

## **Allegro Charter School of Music Board of Directors Monthly Meeting Agenda**

May 14<sup>th</sup>, 2018 @ 4:30pm

120 Broad Street, Charleston, SC, 29401

*Mission Statement: The mission of the Allegro Charter School of Music is to produce inspired thinkers and creative members of society through the infusion of music into an academically challenging environment.*

In attendance, Andy Lyons, Michael Smith, Carl McCoy, Tanya Hanchon, and Lisa Chapman; absent Eleanor Smythe (Lisa Chapman agreed to take minutes in Eleanor's absence)

1. **Call to Order/Welcome/Introductions**, meeting called to order at 4:33pm
2. **Recited the Pledge of Allegiance**
3. **Andy Lyons read the Mission Statement**
4. **Approval of Agenda.** Andy Lyons made a motion to change agenda item #11 with agenda item #10 at the request of the speaker for #11. Michael Smith seconded the motion and the board agreed unanimous 5-0.
5. **April 9 meeting minutes.** Tabled until next meeting.
6. **Public Comment** – Allegro parent, Mr. Darden, was present with a concern which involved the upcoming senior class's ability to take a Senior trip.

Andy Lyons informed Mr. Darden that he remembered that several months prior the issue was brought up, and the Board said that it needed to be inclusive and that it needed to be small, as it would be the first one for the school. Michael Smith stated that what he remembered was that the Board stated that there needed to be a plan put in place for the board to consider. Andy Lyons said that the Board will follow up with Mr. Neikirk to see if the PTO and parents were preparing a plan and emphasized that the Board understands how important these Seniors are to the school.

7. **May Financial Report** – Income Statement \$13,000 under budget to finish the school year with \$40,000 surplus. This amount did not include the \$130,000 bill for the bathroom issue. Income has risen every month for the last three months because Charleston County School District is catching up with the proper dollars allotted per student. If the bathroom issue had not happened, then the school would be approximately \$170,000 in the black.

Tanya Hanchon asked for an update on the bathroom issue. Mr. Neikirk informed the Board that he has presented the bill to the Catholic Diocese as the school is leasing the building from them. Andy Lyons made a motion to approve the April Financial Report. Michael Smith seconded the motion, unanimous 5-0.

8. **Reading of FY-19 Budget** – the school is currently scheduled to enroll 256 students for next year.

Andy Lyons informed the Board members that this is just a reading, and that the Board will vote on the FY-19 Budget in June. Michael Smith asked Mr. Neikirk to make sure that he puts a

defense mechanism in place if the school does not reach its goal of the number of students enrolled. To this end, he requested Daniel to distinguish between fixed and variable expenses in the budget. Should there be a major financial shortfall, variable expenses would be the expenses that we could hold back in a defensive position.

**Budget Risks:**

- Enrollment
- Facilities catastrophe.
- Larger number of special needs students that could utilize a larger number of resources. We have been following the Best Practices and Standards for the school's special needs students to ensure they have the necessary resources.

Andy Lyons requested an update on the Development Director position. Mr. Neikirk has received a sample job description for Development Director position. Mr. Neikirk said that the position may not be a 40 hour a week job, but that the person could serve in other capacities, such as, marketing, networking, advocacy etc. The position should be able to bring in funds the first year in the amount of \$100,000, second year \$200,000, and by the third and subsequent years \$300,000.

Carl McCoy asked the question about workers comp and the teacher's salary being broken out in the budget. Michael Smith stated that because the school is a 501(c)(3), we do not have to have individual salaries as part of the public budget, but that there is a salary schedule that feeds into the totals that was reviewed as part of the finance committee review of the budget. Carl McCoy was fine with the clarification.

The Board had several questions of Mr. Neikirk regarding the first reading of the Budget. Michael Smith stated that we have been including repairs to our current facilities in our current operating results and budgets. Given the magnitude of the potential new facility, and the fact that many of the up front expenses are one time expenses, he recommended keeping those expenses below the line in order to keep Allegro's true operating results clear to the reader.

Carl McCoy asked shouldn't we be putting in some of the future facility's start-up money into our current revenue and budget. {Michael Smith responded that we should be putting money away, but that the budget is tight but includes a surplus (not a break even budget). Andy Lyons asked if at any time can the surplus ever be transferred over to the new facility budget? Michael Smith commented that the new facility is only two years away and so that not much could be saved during that span.

Lyons reminded the Board that since this is just a reading, we do not have to vote yet. The Board moved forward with the agenda.

**9. Mr. Neikirk presented the Principal's Report SEE ATTACHED**

**10. Facilities Construction Process phone call with State Office of School Facilities**

Delisa Clark is with State Office of School Facilities via phone call discussed several methods of constructing a new facility.

First delivery method is Project Delivery

Hire Architect – put them out to bid, award to lowest, proceed with construction. Architect remains the “head” and will keep up with the plans as we have requested.

Pro - Advantage is project team controls it and doesn't take away from the school resources.

Con - Disadvantage is we won't really know what the cost will be until bid day. Hard to estimate building cost escalating.

Second delivery option is Design Build, owner puts together a base set of basic specification ex. 3,000 sq. ft office space, 30 classrooms at 800 sq. ft. then we advertise and interview who will bring along a design team. Arc work for Contractor not the owner. We would need to available

Pro – know budget

Con – if we left anything out, it will not be included, and will include in upcharge for leaving it off.

Third delivery option. Construction Management at Risk, blend Design Build, and Project. Interview contractors, architect & engine, and the contractor. Work as equal members of the project team. Once the owner is happy with the specs, and happy with cost, they will get a guarantee construction cost.

Pro – Architect continues to work for the owner, but the school get to have more input on plans and budget cost.

Cons – it's not as fast as Design Build. More time on front end.

The Board has no questions.

Delisa – Integrated Delivery method was used in Berkeley County.

Chester County school last used Design Build and that was about 7 years ago.

Mr. Linkous asked if Palmetto Scholars was a Design Build and she said yes.

Mr. Linkous said that there are some offering documents out there and she said yes that she is aware of them. She also stated that York Prep is an example of Design Build not going well. Significantly underestimated storage space, etc.

Carl McCoy stated that everything that is being saying is very important, but we need to be very cognizant of everything and not just the speed.

The Board thanked Delisa for her time and information.

#### **11. Presentation on Facility Procurement Process, by Howell, Linkous, & Nettles**

Alan Linkous presented to the Board several items for the Board to consider when moving forward with the Procurement process. Several suggestions/topics are summarized below:

What is the approved procurement process? Mr. Linkous suggested that the two areas of the building process and the financial process should move parallel. Both processes should have a lot of lead time.

How can we structure the process?

The Board can hire a firm which would provide us with an IRMA, Independent Registered Municipal Advisor.

The IRMA can help prepare a Financial Analysis.

Mr. Linkous noted that Allegro already has great firms like Ziegler (who was present at the meeting) that could assist us with the financials.

Ziegler can structure any Financial Deal structures for the Board to review.

There is typically a cost for this service, but we will make it back with structured security.

1<sup>st</sup> Suggestion – Terms of financing, we would have the opportunity to issue Bonds; interest is tax exempt; we would have to work through his firm; he will provide us a break down summary for Financial Advisors.

2<sup>nd</sup> Suggestion – We need to follow the process for State of South Carolina Charter; we have strict procurement codes; contract for construction makes us go through the bidding process.

Mr. Linkous mentioned that all Professional Services are required to go out to RFP; however, Charters don't have those same regulations unless it is specially mentioned in our charter. Mr. Linkous quoted parts of our Charter By-Laws regarding site accusations, builders, etc. and all must be approved by the Office of School Facility (OSF). Mr. Linkous informed the Board that the State Law was clear for Charter Schools, and that our Procurement Code is non-existent. He stated that Allegro would be well served by choosing/adopting of the Procurement Codes that are well defined and laid out.

Delisa concurred this suggestion and that added that the Board needed to establish procedures for the Procurement process. She added that having these procedures in place will give the contractors a sense of knowing the procedures that they've work with previously. Delisa stated that a handful follow their LEA and have their own Procurement Code and will structure the bidding process that way.

Carl McCoy stated that it is not advisable to just go out and pick someone to build a school. He encouraged us to put in place a well-defined plan and follow through with it. He asked if the Board should go through the CCSD for a process. Da'Lesa advised the Board that she does not know the CCSD's staff or resources.

The Board thanked Mr. Linkous for his time and information.

## **12. Executive Session**

At 7:15 Tanya Hanchon voted to move the Board into Executive Session to discuss Facilities Negotiations. Andy Lyons seconded the motion, unanimous 5-0. Principal and Legal Council

invited into executive session to answer board questions. Board exited Executive Session at 8:08. There were no items to vote on at this time.

**14. Adjourn**

Andy Lyons made a motion to adjourn the meeting. Tanya Hanchon seconded the motion, unanimous 5-0. Meeting adjourned at 8:09 pm.