

MINUTES
of the meeting of the
BOARD OF DIRECTORS of SOMERSET ACADEMY OF LAS VEGAS
August 13, 2015

The Board of Directors of Somerset Academy of Nevada held an emergency public telephonic meeting on August 13, 2015 at 4:00 p.m.

1. Call to order and roll call.

Board Chair Cody Noble called the meeting to order at 4:09 p.m. Present were Board Members Cody Noble, Will Harty, Travis Mizer, and Carrie Boehlecke.

Members Eric Elison, Amy Malone, and Eric Brady were not present.

Also present were John Barlow, Principal Jefferson, Principal Kelley, Principal Mayfield, Principal Pendleton, Principal Farmer, Vice Principal Scott Hammond, as well as Academica Nevada Representatives Ryan Reeves, Bob Howell, Colin Bringham, Trevor Goodsell, Kristie Fleisher, and Kim Ballou.

2. Public Comments and Discussion.

None.

3. Update on Budget and Kindergarten Funding for the 2015/2016 School Year.

Mr. Reeves addressed the Board and noted that this was an emergency meeting and advised that the Board take a more detailed look at the slides in the support documents at a future time, adding that most of the information just had come into focus in the past few days, however, it implicated enrollment and payroll issues that need to be immediately addressed. Mr. Reeves stated that a lot of the information was received within the past two weeks following a very active legislative session that ended at the end of May, which resulted in many programs and calculations being completed throughout June and July, and therefore funding figures were not released until the end of July.

Mr. Reeves stated that they would begin with Stagnant DSA Funding and pointed to the support documents, indicating that the relevant numbers (in red) were those by which we were funded last year: the basic support amount of \$5,527.00 and the outside revenue amount of \$978.65; totaling approximately \$6506.00. Mr. Reeves further stated that the state number decreased for this coming year to \$5,512.00; and the outside revenue also decreased from the original projection of \$1,007.73 to \$993.59. Mr. Reeves added that this would leave them with the same amount of funding as last year: \$6,506.00; explaining that stagnant funding is like a decrease in funding because expenses go up.

Mr. Reeves stated that one of the reasons there was a decrease in DSA funding was a result of funds being funneled into various grant funding and other programs, some of which charter schools cannot access. Mr. Reeves further stated that the State Charter School Authority applied for the Great Teaching and Leading fund, and if they receive that grant they will pass some of that to Somerset. Mr. Reeves stated that additionally Somerset will be receiving some of the full day kindergarten funding and kindergarten class-size reduction funding. Mr. Reeves stated that, aside from the kindergarten funding, they would not know what to expect in terms of numbers from

the other grants and therefore could not plan for any definitive amount in the budget. Mr. Reeves explained that there are three major areas in which funds cannot be accessed by charter schools: class-size reduction funding in grades 1-3; modular buildings to support full-day kindergarten; and teacher recruitment bonuses.

Mr. Reeves stated that another financial impact to hit the budget this year will be the increase in PERS, adding that it was planned for in the budget and accounted for, however, it is something to be mindful of as they look at where the budgets and surpluses will be for this year.

Mr. Reeves stated that another financial hit will be the increase to benefit costs, however, Academica does create a large group plan by combining all the charters under one umbrella, thereby creating lower rates. Mr. Reeves stated that they will only have a 7% increase rather than the 14% that was originally proposed (which was decreased after submitting additional information regarding the growth of the entity as a whole), adding that, in this environment with the effects of the Affordable Care Act hitting, increasing by only 7% was actually good news. Mr. Reeves went over the health plans in some detail from last year versus the plans for this coming school year, including the increase in rates and the amounts that have and will be paid by the school. Mr. Reeves stated that they were not in a position to increase contributions this year, again, because of the stagnant funding and the PERS increase by 2.25% per person. Mr. Reeves explained that, in order to keep the health insurance plan at a zero cost to the employee, the solution was to pay only 50% of an individual only dental plan; in other words, they took \$15.00 from dental and moved it up to health care, which would allow an employee to get on the HMO health plan for free, although there would be a monthly out-of-pocket amount of \$15.00 for health care, dental, and vision.

Mr. Reeves stated that the salary plan with its pay-per-performance increases is based on increased funding, of which there would be none. Mr. Reeves explained that the district was freezing salary increases this year for that very reason, however, the injustice inherent in Somerset's situation is that new teachers are hired at a higher rate and therefore make more than the returning teachers if no increase is received. Mr. Reeves stated that, additionally, the increase in benefits would actually give teachers a decrease in pay if no adjustment was made.

Mr. Reeves stated that the transition to state funded full-day kindergarten was the final whammy to the budget, adding that SB 515, Section 30 did provide an allocation to the school districts and charter schools for a full-day kindergarten program. Mr. Reeves stated that they had had to report to the state by July 21, 2015 regarding whether or not they would be providing any full-day kindergarten classes, to which they replied in the affirmative, and on July 24, 2015 the state informed them that Somerset would be receiving funding for those students. Mr. Reeves further stated that on July 27, 2015 they were provided the funding model, which funds each full-day kindergarten student at 60% of a regular student plus \$28,266.00 (half of a teacher salary) more per classroom, resulting in a funding deficit of \$49,359.00 per classroom from the tuition based program by which the budget was determined. Mr. Reeves stated that he asked the state if they could turn down the funding and keep full-day kindergarten as a tuition based program, the response was that the full-day kindergarten funding was a bucket that, once you tap into it, you have reserved your space in it, however, if you delay, that could reduce the amounts available to you in the future. Mr. Reeves explained that because everyone will have to go that route in the future, it would be wise to tap into those funds right now.

Member Noble asked for clarification on whether or not they have to offer full-day kindergarten, to which Mr. Reeves replied that they do not. Mr. Reeves stated that the current law calls for full-day kindergarten to be state funded within two years, however, it also explicitly stated that there is no requirement to offer it, adding that the state is moving toward a model that, in essence, will allow you to offer full-day with the requirement to take their funding, or only offer half-day and not receive the funding at all. Member Noble stated that it sounded like the requirement to take the funding if full-day is offered sounds different than what Mr. Reeves previously explained. Mr. Reeves stated that he had said that the requirement of funding for full-day is what it is going to be effective 2017. Member Noble asked for clarification that in 2017, if full-day is offered, you have to take the

state's funding, to which Mr. Reeves answered in the affirmative. Member Noble asked if Mr. Reeves was suggesting that by 2017, there might not be funds to take. Mr. Reeves stated that he spoke with Ms. Ember at the Department of Education who stated that if the money available for next year is not tapped into this year, it will be inaccessible when it carries over to next year. Member Noble asked what would happen in 2017 when the requirement is there. Mr. Reeves stated that between now and 2017 there will be another legislative session and that what happens in 2017 will depend largely on what happens in that legislative session, however, what was contemplated in this session was that in 2017 they will go to a 1.0 DSA for all kindergarten students and that all public schools will be expected to offer full-day programs and that, while parents may choose not to keep their students in full-day, that option will be available to them. Member Noble stated that he did not understand the necessity of taking their money this year. Mr. Reeves reiterated that he was conveying to the Board what he had been told by the state. Member Noble asked why Mr. Reeves was recommending that they take the money. Mr. Reeves stated that, assuming he received accurate information, if they do not take the money they will receive a bigger hit to the budget in future years than in this year. Member Noble stated that he was not suggesting that what was being said was not correct, but he wanted to understand how next year could be affected by what they choose to do this year. Mr. Reeves stated that a smaller pot will be available for people who join in the future.

Mr. Colin Bringham addressed the Board and stated that he understood that if we did not take that money this year, they would disperse it to other schools and potentially not give us that money in the future. Member Noble stated that he did not understand how that could be true based on what Mr. Reeves said it being a requirement in 2017, adding that he did not see why we could not continue with tuition based full-day kindergarten for the next two years. Mr. Reeves stated that every other surrounding school will be going to full-day tuition free kindergarten, adding that it was in the press that full-day funds were available to all public schools. Mr. Reeves further stated that not offering full-day kindergarten, which all of our principals would prefer over half-day and what most educators would readily tell you is better for the child, might negatively impact Somerset if full-day is out there and not offered to the Somerset community. Member Noble stated that they had signed up students for the tuition based full-day kindergarten and it was only after speaking with the state that the course was changed. Member Boehlecke stated that a lot of public schools were offering tuition based full-day, however, if they can now offer it for free, it would not look good for Somerset to charge for full-day, adding that the public might not know how the structure works and that the school will not be getting as much money, they will simply know that it is out there and we are not offering it. Member Noble stated that certainly in 2017 they would offer it and receive full funding with it, however, it should not be a problem if people wanting to pay to fill our seats. Member Noble reiterated that he did understand this idea that if they did not enter the system now that might decrease funding in the future, however, he did not think it was true.

Member Noble stated that one option would be to go back to the original plan of the tuition based full-day, if it was not too late for that. Mr. Reeves replied that he could go back to the state and tell them that we would not take the money, however, we should understand that we would be, in essence, be telling our parents that they need to pay (just over \$3,000.00 per full-day kindergarten student per year) for the deficit in the budget. Member Boehlecke asked if they could reduce the tuition amount, to which Mr. Reeves responded that they could not, adding that they had confirmed with the DOE and DAG that no partial tuition could be charged to full-day kindergarten families to bridge the gap where the funding does not cover the cost of the program. Mr. Reeves noted that Academica had been receiving phone calls steadily throughout the summer from parents of full-day kindergarten students verifying that it would be free this year, explaining that this is not a subject of which the Somerset community is ignorant.

Member Noble stated that he was upset that some decisions were made regarding this subject without the Board knowing about it, asking at what point the decision was made to take the state's money for full-day kindergarten. Mr. Reeves stated that from his perspective it was not optional, although he realized that he may have been explaining it in such a way that sounded optional. Mr. Reeves explained that he had asked the state if they could deny doing this and was told that there would be financial consequences, however, from his perspective, he received an email from the state requiring a report regarding the number of full-day kindergarten

students and, after submitting that report, Mr. Reeves received an email informing that Somerset would receive full-day kindergarten funding. Member Noble asked for confirmation that Mr. Reeves, at that time, did not know what the funding would be, to which Mr. Reeves replied in the affirmative and stated that it was not until later that the reduced funding was revealed, which was when Mr. Reeves asked if they could get out of the funding or ask for partial tuition, and was in no way an attempt to circumvent the Board. Member Noble asked if Mr. Reeves recalled when that was. Mr. Reeves stated that the dates were available in the support documents, but that on July 24, 2015 they were informed that they would be funded for full-day kindergarten, and on July 27, 2015 they were provided a model depicting that they would receive less than full funding, adding that even then they did not have the full answer because the DOE and DAG were still trying to figure out if class-size reduction funding would apply to charter schools in a way that would possibly bridge that entire gap and, as a result, there was not enough information to come back to the Board with a full picture. Mr. Reeves stated that they had since confirmed that class-size reduction funding would not be available in grades 1-3, adding that they thankfully determined on August 6, 2015 that they would receive class-size reduction funding in kindergarten which reduced the deficit by about \$226,120.00. Member Noble asked if they were in a position where they could not change course. Mr. Reeves stated that changing course would be very difficult to do, especially in regards to the parents who are very aware of the funding for full-day kindergarten who had been told that they most likely would free full-day kindergarten pending some verification. Mr. Reeves clarified that, from a parent and public relations perspective, changing course and not taking the money would put Somerset in a difficult circumstance, adding that it could be done, however, with some difficulty.

Mr. Reeves pointed to the slide regarding kindergarten funding and stated that the system wide budget was for \$3,098,445.00; however, the revised budget is \$2,781,605.00; leaving a deficit of \$316,840.00; adding that the effect on the overall budget surplus takes us down to a 1% surplus or less at most of the campuses and at 1.5% overall. Mr. Reeves stated that the goal for the budget surplus is usually 3%, however, with some Board approved expenses that took place over the past few months it was at 1.7% before the impact of the new kindergarten funding took it down to 1.5% overall. Mr. Reeves stated that the question is whether or not we could live with the surplus at 1.5% when the budget is determined based on a 95% enrollment, adding that there was another piece of legislation in the vein that will work slightly to our detriment. Mr. Reeves explained that in the past the DSA had been calculated using the single count day (students are counted on that one day per year and, if they were not present, school attendance could still be proven through documentation), however, attendance will now be determined based on an average daily enrollment number. Mr. Reeves further explained that with the average daily enrollment the state will look at an average attendance four times per year, adding that this will probably be a more accurate measurement, however, if a student withdraws and it takes the school time to make that determination before filling that seat, that student's enrollment is back-dated to the last day he or she attended school, adding that every day that passes without a student in a seat results in a loss in funding of \$36.14 per day. Mr. Reeves stated that it will be increasingly difficult to fill seats that will be vacated in April or May because parents do not want to switch schools at the end of a school year. Mr. Reeves stated that the fear associated with this new procedure will take enrollment down from the projected 99% that has been seen in the past, adding that they will be training the registrars and adjusting policies (which they will bring to the Board) that will streamline the process and put students in those vacated seats more efficiently and keep enrollment and funding rates up at the levels where we have been accustomed to having them in the past. Mr. Reeves stated that, in the end, they suggest preserving that 95% and not consider anything above that as fixing the current budget problem, because they do not know how this new program will be implemented by the Department of Education.

Mr. Reeves stated these changes will affect all of Clark County and, as a result, the district had eliminated any salary increases and reduced the teachers' take-home pay by applying the PERS increase (half to the employee and half to the employer), adding that these decreases in funding were affecting all public schools in Clark County. Mr. Reeves stated that where Clark County's solution was to freeze salary increases, Mr. Reeves suggested that a better way to do this would be by temporarily adding forty-six students across five schools, adding that they met with the principals who were very forthcoming with their input and the type of changes they could support, which was outlined in the support documents. Mr. Reeves stated that this would be an attempt to adapt to the

current circumstances and achieve the 1.5% surplus after allocating 4% to Necessary Salary Adjustments, rather than adding ninety students to reach the 3% surplus. Mr. Reeves noted that by approving this the Board would be in a good spot with the teachers, because they knew what was happening in the district and salary increases would be well received. Mr. Reeves added that with this temporary change there should definitely be an opportunity to quickly phase it out over the next two years. Mr. Reeves explained that by adding to the upper levels of elementary school, those students will be entering middle school which already have a thirty to one ratio, and there will changes in funding over the next two years that make this realistic.

Member Noble asked if the budget without any change to enrollment included teacher pay increases. Mr. Reeves replied that it did not, however, it did include the increase in PERS (which would not translate to take-home pay). Member Boehlecke stated that she was sure that teachers would consider that an increase and that district teachers, along with support staff, had been very vocal about how they were impacted by the PERS increase. Member Noble asked Member Boehlecke to clarify how the teachers in the district had been affected by the increase in PERS. Member Boehlecke replied that the increase would be coming out of pocket so they would actually see a decrease in pay, adding that the teachers and support staff at her school were all very upset by this outcome. Member Boehlecke stated that she was very happy to see that Somerset would be taking that increase on for their teachers, and was sure that this gesture would not go unnoticed. Member Noble stated that, even though Somerset taking on the increase in PERS would not be an actual increase in salary, it would be a benefit that the teachers are not currently getting and would be more than what the district was doing. Member Boehlecke reiterated that the district had frozen salaries and would be taking more money out of pocket for PERS. Member Noble asked Mr. Reeves if there would still be a problem with not giving salary increases to teachers because of the starting salaries for new teachers versus those of existing teachers. Mr. Reeves replied that Somerset hired a lot of new teachers for the 2015/2016 school year, adding that the new teachers last year were hired at \$35,250.00, however, new teachers for this year were hired at \$35,500.00 (largely because of what CCSD was hiring at including a signing bonus). Member Noble asked if the district had followed through with what they were offering. Mr. Reeves replied that, to the best of his knowledge, they were honoring those salaries, however, they also received signing bonuses in the event that they did not honor the starting salaries.

Member Harty asked how much of a surplus they had run as of June 30, 2015, stating that he recalled something in the range of 1.9 million, and that he thought there had been equivalent surpluses in the years prior to that. Mr. Reeves confirmed that those numbers were roughly correct. Member Harty asked if there would be a danger in having a year where the surplus was only 1%; adding that he did not understand why we would have an emergency meeting over a couple hundred thousand dollars, when there has been a surplus of around 2 million for three consecutive years, which would not leave the school in a critical financial position. Mr. Reeves stated that Somerset was not in a critical position, however, he would suggest that running a surplus below 1.5% would be unwise, especially considering that the Somerset charter would be coming up for renewal. Member Harty asked when exactly the charter would need to be renewed. Mr. Reeves stated that it would be in January of 2017 (six years from the original approval in January of 2011). Member Noble asked what the criteria for renewal will be. Mr. Reeves stated that they were required to have been meeting their charter goals financially, educationally, and organizationally; organizationally meaning that Board meetings have been happening on time, there had been compliance with open meeting law, that the Board matched the statutory requirements, and whether or not reports had been turned in on time. Mr. Reeves further stated that financially they look for whether or not a healthy surplus had been running every year, there are enough days of cash on hand, and whether or not leases and other things are healthy percentage of your total revenue. Mr. Reeves added that educationally they look for whether or not students have been progressing each year, whether they performed adequately on state standardized testing, and whether or not the required classes and curriculum they said they would provide had been provided.

Member Harty asked if the six years would be looked at cumulatively and not just this final year where they would possibly only run a 1% surplus. Mr. Reeves stated that running those healthy surpluses brought Somerset just where it needed to be in order to issue bond. Member Harty stated that he thought they knew this year would be a tough year financially, however, they still ran a surplus and that should be simple to point out

when the charter needs to be renewed. Mr. Reeves agreed and stated that, because of the financial difficulties this year, they were recommending a surplus of 1.5%, which would already be a compromise, adding that cutting it further would be such a razor thin margin that it would simply not be a fiscally conservative approach. Member Harty stated that it seemed to him that the additional enrollment was already happening and that the extra forty-six slots was something that had already been communicated to parents. Mr. Reeves stated some slots had been offered, however, most of them had been rescinded, and he apologized that there was a miscommunication between Academics and the school administrations that resulted in acceptances at some campuses being extended at grade levels other than those where the administrators would propose adding additional students, adding that they fully recognize that it is the governing body's right to approve changes such as these. Member Harty asked how many of the forty six students had been accepted. Ms. Kristie Fleisher addressed the Board and stated that there were only twenty-six acceptances outstanding, due to the fact that twenty were rescinded.

Member Harty stated that he would not be comfortable going back to those twenty six families and telling them that we messed up, and therefore he would be in favor of moving forward with the proposal. Member Boehlecke stated that she would feel comfortable with that as long as they could maintain the commitment to pull back on that as soon as possible, adding that they should remember that the smaller class size is better and what had been committed to regardless of the current financial needs of the school. Member Noble stated that he thought they were anything but committed because this was the second time they had increased class size in the past few years because of a fiscal issue, and both of those times the management company made the decision, although this one was apparently a mistake, which he found troubling. Member Noble further stated that they should be very careful when increasing class sizes any time there are waves in the water. Member Boehlecke stated that small class size is one major draw for charter schools. Member Noble reiterated that this would not be the first time class sizes have increased, adding that it was not what the Board wanted to do, but because that was what was done. Mr. Reeves stated that he agreed and that he could not apologize enough, adding that today had been the deadline for the twenty-six students to respond and that seventeen of them did not respond and therefore were not given those seats, leaving nine that were accepted across five campuses. Mr. Reeves stated that, as a result, the Board was still in control of the situation (with dual enrollments and first of the year adjustments those students would probably fall within the original class size) and could determine the outcome of the situation, to which Member Noble and Member Boehlecke responded that it would not solve the budget issue. Mr. Reeves stated that he had apologized for the fact that enrollment had changed without the Board's approval and added that, thankfully, only nine students had been accepted which would allow the Board to make the determination of their choosing. Member Noble asked if they could tell those nine students that an error was made and that they would not have seats. Mr. Reeves stated that they could contact those families and tell them that due to an administrative error they were given seats without the Board's approval. Member Boehlecke stated that she would not want that to happen.

Member Noble stated that he wanted to know what the Board's options were, adding that one option would be to tell those nine families and they could not attend and keep enrollment where it was. Member Noble added that another option would be to keep those nine families, but not add any beyond that; or option three would be to add the total of forty six students to each of five campuses and fix the fiscal problems. Member Boehlecke asked Mr. Reeves to explain the stance of the principals on this issue. Mr. Reeves asked Mr. Barlow to comment on this because he was the one to meet with the principals on this issue. Mr. John Barlow addressed the Board and stated that, of course the principals were concerned with class size, however, the impact would really be to add one student per class to grades three, four, or five, or two in each fifth grade class in the case of North Las Vegas. Mr. Barlow further stated that the main concern would be whether or not they would have sufficient funds to buy curriculum for those additional students as well as the extra desks and chairs, adding that in some cases they already had the extras and it would not be an issue. Mr. Barlow added that a positive factor would be getting the money in the teachers' pockets so that Somerset could continue to retain and attract high caliber teachers in a time when teachers are not fairly compensated, and that overall the principals accepted it well without much criticism for the process. Principal Jefferson stated that she was told that she would be getting ten additional students and that she could determine where they would go. Member Noble stated that he did not like the wording,

“I was told,” and that he did not want to know what they were told, but what their feelings were about it. Mr. Barlow stated that nothing negative was expressed to him, adding that they discussed how they could make this work equitably among their grade levels.

Vice Principal Scott Hammond addressed the Board and stated that new teachers in the district were receiving a retention bonus of \$5,000.00 to be paid over time, and that additionally it was his understanding after a meeting with Mr. Reeves the day before that teacher salary increases would only be an issue if there was not class-size reduction funding in kindergarten, which there now would be. Mr. Reeves stated that Mr. Hammond was not in attendance at the Principals’ meeting in which he presented the deficit and presented the reduced budget targets that they were proposing, adding that it is Academica’s job to present and prepare budgets with the principals for the Board. Mr. Reeves stated that there was no other way to get to that point without either cutting people or adding students, those are really the only options for schools, adding that the determination of where the students would be added was an internal communication between the three charters that did not have a funded full-day kindergarten. Principal Jefferson stated that she concurred with that, adding that they discussed what could be done to either cut the budget or increase revenue, so as far as being told what to do, that was simply what the solution was. Member Noble stated that it was troubling, to which Mr. Reeves asked what was troubling. Member Noble stated that if you put yourself in the position of a principal, it was troubling to have them told that they have to increase class size, although that decision had not been made. Mr. Reeves stated that they approached the principals in order to form a proposal to bring to the Board. Member Noble asked if that fact was communicated to the principals. Mr. Reeves stated that it was inherent, and that there should not be anything troubling about stating the obvious, which is: budgets are down, budget surpluses are less than half, there is only so much we can do and here is a possible solution, adding that they asked the principals how they could make it work if they were given more students to deal with.

Member Harty reiterated his question about why Somerset needs to run a surplus of 3% when year after year they have a surplus, adding that at some point they should be able to invest this surplus they collect year after year, if they continue to run surpluses. Mr. Reeves stated that Somerset is in its fifth year and has grown a lot to the point that it will be entering a maturation state, however, running healthy surpluses and putting that money aside is important. Mr. Reeves added that when they went for bonding recently they barely had the required cash on hand. Member Harty stated that he understood, however, he did not understand what the magic of 3% was as the surplus number, adding that if this year’s financial difficulty is a one-time thing, he would not have a problem running a surplus of less than 1% in order to get there. Mr. Reeves stated that it would be within the Board’s rights to determine that, however, as the management company it is Academica’s job to make a recommendation, to have a budget ready, and to involve the principals in forming how that budget should be created, which is what they did. Member Harty stated that he understood, however, he would be fine with choosing an option that would allow their surplus to drop to 1%. Member Noble stated that if they do go with Academica’s recommendation, they will already be operating at less than the usual surplus. Mr. Reeves stated that yes, due to the above discussed items, they would budget the surplus at 1.5% rather than 3%. Member Boehlecke stated that it would also be possible to have less revenue at the end of this year based on the average daily enrollment. Member Harty asked Mr. Reeves if all the known revenue numbers had come in. Mr. Reeves stated that they did not know the amount for per pupil Special Education, discretionary unit Special Education funding, and the Great Teacher and Leading fund; which will all be distributed through the State Public Charter School Authority on a per pupil basis, adding that Somerset is close to 20% of what is the State Public Charter School Authority. Some discussion ensued regarding the budgeted amounts for those items.

Member Noble stated that he recalled hearing that if the school was ever in financial difficulty, Academica would consider discounting their fee. Mr. Reeves stated that he had communicated to Mr. Barlow during these discussions that Academica would not charge a fee for the additional forty six students, if they were added. Member Noble asked if there would be a further reduction. Mr. Bob Howell addressed the Board and stated that Academica had not increased their fee since the beginning, although all the other expenses had gone up. Mr. Reeves stated that Academica has had a steady fee for five years and that they are the only organization serving

Somerset that had done that, adding that they have achieved full enrollment and that their schools have opened on time, however, this is the new funding picture. Member Noble stated that he was not suggesting that Academica is not doing their job and asked Mr. Reeves to read the management fee for this coming year. Mr. Reeves stated that total management fee is \$2,500,000.00. Member Noble asked what it was last year. Mr. Reeves stated that last year it was between \$1,700,000.00 and \$1,800,000.00; adding that Somerset's total revenue for this year will be \$36,484,437.00, making Academica's fee less than 7%, which cannot be beat. Member Harty asked for clarification on how much that is per student. Mr. Reeves stated that it is \$450.00 per student. Member Noble asked how much the funding would be for those forty-six students, and both Mr. Reeves and Member Harty confirmed that it would be \$300,000.00. Some discussion ensued regarding the difference between the approved budget and the effects of the changes on the overall budget surplus and the new revised final budget surplus.

Member Noble stated that he only saw a need to increase the budget by \$139,000.00 in order to provide for teacher increases and suggested that they only add the number of students needed to accomplish that. Mr. Barlow explained that the way the principals came up with the number of forty six additional students was by dividing it equally amongst the schools and classes so that no one campus took the hit. Member Noble stated that he did not understand that. Mr. Barlow further explained that they came to that number by equitably splitting the impact between the five elementary schools, adding that each school would receive the same impact based on this issue. Member Noble asked why it could not be done on a smaller scale. Member Barlow stated that a smaller number would fall below the amount required to meet the need of the shortfall. Member Harty suggested adding twenty-five students, five at each campus. Member Noble asked Mr. Barlow if it was a number per campus that would make it equitable. Mr. Barlow stated that the original number was thirty, however, they could not split it equitably at thirty so they increased the number to forty six. Member Harty reiterated that he thought they should go with five students per campus and let the principals decide how to seat them regardless if it would be slightly unfair to one campus over another. Mr. Reeves noted that some of the campuses have five classes per grade level and some have four and that five students may not be as easy to seat equitably depending on the campus. Member Harty stated that, regardless, he still liked the idea of the same number at each campus.

Mr. Barlow stated that it would always be best to have the numbers equal for each class on a grade level, adding that they initially assigned five students to North Las Vegas, Losee, and Sky Point; and four students to Lone Mountain and Stephanie making it a total of twenty-three students, which was seven below the targeted amount, which resulted in them going to the next level of forty-six. Member Noble asked if the principals opted to add students to fifth grade, to which Mr. Barlow replied that each principal had a preference that spanned third through fifth grade. Mr. Reeves reminded the Board that when the principals were deciding where to place students they were working with a total of forty-six. Member Noble asked Principal Jefferson if she or her colleagues would be opposed, per the Board's request, to adding one student to every fifth grade class. Principal Jefferson stated that all of the principal had chosen to add at least one student to the fifth grades classes, however, she chose to add the additional students in fourth grade. Principal Farmer stated that he chose to add two students to each of the fifth grade classrooms so that there would be less seats to fill when they move to middle school. Member Boehlecke stated that she would prefer that the principals decide where the students go rather than insisting they go in a fifth grade class. Member Noble stated that he would like to ensure that the schools are impacted for the shortest amount of time which would happen if they added students to fifth grade.

Principal Jefferson stated that she understood that this was a two year problem which was why she was choosing to add students to both fourth and fifth grades. Member Noble stated that he did not realize this was a two year problem and asked Mr. Reeves to speak to the matter. Mr. Reeves stated that most of the funding improvements would happen next year (SB 515 and SPED), however, some of the improvements will not happen until the 2017/2018 school year (kindergarten funding at 1.0). Mr. Reeves further stated that knowing of these issues now will go a long way to ensure that they will not be a factor next year. Principal Kelley addressed the Board and stated that if they only had five students to place, she would be fine putting them in fifth grade. Principal Mayfield stated that she chose to add two students to each fifth grade class based on one grade level being impacted for only one year, and the size of the individual classrooms. Principal Pendleton stated that she

previously chosen to place eight additional students in both fourth and fifth grade mostly based on the available supplies, for instance, the computer lab only has twenty-five computers, which would make it difficult if there were twenty-seven students in a class. Principal Pendleton stated that when offers were sent to students and then later rescinded, it was done in her name and she had no idea they were being sent out, adding that this could give Somerset a bad reputation and that she would hope that when communications are sent in the future, they would be sent with the schools' knowledge, stating that her registrar was inundated with calls of disappointment when offers were rescinded. Principal Pendleton stated that with the smaller number of students she would place one student in each fifth grade class so that they would only be impacted for one year as those students would roll up to middle school. Member Noble stated that it sounded like everyone was on the same page, adding that the additional twenty-three students would bring in \$150,000.00 which would take care of the increase in teacher salaries. Member Mizer stated that he was fine with proceeding this way and that his only concern was the possible option of rejecting the state money, which would not be an issue if they decided to go with the current route. Member Noble confirmed that by taking this action they would take the state funding.

Member Boehlecke stated that she would support adding the twenty-three students, however, she asked Mr. Reeves if adding only the twenty-three would solve the financial constraints in the coming year. Mr. Reeves stated that adding twenty-three would get them closer to the solution, however, not every dollar that comes in through additional students can go toward the salary increases, due to the fact that there would be additional expenses that are inherent with supporting each of those students being on a campus. Mr. Reeves further stated that this was a good compromise that would get them closer to where they need to be, adding that everyone present was working toward a smart budget that would keep the school in a sound position, but that would still let the teachers know they are appreciated. Principal Kelley asked if there had been any offers that still need to be rescinded at her campus. Ms. Fleisher stated that offers had been extended to five students at Sky Pointe in fifth grade; one at Lone Mountain in fourth grade; one at Stephanie in fifth grade; and two at North Las Vegas in fifth grade. Member Noble asked for confirmation that there was one acceptance in fourth grade, and asked if they would want the additional students in the same grade. Member Harty stated that he would prefer to allow the principals to make that determination. Mr. Reeves stated that the fourth grade students were at the Lone Mountain campus, which had fifty students registered simultaneously at Somerset and other charter schools, adding that there will be some movement and that one student should not be too much of a concern. Principal Pendleton agreed that she was sure that this particular student would not cause them to exceed the twenty-five to one, stating that she would prefer to add students to fifth grade.

4. Update and Possible Action Regarding Enrollment Numbers for the 2015/2016 School Year.

Member Harty Motioned to Approve the addition of twenty-three students across five campuses at one student per fifth grade class. Member Boehlecke Seconded the Motion, the vote was unanimous to Approve.

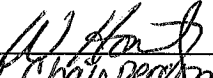
5. Public Comments and Discussion.

None.

6. Adjournment.

Member Noble Motioned to adjourn the meeting at 6:03 p.m. Member Boehlecke Seconded the Motion and the Board unanimously approved. The Meeting was adjourned.

Approved on: November 4, 2015


W. Hanson of the Board of Directors
Somerset Academy of Las Vegas