

**Independence Charter School
Board of Trustees Meeting
August 8, 2007 7:00 pm**

Board Members Present: Becky Baehr, Anyabwile Banko'le, Ryan Boyer (via phone), Sean Hennessy, Lisa Nelson-Haynes (via phone), Pam Prell

Board Members Absent: Eric Cramer, Joana Davis-Diaz, Nicole Perkins Kilcullen, Rosina Miller

Others Present: Ramzy Andrawos, Operations Manager; Jurate Krokys, Principal/CEO; Jerry Santilli, Santilli and Thomson; Megan Steelman, Administrative Assistant; Matthew Drexler, Development Associate; Robin Kohles, ICS Owner's Representative (Durham Project); Tina Kluetmeier & Caryn Seltzer-Devine parents

I. Call to Order

President Becky Baehr called the meeting to order at 7:07pm. And noted that we had a quorum.

II. Presentation by PA State Representative Babette Josephs

Becky introduced Representative Babette Josephs, who presented a citation from the PA House of Representatives to ICS, commending ICS on being named a 2007 "charter school of the year." Becky and Jurate thanked Representative Josephs for her support and presented her with a bouquet of flowers.

III. Approval of Minutes

Becky asked if there were any changes to be made to the July Board minutes. There were no changes; the minutes were approved.

IV. CEO Report

Jurate noted that the E-Strategic, formerly known as the Annual Report, was submitted on time at the end last week. She also circulated two sample binders of information that was compiled and presented to the representatives from Standard and Poors when they visited ICS at the end of July. She announced that we are once again fully staffed, having filled the vacancies that were left from teachers who signed contracts and then resigned. She stated that ICS has once again made AYP (Adequate Yearly Progress). Becky asked Jurate to elaborate a bit on the test scores. Jurate noted that that this year's scores are already at the required level for 2008. However, we are investigating as to why ICS 5th graders did not score well overall this year, so that we can plan strategically for resolving this for the coming school year's instruction, particularly in math; this is the second year that 5th graders did not score as well as we would have projected. One thing teachers have commented on is that there are some areas on the standardized tests, which do not appear on the state's "anchor" list of subjects to cover. She also stated that we still do not have hard copies of individual student reports. A more specific update will be presented at the September board meeting. Becky asked whether there were any questions for Jurate; no one had questions.

IV. PTA Report

No report.

V. Teachers' Report

No report.

VI. Committee Reports

A. Finance

Since Rosina is on vacation, **Becky** delivered the report, noting that there was no July Finance Committee meeting and, therefore, no written report. Jerry explained that since there is still work being completed to close the financial books for the 2006-2007 fiscal year, there are no financial reports to be presented tonight. Instead, both the June and July disbursement lists will be presented at the September meeting. Jerry added the preliminary year-end numbers look very good with an anticipated \$700,000 surplus. The main reason for the higher than anticipated surplus is that we had a higher than anticipated number of students who received special education services.

Sean moved resolution #4 regarding a fund balance policy; Lisa seconded. Jerry stated this is a requirement for bond rating by Standard and Poor's and is prudent financial management to have this type of policy. In addition, there has been some talk on a state level regarding whether or not charter schools should be allowed to have surplus funds. This policy would allow ICS to have two (2) months cash designated for school contingencies, such as if the School District would be late with its monthly payment. Other funds would be designated for a balloon payment that needs to be made. Jerry clarified that once passed, this policy will need to be reviewed annually when a new budget is passed, so that the dollar amounts can be adjusted. The resolutions passed unanimously.

Sean moved resolution #5 regarding a debt management policy; Pam seconded. Jerry explained that this is also required for bond rating by Standard and Poors. It specifies the limited circumstances under which the school could borrow money. The resolution passed unanimously.

B. Development

Lisa, the Interim committee chairperson, reported that she will soon circulate a committee report via e-mail and that the committee is working on coming up with a regular meeting day and time. She stated that several subcommittee groups have been meeting and keeping the full committee up-to-date on progress being made. Becky commended the committee for being a great example of a working committee.

C. Curriculum

Pam reported that the committee hasn't met this summer; therefore, no report was generated. Upcoming tasks for the committee include reviewing curriculum that was written this summer and recommending a new name for the FLES program. Megan asked how the FLES program should be identified on the 2008-2009 application, which will need to be

completed before the next Board meeting. After discussion, it was agreed that it will remain “FLES” for the 2008-2009 application. There was also some discussion about the idea of holding the lottery later, possibly in February; the suggestion was made by staff for several reasons: 1) giving more people a chance to have their children’s names included, 2) to give a more positive aspect to the waiting list---the difference between being told in November that realistically we won’t get to a child’s name and a parent being notified in February that the child got a high lottery number and won’t likely get it. After discussion, it was decided that the lottery application deadline for the 2008-2009 lottery will remain sometime in late October and that the lottery itself will be open to the public, occurring sometime within a few weeks of the lottery deadline. The specific lottery application deadline and public lottery date will be determined by the CEO. Jurate also noted that there was a meeting today to talk about how we’ll be implementing the grade “village” concept this year. Jurate was also asked to present a plan to the Board by the early spring regarding possibly changing the time of the lottery for the following year.

D. Human Resources

Sean reported that the committee is working on a mission statement for the HR committee and reviewing information about merit-based pay for teachers.

Sean moved resolution #1 regarding new hires; Anyabwile seconded. The resolution passed unanimously. Sean then moved resolution #2 regarding a long-term substitute benefit policy; Pam seconded. Becky explained that last year the Board passed an interim policy last year; this resolution addresses the specifics of when benefits start for a long-term substitute. Becky added that we only expect to have to pay for benefits for the regular employee and that person’s long-term substitute in one or two cases a year. Those would be situations where extended leave is granted so that the long-term substitute would know from the start that s/he would be working more than twelve weeks. Jurate added that having this policy affects the caliber of teachers we’re able to attract as long-term substitutes. Jerry clarified that there is minimum affect on the budget and asked how this affects someone whose long-term substitute assignment goes beyond twelve weeks when it is unplanned. Becky stated this only applies when it’s planned and that if the other situation arises, it will be dealt with on a case-by-case basis. The motion passed unanimously. Pam asked what happened with the dance teacher we hired earlier; Jurate stated that she was offered a different position and broke her contract with ICS.

E. Policy

Becky reported that Nicole, the interim committee chair, is on vacation and circulated two sets of committee minutes and recommendations about Board committee structure. She reminded Board members to carefully review these recommendations and to ask questions in preparation for a resolution at the next Board meeting; that resolution will include wording as to how the by-laws would need to be amended for this plan.

F. Executive

Becky reported that the committee has been very busy with Durham work. She asked Ryan to give an update on progress he's made in talking with union representatives. Ryan said that he is expecting to be able to get ICS 10-12% labor discounts with all the building trade union contractors. He explained that this has worked for several other charter schools and that he'll circulate more details next week. Robin stated that Mr. Winchester from Sullivan mentioned that he thought the discount would only apply to demolition; Ryan said it would be all the trades. Robin agreed to get a breakdown of all estimated labor costs for each craft from Sullivan and will forward that to Ryan. Robin also reported that Sullivan is working on finalizing the GMP (Guaranteed Maximum Price) and that we're close to signing a contract. Subcontractor meetings will begin next week. She noted that the construction schedule is tight and that Jurate has developed contingency plans for both moving in early without all the space being available, as well as a late move in plan. They are also working on whether or not we could offer an early construction completion bonus. The zoning meeting is on August 22nd at 2p.m. Jerry recommended that only those who need to be there go and not to get a large crowd to attend. Becky added that Standard and Poor's, the bond raters, want to be sure that we have a plan in case construction goes over schedule. We have tried to get a lease extension for our current space, but that request has not progressed, which is why the contingency plan is needed. Becky also announced that today we received a letter from the CCRA (Center City Residents Association), stating what they want ICS to agree with in order to not oppose the plan at the zoning meeting. Jurate added that several politicians are writing letters of support and that the Durham Neighbors group is having a petition of support signed. Robin also reported that the estimated total cost is near \$18 million at this point; that does not include any projected discounts from the unions. Sean asked what the update is on applying for an RCAP grant and whether we need a letter from the School District, stating that we're allowed to move to a new location. Jurate said that she will follow up regarding approval from the School District and asked Matt to give an update on the RCAP status. Matt reported that he's been speaking with Representative Babette Josephs' chief-of-staff. Matt stated that the request won't be able to be submitted until June 2008 and that we'd probably request several million dollars. Lisa noted that it will be important for both Matt and Representative Josephs' chief-of-staff to speak with someone who has gone through the process before in order to learn all the details. Lisa agreed to contact someone at Dwight Evans' office. Anyabwile stated that Ryan has had a conversation with Dwight Evans also. Pam asked Lisa how long it takes to get the grant. Lisa stated that she's had experience requesting three of them and it's taken about 18 months.

VII. Public Comment Period

No one signed up to speak at the meeting.

VIII. Old Business

There was no old business.

IX. New Business

Pam moved resolution #3 regarding the Board meeting calendar; Sean seconded. Megan clarified that the July date should be the first on the list, not the last; Becky stated that since the dates have already been published in the newspaper, the starting time will remain 7p.m. Sean asked whether we are required to run a paid advertisement; Becky responded that is a requirement. Jerry added that most boards he works with do not meet in both July and August. Becky stated that it's easier to plan the dates and cancel if they aren't necessary. The motion passed unanimously.

Sean moved resolution #6 regarding duties and expectations of Board members; Anyabwile seconded. Sean stated that it may not be a good idea to vote on this tonight, but wanted to get a discussion started. Becky stated that she feels the recommendations are a good idea and this would provide a Board member job description. Sean moved to table; Anyabwile seconded. This will be discussed under "old business" at the September meeting.

Sean moved resolution #7, which was added to the agenda late today, regarding renovations to the dance/movement room; Anyabwile seconded. Becky reported that this was the lowest bid. Pam suggested that the amount be changed to \$8,000 just in case the actual cost goes over a bit. The motion passed unanimously with the change to \$8,000. Lisa stated that she's glad this is being addressed, because that was one concern of the new dance/movement teacher. Jurate clarified that this is work being done to the old dance/movement room to divide it into two classrooms and that we're going to try to have the older students' classes in the cafeteria this year to allow them more space. She added that the dance/movement room at the Durham building will be a nice big space, so these conditions will only be for this coming school year.

X. Executive Session

The Board went into Executive Session at 8:30p.m. to discuss zoning and lease negotiation issues. They came out of Executive Session at 9:10p.m.

Becky moved the following resolution regarding the Durham project: Be it hereby resolved that the ICS Board of Trustees authorizes the Vice President, Treasurer and Secretary or CEO to sign any time-sensitive agreements on behalf of ICS necessary to proceed with the Durham School acquisition and renovation project. This resolution is effective immediately and expires 9/12/09.

Pam stated that we need to add "within the scope of the 7/11/07 Board resolution." The motion passed unanimously with Pam's suggested change.

XI. Adjournment

Sean moved for adjournment; Anyabwile seconded. The meeting was adjourned at 9:15 p.m.

Handouts circulated at this meeting:
Agenda

Minutes from the July 2007 meeting
CEO report
ICS E-Strategic Plan (formerly the Annual Report)
HR Committee minutes
Policy Committee minutes & recommendations

**Independence Charter School Board of Trustees Meeting
August 8, 2007**

Resolutions

Adopted

1. New Hires

Be it resolved that Ms. Shawn Maeder be offered a Middle School Language Arts long-term substitute position from September 1, 2007-December 31, 2007 under the terms and conditions specified by the CEO and the ICS contract.

Be it resolved that the following individuals be offered full time positions as listed for the 2007-2008 school year under the terms and conditions specified by the CEO and the ICS contract:

Augusto Dougal- 5th Grade Math/Science
Shavon Norris- Dance/Movement
David Scott- Middle School Science
Karen Minnick- 2nd Grade

2. Long-term Substitute Teacher Benefits Policy

Be it resolved that the Independence Charter School Board of Trustees hereby adopts the following Long-Term Substitute Teacher Benefits Policy.

Long-term Substitute Teacher Benefits Policy

For planned long-term substitute situations, when a long-term substitute is hired to cover for a teacher taking an extended leave of absence, compensation of the substitute will be calculated based on the Teacher Pay Scale in effect at the time the substitute is hired. Long-term substitutes are eligible for health insurance benefits, beginning at the start of employment, when the planned leave of absence will last longer than 12 weeks. Any long-term substitute who receives health insurance benefits but does not complete the term of the planned leave of absence, shall be required to reimburse ICS for the cost of the health insurance for the entire period of employment. Substitutes who are hired to work less than 6 (six) weeks consecutively, shall be compensated at the standard daily substitute teacher rate, and are not be entitled to benefits. In addition, ICS agrees to pay the associated fee required to obtain an ICS long-term substitute certificate from the Pennsylvania Department of Education.

3. 2007-2008 Board of Trustees Meeting Calendar

Be it resolved that the ICS BOT adopt the following calendar for its monthly meetings:

July 9th
August 8th
September 12th
October 10th
November 14th
December 12th
January 9th
February 13th
March 12th
April 9th

May 14th
June 11th

4. Fund Balance Policy

Be it resolved that the Board of Trustees of Independence Charter School hereby approves the Fund Balance Policy effective June 30, 2007 as follows:

Fund Balance Policy

Schools organize their accounting systems on a “fund” basis. A fund is a separate set of accounting records, segregated for purpose of carrying on an activity. A fund is established for accountability purposes to demonstrate that financial resources are being used only for permitted purposes. A fund will have “balance sheet” accounts consisting of “assets”, “liabilities” and “fund balance,” and a series of “revenue” and “expenditure” accounts. A “fund balance” is created or increased when fund revenues exceed fund expenditures for a fiscal period. Correspondingly, a fund’s balance is decreased when fund expenditures exceed fund revenues. The balance sheet accounts identify the assets that belong to a fund, such as cash or a grant payment receivable; and what liabilities it owes, such as accounts payable to a supplier. The difference between the fund’s assets and liabilities equals the “fund balance.” A positive fund balance represents a financial resource available to finance expenditures of a following fiscal period. A deficit fund balance can only be recovered by having revenues exceed expenditures in a following fiscal period.

A portion of the balance in a fund should be committed or maintained at a certain level for working cash needs. Because the General Fund encompasses the school activities not required to be segregated in separate funds, it is the fund that most likely will have available balances that can be appropriated and reallocated as specified by the Board.

Determination of an appropriate fund balance is a critical factor in school financial planning and budgeting processes. The board must determine fund balance amounts to be retained for working cash needs, recognizing that the working cash fund also serves as school’s contingency or “rainy day” fund or used to fund expenditures of the next fiscal period, recognizing that if used for recurring expenditures, future budget decisions will revolve around finding resources to continue funding these expenditures. A school with an appropriate fund balance can avoid excessive short term borrowing thereby avoiding associated interest cost, accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs and demonstrate financial stability and therefore preserve or enhance its bond rating, thereby lowering debt issuance costs.

In recognition of these needs, the Board of Trustees shall continually strive to develop operating budgets which will add sufficient funds each year to the operating fund balance that will maintain a minimum of one month’s operating costs or 8% of total operating expenses, whichever is greater.

FURTHER BE IT RESOLVED that the Board of Trustees establish the following designations of Fund Balance effective June 30, 2007:

Designation for Unforeseen Contingencies	\$1,050,000
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5. Debt Management Policy

Be it resolved that the Independence Charter School Board of Trustees hereby approves the following Debt Management Policy effective June 30, 2007.

Debt Management Policy

The cornerstone of developing a fiscally responsible capital cost management system is a solid debt policy. This debt policy governs when, how, for what purposes, and to what extent the school may incur (or guarantee) debt. This debt policy offers many benefits as the school strives to manage the capital improvement program.

Debt policy helps schools

1. avoid common pitfalls of debt issuance and management;
2. promotes long-term financial stability;
3. sends a message of responsibility to stakeholders;
4. earn better bond ratings from rating agencies;
5. assures that borrowing is done at the lowest cost to schools

Policy:

1. Long-term debt should not be used to finance current operations or to capitalize expenses. Operational expenses should be completely covered through the current-year budget.
2. Long-term debt should be used only for capital projects that cannot be financed from current revenue sources. Capital debt should be used only for large “one-time” projects, such as school buildings that will last for decades.
3. Debt service payments for total school indebtedness should not exceed 20 percent of the operating budget for any given year.
4. Every effort shall be made to avoid variable-rate debt and back-loading and balloon repayment schedules. Level or declining repayment schedules incur less interest cost.
5. Bonds should only be re-issued (for the purpose of interest rate savings) under limited circumstances. There should be at least a three-percentage points savings when re-issuing bonds.
6. The schools and its financial advisors should comply with all applicable financing and full disclosure reporting rules. Under SEC regulations, full and continuing disclosure is mandatory for issuers of debt. An explicit policy statement stresses its importance to the issuer.

6. Dance/Movement Room Renovations

Be it resolved that Independence Charter School enter an agreement with Stepnowski General Contractors for the renovations of the dance movement room in the amount not to exceed \$8,000.00

7. Durham Project

Be it hereby resolved that the ICS Board of Trustees authorizes the Vice President, Treasurer and Secretary or CEO to sign any time-sensitive agreements on behalf of ICS necessary to proceed with the Durham School acquisition and renovation project within

the scope of the 7/11/07 Board resolution on the Durham Project. This resolution is effective immediately and expires 9/12/09.

Resolution Tabled

1. Duties and Expectations of Trustees

Be it resolved that the Independence Charter School Board of Trustees hereby adopts the following Duties and Expectations of ICS Trustees.

Duties and Expectations of Trustees of Independence Charter School (ICS)

Duties

- To support the mission of ICS:
“The primary mission of ICS is to provide an intellectually stimulating curriculum with an international focus, emphasizing the arts, languages, ideas, and histories, from an array of cultures from around the world.”
- To hold the interests of ICS above the interests of one’s self and one’s family when functioning in one’s capacity as a trustee.
- To review, adopt, and monitor a long-term strategic plan for ICS, approve financial and other specific objectives, and evaluate progress in achieving those objectives.
- To monitor the performance of ICS relative to the mission, strategic plan and objectives.
- To ensure, to the extent possible, that the necessary resources, including financial and human resources, will be available to pursue the strategies and achieve the objectives.
- To be responsible for the integrity of the financial and physical resources of ICS.
- To ensure that ICS operates responsibly and effectively.
- To select, encourage, advise, evaluate and, if need be, replace the chief executive officer.
- To engage in the governance of ICS and refrain from the management of ICS.

Expectations

- To attend and actively participate in at least 75% of board meetings each fiscal year (July 1 to June 30).
- To actively serve as a member of at least one standing committee, attending a majority of said committee’s meetings.
- To nominate suitable candidates for election to the board, and establish and carry out an effective system of governance at the board level, including evaluation of board performance.
- To act in accordance with the Board's bylaws, policies, and resolutions, including bylaws governing conflict of interest and prohibited conduct.
- To support ICS through personal giving and/or fundraising at a level that demonstrates that ICS is one of the trustee’s highest philanthropic interests.
- To attend trustee retreats as scheduled.

To resign one’s trustee’s seat in the event that one cannot meet the duties and obligations of a trustee.