



**XAVIER CHARTER SCHOOL
BOARD MEETING AGENDA
Location: 1218 North College Road
Twin Falls, Idaho
5:30 pm, February 10, 2011**

MISSION

The mission of Xavier Charter School is to instill in students a love of perpetual learning, an aspiration for personal achievement, and the capacity to become cooperative contributors of society.

Board Members Present: Teresa Berry, Emily Huber, Joan Hurlock, Tato Muñoz (Shawn Willsey joined the meeting at 6:01 pm)

Welcome and Introductions

TBerry called the meeting to order at 5:41 pm.

Director Oath

- ❖ Oath of New Director; Gerardo Muñoz
TMuñoz recited the director's oath.

Approval of Agenda & Minutes

❖ **Approval of Agenda**

EHuber moved to adopt the agenda. TMuñoz seconded. JHurlock requested to amend the item she had on the agenda to be included as a "Business Item" not "Discussion Item" because "discussion" implies she is talking with another person, but she is not discussing, she is informing. TBerry asked if she would like the agenda to be changed to a "presentation"; JHurlock said there may be a motion. TBerry stated that she will place the item on as a "report/business" item but clarified if there are items that need to be discussed in executive session they would move into exec session. Additionally, following executive session a business item was added in order to vote to approve new hires. The motion passed unanimously and the amended agenda was approved.

❖ **Approval of Minutes**

TMuñoz moved to approve the January board meeting minutes. EHuber seconded. The motion passed unanimously.

Reports

❖ **PFA Report**

Andrea Dayley provided the PFA report. She noted that the balance in PFA account is \$6093. May 6th will be the Dance-a-thon, and forms will go out next week; TBiggers and SCarson are working with PFA on graduation ideas for senior class. Box Tops are due Feb 18th. She noted that 3rd & 4th graders sent Valentines to Iraqi soldiers and also sent school supplies to Iraqi children. She also noted that the curtain for the stage has been

ordered. At the end of her remarks she noted that this will be her last report and that she will be stepping down as co-chair of the PFA.

❖ **Paragon Report**

TBerry introduced Ben Greenwood. BGreenwood stated that Paragon submitted a written report and he would be happy to answer any questions. TBerry stated that Clvie would provide the board with a monitoring update next month. JHurlock asked to comment on financials and thanked BGreenwood for including a listing of assets on balance sheet.

❖ **Vice Principal's Report**

TBiggers reviewed several items from the Vice Principal's Report. He highlighted the awards students earned from the VFW and noted that VFW representatives presented awards to students at the school. Xavier students participated in the Poetry Out Loud contest. They had a contest school-wide and took the top 2 from Xavier; he informed the board that Xavier students received first and second place in the regional competition. He noted that the English department facilitated the activity. Teacher in-service/professional development is the 17th and 18th and will focus on elementary curriculum in order to capture efficiencies, curriculum mapping, etc. At the secondary level, they will look at how transitions occur, what classes will be offered over the next few years, etc.

TBiggers informed the board that Tamara Baysinger from IPCSC will be at the school in February to visit. He clarified this in an annually scheduled visit for all Commission-authorized charter schools. The Board asked the student who won poetry contest to recite her poem - the student stood and recited first stanza. EHuber commented about an unfortunate and accidental death that occurred this week and expressed the Board's condolences to the family. Mrs. Owens sent a note to the family and said the wish from the school is that their hearts will be mended. It was noted that a class is working on project in foyer.

Business Item(s)

❖ **Discuss & vote to form Enrollment/Marketing Committee**

TBerry asked TBiggers if he would like her to lead this discussion. It was noted that TBerry, TBiggers, BFairbanks and Clvie have been discussing marketing and put together a draft plan which she distributed to the board. TBerry stated that this usually falls under the Administration. TBiggers asked TBerry if she would like to head this committee and work with him since he is also teaching; she agreed. TBerry reviewed items in the plan. She provided the example of a student raffle. SYoung (secretary) has sent information to TV and radio (free options); other options were open houses and direct mail. (Shawn Willsey arrived at 6:01pm). These were options for discussion. EHuber did not think they should do direct mail. JHurlock said that is not effective and a waste of money. EHuber indicated that open houses would be a good option. JHurlock asked if the person chairing the committee needs to be a board member. TBerry said she would like the chair to be a board member and have the authority to work with TBiggers and then make decisions. JHurlock moved to nominate EHuber to chair the enrollment and marketing committee. TMuñoz seconded. The motion passed unanimously.

❖ **Discuss & vote to change signers on banking accounts**

BGreenwood indicated that following JBulkley's resignation the school needed Board needed to authorize an additional signer. SWillsey moved to have TBerry become the signer on all school accounts. EHuber seconded. JHurlock abstained, TMuñoz, EHuber, SWillsey voted to authorize TBerry as a signer on all school accounts.

Discussion Item(s) (for discussion only)

❖ **Discuss new board member orientation**

TMuñoz stated that when he became a board member he had some ideas about board binders and orientation for new board members. He stated that the current board binder includes a lot of legal information, but would like a person familiar with the items in the binder and familiar with board procedures to provide individual training to board members. This could cover things like open meeting laws; confidentiality; decision-making, conflict of interest, etc. He would like the board to consider doing that in the future. He clarified that he was not asking for a vote, but rather he would like board members to think about this and consider it as a business item at a future meeting.

SWillsey asked if this is something that could be included in the board training they are planning for this spring. He would like to see this included in that training and then as an ongoing plan for the future. TBerry stated that those issues and training are at the top of her list of things to include in the retreat. If they have the full board, they will have an open meeting; one-on-one training would not need to be in an open meeting. TBerry then asked if the board would like to set up a date for training. SWillsey asked if they could plan it for Thursday Feb 24th. TBerry asked board members to look at their schedules and email her tonight or tomorrow to let her know if 6pm Feb 24th would work, with the back-up date of Feb 17th at 6:00 pm.

TBerry will also check with Diane Demarest from the Idaho Charter School Network to see if she is available either of those days.

❖ **Discuss proposed Building Rental Policy (First Reading)**

TBiggers stated that the reason for the policy is to have a building that different organizations could use. Xavier needs a policy that is fair and equitable. TBiggers looked at 5 or 6 policies and developed one that he believes reflects Xavier's needs.

TBiggers read the policy. Board members had several questions. TBerry asked if the goal was to make money or just offer a location for organizations to use if they need it. EHuber asked if the cost needs to be included in the policy, and asked whether they could change the language to say "see approved fee schedule"; T Munoz thinks alcohol usage should be included in the policy. TBiggers answered questions and clarified that there are several organizations that would like to use the building and the fees are fairly low and consistent with other organizations; TBiggers also stated that alcohol and other controlled substances are addressed in several other policies and would be included in the rental agreement. The Board asked if the rental agreement is drafted. TBiggers stated that he is in the process of drafting a rental agreement.

SWillsey asked about the language regarding computer language, kitchen, etc. TBiggers agreed that those items may be included in a fee schedule. SWillsey asked about custodial services. TBiggers stated it would be the responsibility of the renter, and the school staff member supervising and locking up would monitor cleanliness prior to the

organization leaving the building. SWillsey asked about religious organizations. TBiggers will review that and whether the organizations must be 501(c)3 organizations.

❖ **Presentation Regarding Xavier Financial Statements**

TBerry stated that the information presented by JHurlock does not represent the views of the administration or the Board. She noted that this was the first time the board members will hear this information and encouraged board members to write down questions so that the board can get the appropriate answers. JHurlock began by indicating she would draw an illustration to help people follow her discussion. She noted it was her duty and responsibility to present information to the Board and the public. She began by addressing issues covered in executive session, and stated she has consulted with two attorneys and a deputy attorney general which both advised her that the issue involves an entity not an individual, and she is not here to accuse anyone of anything, but she is here to present facts that are vital for the board to know. She noted that the board has been entrusted with a great deal of public money and it is the board's duty to ensure funds are spent wisely, and that the directors understand their duty as public servants because they are liable for any financial issues that might arise.

As a board member, she began her research to become better informed and added the importance of transparency as a board member. She informed the board that she had asked Paragon to provide many documents including all bank accounts from July 2010 to December, of which, she stated she has only received some of the account information. She indicated this information should have been provided within 24 hours. JHurlock diagramed Xavier bank accounts, and stated she would talk about each account. She noted there is a First Federal petty cash account for office-type supplies for which she had no questions. She noted there is a second First Federal account that is much larger. This is a checking account. The signers on the account are Jeff Bulkley, Shawn Willsey, Brandon Fairbanks, and Jed Stevenson. There is a large Zions account as well, for which she received statements for Sept-December. She stated there is another Zions account, the Zion-Escrow Account – Twin Falls School Development LLC – Landlord; funds are transferred to this to pay for the lease, for which she received statements from Aug-Dec. She clarified that this corporation is under the name of Jed Stevenson, who is the landlord, with a yearly lease rate of \$786,000 and a term of 20 years. She stated that Paragon Schools is associated with JStevenson and is the school's management company, which is a sister company to Paragon. She noted that One West Construction is associated with JStevenson, and also built the facility. JHurlock stated that Paragon costs \$200,000 per year for management services and expertise in law, finance, accounting, etc.

JHurlock raised her concerns and stated that she has discussed them with two CPA's and an attorney who was on a school board and they informed her that there are no internal controls and it needed to be addressed. She stated this would not be an issue if a board member signed all the checks. She was also informed that it is the board's responsibility to see all bills, sign the checks, etc. She then discussed the Xavier Zions account and stated that two former board members were on the account and that needed to be addressed, but it is not used as a checking account so it doesn't appear to be as big of an issue.

JHurlock then discussed the funds Xavier receives from the State of Idaho. She provided a handout showing the funding that XCS has received for August, October and November from the state. August - \$555,000 – deposited into the First Federal by

electronic transfer – Idaho STARS, October - \$503,000, November - \$285,000. She stated she is concerned because on Oct. 4th, 503,000 transferred into the Zions Bank account from First Federal Account. She noted it came from a mystery account. Zions Bank shows the ending balance in August was a negative in this account, September was also a negative. JHurlock stated this is not a normal practice. SWillsey asked what the negative amount was, and JHurlock clarified it was an administrative fee.

JHurlock next reviewed reconciliation details and provided copies to the board and noted that these are the accounting reconciliations through QuickBooks. She highlighted several journal entries and highlighted irregular accounting practices. She noted that the school has funds in the First Federal accounts as well as the state insurance fund, but she had never seen or received this information until tonight in the board packet, and this was because she had asked for them so they were now included. JHurlock stated she has repeatedly asked for information on the mystery account, but was never given information.

JHurlock stated she talked to the manager at Zions Bank and asked if these practices are acceptable, and the banker indicated they were not. JHurlock asked about the mystery account and the manager reached in her desk, and she stated that she held on to a check in her desk and said that she was talking to the people about this account and she thought it was odd. The banker stated that usually schools use RFPs when they have funds that they want to have grow, and she thought it was odd that the two individuals that spoke with her were not interested in their funds growing. She noted that the funds could generate \$10,000 per year in interest. JHurlock was told that because she is not on the account, she could not have further information, but it was a red flag that all the board members were not on the account, who the signers were, and that the financial information was not kept at the school, and there are no checks and balances. She also stated it is ridiculous to pay \$200,000/year for free services that simply include bookkeeping. TMuñoz clarified that the management company does not provide just bookkeeping services. SWillsey stated that JHurlock's statement was unfair. JHurlock further stated that bills have been paid late or not at all. She reviewed specific checks and BGreenwood indicated he would report back to the board on these items. JHurlock asked an accountant what a specific memo meant as it was written on a check, and he indicated that it meant the school owed late fees for payroll taxes, and that board members would be liable for these charges. She also noted a late check for the Times News. She identified two other bills: a tile and a concrete subcontractor (a construction company accounts payable) and stated that while they were not the school's bill, it hurt the school's reputation to have them outstanding. She indicated that the school was also late in paying its janitor for work he had performed in the fall. She stated that there was a conflict of interest issue, and in order to avoid the conflict, another company had to pay him. She expressed her curiosity that all these bills are late and yet payments to the management company and lease are always timely. JHurlock asked TBiggers and BGreenwood to provide copies of all late bills in the past six months and would like it by Monday.

JHurlock also shared her concern with changes to the budget. At this point, BGreenwood was provided an opportunity to explain that he had been asked to provide a "working budget" in board packets, but would be happy to include an additional column in the monthly budget report showing the adopted budget.

JHurlock continued by stating that student fees are not to be co-mingled with general funds pursuant to Idaho code, and noted that the auditors that performed the independent audit also audited other schools managed by Academica West. She believes this is a conflict of interest and said there are many errors in the audit, and noted that the fact that there were no findings is evidence that there is an issue with the audit. She also said a friend of hers noted that it appeared there were two sets of financial records (books) being kept, although she was not clear what this meant. JHurlock stated that XCS is not following GAAP, and the bank manager informed her that the school should hire an independent auditor immediately to address these issues, and accordingly, that would be her recommendation. There was a question about the school's current balance, to which the board noted a combined bank balance currently exceeding \$860,000. TBerry entertained a motion to hire an independent auditor, and TMuñoz recommended one of the board members contact the SDE to get auditor names and consider an RFP.

JHurlock moved to contact the SDE, get information, gather a list of auditors, and solicit bids. SWillsey seconded. The motion passed unanimously. JHurlock stated she wanted all board members on all accounts and to remove JStevenson and BFairbanks as signers. TMuñoz noted it might be smart to add all members to the accounts, but not make all members signers – two should be sufficient. TBerry asked BGreenwood to provide the board with additional information on the account JHurlock was questioning. JHurlock stated that the bank manager also recommended that all bills and bank statements remain at the school building. JHurlock moved to update all Xavier bank accounts to include all board members and to add TBerry and SWillsey to all accounts as signers, and to allow no more than one Paragon employee to sign a check.

A member in attendance asked the board to make a motion to request a copy of QuickBooks. TBerry clarified that neither the board members, nor Paragon or BGreenwood knew what this presentation was about, so BGreenwood was asked to attend and take notes so they could report back to the board. TMuñoz moved that at least one board member should start signing checks. TMuñoz wanted clarification that all funds are being deposited into Xavier accounts – JHurlock clarified that the state department affirmed that all funds had been deposited into Xavier accounts. The board voted unanimously to approve the motion to update bank accounts. JHurlock recommended that all money be held in accounts earning interest. TMuñoz observed that the board was doing too much and maybe they should wait until they get further information. A member of the public noted that she worked with many schools, and the typical process of submitting bills, approval, and payment is at least six weeks. TMuñoz continued by reminding all present that the information presented by JHurlock may look concerning, but the board does not have all of the information – the board cannot talk and act on assumptions, but rather on facts. He reminded those present that the board is comprised of people willing to do their best, and right now that will be researching the information and finding the facts.

EXECUTIVE SESSION PURSUANT TO ID CODE SECTION 67-2345(1)(b) and (CLOSED TO THE PUBLIC). EHuber moved to enter executive session pursuant to Idaho Code section 67-2345 (1)(b) to consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against a public officer, employee, staff member or individual agent or public

school student. SWillsey seconded. Roll Call Vote: SWillsey-yes; EHuber-yes; JHurlock-yes; TMuñoz-yes. The motion passed unanimously and the board entered executive session.

SWillsey moved to exit executive session and resume the open meeting. JHurlock seconded. The motion passed unanimously: EHuber-yes; JHurlock-yes, TBerry-yes; TMuñoz-yes; SWillsey-yes.

SWillsey moved to hire Kara Lundy. EHuber seconded. The motion passed unanimously.

Adjourn

EHuber moved to adjourn the meeting. JHurlock seconded. The motion passed unanimously and the meeting was adjourned at 10:02 pm.