

**THE METROLINA REGIONAL SCHOLARS' ACADEMY, INC.**

Open Session

**Meeting of the Board of Directors**

Conference Room, Metrolina Regional Scholars' Academy

Monday, September 22, 2014, 6:30 p.m.

**Voting Members Present**

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**David Saye, Chair**

**Renee Alsop**

**Karen Cleary**

**Shila Fisher**

**Lee Keel**

**Michael Matthews**

**Jen McClave**

**Krista Newkirk**

**Noelle Sproul (via phone)**

**Call to Order and Announcements.** The meeting was called to order at 6:30 p.m.

**Adoption of the Agenda.**

Action: A motion to approve the agenda with a reordering of topics (Attachment 1) was made by Krista Newkirk, seconded by Renee Alsop, and approved by the Board.

**Approval of the Meeting Minutes of August 26, 2014.**

Action: A motion to approve the minutes of the August 26, 2014 meeting subject to discussed changes (Attachment 2) was made by Shila Fisher, seconded by Jen McClave, and approved by the Board.

**Director's Report.** Mr. Yodice presented the Director's report to the Board.

WFAE Meeting: Mr. Yodice attended WFAE meeting with CMS Superintendent Heath Morrison and others on the state of public education. Much of the discussion was about poor achieving schools and the gap. Dr. Morrison made a negative statement about how charter schools don't meet the needs of minority and low-economic children because they fail to offer busing. Mr. Yodice disputed this with Dr. Morrison in an email subsequent to the meeting and reminded him that charter schools don't receive facilities funding and that we would be glad to offer busing if we received a complete budget, including capital expenses. Dr. Morrison called Mr. Yodice and they had a positive exchange that should result in better coordination in the future.

Friday Updates: Mr. Yodice will start to send his Friday updates to the Board again. Mr. Yodice received positive feedback from the Board regarding those communications.

Calendar Items: Mr. Yodice will be at a training on September 23, for Power School. Power School is a home base for information for parents. Parents can see all grades on every assignment. It is run by the state of North Carolina and they are still debugging the program, but Mr. Yodice is still looking at and reviewing this tool for possible implementation.

Reviews: The Scholars Academy is getting appraised by the Office for Charter Schools on September 23, and Thursday, September 25, is the date of the School's annual audit.

**Standardized Test Scores Review.** Mr. Yodice gave an overview of the students' aggregated standardized test scores by grade. Mr. Yodice explained that the data is limited for the Scholars Academy because we teach at different grade levels. Also, these tests highlight if a student has grown as much as expected, but this is

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impacted by the fact that we teach a grade ahead. There are a handful of students whose score reflected that they were not working at their grade level. Ms. Cuneo is working to provide extra help to those children. Mr. Saye asked how we communicate these scores and the complexity of the reporting to the community so parents don't have the misimpression that we have failed to teach the children the fundamentals. Mr. Yodice explained that the Scholars Academy's philosophy is that we don't teach to test. Mr. Yodice will craft a message when the time comes and circulate it to make sure that he has covered the details adequately.

### Questions Raised by Ms. Willis to the Board.

**Lunch:** A lot of parents raised the concern about reduced lunch time and about the start of the PTO lunch program. Mr. Yodice agreed that this was a justified concern. In response to these concerns, Mr. Yodice talked with the staff to develop some ideas on how to fix this issue. The preferred solution is to take 5 minutes from the periods before and after lunch to give adequate time for lunch. If it continues to be a problem, Mr. Yodice will review it again with the staff.

**Math Class Size:** It is true that there is a math class with 29 students. We are offering more different levels and more math tracks than we ever have before to meet the needs of the students. Because of this, we ended up with a class of 29. This is an admittedly large class for the School, but not for many middle schools. Dr. Romanoff was added to that class to help with instruction since we recognized that this was a higher student to teacher ratio than we aspire to. This year we have: Accelerated Math for 5<sup>th</sup> graders (previously we forced children into Algebra concepts before they were ready – this can be more of a brain development issue than a learning issue); Pre-Algebra in 5<sup>th</sup> Grade; Pre-Algebra in 6<sup>th</sup> grade for those who had accelerated math in 5<sup>th</sup> Grade; Foundation in Algebra for 6<sup>th</sup> and 7<sup>th</sup> graders – which has the first half of Math 1, and those students take the second half of Math 1 the next year and then take the EOC; Math 2 for those who took Math 1 in the previous year; and, we also offer Math 1 in a one-year program. For next year, they will reassess the needs of the students. Mr. Yodice noted that we will keep messaging this to parents to explain these courses. Because of Common Core, Algebra 1 and 2 will go away, and we will now offer Math 3. Ms. McClave wanted to know how we reassure the parents that if there are holes in the curriculum, we will identify and meet those needs. Mr. Yodice explained that Everyday Math caused some of the gap and we are working to get rid of this. The teachers continually identify gaps and then go back to complete that knowledge before they move the students forward.

**Development Update.** Erica Ellis noted that she has one month left before she goes on maternity leave. Ryan Moschel has been interning with Erica for the last 6 weeks, and he will take over while Erica is out along. He will work closely with the help of the Development Committee to identify prospects. Mr. Moschel will also take over inputting the giving data into the software. (See Attachment 3, Development Report). The Board reached a participation rate of 100% and direct mailings have been sent to parents. Past parents and grandparents will receive a direct email, too. We had a site visit with the Jimmie Johnson Foundation last week and showed them our current technology status and our needs. There are twenty potential grants they provide over 3 regions. They said that we passed the first steps and that they will now review the selected applications (about 9) to their Board. We are planning to send information packets to all parents this year and in the future this will be on the website. We also plan to have an event during Fall Social to invite parents who gave in the past back to the school to see the donor wall.

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The Living Here went out last week which included an ad for our open houses. They mistakenly put last year's ad instead of the ad we proofed. We are working on a refund from them and a replacement ad for open houses.

**Major Gifts Naming Agreement.** A parent approached us about giving a restricted gift for the naming of a science room. Although we haven't done this in the past, in order to receive larger gifts, Ms. Ellis advised that we need to consider allowing these restricted gifts. Ms. Ellis provided the Naming Agreement to the Board for review. The Board appreciates the generous gift. Ms. Newkirk recommended an unveiling event, perhaps in conjunction with the Science Fair.

Action: A motion to approve the naming agreement was made by Dr. Matthews, second by Karen Cleary, and approved by the Board.

**Committee on the Board Report.** Renee Alsop presented on the work of the Committee. The Committee has reviewed the process on charter renewal, performance of the Director, and performance of the Board. The Committee provided a list of recommended action items. (See Attachment 4, Report from Committee).

Ms. Alsop presented the brief self-evaluation and Board evaluation. The first is an assessment of each board member on their performance on the Board, the second is a review of the Board as a whole. Ms. Alsop asked that the board members submit their answers to her by October 10.

**Governance Committees and Recruitment:** Ms. Sproul reviewed the slate of committees.

Action: A motion to approve the slate of committees as presented was made by Lee Keel, seconded by Renee Alsop, and approved by the Board.

**PTO Update.** Melody Perrotta was not present for a report.

**Financial Reports and Budget Amendments.** Lee Keel and Brad Chatigny presented on the refinancing of the capital loans which were incurred for the purchase of the Scholars Academy building. Mr. Keel and Mr. Chatigny plan to ask the bank to forgive some of the loan as a donation to the Scholars Academy. Mr. Chatigny presented on the loan document and term sheet for loan. ROEFSCO is the macro-seed company of the seller of the school property. ROEFSCO was the seller of the building and we purchased it from them. We needed a component of the financing to be seller financing, so we gave them a promissory note for \$500K. The NCCFFA/LGC entity is a state entity through which we issued a tax-exempt bond which was purchased directly by BB&T. By doing the bond structure through a state agency, we received tax exempt financing. We pay the bond through the NCCFFA as a bond payment to BB&T. This makes the interest tax-exempt to BB&T, so they can charge us a lower interest rate and make the same amount of money. BB&T bought the bond by paying the NCCFFA, who then sent us the purchase money for the building. We have a direct guaranty with BB&T to ensure that they are secured. CSDC is a non-profit in Washington DC that helps charter schools. They provided \$600K in credit support toward our bond to BB&T. This provided extra insurance to BB&T. The \$600K rolls off a bit each year, and when the loan matures, this amount goes to \$0. Although the term is for 20 years, it can be called after five years, but they have a disincentive from doing this. The rate of this loan is a floating rate of 30-day LIBOR plus 2.12% with an interest rate floor of 3.00%. We need to figure out the terms

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with BB&T to renew this loan to either swap out part of this for a fixed rate or to simply lock this in for another 5 years. Also, BB&T is willing and interested in providing us with additional loan money. Mr. Keel and Mr. Chatigny reviewed other lenders and their rates and it appears that the terms have improved. Because LIBOR is so low, we swapped this to 4.3575% for five-years. We need to consider that again. The proposed rate is 68% of LIBOR plus 195 points with no floor. We have hit the 3% floor in the past, so without a floor, we are in a better position. All we are doing is renewing the same bond but with more favorable interest rates. If we swap to a fixed rate, we lose some flexibility because the term of that swap will be for five years. We can't break the swap or prepay without being penalized. The board will need to review this again in five years. If the Scholars Academy were to contemplate another property purchase for another school, then we would need a lot of money. Because the financing needs would be so much greater, we would consider an RFP to a number of institutions for a large loan for which we would receive better terms. Acadia must provide reports to BB&T. Heather Richter is concerned about the reporting requirements, and BB&T will adjust these requirements to make it easier for us to meet these deadlines.

Mr. Chatigny recommended that we consider swapping a portion of this loan. We may want to borrow some additional money to consider purchasing some additional property. Mr. Chatigny has started talking to Intercontinental about either giving us or allowing us to buy some of their land. They originally were not interested in selling us this property because they planned to develop it, but now they are interested in both of those properties. The term sheet is the beginning of a proposal. Originally, we asked them to sell it to us for \$1 and we would sell it back in 10 years if they were interested. We have now offered to pay them a real price for the land and rent or buy the building next to us for extra space. This is a package deal. They are eager to consider this. It would take a considerable amount of money to make this purchase, but we could probably take on another \$400-500K of debt without paying more on an annual basis due to the anticipated reduced interest rate.

Actions: A motion to proceed with BB&T with these general loan terms but with consideration for additional loan proceeds and subject to the decision on the board on the final loan terms, including any swap on fixed rate for LIBOR, was made by Ms. Newkirk, seconded by Dr. Matthews, and approved by the Board.

A motion to proceed with a non-binding letter of consideration to acquire property from True North was made by Ms. Newkirk, seconded by Dr. Matthews, and approved by the Board.

Community Comments. Jessica Cuneo voiced her concern about the School's reliance on the annual fundraising effort. She asked the Board to consider whether it is realistic to expect that we will continue to raise this amount of money every year in order to meet our demand. She wants to make sure that we consider this as we continue to grow. Brad Chatigny noted that we have tested the waters on what people would give for green space, but notes that it could cannibalize the giving to the normal campaign.

Motion to Convene in Closed Session. A motion to convene in closed session pursuant to the following statutes was made by Krista Newkirk, seconded by Shila Fisher, and approved by the Board:

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- a. Pursuant to N.C.G.S. §143-318.11(a)(1), to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes, such privilege or confidentiality arising under the Family Educational Rights and Privacy Act (20 U.S.C. §1232g) or N.C.G.S. Ch. 126, Art. 7, and
- b. 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 pursuant to N.C.G.S. §143-318.11 (a)(6).

CLOSED SESSION

*The closed session minutes are filed in the office of the Executive Director of the Metrolina Regional Scholars' Academy, Inc.*

OPEN SESSION

**Personnel Issues.**

Action: A motion to ratify the Executive Director's salary was made by David Saye, seconded by Lee Keel, and approved by the Board.

**Board Secretary.**

Action: A motion to approve Jen McClave as the Board's new Secretary was made by Krista Newkirk, seconded by Renee Alsop, and approved by the Board.

**Budget Reports and Amendments.** Lee Keel presented the final budget from Fiscal Year 2013-2014, the current budget report from the annual budget for Fiscal Year 2014-2015 set in the June meeting, and the budget amendments (see Attachment 5). Although it looks like we are saving money, the HVAC money was never included in the budget, so this is an adjusted budget item. The total budget for the roof and HVAC was about \$110,000 more than the actual cost. When the roof and HVAC were completed, there was an issue with water condensing on the ductwork and leaking into the School. The final inspection was completed and the problem has been corrected.

Action: A motion to approve the amendments to the budget was made by Lee Keel, seconded by Shila Fisher, and approved by the Board.

**New Business.** No new business was reported.

**Motion to Adjourn.** There being no further business before the Board, the meeting was adjourned.