

**MINUTES OF THE MEETING OF
LEMAN CLASSICAL SCHOOL
A COLORADO NONPROFIT CORPORATION**

A meeting of the board of directors of Lemman Classical School was held on Tuesday, April 30, 2019. Victoria Hostin presided at the meeting and noted that a quorum was present for the purpose of doing business; Dana Knauff, Jillian Popp, and Susan McGinley were in attendance. Principal Jason Edwards also participated in the meeting. Katie Determan and Mike Farley were in attendance representing Faustus; they were joined by their lawyer, Bryce Carlson. Barry Arrington, Lemman Classical School board's attorney, was in attendance as well. Parents were also in attendance.

There were no public comments.

The December 18, 2018 meeting minutes were reviewed. Dana Knauff motioned to pass the minutes without edits; Susan McGinley seconded. A vote was taken and by unanimous decision the following resolution was adopted:

APPROVED, the meeting minutes from the December 18, 2018 board of directors meeting.

Ms. Hostin gave a quick update on the Faustus contract process, reminding the board that in June of 2018 a 6-month contract with Faustus (Lemman Educational Services at the time) was put in place to allow for a few months of operating / experience with Faustus. This time would allow administrators and the board to determine the needs of the school and the exact services being provided. In all, LCS has operated for 8 months with Faustus under the June 2018 contract thereby ensuring that the proposed contract was drafted based on data and experience, not based on assumptions. Ms. Hostin gave the floor to Mr. Arrington and Mr. Carlson to discuss the Faustus contract.

Mr. Arrington explained the contract and highlighted benefits afforded to LCS including 1) a clause that prevents the school from being in the red: if necessary, Faustus will reduce its fees in order to ensure the school does not have a deficit, and 2) a commitment to build reserves – beyond TABOR requirements – that supersedes management fees. Both attorneys were pleased with the final draft and Mr. Arrington noted that the contract significantly protects the school in a way that goes beyond management contracts he has seen in the past. LCS Board members noted they all had time to review the proposed contract and no questions were posed. Dr. Edwards also contributed to the conversation, recognizing the benefits of collaborating with Faustus, specifically noting that our enrollment is growing as we move into year two. Significant growth is not something new DCSD charter schools have experienced in recent years. Ms. Popp motioned to accept the contract as proposed. Ms. Knauff seconded the motion. Ms. Hostin recused herself from voting, noting a previously established conflict of interest. The motion passed with three yes votes: Popp, McGinley and Knauff.

APPROVED, the contract between Lemman Classical School Board and Faustus, Inc. was unanimously passed and is effective immediately.

Ms. Hostin motioned to move agenda item VII to IV providing the rationale of being mindful of Mr. Arrington's time and to minimize expenses where possible, as Mr. Arrington's time is an expense. Ms. Popp seconds the motion. The motion passes unanimously.

The board listened to information regarding the process, steps and potential barriers to the Phase 2 building of the Leman campus. Mr. Arrington started with a re-cap of a telephone conversation that occurred today (April 30, 2019) between Dr. Edwards, Ms. Hostin, Mr. Arrington, Danny Windsor, Director of School Choice for DCSD, and Mary Klimesh, DCSD In-House Counsel. Mr. Arrington described the issue: the charter contract has a provision that says the school's enrollment is limited to the capacity of the facility. He clarified that this sentence in the contract is a limitation on enrollment, not a limitation on facility. Ms. Hostin was able to provide historical documents to Ms. Klimesh and Mr. Windsor dated June 2016: a plat map contemplating a two-phase construction plan and portions of the charter application that describe a phased build out that correlates with increased enrollment. Mr. Arrington described the conversation as frank and cordial. Mr. Windsor clarified that he was not stating a position, but rather asking a question regarding Phase 2; this was a positive indication to Mr. Arrington that they are not entrenched in a position. Ms. Klimesh noted that she will get back to Mr. Arrington with her thoughts on the matter.

Mr. Farley reported on conversations that have taken place with the Town of Parker regarding a grading permit to remove 6 feet of clay / dirt and replace with aggregate where the foundation of the second building will be. There is mezzanine financing lined up to cover that expense, as it will ideally happen in the summer when no students are on campus. In September or October, a bond issue will cover 1) getting out of the current lease by exercising the option to purchase real property and 2) covering the expense of building phase two. There is some urgency to getting clearance from DCSD; the more construction that can happen over the summer, the better.

Mr. Farley discussed the parameters of the bond financing. He noted that the current interest rate is 8.5%, which is what is causing the lease payment to be so high. In September, after 18 months of the financing with School House Development is over, LCS can refinance with a rate that could be as low as 4.5%. Ms. Hostin inquired if any board members had additional questions; none did.

Ms. Hostin asked Mr. Arrington to stay for the next agenda item. His counsel on the matter of Board seats will ensure that the Board is proceeding correctly in the manner of parent elected board members.

Mr. Arrington asked for a review of the current structure and composition of the LCS Board. Ms. Hostin explained that the LCS Board of Directors has five members – designated Seat A, Seat B, Seat C, Seat D and Seat E. Seats A, B, and C are appointed by the board of directors. Seat D and E are parent seats. Prior to this school year, we did not have a parent body, so 4 of the 5 seats are non-parents. Now that LCS is at the end of its first year operating a school, a parent voting body is in place and families / parents have had time to express their interest in serving on the school board. Currently the assignments are:

Director	Seat
Victoria Hostin	A
Wendi Burkhardt	B
Susan McGinley	C
Jillian Popp	D
Dana Knauff	E

Mr. Arrington asked about board terms for the five members. Ms. Hostin noted that May 2019 was when board seats would expire. Mr. Arrington suggested staggered terms.

Ms. Burkhardt resigned on March 10th due to personal reason and increasing demands of her job. The directors need to reappoint seats A, B and C. Ms. Popp will remain on seat D until the parent seats are filled. When the board was first formed, Ms. Popp lived in Castle Rock, but has since moved to Fort Collins, a far enough distance from Lemana that precludes her from being her in person. At past board meeting we have discussed that Ms. Popp would resign from the board when a Parent Seat was ready to be filled.

In order to recruit new parent board members, information was posted in the Royal Review Newsletter, the official communication platform for the school. No one responded, so Dr. Edwards began inquiring with some of the already involved parents in PTO, SAC and House Captains. One person, Greg Pritchard, who is a grandparent guardian of a Kindergartner has expressed interest in a parent-elected board seat. Mr. Pritchard was also a Founding Family member and has been involved with the school since 2016. Despite the fact that he would be running unopposed, his name will be put forward for the parents to vote. However, a policy for an electronic election is not yet put in place.

Prior to reviewing the draft electronic voting policy that was posted as part of the board materials, Mr. Arrington will walk us through staggering the seats and the designations to replace perpetuating board members to seats A, B & C, leaving seats D & E open for assignment.

Ms. Knauff resigned from Seat E, and her resignation was accepted.

Mr. Arrington suggested the following staggered term expirations: two seats ending in May 2020, two seats ending in 2021, and one seat ending in 2022.

Ms. Hostin motioned to appoint Dana Knauff to Seat B for a term ending in May 2020. This term is truncated for the purpose of staggering. Ms. Popp seconded the motion.

Ms. Knauff motioned to appoint Ms. Hostin to seat A for a term ending in May 2020. This term is truncated for the purpose of staggering. Ms. McGinley seconded the motion

Ms. Hostin motioned to re-appoint Ms. McGinley to Seat C with a term ending May 2021. Ms. Popp seconded the motion.

Ms. Hostin motioned to designate seat D, currently occupied by Ms. Popp, as a parent elected seat. When seat D is next filled, it will be for a term ending May 2021, for the purpose of staggering.

Ms. Hostin motioned to designate seat E as a parent elected seat. When seat E is next filled, it will be for a term ending May 2022, for the purpose of staggering.

Ms. Hosting called a vote for the collective motions regarding the re-assignments of seats and the establishment of staggered terms. A vote was taken and by unanimous decision the following was adopted:

APPROVED, the LCS Board has staggered terms with two seats expiring in May 2020, two seats expiring in May 2021, and one seat expiring in 2022. Ms. Hostin has been re-appointed to Seat A, expiring in May 2020; Ms. Knauff has been appointed to Seat B (recently vacated by Ms. Burkhardt), ending May 2020; Ms. McGinley has been re-appointed to Seat C, with a term ending in May 2021; Seat D is designated as a parent-elected seat with a term expiring in May 2021; Seat E is designated a parent-elected seat with a term expiring in May 2022.

An electronic voting policy, which has been used by Twin Peaks Academy, was provided for the LCS Board members to review. The document is very dense and needs more attention and edits to align it with Lemman Academy of Excellence. Ms. Hostin re-stated the process for identifying the prospective board members and confirmed with Mr. Arrington that an election could be held in the next week or two. He confirmed.

Since we are short on time, Mr. Arrington suggested that we adopt a plan of an electronic voting, generally within the framework of the Twin Peaks Policy. This gives us time to think through the policy and find ways to ensure it works for Lemman Academy. He also prepared the LCS Board for the possibility that the parent voting process would not reach a quorum of parents to validate the vote. If that is the case, then the Board will have to appoint the seats.

Ms. Hostin motioned that the LCS Board hold an election in May 2019, generally in accordance with the Twin Peaks Policy presented, providing ballots to the parent membership the week of May 6th and holding the election open for 10 days. Ms. Popp seconded the motion. A vote was taken and the measure passed unanimously.

APPROVED, an electronic election will be held in May 2019, generally in accordance with the Twin Peaks Policy presented, providing ballots to the parent membership the week of May 6th and holding the election open for 10 days.

Ms. Hostin asked Ms. Determan to review the budget. Ms. Determan began the conversation with a note that the budget format that the LCS Board has been provided with is DCSD's preferred format. It is a template they provide, and she did not deviate from the requested template. It is a summary level of the proposed, 2019/2020 budget.

The budget is based on a funded pupil count of 640.7 scholars or a total enrolled 689. Both Ms. Determan and Dr. Edwards tend to be conservative in their budgeting this helps with possible attrition. Board members inquired how the pupil count can be at .7; Ms. Determan explained that the kinder PPR is actually .55, not exactly a half. Our current funded rate is 438.62.

The budget is based on the current year PPR. In 2019/2020 there may be a COLA adjustment, a PPR increase, and the possibility of full-time funded Kindergarten. These possible increases are not reflected in the presented budget. Special education services will likely change by \$100. Tabor reserves are currently at 3%, the proposed budget might get to 4%.

The budget also provides a 4% increase for staff. It brings the average salary from \$40,000 to \$42,000. We are still under the DCSD average, but raising that overtime is the intention to keep the school competitive. The slightly lower pay scale has not deterred recruiting, which Ms. Determan notes is a testament to Dr. Edwards and the good reputation he is building in the community.

Salary and benefits are approximately 54% of expenditures. Facility debt service is approximately 27%. This 27% does not include the overhead – electricity, internet, telephone, maintenance supplies required to run the facilities. These two categories (salary /benefits and debt service) account for 81% of the budget. So discretionary spending is not flush. The goal is to get the debt service below 20%; that will happen when the school is full and we can re-finance into a different lending vehicle.

LCS needs approximately 2 million in reserves to meet the 90 days cash on hand coverage. The School is on track to do that. A few new positions are being added into the budget.

Ms. Hostin asked a question reflecting on the minutes of the December 2018 Board meeting when it was made clear that prior to the Mill Levy passing, Faustus was carrying a lot of expenses – insurance, medical, benefits, etc. Ms. Hostin was asking if the school has balanced that out with Faustus. Ms. Determan replied that from an expense standpoint, those have been reflected in the estimated actuals. The piece that still needs to happen is to sign off on the cash transfer before June 30th for the purpose of the audit.

Ms. Hostin noted that she would like for the teacher salaries to be more competitive, but until the debt service reduces the budget will be very tight. Ms. Determan noted that we did have a healthy first year, but she also wanted to be sure the board is aware of the shortcomings.

Ms. Hostin asked if any board members had questions; none were asked. Ms. Hostin motioned to pass the proposed budget with the understanding that a revised version will follow. Ms. Popp seconded the motion. A vote was taken and it was unanimously accepted.

APPROVED, the preliminary budget for the 2019/2020 school year has been approved.

Ms. Determan then presented the audit for the Board's review. It is the only proposal she has, as the other firms did not response to the RFP, so it is a sole source. The firm is based in Colorado Springs. The cost is \$7,400 for this school year. Ms. Determan felt the fee was reasonable. Ms.

Hostin asked if this is the same firm that seems to handle a majority of DCSD charter schools. Ms. Determan said that it was not. That company is Swan Horse and they did not respond to the RFP. This bid presented is below the \$20,000 amount that requires a board vote. The deadline to tell the district of our audit firm is tomorrow.

Ms. Hostin asked how long the audit takes, Ms. Determan replies 5 working days on site plus time to work on a balance sheet, since it is the first audit. In all, Ms. Determan estimated the audit would take a few weeks. No vote was taken.

Ms. Hostin then addressed fundraising for the Royal Teachers Fund and setting up a fundraising committee of the board. Other campuses have two major fundraisers – a bucket drive and a gala – that are run through the PTO and 80% of just those two events goes toward the Royal Teacher's fund and 20% stays with the PTO. The PTO also raises money in a wide variety of other avenues. Ms. Hostin recognized the Leman PTO has done a great job this year, raising a lot of money and developing fantastic community events. However, their priorities for supporting teachers falls in different areas other than the Royal Teacher's Fund. The school respects that approach and appreciates the many ways the PTO supports teachers.

The Leman Classical School Board remains strongly committed to raising teacher compensation through bonuses. The board feels this investment is important for both recruiting teachers and retaining teachers whom we invest resources in by way of teacher training. Replacing a teacher will also be a larger drain than finding ways to retain high quality people that the school has trained. Given that Leman is currently under the DCSD salary average, a bonus system could not be more important.

Given the PTO's preference not to have Royal Teacher Fund donation run through their entity, Ms. Hostin suggested creating a fundraising committee of the LCS Board and connecting it to a foundation. Many other charter schools have both PTO's and a foundation that manages bigger events / donations. Ms. Hostin has consulted in depth with Mr. Arrington about how to best manage this and the proper avenues to create for such an endeavor. The cost for setting up the foundation would be \$2,600 and Mr. Arrington can manage the whole process fairly quickly.

Ms. Hostin motioned to create a separate entity / foundation of the board to focus fundraising on a Royal Teachers' Fund and approving the \$2,600 fee to Mr. Arrington to execute the set-up of a foundation. Ms. Knauff seconded the motion. A vote was taken and by unanimous decision the following was adopted:

APPROVED, the establishment of an LCS Board Fundraising Committee, a foundation to raise money for the Royal Teacher's fund, and the approval of a \$2,600 expenditure to have Mr. Arrington set a foundation up.

Ms. Hostin discussed the Charter School Alliance of Douglas County (The Alliance). At the December 2018 board meeting participation with this group, including membership fees, was approved by the Board. Dr. Edwards and/or Ms. Hostin have been attending these meetings. As dues paying members of that organization, Leman Academy has a vote on decisions made by the

Alliance. Ms. Hostin is the primary representative to cast a vote and Ms. McGinley is the back up voter.

Dr. Edwards attended the last meeting and Ms. Hostin asked him for a quick report. Prior to making his report, he took time to recognize and appreciate two parents in attendance, Faith Lepage and Mike Moldal, President and Treasurer of the PTO, respectively. Dr. Edwards sheared that The Alliance is comprised of Charter schools that all have unique programs and the desire to stay true to the purpose for which they were founded. While all these entities have their difference, The Alliance gives everyone strength in numbers. He finds great value in the comradery, support and advice that the charter community is embracing with one another.

One of the main topics at The Alliance meeting was the comprehensive human sexuality education program. Since we are a k-8 program and already do not have a comprehensive human sexuality education program, the school would not be subject to the curriculum. This is just one area that The Alliance has proven valuable by providing resources and education on how / if state level legislation will effect Leman's program.

Dr. Edwards continued with his report.

- a. Staffing – 3 or 4 candidates are on hold waiting to learn about Phase 2 and whether or not we can bring in additional grades for 2019/202. Staffing is almost caught up for the positions we know.
- b. Enrollment – 700 students is what we are planning on. Homeschool enrichment will increase from 15 enrolled scholars and it looks like 30 will participate next year.
- c. School Survey – conducted by the School Accountability Committee at the LCS Board's request. The survey has been distributed and the SAC President, Stacey Thomas, is culling thought the results to remove any possible exposure of a person's name. The survey results will be available to the LCS Board and recommendations will be provided to administration.
- d. District Meeting on 4/15 – Dr. Edwards and Ms. Hostin attended a district meeting that reviewed the implementation of standards that can be used for reviewing / assessing charter schools. Heading toward a dashboard that will create a smoother renewal process.
- e. 2019/2020 Event Calendar – Dr. Edwards has created an event planner to help map out events in advance to get a cohesive approach to events run by various stakeholders.

No board members had questions for Dr. Edwards.

Ms. Hostin discussed the 2019 Board Meeting schedule, which is based it off the previously approved quarterly, third Tuesday of the month in the evening. The January meeting was not

conducted because the Faustus contract was not ready for review. The Board did meet in executive session with Mr. Arrington to provide him direction in negotiating on the Boards behalf. Next meetings are July 16th and October 15th. Once we have the parent board members and the board has 5 members, Ms. Hostin would like to have a board retreat and bring in a facilitator to conduct board training – possible with the Colorado League of Charter Schools. Also Mr. Arrington is a respected expert on Colorado Open Meeting Laws. Another goal for this retreat is to create a calendar that synchs up with DCSD requirements.

There was no new business, but Ms. Hostin asked in the PTO board members in attendance had any thought, comments or concerns to share. Mr. Moldal recognized that the Royal Teacher's Fund vs. the PTO has been clarified. As a board member of the PTO they are required to follow certain rules. Mr. Moldal felt that if the PTO supported the Royal Teacher's Fund it would be a violation of the PTO's bylaws. Ms. Hostin noted that in early December it was clarified in a meeting that the school / board was not asking the PTO to work on the Royal Teacher's Fund. She apologized to Mr. Moldal if that message was not understood.

Mr. Moldal wanted to make certain that any contact information collected for grandparents is kept confidential. He referenced a presentation that was given at the last PTO meeting by a marketing firm and he wanted to make clear that he does not approve of giving parent / grandparent contact info to a 3rd party marketing firm is a good idea. Ms. Hostin agreed 100% with that sentiment and noted that she did not feel it was ever the intent to provide grandparent contact information to a marketing firm. She understood those two programs to be unrelated and separate. Ms. Hostin stated that the school is fortunate to have Starla Cordova on staff as she has a strong understand of DCSD privacy policies and she has excellent internal controls on parent / guardian / family information. Ms. Hostin appreciated Mr. Moldal's mindfulness on privacy.

Mr. Moldal felt that the grandparent who helped coordinate the marketing presentation had done so with an ulterior motive. Ms. Hostin disagreed stating that his intentions were good, his years of volunteerism and support for the school cannot be understated, and with some coaching the grandparent can easily be redirected to better understand the dynamics of school messaging and the limits put on marketing in schools.

Ms. Hostin recognized the need for the PTO and school administration to identify "big-ticket" items to raise money for. Mr. Moldal proposed a system where teachers and administrators would have to apply for grant funds from the PTO and the PTO would decide where funding was distributed. Dr. Edwards noted that the PTO might need boundaries in the future and that any process has to be mindful of not undermining the school culture.