

Damar Charter Academy  
Board Meeting  
June 26, 2013  
11:30 am  
Damar Charter Academy

Attendance: Greg Johnson, Dr. Jim Dalton, Rich Harcourt, Elaine Showalter, Paul Dennison, Chuck Ellis, Dr. Jim Van Tassel, Leta Echelberger, Karen Snyder and Katie McCoy

The meeting was called to order at 11:35 am.

Packets with the following information were mailed out to all attendees:

- \*Board meeting agenda
- \*April 2013 board minutes
- \*Finance Report

Greg Johnson opened the meeting and welcomed the guests. The minutes from the April Board of Directors meeting were approved.

#### **Board Member Resignation**

Nicole Lloyd has resigned her seat on the board. The board agreed that a parent needs to replace her seat. Other names mentioned for the seat of Latonya Keaton are Lewis Speaks, Jennett Hill, and Carolyn Caldwin.

#### **Financial Report**

Mr. Rich Harcourt updated the board on the current financials. The April numbers continue to track amazingly close to the budgeted numbers after adjusting for the impacts of the DCA build out. Revenue was \$17,000 over YTD budget projections and margin after building expense adjustment was \$13,000 over YTD budget. The April YTD income statement carries \$123,000 of unbudgeted expense related to the building move and the balance sheet has \$263,000 in new building assets and an additional \$150,000 in a payable to Damar for building related expense.

After adjustment, April margin was \$102,000 which is right on track with the budget projections.

#### **Budget**

A budget forecast for school years ending in June 2014 through June 2017 was presented.

Notable assumptions include the following:

- 1) All salaries and wages are increased by 2% per annum.
- 2) All revenue remains relatively flat and one time grant revenue is eliminated.
- 3) Two additional teachers' aides and one school nurse are added.

- 4) Building rent reflects the smaller initial payments but steps up over time according to the lease.
- 5) The Common School Loan interest accrual and repayment are deleted.
- 6) The \$150,000 note payable to Services is added. See "Building Moves".

With a flat revenue line, increasing salary expenses (both wage increases and staff adds), and the new Services debt service, the proposed budget becomes more reliant on Services to fundraise a greater amount of funding than the previous budgets. As an example, in year 2017, Services must raise \$250,000 versus the original forecast of \$150,000. As a side note, the nurse's position is fairly important, but the two TA positions may or may not be added depending on the acuity of the student population.

The Finance Committee recommends that the DCA board approve the budget as presented. Motion was made by Dr. Jim Van Tassel and seconded by Mrs. Karen Snyder and the following resolution was resolved.

RESOLVED, that Damar Charter Academy approves the 2014 through 2017 budget.

#### **DCA update**

Dr. Dalton and the board congratulated Principal Echelberger on her first year.

The DCA is waiting on the audit report and 2<sup>nd</sup> year evaluation from the Mayor's office.

The teachers and students have adapted well to the new school building. Principal Echelberger would like to see a playground area added to the site.

16 students attended the graduation with several family members and staff present.

Yearbooks were presented to the students this year.

Summer camp is in progress. The students are enjoying a week of activities including a performance on the final day for staff to view.

#### **Building Move**

The DCA came back from spring break on April 8 and resumed classes; but in the new facility.

From a dollars and cents standpoint, the DCA achieved the move but stretched the boundaries of the construction budget by about 12%. As with every construction project, some line items required fewer resources and other items required more cash. Items that consumed more cash than anticipated included architect fees (this was the first charter school under new State

requirements which created stress for both the DCA and the State) concrete, drainage, plumbing, and back door ingress and egress work as part of the revised State requirements. Several grants and contributions were received which benefitted both the construction budget and the strong quality of the end product.

In summary:

Original construction budget	<u>\$339,700</u>
Total construction cost	\$386,455
Grant/Contribution funds	<u>(\$34,000)</u>
Total construction dollars spent	<u>\$352,455</u>

As a result of some significant contributions and support from Services, the DCA ended up spending \$12,755 over what the original construction budget called for. It should be noted that Services purchased the additional school bus (\$18,000) and food truck (\$8,000) with Services funds to help offset the construction overruns. Further, Services obtained a \$51,793 contribution (anonymous donor) for the DCA camera system. Services will most likely donate that camera system to the school by FYE 6/30/13.

In June, the DCA made an approximate \$200,000 payment on the construction obligation leaving a remaining balance of about \$150,000. It is anticipated that the school will repay the \$150,000 back over a five year term loan at 2.00% under the following terms and conditions.

Principal amount: \$150,000

Interest Rate: (100 bp fixed over the 5 year treasury) 2.00%

Amortization: \$25,000 annual principal payments plus interest, \$50,000 balloon at maturity

Collateral: First security lien interest in the assets of the school

Prepayment penalty: None

Guarantors: None

The Finance Committee has reviewed the proposed note structure and recommends that the full Board approve the proposed note as outlined. Motion was made by Mr. Chuck Ellis and seconded by Dr. Jim Van Tassel and the following resolution was resolved.

RESOLVED, that Damar Charter Academy approve the proposed note.

There being no further business the meeting was adjourned at 12:30 pm.