BOARD OF TRUSTEES MEETING 9/4/13

6:30 PM

Present:

Elke Miller EM

Frank Beuthin FB

John Mora JM

Sean McManus SM

Alex Gharagozlow ALEX

Katja Jahn KJ

Steve Frandsen SF

Gwenis Laura GW

Also present: Erika Petras, Taina Franke, Michelle Mead, Andrea Martin, Bert Tietje, 3 representatives from ExEd (GICS accounting firm) and two real estate advisors.

? indicates could not understand what was said

Public Comments:

1. Erika Petras, GPA President:

“I am going to tell you that we are feeling very confident at the beginning of this year we are doing great things. Katinka just put together a handbook for room parents, new volunteers are engaged, we hope to utilize our great resources of parents, there is lots of energy and momentum, we have also organized free TB tests through a pediatrician parent. We respectfully request that when we change meeting times, as all of us were asked by parents to attend this meeting, it is very helpful if you can try to keep [to posted] times as we are all professionals as well as volunteers.

2. Taina Franke, GPA Communications Coordinator:

I have a basic question: The material revision and hopefully the lease contract will go hand in hand. I wonder if there is a plan if the Material Revision gets denied, if the lease is signed, is the MR just pushed back a year and given another try? I hope it does not determine the question if we will be on our own campus on not. Thank you.

ELKE MILLER:

I would like to remind all that this is a public meeting and we are not answering questions, thank you for you comments tonight.

It is nice to see so many GPA parents. It is going to have to be a great year with all of this appreciation, right John?

JOHN MORA: Yes! We are ready to go.

EM: So we are starting tonight with 2013-2014 BUDGET. We have to make some adjustments, so we do not run into same problem as last year cleaning it up. I think we are pretty close to where we actually are in terms of enrollment, and I am looking forward to hearing from Ryan (EXED)

(hands out copies)

RYAN, EXED: When we originally Board-approved this budget back in June, we built the budget with the assumption of 432 students for ‘13-14 school year. As a school the students are lifeline of revenue stream. We had meeting with BOT to assess where we are and if we can meet goals. Because enrollment is issue for this year, we will not meet 432 and we scaled down to 400. So revenue ?? about $126,000 for the year. So there is $126,000 less coming in.

FRANK BUETHIN: So for budget tracking purposes, we are lowering our baseline.

RYAN: in terms of expenses, some have stayed same. LAUSD gives us money based on students but they also take money from us based on # of kids. Salaries of teachers came in higher, but we have hired people who can support elsewhere. We have about $40K more to service lower population. Employee benefits and salaries stayed the same. We added more in terms of student materials, $15,000 more. This Budget does also still have predevelopment [of private facility] cost, assume. Now is the time to plan for that. We have about $400,000 earmarked. Other than that the biggest impact is decreasing enrollment and planning. Net income is about $80,000 ? than originally budgeted. So the BOT approved $126,000…we will realize about $78,000 instead.

Are there any specific questions?

JM:

? 5-90 Charter school categorical?

RYAN: The way students are funded is changing. We used to get money in buckets, now we have local control formula. Now they just give us one bucket. This is grant funding. We had budgeted $83000 and now we have zero. It is now in general purposes. So they are simplifying the way they pay us.

EXED:

Loss of revenue due to lower enrollment, we got some benefit from new local control formula, the base grant is higher than we had budgeted for. So school benefits to offset lower enrollment.

EM: Could you let us know the difference between 96-98 (goal) ? We are trying to get ADA up, as this is a way to get revenue up?

RYAN: I cannot run that right now but we are planning for 96 % in this budget model.

SEAN MCMANUS:

Can you send something to the effect that what is in here is in blood and correct?

FB: We will talk about that later.

KATJA JAHN: We are still assuming $400,000 in fundraising?

FB: that is the local. We have plan.

EM: For internal fundraising?

FB: We also said $1000 per student, it was actually per student not per family.

EM: But our student body was different, we agreed to change that gradually. The $400,000 was based on 432 students, right?

FB: No

EM: ..

FB: We are aiming for more, 400 is where we need to get to.

JM: So this is based on 95%?

What is our Prop 39 fee this year?  
RYAN: $150,000 this year.

GWENIS LAURA: We have not gotten final bill yet. I just signed shared use agreement.

Last year it was $130,000

JM: How is $400,000 predevelopment determined?  
FB: We will discuss in closed session.

JM: We have all done Brown Act training, let’s not leave it to me.

SM: the simple answer is that is roughly predevelopment costs.

Where we had an actual figure, that is what we used. We did a low and high, and we took the high, and added a contingency  
JM: Thank you.

EM: I am with John on this, we can discuss this part in open session, we have interested people.

FB: So this is what we sent out today:

[disclosure: this was presented as a slide and it was very difficult to make out the exact numbers. We will work on getting clarity on this.]

Conditional use 175 K

Health Risk 15-25 K\*Best guestimate

Architect fees 110K

Permits and plans check 10K

Buffers: 50K

Traffic analysis 25K

Filing fee with city 25 K

Enrollment consultant 50K

Legal consultant \*Best guestimate 25-50K

Engineering 50 K

(Total in brackets reflect high end. \*indicates best guestimate)

(explanation of bids secured and from where)

EM: In terms of timeline, project management, we would have to start soon. Do we have another budget line item? We could

EM: This is a great slide.

Did you receive this, Gwenis?

EM: We are assuming this begins in this year.

SM: Until you have a set of plans and a making way through plan check etc...title consultant, when that person begins, if we decide to move forward, the next phase is a matter of when.

EM: we assume before end of school year. So this budget should have some ?

FB: Bear in mind we have an additional $30,000 in legal fees for site review, so we have $430,000 at this stage. I think in my budget summary, I suggested that we have three portions of it. Shall I bring the budget …

EM: I think we should go through line items. So this is in the ?

FB: We have $500,000 (??) $400K is in predevelopment.

EM: And we don’t want to make that a separate line item?

FB: Ryan can probably subcategorize.  
EM: I think we need to distinguish between our operating budget and then subcategory,

RYAN: this is just printout, but in schedules, each has a line item with schedules. So we have that detail in the budget.

EM: Still I don’t agree that it is on the same line.

RYAN We are restricted by account codes of state, but I can add in a line and we just don’t give it a code. It will always have to be recorded.

JM: What is your concern? The prop 39 will be given amount, there are no other elements…

EM: If there is a rental space we can start making payments.

JM: OK

EM: Normally with construction projects we have separate predevelopment and construction costs.

EM: once we start expensing..

RYAN: Schedules will look different.

JM: So long and short is we would have had a great cash balance, we have a 5% reserve.

KJ: 5% reserve comes out of $280K right?

RYAN: It is benchmark

KJ: If we fell below we would be worried.

JM: And since we were hoping to have larger cash balances for facility in the future...I am trying to put a good spin on this.

FB: Non consultant costs?

RYAN: We had $90 K to charter consultant and we also had payouts to a former employee. We have $58K slated for this year.

Is this the IT consultant?

KJ: And also Glen for material revision.

FB: Ah, there were two additional points to $400K. First piece is legal fees and 2nd is consultant to help with COP process, that is in there. Good, Katja.

JM: That is Curtis, Glen (political consultant ) and Chris.

And this has DCC? New position called Development and Communications Coordinator? Is that in there?

FB: there is a certain payroll in there but I leave it to Gwenis to talk about.

RYAN: That title is in there.

FB: We had planned to put accounts receivable and payable but we cannot pay that this year. Generally we are relying on EXED, with new system, to support us. Before there were $90K now $60K

RYAN: there is an additional $40 K there for salary.

KJ: For homework, what?

FB: It is earmarked, not there for spending

SM: So we have $40 K marked that we do not intend to spend?

KJ: It is a buffer that comes up if you have additional homework club, PRL, etc.

FB: Just leave it in there.

[Sean M leaves room temporarily]

Let’s not argue now, we can argue later.

EM: We are just reviewing.

JM: $40K on PRLS, what is your thinking?  
GW: It is good to have and we are focusing on student achievement, we are also looking at using that for training, how they can better work with our students.

FB: My request to you is to work out a comprehensive educational model before spending any dollars, optimizing student achievement, we have it in the budget. I am not asking you to spend it.

EM: We have new IB Staff, and because they were not here, we are committed and determined to work on our two pillars, IB and German, and we needed to leave a little room. Already if you walked through classrooms one week ago, and one week later it is amazing. I have requested that there is big change and that IB is very clear and presented in our school. We are in 5th year, we will ask for accreditation. It must be in every classroom with common language, signs everywhere, the Triadic Agreements were adjusted accordingly, and this is the year to make it happen. So that is why we need a buffer and thank you for leaving it in there.

FB: we need to be prepared, at least we cannot have two consecutive years of not breaking even. I urge you, Gwenis, to collaborate to make sure we do not have another year of extraordinary expenses. I think the Budget is solid.

EXED : This is in the classified section, where schools typically run over. You have locked in salary, number of positions in classified section, you could in the year bring in new staff, or if you have special needs, bring in specialist, this is the category for this.

GW: Correct, for one ? aide for example.

FB: I am looking for a holistic plan this year, when the Browns are up and running, be careful on spending, this is how we will fund it.

Maybe converse with GPA if they can help support it. And that goes to student supplies, look at our goals, make it work and bring everyone along.

[Sean M returns]

EM: Sean, your question was just answered in length.

SM: I have no further comment. I am good.

ALEX: Is there any aspect of this budget, Gwenis, that you feel needs pointing out?  
GW: I think it is a great budget for Mrs. Brown to develop, that she can take staff though training in IB herself, they do not have to attend separate conferences.

FB: According to my research, in order to get exemption from IB to bring it in house, I think we have to get OK.

GW: She has already spoken with them, checked into it, she can do on site training. Which saves about $700 per teacher.

SM: The IB usually does not do that…

GW: there is one piece that has to be done online but she can do the rest.

JM: We want to see that in writing.

SM: I am trainer for our schools and they have said it will count toward IB authorization and then it doesn’t.

EM: So if you could check on that, that would be great.

ALEX: (To EXED)Is there any element of this budget that you feel uncomfortable with?  
RYAN: We generally recommend a higher income. This is balanced. I believe all expense categories are well thought-out, there is no excess spending. I defer to GW about educational spending and she is comfortable with it.

Net income should be monitored closely throughout the year, as we reforecast every month based on enrollment. We also have fluctuations on ADA [Average Daily Attendance] during winter and spring beak.

ALEX: hoping for the best but preparing for the worst, if 3-4 months from now, if you see a specific category where we should cut back?

RYAN: there is the area, we have large buffer for predevelopment costs, if that becomes larger issue that school cannot support. We would look at consultants, other items not directly related to classroom and start there.

ALEX: Cash balance still places us in a comfortable zone?

RYAN: And this is result of first few years of school we had high performance, high ADA, grants to help build up reserves.

TAINA FRANKE: Does the API have any impact on the budget?

No

JM: Ending cash balance is $533.286. 5% reserve.  
Do you recall what it was in previous years?

RYAN: No. but we had grants from state that have ending term. Typically charter schools benefit from grants first 3 years. It was $475K in total over two years.

KJ: If we adjust the baseline, are we tracing on this new trendline?  
RYAN: Basis always shows variance for enrollment.

FB: I think we need to revisit that

JM: But we have to submit that to the District.

RYAN: If there are changes you can submit revision.

EM: We are not approving tonight, we are reviewing and asking questions.

To EXED, how are we doing with revolving line of credit?

FB: (*not heard*)

EM: can we borrow more against that?

RYAN: No, only available in first term of charter. Over time, as school grows, with more assets, you can get line of credit from bank.

ALEX: I do have an observation, to be shared with parents, last year we raised an average of $1190 per student.

As the only outsider on this board, the fortune I pay for great schools for my kids! This $1190 per person needs to get communicated constantly, every effort should be made to EXCEED this amount. After houses, education is 2nd biggest investment that parents make.

STEVE FRANDSEN: Also attendance, that 32 makes a huge difference.

KJ: I expect under this positive new leadership that generally the attitude of parents is more positive.

EM: do we have any other questions?

If there is no recommendation for adjustments, and you feel comfortable. Could you possibly send us with all details attached?

KJ: I have it, intern numbers not correct, also not enrollment, but we discussed to correct it. Goal is that put on Agenda for Saturday?

EM: Probably for regular BOT meeting.

RYAN: If you seek a revision, we recommend to wait a few months, to track enrollment, hiring, you won’t know where you are really going until after second month of operations.

KJ: When is oversight?

EM: October. We can document how we arrived at that, here is why it is not approved.

FB: I am only worried about EXED reports.

RYAN: Always focused on year-end projections, they look at total end. Also at ending cash balance.

EM: And I think for that visit I would love to have subcategories, so it is clear. So they can see how our operation works and not just what our projections are. It is our wish list but I would like to see true operational budget.

RYAN: On flip side though, if they know you are working on private facility, they want to see the Board has approved a budget going forward.

EM: Please break it down. Any other questions? We are ahead of the game.

We will go into closed session and discuss facilities and one contract matter.

I am not sure how far along we are with material revision.

GW: Mr. Brown is going to look at that.

EM: So we are a little behind, but Steve [Brown] is the expert.

KJ: So are we expecting to have it for Saturday?

GW: Yes

JM: Well that is getting on my nerves. Ahead of an up or down vote, but I don’t want to see the crossouts.

CLOSED SESSION

RECONVENE TO OPEN SESSION at [unknown…but after 11:15 PM when public attendees had to go home and go to bed]

PUBLIC REPORT ON ACTION TAKEN [none indicated in follow up emails to Board members.]

ITEMS FOR DISCUSSION:

Material Revision to add Grades 6-8