

## AISU Board of Directors Meeting Minutes

11:00 a.m., Friday, June 17, 2016

AISU Board Room (2<sup>nd</sup> Floor Conference Room)

Meeting also facilitated by telephone conference call.

Call in instructions: (605) 475-4000 / Participation code: 955830#

In Attendance: Richard Maxfield, David Chan, B.J. Millar, Diane Johnson, Geoff Davis, Mark Smith, Nathan Justis, Mike Farley, Tyler Jensen & Jeff Hirst

- I. Richard Maxfield calls the meeting to order at 11:18 a.m.
- II. Approval of Minutes from April 29, 2016 board meeting.
  - a) B.J. Millar motions to approve the minutes.
  - b) David Chan seconds the motion.
  - c) Votes in favor: Maxfield, Chan, Millar, Johnson & Davis (unanimous)
- III. Insurance Overview - Jeff Hirst
  - a) Directors and officers insurance is handled by two carriers, Hanover Insurance Group and Great American with total coverage of \$2,000,000.
    1. Hanover Insurance Group is an international agency that specialized in schools. The AIS policy has a total of 1,000,000 in general coverage that includes an unlimited defense provision.
    2. Great American Insurance Agency has an additional \$1,000,000 excess directors and officers insurance.
  - b) Educator's legal liability insurance policy \$1,000,000 coverage includes protecting officers against claims that educators did not provide adequate educational services.
  - c) General liability insurance policy coverage has a total of \$1,000,000 each occurrence, \$3,000,000 aggregate and \$1,000,000 umbrella coverage.
  - d) Board recommends adding an element to the AISU safety committee's scope to include outlining safety parameters for all intensives with consultation from Jeff Hirst and his team.
- IV. Financial Committee Report - BJ Millar
  - a) Budget Reports & Cash Flow - Red Apple
    1. We received unanticipated increased revenue due to international student tuition and summer programs that were added to the 2016 budget.
    2. We also received a decrease in the June reimbursement from the State due to the lack of immunization records for some students. AISU administration made many attempts to collect these records over the school year. We forfeited about \$69,000 in State funding.
      - i. The board recommends a strong policy going forward that any student who does not have their immunization record or wavier form on file will be barred from attending school until their records are updated. These students will also risk losing their spot if they do not update the record by a certain date at the beginning of the school year.
  - b) Financial Committee Comment: (B.J. Millar) We have made progress this year in some of our fiscal controls but we still have a good ways to go in terms of operating the school within the proposed budget.
    1. B.J. Millar makes a motion that we move forward with redesigning a different monthly budget variance reporting process.
    2. Diane Johnson seconds the motion.
    3. Votes in favor: Maxfield, Chan, Millar & Johnson (unanimous.)

- V. Budget Consideration and Approval
  - a) 2016-17 School Year Budget
    - 1. B.J. Millar motions to approve the 2016-17 budget contingent on changing the net income from \$474,000 to \$334,000 to cover the elementary school portables (\$140,000) and approval the H-wire network upgrade under the conditions that changes will be made to other operational categories to cover the \$53,000 (network upgrade) and cover cash-flow over the next. However, the classroom dividers, the cafeteria remodel and other elements are contingent on receipt of EB-5 investment.
    - 2. Geoff Davis seconds the motion.
    - 3. Votes in favor: Maxfield, Chan, Millar, Johnson & Davis (unanimous.)
    - 4. Note: B.J. Millar will review anticipated cash flows until September based on these decisions.
  - b) FY16 and FY17 Budgets for Submission to the State
    - 1. B.J. Millar motions to approve the FY16 and FY17 budgets for submissions to the state as adjusted and currently constituted.
    - 2. Diane Johnson seconds the motion.
    - 3. Votes in favor: Maxfield, Chan, Millar, Johnson & Davis (unanimous.)
  - c) Proposed Facility Improvements
    - 1. Richard Maxfield motions to approved the 2016-17 facility improvements subject to financial resource availability as verified by the finance committee.
    - 2. B.J. Millar seconds the motion.
    - 3. Votes in favor: Maxfield, Chan, Millar, Johnson & Davis (unanimous.)
  
- VI. Program Improvement Committee
  - a) Mike Farley will send out the working draft to all board members to facilitate a discussion at the next board meeting.
  
- VII. AIS Asia Holdings / AIS-China: Ownership Issue
  - a) Background: In order to set up a Chinese wholly fore owned subsidiary (AIS-China) in Hong Kong Mike Farley had to use his personal information and act as a placeholder for AIS. Regulations do not allow a for profit entity (AIS, LLC) that is owned and operated by a not for profit entity (AISU) in the U.S. to be a equity holder of a Chinese for profit entity (AIS-China.)
    - 1. B.J. Millar motions for Richard Maxfield, AISU board chairman, to sign the AIS Asia Holdings declaration that acknowledges the procedure required to established the AIS China entity and open accounts in Hong Kong.
    - 2. David Chan seconds the motion.
    - 3. Votes in favor: Maxfield, Chan, Millar, Johnson and Davis (unanimous.)
  
- VIII. Adjournment
  - a) Diane Johnson motions to adjournment the board meeting.
  - b) David Chan seconds the motion.
  - c) Votes in favor: Maxfield, Chan & Johnson (unanimous.)
  - d) Richard Maxfield brings the meeting to a close at 1:18 p.m.