

MINUTES
of the meeting of the
BOARD OF DIRECTORS of SOMERSET ACADEMY OF LAS VEGAS
June 24, 2013

The Board of Directors of Somerset Academy of Las Vegas held a public meeting on June 24, 2013 at 6:00 pm at 385 W. Centennial Parkway, North Las Vegas, Nevada.

1. Call to order, roll call

Board Chair Crystal Thiriot called the meeting to order. Present were Board members, Eric Elison, Cody Noble, Brian Smith, Crystal Thiriot and Scott Hammond.

Board Members Dana Dingee and Amy Malone were absent.

Also present was the Principals of the Sky Pointe Campus, Gayle Jefferson and John Barlow, Principal of the Emerson Campus, Reggie Farmer and Academica Nevada Representatives Ryan Reeves, Robert Howell, Clayton Howell, Allison Salmon and Carlos Segrera.

2. Public Comment

Nicole Yokum addressed the Board. Ms. Yokum asked the Board when Sky Pointe campus would have grass. Mr. Reeves stated that he did not have an exact date to give Ms. Yokum due to the installation of grass being subject to construction schedules. Mr. Hammond asked Mr. Reeves if the school would be planting sod or seed. Mr. Reeves stated that the current plan for the Sky Pointe site was to lay sod.

Lydia Murphy addressed the Board. Ms. Murphy stated that she wanted to address agenda item # 10 regarding Somerset building a new facility at Lossee Road and Lone Mountain Road. Ms. Murphy asked the Board if the intention was to eventually build a high school on the sight. The Board confirmed that it was their intention to eventually build a high school on the specified site. Ms. Murphy stated that she was concerned that Somerset Academy would not have a large enough student population to support an additional high school. Mr. Hammond responded to Ms. Murphy's question stating that the Board had verified that the student numbers supported adding an additional campus to the Somerset system.

3. Approval of the Minutes of the April 18, 2013 Meeting.

Mrs. Thiriot motioned to approve the minutes of the April 18, 2013 Board Meeting. Mr. Smith seconded the motion. The Board unanimously approved.

4. Principal Report.

Principal Farmer addressed the Board. Principal Farmer stated that he felt his school had another good year.. Principal Farmer presented the Board with support material that showed highlights of the Emerson campus's previous school year.

Principal Barlow addressed the Board. Principal Barlow his excitement for the upcoming school year.

5. Nomination & Elections for Board Chair, Vice Chair and Secretary.

Mr. Reeves addressed the Board. Mr. Reeves the terms of Officers and their elected periods according to Somerset Academy's bylaws. Mr. Reeves stated that election of Board officers were to be held annually. Mr. Reeves stated that an officer of the Board could not hold an office for more than 3 consecutive years. Mr. Reeves stated that every office was up for nomination other than Board Treasurer due to the office of Board Treasurer having been elected in the previous month.

Mrs. Thiriot opened nominations for Board Chair. Mr. Hammond nominated Crystal Thiriot for Board Chair. Mr. Noble seconded Mr. Hammond's nomination. There were no other nominations. Mrs. Thiriot closed the nominations and opened for a vote. The Board unanimously approved Crystal Thiriot as Board Chair.

Mrs. Thiriot opened nominations for Board Vice Chair. Mr. Noble nominated Scott Hammond for Vice Chair. Mrs. Thiriot seconded Mr. Noble's motion. There were no other nominations. Mrs. Thiriot closed the nominations and opened for a vote. The Board unanimously approved Scott Hammond as Board Vice Chair.

Mrs. Thiriot opened nominations for Board Secretary. Mr. Hammond nominated Mr. Smith for Board Secretary. Mr. Noble nominated Mr. Elison for Board Secretary. Mrs. Thiriot seconded Mr. Noble's nomination. There were no other nominations. Mrs. Thiriot closed nominations and opened the floor for a vote. The Board unanimously approved Mr. Elison as Board Secretary.

6. Report on New Legislation.

Mr. Reeves reviewed a legislative summary prepared by the Director of the Public Charter School Authority. Mr. Canavero summarized the recent legislation that had been passed that directly affected charter schools.

Mr. Reeves stated that new legislation was changing how charter schools were audited. Mr. Reeves stated that in the new mandated audit for charter schools specific accounting ratios had to be met. Mr. Reeves stated that academic performance was going to be done through comparison analysis. Mr. Reeves stated that the school would be required to set academic goals and measure their progress against those goals. Mr. Reeves stated that when annual audits or charter renewals come up, those measurements would be reviewed. Mr. Hammond stated that he felt the new legislation would give the Charter School Authority a greater ability to measure how efficient charter schools are. Mr. Reeves stated that if a charter school were to be given a 1-2 star rating for 3 consecutive years under the new legislation that charter would be revoked. Mr. Noble asked Mr. Reeves if that new legislation had received the Governor's signature. Mr. Reeves

confirmed that the Governor had signed the new legislation. Mrs. Thiriot stated with excitement that Somerset Academy of Las Vegas had received a 5 Star rating from the state.

Mr. Reeves stated that one of the bills Mr. Canavero had summarized was Senate Bill 384 that was sponsored by Mr. Hammond at the past legislative session. Mr. Hammond stated that Senate Bill 384 would allow charter schools with consecutive years of good financials the access to issue bonds to purchase their facilities.

Mr. Reeves stated that Senate Bill 443 was a clean-up bill to remove the Department of Education in areas where the State Public Charter School Authority should have been more properly named.

Mr. Reeves stated that Senate Bill 471 allowed for a revolving loan account to be set up for opening charter schools. Mr. Reeves stated that the revolving loan account would not directly affect Somerset Academy, but that it was an important piece of legislation for helping fund new charter schools in the state of Nevada. Mr. Noble asked Mr. Reeves if he would look further into if Somerset Academy would have access to the revolving loan account for new sites that Somerset planned to open. Mr. Reeves confirmed that he would look into the issue.

Mr. Reeves stated that Mr. Canavero summarized new legislation regarding a task force on K-12 education funding. Mr. Reeves stated that the state legislators were revisiting how the distributive account for education was funded.

7. Approval of Formation of 501 (c)3

Mr. Reeves directed the Board to a copy of the Senate Bill 384. Mr. Reeves stated that under section 30 of Senate Bill 384 legislation amended part of NRS 386.553 thus removing language that prohibited charter schools to incorporate. Mr. Reeves stated that the revision allowed for charter schools to incorporate as a non-profit corporations pursuant to chapter 82 of NRS. Mr. Reeves stated that the benefit of a charter school incorporating as a non-profit 501 (C) 3 corporation would allow for a more efficient rating process of charter schools in the bond market. Mr. Reeves stated that he would suggest Somerset Academy to take advantage of incorporating as a non-profit 501 (c) in which the governance of the formed non-profit 501 (c) 3 mirrors the existing governances and bylaws that was adhered to under the governmental entity that the Board currently comprised of. Mr. Reeves stated that the formation of a 501 (c) 3 would allow the school to act as a governmental entity and a non-profit 501 (c) 3 simultaneously. Mr. Noble asked what was involved in forming a non-profit 501 (c) 3. Mr. Reeves responded that formation would require a certain amount of legal fees in order to go through the incorporation process. Mr. Reeves stated that an application process with the Internal Revenue Service would be necessary. Mr. Hammond motioned to incorporate Somerset Academy as a non-profit 501 (c) 3 corporation. Mr. Elison seconded the motion. The Board unanimously approved.

8. Approval of Revised Lottery Procedures.

Mr. Reeves stated that NRS 385.580 had been changed to allow student enrollment priority for students with enrolled siblings, children of a teacher and children of a Board members or members of the Committee to Form. Mr. Reeves stated that the statute did not specify an order of priority. Mr. Reeves presented to the Board a proposed priority policy. Mr. Reeves stated that in the case of available spaces at Somerset Academy that priority would be given to:

- A) Priority will be given to children of a member of the committee to form the charter school.
- B) Priority will then be given to the children of members of the governing body of the charter school.
- C) Priority will be given to the child of a teacher employed by the charter school.
- D) Priority will be given to the siblings of previously enrolled students. Should the number of siblings exceed the number of available spaces in any grade level; the students will be placed in a lottery to determine priority.
- E) All remaining students will be placed in a lottery to determine priority.

Mr. Hammond stated that he felt the order of the policy was in a fair order. Principal Jefferson asked if administrators or support staff were included within the definition of "teacher". Mr. Reeves suggested taking out the word "teacher" under the priority policy and changing the wording to, "Priority will be given to the child of an employee of the charter school". Mr. Noble asked if consideration should be given to priority of School Support Staff employees along with teachers and administrators. Mr. Hammond stated that he felt it was a greater priority to attract highly qualified teachers to school by giving their children the greatest priority possible.

Mr. Reeves stated that based upon the Boards suggestions he would change policy number 3 to read "Priority will be given to a child of an employee of the charter school in the following order: 1) Administrators 2) Licensed Teachers 3) All other full time employees.

Mr. Noble asked how an Enrollment Policy would affect the parents/students of the upcoming school year. Mr. Reeves stated that if the Board signed off on an Enrollment Policy at that meeting, priorities would immediately take effect.

Mrs. Thiriot motioned to approve the Proposed Enrollment Policy with the exception of making the discussed changes to Priority C. Mr. Hammond seconded the motion. The Board unanimously approved.

9. Approval of Academica Nevada Contract.

Mr. Reeves gave an overview of some of the successes Somerset Academy had accomplished during their relationship with Academica Nevada. Mr. Reeves stated that the service agreement presented to the Board had no revisions to the duties or obligations of Academica Nevada towards Somerset Academy.

Mr. Reeves stated that two changes/revisions were made to the service agreement. Mr. Reeves stated that the service agreement presented to the Board expanded language regarding

any conflict of interest that applied to employees or agents of Academica Nevada should any other business relationship exist between the school and other entities be disclosed. Mr. Reeves stated that the second revision of the service agreement was made to the term. Mr. Reeves stated that Academica Nevada wished to grow with Somerset Academy and to insure that the infrastructure could be put into place to handle the growth of Somerset Academy, the service agreement was revised to include one additional year of service after which if Somerset Academy received a charter renewal, Academica Nevada's service agreement would automatically be renewed for the term of the charter renewal.

Mrs. Thiriot asked what the duties of Academica Nevada were in regards to "Land Use Coordination". Mr. Reeves responded that Academica Nevada provided "Land Use Coordination" through working with city officials, attending town hall meetings, traffic coordination to ensure that the school sights were in compliance with local and state laws, among other duties.

Mr. Elison asked why the service agreement stated that the service provider (Academica Nevada) could propose professional employee management companies to the Board. Mr. Reeves stated that the school currently had an employee management company, PayPros. Mr. Reeves stated that the reason for proposing a professional employee management company was that there were certain situations in which Academica Nevada requested their advice or assistance on handling specific human resource issues. Mr. Reeves stated that PayPros primarily functioned as a payroll service but also provided additional human resource services.

Mr. Elison asked Mr. Reeves to clarify a sentence in the service agreement that stated, "All school based employees would be assigned to the school and may only be removed, dismissed or transferred by board approval." Mr. Elison stated that he felt the Board had given that responsibility to the administration of the school. Mr. Reeves stated that sentence exonerated Academica Nevada from the responsibility of dictating teacher removals, dismissals, or transfers thus leaving that responsibility up to the administration and Board.

Mr. Noble stated that he had reviewed the service agreement. Mr. Noble stated that he felt Academica Nevada had done a good job with managing Somerset Academy and most importantly that he felt Somerset Academy was moving in a positive direction. Mr. Noble stated that there were a couple wording changes that he would like to suggest to the service agreement outside of the meeting but that he was comfortable moving forward with the approval of the presented service agreement.

Mr. Noble stated that he would like to see a change in language in the service agreement regarding to automatic renewals. Mr. Reeves stated that he had no issue with changing the wording to satisfy Mr. Noble's concerns regarding the automatic renewals in the service agreement.

Mr. Noble motioned to approve the service agreement with Academica Nevada with the stipulation that the requested changes by the Board were made to the agreement. Mr. Elison seconded the motion. The Board unanimously approved.

10. Approval of Letter of Support to Pursue Property at Lossee Road and Lone Mountain Road.

Mr. Reeves stated that a letter of support to pursue property at Lossee Road and Lone Mountain Road was in no way binding to the Board. Mr. Reeves stated that a letter of support showed that the Board was still interested in pursuing the Lossee Road and Lone Mountain Road site for one of their campuses.

Arthur Ziev addressed the Board with information regarding the sight plans. Mr. Ziev stated that after multiple discussions with traffic engineers the entrance to the sight would be on the North end of the sight on Lossee Road. Mr. Ziev stated that the site exit would be on the south end of the property on Lossee Road.

Mr. Ziev stated that eventually the elementary, middle and high school would all be in different buildings. Mr. Ziev stated that the site would have a regulation or close to regulation size soccer field, outdoor basketball courts and an outdoor playground area. Mr. Ziev stated that the K-12 facility would be constructed in multiple phases.

Mr. Ziev stated that he anticipated there would be two pick up and drop off times in which the elementary and middle school would have a different time from the high school. Mr. Ziev stated the request for the site was to host 2,400 students. Mr. Ziev stated that if the permitting and licensing process went smoothly they should have final approval for the site by September 2013.

Mrs. Thiriot asked Mr. Ziev if it was a possibility to get an easement over the wash located on the backside of the property. Mr. Ziev stated that he had discussed the issue with an engineer and his first concern was that it would be very expensive. Mr. Ziev stated numerous approvals would be required including approval from FEMA which would take a lot of time. Mr. Ziev stated that he had another concern with the height of the drainage canal that could force the overpass to be very steep.

Mrs. Thiriot motioned to approve to the letter of support to pursue property at Lossee Road and Lone Mountain Road. Mr. Smith seconded the motion. The Board unanimously approved.

Mr. Reeves asked Mr. Ziev to address the Board on the revisions to the North Las Vegas Campus playground. Mr. Ziev stated that he had received a signature from the shopping center owner allowing the North Las Vegas Campus to expand their playground. Mr. Ziev stated that the topic would go before the city planning commission on July 10th.

Mr. Ziev addressed the Board with construction options for constructing the playground. Mr. Ziev stated that if the school were to directly hire a construction firm to construct the addition the school would be bound by prevailing wage. Mr. Ziev stated that an alternative option would be to have the owners of the North Las Vegas facility pay for the playground addition and hire

Nevada General to construct the project. Mr. Ziev stated that owners would allow the school to pay them back over two years.

Mr. Ziev stated that if the school decided to have the facility owners build the playground for them the monthly cost to the school would be \$3,545.00 or \$42,540.00 annually. Mr. Noble asked what the estimated cost of the project was. Mr. Ziev stated that the estimated cost of the project was approximately \$80,000. Mr. Noble asked Mr. Ziev if there was a pre-payment penalty. Mr. Ziev responded that there was not a penalty for pre-payment.

Mr. Smith asked Mr. Ziev if the playground addition would be finished before school started. Mr. Ziev responded that he was unsure as to what the time frame for completing the playground addition would be.

Mr. Reeves stated that Board did not need to take action on who constructed the addition to the North Las Vegas Campus playground but an indication of who they would like to construct the addition would be sufficient. Mr. Noble and Mrs. Thiriot stated that they would like Mr. Ziev to move forward with the assumption that the school would have the owners of the North Las Vegas facility build the playground.

11. Review of School Financial Performance.

Mr. Segrera addressed the Board. Mr. Segrera stated that he was pleased to report that the balance sheet for the end of May showed \$1.7 million in their bank account. Mr. Segrera highlighted a few more items for the Board on the balance sheet.

Mr. Segrera reviewed the July 2012 through May 2013 Profit and Loss statements with the Board. Mr. Smith asked Mr. Segrera why the profit and loss statement for July 2012 through May 2013 showed a student generated funds line item with a negative number. Mr. Segrera responded that the reason for the negative number was that an auditor journal entry had been made in the prior year that credited the student generated funds account \$1,443.69. Mr. Segrera stated that after he had spoken with the auditors about the specified item a conclusion was reached that the \$1443.69 needed to be reversed thus showing a negative on the profit and loss statement.

12. Approval of Lease Terms with Zion's Bank for Furniture, Fixtures and Equipment.

Mr. Reeves stated that Somerset Academy was adding over 1,300 students for the 2013-2014 school year. Mr. Reeves stated that in the past the school assumed the cost of one additional student was \$750. Mr. Reeves explained that the \$750 went toward furniture, curriculum and other related expenses to adding students. Mr. Reeves proposed that the school borrow \$1,000,000 from Zion's bank to equip the schools for the 2013-2014 school year.

Mr. Reeves reviewed the terms of the loan stating that the interest rate of the loan was a fixed rate of 4.55%. Mr. Reeves stated that the school had an early buyout option at 45 months and a buyout option at 48 months with a 6% residual. Mr. Reeves stated that the loan included a

\$1,500 documentation fee. Mrs. Thiriot asked Mr. Reeves if the proposed lease terms were the same terms as Zion's bank had given them in previous years. Mr. Reeves confirmed that the terms were the same. Mr. Reeves confirmed that the rates were favorable pointing out that the rates were especially low for books, software and computer equipment that have a short shelf life. Mrs. Thiriot motioned to approve the lease terms with Zion's bank for furniture, fixtures and equipment. Mr. Hammond seconded the motion. The Board unanimously approved.

13. Approval of Copiers and Printers Lease.

Allison Salmon introduced herself as one of the newest members of Academica Nevada to the Board. Mrs. Salmon stated that Mr. Reeves had her assess what the costs were for the Somerset Academy campuses associated with their copiers and printers. Mrs. Salmon stated that the companies that she received quotes from for copier machines were Advanced Imaging Solutions, Les Olsen Company and Sierra Office Solutions. Mrs. Salmon stated that based upon monthly costs Advanced Imaging Solutions came in as the lowest cost solution. Mrs. Salmon stated that Somerset Academy would be receiving the same pricing Clark County School District received from Advanced Imaging Solutions. Mrs. Salmon stated that the quotes she received from Advanced Imaging Solutions only included the Sky Pointe campus and the Oasis campus. Mrs. Salmon stated that the schools were currently in the process of applying to Advanced Imaging Solutions for lease forgiveness funds that would allow Advanced Imaging Solutions to buyout the school's current leases from Les Olsen Company.

Mr. Elison asked Mrs. Salmon how long the Les Olsen Company leases were. Mrs. Salmon replied that the school's current leases with Les Olsen Company were 48 months. Mrs. Salmon stated that it was the recommendation of Academica Nevada that the school enter into copier lease agreements where available with Advanced Imaging Solutions.

Mrs. Salmon stated that she had received proposals from Les Olsen Company, Advanced Imaging Solutions and Sierra Office Solutions for managed print services. Mrs. Salmon stated that a managed print services agreement would allow a vendor to provide the schools with all of the teacher and staff printers. Mrs. Salmon stated that under a managed print services agreement the vendor would maintain all of the printers, replace toner cartridges and monitor the printers through their own software program. Mrs. Salmon stated that the agreement would alleviate the school from any printer related responsibilities other than purchasing paper. Mrs. Salmon stated that Advanced Imaging Solutions came in as the lowest cost option to the schools. Mrs. Salmon recommended to the Board that they contract with Advanced Imaging Solutions for the managed print services.

Mr. Hammond motioned to enter into agreement with Advance Imaging Solutions for Somerset Academy's copiers and printer lease. Mr. Smith seconded the motion. The Board unanimously approved.

14. Approval of Janitorial Company.

Mr. Howell addressed the Board. Mr. Howell stated that he had received proposals from three different janitorial companies, ISS, Coverall Cleaning and Silver State Janitorial. Mr.

Howell stated that ISS and Silver State Janitorial pricing was very competitive. Mr. Howell stated that all of the janitorial company bids were based on the same specifications.

Mr. Howell stated that it was his recommendation for the school to contract with ISS for their janitorial services. Mr. Noble asked the principals in attendance what their opinion of ISS's services had been. Principal Jefferson stated that ISS was very responsive.

Mr. Noble motioned to approve the service agreement with ISS to service all of Somerset Academy's campuses. Mr. Smith seconded the motion. The Board unanimously approved.

15. Approval of Furniture Orders, Computer Orders, Interactive Classroom Technology Orders, Textbooks and Curriculum Orders.

Mr. Reeves pointed out to the Board that each campus had gone over their budget due to unforeseen costs of consumables and educational software. Mr. Reeves stated that he was working with the principals to find way to reduce the schools costs on consumables.

Mrs. Thiriot motioned to approve the furniture orders, computer orders, interactive classroom technology orders, textbooks and curriculum orders. Mr. Smith seconded the motion. The Board unanimously approved.

16. Approval of HVAC Company.

Mrs. Salmon stated that Comfort Masters' HVAC maintenance agreement came in as the lowest bid when combining Oakey and North Las Vegas campuses. Mrs. Salmon recommended to the Board that Somerset Academy contract with Comfort Masters to maintain the HVAC systems at the North Las Vegas and Oakey campuses.

Mr. Smith motioned to approved Comfort Masters as Oakey and North Las Vegas's HVAC company. Mrs. Thiriot seconded the motion. The Board unanimously approved.

17. Approval of Administrator Retention Bonuses.

Mr. Reeves addressed the Board stating that the administrator retention bonuses had been built into the school's budgets. Mr. Reeves stated that the proposed amount for administrator retention bonuses was \$1500. Mr. Reeves stated that the Board could also consider extending bonus funds to Bridget Phillips who accepted a position at Doral Academy and would no longer be working in the Somerset system.

Mrs. Thiriot motioned to approve the administrator retention bonuses of \$1,500 for Principal Farmer and Principal Jefferson. The Board unanimously approved.

18. Public comments and discussion.

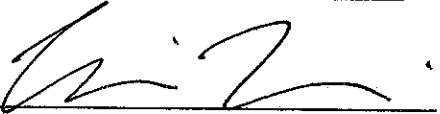
Ginger Karen addressed the Board. Ms. Karen asked if the school had any system in place to bonus teachers to retain their services. Mrs. Thiriot responded that teacher retention bonuses had

already been given to the teaching staff to retain their services. Ms. Karen asked why Orchestra was a before school activity and why there was a fee for orchestra. Mr. Reeves responded that she could address her question to the principal for further information. Mrs. Karen commented on student behavior and discipline at Somerset Academy.

19. Adjournment.

Upon Motion and Second, the Board unanimously voted to adjourn the meeting at 8:52 p.m.

Approved on: 07/29/13


Secretary of the Board of Directors
Somerset Academy of Las Vegas