

MINUTES
of the meeting of the
BOARD OF DIRECTORS of Heritage Heights Academy
August 12, 2016

The Board of Directors of Heritage Heights Academy of Colorado held a public meeting on August 12, 2016 at 4:00 p.m. at 19697 E Smokey Hill Road, Centennial, CO 80015.

1. Call to order and roll call.

The meeting was called to order by Board Chair Jennifer Gibbons at 4:14 p.m. Present were Board Members Jennifer Gibbons, Jessica Price, Deleen Stallings, Peggy Downs (via telephone), and Kristen Ivory.

Susan Hartley and Karen Lee-Toy were not present.

Also present was Principal Natalia Miller-Forrest, as well as Academica Nevada Representatives Melissa Steele, Joani Williams, and Ryan Reeves (via telephone), Clayton Howell (via telephone). HHA counsel Tim Farmer was also present.

2. Public Comments and Discussion.

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

3. Review and Motion to Approve the Edge Church Lease Addendum.

Ms. Joani Williams addressed the Board and stated that there were not any changes to the addendum; however, it was present on the agenda in order to address any questions. Ms. Melissa Steele addressed the Board and stated that they were complying with the items in the already approved addendum. Member Stallings asked if there was any needed discussion. Mr. Tim Farmer addressed the Board and stated that he would be happy to answer any questions. Ms. Williams stated that they were working on putting together updated security, traffic, and playground plans for the church. Ms. Williams further stated that they had submitted architectural plans.

Mr. Ryan Reeves addressed the Board and stated that the other requests that the church had made, such as a Certificate of Occupancy, had been obtained and they were working on submitting documents; however, they were waiting on other entities for those documents. Mr. Reeves further stated that they were working on a plan to transition back to church use once the lease had ended, adding that they would submit a plan once they had conferred with the architect. As they attempted to get the required documents for the church, the church continued to hold HHA personally responsible for the absent documents even though it was out of HHA's control. Mr. Reeves stated that it was his hope that the church would allow them to move forward with construction; however, their last email stated that they would not until they received permits and other documentation. Mr. Reeves reminded the Board that they did have only 30 days in which to establish a plan which would allow them to vacate the T section.

Mr. Farmer asked for clarification that the church wanted it in writing that the Certificate of Occupancy had been obtained. Ms. Williams clarified that, in addition, the church wanted a verified plan in place to transition the property back to church use once the lease had ended. Ms. Williams stated that she had spoken with an inspector who stated that it was as simple as a walk-through inspection and had

communicated as much to Ryan Heller, to which Mr. Heller had stated that it was not an adequate response.

Member Price asked what the timeline was for the playground fence, to which Ms. Williams replied that it would take longer to special order the requested black fence, although the regular fence would save money. Ms. Williams added that they would have to drill into the asphalt to install the fence. Member Ivory suggested contacting one of the parents who worked for a company who could help. Ms. Steele stated that she would appreciate any help because the construction companies she had contacted were not immediately available. Member Price asked if they could put up temporary orange fences, to which Ms. Steele stated that they had proposed that and been rejected, adding that the specifications in the lease addendum were very specific in regards to the type of fencing and the coordinating gates. Mr. Farmer suggested that, because the black fence would not fit the specification of “portable,” that they propose the orange temporary fencing anyway, to which Ms. Steele stated that she doubted that the church would accept that and that they would not appreciate a deviation from the signed lease addendum. Mr. Farmer stated that the church would have to decide between the black non/portable fencing and the orange portable fencing—neither of which precisely meet their specifications; adding that Mr. Heller may be acting in bad faith which would force them to default. Some discussion ensued regarding possible options. Mr. Farmer recommended putting together a list of all “bad faith” items and that he would at least draft a letter which could be sent in the event that it became necessary. Ms. Williams stated that she would draft the list and give it to Mr. Reeves for additions.

Mr. Reeves stated that all of these delays might make it impossible to vacate area T, complete construction by October 28th, and come up with a full schedule for construction (based mainly in the fact that the architect would no longer deal directly with the church); adding that all of these delays equal money which, in combination with enrollment, was very painful at this point. Mr. Reeves stated that the church had already indicated that the current rent was adjusted for enrollment and that they would not be willing to further negotiate on that point. Mr. Farmer asked if they could make alterations to the construction plan, to which Mr. Reeves replied that certain items had been written into the lease and varying from those improvements would result in fees that had already been written into the lease and was what their lease rate was based on. Member Gibbons asked if it was time for us to play hard ball, to which Mr. Reeves replied that it would be inadvisable and could result in the church locking the door and not allowing children in the building, making a facility and enrollment issue an operational issue. Member Ivory stated that the facility issue was the enrollment issue because they were not able to get into the building, did not have a sign or playground, etc. Mr. Reeves stated that he did not dispute that fact. Member Stallings stated that she did not understand how Mr. Reeves could see this as paying off for him when the Board was already alarmed by the situation. Mr. Reeves stated that, had they not signed the addendum there would have been no other recourse as far as the church was concerned; however, because so much time, effort, and money had been put into it, that was the reason to push forward. Mr. Reeves stated that charter schools had moved forward from 150 students and become successful and that was the nature of this type of investment. Ms. Williams suggested showing the business plan to potential students.

Mr. Farmer stated that he would put the letter together in the event that they needed to send it. Principal Natalia Miller-Forrest addressed the Board and asked how soon they could send the letter because they should already be one week into the construction at that point. Mr. Farmer suggested coming up with a date at which they would ask for the \$1,000 per day in area T to be waived due to the delays the church had caused with the construction. Some discussion ensued regarding the legality of the lease addendum as well as other various issues that were causing aggravation and construction delays.

4. Review and Approval of Updated Budget as Based on Current Enrollment Numbers.

Mr. Clayton Howell addressed the Board and stated that a few more students had been added; however, they would discuss the budget based on 129 students. Mr. Howell stated that current enrollment was 20 in Kindergarten; 32 in 1st; 19 in 2nd; 20 in 3rd; 20 in 5th; and 19 in 5th; adding that there was a \$120,000 deficit with the current staff, and that classroom teachers would need to be reduced to six (1 per grade). Mr. Howell stated that the solutions would include the following: combine half-day with full-day kindergarten student and move the higher performing 1st graders (six) into the 2nd grade class; as well as reduce to one elective teacher and admin including one principal, one office manager, and one campus custodian. Mr. Howell stated that this would remove any instructional aides or additional staff from the school; adding that there was an additional stipend for \$3,200 and a \$10,000 stipend allocated for the lead teacher. Mr. Howell pointed the Board to the support materials where additional reductions had been made, including Academica's fee, which was reduced to zero; as well as Intellatek's fee, which was also reduced to zero. Mr. Howell stated that utilities and campus use would also be reduced with the smaller enrollment; as well as a reduction in general supplies to \$8,500 from \$10,000; and a reduction of the contingency to zero. Mr. Howell stated that with those cuts, in addition to the staff reductions, for projected year end deficit would be \$118,000.

Mr. Howell pointed out that each additional student would generate about \$8,000; and that bringing in students would be key. Mr. Howell stated that ELL students had been slightly higher and require a few more services and the janitorial bid came and, with consumables, necessitated an increase in the budget to about \$25,000. Mr. Howell stated that they would need at least 15 additional students in order to break even, adding that there were some other considerations as well. Principal Miller-Forrest asked how many 1st grade students they would need in order to keep both 1st grade students, to which Mr. Howell stated that they would need a total of at least 40. Principal Miller-Forrest expressed concerns in moving 1st grade students to the 2nd grade. Member Ivory stated that it would be key to bring in students in order to risk losing other parents with all of these reductions. Ms. Steele encouraged the Board to use the positive aspects in order to bring additional students to the school, adding that new move-ins were also options. Ms. Williams stated that 8,000 mailers should be hitting mailboxes within the next week. Ms. Steele stated that she had given flyers to her apartment complex for new move-ins who were looking for options.

Member Gibbons asked if they could afford to make these staffing cuts after the October 1st deadline. Principal Miller-Forrest stated that most of the staff was aware of the impending issues. Mr. Reeves stated that it would be unrealistic to maintain the current staffing under the current conditions and suggested that the Board set a new enrollment target and a new staffing number today and move toward that. Mr. Reeves stated that they would have to increase the 2nd grade by 5%. Principal Miller-Forrest also expressed concern with combining full and half-day kindergarten. Mr. Reeves suggested taking most of the conversation off line and focusing on what the Board needed to motion on, adding that he recommended coming up with an action plan authorizing Principal Miller-Forrest to make reductions immediately. Mr. Farmer stated that, while mailers might create awareness, they would not get students in the door and that they might want to look into door-knocking campaigns and other grass-roots efforts.

Mr. Howell stated that with seven full time teachers, they would need to get 33 students, which would leave them with a small surplus. Member Gibbons suggested giving authority to the principal. Member Ivory asked that they not get rid of the Latin teacher. Principal Miller-Forrest stated she knew what needed to be done; however, the question was when to do it. Member Ivory suggested waiting at least 10 days and meeting again to decide what to do.

Member Gibbons Moved to authorize Principal Miller-Forrest to make staffing decisions regarding reductions. Member Stallings Seconded the motion, and the Board voted unanimously to Approve.

Member Downs stated that this needed to be done; however, there were other sacrifices that could be made in order to lessen the impact, such as teachers paying for their own benefits. Mr. Howell stated that he was not sure they could legally do that. Mr. Reeves stated that they would check into the possibilities. Some discussion ensued regarding the potential for donations. Mr. Farmer once again encouraged the Board to bring in the students to foremost counter these issues.

5. Public Comments and Discussion.

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

6. Adjournment.

Member Gibbons Moved to adjourn the meeting at 5:33 p.m. Member Stallings Seconded the Motion, and the Board unanimously approved and the meeting was adjourned.

Approved on: _____

Secretary of the Board of Directors
Heritage Heights Academy of Colorado