

MONTEREY COUNTY BOARD OF EDUCATION
SPECIAL MEETING
DECEMBER 19, 2018
APPROVED MINUTES

1. Opening Business

1.1 Call to Order: President Janet Wohlgemuth called the Special Meeting of the Monterey County Board of Education to order at 9:02 AM in Conference Rooms A/B of the Monterey County Office of Education.

1.2 Roll Call

BOARD MEMBERS PRESENT:

Janet Wohlgemuth, President	Trustee Area #4
Ronald Panziera, Vice President	Trustee Area #5
Harvey Kuffner	Trustee Area #1
John McPherson	Trustee Area #2
Judy Pennycook	Trustee Area #3
Mary Claypool	Trustee Area #6
Lupe Sánchez	Trustee Area #7
Dr. Nancy Kotowski, Secretary to the Board	

STAFF TO SUPERINTENDENT:

Michelle Archuleta
Garry Bousum
Dr. Deneen Guss
Teri James
Tom Mooneyham
Colleen Stanley
Carla Stewart
Dr. Ernesto Vela

GUESTS:

Millennium Charter High School Parents,
Staff, and Board
Ed Sklar, Legal Counsel

1.3 Pledge of Allegiance: Dr. Nancy Kotowski led the Pledge of Allegiance.

1.4 Adoption of Agenda:

MSC 18-19-39 (7-0) Harvey Kuffner, Judy Pennycook

“That the Monterey County Board of Education adopts the agenda as presented.”

2. Communications

2.1 Correspondence: President Wohlgemuth indicated all correspondence received on the matter was located in the rear of the room.

3. Monterey County Board of Education Millennium Subcommittee Report

John McPherson, Chair of the MCOE Board Millennium Subcommittee, addressed the letter from Millennium Charter High School Board requesting that he recuse himself from the item due to the fact that he was a parent of a daughter in the school during the 2016-17 school year. He reviewed how school finances work, with revenue coming from the State, which is a combination of enrollment and attendance. He stated it is critically important for public schools to maintain enrollment, as ADA is the primary way public schools are funded in California. Millennium Charter High School had a significant and rapid decline in revenue along with

significant and rapid decline in ADA. He stated that MCOE Board Immediate Past President Mary Claypool appointed a subcommittee, which after a thorough review recommended that the school stop operations at the end of the calendar year. He said it would be irresponsible as elected officials to recommend otherwise, and Dr. Kotowski presented a solution that Millennium students could be incorporated into an alternative education program for those who wish in order to minimize the disruption that occurs when a student changes schools. Those findings were shared with members of the Millennium Board. MCOE reviewed every single financial post, and found some posting errors which were adjusted. MCOE hired an outside forensic auditor, which after a thorough review concluded the school should cease operations on December 31, 2018. The status of the school's finances has been a topic since June 11 when MCOE issued a letter of concern. Multiple meetings and conversations have taken place with the MCHS staff and Board representatives since that time. Millennium Charter High School is an independent charter and it is not MCOE's responsibility to communicate with the school's stakeholders – that is the school's responsibility. It does not matter whose fault it is because action is not taken based on this – action is taken on what is allowable. This is public money, and using creativity is not a recipe for success but rather a recipe for more problems. He stated there are two options moving forward: Option one would be to allow Millennium to manage their own financial affairs as of January 1 with the amendment to the MOU. This means their revenue would not go to the County treasury. There will be no grants or loans given to Millennium by the County Board because that would be considered a gift of public funds. Option two is to cease operations as of December 31 and students be served by MCOE Alternative Education if they so wish, with MCOE hiring current teachers depending on the number of students enrolled. He stated it would cost the County Office a significant amount of money that was not budgeted to start this program. Also, the \$300,000 still owed by Millennium would need to be paid back to the County treasury.

4. Monterey County Office of Education Staff Report on Millennium Charter High School

Dr. Nancy Kotowski thanked everyone for attending the meeting. She spoke of the vision of the school as a demonstration site for the State of California, with the intention to have 200 students with a waiting list. MCOE seeks to offer innovations, not to take over programs. MCOE has been there every step of the way to ensure that the school succeeds. Rather than students coming to the school, the students left due to many reasons including tumultuous changes in staff and severe decline of ADA. Every other school in the State of California is required to have 5% reserves for economic uncertainty – Millennium has 0. Millennium staff was trained to use financial system and could have known their own cash balance. MCOE discovered the errors, and corrected them. One of the erroneous transactions was a grant, that was coded incorrectly. MCOE has fulfilled oversight responsibilities is not the reason the school is in the financial position they are in. Public funds cannot be used to correct the financial position the school is in.

Garry Bousum stated that at the second interim reporting period (April 18, 2018) information was shared that the Charter School was projecting deficit spending of <\$158,972>. When Principal 3 was the principal he had scheduled an agenda item be put on the MCAET Foundation board meeting to request \$100,000 as a building block for future collaborations. He left before the Foundation ever got to the scheduled agenda item. With the principal's departure, the proposed funding was never realized. Because the funding never was received the \$100,000 was removed from the budget. The Charter School has a negative cash balance in their account held at the County Treasury. The value of that negative balance as of December 18, 2018 is negative <\$332,487.62>. The Charter School's own cash flow forecast is that the school will continue to have a negative cash flow every month of this fiscal year, ending on June 30, 2019.

5. Millennium Charter High School Board Presentation:

Jose Arreola, President of the Millennium Charter High School Board, stated he felt it was an understatement to say it is an enrollment issue. They have reduced almost a half a million dollars in expenditures, after having six figures taken from their budget multiple times, which does not allow the board to make decisions besides difficult ones, and after the fact. They are asking MCOE to work with them, just as if a bank made a mistake, a client would demand that they work with them to make it right. He stated enrollment has played a roll, and the Board has come through some difficult times working very hard to correct the issues. MCHS is the only charter high school in the entire City of Salinas that doesn't require tuition. He said they never asked for a forensic audit, but yet they still have not seen the full audit as requested.

Landa Rosebraugh, Millennium Charter High School Board Treasurer, shared they have not had an opportunity or reasonable time to make plans and work with MCOE to figure out how to dissipate such a large cash flow issue that has stemmed from the errors that have been corrected in this school year for previous school years. The total of the three prior errors is close to \$385,000, if those three totals alone are open to discussion and could be figured out together with some way to rectify they would once again be in the black again, because the school has been in the black with reserves in previous years. She said this is supported by their own auditor, with a letter dated December 18. She stated the accounting services provided by MCOE have made it difficult for the school to make financial decisions.

Wayne Strumpfer, Legal Counsel for Millennium Charter High School, requested an opportunity for the school to review the draft MOU as they were not able to assemble the Board with enough notice to consider the changes. He requested the MOU change to January 31, instead of December 31, which would also allow an opportunity for the MCHS Board to hire a back office provider over the holidays. He stated the Education Code used refers to districts not charter schools, and requested that the MCOE Board not move forward with the revocation process.

6. Public Comment (*limited to two minutes per speaker*)

The following students, parents, teachers and supporters of Millennium High School spoke under public comment regarding the positive impact the school has had on their lives and educational paths:

Lina Williams, Sheri Shaw, DJ Hill, Maxine Sirutu, Edmund Billeci, Lorry Robin, Mike Erickson, Arianna Gonzalez, Allie Sirutu, Jose Lopez, Manual Morales, Rachael Flores, Amber Nguyen, Jonathan Battle, Andrew DeAnda, Mohala Lagapa, Amy McAfee, Jeremy Meharg, Bell Farber, Natalie Sergent, Samantha Billeci, Michelle Billeci, Dennis Doan, Lysa Fikek, Janeth Bernal, Steve McDougall, Maluhia Lagapa-Talbott, Tina Martinez-Picazo, Diego Picazo, Helen Wang, Andrew Gonzalez-Cruz, Kristina Carey, Enrique Fuentes, Pamela Montute, Linda Mendoza, Melissa De La Rosa, Jared Anderson, Joseph Mollath, Owen Mendoza, Julia Majano, Alexander Heredia, Esther Tablante, Andrew Palafox, Veronica Ibarra, Landa Rosebraugh, Renee Ortega, Hailie Bringas, Nicholas Clavo, Jasmine Grey, Adriel Orozco, Denisse Rodriguez, Sierra Bryant, Miguel Grey, Wyatt Foxworthy, Alicia Doan, Dakota Bradshaw, Judy Bradshaw, Wes White (came in after closing submission period).

The Board convened to Closed Session in the Dr. Ray Charlson Board Chambers at 12:10 PM.

7. Closed Session: Conference with Legal Counsel – Anticipated Litigation: Significant Exposure to Litigation Pursuant to Paragraph (2) or (3) of Subdivision (d) of Section 54956.9.

The Board reconvened to Open Session in Conference Rooms A/B at 1:42 PM.

8. Report Out on Closed Session: No action taken

9. Approval of Amendment to Memorandum of Understanding between the Monterey County Board of Education and Millennium Charter High School to Transfer Business and Human Resources Services from Monterey County Office of Education to Millennium Charter High School

The Board consensus was to modify the effective date of the request to amend the MOU to February 1, 2019.

MSC 18-19-40 (7-0) John McPherson, Harvey Kuffner

“That the Monterey County Board of Education approves Amending the Charter School Memorandum of Understanding between the Monterey County Board of Education and Millennium Charter High School to transfer Business and Human Resources Services from Monterey County Office of Education to Millennium Charter High School effective February 1, 2019. The Monterey County Board of Education authorizes the County Superintendent of Schools to finalize the terms of this amendment.”

10. Monterey County Board of Education Comments:

Ron Panziera expressed his disappointment at the lack of information provided to parents by the Millennium Charter High School Board. Everyone who worked as a community to ban together, today could have done this together to move from a charter to an academy, with the same people around you. He expressed his sadness in what has happened, as alternative education has programs that help people – he stated the MCHS board deceived the parents and students, and led them down this path where they are.

Judy Pennycook expressed her frustration at the lack of communication between the MCHS Board and parents. She thanked all those who spoke, and shared the many ideas that were provided to the MCHS Board during the summer on ways to increase ADA and also reduce expenditures. She said she felt it fell on deaf ears. She stated she understood that the school is a place where many students feel at peace, and accepted.

John McPherson responded to a comment that the students in the Alternative Education program are the students that MCHS are trying to get away from. He felt this was a misstatement, and not accurate that the kids in Alternative Education are to be feared. He also shared that as a parent, he was quite often at the school, or chaperoning dances, and still has many friends at the school. He stated the Millennium Board is responsible for all personnel actions at the school, and suggested that everyone get their meeting agendas and start attending their meetings because effective February 1 it is their responsibility, and the only money they will be able to spend is their school's money, not any other school's money.

Lupe Sánchez stated she had a child that graduated from Millennium. There are success stories. Every single student and parent are important, and it is a very serious situation that the school is in, and everyone is working very hard to find a solution to ensure the student's studies are not interrupted.

Mary Claypool apologized to the students for the mistake of adults. She said everyone has responsibility of where the school is at. She expressed that Millennium Board did not fulfil their responsibility of informing stakeholders of the current status of the school, among other obligations that were not fulfilled.

Harvey Kuffner shared that he was on the Board when Millennium submitted the charter for review, and he believed the concept behind Millennium was visionary. It is unfortunate it has come to this point, very emotional and heart wrenching testimony. He wished everyone the best of luck, and to all those involved in making decisions doing the best they can for the students.

Janet Wohlgemuth thanked the students for heartfelt testimony. She referenced what a parent said about making the phoenix rise to bring more students to the school. She reminded the students that their voice has the most power and greatest impact. She encouraged them to continue to come together and build the school up to where the students want it to be. She reiterated that not one Board member wants to shut the school down, and every one of them are parents themselves. She told the students to help their school and ASB board, and to hold their Millennium Board accountable.

President Wohlgemuth stated that the payroll payments will not stop until the end of January, when Millennium's accounting services transfers are to their own business services provider. She encouraged parents and students to attend the Millennium Board meetings and delve into that, and see where you stand, there is still a need to bring students into school, and raise funds through the school's foundation.

11. Provide Direction to Monterey County Office of Education Staff Regarding Initiation of the Revocation Process for Millennium Charter High School (Education Code section 47607)

The Board directed staff to complete a full and thorough review of the Charter School MOU, and determine where there is compliance and where there is not compliance at this time.

12. The meeting was adjourned at 2:12 PM.

Approved: January 16, 2019

Janet Wohlgemuth, President

Deneen Guss, Ed. D.,
Secretary to the Board