

**Pine Lake Preparatory
Board of Directors
Executive Session Meeting Minutes**

Meeting Date: February 23, 2011

Location: PLP Upper School

Directors Present: Antoinette Ellison, Michelle Adams, Evelyn Gerdes, Anne McIntosh, Bill Neal, Julie Flaherty, Shawn Rogers, John Moloney

Directors Absent: None

Administrative Team: Kate Alice Dunaway, Kari Jolly, Amy Sevic, Jennifer Gnann, Chris Scholl, Joanne Tabor,

Guests: Briggs Petway

- Meeting called to order at 6:01 p.m. by Dr. Ellison who also introduces the board members. Twan also reviews the meeting protocol for the audience and updates on the success of the Board Retreat held last weekend.
- Dr. Ellison opens the floor to Kate Alice, who updates the audience on the status of the Athletic and Community Center and events that need to take place in the movement toward the construction of that facility, as well as the hurdles we must overcome, including the continued accrual of private funding and approval from Regions Bank before we may move forward with additional construction and financing. She asserts that we are moving forward with the development of an afterschool/extended day program that will generate funds that can be used to support the project. All proceeds after expenses will be designated for the construction of the ACC. Dr. Ellison reaffirms that Kate Alice shared this information at the retreat and opens the floor for questions to board members who were unable to attend the retreat. John Moloney inquires on the possibility of scaling back the construction in order that we might achieve this goal sooner. Kate Alice shares information gained during a recent visit to Community School of Davidson to consult on their similar construction endeavors. Results from that meeting indicate that our current plan is achievable and does not require scaling back. He further inquires if we have taken steps to scale back design; Kate Alice states that has not happened. Michelle, Julie and Twan assert this matter was discussed in depth during the board retreat, during which John was absent. John inquires on the status of the specifications for the glass requirements, which he has requested but received. Twan asserts that through December, efforts were focused on the campus purchase and we are only now beginning to move down the road for the ACC construction. John and Michelle assert the importance of allowing enough time to permit for donors to provide in-kind contributions as we find ourselves in the position to move forward. Discussion continues on this topic. Twan reminds that the board must determine how to authorize Kate Alice in the progression of this project. Shawn asserts that if plans are ready, than we should begin to obtain bids at this time. John inquires who will handle the bidding process; Kate Alice states that the architect (LITTLE) has handled the bid process in the past (during the construction of the primary campus buildings). Bill recommends that the Board of Directors vet the contenders and vote on the final contract award, rather than turn the process over to the architect in entirety. Michelle expresses concern about permitting the Board to select in the process, given limited expertise in general construction. Kate Alice reminds that the Board must approve moving forward with the project; the Kaleidoscope Foundation must continue to collect donations; proposes that she meet with LITTLE to let them know if/when we are ready to begin the bidding process; discuss the pros/cons of partnership of LITTLE and the BOD in the contractor selection process. Twan affirms that Kate Alice is authorized to move forward with the development of the afterschool/extended day business plan and program plan, meeting with LITTLE as outlined above and taking the project to the Town of Mooresville

for approval. John inquires if LITTLE has provided a cost estimate; Kate Alice states that the original cost estimate is between \$3.0 and \$3.5 million; given that no bids have been solicited to this point, there is no update to this number.

- Briggs Petway (our auditor) is welcomed to PLP for his presentation. Briggs shares that he has worked with PLP since inception on its annual audit. Briggs opines on the wisdom of our purchasing our campus and estimates that we shall experience a gain at the end of the fiscal year. Briggs refers to the audit report and moves forward with his overview. Bill inquires if our campus purchase has eliminated the prior “growing concern” item; Briggs affirms that it has. Briggs’ firm works closely with Acadia Northstar and the campus leadership in the preparation of the audit report. From an operational standpoint, the school is in “good shape”. From a financial standpoint, in general accounting terms, the school educated each student at an approximate cost of \$7667.00 per student. As of June 30, 2010, we held \$4.7million in assets, were owed about \$800,000 in receivables and had \$124,000 in cash. Our school operates in a very lean manner; 2009-2010 was a successful year for PLP. Briggs shares the details of the one finding, related to the extended holding of a check, which Briggs clarifies was being held on the advice of PLP attorneys relating to Sugar Creek legislation. John requests that Briggs opine on any potential financial policy violations; Briggs did not uncover violations and asserts that oversight of policies and procedures is the responsibility of the Board; Twan asserts that the Board is reviewing the policies to determine what items are necessary and which are not. This subject was to be discussed at the Board retreat; however time did not permit. John inquires if the policies as adopted are being followed; Michelle states that the Board has this matter under discussion and asserts that the consensus was that until the policies had been revised and finalized, that the HOS was to move forward with previously accepted operating procedures. He disputes that statement and asserts that the HOS is obligated to be in adherence of financial policies as previously adopted; discussion ensues; no resolution. Bill inquires of Briggs if other schools utilize purchase orders; Briggs asserts not and further opines that the financial officer is obligated to pre-audit any expenditure prior to moving forward in order to insure budget alignment; Acadia Northstar performs this service for PLP. Anne points out a potential typographical error. As there are no further questions for Briggs, we bid him farewell.
- Consent Agenda. John moves to approve the January meeting minutes; Julie seconds; unanimous approval; motion carried.
- Open Session: Guests are allowed
 - Steve Gallant requests that the Board consider reducing the scale of the ACC in order to move forward with the construction sooner and build on later as funds become available. He would like to see the ACC completed, even if the project were scaled back in light of current finances.
 - Linda DiPaola presents a letter to the board regarding the ACC which expresses her hope that the project is scaled back in order to move forward sooner. She also shares that she has taken the liberty of meeting with an architect.
 - Trisha Edmiston presents the Board with a letter she prepared with regard to the construction of the ACC and the desire to scale back the project in order to move forward sooner.
 - Tina Goins presents the Board a copy of a letter she has prepared with regard to the construction of the ACC and the desire that the project move forward on a scaled back basis and, in addition, asserts that the ACC will generate additional funds for the school overall.
 - Francie Pirkle presents the Board with a copy of a letter she prepared with regard to the construction of the ACC and the desire to scale back the project in order to move forward more quickly.
 - Dan Farley presents the Board with a copy of a letter he prepared with regard to the construction of the ACC and expresses desire to scale back the project in order to move forward more quickly. He expresses appreciation to Kate Alice in the development of the afterschool program that will support the financing of the ACC project.

- Sheri Jutzi-Geiger presents the Board with a copy of a letter she prepared with regard to the construction of the ACC and expresses desire to scale back the project in order to move forward more quickly. She requests answers to the following questions: Will we break ground in November and how will construction effect campus operations? Will there be a deadline for the finalization of the business plan for the afterschool program? The program business plan should be shared with the community upon adoption. How long will it take to construct the building once construction is commenced?
- Committee Reports:
 - Family Partnership Council. Julie and Kevin have yet to meet and finalize a list of requests for information; no update.
 - Finance Committee. Bill asserts that the finance committee meeting was cancelled; there is no update.
 - Policies and Procedures. Anne affirms the employee exit survey is nearly completed; Julie and Kate Alice have met to discuss the survey and rolling it out. Julie and Kate Alice will continue to work out details and the committee suggests that survey roll out in March. The committee recommends that the community wide survey be conducted annually and that the Academic Partner/Stakeholder and Student surveys be rolled out on alternating years with the first student survey going out in 2012-2013. Further, the committee recommends that PLP Board members who also serve on the KF board be required to attend fifty percent of those meetings. Michelle inquires of the metric for the fifty percent; Bill clarifies that this fifty percent attendance rate would be calculated on an annual basis. Discussion ensues. Julie opines that the surveys subject to this discussion be launched 2011-2012. Anne moves that the family stakeholder survey commence in 2011-2012; seconded by Michelle; unanimous approval; motion carried. Anne moves that PLP board members sitting on the KF be required to attend fifty percent of those KF board meetings; Shawn seconds; unanimous approval; motion carried.
 - Nominating Committee. See attached list of recommendations. Kate Alice reaffirms that DPI must approve any amendment to bylaws; secondly she requests that the Board discuss further the proposal that board member terms commence in mid-fiscal year (January 1) and suggests that the standard practice be that appointed members' terms commence in alignment with the fiscal year. Discussion ensues. Bill moves that the open call for applications for LS/MS/US parent representatives commence in March; placed on the ballot for vote at the May general membership meeting; Evelyn seconds; unanimous approval; motion carried. Discussion ensues regarding items 2 – 7, but no motions/votes; these items are generally considered acceptable to the Board.
 - HOS evaluation committee. Evelyn notes that the committee met on 2/17/2011 after receiving the HOS goals for 2011-2012. Said goals have been forwarded to the Board for consideration and responses from the Board have been reviewed.
- HOS Report. Kate Alice shares the individual reports from the members of the Leadership Team; additional information will be forthcoming directly to board members. The proposed budget for 2011-2012 is also included. January and February have been incredibly busy with campus-wide needs. Kate Alice shares her thoughts on the development of the ACC and outlines the timeline of her thoughts on the strategic development of the campus overall, including the ACC construction. She is positive about the direction we are heading, regarding the ACC, Academic Partner placement and student achievements. Kate Alice affirms also that we are tracking to end 2010-2011 on a very positive note. Anne inquires if any board members are interested in attending the National Charter School Conference in June; Twan expresses interest but her schedule is unknown at this time. As individuals determine they wish to attend, they will let Anne know. Review of the proposed 2011-2012 budget ensues. Shawn inquires of the outstanding liability to the KF for their loan to PLP related to the campus purchase and requests clarification on that debt's identification on the budget. Kate

Alice affirms that funding generated from the afterschool program will go to the ACC and therefore those proceeds could be applied to that debt service; the repayment would begin in August 2012. Shawn inquires if the revenue from that program is reflected on the budget proposal; Kate Alice affirms not at this time. Shawn recommends that a line item be dedicated to the repayment of the KF loan, regardless of the progression of the afterschool program proposal. Michelle suggests approval of the budget with the caveat that the afterschool program move forward to supplement revenue. Bill opines that a five percent budget proposal is not conservative enough and would recommend that we move forward with the budget that reflects an eight percent budget cut. Bill also expresses concern regarding the loss of federal revenue for salaries at the same time the salary line item reflects an increase. Discussion ensues. John suggests that we ask that Tom Williams create a chart outlining the revenue/expense line items for salaries; Kate Alice supports this suggestion and will make the request to ANS. Bill suggests that we postpone approving the budget until we have this information from Tom Williams. Twan instructs the members to review the budget and forward any questions to Twan prior to the March board meeting; questions will be addressed as received; she further instructs that the board members are to be prepared to vote on the 2011-2012 budget at the March meeting. Upon request from Evelyn, Kate Alice clarifies that any increase in salaries could be likened to the "step" increases that state education employees receive annually; although it is not exactly the same since PLP does not follow the "step" increase protocol. At PLP, a salary freeze is actually that; there is no "step" increase as there is in traditional public schools wherein even when salary freezes are enacted, the "step" increase still occurs.

- Bill moves to adjourn the open session; Julie seconds; unanimous approval; motion carried.