

**Minutes of the Regular Meeting of the Board of Governors
Irvington Community School, Inc.
May 22, 2018**

Irvington Community Elementary School
6705 Julian Avenue
Indianapolis, Indiana 46219

Pursuant to article II, section 3 of the bylaws of Irvington Community School, Inc. (the “corporation”), a regular meeting of the corporation’s board of governors was held on May 22, 2018, at Irvington Community Elementary School at the address above.

Stephanie Kelly, Board Chair, presided over the meeting and, finding that proper notice of the meeting had been given under IC 5-14-1.5 *et seq.*, called the meeting to order 6:01 p.m.

Board members present and available to vote on matters presented in addition to Stephanie Kelly, included John Britain, Suzanne Koehler, L. Leona Frank, Jennifer Darby and Tom Lannan.

Also present: Brian Dickey, representing Indianapolis Mayor’s Office of Educational Innovation, and Geoffrey Cherry, President and CEO of Orbital Finance/Operations Consulting.

ICS staff in attendance: Tim Mulherin, CEO; Harold Allen, CFO/Director of Operations; Deanna Pryor, ICES Principal; Loryn Venekamp, ICMS Principal; Jana Goebel, ICS Special Education Coordinator; James Welter, Director of Testing and Data; Chris Ashmore, ICS Director of IT

- I. Welcome and Establishment of Quorum: Dr. Kelly at 6:01 p.m.
- II. Consent items
 - A. Minutes from January 2018 and February 2018 were approved unanimously after brief discussion of changes recommended.
- III. ICS Board of Governors’ Chair Report
 - A. Board member expectations and onboarding processes—two documents of recommendations shared by SPEA Fellow Megan Hruska. Discussion invited by Dr. Kelly, including goals for the Board, bi-monthly meeting calendar, and leadership governance and oversight.
 - B. Dr. Kelly explained the process for the CEO evaluation, reminding staff members present to complete the survey that was shared with them. Suzanne Koehler offered to assist with summarizing the results of the survey.
 - C. Proposed meeting schedule for 2018-19 included in Board packet. The committees would be responsible for monthly meetings. Brian Dickey was asked for input on other OEI schools. He stated that most meet approximately 10 times per school year, with December and one summer month “a wash.” It was proposed to not have full Board meetings in December, July, and plan a retreat with a possible business meeting in

March. It was Motioned by Jennifer Darby and seconded by Tom Lannon that the 2018-2019 Board meeting schedule was approved pending all changes made to the document per the Board's directive. Motion passed unanimously.

IV. CFO Report: Harold Allen

- A. The financial report included review of the April 2018 cash flow report, balance statements, income and expenses reports as well as ratios.
- B. Mr. Allen presented the 2018-2019 school year budget. He noted that the budget was built off a 1,013 enrollment. For the 2018 SY, the budgeted enrollment was 1,030 and payments are being made to the school based on the September 15, 2017 Indiana Department of Education count day enrollment of 1,011. Mr. Allen touched upon the larger variances in the budget starting with income. Corporate contributions include \$50,000 in annual campaign funding to be driven by the ICS Advancement Committee. In-kind revenue shows growth of \$275,000 year over year, with the Community Health Network (CHN) Behavioral Health staff not being included in the 2018 number and will be included in the 2019 income and expense. At this time, Ms. Frank asked for detail on all CHN staff that provided services to Irvington Community Schools (ICS). Mr. Allen and Ms. Koehler provided Ms. Frank with the answers to her questions. Mr. Allen continued with budget variances noting the new Career and Technology Education (CTE) funding that ICS would be eligible for at the high school: the budgeted funding is \$25,000, which could approach \$75,000. Title II funding is budgeted down \$78,520, with the 2018 SY seeing ICS receive funding for the 2017 and 2018 school years. Mr. Allen pointed out that the income for the 2019 SY budget is \$7,000 less than the previous year when factoring out the additional \$275,000 In-kind services. Mr. Allen then moved to explaining expense variances, with wages being \$134,929 over the prior year driven by staff compensation increases of \$98,000, a new teacher of record for Special Education at ICMS for \$47,000, and a new Special Education aide at ICES for \$36,000. Mrs. Dehner noted that while we are adding staff at ICES, that they are still down the two-and-one-half Title I positions that were moved from ICES to IPA for the 2018 SY. Variances on unfavorable expenses including retirement, janitorial services, grounds professional services, accounting fees, INI fees, medical services, and extracurricular expenses were explained. Variances on favorable expense including Special Education services, Internet service, dues and fees and electricity, were presented. Textbook costs were reported on, showing an increase of \$69,229 year over year. Mr. Allen noted that the budget was built to achieve 40 days cash on hand, as the corporation continues to progress towards reaching the OEI requirement of 45 days of cash on hand. It was also pointed out that if the 1,040 targeted enrollment was hit next school year, that an additional \$175,500 in funding would be received by ICS that could be used to increase staffing.

C. Motion for approval was made by Suzanne Koehler and seconded by John Brittain to accept the finance report as presented. Motion passed unanimously.

V. Refinance Report: Geoffrey Cherry

- A. Background/history of ICS debt and current interest rate that the corporation is paying.

- B. Mr. Cherry noted the Illinois Facility Fund credit enhancement that is being made available to ICS in consideration of the refinancing of our bond debt.
- C. The long-term goal is to refinance the debt and continue to clean up the balance sheet. Mr. Cherry reiterated that time is of the essence with interest rates rising.
- D. The refinance would include an extra \$1.3 million to hold some money in reserve as well as fund some capital expenses. An additional \$100,000 per year in debt services would be saved and incorporated into the current budget. This could all take place by July 1, 2018.
- E. Mr. Cherry reiterated that if interest rates increase, the cost to ICS to refinance will increase and potentially threaten the refinancing opportunity and all its associated economic benefits.
- F. Ms. Koehler, as a representative of the Finance Committee, explained some of the risk factors of not moving quickly with the refinance plan. Ms. Frank asked if Alex Curlin, ICS counsel, has reviewed the documentation. Mr. Cherry stated that she has not, as she is not a legal expert in commercial/nonprofit refinancing. Mr. Cherry stressed that this is the optimal time to make this decision. “This scenario is the lowest cost option,” he added. Mr. Lannan shared the fact that in 2009, ICS hesitated in a refinance decision, resulting in a costly 3%-plus rise in interest rate.
- G. **A Motion was made by Suzanne Koehler and seconded by John Brittain to approve moving forward with the refinancing process as presented in the handout from Mr. Cherry for July 2018. As a clarification to the Motion, it was agreed to “hit pause” if the interest rates rise 1% or more by closing over what was presented. The vote was 5-1, Ms. Frank being the dissenting vote.** Mr. Mulherin emphasized the fact that this is a legacy decision that has been a goal for the past two-and-one-half years and which has been an ongoing topic of discussion at many ICS Finance Committee meetings. Ms. Frank voiced her concern that legal counsel would necessarily be involved in the refinance proceedings, and she was assured by Mr. Cherry that that would indeed be the case, as legal counsel would represent both the financing entity and the school in ensuring complete legal propriety. Mr. Cherry thanked the Board for its confidence and assured them that the term sheet would be available at all times.

VI. CEO Report: Tim Mulherin

- A. Mr. Mulherin asked Brian Dickey to report on ICS asking to receive the deed to IPA from the city of Indianapolis. Mr. Dickey assured those assembled that conversations continue with Deputy Mayor Jeff Bennett and City-County Councilman Blake Johnson. A mayor’s office committee, yet to be identified but which could well be the City-County Council, will vet the proposed deed acquisition by ICS. Mr. Dickey has not heard of any opposition to the proposal; rather, all indications from other involved city government contacts suggest that the proposal is viewed quite positively.
- B. Mr. Mulherin referenced the Community Engagement report, which was available to the Board. James Welter, who executed the parent survey, shared an overview of the results.
- C. Announced Jana Goebel as the Principal at IPA next year and a brief report of the selection process. Mr. Mulherin recognized Reilly Harmeyer, who has served as the

interim Principal at IPA during the fourth quarter of the 2017-2018 school year, and thanked her for her work after the sudden departure of the previous Principal. Shann Hart has rescinded her resignation and will be staying on with IPA as a Dean and Athletic Director. James Welter will increase his capacity and begin to support curriculum work at all three schools. Mr. Mulherin also shared cursory plans for strategic planning work with IUPUI's SPEA Department, which is being scheduled for late June. This will be a culminating conversation to set goals and measurements for a three-year strategic plan.

- D. Mr. Mulherin recognized all of the grant writing efforts that have been taking place across the corporation during the past month, notably including the 2019 Secured School Safety Grant application.
- E. Mr. Mulherin highlighted the upcoming events of all campuses, including the commencement on June 9, with Mrs. Stuckey, ICES's Art teacher and, significantly, the only remaining original ICS staff member, delivering the commencement address.

VII. Governance Report: L. Leona Frank

- A. Recruiting update from recent events. Slate of FOUR high-quality candidates.

VIII. Advancement Report: John Britain

- A. Shared update from last weekend's ICS Golf Outing. Dr. Kelly thanked the committee for all of their hard work, especially Mrs. Britain, who chaired the committee.

. 8:01 p.m. Adjourned by Dr. Kelly.

Respectfully Submitted,

Loryn Venekamp, Minute Scribe

L. Leona Frank, Secretary