

# Advantage Arts Academy Board of Directors Meeting



**Date:** Monday, November 4, 2019

**Location:** 290 North Flint Street, Kaysville, UT 84037

**Board Members Present:** Jodi Hart Wilson (teleconference), Suzy Mortenson, Doug James

**Board Members Excused:** Chris Finley, Kim Dohrer

**Others Present:** Lisa Evans (teleconference), Joel Wright (teleconference), Trent Brown, Kara Finley, Kelsey Richardson, Cole Arnold

*The mission of Advantage Arts Academy, in alignment with the Beverley Taylor Sorenson Arts Learning Program, is to effectively increase our students' performance in every subject, as well as improve students' core academic capacity, emotional well-being, arts awareness, and social skills.*

## MINUTES

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### CALL TO ORDER

- Suzy Mortenson called the board meeting to order at 12:04 PM.

### CONSENT ITEMS

- **August 9, 2019 Board Meeting Minutes and September 20, 2019 Board Meeting and Closed Session Minutes**

*Doug James made a motion to approve the August 9, 2019 Board Meeting Minutes and the September 20, 2019 Board Meeting and Closed Session Minutes; Jodi Hart Wilson seconded. Motion passed unanimously.*

Suzy Mortenson acknowledged that based on legal counsel recommendation, the materials from the August 12, 2019 will be repeated during this board meeting.

### PUBLIC COMMENT

- No public present.  
Joel Wright joined the meeting at 12:08 PM.

### VOTING ITEMS

- **Engagement Letter with Kirton McConkie, Facilities Lease and Ground Lease, Improvement and Cost Sharing Agreement and Exhibits, and Academics West Education Service Provider Agreement**

Joel Wright has reviewed the leases, the cost sharing agreement, and the education service provider agreement. He highlighted the following key terms which were considered by Advantage Arts Academy governing board:

- a. Price: The rent is approximately \$23.50 per square foot for the first two years, and then goes up 1.5% per year after that. This rent is higher than what many

charter schools have paid in recent years. The board is aware of this fact, and is comfortable moving forward with rent at this amount for the following reasons:

1. Land. The cost of ground has increased substantially over the last two years due to growth and demand in the area.
  2. Building size vs lot size. The landlord is building the school to begin with three sections per grade rather than building the larger final build-out. This requires us to build less building on a larger parcel which increases the lease per SF. The school ran financial scenarios with building the entire shell and leaving 8 classrooms unfinished but the rent was much higher than the total amount with the smaller building. In other words, the school is leasing more land than is needed right now, but
  3. City Requirements. The city has required a lot of additional off-site improvements such as widening a road in the subdivision to the west of the school; requiring a storm drain to Mustang Way rather than retaining on-site; increasing on-site stacking beyond what was required in the traffic study; etc. The good news is that when the school adds the additional classrooms, the lease rate per square foot should decrease because many of the fixed infrastructure will be handled in this first phase.
- b. Term: The term is for 20 years, and can be extended for an additional five years.
  - c. Financing: Not applicable. No financing.
  - d. Option to Purchase: As per Section 45 in the Lease, the School may purchase the facility at any time for the appraised value.
  - e. Penalties: School has to pay a 5% late fee on any rent that is more than 20 business days late. This is reasonable and common penalty.
  - f. School's Responsibilities: this is a standard "triple net" lease meaning that the school is responsible for all taxes, utilities and insurance on the property. In addition, the school is responsible for all repairs, though the landlord warrants all construction during the first year of occupancy. This is fairly standard in charter school leases.
  - g. Donated Parcel, now leased back: The seller of the original land required this odd situation where he donated a portion of the land to the School, and then sold another portion of the land to the Landlord. So, AAA is leasing the parcel to your Landlord, and you are getting a lower lease rate because of it. The seller required it to get a tax write off, and to possibly inflate land prices in the area further. When the school goes to buy the facility from your Landlord, we will plan on combining these two parcels at the Closing, so you won't have to think about it again.
  - h. Financial Covenants: Your Landlord requires the School to work within some fairly strict, but prudent, financial guidelines – like making enough money to easily pay your rent, saving money, not borrowing too much money and having a charter school management company work with you. These requirements are prudent, but do decrease your flexibility. It does make your Landlord (and their lender) more comfortable that you will be a good tenant, and won't go off the

rails, which probably means a lower rate on the construction loan, and a willingness by your Landlord to do this deal.

- i. **Completion Schedule:** This is possibly the most important thing for your board to understand. If your school is not completed on time, what happens? The primary problem is that you could lose a substantial portion of your enrollment if you open late, or open in a temporary facility. I believe your Landlord understands this at a very deep level, and has historically always completed buildings pretty much on time, no matter what it takes. So, this is possibly the primary risk factor in the lease, especially in the current construction environment, and the possible delays that could come from multiple variables.

*Doug James made a motion to approve the Engagement Letter with Kirton McConkie, Facilities Lease and Ground Lease, Improvement and Cost Sharing Agreement and Exhibits, and the Academics West Education Service Provider Agreement; Jodi Hart Wilson seconded. Motion passed unanimously.*

Joel Wright left the meeting at 12:15 PM.

- **Helpside Professional Employer Agreement**

*Jodi Hart Wilson made a motion to approve the Helpside Professional Employer Agreement; Doug James seconded. Motion passed unanimously.*

- **Start Up Coordinator / Director Employment Agreement and Compensation**

*Doug James made a motion to approve the Start Up Coordinator/Director Employment Agreement and Compensation for Lisa Evans; Jodi Hart Wilson seconded. Motion passed unanimously.*

- **Policies**

A summary of the proposed policies and amendments was provided based on the need for adoption and changes to meet legal requirements.

*Doug James made a motion to approve the Board Rules of Order and Procedure, the Effective Educator Standards Policy, the Amended Electronic Resources Policy, the Amended Purchasing and Disbursement Policy, the Amended Sex Education Instruction Policy (Human Sexuality Instruction Policy), the Amended Sexual Abuse and Molestation Prevention Policy, the Staff Code of Conduct Policy, the Amended Student Conduct and Discipline Policy, and the Student Education Plan Policy; Jodi Hart Wilson seconded. Motion passed unanimously.*

## **REPORTS**

- **Finance Update**

Cole Arnold provided an update of the financial position of the school and the expenses to date.

- **Pre-Opening Checklist**

Trent Brown reviewed the pre-opening checklist status and the communication with State Charter School Board staff. Lisa Evans will now be involved with the upcoming checklist items as the Start Up Coordinator.

## **CALENDARING**

- Parent Information Meeting November 13, 2019 at 6 PM
- Board Meeting December 2, 2019 at 12 PM

## **ADJOURN**

- *Jodi Hart Wilson made a motion to adjourn the board meeting; Doug James seconded. Motion passed unanimously.*  
Board meeting adjourned at 12:35 PM.