paychecks. This will affect benefits for family upon the death of the employee. They would lose longtime disability. There are pros and cons to it. It would save the school 12.4 % in payroll taxes and enable us to give more to employees. The pros: it could save the school tens of thousands of dollars a year in your budget. The cons: We already have a great retirement plan so we would not realize as much a savings as other schools by increasing it. Bottom line: There are options out there for PH. We need to do an analysis. I think we need to wait. The deadline is April 15<sup>th</sup> each year. Rick Beckstead will come here to present our options. Charter Schools can participate in this, or we can choose to do nothing.*

*Erin: Who has chosen to opt out of this?*

*Max: Some school districts, municipalities, colleges, etc.*

*If you opt out, you have the option of hiring permanent subs and offering them benefits.*

***Financial Report:***

***Shannon Singleton: (Referring to Finance Summary) Discussion***

*Robb asks why the custodial services seem high? Can he get a copy of access to our quick book accounts? How substantial was the increase on custodial? Refer to the Finance Summary. The new company hired is much better.*

*Water and sewer high because of our water break.*

*Sonya and Londyn discuss PHAST money allocation. Attempts have been made to close the Junior High PHAST account, but we need Robb to be able to do it. Sonya may be able to move the money to the Elementary PHAST account, but Robb will have to close it. It may take a couple of months to close out the Junior High account.*

*Londyn mentions that there should be \$2000.00 that should come from student activity fees from the Junior High allocated to PHAST. Sonya will refer to earlier notes to see the original breakdown and will inform the Board.*

*Erin asks whether it was a one-year allocation or a perpetual allocation. Erin thinks we took the conservative view until we knew more.*

*Erin inquires as what the board expenses are: refer to 890.25.*

***CLOSED SESSION:***

- *Discussing an individual's character, professional competence, or physical or mental health.*
- *Strategy sessions to discuss the purchase, exchange, lease or sale of real estate property.*
- *Discussion regarding school security personnel, devices, or systems.*
- *Investigative proceedings regarding allegations of criminal misconduct.*

***MOTION BY SONYA PETERSON TO END THE BOARD MEETING AND GO TO CLOSED SESSION. 2<sup>ND</sup> BY MELANIE KINGDON.***

***MOTION BY SONYA PETERSON TO GO INTO CLOSED SESSION FOR THE DISCUSSION OF INDIVIDUAL CHARACTER, PROFESSIONAL COMPETENCE, OR PHYSICAL OR MENTAL HEALTH. STRATAGY SESSIONS TO DISCUSS COLLECTIVE BARGAINING. STRATAGY SESSIONS TO DISCUSS PENDING OR REASONABLE LITIGATION OR STRATAGY SESSIONS TO DISCUSS THE PURCHASE, EXCHANGE, LEASE OR SALE OF REAL ESTATE PROPERTY. 2<sup>ND</sup> BY ALICIA HANSEN. ROLL CALL VOTE: SONYA PETRSON, MELANIE KINGDON, LAURIE COMPTON, ALICIA HANSEN, AND LONDYN NELSON. ROBB ENGER HAD TO LEAVE EARLIER. WE HAVE INVITED ERIN PRESTON TO ATTEND. WE WILL NOW MOVE INTO CLOSED SESSION. VOTE IS UNANIMOUS IN FAVOR.***

***MEETING ADJOURNED BY LAURIE COMPTON AT 4:50 PM.***

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