

MINUTES
of the meeting of the
BOARD OF DIRECTORS of Heritage Heights Academy
July 20, 2016

The Board of Directors of Heritage Heights Academy of Colorado held a public meeting on July 20, 2016 at 7:00 p.m. at 6105 S. Main Street, Suite 200, Aurora, CO 80016.

1. Call to order and roll call.

The meeting was called to order by Board Chair Jennifer Gibbons at 7:37 p.m. Present were Board Members Jennifer Gibbons, Jessica Price, Deleen Stallings, and Kristen Ivory.

Susan Hartley, Karen Lee-Toy and Peggy Downs were not present.

Also present was Principal Natalia Miller-Forrest, as well as Academica Nevada Representatives Melissa Steele, Joani Williams, and Ryan Reeves.

2. Public Comments and Discussion.

No member of the public requested to comment at this time.

3. Review and Motion to Approve Construction Budget.

Mr. Ryan Reeves addressed the Board and pointed to the support materials where Silver Creek Construction's budget could be found, and explained that they were using a standard form contract, specifically a Cost Plus Agreement. Mr. Reeves stated that they would be looking for a motion to approve a construction project of the amounts listed through a form contract to be approved by HHA counsel. Mr. Reeves stated that the project as outlined contained about \$290,000 worth of work, adding that it might seem like a lot; however, it was not atypical when bringing a building into ADA compliance and subdividing classrooms. Mr. Reeves stated that it would be a tight budget, but doable with a 250 student body.

Mr. Reeves delineated the cost of each item for the construction, pointing out that that with a cost plus agreement they were able to see all of the sub-contractor fees. Member Ivory asked if they were getting the best price and if multiple bids were obtained, to which Mr. Reeves replied that it was up to the contractor to do that, adding that there were some bids which were not entertained because of time constraints or other issues. Mr. Reeves stated that the HVAC for the basement was one of the higher costs. Mr. Reeves clarified that with the cost plus agreement, if items come in under budget they will pay less.

Mr. Reeves stated that CCSD had asked that HHA not go above 18% of revenue as the ceiling for their total property costs, where Academica has determined 20% as the absolute ceiling not to exceed, and 12.5%-15% would be ideal. Mr. Reeves further stated that, with maximum rent and maximum enrollment, they would be at 18% of revenue, adding that the Building Hope agreement allowed an interest only 5% loan. Mr. Reeves explained that in three years, moving into a larger building with 750 students, that \$290,000 would become a fraction of a percent. Member Ivory stated that she did not think they would get 250 students. Ms. Joani Williams addressed the Board and stated that they were still recruiting and

had made great strides. Principal Natalia Miller-Forrest stated that they had until October 1st for their count day. Mr. Reeves stated that they would continue to recruit into August and September and that it would be vital to get to 240.

Member Gibbons asked if the start-up grant would help pay down that \$290,000, to which Mr. Reeves replied that there would be many other ways it could be applied. Member Stallings asked if they had to have so much in reserves in order to proceed in year three, to which Mr. Reeves replied that they would get there with Academica backing them. Member Gibbons asked if the grant money could sit in their bank account until they were ready to build, to which Mr. Reeves replied that the grant money would need to be spent within two years. Member Gibbons asked if they would have to pay interest on the build-out loan for the next two years, to which Mr. Reeves stated that they would; however, there would not be a penalty to pay it off early. Mr. Reeves explained that Building Hope was a non-profit looking to open schools, which was why the interest was so low.

Member Stallings stated that she was concerned that the church might continue to make lease changes that will cost more. Mr. Reeves stated that he thought things would improve with the church and explained that, from the churches perspective HHA had defaulted in that city inspectors had come to the building to find issues, and the fear was that the church would be stuck fixing all of those items and HHA would pull out. Mr. Reeves stated that several other deadlines were missed and that the church was not being intentionally difficult. Mr. Reeves stated that they were giving us four classrooms and access to parts of the building they never wanted to. Some additional discussion ensued regarding HHA's ongoing relationship with the church. Board members specifically wondered why they could not meet in the building, to which Mr. Reeves stated that they must submit a security plan before the church will agree to give keys. Member Stallings stated that she was worried that perhaps they would not hold up their end of the bargain. Mr. Reeves stated that many of the requests they had made were very reasonable and that the one time it looked like they were asking for more money, they were actually looking to apply it to the rent.

Member Ivory asked if there would be a second addendum to address additional issues, to which Mr. Reeves stated that, because we still had not received the first addendum, they would most likely be rolled into one. Member Gibbons asked if it would be helpful to have Sonja at CCSD look over the addendum, to which Mr. Reeves stated that he would not recommend that, adding that Mr. Tim Farmer had always done a fine job and was well aware of the past issues.

Member Gibbons Moved to Approve the construction budget with Mr. Farmer's review. Member Stallings seconded the Motion and the Board voted unanimously to Approve.

4. Review and Motion to Approve Construction Loan with Building Hope Subject to Final Approval from HHA Counsel.

Member Gibbons Moved to Approve the construction loan with Building Hope subject to Mr. Farmer's approval. Member Price seconded the Motion, and the Board voted unanimously to Approve.

Some discussion ensued regarding the negative connotations with being in debt with Mr. Reeves urging the Board to let him worry about those items and instead utilize time drawing in more students. Ms. Williams stated that 8,000 flyers would be going to encourage parents to enroll their students, along with a few other suggestions.

5. Review and Motion to Approve the Edge Church Lease Addendum Pending Receipt from the Edge Church.

This item was Tabled.

6. Public Comment and discussion.

No member of the public requested to comment at this time.

7. Adjournment.

Member Gibbons Moved to adjourn the meeting at 8:30 p.m. Member Price Seconded the Motion, and the Board unanimously approved and the meeting was adjourned.

Approved on: 8/24/16


Secretary of the Board of Directors
Heritage Heights Academy of Colorado