

APPROVED



The Exploris School

Minutes

Board Meeting

Date and Time

Tuesday November 27, 2018 at 4:30 PM

Location

The Exploris School - Middle Campus

Directors Present

B. Kingery, C. Hutchens, C. Jones, E. Schollmeyer, G. Burnette, J. Frawley, K. Byars-Nichols, K. Furr, K. Harris, K. Johnson, L. Perry-Lawless, M. Mitchell-Neal, T. Kingsberry, T. Miller

Directors Absent

K. Von Weihe

Guests Present

June Atkinson, M. Gargan, S. Hardy

I. Opening Items**A. Record Attendance and Guests****B. Call the Meeting to Order**

T. Miller called a meeting of the board of directors of The Exploris School to order on Tuesday Nov 27, 2018 at 4:30 PM.

C. Approve Minutes

K. Byars-Nichols made a motion to approve minutes from the Board Meeting on 10-30-18 Board Meeting on 10-30-18.

K. Furr seconded the motion.

The board **VOTED** unanimously to approve the motion.

D. Public Comment Opportunity

Three members of "public" present introduced themselves.

II. Auditor Presentation

A. 2017-2018 Fiscal Audit Review

Amanda Habich (from Thomas, Judy and Tucker) joined us via Google hangout to present our 2017-2018 audit. They did not find any major issues to report in their extensive audit.

III. Facility Updates

A. Lease and Facilities Updates

Bob presented a detailed timeline of Exploris growth and development beginning with the expansion to K-8 in 2013, to our present status with the new facility:

In 2013 Exploris leadership and board decided to expand school from 6-8 to a K-8 school. In June 2014 FY 2015 Budget is presented with income and costs for school expansion included. Primary reason was the economics of a charter school were believed to be better for a school with ~400-500 students. After looking for a suitable building for K-8 school in greater downtown Raleigh and not finding one Exploris negotiated with Gordon Smith for leasing his land on Swain St and leasing temporary classrooms from ModSpace on it starting in the 2014-2015 school year.

Search for new location led by James Gredts (board member) and Bob Kingery starting in 2014. Multiple buildings and locations were evaluated. No buildings could meet the schools needed lease rate in the greater downtown Raleigh area. The criteria used was walkability to downtown. Sites in Knightdale and other outlying areas which could meet our facilities budget range were considered and ruled out. We found Kindly St property which had been on the market for a good bit of time and was owner by Duke Energy. They dropped the price of property to \$4,400,000 and Exploris made an offer on 9-15-15 that was accepted.

Exploris decided to make an offer on land and start the school design process. Exploris evaluated a few architect firms for design and choose SFL&A. Their experience in building healthy and green schools using a lease model were deciding factors. Exploris choose SFL&A as our design build firm on 10-15-15. We had 120 days of diligence period to investigate the property and 30 days to close financing This agreement had

provisions for extensions and the timeline was extended by Exploris. Exploris worked with SFL&A and created a budgetary design. The banks that were excited to finance our project at the start did not come through and we decided to find a partner to make the project pencil. Exploris talked with multiple investor groups. With the tight timeline to close on the land no developers except the SFL&A&Metcon(abbreviated SFL&A) partnership were willing to keep Exploris as the anchor tenant for the project.

We choose SFL&A as the developer partner. Created an agreement with them as Exploris as a minority owner of site and SFL&A providing all cash to close project(~\$4,400,000). SFL&A also took on all future costs for development of project. SFL&A and their partners bought the land in early May 2016. After closing SFL&A worked with Exploris to design a world class school and building that embodies our core values. Exploris was not charged for any design work and SFL&A had a budget \$ for Exploris lease that was the \$ we could afford to pay in our proforma budget. This \$ was well below market rate.

Basically us coming with a great piece of land for the development was in trade for SFL&A finding a financial way to keep our lease terms low AND have a lease that is basically impossible for us to get kicked out of building forever. SFL&A also agreed to matching our fundraising for up to \$1,000,000 to assist Exploris in raising money to pay for building upfit, fixtures and furnishings. This money is to be given to us with no repayment terms. School physical design was completed by Summer Clayton before she left Exploris and Bob and James providing feedback and support. Exploris agreed to final terms and signed a lease and other docs end of Dec 2017. Since then SFL&A has been in search of financiers to close and start construction. One challenge for SFL&A is that a good portion of the building (Exploris school) is locked in at a significant reduced lease rate which makes the project harder to pencil for lenders.

In recent 11/22/18 conversation with Robbie, Bob reports:

- Senior lender is set.
- Opportunity Zone offers tax benefits for equity investors.
- **Planning to raise 25 million for equity capital on a crowdfunding site: crowdstreet.com** Anchor equity investor is set(5MM of the 25MM needed) and will be disclosed to us soon. Crowdfunding campaign starts after Christmas 2018.
- Expected close end of Q1 2019.
- With a 18 to 24 month build cycle move in date estimated between fall 2020 and spring 2021.

Land lease with Woodpile LLC (Gordon Brown) ends on August 2019. We pay \$5,150/month. This location and agreement cannot be extended for over 12 months, so there is risk involved that we cannot renew. Modular classroom lease with WillScot (Formerly ModSpace) - \$7,353/month. Lease expires end of 2018. Renegotiating rate now. They are asking for a 10% increase.

Lease of middle school facility with Hedgehog Management, Inc. started Feb 2009. Lease expires 2024. We pay \$16,348.90 per month.

B. Renew Lease

B. Kingery made a motion to approve Ellie to enter into negotiation with ModSpace not to exceed a 10% increase.

T. Miller seconded the motion.

The board **VOTED** unanimously to approve the motion.

IV. Strategic Plan Updates

A. Presentation of Partnership Options

June Atkinson (from Emerald Education) introduced herself, and led us through a brief activity to gather our input before the Strategic Planning begins.

V. ED Report

A. Academic/ Personnel / Operations

OPERATIONS:

Ellie updated the board on Strategic Planning timeline, to be finished by March 2019. In her full ED Report (see minutes attachments), she presented other Operations issues.

T. Kingsberry made a motion to approve contract with Emerald for Strategic Planning.

C. Jones seconded the motion.

The board **VOTED** unanimously to approve the motion.

K. Furr made a motion to approve Callie Kirsch (Teaching Partner) and Koren Morgan (Business Office Manager).

K. Byars-Nichols seconded the motion.

The board **VOTED** unanimously to approve the motion.

ACADEMIC:

Ellie presented EVAAS data from 2016, 2017, 2018 (see report in Minutes); she also briefly discussed goals for ensuring future academic achievement including plans for analysis of data, and teacher training and PD. The Exploris School met growth with an overall .95 growth index.

B. Finance

Ellie included complete, updated financials, attached in Minutes. Christine noted that revenue per county has been updated.

VI. Committee Updates

A. Development Committee

Tom updated the group that the plan moving forward would be to create subcommittees to manage different fundraising groups (i.e. corporate, families, etc).

B. Governance Committee

Further review of the Lottery policy, State Statute, and Office of Charter School input illuminated additional changes that were needed to our lottery policy and procedures. To be in compliance with NC Charter School policy, the governance committee is recommending the removal of the surname priority. Each child can now apply separately, and sibling of already enrolled students will receive a priority the following year.

The Governance committee will share an update on their progress towards their 90 day goal and ask for specific support, if needed. The board member evaluation will be sent to each member to complete prior to January 15, 2019.

K. Furr made a motion to revise lottery policy to remove the surname policy.

K. Harris seconded the motion.

The board **VOTED** unanimously to approve the motion.

C. Educational Excellence Committee

Parent University - Keely urged the Board to attend 12/6 at 6pm at the ES.

EEC - is working on a presentation to Board in the Spring to help education board members on how to interpret various quantitative data around measures of educational excellence.

VII. Closing Items

A. Closing and Commitments

Kimberly updated the group that PTO is planning a big Spring Fundraiser to net \$7,000. Tom reminded us that 1/29 is a retreat meeting, so plan to stay later. Location to be determined.

B. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 6:54 PM.

Respectfully Submitted,
K. Byars-Nichols