



Reach Cyber Charter School
BOARD MEETING

Pursuant to the Pennsylvania Open Meeting Laws, notice is hereby given to the members of the Reach Cyber Charter School Board and the general public that the Board will hold a meeting open to the public on:

Date and Time:
Wednesday, July 6, 2016 at 9:00 a.m.

Held via teleconference

Below is an agenda of all items scheduled to be considered. Unless otherwise stated, items may be taken out of the order presented on the agenda at the discretion of the Chair.

Reasonable efforts will be made to assist and accommodate persons with a disability. Please contact David Taylor at 717-649-6980.

AGENDA

- I. Call to Order and Roll Call – D. Taylor
- II. Public Comment – D. Taylor

The Board welcomes participation by the members of the public both in-person and telephonically. To address an item on the agenda, before the scheduled start of the meeting, an individual must provide their name and a short description of the agenda item on which they wish to comment to the Chair, along with any materials they want to have distributed to Board. Individuals who wish to address the Board telephonically must contact the Principal or Board President by phone or by email at least twenty four (24) hours before the scheduled start of the Board meeting. If the individual wants to provide any written materials to the Board, these should be emailed to the Principal or Board President at least twenty four (24) hours before the scheduled start of the meeting.

The total time for any individual to present, either in person or via telephone, on an item on the agenda shall not exceed three (3) minutes, unless the Board grants additional time.

Individuals desiring to make a formal presentation to the Board on an item not on the agenda but desiring it be placed on the agenda must provide notice and written submissions detailing the subject of the presentation to the Principal or Board President at least fourteen (14) days prior to the meeting. Any such presentations shall not exceed fifteen (15) minutes in duration, unless otherwise permitted by the Chair.

- III. Routine Business – D. Taylor
 - a. Approval of Agenda

IV. Oral Reports

- a. Introduction of Principal, Jane Swan – D. Taylor
- b. Principal's Report – J. Swan
 - i. Update on Facility
 - ii. Update on Staff Recruitment
 - iii. Update on Enrollment
 - iv. Update on Training and Preparations for Opening School
- c. Financial Report – K. Helt
 - i. Update on Bank Account

V. Consent Items – D. Taylor

- a. Approval of Minutes from the June 15, 2016 Board Meeting (attached)

VI. Action Items

- a. Review and Approval of 403b Plan (attached) – N. Bush
- b. Approval of the School Compensation Plan for the 2016-2017 School Year (attached) – R. Graver
- c. Approval of Employee Handbook (to follow) – R. Graver

VII. Information Items

- a. Update on NCSC – G. Hawkins-Bush
- b. Legislative Update – J. Ragley
- c. School Leadership Team Update – R. Graver

VIII. Adjournment and Confirmation of Next Meeting - Wednesday, July 20, 2016 at 9:00 a.m.



Reach Cyber Charter School
MINUTES OF THE BOARD OF DIRECTORS MEETING
Wednesday, June 1, 2016 at 9:00 a.m.

Held via teleconference

I. Call to Order and Roll Call

Mr. Taylor called the meeting to order at 9:01 a.m. when all participants were present and able to hear each other.

Board Members Present: David Taylor, Gail Hawkins-Bush, Paul Donecker, Alex Schuh and Joe Harford (via phone);

Board Members Absent: Brian Leinhauser;

Guests via Phone: Patricia Hennessy, Board Counsel; Mike Whisman, Charter Choices; Dennis Tulli, Connections Consultant; Jay W. Ragley, Rachel Graver, Shon Hocker, Shawn Soltz, Jennifer Schmidt, Marjorie Rofel and Megann Arthur, Connections staff (all via phone).

II. Public Comment

There were no public comments made at this time.

III. Routine Business

a. Approval of Agenda

Mr. Taylor asked the Board to review the Agenda distributed prior to the meeting. The Board added an Executive Session to the agenda, for the purpose of considering a School Principal candidate for the school. There being no changes, a motion was made and seconded as follows:

RESOLVED, that the Agenda for the June 1, 2016 meeting of the Reach Cyber Charter School Board of Directors, as amended, is hereby approved.

The motion passed unanimously.

Executive Session

The Board entered into an Executive Session at 9:06 a.m. The Board cited the following for entering into the Executive Session: to discuss the appointment of a Principal candidate for the school (65 PA CSA § 708(a)(1)). Board members entered into the Executive Session via a roll call vote. All meeting attendees present remained for the Executive Session.

Open Session resumed at 9:19 a.m. via a roll call vote. No action was taken during Executive Session.

Mr. Taylor reminded the Board of the discussion during Executive Session. There being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the Hiring of Jane Swan as School Principal and appointment of Board President as Board Designee to work with Connections to negotiate and finalize the School Principal compensation, as discussed, is hereby approved.

The motion passed unanimously.

IV. Oral Reports

a. Preparations for Opening of School

i. Update on Facility

Ms. Graver provided the Board with an update on the work to identify a school facility. She advised that the team was planning to move forward with the property on East Park Drive, and reviewed the expected timing for the finalization of a lease.

ii. Update on Staff Recruitment

Ms. Graver reviewed the current progress in staff recruitment, indicating that many strong applications had been received and that positions were being filled.

iii. Update on Enrollment

Ms. Graver provided the Board with an update on the most up-to-date enrollment numbers for the school. She related that, as of the time of the meeting, there were 129 students enrolled in the school and many more in the application stages.

b. Financial Update

Mr. Soltz provided the Board with an introduction to the financial services the Board will be receiving from Connections, as well as the anticipated timeline the school should expect funding to begin from the state.

i. Update on Charter Choices

Mr. Soltz reminded the Board of the work done to date by Charter Choices as a financial consultant to the school, and invited Mr. Whisman to provide some additional information. Mr. Whisman briefly updated the Board on their recent review of the proposed budget for the 2016-2017 school year.

V. Consent Items

Mr. Taylor asked the Board Members whether there were any items from the Consent Items that they wanted moved to Action Items for discussion, or tabled. There being no items moved, a motion was made and seconded as follows:

RESOLVED, the Consent Items:

- a. Approval of Minutes from the May 18, 2016 Board Meeting; and
- b. Approval of Board Meeting Schedule for the 2016-2017 School Year; are hereby approved.

The motion passed unanimously.

VI. Action Items

a. Ratification of Draft Documents Contained Within the Previously Approved Charter Application

Mr. Ragley presented this item to the Board, providing background on the timing of the application and required submissions to date. He advised the Board regarding minor changes made to the charter application in cooperation with the Board President, as have been necessary to meet deadlines and answer inquiries. The Board discussed the draft and final documents included in the charter application. There being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the draft documents contained within the previously approved charter application, as discussed, are hereby ratified.

The motion passed unanimously.

b. Approval of Revised School Calendar for the 2016-2017 School Year

Ms. Graver presented this item to the Board. She reviewed the revised school calendar, as included in the Board materials, and advised the Board regarding the background to the revisions since the original calendar was included in the charter application. There being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the Revised School Calendar for the 2016-2017 school year, as presented, is hereby approved.

The motion passed unanimously.

Approval of Revisions to State Specific Handbook

Ms. Graver reviewed the proposed revisions to the previously Board approved state specific school handbook. There being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the revisions to the State Specific School Handbook, as presented, are hereby approved.

The motion passed unanimously.

[Ms. Schmidt joined the meeting at 9:37 a.m.]

c. Review and Approval of Employee Health Care Benefit Offerings and Approval of a Board Designee to Finalize Health Care Benefit Options for the 2016-2017 School Year

Ms. Schmidt reviewed with the Board the options for employee health care benefits, as outlined in the Board meeting materials. She provided some background to the comparisons provided, as well as the research done to date on all options available for benefits to school staff members. The Board discussed the potential benefits options in detail. There being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the Connections Education employee health care benefit plan offering Board President as Board Designee to finalize all documentation regarding health care benefit options for the 2016-2017 school year, as discussed, is hereby approved.

The motion passed unanimously.

Approval of Budget for the 2016-2017 School Year

Mr. Soltz presented this item to the Board. He reviewed the proposed 2016-2017 school year budget outline and Budget Notes documents with the Board, also reminding them of the budget development process to date that included the school leader, Board Treasurer and/or other Designee(s) and Connections staff. He further reviewed the fee schedule for services from Connections, as enumerated in the Educational Products and Services Agreement (EPSA), and that the basis for all charges is drawn directly from the Budget. Board members discussed the budget, including related staffing, outreach and other specific expenses for the school, as well as the fee schedule and all services provided by Connections under the schedule.

[Ms. Rofel joined the meeting and Mr. Taylor left the meeting at 9:52 a.m. Mr. Taylor requested that Mr. Harford assume the duties of chairing the meeting in his absence.]

Mr. Whisman advised the Board that Charter Choices had reviewed the budget and had no issues with assumptions contained therein. There being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the budget for the 2016-2017 school year, as presented, is hereby approved.

The motion passed unanimously.

[Mr. Ragley, Mr. Hocker and Mr. Whisman left the meeting at 9:59 a.m.]

d. Approval of Special Education Services Plan

Ms. Rofel presented this item to the Board. She reviewed the proposed contract with Connections Education for the management of the school's Special Education program, including the specific services to be offered and the in-state expertise of personnel working with the school. Board members discussed the proposal, as included in the Board materials, and expressed their support of the services being offered. There being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the Special Education Services Plan, as presented, is hereby approved.

The motion passed unanimously.

[Ms. Rofel and Ms. Schmidt left the meeting at 10:05 a.m.]

e. Approval of Directors and Officers for the 2016-2017 School Year

Ms. Arthur advised the Board that all Board members terms were up for renewal at this meeting. Following their confirmation that they wished to continue on the Board, discussion was held on the renewal of their terms. There being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the appointment of David Taylor, Gail Hawkins-Bush, Paul Donecker, Alex Schuh, Brian Leinhauser and Joe Harford to the Reach Cyber Charter School Board of Directors through the 2017 Annual meeting, is hereby approved.

The motion passed unanimously.

Ms. Arthur reviewed with the Board each Officer position as set out in the Board-adopted Bylaws, and advised the Board that all positions would be for a term until the Annual Meeting 2017. Nominations were opened for each position. Following the closure of nominations, and there being no further discussion, a motion was made and seconded as follows:

RESOLVED, that the appointment of:

David Taylor, Board President;
Brian Leinhauser, Board Treasurer; and
Joseph Harford, Board Secretary, as presented, is hereby approved.

The motion was approved unanimously.

f. Approval of Revisions to State Specific Handbook

This item was considered earlier in the meeting.

g. Approval of Budget for the 2016-2017 School Year

This item was considered earlier in the meeting.

VII. Information Items

a. Legislative Update

In Mr. Ragley's absence, Ms. Graver provided the Board with a brief update on recent legislative activities in the state, which may impact the school.

b. Update on Website and Board Member Bios

Ms. Arthur provided the Board with a reminder of the request for submission of Board member bios and photos for inclusion on the school's website.

VIII. Adjournment and Confirmation of Next Meeting - Wednesday, July 6, 2016 at 9:00 a.m.

Mr. Taylor inquired if there was any other business or discussion. There being no further business or discussion, he noted that the next meeting would be held on Wednesday, July 6, 2016 at 9:00 a.m. The Board being at the end of its agenda, the meeting was adjourned at 10:14 a.m.

Connections Education along with Charter Choices is recommending that Reach Cyber Charter School engage PenServ for their Alternative 403(b) Plan. When opting out of the state plan, PSERS must approve the alternative plan as an acceptable alternative. PenServ has routinely provided plan setups that are approved by PSERS. We recommend that the plan include a mandatory employee contribution of 5%, with an employer match of 5%. It is Connections understanding that a 10% employer match was factored into the budget, however the cost savings analysis attached reflects a 5% match. The 5% employer match is the most commonly selected, recommended by Charter Choices, and routinely approved by PSERS. Selecting an alternative plan versus PSERS participation offers significant cost savings which are explained in the Charter Choices Retirement Options and PenServ PSERS Alternative attachments.

Also attached is the PenServ Letter of Intent for review. This includes basic plan setup options that we've indicated along with basic fee information for plan setup and continued maintenance. If this plan is approved, this letter will be returned to PenServ and will require a \$500 Commitment Fee. This letter also lays out additional retirement options offered to employees including voluntary pre-tax and Roth contribution options.

The Board will also need to select an Investment Broker with assistance from Charter Choices. It is suggested to select a local vendor that can come onsite to educate employees. Charter Choices has recommended two options, Lincoln Investment Planning and EBS. Both are local, familiar with PenServ, and used to working with PSERS alternative plans

As mentioned above, our recommendation is to work with Charter Choices to setup the plan through PenServ. Their competitive fees and familiarity with plan setup for PA charter schools setting up alternative plans are both major factors in that recommendation.

Thank you,

Natalie Bush
Benefits and Pension Manager
Connections Education
8830 Stanford Blvd.
Columbia, MD 21045

Type of Fee	AF Record Keeper	PenServ
Commitment Fee (one-time)	\$500	\$500
Annual Plan Admin Fee	\$500	\$850
Record Keeping	\$500/year	\$40/year/participant
Custodial Fee	\$750	0.10% of assets
TPA Setup Fee	\$750	*n/a - PenServ is TPA
Standard Annual Services	\$1850/year (approx)	*n/a - PenServ is TPA
Special Services	min \$675/annual (approx)	*n/a - PenServ is TPA

CHARTER CHOICES

RETIREMENT OPTIONS

Charter Schools struggling with rising retirement costs for employees due to mandated increases in PSERS may wish to consider a little-known alternative which Charter Choices pioneered for our clients. Charter Choices can help you understand the fiscal, legal and administrative requirements to make best use of limited resources. While the process can be complicated, time-consuming and expensive, we'll help simplify the process. While we're not retirement experts – and won't pretend to be – as your business manager, we'll be by your side during the process. Below is an overview of the process.

Considerations

It almost goes without saying the primary consideration is cost – efficient use of taxpayer funds. By considering an alternative to PSERS, personnel costs can be better managed. In addition, recruitment efforts for private-sector employees may improve. The steps below are indeed a simplification of the overall process, which can involve many service professionals, concurrent and dependent activities, and competing interests/resources. This can all result in a drain on school resources if not managed effectively.

Major Steps

Section 1724-A of the public school code addresses retirement programs and the opportunity for an alternative to PSERS. In practice, the process begins with school board decision to create an alternative retirement program, and ends with the approval by PSERS and engagement of service providers, including:

- Plan administrator – a third-party benefit and retirement consultant offering recordkeeping and administrative services.
- Custodian – a third-party directed trust and asset custodian responsible for holding the retirement contributions and investments.
- Investment Advisor – an independent advisor who manages the investments held by the custodian.

HEADQUARTERS

222 KESWICK AVENUE
GLENSIDE, PA 19038



scan to visit our website

contact us : 215.481.9777

WESTERN REGIONAL OFFICE

600 GRANT STREET
PITTSBURGH PA 15219

CHARTER CHOICES

Plan submission major activities include:

- Employee Notification – talk to your employees candidly to assure them up front that any plan would impact new hires only.
- Estimate the impact – estimate the impact of the plan switch and costs prior to changing. See table below for additional information.
- Board action to proceed – the board should make a motion to engage professionals to create and submit an alternate retirement plan for new employees.
- Engage a plan administrator – a Letter of Intent and Commitment Fee are required for the plan administrator to begin working with the school.
 - The first step is designing the plan specifically for the school.
 - Plan administrator drafts General Information, Adoption Agreement and Plan Document.
 - Cover letter and the above documents get sent to PSERS.
- Approximately 90 days later, PSERS legal department may approve the plan
- The school will engage the Custodian and the Plan Administrator will draft a Conversion Guide
- The school will engage the Investment Advisor who meets with the business manager and CEO
- Budget update – after approval of the plan and providers are in place, it’s time to update the budget.

Estimated Costs

How much will this cost?

- Current expenses:
 - 2014-2015 PSERS employer contribution rates are 21.40%
 - 2017-2018 PSERS employer contribution rates will be 30.25%
 - 2019-2020 PSERS employer contribution rates will be 32.08%
 - The costs for PSERS per \$10,000 are below, contrasted to a 5% employer contribution

Year	Salary	PSERS	Cost	5%	Savings
2014-2015	\$ 10,000	21.40%	\$ 2,140	\$ 500	\$ 1,640
2017-2018	\$ 10,000	30.25%	\$ 3,025	\$ 500	\$ 2,525
2019-2020	\$ 10,000	32.08%	\$ 3,208	\$ 500	\$ 2,708

- 403b costs:
 - The primary expense is the 5% employer contribution listed above.
 - In addition, there are other expenses as well
 - One-time set-up fee for plan administrator – estimate \$2,000
 - One-time commitment fee if not engaged – estimate \$500

CHARTER CHOICES

- Annual plan administration fees – estimate \$1,000/year
- Per employee record-keeping fees – estimate \$50/year/participant
- Custodial fee – estimate less than 0.1% of assets
- **Costs vary significantly based on participation.** Additional fees may apply.

Next Steps

- Contact us – let us know you’re interested, and we’ll discuss the timeline.
- Board resolution – a board resolution authorizing the creation of an alternative plan.
- Engage providers – we’ll connect you to providers who have demonstrated successful conversions.

Objectivity

Our interests are aligned to yours – and as such we’re concerned about long-term viability of the school. Our business model is relational, not transactional, and our relationship as your business manager doesn’t end with the close of the transaction. Our fees reflect that. Charter Choices charges a fixed fee for our services, and because we’re paid only by the school, we aren’t motivated by self-interest to recommend one option over another or one vendor over another. We provide an objective analysis of options for the board to consider, resulting in “Better Ideas, Better Schools.”

Savings Estimates

2019-2020 403b Plan	Annual Savings			Avg. Salary			
Employees	\$ 40,000	\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000	\$ 65,000	\$ 70,000
10	\$ 108,320	\$ 121,860	\$ 135,400	\$ 148,940	\$ 162,480	\$ 176,020	\$ 189,560
20	\$ 216,640	\$ 243,720	\$ 270,800	\$ 297,880	\$ 324,960	\$ 352,040	\$ 379,120
30	\$ 324,960	\$ 365,580	\$ 406,200	\$ 446,820	\$ 487,440	\$ 528,060	\$ 568,680
40	\$ 433,280	\$ 487,440	\$ 541,600	\$ 595,760	\$ 649,920	\$ 704,080	\$ 758,240
50	\$ 541,600	\$ 609,300	\$ 677,000	\$ 744,700	\$ 812,400	\$ 880,100	\$ 947,800
60	\$ 649,920	\$ 731,160	\$ 812,400	\$ 893,640	\$ 974,880	\$1,056,120	\$1,137,360
70	\$ 758,240	\$ 853,020	\$ 947,800	\$1,042,580	\$1,137,360	\$1,232,140	\$1,326,920
80	\$ 866,560	\$ 974,880	\$1,083,200	\$1,191,520	\$1,299,840	\$1,408,160	\$1,516,480
90	\$ 974,880	\$1,096,740	\$1,218,600	\$1,340,460	\$1,462,320	\$1,584,180	\$1,706,040
100	\$1,083,200	\$1,218,600	\$1,354,000	\$1,489,400	\$1,624,800	\$1,760,200	\$1,895,600

Note that the table above includes only the 5% contribution, and not any plan fees.

403(b) Plans as the “PSERs Alternative”



Call us today to learn more about this exciting alternative 403(b) Plan!

888-473-7888

In General

In Pennsylvania, Charter Schools are treated as a governmental employer or as a public school. Generally all public schools must cover their employees under the Pennsylvania State Employees Retirement System ("PSERs"), *except for Charter Schools*. Charter Schools have the option of either covering their employees under PSERs or establishing a *PSERs Alternative Plan*, which can be any "defined contribution plan", including a 403(b) plan.

Since most employees want the option to electively defer into a retirement plan, the 403(b) is the likely alternative to accept elective deferrals AND the contributions that would need to go into the plan to replace PSERs.

Alternative Plan Design

Typically the design is as follows:

- All new employees hired after some future date would automatically have 5% contributed to the 403(b) as a mandatory employee contribution. (Compare - PSERs requires 7.43% to be deducted from employees' salary on a mandatory basis!)
- The Employer contributes 5% of salary. (Compare - Employer contribution to PSERs for 2013-2014 year is 16.93 % for all employees and this is going up next year to over 20 %!)
- Note: An Employer can contribute more than the 5%, but that is up to the Employer.
- This design has been approved through PSERs for any Employer who has submitted a PSERs Alternative Plan within the last few years. Remember each Charter School needs to submit a copy of the Plan to PSERs and receive their approval before setting up the Plan. Once the Charter School has employees that are covered under PSERs they cannot waive participation in the future. So the sooner a PSERs Alternative Plan is established, the sooner your cost savings will begin!

Additional Contributions

In addition to the PSERs Alternative portion (5% Employee contribution plus the 5% Employer Contribution), an eligible employee may also:

- Defer up to an additional \$17,500 (the 2013 and 2014 limit) per calendar year; and
- If they are age 50 or older in a calendar year, contribute an age 50 catch-up of \$5,500 (the 2013 and 2014 limit).
- These deferrals can be made by salary reduction as a regular deferral (tax-deferred) or as a Roth deferral (post-tax)

How We Help Your Charter School:

To assist the Charter School in establishing the PSERs alternative for New Hires, PenServ will:

- Assist with the Plan Design of the alternative Plan
- Draft the PSERs Alternative 403(b) Plan for your school;
- Submit the Plan to PSERs for their approval (keep in mind this takes approximately 2-3 months);
- Provide Enrollment materials once the Plan is approved by PSERs;
- Act as the Administrator for your 403(b) Plan to assure that there is full compliance with Pennsylvania Charter School law as well as maintaining the plan provisions according to the IRS regulations.

Example:

Harley is hired after 7/1/2014 at age 51. Her annual compensation is \$30,000. Below is a breakdown of her contributions into the 403(b) Plan for the first full tax year.

<u>The PSERs Alternative 403(b) Plan</u>	
Amount of Contribution	Type of Contribution
\$1,500.00	(5% Mandatory Employee Contribution)
\$1,500.00	(5% Employer Contribution)
	} Mandatory Contributions
\$17,500.00*	(Elective Deferral Max)
\$ 5,500.00*	(Age 50 Catch-up)
	} Optional Contributions
\$26,000	TOTAL PERMITTED CONTRIBUTION
*Can be Pre-tax or Roth Elective Deferrals	

Employee Comparison to PSERs (2013-2014 Year)

Under The PSERs Alternative 403(b) Plan

- Salary \$30,000
- Employee receives \$3,000 into 403(b)
- FICA and Medicare still paid from salary into Social Security plus fed and state withholding

Under PSERs

- Salary \$30,000
- Employee pay 7.43% from salary (\$2,229) on an after tax basis – W-2 still reads \$30,000
- FICA and Medicare still paid from salary into Social Security plus fed and state withholding

Result - Younger employees will benefit; Employees who are hired by the School AND were already participating in PSERs may be given the option to stay in PSERs, if the Charter School wishes.

Employer Comparison to PSERs (2013-2014 Year)

Under The PSERs Alternative 403(b) Plan

- Salary \$30,000
- Employer contributes \$1,500 to the 403(b)
- Note: Employer contribution does not affect the W-2 and is not reflected on that form.
- FICA and Medicare still paid from salary into Social Security plus fed and state withholding

Under PSERs

- Salary \$30,000
- Employer pays 16.93% of full salary to PSERs for the general fund. (Payment of \$5,079 to PSERs)
- FICA and Medicare still paid from salary into Social Security plus fed and state withholding

Result – Definite Advantage for the Charter School

One Example, one employee, one year and a savings of \$3,579. Now multiply the savings by the number of new hires!



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The PSERS Alternative Plan Start-up Kit

Contents

Letter of Intent.....2
Fee Schedule.....3
Questionnaire.....4
Financial Services
Schedule.....6

PenServ Plan Services, Inc. is a national pension design and consulting firm with offices in Horsham, Pennsylvania and West Columbia, South Carolina. PenServ specializes in providing retirement plan products, support services and training programs to financial organizations and practitioners across the nation.

In a joint initiative between the Technical and Plan Administration divisions, PenServ works with charter schools all throughout Pennsylvania to design an alternative plan to PSERS that will meet their needs and objectives.

Your Process:

- ✓ Complete and sign the Letter of Intent
- ✓ Complete the Questionnaire
- ✓ Return the above with a check for the commitment fee to:

PenServ Plan Services, Inc.
Attn: Plan Document Services
420 Dresher Road, Suite 100
Horsham, PA 19044

Our Process:

Upon receipt of the above, we will:

- draft the PSERS alternative plan for your school
- submit the Plan to PSERS for their approval
- provide enrollment materials once the plan is approved by PSERS
- act as the Administrator of your 403(b) Plan

Let us know if we can assist you - the sooner a plan is established,
the sooner your cost savings can begin!

215-444-9812
plandocuments@penserv.com





LETTER OF INTENT

This Letter of Intent and any attached schedules, amendments, etc. (collectively “Letter”) confirm that the employer referenced below (“Employer”) wishes and intends to engage PenServ Plan Services, Inc. (“PenServ”) to provide the services set forth in the attached Schedule of Estimated Fees and Services (“Schedule”).

- I. Employer acknowledges and agrees:
 - a. Employer must enter into a Services Agreement within sixty (“60”) days from the Date of Offer specified below, when the offer expires (“Expiration Date”).
 - b. That PenServ shall begin the initial conversion process once a Services Agreement has been entered into and executed by the parties.
 - c. PenServ will not be liable for any consequences and or related costs and or expenses, in the event the Employer does not provide timely, accurate, and complete data to PenServ.
 - d. That in the event a Service Agreement has not been executed by or before the Expiration Date, unless agreed upon in writing by PenServ to provide an extension to this Letter, and the Date of Expiration: (i) the Commitment Fee below, will be non-refundable; (ii) PenServ will cease to perform further work for the Employer, and shall have no obligation whatsoever to the Employer; and (iii) the Employer agrees to compensate PenServ for the services rendered under this Letter, beyond the \$500 paid in Commitment Fees.
 - e. PenServ is not a provider of tax, accounting or legal advice.

- II. General.
 - a. Limitation of Liability. in no event shall either party be liable for loss of profits, revenue, data or use or for any indirect, incidental, special or consequential damages, however caused, even if advised of the possibility of such damages.
 - b. Confidentiality. PenServ and the Employer agree that each will keep confidential and not disclose or permit its employees or representatives to disclose information received from the other or otherwise use such information, except as contemplated under the Letter, or as may be authorized by the party whose information is to be disclosed, or as such disclosure may be required by law.
 - c. Term and termination. The term of this engagement shall begin on the Date of Offer set forth below, and unless agreed to otherwise in writing by PenServ, shall expire sixty (“60”) days from the Date of Offer, or terminate, as soon as a Services Agreement has been entered into by the parties, whichever is sooner.
 - d. Confidentiality and indemnification obligations shall survive the termination or expiration of the Letter.

Commitment Fee: \$500.00 (Check payable to PenServ Plan Services, Inc., to be returned with this Letter to the address below.)

Plan Name: Reach Cyber Charter School
Authorized Signature
Name and Title:
Effective Date:

Accepted: PenServ Plan Services, Inc.
By: Yvonne C. Kepler, Chief Operations Officer
Signature

This Agreement shall expire on: _____

Attachments: Original Fee Proposal
 Plan Questionnaire

Upon receipt of this Letter of Intent along with the Commitment Fee, the Services Agreement and takeover documents will be forwarded to the Contact indicated above.

**Standard Employer Fee Schedule
Non-ERISA 403(b) Services
PSERs Alternative for Charter Schools**

Initial (One Time)

One time Set-up Fee/One time Take-over Fee
(Includes Document Review and Plan Design) \$1,800.00

Annual Base Fee (includes MG Trust as Vendor) \$ 850.00

Annual Fee for PSERs Compliance Review \$ 800.00

Census Verification
Separate Accounting for vesting
Tracking sources
Tracking hours and years of service

Document Amendment Fee for Employer-initiated Amendments \$ 175.00

Participant Fees*

Non-ERISA 403(b) Suresm Recordkeeping and Compliance

Receive and qualify contributions from all sources;
Reconcile exceptions;
Track annual contribution and maintain records for
audit purposes;
Review, qualify and monitor participant loans,
hardship distributions, minimum distributions,
account transfers \$40/year/participant

Distribution and Loan Fees \$70 per transaction

Custodial Fee .10% of assets

Additional Services (Optional)

Internal Compliance Reviews for Employers/Vendors
Assistance in Plan corrections

*Fees can be paid by the Participants, the Employer, or the Vendor(s)**, if applicable. Transaction fees are paid by Participants. All fees will be reduced by any revenue sharing received from mutual funds.

**Some Vendors will not pay administrative fees.

**403(b) Plan Questionnaire
for Charter Schools in Pennsylvania
The PSERs Alternative**

EMPLOYER INFORMATION

Employer's Name: Reach Cyber Charter School

Business Address: 750 East Park Drive, Ste 201

City: Harrisburg

County: Dauphin

State: PA

ZIP Code: 17111

Phone Number: _____

Employer EIN #: 47-4968734

Contact Person's Name and Title: Jane Swan, Principal

Phone Number: _____

Email: jswan@connectionseducation.com

Who will administer the plan?

A designated Third Party Administrator (*please specify*): PenServ Plan Services, Inc.

PLAN INFORMATION

When is the plan year?

The plan year is the calendar year (*most commonly used*)

The plan year is a 12 month period starting on each (*month, day*) _____

Does the Employer currently have a 403(b) plan?

Yes

This will be an amendment to our existing 403(b) plan.
The initial effective date of the existing 403(b) plan is: _____. (*This date is on your current Adoption Agreement. Please attach a copy to this questionnaire.*)

EXISTING PLANS MUST COMPLETE THE "CURRENT VENDORS" SECTION OF THE FINANCIAL SERVICES SCHEDULE ON PAGE 6.

No

This will be a new 403(b) plan. The effective date of the plan is ____.

This plan will be effective for new hires who are hired on or after: 7/1/2016

If an Employee is hired after the date above and participated in PSERs prior to being hired, then such Employee

will; or

will not

have a choice to select either to remain in PSERs or participate in this 403(b) plan.

EMPLOYEE CONTRIBUTIONS

Voluntary Elective Deferrals

(*Note: This option applies to all eligible employees.*)

How much will employees be permitted to contribute to the plan as a pre-tax salary deferral?

The maximum permitted each year by law (*\$18,000.00 in 2016*)

A percentage of pay equal to _____% (not to exceed the maximum permitted by law)

Will the plan offer the age 50 catch-up election (*\$6,000 in 2016*) to allow employees age 50 or older to make additional deferrals?

Yes

No

Will employees with 15 or more years of service be permitted to make a special catch-up contribution of up to \$3,000 more per year or \$15,000 lifetime?

Yes

No

Will Roth 403(b) post-tax elective deferrals be permitted?

Yes

No

If Roth Deferrals will be permitted, the effective date to allow Roth contributions is: 9/1/2016

(Enter the date that Roth contributions may or did begin, even if prior to establishing this plan. Default is 1-1-09 for plans effective on or before that date.)

Employee Mandatory Contributions:

Employee Mandatory Contributions under the plan will be required at 5%.

(PSERs has approved 5%, can be more.)

Note: These Mandatory contributions apply to those Employees hired after the date above.

**403(b) Plan Questionnaire
for Charter Schools in Pennsylvania
The PSERs Alternative**

Compensation:

Compensation used for employee and employer contributions shall be:

- Total Compensation, no exclusions; or
 Total Compensation excluding: Bonuses; Overtime; Other (describe): _____

PLAN PAYOUT OPTIONS

- | | | |
|---|---|-----------------------------|
| Will hardship withdrawals be permitted? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Will loans be permitted under the plan? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

EMPLOYER CONTRIBUTIONS

- | | | |
|---|---|-----------------------------|
| Will Employer Contributions be made to this plan? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|---|---|-----------------------------|

If Yes, check the type(s) of employer contributions to be made:

- PSERs Alternative Contribution: Employer contributions shall be made only to those Participants who are contributing to the plan Mandatory Employee Contributions and such Employer contributions shall be 5 % of compensation. *(PSERs has approved 5%, can be more)*
 Other *(specify the amount of contribution and how it is allocated to participants):* _____

Vesting for Employer Contributions will be 100%: immediately; or after 1 year

EMPLOYER CONTACT INFORMATION

Who in your office should we contact in the event we have questions about the Questionnaire?

Name: Jane Swan

Phone Number: 215-481-9777 x128

Email: jswan@connectionseducation.com

Please name the individual who is to receive the completed documents and be responsible to sign the Adoption Agreement and any other legal forms. Same as above; or

Name:

Phone Number:

Email:

**The completed questionnaire should be faxed to:
Plan Document Services at (215) 444-9813
or mailed to:
Plan Document Services
c/o PenServ
420 Dresher Road, Suite 100
Horsham, PA 19044
or emailed to: plandocuments@penserv.com**



FINANCIAL SERVICES SCHEDULE

FINANCIAL ADVISOR

(Please note that the Employer Contribution must go to MG Trust)

Name of Advisor	Address	Phone	Email

CURRENT VENDORS

(This section must be completed for existing 403(b) plans only)

APPROVED VENDORS

These Vendors are authorized to receive ongoing contributions and incoming Transfers and Exchanges from Approved Vendors and Deselected Vendors.

Name of Vendor	Address	Contact Person	Phone and Email

DESELECTED VENDORS

Exchanges will be permitted from the following Vendors to the Approved Vendors listed above. However, the following Vendors may not receive Exchanges and Transfers and the assets are not available for Participant Loans and Hardship Distributions.

Name of Vendor	Address	Contact Person	Phone and Email

Specify the following procedures for Transfer/Exchanges:

- The minimum amount for Transfers/Exchanges shall be \$_____ (the default shall be \$0).
- Exchanges will be permitted between all Approved Vendors and from Deselected Vendors unless otherwise restricted. Please specify any restrictions here: _____.
- Transfers/Exchanges are permitted at any time unless restricted as follows: _____.

2016-2017 Total Compensation Plan for Teachers

Base Salary*	<ul style="list-style-type: none"> • A <u>starting</u> base salary for new teachers will be determined by the point system described below. • Teachers may receive an <u>annual salary increase</u> based on performance ratings. • For this school year, the Reach Cyber Charter School starting base will be \$37,000. Each point will be valued at \$1,000.
Payroll Schedule	<ul style="list-style-type: none"> • Teachers will receive twenty-four (24) pays of an equal gross amount, assuming they remain employed throughout the school year. • Teachers will be given the option to have their final four (4) "summer" paychecks paid out in one lump sum at the end of the school year. • Teachers' annual salaries will be pro-rated for a partial year of service due to a leave of absence, a start date after the first scheduled work day or leaving prior to the end of the school year.
Career Ladder Positions	<p>Teachers can apply for the following career ladder opportunities and assume additional responsibilities in order to earn additional compensation as follows.</p> <ul style="list-style-type: none"> • Coordinator Teacher – base plus 4% • Lead Teacher – base plus 9% • Specialist Teacher – base plus 12% • Master Teacher – base plus 15%
Performance Bonus*	<ul style="list-style-type: none"> • A teacher can potentially earn an annual performance bonus that is a percentage <u>of their base salary</u> (for the purpose of the performance bonus, the base also includes Career Ladder compensation if applicable). The percentage is based on the teacher's years of service with the school. In the first year, teachers are eligible for a 4% percent bonus; which increases to 5% in the second year, 8% in the fifth year and 10% in the tenth year of service. • Teachers receive their bonus in the fall, if they return for the next school year and are employed on the date bonuses are paid. • Teachers who notify their school administration that they will not be returning by April 1st are eligible to receive 50% of their bonus at the end of the school year. • The teacher's bonus will be determined by their end-of-year Overall Individual Performance Rating and the school goals. • The school leadership team determines the goals, in compliance with any applicable state regulations, and they may include student achievement metrics, parent feedback, LiveLesson observation scores, School Goals, or other approved metrics.
Benefits	<p>Teachers working at least 30 hours per week are offered a comprehensive benefits plan that includes: medical, dental, vision, life, short-term disability, long-term disability, accidental death and dismemberment, a 403(b) plan, flexible spending accounts, employee assistance program, and tuition reimbursement for eligible courses/expenses.</p>
Paid Time Off	<p>Teachers earn four (4) sick days per school year which can be carried over from school year to school year up to a maximum of eight (8) sick days, and a minimum of two (2) personal days that can be taken during the 200-day teacher work year. These days are pro-rated for teachers not working the entire year. Teachers who have been employed for at least one (1) year earn eight (8) personal days that can be taken during the 200-day teacher work year. Teachers receive additional personal days for additional years of service up to a maximum of fourteen (14) days.</p>
Work-at-home Days	<p>Office-based teachers who have been employed for at least one (1) year are eligible to earn "work-at-home" days based on their annual performance reviews.</p>

*Both salary increases and bonus payouts are contingent on the fiscal performance of the school and the bonus is tied to **teacher's intent to return for the next school year**. The Board will have the ability to adjust the percentages in the event that the school does not meet financial expectations.

**The process for determining the starting base salaries for Certified Teachers is as follows:
(NOTE THAT THIS POINT SYSTEM IS ONLY RELEVANT FOR STARTING SALARIES
AND IS NOT USED FOR ANNUAL INCREASES OR BONUSES)**

STEP 1 - Develop minimum starting salary and point value based on school budget and local comparisons.

STEP 2 - Using the Point Criteria Guidelines below, determine the number of points for an individual teacher candidate. The maximum number of points is 19. Note that the minimum salary and point value is set each year based on competitive market factors and the school budget.

STEP 3 - The total number of points will determine the starting salary of the teacher.

Example: The base starting salary for a particular school is \$35,000 and the point value is \$1,000. If a prospective teacher has two years of relevant experience and a *Master's degree* in Education, he/she would be allotted 3.5 points or a starting salary of \$38,500.

Point Criteria Guidelines	
Years of relevant work experience	Points
0 to 1	0
2 to 5	2
6 to 10	4
11 to 15	6
16 - 20	8
Relevant Degree(s)	Points
BA*	0
Multiple BAs	1
BA + MA*	1.5
BA + Multiple MAs	2.5
BA + MA + EdD/PhD	3
Special skill, knowledge and/or ability	Points
Languages, technology, testing, special education expertise, ELL, gifted & talented, virtual experience, tutoring, substitute teaching, high-need subject area (i.e. Math, Sci., Spec. Edu.)	1 - 8

*BA and MA are interchangeable with Bachelor of Science (BS) and Master of Science (MS)

Memorandum

To: Members, Reach Cyber Charter School Board
From: Jay W. Ragley, Senior Vice President, State Relations
Cc: Jane Swan, School Leader
Date: July 6, 2016
Re: State Relations Update

Thank you for your volunteer service on the Reach Cyber Charter School Board. There are a few legislative updates to provide to the board this month.

FY 2017 Budget

[SB 1073](#)

The Legislature agreed to a school aid budget bill and sent it to Governor Wolf. However, Gov. Wolf has indicated through media statements that he will not sign the bill unless an agreement can be reached about stand-alone legislation amending tax and revenue laws. He has until July 11 to sign, veto, or allow SB 1073 to become law without his signature. The school aid budget would be increased by approximately 3% if the bill became law.

Comprehensive Charter School Legislation

[HB 530](#)

The House Rules Committee debated and amended HB 530, a bill carried over from 2015 that has been dormant since January 5, 2016. The legislation significantly amends the charter school act with some positive reforms but also a permanent funding reduction to cyber charter schools.

1. No cuts to cyber charter school special education funding.
2. Cyber charter schools could establish dual enrollment programs with colleges and universities.
3. Law clarifying cyber charter schools are only subject to Section 1749-A, preventing any government overreach.

4. Law clarifying cyber charter schools are permitted to interact in-person with students with disabilities.
5. School districts, IUs, community colleges, and universities must make reasonable access to their facilities for cyber charter schools for the purposes of state testing. Any rental fee must be the same as the institution would charge any other group.
6. Parents with multiple children in a cyber charter school may elect not to receive the additional computer or printer.

The negative impact of HB 530 is a permanent reduction in funding for cyber charter schools by altering the categories of funding a school district can deduct from cyber charter school payments. The fiscal analysis of the bill by the House estimates the total funding reduction – or “savings” – is approximately \$27 million or \$765 per cyber charter school student. Depending on the cyber charter school, it is estimated this is an 8-10% funding reduction on a per pupil basis.

However, the Reach Cyber board approved an initial operating budget in its cyber charter school application accounting for this funding reduction. This foresight should allow the school to operate as planned according to its approved charter application if HB 530 becomes law.

While the bill was reported out of committee it was recommitted to the House Rules Committee without any votes taken on the legislation. When the Legislature will return to complete work on the stand-alone tax and revenue legislation is uncertain, and HB 530 faces the same level of uncertainty.