EMPIRE SPRINGS CHARTER SCHOOL GOVERNING BOARD

43466 BUSINESS PARK DRIVE • TEMECULA, CA 92590

REGULAR MEETING
MINUTES

March 20, 2013
12:00 – 1:00pm
43448 Business Park Drive / Temecula, CA 92590

I. PRELIMINARY

1. **Call to Order**: Board President, Ms. Mammoth, called the meeting to order at 12:20pm.
2. **Pledge of Allegiance**

PRESENT:

Robin Mammoth, President Marlene Darrow, Secretary Tracey Vela, Director Heidi Chan, Director Linda Rhoads Parks, Legal Counsel Kathleen Hermsmeyer, Executive Director Kyla Shofner, Executive Assistant/Board Secretary	Amy Podratz, Sr. Director of Business & Admin Operations Debbie Daniel, Sr. Director of Pupil Services

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

4. *Action*: **Approval of Meeting Minutes – February 27, 2013**
   a. *Tabled*

II. BUSINESS

5. *Action*: **Approval of Memorandum of Understanding between Empire Springs Charter School and River Springs Charter School**
   a. **Ms. Vela moved to approve the MOU between Empire Springs Charter School and River Springs Charter School with amendments to be made as listed below in red.**
   b. **Ms. Chan seconded.**
   c. Discussion:
      i. Ms. Podratz: We are bringing this MOU before the board before the charter is approved so that you will each have a solid understanding of how the business foundation will be structured. This MOU was approved by the River Springs board on March 14, 2013.
      ii. Ms. Parks (at the request of Ms. Darrow): I will **add a binding arbitration clause**. It will read as follows: *In the event of any dispute, claim, question, or disagreement arising from or relating to this agreement or the breach thereof, the parties hereto*

shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If they do not reach such solution within a period of 60 days, then, upon notice by either party to the other, all disputes, claims, questions, or differences shall be finally settled by arbitration administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules.

iii. Dr. Hermsmeyer: We want to make sure we keep all three charters under one umbrella to ensure continuity of our mission and vision.

iv. Ms. Podratz: However, we have to be mindful that this is a business and money will be changing hands.

v. Ms. Parks: A major concern is the interdependence; we want to make sure we don't get any one school in financial trouble and also ensure compliance with SB740.

vi. Ms. Podratz: I estimate that this MOU will be changing frequently so that at least every year it will come before the board for discussion and approval.

vii. Ms. Parks: Once the MOU is approved, it will run concurrently with the term of the charter (5 years), but we still expect it will need approval each year.

viii. Ms. Darrow: Can we please go through the document piece by piece? Also, how are we going to explain the change to the River Springs families who will be moving under Empire Springs?

ix. Ms. Podratz: We will explain the umbrella corporate structure of Springs Charter Schools. Parents will be able to choose to enroll in Empire Springs (or not), but we will be stressing the fact that it is the same mission/vision as River Springs. We will also be moving the San Bernardino County Education Specialists, so we hope when a family's ES moves, the family will choose to enroll in Empire Springs.

x. Ms. Darrow: You could offer an incentive for the families to move – like a free t-shirt.

xi. Dr. Hermsmeyer: I like that idea.

xii. Ms. Podratz: All staff and families will essentially be going under the umbrella corporation.

xiii. Ms. Darrow: I think some parents are going to wonder why they have to go with the little fish when they are already happy with the big fish.

xiv. Ms. Mammoth: …especially with the former split from Eagles Peak still on our minds.

xv. Ms. Shofner: We have discussed preparing a PR campaign with an FAQ and holding town hall type meetings to explain the concept of the umbrella corporation to all of our staff and parents.

xvi. The discussion changed to how Empire would be receiving special education funding.

xvii. Dr. Hermsmeyer: The problem with charters is that they are small, and when their charter is an LEA for special education purposes, they sit on the SELPA board and exercise a vote in the same capacity. This makes many big districts uncomfortable.

xviii. Dr. Hermsmeyer: When I spoke with Ross Swearingen (Superintendent of Helendale School District) today, he asked me how quickly he thinks we can grow. I explained to him that our budget numbers are very conservative. The Helendale School District staff and board are eager for us to grow. However, the only issue is that they have a new board (three of the five members are new), and they are a little skiddish about the charter. I am planning to go up to visit with their board on April 10th, and I think I will be able to assuage their concerns about sponsoring our charter.

xix. Ms. Podratz: And this is a small district, so we don't want to overwhelm their board. They mentioned they don't want us to bring a lot of staff and families to their public hearing on April 10th.

xx. Ms. Mammoth: Is it a conflict of interest to have legal counsel representing all three charters?

xxi. Ms. Parks: Potentially, but at this point we are just developing the schools. Our intent is to maintain continuity. We have discussed forming an umbrella corporation. Summit Springs' role was originally to raise funds for the schools as well as recruit, nominate, and train board members for all three schools. We need to have a cadre of board members who are trained and able to serve on the board.

xxii. Ms. Chan: What percentage of staff know about this upcoming diversification?

xxiii. Dr. Hermsmeyer: I have discussed this with all of our Homeschool Education Specialists at the February ES meetings, so all of them know we are petitioning.

xxiv. Ms. Chan: What about the affected sites?

xxv. Dr. Hermsmeyer: Hemet's director knows, and we have a Friday staff development meeting with all of the academy staff, so we will discuss this with them at that time. All admin staff know about the planned charter expansion.

xxvi. Dr. Hermsmeyer It may be that we have to cap enrollment for the first year, so we may not even be able to put Hemet into Empire Springs for the first year.

xxvii. Ms. Mammoth: When discussing this with staff and our families, let's focus on the word "family" and "unification."

xxviii. Ms. Vela: When will this all become public officially?

xxix. Dr. Hermsmeyer: When we officially are granted our charter.

xxx. Ms. Chan asked for clarification of Section III, subsection A, #1 "These services are calculated at 6.0% of the unrestricted operating budget.

xxxi. Ms. Parks agreed that this last sentence needs further clarification. **Empire Springs will pay River Springs 6% of Empire Spring's operating budget.**

xxxii. Ms. Chan asked for an explanation of restricted funds.

xxxiii. Ms. Podratz: Sped, Title I (FARL), Title III (EL), lottery funds are all restricted monies. You can't pay for back office services with restricted monies.

xxxiv. Ms. Chan also asked for further clarification of Section III, Subsection A., #2, "These services are calculated at 1.0% of the unrestricted operating budget."

1. **These services are calculated at 1.0% of the unrestricted operating budget which River Springs will pay to Empire Springs.**

xxxv. Ms. Darrow: In regards to Section III, A. #4, is Bookmart still owned by River Springs?

xxxvi. Ms. Parks: These books are assets owned by River Springs.

xxxvii. Ms. Podratz: We are looking for all three schools to be vibrant and able to educate students.

xxxviii. Ms. Podratz (in response to a question from Ms. Chan): Block grant and categorical block grant make up about 80% of the school's funding from the state. They are unrestricted monies.

xxxix. Ms. Darrow: I didn't even know River Springs had school vehicles.

xl. Ms. Podratz: The Compliance Technicians who go out to the academy student centers to pick up attendance take a school vehicle. That is cheaper than paying mileage.

xli. Dr. Hermsmeyer: The school vehicles are also great advertising.

xlii. Ms. Darrow: So we have to rent all of our furniture from River Springs? (III. A. #9)

xliii. Ms. Podratz: For Hemet, but if you open a new center in San Bernardino that would not be the case. Remember, if you were a startup charter, you would not have the money to purchase all new furniture.

xliv. Ms. Parks: We will add further clarification that **ESCS will sublease sites currently contracted under RSCS.**

xlv. Ms. Parks (in response to a question from Ms. Chan): Because we are a nonprofit we do not have to pay property taxes. We can't file the nonprofit status until we have the charter approved and a three year projected budget finalized.

xlvi. Ms. Parks: One advantage on subleasing these buildings from River Springs is that many times a lessor is not willing to lease a building to a new charter school.

xlvii. Ms. Chan: I think we need to have a more solid idea of what the umbrella organization is going to look like, including the name (Summit).

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

6. **There being no further business it was moved by Ms. Darrow and seconded by Ms. Vela that this meeting be adjourned at 1:10pm.**

_____ _____

Marlene Darrow, Board Secretary Date

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