EMPIRE SPRINGS CHARTER SCHOOL GOVERNING BOARD

43466 BUSINESS PARK DRIVE • TEMECULA, CA 92590

REGULAR MEETING
MINUTES

February 27, 2013

10:00am – 1:00pm

43448 Business Park Drive / Temecula, CA 92590

I. PRELIMINARY

1. **Call to Order**: Linda Rhoads Parks, Legal Counsel, called the meeting to order at 10:17AM.

PRESENT:

Robin Mammoth, President	Amy Podratz, Sr. Director of Business & Admin Operations
Marlene Darrow, Secretary	Debbie Daniel, Sr. Director of Pupil Services
Tracey Vela, Director	Debbie DeJong, Controller
Heidi Chan, Director	Ann Kinsey, Assist. Mngr. of Business & Admin Operations
Linda Rhoads Parks, Legal Counsel	Debbie Essel, Chief Education Officer
Kathleen Hermsmeyer, Executive Director	Diane Anvari, Sr. Director of Human Resources
Kyla Shofner, Executive Assistant/Board Secretary	

a. Dr. Hermsmeyer discussed that given the unfriendly political climate surrounding charters in Riverside County and the fact that River Springs is the largest charter school in the State (by 1500+ students), the time to open a new charter is now. Also, given that we never know what our sponsoring board's attitude toward our charter will be (and the fact that River Springs' renewal was so difficult to achieve), we want to diversify to protect our students, staff, and other stakeholders.

b. Dr. Hermsmeyer discussed that each school would maintain a separate board to ensure protection for each school against lawsuits.

c. Ms. Darrow: How do we manage the sharing of staff between the charters?

d. Dr. Hermsmeyer: We will be dividing our senior staff among three charters, and Empire Springs will contract with River Springs for back office services.

e. Ms. Parks: The logistics will be on contract (Memorandum of Understanding) between the schools. The schools will be completely separate to protect against litigation. Each board will decide which services will be contracted.

f. Ms. Podratz: Senior staff will be split between all three charters, so they will receive three separate paychecks. In the Business Departmen,t there will be segregation of duties. Some back office services will require the hiring of some people. However, until one school starts growing, we won't really be hiring. Yet, as the schools grow, we will do more hiring.

g. Ms. Parks (in response to a question from Ms. Chan): Each charter is solely responsible for the employee in terms of collective bargaining. If the employees of Empire Springs unionize, that doesn't mean the staff of other charters must unionize. Staff does not have to be exclusively employed by one charter.

2. *Action:* **Election of Temporary Officers**

a. Ms. Parks: The temporary officers will be in effect until the permanent bylaws are passed at a future board meeting.

b. Ms. Mammoth nominated herself for President.
c. Ms. Vela seconded.
d. Ms. Chan nominated Ms. Darrow for President.
e. Ms. Darrow seconded.
f. Discussion:
    i. Through further discussion, the board members agreed by a majority vote (**4 AYES; 0 NOES; 0 ABSENT**) on the following officer positions:
        1. **Ms. Mammoth as (temporary) Board President**
        2. **Ms. Darrow as (temporary) Board Secretary**

3. *Action*: **Approval of Agenda**
a. Ms. Darrow moved to approve the agenda.
b. Ms. Vela seconded.
c. Discussion: None
d. 4 AYES (Darrow, Vela, Chan, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.

II. BUSINESS

4. *Action:* **Designation of Agent for Service of Process**
a. Ms. Vela moved to designate Ms. Linda Rhoads Parks as the Agent for Service of Process.
b. Ms. Chan seconded.
c. Discussion:
    i. Ms. Parks: This is a technicality that, in the event Empire Springs is sued, notice and filing would be my responsibility.
d. 4 AYES (Vela, Chan, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.

5. *Action:* **Approval of Bylaws**
a. Ms. Chan moved to approve the bylaws.
b. Ms. Vela seconded.
c. Discussion:
    i. Ms. Parks: The bylaws as presented are a very preliminary set that are in effect only for this organizational meeting. The bylaws will have to be amended to comply with the Brown Act (open meeting requirements).
    ii. Ms. Chan requested clarification on Mission Springs Charter School which is mentioned in the temporary bylaws.
    iii. Dr. Hermsmeyer: We were thinking that we would name the single benefit corporation Mission Springs. The single benefit structure is a way of organizing the relationship between our charter schools that several other charter organizations utilize. We want the schools to be operated cohesively as a unified body so that one school doesn't decide to break away (even though they have separate, distinct boards). The single benefit corporation's function would be to recruit, appoint, train and remove board members from each charter school in our "family" of schools.
    iv. Ms. Parks: We started a foundation (Summit Springs) about a month ago whose primary responsibility is to lead fundraising. We could also task Summit Springs with the recruitment, appointment, training, and removing of board members (for the three different boards) since Articles of Incorporation have already been filed.
    v. Dr. Hermsmeyer: We will continue to research the single benefit corporation structure and clarify more for the board at a future meeting.

d. 4 AYES (Chan, Vela, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.

6. *Action:* **Approval of Preliminary 3 Year Budget**

a. Ms. Darrow moved to approve the preliminary 3 year budget.

b. Ms. Chan seconded.

c. Discussion:

i. Ms. Podratz (in response to a question from Ms. Mammoth): I have organized this preliminary budget for Empire Springs to ensure fiscal solvency without requiring federal resources. The compliance piece for Title I is enormous, requiring a lot of staff hours. Title I funds for a school of this size wouldn't even pay for the back-end costs associated with managing the compliance piece. Additionally, not taking federal money will keep us out of Program Improvement.

ii. Ms. Podratz (in response to a question from Ms. Darrow): Schools can be their own SELPA or join one. For a school of our size, it would be difficult to be our own SELPA, so we plan to join a consortium. Debbie Daniel is still looking for a SELPA for us to join. Essentially, all funding is funneled through the SELPA (which shows up as Other Local Revenue on the preliminary budget). Special Education is funded by ADA for the entire school; we are getting $541/ADA for each special education student now although I budgeted conservatively at $441/ADA.

iii. Ms. Daniel: San Bernardino is a county with a high percentage of students identified as special education.

iv. Ms. Parks: If we become a school of the district, we can contract with the school district for them to funnel our special education funds to us. We will provide the services for our own special education students, and we will indemnify the district.

v. Ms. Podratz: We have an opportunity to get an implementation grant (approximately $375k) to aid in the start-up of our school. Mr. Yoder (Delta Managed Solutions) thinks we have about a 75% chance of getting awarded that funding.

vi. Ms. Podratz (in response to a question from Ms. Darrow): Because the Education Specialists are paid by the student, there is no harm if we don't get the projected homeschool enrollment. Also, the reason we chose River Springs' Hemet program to move under Empire Springs is because Hemet enrollment has always been stable (and often even waitlisted).

vii. 4 AYES (Darrow, Chan, Mammoth, Vela); 0 NOES; 0 ABSENT. Motion adopted.

7. *Action:* **Determination of Number of Directors**

a. Ms. Chan moved to establish the minimum number of directors at three.

b. Ms. Darrow seconded.

c. Discussion:

i. Ms. Parks: Therefore, the number of directors for Empire Springs (as stated in the bylaws and charter petition) will be three (3) to five (5).

d. 4 AYES (Chan, Darrow, Mammoth, Vela); 0 NOES; 0 ABSENT. Motion adopted.

8. *Action:* **Adoption of Accounting Year**

a. Ms. Chan moved that the accounting year be set from July 1st through June 30th.

b. Ms. Vela seconded.

c. Discussion: None

d. 4 AYES (Chan, Vela, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.

9. *Action:* **Adoption of Principal Place of Business**
    a. **Ms. Vela moved to adopt the temporary principal place of business as Temecula, CA.**
    b. **Ms. Darrow seconded.**
    c. Discussion:
        i. Ms. Parks: We may need to move our principal place of business somewhere in San Bernardino County (at a future date).
    d. **4 AYES (Vela, Darrow, Chan, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.**

10. *Action:* **Authorization to Open Bank Accounts and Designation of Officers who will be Authorized to Sign Checks**
    a. **Ms. Darrow moved authorize staff to open bank accounts and to designate the Board President and Secretary to sign checks.**
    b. **Ms. Chan seconded.**
    c. Discussion: None
    d. **4 AYES (Darrow, Chan, Mammoth, Vela); 0 NOES; 0 ABSENT. Motion adopted.**

11. *Action:* **Authorization to Pay Expenses of Incorporation and Organization**
    a. **Ms. Chan moved to authorize payment of expenses of incorporation and organization not to exceed $10,000.**
    b. **Ms. Vela seconded.**
    c. Discussion:
        i. Ms. Parks: We've already taken the first step to file for incorporation. Filing for tax exempt status takes about 6 months and costs about $3k.
    d. **4 AYES (Chan, Vela, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.**

12. *Action:* **Authorization to Enter into Loan Agreement with River Springs Charter School**
    a. **Ms. Vela moved to authorize a loan agreement with River Springs Charter School to cover the up-front costs of Empire Springs' incorporation and organization not to exceed $10,000.**
    b. **Ms. Chan seconded.**
    c. Discussion: None
    d. **4 AYES (Vela, Chan, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.**

13. *Action:* **Authorization to Enter Into Contracts for Legal and Financial Consulting**
    a. **Ms. Vela moved to authorize staff to enter into contracts for legal and financial consulting.**
    b. **Ms. Chan seconded.**
    c. Discussion:
        i. Ms. Parks: This action gives the staff authorization to enter into contracts although it does not designate specific contractors.
    d. **4 AYES (Vela, Chan, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted**.

14. *Action:* **Authorization to Draft and File for Tax Exempt Status**
    a. **Ms. Chan moved to authorize staff to draft and file for tax exempt status.**
    b. **Ms. Darrow seconded.**
    c. Discussion: None
    d. **4 AYES (Chan, Darrow, Mammoth, Vela); 0 NOES; 0 ABSENT. Motion adopted.**

15.*Action:* **Authorization to Obtain Nonprofit Mailing Permit**

- **a. Ms. Chan moved to authorize staff to obtain a nonprofit mailing permit.**
- **b. Ms. Vela seconded.**
- **c.** Discussion: None
- **d. 4 AYES (Chan, Vela, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.**

16.*Action:* **Authorization to Obtain Federal and State Tax ID Numbers**

- **a. Ms. Darrow moved to authorize staff to obtain Federal and State Tax ID numbers.**
- **b. Ms. Chan seconded.**
- **c.** Discussion: None
- **d. 4 AYES (Darrow, Chan, Mammoth, Vela); 0 NOES; 0 ABSENT. Motion adopted.**

17.*Action:* **Adoption of Conflict of Interest Policy**

- **a. Ms. Vela moved to approve the Conflict of Interest Policy.**
- **b. Ms. Chan seconded.**
- **c.** Discussion:
    - i. Ms. Parks: Up to 49% of the board can be interested parties given they maintain full disclosure and recuse themselves from board discussion/voting on any/all conflicted issue(s).
- **d. 4 AYES (Vela, Chan, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.**

18.*Action*: **Discussion/Approval of DRAFT Charter Petition**

- **a. Ms. Chan moved to approve the draft charter petition with amended ELL section.**
- **b. Ms. Vela seconded.**
- **c.** Discussion:
    - i. Dr. Hermsmeyer: This charter petition is very similar to the River Springs Charter School charter and has been reviewed by legal counsel.
    - ii. Ms. Chan: I believe that making ELL a focus of school culture isn't necessarily what we want to do.
- **d. 4 AYES (Chan, Vela, Darrow, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.**

19.*Action*: **Discussion/Approval of DRAFT MOU with Helendale School District**

- **a. Ms. Darrow moved to approve the draft MOU with Helendale School District.**
- **b. Ms. Vela seconded.**
- **c.** Discussion:
    - i. Dr. Hermsmeyer: This MOU will still need to be approved by the staff and board of Helendale School District, so this board will be approving a final version at a future board meeting.
- **d. 4 AYES (Darrow, Vela, Chan, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.**

20. *Action:* **Authorization to Enter into Negotiations with Prospective Chartering Entities**

- **a. Ms. Darrow authorized staff to enter into negotiations with prospective chartering entities.**
- **b. Ms. Vela seconded.**
- **c.** Discussion: None
- **d. 4 AYES (Darrow, Vela, Chan, Mammoth); 0 NOES; 0 ABSENT. Motion adopted.**

21. **There being no further business, it was moved by Ms. Vela and seconded by Ms. Chan that this meeting be adjourned at 12:03pm.**

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Marlene Darrow, Board Secretary Date

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