



Endeavor Board Meeting Minutes: November 17, 2014

Call to Order:

Kevin Myers called to order a meeting of the ECS Board of Directors at 7:00 pm in ECS Room 210.

Present:

Kevin Myers, Andy Kristianson, Steve McAdams, Lisa Springle, Peter Henderson, Clint White, and Charlie Kennedy (at 7:20).

Financial Report

Amanda Habich, the Thomas, Judy & Tucker liaison to ECS presented on TJT's recent unmodified audit opinion. The audit covers financial and non-financial matters and tests all internal ECS controls. No reportable findings were identified. The ECS Foundation's finances were also evaluated as the Foundation is a "component unit" of ECS for accounting purposes.

The primary auditor recommendation was to reduce bank holdings below the FDIC insurance level of \$250,000. TJT also recommended keeping a close eye on the debt-service ratio covenants required by the BB&T loan for the facility.

Tom Williams, Acadia's liaison to ECS, presented on ECS's general financial condition, in comparison to the 82 other charter schools Acadia monitors. His comments were very favorable towards ECS. He also discussed the general status of state and local funding. ECS received an additional \$183/student for this school year for Wake County students. Wake County has approved teacher raises, but has not increased available funding, and this potentially creates a problem down the road with increased salaries. ECS's salary and benefits in 2013-2014 were at 66% of funding, a percentage Acadia feels is "perfect." ECS will need to monitor this ratio going forward.

Acadia also recommends keeping a close eye on the debt-service ratio for the BB&T loan.

Potential Building Lease

The Board further discussed potential facility rental rates and potential tax implications. Amanda Habich advised the Board that if a facility is debt-financed, the owner is subject to unrelated business income tax (UBIT) of 22% if the lessee is a for-profit company.

Income received from a non-profit lessee may not be subject to UBIT if the lessee's business purposes overlap with ECS' purposes. Rental income does not implicate the school's tax exempt status. Ms. Habich also advised consulting with BB&T to determine if leasing the property potentially violates any loan covenants.

Kevin Myers moved to draft a proposed lease agreement based on the previously-developed rate schedule for use with prospective interested lessees. Lisa Springle seconded. The vote passed unanimously.

Director's Update

Open Positions

The administration has identified a single candidate for the literacy coordinator and testing coordinator positions. An offer has been extended to and verbally accepted by Christine Ventresco as a part-time (80%) employee. Her start date is December 1.

Sixth Grade Lunch Survey

The administration surveyed the 6th grade parents in response to concerns raised about the 6th grade lunch schedule. Of the 28 families who responded, parental preference was for sixth graders to eat with fellow sixth graders only, and not to mix with 7th and 8th grade students. The administration intends to revert to the single-grade lunch beginning in the second semester.

Brief Items

Andy Kristianson moved to approve the meeting minutes as distributed for the October 26, 2014 Board of Directors Meeting. Kevin Myers seconded. The motion was approved unanimously.

Kevin Myers has reviewed the itemized list provided by Weingarten. It does not appear that ECS has grounds to challenge the incurred charges.

The Board readdressed the admission priority discussion for board members initially discussed in the September meeting. A revised policy was circulated prior to the meeting. Among other things, these revisions gave admission priority to Board members with children not in the school (reflecting a revision to the applicable state statute), created a deadline for admission of new applicants to the school, and tightened the procedures for the admissions lottery. The policy will be voted on and approved in December. Peter Henderson was charged with finalizing the policy.

Christina Cermin discussed the Boosters' decision to postpone the Fall Festival. Boosters and PAWS have engaged a company called "Boosterathon", a fundraising group that organizes a pep rally and fun run with pledges in schools. The pep rally is the culmination of a week of short, "character building" presentations to the students, and Boosterathon estimates raising \$20,000-\$25,000. Boosterathon takes 40% of the amount

raised, but runs the entire program. The company has requested a start day of April 7, with the fun run scheduled for April 16.

Kevin Myers identified Cindy Landwehr as the new Teacher Liaison to the Board for the remainder of the 2014-2015 school year. She will be added to the “Stakeholders” group to allow for earlier access to potential issues to be raised in upcoming board meetings.

The Board discussed the ECS communication policy and whether it needed to be updated. The Board also discussed whether to examine all existing policies to determine which should be updated. Kevin Myers, Peter Henderson, and Clint White will review existing policies to determine which should be updated.

Foundation Items

David Clodgo updated the Board on Foundation issues. The Foundation received its last bill from JD Beam, for approximately \$41,000. This was paid last week. We are now waiting on final site approval from Wake Forest.

The Foundation has approved the purchase of soundproofing materials for the multi-purpose, drama, and music rooms at a cost of \$2,800.

David Clodgo has looked into the creation of a school zone for Burlington Mills and One World Way. The state has already indicated its reluctance to creating a school zone on Burlington Mills, as we have no direct access, sidewalks, or children walking to school. Wake Forest is amenable to marking One World Way as a school zone. The Board also discussed addressing the sightlines for cars attempting to turn left out of the property during afternoon carpool.

Steve McAdams reported one remaining issue with the building – air/heat delivery to the EC conference room. We are waiting on a bid to address this issue.

Treasurer’s Report

The BB&T Operating account balance is \$840,870.09, and the BB&T Collateral account is \$236,000, for a total balance of \$1,076,870.09.

Public Comments

None.

Closed Personnel Sessions

Kevin Myers moved that the Board go into closed session to discuss a personnel issue, in accordance with statute 143.318.11 (a) (6). Lisa Springle seconded the motion. The motion was unanimously approved and the board moved into closed session at 8:59 p.m.

Kevin Myers moved that the Board move to open session. Steve McAdams seconded. The motion was unanimously approved. The board reconvened in public session at 9:20 p.m.

Adjournment:

Andy Kristianson moved to adjourn the meeting. Kevin Myers seconded and the motion was unanimously approved. The meeting was adjourned at 9:20 p.m.