

DRAFT

Inavale Community Partners
Board Meeting Minutes
August 13, 2015

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ICP Board Meeting called to order at 7:03pm in the MCCS Staff Room

In Attendance: Erik Swartzendruber, Dan Hays, Tim Martin, Kelly Bell, Leann Eagles-Smith, Melissa Harris, James Anderson, Karen Steele

Summary of Votes:

Motion to approve the ICC's request to use the 501c3 status of ICP. Erik moves; no second. Motion tabled, followed by discussion.

Motion to approve the minutes of July 9, 2015. Erik moves; Tim seconds; passed 5, 5, 5, 5.

Motion to designate \$21,7000 from the retained earnings of the Afternoon Adventures program to be used for the 2015 roof repair. Tim moves; Erik seconds; passed 5, 5, 5, 5, 5.

Motion to accept the hiring committees ranking of the candidates. Erik moves; Tim seconds; passed 5, 5, 5, 5, 4 (Melissa).

Motion to approve the new teacher salary at \$38,000. Tim moves; Erik seconds; not passed 5, 5, 5, 3 (Melissa), 2 (Kelly).

Motion to approve the new teacher salary for the first choice candidate at \$38,000 and second choice candidate salary at \$32,000. Erik moves; Tim seconds; passed 4 (Erik), 4 (Tim), 3, 3, 3.

Motion to approve the Budget B with reduction of Building Improvements (line item 415-520) from \$15,000 to zero, preservation of IT/Finance Manager position as approved in Budget A, separating .25 FTE assistant position from .75 FTE Math/Art position, the adjustment of PE to 3.5 hrs, 3 days/wk, and Music to 3.5 hrs, 2 days/wk. Tim moves; James seconds; passed 5, 5, 5, 4 (Kelly), 4 (Melissa).

Public Comments: James asked about seismic safety, and asked if this has been taken into account with regard to the school structure. Discussed looking into this topic further.

Erik suggested that the board move ahead with approving the Independent Community Center's request to use the 501c3 status of ICP.

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Motion to approve the ICC's request to use the 501c3 status of ICP. Erik moves; no second. Motion tabled, followed by discussion.

Leann asked what additional tasks this approval would require of her. Tim said it would be prudent for the Board to gather more details about what this would require of ICP before voting to approve the request. Also discussed the importance of ensuring that this arrangement is legal, and researching any liability issues that may effect ICP related to this additional responsibility. Leann suggested consulting the auditor. Erik asked Leann if she would go ahead and gather input from the auditor so the Board can make a more informed decision.

Approval of Minutes: Approval of July minutes.

Motion to approve the minutes of July 9, 2015. Erik moves; Tim seconds; passed 5, 5, 5, 5, 5.

Reports:

509J Report: Leann contacted Kerry Ritchie at the District and received verbal approval for up to 4 hours per student day for special education funding. The District indicated they would like to explore the possibility of including special ed funding assistance in the charter agreement. District communicated to Leann that MCCS needs to renew the lease for the school building and grounds. Erik signed the paperwork to renew the lease with the District.

PTO Report: PTO is planning a September activity at Willamette Park. Beth, the PTO secretary, is relocating to Portland.

School Report: Enrollment is at 102, but the Budget is based on an enrollment of 103. Several staff members are asking for an increase in pay, and Dan is working to balance these requests with school needs. The Hulls have continued to help with grounds work and maintenance, which has been extremely beneficial to MCCS. Dan and Morgan inspected the roof work completed this summer and assessed work that needs to be completed in the future.

ICP Treasurer's Report: The auditor was very complimentary and the financial audit went smoothly. The auditor recommends that the Board be much more involved in financial matters. The auditor provided specific suggestions for activities the Board needs to review on a monthly basis to fulfill their fiduciary duty. These activities include reviewing profit and loss, the balance sheet, journal entries and ensuring that checks are used sequentially and verifying voided checks if a lapse in

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sequence occurs. The Auditor also said the board minutes should document that these actions were performed. Leann will be sending more information she received from the auditor about what constitutes good governance by the Board.

Two significant deficiencies noted by the auditor were 1) segregation of duties (due to the small size of the school); 2) not keeping a list of fixed assets and depreciating these assets. Fixed assets include items such as the roof, boiler room, etc. Auditor acknowledged that MCCS has worked to offset the issue of segregation of duties by increasing financial checks and balances, but must still identify this as a deficiency.

Discussed seeing if Karen would be willing to help review financial information since she is well versed in financial workings. Melissa suggested scheduling a work session to educate the Board on how to read financial statements. Tim recommended having a Board financial committee that meets to take a closer look at the budget and report back to the Board. This could also help streamline budget discussions at board meetings.

Audit Report, Budget Report and Discussion: Leann had asked where the funds for the work done on the roof should be taken from. There is 15K allocated in the budget for Building Improvements. Leann pointed out that anything in addition to the allocated 15K must come from another pot of money. Discussed using carryover or donation dollars and not dipping into ADMw funds. The total cost of roof repair is \$21,7000. In addition to 15K set aside for building improvements, 6-7K is needed to cover the bill. Discussed using a combination of afternoon adventure funds and donation funds to cover this bill instead of dipping into Building Improvements. Leann pointed out the afternoon adventures funds would be enough to cover the roof costs without tapping into donation funds.

Motion to designate \$21,7000 from the retained earnings of the Afternoon Adventures program to be used for the 2015 roof repair. Tim moves; Erik seconds; passed 5, 5, 5, 5, 5.

Discussed salary for the new teacher. Dan offered the top candidate for the 3/4 teaching position a yearly salary of \$38,000, which the candidate accepted with the understanding that it required Board approval. Melissa asked why Dan offered the top candidate the job before the Board had voted to approve the Hiring Committee's choice since Procedure HR00011 calls for Board approval before a job offer is given. Dan indicated that the hiring process taking place so late in the year was a factor. Also pointed out that the salary for the teacher that the new teacher replace would have been 38K. Several board members were concerned about giving such a high salary to a teacher who is new to MCCS. Unlike some professions, the number of

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years a teacher has taught does not necessarily ensure that a teacher will be paid approximately the same if they move to a new district. Karen pointed out that when a teacher leaves one district and moves to another, they accept the reality that they lose their place on the salary schedule and may not receive similar compensation in their new district. Discussed the potential issues of fairness and staff morale that could arise. Discussed how offering the new teacher 38K would take additional funds from proposed Budget B, which is currently in the red. Melissa suggested formalizing the payment of staff to ensure equity and consistency. James asked about merit pay and pointed out that formalizing staff salary increases could be tricky given the unpredictability of the budget. Other staff members agreed.

Discussed concerns about proposed Budget B being in the red at the beginning of the school year. Leann pointed out that enrollment is actually 102, which means that the budget deficit is higher than what Budget B reflects. Leann also indicated that funding for the 2014-15 school year may still require adjustments that will impact the budget. For 2015-16, ADMw rates are estimated to be about \$6969 per student. Discussed revising ADMw amount for Budget B to better reflect estimated ADMw.

Reviewed the changes proposed in Budget B. Melissa asked why the .25 FTE Assistant position had been added to the .75 FTE Art/Math position, making it a 1.0 FTE and incurring an additional 5-6K in PERs benefits. Pointed out that the Board had approved 11K for the addition of the .25 FTE Assistant and the .25 FTE Math position, but the actual cost was over 22K. Dan explained that he was trying to find the best arrangement for school needs and available staff hours. Erik said that the 11K approved was a random number and may need adjusting. Kelly pointed out that this amount was not random and that the Board reached the 11K figure based on calculated estimated costs and budget restraints, and that it was important to stick to this approved figure. Discussed how to re-arrange hours so that benefits for the Art/Math position are not a substantial cost. Discussed pros and cons of separating the assistant position from the Art/Math position, including the feasibility of finding a person who would work a .25 FTE Assistant position. Erik said separating the Assistant position from the Art/Math position was an essential step to help balance the budget.

Decided to move to discussion of the Hiring Committee's recommendation before discussing the salary for the new 3/4 candidate.

Discussion and Decision:

Approval of Hiring Process:

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Retire to Executive Session at 9:10pm under ORS 192.660 (2)(a) To consider the employment of a public officer, employee, staff member or individual agent.

Return to open session at 9:40pm.

Motion to accept the hiring committees ranking of the candidates. Erik moves; Tim seconds; passed 5, 5, 5, 5, 4 (Melissa).

Erik asked what the Board thought about offering 38K to the new teacher. Melissa suggested sorting out the other budget adjustments to determine what is available for the new teacher's salary.

Melissa asked why additional hours had been added to the PE and Music positions. Dan said this was to cover additional hours needed for full-day kindergarten. Melissa pointed out that additional hours had already been included in Budget A to cover full-day kindergarten and wanted to know why even more hours had been added in Budget B. Dan indicated that the added time covered downtime between subsequent PE classes and music classes. Discussed adjusting the PE and Art hours back down to what was approved in Budget A. Dan and Leann reviewed the hours for both Music and PE and determined that had been a slight miscalculation in the hours required to cover full-time kindergarten. Adjusted PE from .38 FTE to .26 FTE, which freed up a little under 4K in the budget. Music hours were adjusted from .25 FTE to .18 FTE. Melissa asked how much money the math and assistant positions would actually cost after separating the assistant position from the Art/Math position, compared to the 11K that was approved by the Board. Leann re-figured budget numbers and costs were \$4,215 for the .25 FTE Assistant position and 12K for the .25 FTE Math position, for a total of \$16,215.

Discussed the cuts to Assistant time. Leann said that two assistants were scheduled to work fewer hours than last year and one assistant was scheduled to work more hours than last year. Dan said that actually only one of the assistants was losing hours. Several board members expressed concern that some assistants were losing hours and had also not received a pay increase. Leann said that one assistant had received a \$0.50 per hour increase. Dan pointed out that all assistants are now receiving sick leave, which is an added benefit. Melissa asked why only one assistant was receiving a raise. Dan said this is a merit raise because the assistant is one of the school's best and has additional responsibilities.

Melissa asked why the IT position and Financial Manager position had been separated out in Budget B, while in Budget A the two positions were combined. Also asked why the IT position was now hourly instead of salaried. Pointed out that since

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Leann had been working the IT position for over 6 months, Policy HR00050 actually required that she be salaried, and that it would be a violation of school policy to pay Leann hourly for this portion of her position. Dan indicated that the Board would need to retire to Executive Session to discuss this. Melissa asked Leann if she wanted to continue doing the IT position. Leann said the position had been separated out to try and reduce the cost of the position. By reducing IT position hours and making the position hourly, this saved almost \$4,500. Leann also said that she was willing to continue on with the position, but that the re-arrangement of the position for budgetary reasons did not make this possible. Melissa asked who would be taking over the IT position and Dan said he had found an IT person from OSU to help. Melissa asked what this IT person's hourly rate would be, and if it would actually end up saving money. Dan said he did not know what his hourly rate would be. James requested that the Board retire to executive session.

Retire to Executive Session at 11:00pm under ORS 192.660 (2)(a) To consider the employment of a public officer, employee, staff member or individual agent.

Return to Open Session at 11:25pm.

Discussed using the 15K budgeted for Building Improvements and allocating these funds to cover the Financial Manager/IT position as outlined in Budget A and the proposed new teacher salary. Financial figures as follows:

- \$3500 beginning balance for proposed Budget B
- + 15K from Building Improvements
- 8K New teacher salary
- \$4500 Financial Manager/IT position
- + 6K Separating Assistant position from Art/Math position
- + 3K Reduction in PE hours (reduction in music hours still to be determined)
- \$5400 Enrollment adjustment
- = \$2500 Budget B balanced**

Leann reminded the Board that the school was at -22K at the end of the 2014-15 school year, and that additional expenses typically arise during the school year.

Discussed new teacher salary. Kelly very opposed to offering 38K due to issues of fairness. Melissa opposed due to budget impact and issues of fairness. Asked about offering 37K instead to provide more of a budget buffer. James expressed concerned about offering high compensation without knowing how the candidate would actually perform, but understands the importance of compensating for previous experience in order to retain this candidate. Tim in favor of making 38K work in

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order to retain the top candidate, especially in consideration of his previous experience. Erik does not want to risk losing top candidate and is comfortable offering him 38K due to his previous teaching experience.

Motion to approve the new teacher salary at \$38,000. Tim moves; Erik seconds; not passed 5, 5, 5, 3 (Melissa), 2 (Kelly).

Further discussed fairness issue and budget impact. Several Board members concerned about losing top candidate if the salary offer was less than 38K. Kelly indicated she would give a passing vote, but was not at all comfortable with the decision to offer 38K. Discussed what salary amount Kelly felt was appropriate. Asked what teacher with most experience at MCCS was currently making and how many years of experience this teacher had. Teacher with most years of experience will be paid \$35,000 and has around 20 years of teaching experience. Top candidate choice has 11 years of experience. Both Melissa and Kelly questioned the fairness of this and pointed out that it would be difficult to justify offering the new candidate 38K under these circumstances. Dan pointed out that the teacher with 20 years of experience has a much smaller class size than other teachers and that the Board honored this teacher's request to not increase the class size. This teacher will also have access to an Assistant despite the small class size. The Board acknowledged that these facts are significant when considering the appropriate amount for the new teacher's salary and issues of fairness.

Motion to approve the new teacher salary for the first choice candidate at \$38,000 and second choice candidate salary at \$32,000. Erik moves; Tim seconds; passed 4 (Erik), 4 (Tim), 3, 3, 3.

Motion to approve the Budget B with reduction of Building Improvements (line item 415-520) from \$15,000 to zero, preservation of IT/Finance Manager position as approved in Budget A, separating .25 FTE assistant position from .75 FTE Math/Art position, the adjustment of PE to 3.5 hrs, 3 days/wk, and Music to 3.5 hrs, 2 days/wk. Tim moves; James seconds; passed 5, 5, 5, 4 (Kelly), 4 (Melissa).

Calendar/Action Items: None

Meeting adjourned at 11:45pm

Minutes taken by Melissa Harris