

Pine Lake Preparatory Board of Directors Open Meeting Minutes

June 10, 2015

PLP BoD Present: Tara Bain, Scott Broermann, Aaron Petrosky, Bill Farnsworth, John Allemeier, Brian Hochman (phone), Kristi Thomas, Kurt Woolley

PLP BoD Absent: Rick Pacious

PLP Administration Present: Chris Terrill, Ginger Lusty (phone), Chris Scholl, Andrew Mocerri, Shelley Sims

Location: Upper School Seminar Room

I. Call to Order (6:37 p.m.)

Meeting called to order by Chair.

II. Conflict of Interest Reminder per NCGS 138A-15(e) (6:33 p.m.)

Chair reads Conflict of Interest Reminder per N.C. "In accordance with the State Government Ethics Act, 138A-15(e), it is the duty of every Board member to avoid both conflicts of interest and appearances of conflict. Does any Board member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved."

Chair asks if any member has a conflict with any issues before the board this evening.

- *No conflicts noted.*

III. Public Comment (6:38 p.m.)

One comment regarding random drug testing

IV. Thank you to outgoing board members (John, Rick and Kristi) (6:40)

V. Approval of Meeting Minutes (6:41 p.m.)

- *Farnsworth makes a motion to approve open-session and executive-session minutes from 5/27/2015 as presented.*
 - *Motion seconded by Broermann.*
 - *Motion approved unanimously with Woolley abstaining.*

VI. Administrative Matters and Committee Updates

a. EOG Results and Data – Chris Terrill (6:44 p.m.)

b. Declassification of closed minutes; Dec-Mar – Bill Farnsworth (6:52 p.m.)

- Some of the content of the closed minutes need to be discussed before voting on the declassification. This discussion will be held in executive session to protect the content of the closed minutes being discussed.

c. 2015/16 Board Focus – Tara Bain (6:52 p.m.)

- Discussion about committees to align with initiatives resulted in identifying a need for Fiscal and Capital Improvement Oversight, Strategic Planning and KF Transition.
- Committee Assignments:
 - Capital Improvement/Finance – Petrosky (chair), Hochmann, Stachowski, Woolley
 - Board Nominating and Developing – Woolley (chair), Bain, Broermann, Kuechler
 - Grievance Committee – Bain (chair), Farnsworth, Petrosky, Woolley
 - Strategic Planning – Broermann (chair), Farnsworth, Petrosky, Young
 - Head of School Evaluation – Farnsworth (chair), Broermann, Stachowski, Young

- vi. Policy and Procedure – Stachowski (chair), Bain, Woolley, Kuechler
- vii. KF Liaison – Young
- viii. PTO Liaison – Kuechler
- ix. Booster Liaison – Hochman

d. Finance Report – Chris Terrill / Ginger Lusty (7:15 p.m.)

- Update on refinancing process and proposed costs.
 - *Farnsworth moves the resolution of the Board of Directors of Pine Lake Preparatory, Inc. relating to the issuance of the Public Finance Authority Education Revenue Bonds (Pine Lake Preparatory) Series 2015a and the Public Finance Authority Taxable Education Revenue Bonds (Pine Lake Preparatory) Series 2015b, contents of which are presented in full in Appendix A of these minutes.*
 - *Motion seconded by Petrosky.*
 - *Motion approved by unanimous vote.*
 - *Farnsworth moves the resolution of the Board of Directors of Pine Lake Preparatory, Inc. relating to the design-build contracts for the STEM building and athletic facilities, contents of which are presented in full in Appendix B of these minutes.*
 - *Motion seconded by Petrosky.*
 - *Motion approved by unanimous vote.*
- 2016-2017 Budget.
 - *Allemeier makes a motion to approve the 2015-2016 budget, as presented.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*
- New bank account
 - *Farnsworth makes a motion to approve opening a new bank account at BB&T.*
 - *Motion seconded by Broermann.*
 - *Motion approved by unanimous vote.*
- Discussion of service contracts. Ginger Lusty recommended Acadia as vendor for 2015-2016 consulting services at the amount of \$20,000/year and Edcipher as a vendor for technology management services at the amount of \$174,000/year.
 - *Farnsworth makes a motion to approve the Acadia consulting agreement regarding PowerSchool support for an annual contract of \$20,000.00, as presented.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*
 - *Farnsworth makes a motion to approve the contract with Edcipher for technology management services for an annual contract of \$174,000.00, as presented.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*

e. Capital Improvement Committee – Aaron Petrosky / Chris Terrill (8:34 p.m.)

- Discussion about progress of capital improvement at the athletic complex and STEM building.

f. Policy Committee – John Allemeier (8:40 p.m.)

- *Allemeier makes a motion to approve the Competitive Bidding Policy, as edited and presented.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*
- *Allemeier makes a motion to approve the Distribution of Unofficial Printed Materials Policy and Competitive Bidding Policy, as presented.*
 - *Motion seconded by Woolley.*

- *Motion approved by unanimous vote.*

VII. Head of School Report – Chris Terrill (8:49 p.m.)

Head of School report has been posted for review.

VIII. Action Items – Board and Leadership Team (8:50 p.m.)

- a. Ginger Lusty to provide details of stress test with Board via Dropbox.
- b. Ginger Lusty to discuss with auditor reserve/set aside funding for prepayment.
- c. Chris Terrill to present suggestions for potential staff drug-testing policies and survey information regarding potential student drug-testing policies.
- d. Ginger Lusty to bring information about KF policies to the July session.

IX. Executive Session (8:50 p.m.)

§ 143 318.11(a)(6) To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee.

- *Farnsworth makes a motion to enter executive session.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*

X. Resume Open Session and Motion to Seal Minutes of Closed Session (9:40 p.m.)

- *Farnsworth makes a motion that the minutes of the closed session held on 6/10/2015 be withheld from public inspection in order to protect and preserve the purpose of such closed session, pursuant to section 143-318.10(e) of the Open Meetings law.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*

XI. Vote on items in Executive Session (9:41 p.m.)

- *Farnsworth makes a motion to approve the following slate of Lower School Academic Partners:*
 - *Susan Bukowski – Fifth Grade Language Arts*
 - *Stacey Smith – Third Grade Associate*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*
- *Farnsworth makes a motion to approve Erin Haberneck for the position of Bookkeeper.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*
- *Farnsworth makes a motion to approve the 2015-2016 staff list, as presented.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote.*
- *Farnsworth makes a motion to stop recording open sessions of board meetings.*
 - *Motion seconded by Hochman.*
 - *Motion passes, five aye, two nay.*
- *Farnsworth makes a motion to approve the declassification of executive-session minutes from October 2014 through March 2015 as edited and presented.*
 - *Motion seconded by Woolley.*
 - *Motion approved by unanimous vote, Thomas abstains.*

XII. Adjournment (10:45 p.m.)

- *Allemeier makes a motion to adjourn.*
 - *Motion seconded by Thomas.*
 - *Motion approved by unanimous vote.*

Respectfully submitted,
Bill Farnsworth
Secretary, Pine Lake Preparatory Board of Directors

Appendix A

RESOLUTION OF THE BOARD OF DIRECTORS OF PINE LAKE PREPARATORY, INC. RELATING TO THE ISSUANCE OF THE PUBLIC FINANCE AUTHORITY EDUCATION REVENUE BONDS (PINE LAKE PREPARATORY) SERIES 2015A AND THE PUBLIC FINANCE AUTHORITY TAXABLE EDUCATION REVENUE BONDS (PINE LAKE PREPARATORY) SERIES 2015B

The Board of Directors (the "Board") of Pine Lake Preparatory, Inc. (the "Corporation"), a nonprofit corporation incorporated and existing under and by virtue of the laws of the State of North Carolina, held a meeting, duly called and held pursuant to the terms of the By-Laws of the Corporation, on June 10, 2015. A quorum was present at all times.

The following resolution was adopted.

WHEREAS, the Corporation has determined that it is in its best interest to make an application to the Public Finance Authority (the "Issuer") for a loan for the purposes of providing funds, together with other available funds, for (i) financing or refinancing the acquisition, construction, improvement and/or equipping certain charter school educational facilities for the Corporation known as "Pine Lake Preparatory" located at 1639 Mecklenburg Hwy., Mooresville, Iredell County, NC 28115 (the "Main Campus"), to include four classroom buildings, one athletic and community center building, and one administrative building (the "Existing Facilities"); (ii) financing the acquisition, construction, improvement and/or equipping of additional charter school educational facilities for the Corporation at the Main Campus (the "New Facilities"); (iii) financing the acquisition of land and the acquisition, construction, improvement and/or equipping of athletic and related facilities for the Corporation on such land, to be located at the intersection of Highway 21 and Cypress Landing Drive, consisting of 56.157 acres (the "Athletic Facilities" and, together with the New Facilities, the "Project"); (iv) funding a debt service reserve fund; (v) financing the costs of interest payments during the construction of the Project; and (vi) paying certain issuance expenses; and

WHEREAS, the proceeds of the loan from the Issuer will be used to refinance existing financings with each of Regions Bank and Branch Banking and Trust Company; and

WHEREAS, the Issuer intends to issue its Education Revenue Bonds (Pine Lake Preparatory) Series 2015A and its Taxable Education Revenue Bonds (Pine Lake Preparatory) Series 2015B (collectively, the "Bonds") in an aggregate principal amount not to exceed \$35,000,000 pursuant to an Indenture of Trust (the "Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"); and

WHEREAS, the Issuer intends to loan the proceeds of the Bonds to the Corporation for the purposes set forth above pursuant to a Loan Agreement (the "Loan Agreement"), between the Issuer and the Corporation, and Promissory Notes affixed thereto to be dated the date of delivery thereof (collectively, the "Notes"), from the Corporation in favor of the Issuer and assigned to the Trustee;

and CHAR1\1410736v4 2

WHEREAS, the Corporation has entered into an interest rate swap agreement with Regions Bank pursuant to which it entered into a swap transaction on December 17, 2010 in the notional amount of \$16,500,000 (the "Existing Swap"), and the Board desires to authorize the termination of the Existing Swap;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Approval of Bond Documents. The forms, terms and provisions of all of the documents necessary to accomplish this transaction, including, but not limited to, the following documents (collectively, the "Bond Documents") be, and they hereby are, approved in all respects. Drafts of the following documents were made available to the Board:

- (a) a proposed form of the Indenture (including the proposed forms of the Bonds);
- (b) a proposed form of the Loan Agreement (including the proposed forms of the Notes);
- (c) a proposed form of the Deed of Trust, Assignment of Rents and Fixture Filing from the Corporation to a deed of trust trustee for the benefit of the Issuer;
- (d) a proposed form of the Continuing Disclosure Undertaking of the Corporation;
- (e) a proposed form of the Bond Purchase Agreement among the Issuer, the Corporation and BB&T Capital Markets, a division of BB&T Securities, LLC (the "Underwriter");
- (f) a proposed form of the Tax Regulatory Agreement among the Corporation, the Issuer and the Trustee; and
- (g) a proposed form of the Official Statement to be used by the Underwriter in connection with the offering and sale of the Bonds (the "Official Statement").

The Board hereby approves the terms and conditions for issuance of the Bonds and authorizes the Treasurer of the Board, the Secretary of the Board, the Head of Schools and the Chief Financial Officer (collectively, the "Authorized Officers") to approve any details of the financing not included in the drafts of the Bond Documents made available at the meeting, provided that the aggregate principal amount of the Bonds shall not exceed \$35,000,000.

Section 2. Execution of Bond Documents. The Authorized Officers are each hereby authorized and directed, in the name and on behalf of the Corporation, to execute, attest, seal and deliver the Bond Documents to which the Corporation is a party and any and all other related agreements, certificates, instruments and documents required to be executed and delivered by the Corporation, each in such final form as the Authorized Officer executing the same deems appropriate, the execution and delivery of such documents by such Authorized Officer to be conclusive evidence that the form thereof is hereby approved.

Section 3. Ratification of Preliminary Official Statement. The use of the Preliminary Official Statement related to the Bonds to be dated the date of delivery thereof, by the Underwriter in connection with the marketing and sale of the Bonds is hereby in all respects ratified, approved and confirmed.

Section 4. Approval of Official Statement. The form, terms and content of a final Official Statement, in the form of the preliminary Official Statement made available to the Board together with information reflecting final pricing information and with such changes, modifications, additions or deletions therein as to the Authorized Officers deem necessary, desirable or appropriate, is hereby authorized, approved and confirmed. The use of such final Official Statement by the Underwriter in connection with the marketing and sale of the Bonds is hereby in all respects authorized, approved and confirmed.

Section 5. Termination of Existing Swap. The Board authorizes and directs the Authorized Officers to evaluate the risks and benefits of terminating the Existing Swap in conjunction with the issuance of the Bonds. The Authorized Officers may engage an Independent Registered Municipal Advisor (IRMA) to assist with such evaluation. The Existing Swap may be terminated contemporaneously with or after the issuance of the Bonds as the Authorized Officers determine, and each are authorized to enter into termination agreements in connection therewith. Any such action heretofore taken by such persons is hereby authorized, ratified and approved.

Section 6. Further Action. The Authorized Officers and staff of the Corporation, and each of them acting alone, are hereby authorized, in the name and on behalf of the Corporation, to take or cause to be taken any and all such other action as they may determine in their discretion to be necessary or

advisable or in the best interest of the Corporation, in order to effectuate, complete and carry out the intent and purposes of the foregoing resolutions and the transactions authorized thereby.

Section 7. *Ratification of Prior Action.* All things heretofore done and all action heretofore taken by any and all officers and agents of the Corporation in furtherance of the foregoing resolutions, but not including actions in violation of law or public policy, be, and they hereby are, ratified, confirmed and approved in all respects.

Section 8. *Effective Date.* This Resolution is effective immediately on the date of its adoption.

CERTIFICATE

The undersigned Secretary of the Board of Directors of Pine Lake Preparatory, Inc., hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the members of the Board of Directors present and voting at a meeting duly called and held on June 10, 2015, and that such resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

This 10th day of June, 2015.

Secretary of the Board of Directors of Pine Lake Preparatory, Inc.

Appendix B

RESOLUTION OF THE BOARD OF DIRECTORS OF PINE LAKE PREPARATORY, INC. RELATING TO THE DESIGN-BUILD CONTRACTS FOR THE STEM BUILDING AND ATHLETIC FACILITIES

The Board of Directors (the "Board") of Pine Lake Preparatory, Inc. (the "Corporation"), a nonprofit corporation incorporated and existing under and by virtue of the laws of the State of North Carolina, held a meeting, duly called and held pursuant to the terms of the By-Laws of the Corporation, on June 10, 2015. A quorum was present at all times.

The following resolution was adopted.

WHEREAS, the Corporation has determined that it is in its best interest to enter into design-build contracts with G.L. Wilson Building Company ("G.L. Wilson"); and

WHEREAS, forms of the following documents have been made available to the Board:

(1) AIA Form A141-2014 (Standard Form of Agreement Between Owner and Design-Builder) between the Corporation and G.L. Wilson related to the design and construction of the Science, Technology, Engineering & Math Building on the Corporation's main campus located at 104 Yellow Wood Circle in Mooresville (the "STEM Contract"); and

(2) AIA Form A141-2014 (Standard Form of Agreement Between Owner and Design-Builder) between the Corporation and G.L. Wilson related to the design and construction of the Athletics Complex at 203 Lions Den Trail in Mooresville (the "Athletic Complex Contract" and together with the STEM Contract, the "Design-Build Contracts").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Approval of Design-Build Contracts. The forms, terms and provisions of the Design-Build Contracts are hereby approved. The Board hereby authorizes the Treasurer of the Board, the Secretary of the Board, the Head of Schools and the Chief Financial Officer (collectively, the "Authorized Officers") to approve any details of the Design-Build Contracts. The Authorized Officers are each hereby authorized and directed, in the name and on behalf of the Corporation, to execute, attest, seal and deliver the Design-Build Contracts to which the Corporation is a party and any and all other related agreements, certificates, instruments and documents required to be executed and delivered by the Corporation, each in such final form as the Authorized Officer executing the same deems appropriate, the execution and delivery of such documents by such Authorized Officer to be conclusive evidence that the form thereof is hereby approved. Notwithstanding the foregoing, the aggregate amount of the Design-Build Contracts shall not exceed \$11,000,000.

Section 2. Further Action. The Authorized Officers and staff of the Corporation, and each of them acting alone, are hereby authorized, in the name and on behalf of the Corporation, to take or cause to be taken any and all such other action as they may determine in their discretion to be necessary or advisable or in the best interest of the Corporation, in order to effectuate, complete and carry out the intent and purposes of the foregoing resolutions and the transactions authorized thereby.

Section 3. Ratification of Prior Action. All things heretofore done and all action heretofore taken by any and all officers and agents of the Corporation in furtherance of the foregoing resolutions, but not including actions in violation of law or public policy, be, and they hereby are, ratified, confirmed and approved in all respects.

Section 4. Effective Date. This Resolution is effective immediately on the date of its adoption.

CERTIFICATE

The undersigned Secretary of the Board of Directors of Pine Lake Preparatory, Inc., hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the members of the Board of Directors present and voting at a meeting duly called and held on June 10, 2015, and that such resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

This 10th day of June, 2015.

Secretary of the Board of Directors of Pine Lake Preparatory, Inc.