

**Minutes of the Meeting
The Davidson Academy Governing Board
May 14, 2018**

Call to Order

The regular meeting of the Governing Board was called to order at 2 p.m. in the Community Room of KNPB located at 1670 North Virginia Street, Nevada, 89503.

A. Roll Call

Roll call was completed by the Chair of the Meeting, Bob Davidson. Bob Davidson, Roger Davidson, Annette Whittemore, Mark Herron and Colleen Harsin were present. Alan Boeckmann attended via conference call. Dr. Steve Canavero, Traci Davis, Dr. Marc Johnson and Brian Krolicki were not present.

B. Welcome and Introductions

Bob Davidson welcomed those present. Davidson team members in attendance:

- Karin Dixon, Controller
- Julie Dudley, Director of External Relations
- Stacy Hawthorne, Director of Online Learning
- Mike Leslie, Operations Supervisor

C. Public Comments

There were no comments from the public at this time.

D. Approval of Minutes for Meeting of Feb. 26, 2018

Bob Davidson requested approval of the meeting minutes of Feb. 26, 2018 under Tab 1 of the Board book (incorporated herein by reference). Motion was made and seconded for approval of the minutes as submitted. There was no discussion and the motion carried unanimously.

E. Approval of Agenda

Bob Davidson requested approval of the Agenda as submitted to the Board. Mark Herron requested moving General Business items before Reports. There was no further discussion and the motion carried unanimously.

F. General Business

Mark Herron, Vice President of the Governing Board, introduced three action items: the revised budget for the current fiscal year 2017-2018; the budget for the upcoming fiscal year 2018-2019; and the appointment of the auditors for the fiscal year ending June 30, 2018.

1. Approve 2017-2018 Revised Fiscal Budget

Mr. Herron referred to Tab 8 (incorporated herein by reference) with the revised budget for the 2017-2018 fiscal year. At this time last year, the board approved the 2017-2018 budget. However, the state requires the Academy to submit a revised budget each year. On the expense side, the biggest change is in the Classroom category with a \$240,000 increase under Professional Services almost entirely spent with an outside firm, Learn 21, which the Academy contracts with for online course development and instructors. An additional \$43,000 in expenses includes marketing costs related to the online program, mostly enhancements to the website to attract new students. There is a savings in group medical costs, which increased by three percent instead of the 15 percent originally budgeted, as well as \$10,000 in savings as

part of server upgrades. Another increase in expenses is related to the installation of a science lab online classroom with increases of \$15,000 in equipment and remodeling costs. The revised budget also reflects the reallocation of funds in multiple categories based upon where the state requires the Academy to record various activities. On the revenue side, \$35,000 in the state DSA funding has not been received this year, although this may be a timing issue and the Academy could still receive this amount next fiscal year. There are \$25,000 more in third-party contributions than expected. Mr. Davidson's contribution increased by \$220,000. Mr. Herron stated that there are some remaining budget items that most likely will not be spent. Mr. Herron stated that the net change is a decrease in net assets at the end of the year to \$1,540 in the revised budget from \$10,150 in the previous version of the budget. A motion was made and seconded for approval of the 2017-2018 revised budget. The motion carried unanimously.

2. 2018-2019 Fiscal Budget

Mr. Herron referred to Tab 9 (incorporated herein by reference) with the budget for the upcoming fiscal year of 2018-2019, which begins July 1, 2018. As required, a budget hearing was held last Monday, May 7. The hearing was properly noticed and advertised in the *Reno Gazette-Journal* on April 27 (incorporated herein by reference). The posting documents and minutes are included in the board book (incorporated herein by reference). There was one member of the public present and their question is reflected in the minutes about the private donations component of revenue (incorporated herein by reference).

Mr. Herron stated that the 2018-2019 budget includes both the Reno and Online programs of the Academy. The budget is based on 165 Reno students and 30 online students, up from the current actuals of 149 Reno and 21 online students. As noted last year, the DSA is based on the average daily attendance and the state has not released the DSA per pupil amount for next year. Thus, the DSA amount for the current year was used. For the purposes of the budget, none of the online students are considered eligible for DSA. Total expenses increased in the 2018-2019 budget by \$812,000, including \$366,000 in wages. Mr. Herron stated that \$48,000 of the wage increase amount is due to timing differences with last year employees leaving in May and new hires starting in August. This year, employees who started in August are continuing and there will not be a gap. Other wage increases include: \$37,000 for a position changing from part-time to full-time; \$115,000 for three new online positions, two of which are full-time and one part-time; \$85,000 in merit salary increase pool; \$30,000 related to vacation accrual timing differences; and \$15,000 for FMLA leave substitutes. In addition to the overall wage increase, there is an increase of \$110,000 for the medical benefit calculated at 15 percent, however staff will work to keep this closer to three percent. Additional increases include \$85,000 for course development; \$100,000 in upgrades to the Reno campus building monitoring system; \$65,000 for marketing the online school; \$46,000 for website and application system upgrades; \$15,000 for computer hardware; and \$10,000 for building maintenance carpeting and wiring.

On the revenue side, the Academy is expected to receive \$1,170,000 from the state in DSA funding, which is up by \$88,000 from 2017-2018 year, \$162,000 in tuition and the Davidson's contribution of \$3.5 million up from \$2.7 million. The budget results in a net asset change in the positive of \$3,865. A motion was made and seconded to approve the 2018-2019 budget. Mr. Davidson commented that the team should continue to refine the budget throughout the year with a close look at increased expenditures and online revenue side opportunities. There was

also discussion about DSA funds and how these apply to online students living in Nevada and those who live outside the state. A motion was made and seconded for approval of 2018-2019 budget. The motion carried unanimously.

3. Approve Engagement of Independent Auditors for Fiscal Year Ending June 30, 2018

Mr. Herron stated the final item of business would be the approval of the engagement of the auditors for the fiscal year ending June 30, 2018 with a recommendation of retaining the accounting firm of Holthouse, Carlin and Van Trigt LLP. Mr. Herron referred Tab 10 (incorporated herein by reference) with the Auditor Letter of Engagement. The proposed audit fee is \$26,000, unchanged from the prior two years. A different partner will oversee this year's audit, Morris Zlotowitz. As the board has previously discussed, it is difficult to find a firm that understands the Academy. Mr. Herron made a motion to engage Holthouse, Carlin and Van Trigt LLP, which was seconded. The motion carried unanimously.

G. Reports

1. Academy Director

a. General Program Updates

Ms. Harsin referred to Tab 2 (incorporated herein by reference) with communication with the state about the Academy's school calendar. The Academy was required to account for two weather-related cancellations and delays with the state, which tracks the Academy's minutes due to the school's alternate calendar. Ms. Harsin requested May 17 count as a professional development day, instead of bringing the students back after the last day of school on May 16. Additional documentation included the application for the 2018-2019 school calendar of 154 days, which is the same as the past several years, and is currently pending state approval.

Ms. Harsin referred to Tab 3 (incorporated herein by reference) includes copies of emails sent to both students and parents about student-led interests in response to nationwide school shooting walkout events on March 14 and April 20.

b. College Planning Updates

Ms. Harsin referred to Tab 4 (incorporated herein by reference) with a letter from the U.S. Presidential Scholars program naming Pranit N. as a semifinalist. A letter from National Merit listing Academy students who would be recognized in the fall as either commended or semifinalists was also presented. Based on this list, Ms. Harsin expects at least half of next year's graduating class to be National Merit semi-finalists.

Ms. Harsin referred to Tab 5 (incorporated herein by reference) with a list of this year's graduates and their schools of choice, as well as a list of all the colleges and universities to which they were accepted.

Ms. Harsin gave a brief enrollment report stating 122 students will be returning for the 2018-2019 school year with 41 newly accepted and one decision pending. Of the newly accepted students, 23 are female, 18 are male and they range in age from 9 to 14. Fifteen live in Nevada, and the remaining 26 come from the following states: California, New Jersey, Arizona, Oklahoma, Texas, Florida, Illinois, Colorado, Maryland and North Carolina. Ms. Harsin estimated 165 for next year, but stated that these numbers could continue to change until the students arrive for the first day of school in August.

2. Director of Online Learning

a. General Program Updates

Stacy Hawthorne, Director of Online Learning, referred to Tab 6 (incorporated herein by reference) with information about the Davidson Academy winning the 2018 Blackboard Catalyst Award for Teaching and Learning that recognizes the exemplary model of education at the Davidson Academy Online which incorporates social interaction with a student's education. The award from Blackboard, which is the Academy's learning management system, is based on two submissions – one from Mrs. Hawthorne and one from Dr. Jessica Potts, Humanities Instructor and Curriculum Designer. Blackboard is currently compiling a press kit with publicity materials.

Mrs. Hawthorne gave an admissions and enrollment report with updated numbers and pie charts with detailed information about applicants for the online campus. She stated that 77 students applied and many were still in the process of being assessed or making their decision to attend. These students are from 13 different states, including California, Texas and Nevada. The average age is 13. Out of the current 21 online students, three are moving to Reno to attend the Academy's day school in 2018-2019; 11 will be returning to the Online school; and eight are undecided.

Mrs. Hawthorne also shared two emails with the board from online families who shared how much Davidson Academy Online means to their families. Additionally, she recognized two families who have donated to the school. Mrs. Hawthorne shared plans to increase application flow and enrollment, including increased web presence, updated marketing materials, in-person events at regional hubs, summer events for online students and parents, online open houses, one-on-one phone calls with accepted families and more.

3. Media and Outreach

Julie Dudley referred to Tab 7 (incorporated herein by reference) with Media and Outreach report, which included: recent media articles in *eLearning Inside News* and the *Reno Gazette-Journal*; eNewsletter subscription numbers; social media links; and upcoming conferences.

H. Correspondence

There was no correspondence received by the Board for this meeting.

I. Public Comments

An Academy parent in attendance asked Mr. Herron to repeat the amount of the Davidson's contribution in the upcoming school budget. Mark stated that last year's contribution from the Davidson's was more than \$2.7 million and next year's would be \$3.45 million.

J. Adjournment

There being no further business to come before the Board in public meeting, motion was made and seconded for adjournment; motion carried unanimously. The meeting adjourned at 2:50 p.m.



Respectfully submitted by Julie Dudley, Clerk of the Board