

Corporation for Effective Schools, Inc.  
Board of Directors Kestrel Heights School  
Special Called Meeting—August 24, 2010

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**Board Members Present:** Kim Anglin (KA), Mac Bare (MB), Josephe Featherstone (JF), Grace Marsh (GM), Rob Matheson (RM), Scott Owen (SO), Luann Pollock (LP)

**Others Present:** Tim Dugan (TD), Richie Mitchell (RiM)

**Open Session**

Director's Report (See handout)

- Finished first week of school. Several teachers/parents with positive comments
- New high school courses, including 2 new APs (Calculus and Env. Science)
- Enrollment = 555. Looking for 20 students to show up. 276 on the waiting list (more heavily weighted towards the middle school)
- Visit by Dr. Sherril (N. Ral. Christian Academy). Dr. Sherril is leading the initial Southern Association of Colleges and Schools (SACS) visit. Need Board representation for the interviews.
- Action Plan review. 100% compliance sent in and accepted to date. Parent Grievance Policy sent out today. Employee Manual. Take Action Plan in October along with application for charter renewal.
- Legal expenses due to Robertson case—took 2 weeks for case and a month of preparation. Offered \$5K to settle—the final settlement will be \$3.5. Called Orange County to contact—still no response back to KHS. TD might need to make a personal visit to bring closure. TD—“clear path to resolution is present.”
- Lisa Norwood—called by TD. MB—what will Lisa do for us with the charter renewal? GM—look at renewal application “in the eyes/from the perspective of” the Office of Charter Schools. Refer to check list and compare to documentation. GM—comment from OCS on Action Plan—“licensure percentage data not available.” GM and SO to deliver. Jackie Jenkins is the new consultant replacing Jean Kruft.
- Horvath Engineering and need for City Council approval to proceed with high school wing. TD recommends that we move on this; otherwise it might be six months for a decision. MB—high school wing on the drawing board for four years. HighMark assured us that it would be completed this summer, HM could not fund the project. Delay due to the city first with their approval (no longer need a new lane on Alston Ave.); HM not to build but they have done a lot of preplanning working with Horvath. HM said to Horvath--stop work. KHS can invest a modest amount \$8-10K to move forward with the planning. TD discussed moving forward and Horvath offered to help us resolve the permitting application and Annex issue.

*Motion by KA—approve up to \$10K to Horvath to apply for site plan change for building of the high school wing. Second by RM. Discussion. KA—if we do not move now to fund the work by Horvath, then unnecessary delay. Also—Horvath can make the case that the Annex was never intended as a permanent siting for students. Only temporary until the wing is built out. GM—what are we paying for? TD—Clarify. SO—conflict between what PA said (we are clear with OCS) and now the*

urgency. TD—OCS is one thing, the city of Durham regulations are another. TD—remember the summer of '09 when we discussed this. Few kids in the Annex at the time. Temporary situation. This year we have more students at the Annex. Consulted with PA and took his advice. Addressing the city permit issue now. SO—need to do a better job with communication of legal advice/decisions (“double check—checks and balances”). MB—we had a failure here with Board members and administration overview so we are moving to solve the problem to the best of our ability. We do not have a contract with Mr. Horvath. LP—can we remove the Annex permit issue? KA and RM—OK. Motion amended to only include paying Horvath for the site plan change. JF—likelihood of passing the city council? If he is highly qualified, then we should move forward. TD with clarifying remarks to answer JF question. BBT and HM in final negotiations—could have something to present in Jan. that would include buying the building from HM and getting the construction financed in one package. SO—signed the lease with HM that included wing. Recommends that we negotiate the lease. Closing remarks by MB leading to vote—as Board Chair I support this move. Two to three Board members can meet with Mr. Horvath soon to clarify details of the arrangement. Approved 4-3.

GM--Amend motion for Horvath to complete site changes and present to city council for \$5K or less. Not necessary to consider since original motion approved.

- Meeting with Carole Platter and Joe Jayson (Annex owner). Send 2 Board members to negotiate? To be determined. Needs a new roof.

Use of habib (Muslim dress for females)

- OK for religious purposes

*Motion to adjourn at 8:55 by MB. RM . Approved*

Respectfully submitted,

Rob Matheson

Corporation for Effective Schools, Inc.  
Board of Directors Kestrel Heights School  
Monthly Meeting – September 14, 2010

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**Board Members Present:** Mac Bare (MB), Scott Owen (SO), Josephe' Featherstone (JF), Grace Marsh (GM)

**Others Present:** Tim Dugan (TD), Richie Mitchell (RiM), Kathleen Sanders, Sheri Kurtz, Philip Atkins (PA)

Called to order: 6:49  
Introductions of those present

Kathleen introduces herself to the board and let's the current board, know why she wants to join the board.

Q & A session with Kathleen

Luann Pollock joins the meeting via Skype

Kathleen exits the meeting.

**Additions/Corrections to 9/14/10 meeting from the 10/12/10 meeting**

- Addition to September 14 minutes. Salaries discussion included. MB—salary roster for teachers from last year to this year. Added staff but bottom line the same. Confusion. MB—partial positions converted to full-time; also difference in cost/teacher (those who left vs. those hired this year. TD to circulate a list to Board members from Tom Williams.
- Correction to September 14 minutes. Visitation by Kathleen Sanders, potential KHS Board member.

Public Comment

None

Directors Report (See Handout)

- Welcome of Kathleen Sanders
- Recap of the first four weeks of school
- Progress reports send out next week, in hand and via email. Parental contact for those that are not returned
- More students than usual are leaving for DSA
- School announcements to be posted on the website daily
- Class size goals of 22 students
- Budget report (See Handouts x 2)
- Tom Williams to be invited to the next board meeting; for basic budget explanations
- \$100K adjustment to “Debt Service”
- Norman George and Philip Atkins are looking for three parent volunteers to help with local and state boards with preparations for expansion and enrollment increase

- We need to email the office of charter schools to find out who are consultant is and what we need to do about non-compliant issues; and a board member phone call follow-up

Approval of meeting minutes: **Tabled**

#### PTSO and KHS Board partnership

PTSO membership was down last year and this year it is up

Recognition is due to the PTSO from the board and acknowledgement

How to support the PTSO with fundraising and how do they help the school?

Teachers questioned the lack of funds and fundraising opportunities

Identify ways for parents to help in the school, what roles they can play

Trying to find ways to invite parents into the building and communicating with them properly

Parent surveys at the end of the year to catch the pulse of the parents, and get their feedback

Possible questions: On a scale of 1-10, how likely are you to recommend Kestrel? How

Likely are you to return next year?

What is your feeling on Kestrel as of today?

PTSO assisting in the charter renewal and expansion through parental contact, churches, neighborhood organizations,

#### Old Business

The website has many updates: board page, staff page, administration page and more....

Redesigning of the home page

Signage: RTP sign has been working on new roadside sign, \$14- \$15K for a LED sign, getting more bids for a new sign. New sign has to be in the same location by the road as the current sign

City council and county commissioners are reviewing the status on locating signs

Sign quotes for hanging signs from the pitch in the roof, approximately \$1,900

Email changes to first name.last name @ kestrelheights.org

Committee report on the ten year charter renewal, handout from Lisa Norwood

Two checks have been sent to CR to complete the two open complaints; PA and KHS have both contacted students new school to find out if they have conducted any further testing.

NCWise to be handled on campus in the future, 2011-2012 potentially

#### Board Action Items

Commercial real estate

Board needs to discuss some type of Standard Operating Procedures on how to handle decisions on future negotiations and contractual business.

JF would like a written form of communication to all business transactions.

Tabled from 8/24/10 meeting; any conversations about hiring a commercial real estate agent to move forward with

MB moves that we hire a commercial appraiser to make a formal appraisal for \$12-15K, to make a potential offer to Highmark. Second by SO. Question: Vote passes unanimously.

PA will move on finding an appraiser that is approved my BB&T. Hopefully, it will be the same firm that did the initial appraisal.

MEETING ADJOURNED at 9:28

Respectfully submitted,

Tim Dugan (for Rob Matheson, Secretary)

Corporation for Effective Schools, Inc.  
Board of Directors Kestrel Heights School  
October 11, 2010

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**Board Members Present:** Kim Anglin (KA), Mac Bare (MB), Josephe Featherstone (JF), Grace Marsh (GM), Rob Matheson (RM), Scott Owen (SO), Luann Pollock via SKYPE (LP)

**Others Present:** Tim Dugan (TD), Tom Williams (TW, AcadiaNorthstar)

- Addition to September minutes. Salaries discussion included. MB—salary roster for teachers from last year to this year. Added staff but bottom line the same. Confusion. MB—partial positions converted to full-time; also difference in cost/teacher (those who left vs. those hired this year. TD to submit a list from Tom Williams.
- Correction to September minutes. Visitation by Kathleen Sanders, potential KHS Board member.

*Motion to accept August (2 sets) and September minutes. GM and SO. Approved.*

*Motion to accept Kathleen Sanders as a new KHS Board member. SO and JF. Approved.*

**Tom Williams, Acadia NorthStar**

- Bookkeeper since the inception of KHS
- Budget review (activity through last Friday) for October
- TW will e-mail September budget to TD
- Layout and explanation of the monthly budget
  - Budget headings
  - State revenue sources. Average Daily Membership (20-day count X per pupil dollar expenditure from state), exceptional students, disadvantaged students (Leandro lawsuit), and behavior support. Spend state funds by end of April or you lose these funds. 570 initial students projected and how the budget created, but we only have 556 students enrolled so adjustment made (\$2.76K to \$2.706 in state revenue). \$119/student cut this year in state funding on top of 9% cut last year.
  - Local revenue sources = “non-state or non-federal.” Several line items. Line of credit from Keysource Bank needed due to “cash basis” of accounting. Show as revenue and then when we pay it back it is in line item #10 Rents and Debt Service. Fines and Forfeitures (F & F) line items for the counties. Counties pay on different schedules (monthly payments). Local revenues withheld until at least the twenty-day count so cash flow is problematic—that is how the line of credit helps.
  - **Separate Federal grant handout (send copy to LP by Maggie B.). Stabilization (PRC 140) funding will go away in June 2011 (\$159.38K). Increase membership? Cuts? Same with PRC 144 (\$51.91K). Future discussion needed.**
  - Funded in “thirds of the year” based on last year’s membership. Adjustments made during the year (up or down).
  - MB—budget as a fixed document but the charter school budget is fluid? TW—yes. As we get close to the end of year, I can “cut and paste” to compare the April budget to the initial budget so you can see the “ups and downs.” **Most charter school Boards give the Principal authority to move monies within a budget category. To move across categories, the Principals get Board approval. Need for discussion/motion on this issue.**
  - Salaries & Bonuses and Benefits the two most important sections (\$2.15K of the total budget).
  - TW—Can produce a reduced version of this budget if necessary

- % Remaining column helpful to the Board (compare to the % of the year completed) as a measure of efficiency
- Sends this monthly budget report to TD every Friday
- JF—way to flag budget movements?
- “Documentation” line at the end of Category #3—purchases without receipts; usually credit card expenses
- Non-capitalized Hardware in Technology (#4)—small items. Keep Capitalized Purchases (#15) separate—big ticket items.
- In #6—Reproduction (copy) costs are usually high for all schools
- Watch your governance and operations to negate cause for payments in “Other Insurance and Judgments”
- #15—Capital Purchases. Large expenditures. Recent installation of camera security system
- MTD is negative due to the time of year. Adjustments when cash flow evens out.
- **Budget is “current in and current out.” TW will add surplus monies to the bottom of the report. Carryover funds = \$\$\$\$ and projected by end of year.**
- **Send general ledger? TW—not easy to interpret—different state and local codes, source of funding for purchase. Topic for future discussion.**
- Sugarcreek lawsuit—funds owed to KHS from DHS (dispute—operational funds that we are entitled to share were put into capital budgets). Work in progress. MB to follow up with Philip A.

### **Director’s Report (See handout)**

Good start to the year—every day something good going on!

- School wide seminar
- Middle school dance
- Cross country today; #1 runner. Soccer “shoot out” at tournament—out of tournament
- 54 PSAT test takers (juniors mostly). TD to take them bowling after the test (#4 ranked under 16 female—going on scholarship to Vanderbilt Univ.)
- Renaissance Fair in Charlotte. 9<sup>th</sup> grade, 3<sup>rd</sup> year.
- TD and Amy B. visited North Raleigh Christian Academy—their director is the chairman of our SACS review committee. Accreditation visit at the end of February.
- BBT update—nothing changed (which is OK). Collecting data. Bouma to forward detailed architectural drawings to BBT. Appraiser to finish their job. With the ten-year charter renewal, we have a good chance at having this project funded. Use of equity in the building and Capitola property (15% of purchase price) needs may allow us to borrow 85% of the value of the building. SO—BBT would probably still lend us the money if we only get a 5-year charter.
- Charter application—TD called Philip A. with the question “Do we have everything in?” GM called the Office of Charter Schools—they are working on scheduling a visit to KHS. Check off the items on the list generated at previous Board meetings. TD will follow up with the application. MB to also contact Philip A. TD—no notification yet on the process after turning in the application. TD will follow up on this and let the Board know (GM to also follow up).
- Elementary application on the website. Two years from now. Our students took apps home—already have 35-40 back.
- TW coming tonight was informational for all of us.
- RM—we are paying TW and AcadiaNorthStar for their understanding of and relationship with DPI and their budget office

Scott Owen—"Old Business"

- We have covered many of these items tonight
- Robertson case resolved? TD—yes, because we have received nothing from Orange County. PA sent a letter to Orange County. We need a final letter from DPI, Orange County, etc.
- Horvath permit. Engineering report. TD—6-8 weeks from Horvath? Before Christmas. TD will check on this.
- Steve Griffin and risk assessment/analysis. SO followed up and Board will be provided a copy
- Jubilee Church easement. TD—paperwork signed, shown to MB. Trail cut. By this Sat. someone will come in and finalize. SO—supervision? TD—yes, we will organize this. They can use our parking lot for overflow parking for church on Sunday.
- KHS appraiser bank-approved. MB to talk to PA about appraiser and commercial realtor. GM—request from PA a monthly executive summary.
- Asking HighMark for a letter to acknowledge how the lease arrangement has changed
- Muslim dress vs. KHS dress code. Need response from PA. GM—need for the students to follow the KHS colors. TD—typed letter to parents of students (females). Complication with younger brother behavior so TD did not send letter. Had conversation with the students (sisters) and they agreed to comply. TD—not an issue so letter not necessary now. GM—add wording to uniform dress code part of the Code of Conduct. LP—PA said that he would draft the language. MB to check with PA on this.

Board applicant presented and list of Board issues by GM

- Tonya Hunt, parent of KHS student
- Works at Central Park Charter
- Board members to meet with Mrs. Hunt at breakfast
- GM—suggested meetings 2X/month until we work through the list. GM will send list again. Can we meet on Tuesday, Oct. 19<sup>th</sup>? Respond to SO e-mail.

*Motion to adjourn at 9:15 by MB. KA. Approved.*

Rob Matheson  
Secretary

Corporation for Effective Schools, Inc.  
Board of Directors Kestrel Heights School—Working Session  
October 27, 2010

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**Board Members Present:** Kim Anglin (KA), Mac Bare (MB), Grace Marsh (GM), Rob Matheson (RM), Scott Owen (SO), Luann Pollock via SKYPE (LP), Kathleen Sanders (KS)

**Others Present:** Tim Dugan (TD), Philip Adkins (PA)

*Meeting called to order at 6:45 by GM (MB on his way to the meeting now)*

### **Letter of Intent for Grade Expansion**

- Board members take time to review
- PA—build elem. school on current site. Per pupil cost less. GM—locked into site when we submit the application? PA—no. We have a plan, but not locked into the site by Office of Charter Schools (OCS).
- PA—Question to the Board? postpone elem. school for this year?
- MB—huge space (125K sq. ft.) next door open for lease (Prospectus Drive). Receptive to initiatives by MB to house charter school. “Reasonably possible” for us to renovate and open next fall.
- GM—no need to rush elementary school. Time for planning, principal to assemble staff, etc. Next year is too soon.
- PA—Prospectus Dr. building has other suitors now. I predict that someone will rent all/part of the building by next year. We can do a contingent lease based on the K-5 application being accepted. Getting your foot in the door at 350 students the first year will allow us to ask for expansion the next year. Recommendation: ask for the elementary school this year so we do not lose the Prospectus Dr. site. Can always decline in the future as opposed to not committing and then reconsidering that we want to apply. Owners will upfit and finance.
- RM—we should go visit Laurel Park Elem. in Apex (former BesPak warehouse facility) for ideas on the upfit.
- SO—timetable/procedure to submit changes? Send to PA
- KS—eliminate comment about “increase financial stability;” document overcrowding in current elementary schools. [padkins@adkinslaw.org](mailto:padkins@adkinslaw.org)

### **KHS Charter Renewal Application**

- Robertson case is closed; checks cashed; testing done by Stanback? No response. PA requested letter from DPI
- TD e-mailed Jackie Jenkins (who indicated that Dottie Heath is handling KHS)—anything missing?
- GM—By-Laws need to be sent to Dottie ASAP. Student Grievance and Employee Handbooks given to Dottie H. Other items on the “punch list” sent by OCS for KHS to fix?
- TD—hand deliver a letter to Dottie H. to document that we have delivered everything requested by the OCS. If not, then they need to please advise so we can address.

Meeting adjourned at 9:03

Respectfully submitted,

Rob Matheson, Secretary

Corporation for Effective Schools, Inc.  
Board of Directors Kestrel Heights School  
November 9, 2010

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**Board Members Present:** Mac Bare (MB), Joseph Featherstone (JF), Grace Marsh (GM), Rob Matheson (RM), Scott Owen (SO), Luann Pollock via SKYPE (LP), Kathleen Sanders (KS)

**Others Present:** N/A

*Meeting called to order at 6:50 by MB.*

*Motion to accept October 10<sup>th</sup> minutes. SO and KS. Approved.*

**Board Responsibilities**

- Handout to be discussed at the next meeting
- Also discuss GM list of Board committee duties

**Parent Survey**

- Sample copies of parent, teacher, and student survey provided by RM to TD

**Budget**

- Questions by LP about “dynamic” nature of the budget
- MB—for thirteen years we have trusted the expertise and integrity of Tom Williams (AcadiaNorthstar) and Kim Anglin
- Rob explains the dynamic nature of revenues and expenditures from his experience as a Director. Need for balancing the budget on a monthly basis.
- Complement to having a “fluid” budget—have TW include a column with the original budgeted amount for each line item in the monthly budget report for analytical and comparative reasons.
- Tom W. to send Sept. budget to Tim
- Need to clean up the #3. “Documentation” line item
- Need for TW to report to the Board for the next meeting on the Athletics Budget to date

*Motion to cap day-to-day operational expenditures (unanticipated expenses not included or covered in the approved budget) of the Director or Assistant Director to \$5,000 without Board approval. Approval can be gained from the monthly Board meeting or by electronic means coordinated by the Chair of the Board of Directors. SO. RM. Approved.*

### **Bids for Commercial Appraisal**

- Three bids received so we can pursue bonds from BB&T to purchase the school (approved vendors by the bank)
- Bids—\$4,200 with delivery in 4 weeks; \$4,250 with delivery in 4 weeks; \$6,750 with delivery in 5 weeks.

*Motion to table BB&T appraisal process until the next Board mtg. SO. GM. Approved*

- Also HighMark has identified an investor to fund the high school wing. MB—give us the details in writing.
- GM—wait for the ten-year charter to be renewed? We will probably know something from the Office of Charter Schools at the beginning of December.

*Motion for MB to contact HighMark to ask for a detailed proposal to fund the high school wing that is due to MB, KHS Chair on or before November 29<sup>th</sup>, 2010. GM. SO. Approved.*

### **Need for a formalized agenda**

- Old Business
- New Business
- Teaching and Learning

### **Modify Director's Report**

- Board requests that the Report be broken out by category:
  - Middle school (RiM)
  - High school (TD)
  - Academics
  - Athletics
  - Activities
  - Exceptional children
  - Counselors

Respectfully submitted,

Rob Matheson  
Secretary

Corporation for Effective Schools, Inc.  
Board of Directors Kestrel Heights School  
December 14, 2010

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**Board Members Present:** Mac Bare (MB), Joseph Featherstone (JF), Grace Marsh (GM), Rob Matheson (RM), Scott Owen (SO), Luann Pollock via SKYPE (LP), Kathleen Sanders (KS)

**Others Present:** Tonya Hunt (TH, parent and potential KHS Board member), Richie Mitchell (RiM), KHS Asst. Director

*Meeting called to order at 6:41 by MB.*

*Motion to accept November 9<sup>th</sup> minutes. SO and JF. Approved, 7-0.*

**Public Comment**

John DeLargy (President, KHS Athletics Booster Club). Has a daughter at KHS (chose KHS over Riverside HS). Education a key to the decision. 10<sup>th</sup> grader now—A/B Honor Roll. After a year here, Mr.DeLargy volunteered to start the KHS Booster Club—goal is to improve the quality of student life at KHS. Oldest daughter at NCSU. Very excited with the Club progress to date. MB--# of parents? 35-40 members; about 10 are active. Recent members have been very involved. Raided a \$1,000 that was turned over to RiM (Athletic Director) to spend on KHS athletic needs (fencing team uniforms and foils; scoreboard fixed. JF—cost for fix? RiM will start making contacts). Running a concession stand—popcorn machine on the way. KS—thanks for doing this; good for the school culture. TD—nice to see parent visibility. Booster Club is selling season passes; helping RiM with ticket sales as requested. For football games at Durham County Stadium—looking into gaining access to concessions. MB—thank you on behalf of the Board.

*Motion by GM to have the Director (High School) and Asst. Director (Middle School) to send their reports to Board members on the day before the Board meeting for review, followed by questions/discussion at the Board meeting. GM and SO. Approved, 7-0.*

**Middle School Report (RiM)—see handout for details**

- Academics. Topics posted by core discipline.
- Athletics. Fencing new at KHS this year. Basketball in full swing now
- Activities. Bullying seminar done for students. Mr. Foster will bring science fairs to KHS
- Exceptional Children—no issues or concerns.
- Counselor. Mrs. Vines visited Mrs. Burke's classes to talk about high school course requirements. GM—info to parents? Yes

## High School Report (TD)—see handout

- Admissions Policy and Elementary School Application.
- Academics—see Kestrel Key Facts. Very impressive. Study Island resource for test prep is being used now.
- Athletics—same as MS Report
- Activities. Art Exhibit and Music Concert. TD—standing room only (Bobby Allen took pictures). Saturnalia (Latin class). Christmas Assembly and Concert this Friday.
- Exceptional Children’s Program (Middle school at 8% vs. 18% in high school)
- Guidance. Senior Seminar. All seniors have applied to post-secondary schools. KS—efforts with juniors? TD—juniors visit colleges/univ. In spring, begin to learn how to complete college applications. GM—list of colleges/univ. visited? TD—yes. LP—ramp up efforts this spring? TH—how do we communicate with those who do not have Internet access? TD—mailed. TH—ask parents to decide whether they want paper copy or newsletter updates? TD—very few do not have Internet access. Will speak with Mrs. Vines about her plans for communication—use website that LP worked with her on. SO—have parents bookmark the KHS site as their homepage.

## Board Agenda

### Office of Charter Schools (OCS) Visit

- “Kestrel Key Facts” handout with demographics, academics, etc. handed out
- Jackie Jenkins, Dottie Heath, and Joel Medlin came from OCS. Tour, general discussion, prepared questions asked. MB, TD, RiM, and Amy Burke (teacher) replied.
- Concern about a passed motion for admissions policy. Revised as stated below.
- GM—will follow up with an invitation to Jackie Jenkins to the Feb. 2011 Board meeting.

*Motion to approve revised admissions policy as follows: “The Corporation for Effective Schooling governs Kestrel Heights School (KHS) and is a nonprofit corporation that does not discriminate on the basis of gender, race, religion, national origin, age, disability, or measures of achievement or aptitude in admissions. KHS will accept all students selected in a blind lottery who have been promoted to the next grade. KHS reserves the right to accept or deny admission on a case-by-case basis to students who are under long-term suspension or expulsion by another public school.” GM. KS. Approved, 7-0.*

### Updates

- BB&T. TD and Kim Anglin (Board member and CPA) met with BB&T about issuance of tax-free bonds. See Handout. Buying the building will reduce annual costs (lease plus annual increases) and eliminate property tax. Need to order the appraisal. March-April action anticipated to finalize the deal. MB—e-mail from KA suggests appraiser cost of up to \$6K.

*Motion to approve up to \$6K for appraisal cost related to purchase of the building. BB&T will submit three bids to the Board for approval. RM. KS. Approved, 6-1.*

- Amended lease from HighMark. Request to amend not responded to by HM. Written communication from Philip Adkins (KHS lawyer) to respond to lease amendment—MB will follow up. MB sent letter inviting HM to submit funding proposal also not done.

*Motion to table any financial discussions, proposal, etc. with HM except for discussions related to terms of agreement for the sale of the school property. SO. LP. Approved, 7-0.*

- Survey. Parent survey sent out (uses: administrative, SACS Accreditation process). 20% return rate (500 families) and 95% positive. Next time do an electronic version (*Survey Monkey*) for most (paper for those without access) and have the Board approve the final version. Plan to do student survey in the near future (spring). May repeat parent survey at the end of the year.

#### Committee Report—Marketing/Advertising

- LP—Board members should look at website. Good progress made on format, content, etc. TD can send more complete info. about teacher activities, duties, etc. Two areas of help by administration—more compliance by teachers on using KHS e-mail addresses for professional communication. TD—some technical issues with use of KHS-based addresses; “work in progress.” In the mean time, TD to have the staff to put legal language at the bottom of their e-mail until we resolve the use of all teachers using KHS-based e-mail. Logo redone (high resolution). Designs for stationery and business cards—staff need to be comfortable using these items. Maggie Buckholz (Lead Secretary) and TD will manage the process for implementation/use/consistency of logos, stationery, cards, etc. Other concern—sign out front on Alston Ave. \$11K and \$13K for LED signs—too costly? Sign on building itself—LP will work on prices. Move current sign on Alston Ave.?—cost? Use of “yard signs” on curb? MB—have copy of the radio ads now—will send to LP

#### Preparation for Next Year’s Budget

- Prepare for potential state budget cuts and loss of federal grants—how will this affect the budget for next year?
- Need to review budget and decide on needs
- Review all contracts especially the more costly ones such as Legal, Accounting, and CTE contracts
- TD starts with Acadia Northstar (accounting firm) in Feb.; bring to Board in April; TD brings final draft to Board for final vote in May (no later than June)

#### Continue with Board Oversight List

- Development of competitive bid process
- Financial Handling Process
- Table until January with GM to gather more information and have concrete proposals

#### **Board Responsibilities (continue discussion at the January Board meeting)**

- GM list of Board committee duties
- Modify Board agenda format. Suggested categories:
  - Old Business
  - New Business
  - Teaching and Learning
  - Committee reports
  - Others?

Evaluation Process for Director/Staff

- Revise current evaluation format and begin training/implementation of the new NC Teacher Evaluation Process for teachers; devise Director/Asst. Director and support staff evaluations from existing models
- Table until Jan. Board meeting
- RM, TD and RiM will coordinate our efforts here

*Meeting adjourned at 10:00. SO and RM. Approved.*

Respectfully submitted,

Rob Matheson  
Secretary

Corporation for Effective Schools, Inc.  
Board of Directors Meeting • Kestrel Heights School  
March 8, 2011

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**Board Members Present:** Mac Bare (MB), Tonya Hunt (TH), Grace Marsh (GM), Rob Matheson (RM), Scott Owen (SO), Luann Pollock (LP), Kathleen Sanders (KS)

**Others Present:** Richie Mitchell (RiM—Asst. Director, KHS), Tim Dugan (TD—Director, KHS); Sherry Kurtz (SK), Alicia Adrian (AA), and Michelle Cutherall (MC) from PTSO

*Meeting called to order at 6:40 by MB.*

*Motion by KS to accept January 2011 minutes. Second by TH. Approved 7-0.*

### **Public Comment**

#### Surveys

- PTSO survey proposal. MC author of satisfaction surveys for students, parents, and staff (see handouts). Use of online survey tool *Zoomerang* with a cost of \$199—calculates results and no data entry required. PTSO will vote to fund additional survey costs of \$200.
- MC wants to cut down on parent survey questions—forward suggestions to her.
- GM—provide paper copies for parents without Internet access? Comments from extreme answers (Strongly Agree and Strongly Disagree)? Yes to both questions. MB—do we know parents without Internet access? TD—yes, only 5%. Suzanne Vargas (Admin. Asst. has the list—mail paper copy to parents.
- SK—need for translated (Spanish) copies? TD—yes. ESL instructor and Mrs. Vargas will do this.
- SO—timeline? MC—April; parent response rate of >40% is acceptable. Earlier survey response? TD—10-15% with 10 questions.
- Dovetail with *AlertNow* implementation (phone message system)? Yes. Currently about 100 KHS parents on system now. Some are declining to participate. KHS funds this project now.
- MB to MC—do you want our (Board) input? Yes. Pare the number of questions down and suggest questions to ask.
- LP—important to include a “comments” section
- SK—print completion of online survey page and students bring in to encourage participation (redeem in class for extra points).
- RM—*Zoomerang* works well. Question—categorize questions? MC—no, make respondents think about each question. Have some repetitive questions to gauge accuracy of responses.
- TH—phone surveys for those not coming back to KHS? Yes we should do.
- SK to report survey progress at May Board mtg.

#### Parent Volunteers

- Information Night in May? MB—yes. We can also start to collect parent volunteer information to begin planning for summer and next year.
- AdvanceEd (accreditation) recommended that KHS work on this aspect of school improvement.
- GM—format of collecting information? TH—send out information request at the end of the year as well.
- SK—school identify needs
- MB—thank you to PTSO parents for tonight’s presentation

### **Sugarcreek Settlement with Durham Public Schools**

- \$279K award to KHS
- Fee from Philip Adkins (attorney)—to be determined

### **Middle School Report (RiM)—see handout for details**

#### Athletics

- Tennis today. “Bluebird” bus has finally quit. RiM looking into bus surplus locations (\$2-7K range). Other options? Parents cannot be counted on to drive due to the time of the day (before the work day is complete). Need for more than 2 buses, so we need to purchase a bus.
- Students help fund athletics @ \$40/year cost

*Motion by SO to use up to \$20K from Settlement to purchase a “quality” bus. TH. Approved 7-0. MB to identify a negotiator for bus acquisition.*

### **HighMark**

- Proposes \$200K to build additional 12,000 sq. ft. addition to existing wing
- TD recommendation—hold on to HM proposal and continue to pursue options
- MB—one day we may want to pursue this as an option for the existing building

*Motion by GM to decline HM proposal. SO. Approved 7-0.*

### **Prospectus Drive lease**

- 31,000 sq. ft. lease. Creates advantages of dual campuses within reasonable distance of each other
- Upfit costs est. at \$600K—details not ready yet from Mr. Harrod but forthcoming soon.
- TD and RiM met with Mr. Harrod—optimistic conclusion to meeting
- 2<sup>nd</sup> opinion of upfit costs being pursued
- Architect working well with Durham permitting process
- Proposed use of Prospectus Dr. property as a middle school—high school to remain on the main campus.
- Need to work out details for letter of credit from a bank for upfit costs. Possible use of KeySource and or Settlement funds
- SO—several building details to be determined (ADA stalls, loading dock area, type of door handles for safety requirements, etc. Should be handled by Mr. Harrod and his company. TD—confident that details will be resolved. Mutual interest between KHS and Mr. Harrod to make this business arrangement work.
- MB—tell Mr. Lyons (lease agent) to work with Mr. Herrod and prepare final lease document for KHS Board to consider
- LP—budget details for upfit?
- MB—we need to work to make the Prospectus Drive lease work. Best option for the school now.

### **Budget**

- TD worked with Tom Williams (Acadia NorthStar, accounting) to develop 2011-12 budgets with 5% and 10% cuts from DPI
- At 5% cuts budget, use carryover funds from this year (\$100+K) to help offset funding losses and budget works. Highlights: add 2 high school teachers, 60 students (allowed 10% increase by DPI), include \$600K upfit and lease payment (\$300K/year), no salary increases.
- 10% budget cuts require us to also use the Sugarcreek Settlement funds.
- TD and TW to continue to work the numbers and report back to the Board.
- GM—some line items are “flat” from this year to next year (utilities, custodial services). TD to investigate with TW.

- MB—need to be realistic with relationship of budget expenditures for academic vs. non-academic so we maintain the value of a comprehensive school.
- SO—PTSO may be able to provide volunteers to offset budget costs next year
- LP—for each student we gain, what are the funds that come to the school vs. the cost to educate the student? How long to continue allowed annual 10% growth? MB—as the school has grown, we have reached the “economies of scale” so our basic costs/student are reached and the budget has monies to provide additional services based n the needs of students and teachers. We are close to our stated maximum enrollment of 650-700 students.
- SO—status of KHS Foundation? AdvanceEd recommendation also. Need to work on this. Use of some Settlement funds to provide a basic level of funding. Corporate sponsors needed. GM—also look into fundraisers for KHS. TH—at her place of work (Durham charter school), they have conducted several successful fundraisers. Key—identify and communicate the need to participants.

### **Charter Renewal**

- Need for exceptional children consultant to evaluate KHS systems.
- TD—welcomes the support

*Motion by SO to hire exceptional children consultant to evaluate and provide suggestions for improvement of KHS exceptional children program. Cost: \$3,500. GM. Approved 7-0. TH to assist with identifying consultant.*

### **AdvanceEd/School Improvement**

- KHS had successful visit and recommended for accreditation
- Draft received; final report forthcoming
- MB—next steps? TD—by the end of July present plan of action to address areas for improvement noted by AdvanceEd.
- GM—need for press conference to announce the accreditation?
- MB and TD—AdvanceEd team genuinely impressed with KHS teachers, administration and general climate of the school
- SO—kudos to all who worked to make the visit a significant success!

Respectfully submitted,

Rob Matheson  
Secretary

Corporation for Effective Schools, Inc.  
Board of Directors *Called Meeting* • Kestrel Heights School  
March 23, 2011

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**Board Members Present:** Kim Anglin (KA), Mac Bare (MB), Tonya Hunt (TH), Grace Marsh (GM), Rob Matheson (RM), Scott Owen (SO), Kathleen Sanders (KS)

**Others Present:** Tim Dugan (TD—Director, KHS); Richie Mitchell (RiM—Asst. Director, KHS)

*Meeting called to order at 7:16 by MB.*

**Prospectus Drive Lease**

- MB—are you sure that the budget numbers work for the lease? TD presentation. Yes with 5% cut; 10% cut will require some fundraising.
- Combined \$429K with DPS settlement and budget surplus in June 2011.
- Deposit \$270K to fund balance in the budget for this upcoming year. Left with \$159K in cash reserve for 2011-12. With 5% cut, \$100K surplus predicted at the end of next year (June 2012) = \$259K plus additional funding next year with 25 additional students. \$479K in 2012-13 year
- TD request for Board members to double-check math of calculations
- MB—action tonight by Board—are we ready to enter into a lease? GM—KA—what do you think? KA—I support moving forward with the lease pending final scrutiny of budget logic and lease language.
- TD—continue to explore alternative sources of funding for this lease agreement so we can make sure that “all of our bases are covered” to fully fund this lease agreement. Approval with City of Durham being pursued now by Horvath and Tim Barbour (architect).
- KS—role of PA in review of lease agreement? Next steps?

*Motion by SO to table action on lease agreement until KeySource and BB&T (GM) financing details worked out and lease language reviewed. Approved. 7-0.*

*Motion by GM to continue to meet each week until further notice until lease agreement for Prospectus Drive property is resolved and signed. GM, KS. Approved 7-0.*

- Next mtg. March 29<sup>th</sup> (tentative), 7:00 at the Annex.

Respectfully submitted,

Rob Matheson  
Secretary

Corporation for Effective Schools, Inc.  
Board of Directors *Called Meeting* • Kestrel Heights School  
April 5, 2011

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**Board Members Present:** Kim Anglin (KA), Mac Bare (MB), Tonya Hunt (TH), Rob Matheson (RM), Scott Owen (SO), Kathleen Sanders (KS)

**Others Present:** Tim Dugan (TD—Director, KHS), Gary Lyons (agent for Prospectus Drive property leasing—Sperry Van Ness real estate), Philip Adkins (attorney)

*Meeting called to order at 6:48 by MB.*

### **Prospectus Drive Lease**

- MB—PA e-mailed documents to MB; amendments to lease proposal. Changes to be discussed tonight. Controlled account and promissory note. Controlled account—secures obligation of KHS to repay upfit cost; money eventually released at the conclusion of the lease agreement. Another \$20K is a security deposit for the lease agreement. Also add “no indebtedness” clause that is standard for charter school contracts. PA to mark up changes to agreement and sign tonight.
- MB very impressed with Mr. Herrod’s sincere attitude and honesty in his interactions with KHS; he is very excited about the KHS mission and direction. Hopefully we have initiated in a long-term relationship and friendship with a respected local businessman.
- SO—Impact on insurance premium? TD—in current budget \$25K in property. With surplus in the budget for this year we can cover increased premium. Answered questions from KHS insurance agent and they will forward a final draft within the week. Liability insurance the largest component of new insurance.
- SO—With two campuses, need for security guard? General Board agreement that we do.
- SO—Other hidden costs in the new lease relative to budget uncertainty from the state and what the upfit does not provide? Need to identify so we can accommodate. MB—From last meeting, TD presented projections that make Prospectus Drive lease agreement very doable with 5% reduction in state funding. We can do this. GL—the \$587 original upfit proposal is now \$500K plus KHS putting \$87 up front.
- GL—see Exhibit E. Protect ability to grow in the future. Inserted “right of first refusal” language along with a cost associated—market value of today vs. market value in the future. Possible savings to KHS if we grow.
- PA—page 15. Need for additional insurance? Need to check so we do not double pay (compare current insurance on the building vs. what KHS needs). GL will do this.
- KS—clarification of neighbor tenants with respect to chemical safety concern. PA—meet health and safety regulations of local government. GL will check on tenants.
- PA—landlord responsible for permitting to allow tenants to lease.
- SO—operating hours more broadly defined to reflect normal operating of the school? Make changes.
- KS—who is responsible for the roof? We are responsible for our prorated share of the building through what we pay in our lease agreement.

- PA—GL and I have worked together to finalize this standard commercial lease proposal that we present to you tonight. As your attorney, I recommend that KHS sign this standard commercial lease with Harrod Properties III, LLC (Mr. Keith Harrod, Manager) for the Prospectus Drive property. Address: Prospectus Enterprise Center, 4900 Prospectus Drive, Durham, NC 2713

*Motion by KA to engage into the property lease agreement with Harrod Properties III, LLC for the Prospectus Drive property as presented/describe above to the KHS Board tonight. SO. Approved 6-0.*

Meeting adjourned at 7:55 p.m.

Respectfully submitted,

**Rob Matheson**  
Secretary

**Kestrel Heights School**

**Board Meeting Minutes**

**May 10, 2011**

Attending members: Mac Bare, Grace Marsh, Scott Owen, Tonya Hunt

Josephe Featherstone arrived a few minute later.

Meeting was called to order at 7:05

Due to a lack of a quorum the elections for directors will be postponed until next month.

Mac: TD can you give us an update on the Prospectus Drive facility.

TD: Richie and I spent some time walking through the building today and spoke with “Junior” who is the supervisor for Keith Harrod. Demolition is almost complete. Hoping to get the permit to begin construction next week.

Mac: How much to outfit the new classrooms?

TD: Only need furniture for half of space since we already have desks in Annex classrooms. Costs estimates around \$15,000.00. Not counting labs and media center.

TH: Discussed Central Parks “Sunshine Fund”. They mail out to every parent asking for donations from \$10 to \$1,000.00. Discussion about starting a fund drive to raise money for the new building.

GM: What about the high school? We need to make sure we are taking care of the high school as well.

Discussion about the PTSO Meeting next Thursday night to answer questions about the new middle school facility. Grace and Scott will make an appeal to parents at the meeting.

SO: Has agreed to work on a brochure showing the architectural drawings for the new facility.

Grace agreed to help.

TD: Presents budget report. We are looking at a \$200,000.00 surplus.

TD: Asked about the board scholarships?

The board agreed to fund four \$2,500.00 scholarships for deserving students. They are to be needs based. The board also will fund four merit based scholarships not to exceed \$2,500.00. Purchasing laptops was discussed.

TD will make applications for both scholarships. One Letter of Recommendation for the merit scholarship will be included.

SO: I would like to see these people on our website. Good publicity for our school. They need to be “ambassadors” for our school.

Mac: Motion to vote on the scholarships.

TH: Seconded the motion.

Approved: 5-0 (Joseph was present for the vote)

TD: The issue of the detention pond was discussed. Who is responsible for completing the pond?

MB: Call Philip and have him handle it.

RM: Gives the middle school report.

Respectfully submitted,

Tim Dugan (for Rob Matheson, Secretary)

Corporation for Effective Schools, Inc.  
Board of Directors Meeting • Kestrel Heights School  
June 21, 2011

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**Board Members Present:** Kim Anglin (KA), Mac Bare (MB), Joseph Featherstone (JF), Tonya Hunt (TH), Grace Marsh (GM), Rob Matheson (RM), Scott Owen (SO), Kathleen Sanders (KS)

**Others Present:** Tim Dugan (TD—Director, KHS), Richie Mitchell (RiM), Philip Adkins, attorney (PA), Alicia Adrian, parent (AA)

*Meeting called to order at 6:40 by MB.*

*Table approval of May 2011 minutes. TD to forward to RM for processing and forwarding to Board members for approval.*

**Public Comment**

- New building upfit underway

**Personnel Update/Contracts**

- All teachers will be highly qualified by July 1, 2011. Update by TD in July.
- Hiring of 4-5 teachers based on instructional needs to be determined.

**Review of Budget for 2011-12**

- TD to pass out current budget. Long conversation with Tom Williams (TW) at Acadia Northstar (our accounting firm). Net surplus between \$107K and \$439K—current vs. year-to-date figures. Actual surplus approximately \$250-275K.
- \$279 reserve funds from the Durham Public Schools settlement. \$50K security deposit to Keith Harrod; \$100K to make payment on the \$600K upfit; \$20K for a new bus. Another \$25K to Mr. Harrod in the contract to fund the project. \$84K in cash reserve from the \$279K. Create interest-bearing account with the \$84K?
- MB—go through each of the line item categories. Surplus in each category. MB—well done.
- TD—Proposed budget. 6.76% state funding decrease. 623 ADM, 78 EC, and 10 LEP. TD will send a PowerPoint to Board members. PA—lifted the cap; can increase 20%? This budget is based on 10% increase—49 students more this year than last year. If we can grow by 20%, then we can look at adding students to generate revenue as long as it does not affect academic achievement. Our business model is working because “KHS is running a surplus in tough financial times.” Salaries and bonuses—increase for 2011-12 is mostly due to the loss of federal money that KHS has to make up. 21-22 students in high school classes; 24-25 in middle school. Board will revisit class size recommendations in the future.
- KS—budget based on 6.76% cut? TD—Yes.
- PA—cut to local revenue? No. Property taxes going up in Durham.
- SO—tax payments steady in recent future. Increased taxes for new leased property in lease? Yes—TD. SO to contact Gary about other questions about the Prospectus Dr. property—leasing agent. Building repairs/maintenance—decreased from \$52K to \$36K with increase property exposure? Unknown entity now—can adjust later.

- From Gary Lyons--The lease breaks down as follows for the first 12 months:

Base Rent (NNN) - \$14,282.84/mo. (\*\*)

OPEX (pro-rata share) - \$6,557/mo.

Loan Payment (P&I) - \$5,523/mo. (##)

*(\*\*) This is a reduced rate for the first 12 months. In month 13 it moves to \$21,3723/mo.*

*(##) This assumes that the full \$500,000 is used. The terms were 6% interest rate amortized over the life of the lease term (10 years). If you accelerate the payments, K-H will save on the interest portion.*

- GM—funding athletic services but not year-end field trips? TD—yes. Regular field trips funded in gas, personnel salaries. MB to RiM--what % of our students participate in athletics? Roughly 25%. Insurance decreased? Over-budgeted this year so the small increase this year over last year's budgeted amount is accurate now. Might change slightly in the near future as we look at new liability needed. "Security Monitoring" category—not the cameras; it is the service that covers the building's security. Need to increase this category—TD will check into adjustment for security service and estimates for cameras in the new building.
- TH—under expenses what is Summer Camp? TD—middle summer school funding to pay teachers. Local revenue—Lunch (full pay) as revenue? Source? 7<sup>th</sup> grade runs a breakfast program to help pay for end-of-year activities.
- JF—why cut the contracted Nutrition and Food Service by \$5K from \$14K to \$9K? The \$9K figure is what we spent this year. Same contractor will be used at the new leased facility.
- KS—plans for the arts next year? We have the space to rearrange our programs and needs to be part of our discussions about how to prepare for next year. Drama—next year four productions; music is booming now; hire a part-time art instructor next year—year after, full-time? GM—set aside some "seed money" for the arts in the budget? TD told the drama teacher to come to him with a budget request. Jack (music teacher) told the same thing.
- TH—need to hire some administrative help as the school continues to grow? Is that time now? TD/RiM know that they can voice their need at any time.
- Comments by AA about the budget as a parent representative. Arts and lunch are the two areas that she hears comments about. TD—kitchen being inspected to allow for more diverse food to be served.

*Motion by TH to set aside \$16,500K as bonus money in 2010-11 budget for teachers (\$500 for teachers who have been at KHS since 2008 and rest to be divided among the remaining faculty) and \$750 for each administrator given the fact that teachers and administrators have not had a raise in two years. GM will also write a letter of appreciation to accompany the bonus payment. Second by MB. Approved, 8-0.*

*Motion by GM to establish a \$3K line item in the budget for the visual/performing arts. Second by KS. Approved, 8-0.*

*Motion by MB to approve the 2011-12 budget. Second by RM. Approved, 8-0.*

### **Board Elections**

- SO—GM nominated as Board Chair for 2011-12. GM will accept if MB will consider Vice-Chair position. MB agrees. RM to continue as Secretary.

*Motion to approve above slate of officers listed above by MB. Second by KA. Approved, 8-0.*

- PA submitted his application for Board membership. Possibly have another two people who are interested. Discuss at the July meeting.

### **Charter—Update on what needs to be done**

- Proposed creation of another DPI Advisory Committee to handle the expected increase in the number of charter school applications due to the cap being lifted this year.
- KHS re-chartered in two years. GM—use this summer to look at areas of improvement that apply. TD to research and bring to next mtg.

### **New Policies—School Handbook**

- Defer to next month—discipline policy, communicating student expectations to students

### **Other Business**

- Pond update by TD—HighMark responsible for upkeep on the pond.
- July 21-22 joint *Paideia* training @ KHS with teachers new to KHS (4-5) and six teachers from the Wake N.C. State University STEM Early College High School.
- KHS survey by PTSO. Results completed. Next steps? Wait for next month's meeting for final report (from AA and Michelle Cutherall)
- SACS accreditation update next month
- Year-end evaluation of TD and RiM to be discussed next month

*Meeting adjourned at 9:33 by MB.*

Respectfully submitted,

**Rob Matheson**  
Secretary

Corporation for Effective Schools, Inc.  
Board of Directors Emergency Meeting for Kestrel Heights School  
June 28, 2011

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**Board Members Present:** Grace Marsh, Board Chair (GM), Kim Anglin (KA), Scott Owen (SO), Kathy Sanders (KS), Luann Pollock (LP) – Via Conference Call, Josephe Featherstone (JF)

**Others Present:** Tim Dugan (TD), Richie Mitchell (RM)

Emergency (Special) Meeting called to order at 6:39 p.m.

**Public Comment**

- N/A

Meeting Premise: FY 2011 – 2012 Kestrel Heights' School Initial Enrollment Increase Up to 20%

(TD) The new charter school law allows for 20% growth (up from 10%), but we need smaller growth this year because of the upcoming state budget shortfall and our up-fit costs associated with the relocation of the Middle School to the “warehouse.” Our ADM [average daily membership] may be higher, about 640, but some attrition will occur to bring it down to 635.

(TD) We did not want to increase school enrollment to 20%, but KHS needs some modest increase “...to help pay the bills.” Refer to the Charter School Initial Enrollment sheet. As shown on the sheet, we have approximately 500 returning students, plus 121 will come from Durham Public schools, 10 from Wake County Public schools, 3 from Granville County schools, and 1 is expected from Vance County schools. The approximate student total will be 635. The breakdown per grade will be 104 (each) for 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> grades. Ninth grade will be 110; 10<sup>th</sup> grade 87; 11<sup>th</sup> grade 76; and 12<sup>th</sup> grade will have 50. Approximate student body total will be 635. Student enrollment is not an exact science. The first 20 days is the most important determinant for the ADM budget calculation.

*Motion to increase enrollment from planning ADM 623 to 635 for FY 2011-2012. KA Seconded by JF. Approved 5-1.*

Meeting Adjourned at 7:06 pm.

Respectfully submitted,

Scott Owen, for Rob Matheson, Secretary