



CHICAGO
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BOARD OF DIRECTORS MEETING
Merit School of Music
38 S. Peoria, Chicago, IL 60607

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WEDNESDAY, OCTOBER 19, 2011

MINUTES

OPEN SESSION 7:00 P.M.

Call to Order:

Time: 7:00 pm

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| 1. ROLL CALL | JUSTIN SOLOMON - BOARD SECRETARY | ABSENT/PRESENT |
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| Board Members: | Earl Fredrick | Present |
| | Rudy Martin | Present |
| | Kevin Bargon | Absent |
| | Mary McCann | Present (7:45) |

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| Staff: | Dr. Craig Butz Head of School | Present |
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| | Estafania Bortolin Finance Manager | Present |
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| | Farland Jenkins Board Administrator | Present |
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2. **Introduce Guests:** Mr. Gary Smith of K12.

Discussion & Action

3. Accept Agenda

Motion: Rudy Martin – **Accept Meeting Agenda.**

2nd: Justin Solomon

Vote: Solomon, Martin, Fredrick - Aye, McCann absent.

Discussion:

- Remove k12 service agreement from consent agenda and table discussion and action on the employee handbook item from old business.

Discussion 4. Public Comments on Agenda Items

None

Discussion 5. K12 Department Presentation

Mr. Smith of K12 presented K12 quality assurance and accreditation of academic programs provided by the K12 Academic Services Group.

Discussion & Action

6. Head of School Report

- **Enrollment:** Enrollment is at 591 students. Attendance for the first month was 93%. A chart was presented to show the student ethnic makeup. There have been 43 withdrawals so far this school year.
- **CPS Performance Policy Report:** Academic achievement on ISAT and other tests from last school year compared to the previous year showed slight to moderate improvement in all areas. The scores are calculated based on trend data and includes results from the 2009 school year. The overall CPS Performance Rating increased from level 3 to level 2 based on total points. The Charter Agreement is very specific about charter schools being at level 2.
- **Comparing New Students to Returning Students:** Student ISAT scores were evaluated in three categories; students new to the school, students enrolled for 3 or fewer month at the school, and students from the 2010 school year that were enrolled for greater than 3 months. Students enrolled for less than 3 months have struggled more. Changing schools in mid-year can be a detriment to students.
- **Compliance Reports:** All reports have been submitted in a timely manner. It has been confirmed with the Office of New Schools that minutes that have not been approved within a quarter can be submitted in the following quarter. A draft of the School Improvement plan has been submitted to CPS and we are awaiting

feedback, which should be returned within the next week. The revision will be submitted by the November 4th deadline. This will be presented to the Board at the November meeting.

- **Special Education:** There are currently 61 students with IEP's and 14 students with 504 plans. Fourteen IEP's are scheduled in the next two weeks. We are working with K12 Special Services to streamline processes and document development and storage. It is not clear if this has been communicated to the CPS Office of Special Ed. One of the conditions of the Charter Renewal is to communicate that we are in compliance to the Office of Special Ed. We are in compliance with that mandate and are working closely with the representative of the CPS Office of Specialized Services
- **Previous Events and Field Trips:** Ninety eight middle school, high school, and K-5 students have attended field trips to the Museum of Science and Industry and Iron Oaks. A virtual open house was hosted by the Head of School this past week. A list of questions that learning coaches submitted were addressed during a dial-in session. Retention of the Head of School at CVCS was a question of high concern for the learning coaches. They were informed that CVCS has a two-year lease at the current facility.
- **Upcoming Events:** Girls On the Run will be held on November 12th. There will be 24 staff members attend the Virtual School Symposium in Indianapolis, IN. This is a great professional development opportunity. A drop-in learning lab is being instituted. Staff and other volunteers provide a learning environment that is conducive for students who are having difficulties. It is not mandatory. The lab started this week. The success of the program will be reported back to the Board.

Discussion & Action

7. Finance Report

Motion: Rudy Martin: **Management will prepare a break-even budget.**

2nd: Justin Solomon

Vote: Solomon, Martin, Fredrick - Aye, McCann absent; Motion Carries.

Motion: Rudy Martin - **Approve payment of K12 Invoice.**

2nd: Justin Solomon

Vote: Solomon, Martin, Fredrick - Aye, McCann absent; Motion Carries.

- Discussion:**
- An \$83 thousand reduction in the deficit that was anticipated because of the increase in the HS enrollment has now been revised by forecasting an additional \$86 thousand in expenses. This is due primarily to an \$86 thousand increase in KEG expenses. High school students are taking an average of 2.5 KEG courses per student. There are 4 full-time high school teachers on staff. The forecasted KEG teacher cost is a conservative estimate. KEG courses will be monitored and, if necessary will be addressed in mid-year.
 - The total deficit forecast for the year is over \$800 thousand which is significantly more than the previous year's \$500 thousand deficit.
 - The Finance Manager will prepare a breakeven analysis that will show what the enrollment level would need to be to reach breakeven. This will be presented at the next Board meeting.
 - Without drastically reducing the services provided to students, economy of scale can be met by an increase in enrollment.

Discussion & Action

8. ORBA Draft Audit Report

Motion: Justin Solomon - **Accept the draft Audit Report for FY 2011.**

2nd: Rudy Martin.

Vote: Solomon, Martin, Fredrick, McCann; Unanimous Aye (McCann joined meeting)

- Discussion:**
- Mr. Jim Quaid and Adam Levine of the audit firm Ostrow, Reisin, Berk & Abrams presented the FY 2011 draft audit report.

- There were no findings of items that were not compliant with requirements provided by Chicago Public Schools. Two prior year compliance findings were no longer items.
- It is fully expected that an unqualified, “clean” opinion will be issued for the audit report. This is the best opinion that can be given for an audit.
- Total net assets decreased by approximately \$21 thousand. This is the amount of the depreciation on fixed assets that were purchased with Walton grant funds in the prior year.
- Total Revenue decreased by \$78 thousand from the prior year.
- Program expenses were 94% of total revenues for FY 2011.
- Salaries increased due to an increase in the number of teachers.
- K12 curriculum expenses increased by \$42 thousand.
- CVCS has a binding Memorandum of Understanding with K12 that guarantees that the reduction in net assets will not exceed the amount of depreciation expense on assets purchased with Walton grant funds. K12 issued a credit to the school in the amount of \$504,933 for FY 2011 by reducing the management fee.
- K12 has approved the draft of the audited financial statements.
- It is recommended that the Board determine the financial wherewithal of K12 to support the credits issued to the School. This merits a discussion between K12 and the Board.
- There were no deficiencies in internal control identified. There will be no report to the Board for any material internal control deficiencies. There is no management recommendation letter.

Discussion & Action 9. Approval of Minutes

Motion: Rudy Martin - **Approve the minutes from the Annual Meeting on September 21, 2011 and regular meeting September 21st.**

2nd: Mary McCann

Vote: Fredrick, Martin, McCann; Aye, Solomon abstains; Motion Carries.

Discussion None.

Discussion & Action 10. Consent Agenda

Motion: Rudy Martin – **Accept Consent Agenda items.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Board Discussion:

- Accept the Consent Agenda items: FY 2012 Revised Board Fund Budget, Charter Agreement approval, Board governing Documents, and CPS Compliance schedule
- CPS Legal Department has recommended that the termination clause in the K12 Service be removed. We continue endorsement of the CPS recommendation. K12 proposes that the clause be removed from the Service Agreement. They will follow up with getting the revised Agreement to the Board.

Discussion & Action 11. Employee Handbook

Motion: Rudy Martin – **Table further discussion of the approval of the Employee Handbook.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Board
Discussion:

- Insperity has indicated that there is approval of most of the language in the handbook but has not returned the document that will provide an indication of what those items are.
- Insperity is not able to define CVCS employees as not also being their employees.

**Discussion
and Action**

12. Employee Benefits Enrollment

Motion: Rudy Martin - **Keep the benefits open enrollment period in January.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Discussion:

- The employee benefits open enrollment period is currently in January.
- Management has surveyed staff. Changing the open enrollment period to August would accelerate any cost increases from reenrollment. Management recommends that the annual open enrollment period remain in January.

**Discussion &
Action:**

13. Contract Approval for SPED Clinicians' contracts greater than \$5,000.

Motion: Rudy Martin - **The Finance Manager will send a budget impact detailed report to the Board.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Discussion:

- A detailed analysis will be presented that shows an accurate estimate of what the cost will be for SPED clinicians. It is currently at a break-even point.
- The 2 current contracted clinician provider contracts have been approved by the Board. Any future contracts greater than \$5 thousand will be presented to the Board for approval.

**Discussion &
Action:**

14. Audit Selection Bids

Motion: Justin Solomon – **The Board Administrator will solicit bids for the Annual Audit.**

2nd: Rudy Martin

Vote: Unanimous Aye.

Discussion:

- The bids should be solicited in January.

Discussion & Action:

15. Clinicians' Insurance

Motion: Rudy Martin - **Endorse indemnification insurance for contractors providing services including clinicians.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Discussion:

- This is a requirement in the Charter Agreement.

Discussion & Action:

16. Liability Insurance Bids

Motion: Rudy Martin - **The Board Administrator will solicit bids for liability insurance consistent with CPS guidelines.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Discussion:

- The coverage would be effective July 1st.
- The bids should be solicited at a time near to the renewal date to obtain fair market rates.

Discussion & Action:

17. Employee Services Management Firm Bids

Motion: Mary McCann - **The Board Administrator will solicit bids for comprehensive employee services management firm services.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Discussion:

- We will contact K12 to see what firms other K12 schools are using for payroll and benefits administration services.
- We must be sure to solicit bids from organizations that have experience with schools.

Discussion & Action:

18. Charter Agreement Academic Performance Standards and Compliance Reporting

Motion: Rudy Martin - **Adopt the Charter Agreement academic performance** standards.

2nd: Justin Solomon

Vote: Unanimous Aye.

Discussion:

- The compliance standards are outlined in the Charter Agreement.

Discussion & Action: 19. Budget Variance Policy

Motion: Rudy Martin - **Any budget variance of 10% or \$5 thousand will require a response from management indicating the cause of the variance indicating some mitigating factors from other budget line items that would offset such variances.**

2nd: Mary McCann

Vote: Unanimous Aye.

Discussion:

- This amends the budget control policy and will specify specific dollar amount variances that will require a detailed, written explanation from management.
- Variances are evaluated based on each month's total year projection.
- Variance explanations will be presented as part of the monthly financial reports.

Discussion & Action: 20. Adopt Course Acceleration Policy

Motion: Rudy Martin – **Adopt the Academic Acceleration Policy.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Discussion:

- This recognizes that children perform at different levels and progress at different rates
- This was proposed by the AP teacher.

Discussion & Action: 21. Class Connect (formerly Eluminate) Attendance Waiver Policy

Motion: Rudy Martin – **Adopt the Class Connect Attendance Waiver Policy.**

2nd: Justin Solomon

Vote: Unanimous Aye.

Discussion:

- This is a proposal originating from the Policy Committee.
- Some students have valid reasons for not being able to attend live class sessions.
- Students may make up for missed live sessions by viewing online recordings.
- Attendance at the live Class Connect sessions will continue to be strongly

encouraged.

Discussion & Action: 22. Advanced Ed Accreditation

Motion: Justin Solomon - **Proceed with obtaining accreditation from Advanced Ed.**

2nd: Rudy Martin

Vote: Unanimous Aye.

Discussion:

- Advanced Ed was selected for accreditation because they along with Northwest are pioneers in accrediting distance education programs. We would be held to the standards of a distance education school.
- K12 will support this effort. The Head of School has experience in working with this organization.
- It is important for the high school students to have a transcript from an accredited school.
- The financial impact is minimal (less than \$500).

Discussion & Action: 23. Amend Computer Allocations for Families

Motion: Justin Solomon - **Families with more than one student in certain grades can have more than one computer allocated.**

2nd: Rudy Martin

Vote: Vote tabled pending budget impact report presentation at next meeting.

Discussion:

- The Board requests that the Finance Manager prepare budget impact analysis to show the additional costs involved.
- Management will present the budget impact results at the next meeting.
- Families with multiple students are currently being allocated a set number of computers.

Discussion & Action: 24. Accept CPS Charter Agreement – Board President to Endorse

Motion: Rudy Martin - **Endorse the Board President to sign the Charter Agreement Renewal document**

2nd: Mary McCann

Vote: Unanimous Aye.

Discussion: • The Certification of Compliance with Charter School Law document must be signed by the Board President and returned to CPS in order for the new Charter Agreement to be valid.

Discussion & Action: 25. Approval of Board Handbook

Motion: Justin Solomon – **Approve the Board Handbook.**

2nd: Rudy Martin

Vote: Unanimous Aye.

Discussion: • This is a “living” document and will be updated from time to time.

Discussion & Action: 26. Delineation of Responsibilities between EMO and CVCS and append to EMO Service Agreement

Motion: Rudy Martin - **Accept the document that delineates the responsibilities between the EMO and CVCS and append to EMO Service Agreement**

2nd: Mary McCann

Vote: Unanimous Aye.

Discussion: • CPS requests as part of the Charter renewal that there be a clear delineation between the EMO and Board responsibilities.
• The document approval date should be at the bottom of each page.

27. Public Comments

None.

Action: 28. Adjournment

Motion: Earl Fredrick

2nd: Rudy Martin

Vote: Unanimous Aye.

Time 8:20 pm

Respectfully Submitted:

A handwritten signature in dark ink, consisting of several loops and flourishes, positioned above a horizontal line.

Secretary