

**Board Meeting Minutes**  
**American International School of Utah**  
**4998 South Galleria Drive, Murray, UT 84123**

April 30, 2019 @ 4:00 p.m.

Welcome— Roll Call

Board Members Present: Kent Burggraaf; Craig Lawson (by phone); Kenneth Grover (by phone); Mindy Young; Diane Longhurst-Johnson; Tasi Young (School Director; non-voting); and April Todd (Secretary; non-voting)

Excused Board Members: Dan Griffiths

Absentee Board Members: none

Staff: Abbey Wallace, Katie Hedman, Janae Powell, Jandy Stelter, Peter Westman, Mike Stumph, Lincoln Fillmore Charter Solutions, Kim Crow, Sherry Spence,

Public: Jamie Adamson, Sophia Weiss, Jamie Onigkeit, Mike Stumph, Royce VanTassell, Scott Jones, Denny Pehrson, Michael Farley, Jennifer Lambert, Leigha Westover

Eliminate - PTO Election discussion, Legislative update and training by Lincoln Fillmore

Motion: Mindy Young

Second: Diane Longhurst-Johnson

For: Unanimous

Against: None

Approval of minutes for [March 18, 2019](#), [March 19, 2019](#) and [March 28, 2019](#) Board meeting

Motion: Mindy Young

Second: Diane Longhurst-Johnson

For: Unanimous

Against: None

PTO Leadership Election - removed from meeting. But is happening later tonight.

Public Comment: No comment made

Legislative update and training by Lincoln Fillmore - removed from meeting.

Update and discussion of AISU's status and coordination with USCB and their staff (vote possible, pending outcome of discussion)

- Follow-up on assignment from March 18th meeting

Tasi Young - Most pressing issues are March 28th the SCSB gave us 4 findings that AISU would need to pay back 500K for the spending of restricted sped funding. And that this has left our cash flow in uncertain times for the rest of the school year. We are now looking in can we pay all of our financial obligations for the rest of the year. It is still uncertain. Payroll and benefits is of highest concern. As of today we could meet all of our payroll. We are also in the midst of answering other tough questions presented by the state board of education.

Tasi Young - We are looking to our landlord to support us through this. Or to our authorizer.

Items of the agenda may be taken out of order. Times included are only estimations.

Members or formally designated representatives may join by phone.

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Kent Burggraaf - Clarifying points - our financial predicament does not have to do with our with years budgeting, but due to the tax assessment assessed in September and the SpEd funding repayment.

Tasi Young- Yes but also because of the assessment of questionable sure of special education funds in the past, therefore some of current/future funds are being withheld.

Tasi Young - Confirmed that the State made the finding that starting in January 2018 that all SpEd funds have been spent and documented correctly.

Tasi Young- One of the fundamental parts of the AISU charter is the original management agreement. One of the biggest concerns is that the original founders were able to procure \$5 million and if AISU will be held responsible for those \$5 million to be repaid. Even though in business for the LLC might not have claim over AISU to get the investment back, it still might pose a threat for litigation. It adds yet another layer of uncertainty. We are already working on a way to fundamentally change the management agreement. Another fundamental part of our charter is to have an agreement with a private school to which allowed us to have International students come and participate in our programs. However it is looking like the we might be liable for 500K payback. International enrollment is also looking low for next year, which also adds to the level of uncertainty.

Tasi Young- He is in a hard place to be able to stand and tell everyone that we are in a spot to make it through this year as well as next.

He has been give 4 options by the state charter school board

Option 1 - close tomorrow -

Option 2- close at the end of this fiscal year

Option 3 - close at the end of next fiscal year

Option 4 - find a way to remain open - sustain

The AISU board needs to make a discussion and move forward with a plan to present to the State board to see how they can help us with our plan.

The task to work through these options over the last few days has been quite daunting.

Tasi Young- Corrections to with the private school, Realms of Inquiry agreement have been being made already. Tasi Young has been working with Peter from Realms on a plan since June when Tasi Young began working to make changes the agreement. The plan was to have all International students and tuition flow directly to Realms and then have Realms pay AISU to allow International students or other Realms students to participate in the public school programs.

Tasi Young- There is not something fundamentally wrong for a public school to make and agreement to a private school to help in the educate students. However, AISU is lacking some of the needed and appropriate paperwork for this type of agreement.

Diane Longhurst-Johnson - Doesn't remember any such scutinany in previous years about the management agreement.

Mindy Young - If it reality that if we make it through this barrier, then there is just another... and another...

Tasi Young- Agreed that he is also feeling similarly right now. But there is definitely some uncertainty. Even if we don't have this second payback we still have to fundamentally change some of our

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management structure, which we were already working on. Can the state work with us on these issues. YES. But they can not just excuse outright even if we were to correct all of the errors moving forward. We are a large school and the state doesn't want us to close. The state board is wanting to work with us to stay open.

Kent Burggraaf- While the majority of the restricted sped funds were likely to have been spent properly but there isn't appropriate/sufficient paperwork on file about these funds and how they were spent. We have been able to get signed affidavits from previous employees about the majority of the questioned funds.

Scott Jones- Working with AISU is subject to the State Board of Ed approval. No guarantee and no commitments have been made... because no specific plan has been put forward for approval.

Current payback Federal 106 K, State 360 K

What does "work with us" mean. AISU would need submit the appeal, and then the State Board of Ed still must follow both federal and state law as well as board rule. The state is already working with us, for example they extended the date of the submission of the appeal. It might be a reasonable to ask for an extension on repayment. However the state is still held to other state.

Kent Burggraaf - feels like there is a 5th option - Need to repay taxpayers, but it is also important to pay our teachers.

1. Need to play out the appeal, maybe the evidence that we have gathered really is sufficient to reduce the needed payback.
2. Maybe we shouldn't make a final decision on the options tonight because we haven't heard about the appeal.
3. Because it is a serious possibility that AISU might not be around in the Fall it is still a possibility that AISU is taken over by a new authorizer, we still need more details about what our options really are.

Diane Longhurst-Johnson - Although we are in dire need, we are not out of options.

Mindy Young- What can we do to support our teachers and community through this process?

Kent Burggraaf - This is an important place to look at numbers, and really see where we are really at. We don't want to misconvey the potential risk and uncertainty.

Tasi Young- The possibility of getting a new authorizer is more wrapped up into the "option number 4." The dire financial needs has changed as of the immediate cash flow issue. We can look at the spreadsheets and see how that it is still likely that we could make payments through the end of the year.

Jennifer Lammert - VSIP can be an enticing option but it is a difficult process, per timing and the financial and willingness from an potential authorizer.

Kent Burggraaf - Take an 8 min break @ 5:35

Back in session @ 5:47pm

Lincoln Fillmore - The school has always been in financial trouble. In its first year it had a 7 figure deficient, \$6.4 million dollars in year 1 but was hidden under a \$5 million dollar investment. It wasn't

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until year 4 when the \$5 mill was gone that it became super apparent that we were not financially viable. And then got a \$1.6 mill loan from the landlord to help give us time to right ourselves.

There are no easy options here. If the school stays open for the rest of the year we will not be able to meet all of its financial obligations, it would be only on the good will of someone else.

Because we are essentially living paycheck to paycheck, once we stop receiving funds from the state, we then just have to start paying out of savings.

For us to make it through the rest of the the fiscal year, we will need concessions, from our Landlord and possibly from the state. There is not a good option to consider.

Tasi Young- This spreadsheet is based on monthly norms and we will be refining the totals over the next few days and current cash, and obligations through June 30th.

Scott Brand - on the phone - as AISU liason of Schoolhouse Development and AISU's landlord. Feels like a decision could be made final by tomorrow after more details are given.

Janae Powell - Has told her staff throughout the year that we are firm and financial solid. But this now feels like the situation has changed and needs to give more information to her staff.

Abbey Wallace - This has all spiraled pretty quickly in the last few days. Voiced appreciation for Tasi Young and his efforts and his transparency. We are now in a place of making the best worst decision.

Katie Hedman - Our teachers are going to be asked how they are going to get paid and they deserve to know the plan.

Abbey Wallace - We have 150 students who are trying to graduate and deserve to be able to finish out their coursework so they can get an AISU diploma.

Peter Westman - What are the sorts of concessions that would be made to all AISU to make it through the 2019-2020 school year?

Lincoln Fillmore - Landlord need to make rental concessions, students and teachers to be willing to enroll and work here knowing that it was the last year, and the state being ok with closing in 2020 will be the consequence. We can probably know about the landlord in a couple days.

Scott Jones - AISU is on the agenda on Friday and then the finance committee takes them to the state board of Ed board meeting in June 8th and then there is no July meeting.

Scott Brand - would like to meet tomorrow with Tasi Young and a member of the board to discuss specifics about loan/financial possibilities.

Kent Burggraaf - this is not a decision we want to make without trying to make the most informed decision as possible.

Diane Longhurst-Johnson - we need to make sure the Administrators feel supported to help support our teachers and community including parents and students and how can we handle that well.

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Tasi Young- The message that he has been sharing with staff and parents and community ever since he took this role in June was a message of Hope and trust, but that is breaking as we speak here.

Scott Brand - there is the potential to have an option to have a new charter in this location in the 2020-2021 school year.

Lincoln Fillmore- There is a lot to be said about the progress that has been made over the last year and we should be proud of that even though there might be a lot of mud thrown our way and it won't look good. But there has been a lot of good work. The school board and the school leadership deserve a lot of credit for that.

Kent Burggraaf- Would like to ask that our public meeting should start at 8pm tomorrow, and to hear from faculty and staff at 3-4pm just to hear input but the board won't give comment and no decision will be made during that time.

Kent Burggraaf asked Tasi Young to send out notice to staff about that meeting tomorrow. Possibly hold the board meeting in the choir room

Assignment given to April Todd to post the meeting agenda, "Agenda meeting consider whether and when to close AISU"

Kent Burggraaf- The decision that we are making here solely regarding AISU, the faculty and staff are employed by AIS and we are not making a decision about AIS. But the decision of AISU will greatly impact AIS. Tasi Young is the acting manager of AIS.

Discussion/update regarding SpED Funding Appeal (vote possible, pending outcome of discussion)

#### Financial Responsibility Committee Report

- Status of segregation of AISU financials from AIS, LLC financials;
- Status of international revenue as it pertains to AISU and Realms of Inquiry;
- Public and private school enrollment;
  - Status of lottery;
  - Expectation and goals for enrollment in the elementary, middle, and high school for next year;
- Cash position for public unrestricted, public restricted, and private;
  - What is the monthly restricted cash? [Has it been calculated? What is AISU's restricted cash position?]
  - Are we compliant with applicable laws and grant/restricted cash terms and conditions?
- Budget and actual revenues;
- Budget and actual expenditures;
- Debt service requirements;
  - What does AISU have as ongoing debt service requirements?
  - Has AISU met its ongoing debt service requirements for the past month?
- Title I funds;

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- Other cash inflows (minority interest, landlord, etc.);
  - What additional revenue has AISU received in the past month?
- Days unrestricted cash on hand (goal of  $\geq 30$  days);
- Current ratio (goal of  $\geq 1$ );
- Discussion of building a surplus that will eliminate the net deficiency in assets in five years

#### Discussion regarding FY18 Financial Audit Review and Response

Kent Burggraaf - the board needs to review a response at the next board meeting that needs to be submitted in May. Tasi Young will draft that letter/response.

Tasi Young - this is a letter that went out to all schools. These are formalities following up on things that.

#### Motion to postpone discussion of remaining items on the agenda

Motion: Mindy Young

Second: Diane Longhurst-Johnson

For: Unanimous

Against: None

#### Public hearing and discussion regarding the proposed annual budget

- Review of Compensation and Benefits (in preparation for annual budget)
- [Extra-Curricular Activities Policy](#) & [Fee Schedule Review](#)
- Determine cost of Governance Budget (Board training, etc.)

#### Discussion regarding current third party service providers/contracts

Consideration or approval to move forward with RFPs or other action related to services being provided under service agreements in or entering their fifth year

#### State of the School Report – Tasi Young

#### Discussion of the following, based on their annual review:

- Governance Policy Review

#### Audit Committee Review & Report

#### Board Member Recruitment

#### Executive Session

Closed/Executive Session will be held in accordance with the Utah Open and Public Meetings Act for the following or other purposes outlined in the law: 1) to discuss the character, professional competence, or physical or mental health of individuals; and 2) to discuss pending or reasonably imminent litigation.

#### Committee Reports & Assignments (Committee representatives will report, if necessary)

#### Discussion of Assignments, Future Agenda Items, or Items Related to AIS, LLC

April Todd directed to post the approved mins on the public notice website

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## Adjournment

Motion: Mindy Young  
Second: Diane Longhurst-Johnson  
For: Unanimous  
Against: None

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