

**MINUTES
VSWEA BOARD OF DIRECTORS
REGULAR MEETING
WEDNESDAY SEPTEMBER 9, 2020
VIA ZOOM**

<https://us02web.zoom.us/j/89080623765?pwd=YkxUdytFbVpBZGZRcHZNZTFRYjdxdz09>

MEMBERS PRESENT:

Matthew Walker – President (M.W.)	John Tanner (J.T.)
Gregory Schneider – Secretary (G.S.)	April Sauer (A.S.)

MEMBERS ABSENT: John Elling, Nathaniel Allen

The President and Secretary were present and a quorum was reached.

GUESTS

Invitees of the Board:

- Christie Kriegsfeld (C.K.)
- Priscilla Garza (P.G.)
- Christie Martin (C.M.)
- Heather Sullivan (H.S.)

Members of the public present via Zoom/Registration through Google Forms:

- Alison Easter
- Alyssa Gardner
- Barb Cunningham
- Carol Moriarty
- Colleen Pope
- Craig Smith
- Dannette Salinas
- Debbie Allen
- Harper Rose
- Helena Moriarty
- Jean
- Jennifer Walker
- Jill Thomas
- JJ
- Juli Curtin
- Kari Frech
- Kristen
- Laura Heaney
- Laura Slayton-Garcia
- Lee Riddell
- Lisa Maynard

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- Masako Gardner
- Megan
- Michelle Kratzer
- Sami Rank
- Sophia McCurley
- Steven Salinas
- Susan Kerr
- Tammy

OPENING VERSE / INTRODUCTIONS

Meeting was called to order at 6:32 p.m. M.W. welcomed the public to the meeting. M.W. read the opening verse. The Board members introduced themselves. M.W. provided an overview of the agenda.

J.T. disconnected from the meeting at approximately 6:39 p.m. A brief recess was taken.

Meeting resumed at 6:42 p.m.

BUDGET AND FINANCE

M.W. invited C.K. and P.G. into the meeting.

Review of Financial Statements and General Update

The profit & loss statement was displayed.

G.S. asked why the state payment was so high.

P.G. explained that the state payment covers two months. The second payment was based on an ADM of 300 students. Future payments will be reduced based on actual enrollment.

M.W. asked how and when that recalculation would occur.

P.G. explained that on the 40th day the state will readjust the equalization payment.

M.W. noted that this means we will need to carefully manage the funds we have received knowing that our future payments are likely to decrease.

Enrollment Update and Discussion

M.W. noted that as parents make decisions enrollment may go up and down.

A.S. asked what is being done to improve enrollment.

C.K. noted administration is working through wait lists to try to fill empty seats, and are doing so methodically. But currently the school is not doing any type of mass marketing.

M.W. asked whether the school is staying on top of its accounts payable and has enough cash on hand to meet those needs.

P.G. confirmed the school is meeting its obligations.

M.W. asked what unrestricted cash on hand is.

P.G. reported that as of the end of August unrestricted cash is \$368,000.

M.W. asked about the status of the PPP loan.

P.G. reported that we have not received an application for forgiveness yet; once we turn in the application to the bank, the bank has 60 days to review it; then once the bank approves it, the SBA has another 90 days to review the application. So it can take up to 150 days to achieve forgiveness. The goal is to get the forgiveness taken care of in this fiscal year so that, for auditing purposes, the revenue is booked in this fiscal year.

The Balance Sheet was displayed at the meeting.

P.G. noted that the total accounts payable are \$38,000.

M.W. asked about a line item under communications for \$17,000.

P.G. explained this is the expense for the eRate. This is offset by the equivalent grant we received from the federal government.

M.W. noted things looked generally good. Anything to worry about?

P.G. noted that the only thing is the equalization payment may be worrisome as the state continues to recalculate that amount. But some of that may be offset by the enrollment stability grant.

Status of Application for Enrollment Stability Grant Program

P.G. reported that the application has been submitted but we do not yet know what dollar amount we have been awarded. P.G. explained that this grant is strictly to be used for items purchased directly related to COVID (PPE, masks, cleaning supplies, computers). Preliminary calculations show our expense may be close to \$130,000. But based on the expenses we have actually incurred to date, we were able to put in an application for \$94,000. We are waiting for state approval and C.K. continues to look for additional ways we can increase the potential reimbursement number from the state.

M.W. asked whether the submission is rolling, can we update it with additional expenses?

P.G. explained that the way this is working, the cutoff is December 4. We can reallocate some expenses from the ESSER Grant to the Stability Grant, and then revise our submission to try to get a larger reimbursement up to December 4.

Charter Board Notification Regarding Financial Status

M.W. explained that we received a notice from the Charter Board. In the past we were in “intervention” status. The most recent notice says we will be moving to a “probation status” because two of the six standards are likely to stay “below standard.” Asked P.G. if she could provide clarification.

P.G. explained that for the June 30 submission, there are six items. The two that are below standard are (1) being in default on one of our loans and have not received a clearance letter yet; (2) debt service coverage. At the end of last fiscal year (June) our net income was -\$118k, and debt service ratio was too low (0.53). Moving forward, our debt service coverage is 6.3, because our net profit was positive. Based on the last fiscal year, we were already expecting to be in some type of probation or monitoring for a couple years.

M.W. noted that the loan issue should be cleared up in the next 30 days or so, and the financial condition continues to approve. M.W. asked who is working on the financial update to the charter board.

P.G. noted that she is working on preparing a package to submit to the charter board already, but she has not seen the notice with the specific requirements from the state.

M.W. noted that the Board will forward P.G. the notice.

M.W. commented that these types of notices are the result of past issues that have been in the process of correction for a long time and do not affect the ability of the school to be open or to continue providing its services.

COVID-19

M.W. invited Christie Martin and Heather Sullivan to the meeting.

M.W. provided background regarding the Board’s vote on a staggered reopening of the school beginning on September 28 and continuing over a three-week period. M.W. thanked the school and teachers for their hard work on developing a staggered reopening plan.

A.S. asked about surveys that went out about how many people would opt for live instruction; she noted that the survey results indicate one of the classes that will have as many as 25 students returning, and expressed concern about feasibility of social distancing with that many students.

C.K. noted that class is J.T.’s and invited comment from him.

J.T. noted that number may not be exact. If in fact 25 were present, he would probably switch to a larger classroom to accommodate more students, and all students would be required to wear a mask while inside. Outdoor spaces are also designated so that each class has a specific space to use.

A.S. have the teachers discussed swapping classrooms and is everyone in agreement?

J.T. yes. Also noted that he expects the true number opting for live instruction to be closer to 20.

M.W. asked about outdoor classrooms and the availability of simultaneous outdoor learning for all grades?

J.T. yes, we have space – we have 13 acres, so potentially we have up to an acre per class.

M.W. asked whether WiFi coverage will extend so that distance learners can continue to participate remotely?

J.T. clarified that they were not planning to put people in remote parts of campus, but that WiFi access is a concern that it is being addressed and trees are being trimmed and antennas raised so that WiFi coverage will be available wherever it is needed.

C.K. noted some of the details involved in extending that coverage.

M.W. noted that full details of the plan will be given to the community after the plan is finalized.

M.W. asked about the rationale for the way the staggered plan because it does not go in grade progression?

J.T. commented that the 1st and 2nd grade are first because they have been suffering the most with distance learning. Ms. Falconburg has been working extremely hard to setup the outdoor space. Mr. Pawlo has also been diligent in setting up sinks throughout the campus so that handwashing is available and built into the routine of the day. We have been thinking deeply about mask wearing, regulating bathroom access, and how the logistics of that will work. Starting with only a few lower grades allows us to work out the logistics. Then we have move to the 6th and 8th grades, which have complementary high (6th) and low (8th) numbers of students on different parts of the campus that allows us to see how that will work. Next comes 3rd grade, because they have a state-mandated reading test in order for them to advance to the next grade. Then in the third week we have the high school, 4th grade, and early childhood, and then in the final week we have grades 5 and 7.

H.S. noted that her preference was to have early childhood come back sooner, but given the competing interests of the lower grades, early childhood decided it could wait another two weeks to resume in person instruction. Early childhood is getting into a rhythm and H.S. has received good feedback from families. Private early childhood resumes along with 1st and 2nd grade in the first week because this program does not receive state funding and thus there is more financial urgency, and also because it allows those classes to serve as a pilot program for the larger state-funded early childhood classes.

M.W. commented that this is consistent with the Board's staggered reopening approach, and allows the school to gradually get used to the many new procedures.

C.M. noted that high school is ready to go. The concept is to have teachers rotate classrooms and the teachers will stay in the same place, which will keep the students in the same cohorts. But we are still working out details of timing, how it will translate to online learners.

M.W. asked that for all grades this is everyone Monday through Friday?

J.T. confirmed that is correct.

M.W. noted that the plan is for the in-person learning to end at noon. Is that correct, will we still be meeting our 180 day requirement, is that still considered a full school day?

C.M. commented that as long as students are working outside of their classes with additional material it still counts as part of their daily experience of school. High school is still figuring out the timing of its day.

C.K. noted that there is a balance between instructional minutes and then also limiting the amount of screen time for remote learners. Because we only have one set of teachers, we can't offer different instruction times.

G.S. asked about timing of reopening and how families will navigate the different dates of possible in-person instruction.

C.K. responded this was a big topic of conversation. But the bigger concern was prioritizing the needs of the grades most in need of returning.

H.S. agreed it is a challenging situation, and no matter what order we brought the grades in it could be difficult to accommodate all families.

M.W. what about switching back and forth between in-person and remote? Is that an option, will it vary by grade?

C.K. this part has not changed from the reopening plan proposed in June. This means that if a student wants to transition back to live learning from remote learning, that can happen at the end of the summer. However, if a student is ill and needs to switch to remote learning for a short time, that is covered by the plan as well. This is potentially subject to change.

M.W. suggested it would be a good idea to look at the COVID response plan again at the next Board meeting to make sure that the plan is still consistent with what we want to be doing.

A.S. notes that on September 16 parents will get information on the plan and more procedures. When will we see a specific survey with parent intent?

C.K. responded that the teachers sent out an initial survey to get the pulse of the parents on how many would be interested in attending live instruction. Open to sending another survey, but knows there is some survey fatigue among parents and staff. Would suggest not sending that out until we have communicated more information to parents.

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Discussion ensued involving M.W., A.S., and G.S. regarding sending another survey and what it would look like.

A.S. asked if there would be a presentation on the reopening plan to help people get on the same page, and perhaps something that could be recorded, to help with understanding.

C.K. noted something like that is being contemplated, but the details are still being worked out. H.S. noted she likes that idea and does want to conduct some type of meeting to help everyone understand what this will look like in practice, and so families can make the most informed decision possible.

A.S. thanked H.S., C.M., and C.K. for their hard work on the plan and for sharing their perspective.

M.W. noted that there will be a form that parents will be required to sign if they intend to come back. Important for many reasons: (1) what expectations we have for parents; (2) what they can expect from the school. We need active involvement of parents so they can be a calming voice for students.

M.W. moved for the approval of the Hybrid Virtual Reopening Plan as submitted to the Board and discussed at tonight's meeting. J.T. and A.S. second. No further discussion. Vote: Unanimous in favor (J.T., G.S., M.W., A.S.). **Motion passes.**

M.W. excused H.S. and C.M. from the meeting at 7:54 p.m.

Executive Director Report

M.W. invited comment on the Executive Director's report, although noted many had been addressed already.

No further discussion.

CONTRACTS

Retention of Law Firm

M.W. noted the Board received a complaint from an employee. We needed to retain a law firm to handle it. We reached out to G.S.'s old firm, Squire Patton Boggs, to see if they could help us. Noted that Kelly Singer, who has helped with school's loans, also works there. So we already have a relationship with the firm. They offered to provide 20 hours of pro bono legal service, with hours after that billed at half their going rate. This is a very generous offer that M.W.

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accepted and signed given the time sensitivity. But bylaws require that contracts be approved by the Board.

G.S. noted that it does not cover litigation matters, but that it is an exceptionally generous offer.

G.S. moved to approve the retention of Squire Patton Boggs on the terms we covered this evening. J.T. seconded. Vote: Yea (G.S., J.T., A.S.) / Abstain (M.W.). **Motion passes.**

M.W. moved to enter executive session to seek advice from counsel Kelly Singer to seek legal advice regarding loans from RSF and 1515 LLC. G.S. second. No further discussion. Vote: Unanimous in favor (J.T., G.S., M.W., A.S.). **Motion passes.**

M.W. moved to invite C.K. to the executive session. J.T. seconds. No further discussion. Vote: Unanimous in favor (J.T., G.S., M.W., A.S.). **Motion passes.**

M.W. explained logistics of executive session.

Executive session began at 8:06 p.m.

EXECUTIVE SESSION

The minutes of the Executive Session are confidential and are maintained separately pursuant to A.R.S. §§ 38-431.01 and 38-431.03.

Regular meeting resumed at 8:59 p.m.

Loan Restructurings

G.S. moved to give M.W. the authority to enter restructuring agreements with RSF and 1515 LLC on the terms discussed in executive session. J.T. seconded. No further discussion. Unanimous in favor (J.T., G.S., M.W., A.S.). **Motion passes.**

BOARD PROCEDURES

Approval of Minutes

M.W. moved for approval of minutes from Board's August 26 meeting. A.S. second. No further discussion. Vote: Yea (M.W., A.S., J.T.) / Abstain (G.S.). **Motion passes.**

Board Calendar / Upcoming Activities / Events / Deadlines

A.S. reported that she scheduled Liz for October 7 meeting, but that is tentative pending other needs of the Board. There are also proposed dates for Abby Ross of September 30 and October 14. Urged other Board members to check their email.

Board Applicant Process and Timeline

G.S. reported that he is working on a community communication to give guidance on upcoming deadlines.

M.W. reported we have already received one application to join the board.

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CLOSING VERSE

M.W. – move to adjourn, G.S. second. No discussion. Vote: Unanimous (G.S., M.W., A.S., J.T.).

Motion passes.

Meeting was adjourned at 9:08 p.m.

Prepared by G.S. on 9/09/2020.