

**Independence Charter School
Board of Trustees Meeting
September 27, 2006, 7:00 pm**

Board Members Present: Becky Baehr, Anyabwile Banko'le, Ryan Boyer, Michelle Campbell, Joana Davis-Diaz, Rosina Miller, Laval Miller-Wilson, Nicole Perkins Kilcullen, Pam Prell

Board Members Absent: Eric Cramer, Susan Gobreski, Sean Hennessy, Lisa Nelson-Haynes

Others Present: Sean Gallagher, Vice Principal; Jurate Krokys, Principal/CEO; Ramzy Andrawos,, Operations Manager; Megan Steelman, Administrative Assistant; Amy Leigh, teacher; Steven Johns, Robin Kohles & David Webber, parents; David Schrader, David Mazzacco, architects and Christopher Frey, historic consultant..

I. Call to Order

President Rosina Miller called the meeting to order at 8:08 pm. She updated those joining the group for this special meeting that at the presentation that was given earlier this evening, the Board viewed a PowerPoint presentation made by our architects from the Schrader Group, regarding the status of the Durham site feasibility study.

A. Understanding of Durham Financing

Rosina explained that renovation of the Durham site with a small annex will cost \$9.1 million to \$9.4 million. Of the \$14.3 million bond, only \$13.4 million will be available for construction due to the bond requiring setting aside enough for one year's debt service. Based on these numbers, we will be short about \$75,000 a year to meet the annual debt service on the \$14.3M bond. Since ICS receives about \$7,500 a year per student, this could mean increasing enrollment maximums within the limits of our charter by 10 students to meet the debt requirement. Pam asked whether we'll always need to hold the one year's debt payment in reserve; Rosina replied that we will need to get clarification on that from Jerry Santilli. Rosina added that ICS has an \$800,000 surplus and an additional \$400,000 in reserve. Nicole clarified that in addition to the \$75,000 annual debt service deficit on the \$14.3M bond, the amount of the bond is \$2M short of what is required to complete the project as described in the architect's presentation. For every \$1 million increase in bond, we need an additional \$70,000 for debt payment. These deficits will need to be covered by adding students, using the surplus and/or a capital campaign. Becky asked whether we will be able to refinance the bond. Rosina stated that there are some restrictions to that; Michelle clarified that we would need to make that decision before the five-year point.

B. Understanding ICS Programming in Architect's Scheme

Rosina stated that the original goal was to have a maximum of 716 students; 732 is the maximum allowed within our charter. She stated that the current plan calls for reducing classes from four per grade to three per grade for grades 6, 7 and 8. It adds a science and computer room, but does not include a library. Pam suggested that we may want to consider collapsing to three classrooms at fifth grade. Nicole stated that would mean full-immersion would only be K-4. Jurate clarified that homeroom could be bi-lingual and then the students would go to

specific subjects, giving more time for immersion instruction. Pam asked whether we would be moving from one space issue to another if we move to the Durham site. One of the architects replied that we can work within fire code to make cubicles in the hallways. Ryan stated that it seems like we are going to pick up kids, but might miss the mission. Nicole reminded everyone that we still have a design charette to go through if we decide to proceed. She stated this is just the feasibility phase. She added that if it seems to be feasible within our ballpark, then it makes sense to go forward to the next phase; otherwise, it doesn't make sense to go forward. Rosina asked the architects what the cost difference would be between the small annex and wrapping around the building. The architects replied that adding corridors costs more money.

C. Understanding Alternatives and Options

Laval stated that he feels we need to look at what our program objectives are, as well as what our FLES and Immersion objectives are. Pam stated that Durham is the reality in front of us and asked whether it is even realistic to think about walking away from it---what would be the alternatives? Becky stated that she is ready to move to the next phase, but that she does not want the building to decide who we are as a school. She added that we need long-term goals. Rosina noted that she feels some of this will be covered in the long-term planning process and that Jerry has suggested using creative thinking, such as considering having an off-site kindergarten program. Pam added that if we are successful in fundraising, then we won't have the same issues. Laval cautioned that we don't yet know how much we'll be able to raise. He reminded everyone that fundraising involves an investment of money. Nicole clarified that we are short \$75,000 per year, just to meeting the original bond, plus to build the addition, we need \$2 million more. She stated that it may mean the program will be compromised in years one and two, but back on track after that. Laval asked whether looking at a deficit we should even move forward to the October 30th phase? Ryan stated he feels it's a leap of faith and a commitment, which involves our personal finances and time. Michelle summarized that the real question is: "How much more do we want to put in after 10/30?" Pam asked whether Jerry (Santilli) is okay with our going forward. Nicole stated that Jerry is comfortable with that. Nicole asked to take a few minutes to talk about what our alternatives would be---stay where we are? Laval asked whether we can get a bond just for acquisition and then get a bond later for construction. Nicole stated that we asked about that and it cannot be done. Laval stated that it seems fundraising would be much easier once a site is obtained. Becky stated that the resolution seems to only relate to the next phase and that we're making temporary concessions and that we intend to have our ideal program at ICS. Nicole asked the architects whether the design charette will help with some of the goal setting. The architects said the charette is only for the design. They said the next hurdle is getting zoning approval and that the charette can come after strategic planning.

D. Resolution: Durham Immediate Expenses

Rosina explained that the resolution being proposed is pretty much the same resolution as the one passed in July with the soft costs summarized; she noted that the \$400,000 in architects' cost would go into the bond. Nicole circulated a sheet outlining the updated "soft" costs, which stated the following:
Durham Project Soft Costs Budget Summary, dated September 27, 2006

The soft cost items listed below are intended to supplement the soft cost estimates prepared by the Facilities Committee on April 12, 2005, which were approved by the Board of Trustees on July 12, 2006.

Architects	\$400,000
Owner's Rep	\$ 60,000
React Environmental Professional Services Group	\$ 6,000
Pennonni Civil Engineers (Surveys)	\$ 15,000

Rosina clarified that this resolution would move us into phase two. Nicole moved the resolution; Michelle seconded. Discussion ensued. Laval stated that he thought the presentation was great, but that he does not think the project is feasible. Pam asked whether Laval feels it's feasible to stay here? Laval stated that it's not that he doesn't want the school to move, but that he's not sure it's the right time for a move and that it seems more work needs to be done to determine how we'd handle the debt. Nicole stated that we would not be paying all these soft costs immediately and that if we decide to stop the project, not all that money would be paid out. Rosina stated that our attorney recommended that we consider asking the School District to help us meet the price. Rosina called for a vote. The motion passed unanimously.

Becky moved for adjournment; Nicole seconded. The meeting was adjourned at 9:35p.m.

Independence Charter School Board of Trustees Special Meeting
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Resolution

1. Durham Immediate Expenses

WHEREAS, Independence Charter School (“ICS”) desires to purchase the Durham School at 16th and Lombard Streets, Philadelphia, Pennsylvania (the “Facility”), from The School District of Philadelphia (the “School District”); and

WHEREAS, 1600 Lombard Associates L.P. (the “Partnership”) currently has the right to purchase the Facility for \$6,000,000 under a Final Agreement of Sale with the School District; and

WHEREAS, On July 12, 2006 the ICS Board of Trustees (the “BOT”) resolved to execute a Letter of Intent where Miles & Generalis and its other partners would assign their 100 percent ownership interest in the Partnership to ICS, including the Partnership’s interest in such Final Agreement of Sale with the School District; and

WHEREAS, the Final Agreement of Sale requires that all due diligence for the purchase of the Facility is to be completed by October 30, 2006; and

WHEREAS, In order to complete such due diligence process, the BOT must consult with and engage various professional firms and individuals such as architects, engineers, owners representative, legal counsel and other consultants in a timely manner.

NOW, THEREFORE, BE IT RESOLVED, as follows:

The Independence Charter School Board of Trustees authorizes its President to enter into separate contracts for service with each of an architect, engineer, owner’s representative, legal counsel and other consultants, all to be further selected by the President and Executive Committee and in accordance with its By-laws, for the sole purpose of purchasing the Durham School and completing the due diligence process under the Final Agreement of Sale.

Notwithstanding the foregoing, the cost under each such contract shall not exceed the amount estimated for the service such contract relates to as described in the Durham Project Soft Costs Budget Summary, dated September 27, 2006, prepared by the Executive Committee and attached hereto.