

**MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF  
SUNSTONE MONTESSORI SCHOOL  
HELD ON OCTOBER 19, 2013**

**APPROVED BY BOARD AT BOARD MEETING HELD ON NOVEMBER 19, 2013**

**Introduction**

After proper notice ("Notice") had been provided on behalf of Sunstone Montessori School ("School"), a special meeting ("Meeting") of the School's board of directors ("Board") began at 9:00 a.m. on October 19, 2013, in a conference room at McMenamins Edgefield in Troutdale, Oregon.

The following persons were present at the Meeting:

**Sheree Arntson**, as a director of the Board;  
**Karen Bettencourt**, as a director of the Board and as the Treasurer of the School;  
**Kristin Connor**, as a director of the Board;  
**Jerry Elliott**, as a director of the Board and as the Secretary of the School;  
**Susan Gillespie**, as a director of the Board and as the Vice President of the School;  
**Sean Murphy**, as a director of the Board;  
**Cathy Newman**, as a director of the Board and as the Head of School;  
**David Smith**, as a director of the Board and as the President of the School;  
**Jeff Wiles**, as a director of the Board;  
**Dan Wasil**, as the Development Director of the School; and  
**Liz Field**, as a consultant of the School and as the facilitator of the Meeting.

No director was absent from the Meeting. A quorum of directors was present throughout the entire Meeting. There was no protest regarding the Notice or the holding of the Meeting.

These minutes of the Meeting ("Minutes") were prepared by the Secretary and approved by the Board.

Also, Liz Field has prepared a draft summary of the Meeting ("Consultant's Summary"), which accompanies these Minutes; and, to the extent that any of the provisions of the Consultant's Summary are inconsistent with any of the provisions of these Minutes, the provisions of these Minutes control and are binding.

During the Meeting: (i) the Board discussed many topics, most of which are summarized in the Consultant's Summary and therefore need not be repeated in these Minutes; and (ii) the Board authorized, at one point or another, all of the actions described below.

**Election of Officers**

The Board discussed the need to elect new officers of the School. Based on that discussion, and on a motion duly made and seconded, the Board voted unanimously to **ELECT** each of the following individuals to the offices indicated below, with each individual taking office immediately and holding office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal:

<b>David Smith:</b>	President
<b>Susan Gillespie:</b>	Vice President (and to become President on 07.01.14)
<b>Karen Bettencourt:</b>	Treasurer
<b>Jerry Elliott:</b>	Secretary

## **The Board's Basic Responsibilities**

The Board discussed its basic responsibilities, based on a report provided by Liz Field to the Board before the Meeting ("Consultant's Pre-Meeting Report"), which accompanies these Minutes. Based on that discussion, the Board **ACKNOWLEDGED** the following elements based on the Consultant's Pre-Meeting Report:

1. Determine School's Mission and Purpose. It is the Board's responsibility to create and review a statement of the School's mission and purpose that articulates the School's goals, means, and primary constituents served.
2. Select Head of School. The Board must reach a consensus on the Head of School's responsibilities and must undertake a careful search to find the most qualified individual for that position.
3. Support and Evaluate the Head of School. The Board should ensure that the Head of School has the moral and professional support that he or she needs to further the School's goals.
4. Ensure Effective Planning. The Board must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
5. Monitor and Strengthen the School's Programs. The Board must determine which programs are consistent with the School's mission and monitor their effectiveness.
6. Ensure Adequate Financial Resources. The Board must secure adequate resources for the School to fulfill its mission.
7. Protect Assets and Provide Proper Financial Oversight. The Board must assist in developing the annual budget and in ensuring that proper financial controls are in place.
8. Build a Competent Board. The Board must articulate prerequisites for Board candidates, orient new directors, and periodically and comprehensively evaluate their own performance.
9. Ensure Legal and Ethical Integrity. The Board must adhere to legal standards and ethical norms.
10. Enhance the School's Public Standing. The Board must clearly articulate the School's mission, accomplishments, and goals to the public and garner support from the community.

## **Each Director's Basic Responsibilities**

The Board discussed the basic responsibilities of the Board's directors, based on the Consultant's Pre-Meeting Report. Based on that discussion, the Board **ACKNOWLEDGED** the following elements based on the Consultant's Pre-Meeting Report:

1. Attend all Board and committee meetings and functions (e.g., special events).
2. Be informed about the School's mission, services, policies, and programs.
3. Review all agendas, reports, and supporting materials before each Board and committee meeting.
4. Serve on committees or task forces and offer to take on special assignments.
5. Make a personal financial contribution to the School.
6. Inform others about the School.
7. Suggest possible nominees to the Board who can make significant contributions to the work of the Board and the School.
8. Keep up-to-date on developments in the School's field.
9. Follow conflict-of-interest and confidentiality policies.
10. Refrain from making special requests of the School's staff.
11. Assist the Board in carrying out its fiduciary responsibilities, such as reviewing the School's financial statements.

## **Each Director's Basic Legal Duties**

The Board discussed the basic legal duties of the Board's directors, based on the Consultant's Pre-Meeting Report. Based on that discussion, the Board **ACKNOWLEDGED** the following elements based on the Consultant's Pre-Meeting Report:

1. **Duty of Due Care.** Director must discharge their duties with the same degree of care that an ordinary prudent person in a like position would exercise under similar circumstances. Directors need not always be right, but they must act in good faith and with common sense and informed judgment. Directors must actively participate in the Board and must make reasonable inquiries with respect to all issues.
2. **Duty of Loyalty.** Directors have a duty to give their undivided loyalty to the School. Decisions regarding the School's funds and activities must promote the School's public purpose rather than any private interest. Any potential transaction that would be in conflict with the School's interests must be scrutinized closely by the Board with the realization that the public will predictably be skeptical of any perceived conflict.
3. **Duty of Obedience.** Directors have a duty to follow the School's governing documents (*i.e.*, articles of Incorporation and bylaws), to carry out the School's mission and to ensure that all School funds are used for lawful purposes. Directors must comply with all applicable state and federal laws that relate to the School and the way in which it conducts its business.
4. **Other Duties.** In addition to those three general fiduciary duties described above, there are other specific duties that must be observed by all directors. Directors must ensure that:
  - (a) Satisfactory corporate documents and records exist and are maintained for the School;
  - (b) Satisfactory financial records and controls exist and are maintained for the School;
  - (c) Satisfactory safeguards exist and are maintained for the School's resources; and
  - (d) Satisfactory donor restrictions exist and are properly observed.

## **Separation of Duties**

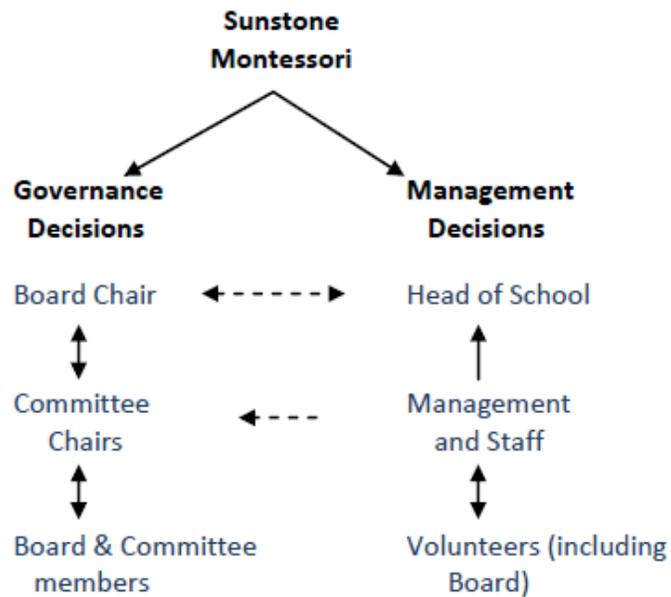
The Board discussed the general separation of duties between the Board and the School's staff, including the School's chief administrative officer called the Head of School, based on the Consultant's Pre-Meeting Report. Based on that discussion, the Board **ACKNOWLEDGED** the following elements based on the Consultant's Pre-Meeting Report:

**Governance:** The Board sets the School's strategic direction and broad goals, makes all major decisions, and oversees the performance of the School and the Head of School.

**Management:** The Head of School (i) reports to the Board, (ii) runs the School in harmony with the overall strategic direction set by the Board, (iii) recommends goals and policies to the Board, and (iv) keeps the Board fully informed.

The following chart depicts the general separation of duties and lines of authority for the School:

## Lines of Authority for Decision Making



### General Role of Officers

The Board discussed the general role of nonprofit elected officers, based on the Consultant's Pre-Meeting Report. Based on that discussion, the Board **ACKNOWLEDGED** the following elements based on the Consultant's Pre-Meeting Report (note that certain elements may be superseded by other Board decisions):

#### President

- Attends all Board meetings.
- Oversees all Board and Executive Committee meetings.
- Works in partnership with the Head of School to ensure Board resolutions are carried-out.
- Calls special meetings, if necessary.
- Appoints all committee chairs and, with the Head of School, recommends who will serve on committees.
- Assists the Head of School in preparing the agenda for Board meetings.
- Assists the Head of School in conducting new Board member orientation.
- Oversee searches for any new the Head of School.
- Coordinates the Head of School's annual performance evaluation.
- Works with the Governance and Nominating Committee to recruit new Board members.
- Acts as an alternate spokesperson for the School.
- Periodically consults with directors on their roles and helps them assess their performance.

#### Vice President

- Attends all Board meetings.
- Assumes responsibilities of the President in the President's absence.
- Serves on the Executive Committee.
- Carries out special assignments as requested by the President.
- Participates as a vital part of the Board's leadership.

#### Treasurer

- Attends all Board meetings.
- Assumes responsibilities of the President in the absence of the President and Vice President.

- Serves on the Executive committee.
- Understands financial accounting for nonprofit organizations.
- Serves as the chair of the Finance and Audit Committee.
- Manages the Board's review of, and actions related to, the Board's financial responsibilities.
- Works with the President and the School's financial staff to ensure that appropriate financial reports are made available to the Board on a timely basis.
- Presents the School's annual budget to the Board for review and potential approval.
- Reviews the annual audit and answers directors' questions about the audit.

#### Secretary

- Attends all Board meetings.
- Assumes responsibilities of the President in the absence of the President, Vice President, and Treasurer.
- Serves on the Executive committee.
- Reviews the safety and accuracy of all Board records.
- Prepares all minutes of Board meetings.
- Provide notice of meetings of the Board and of the Executive Committee, if required.

#### **Creation of Committees**

The Board discussed the need to create new Board committees, to replace all the Board's previous committees, based on the Consultant's Pre-Meeting Report. Based on that discussion, and on a motion duly made and seconded, the Board voted unanimously to **APPROVE** all of the following resolutions (which include certain elements based on the Consultant's Pre-Meeting Report):

#### **RESOLVED:**

1. The Board does hereby establish four Standing Committees, as follows:

(a) Executive Committee:

Members: President (chair); Vice President; Secretary; Treasurer; Head of School.

Basic Duties: Determine mission and purpose of School.  
 Select the Head of School.  
 Support and evaluate the Head of School.  
 Ensure effective planning.  
 Monitor and strengthen School's programs and services.  
 Exercise some or all powers of the Board between Board meetings.  
 Report to the Board all actions taken.  
 Be a sounding board for Head of School on emerging issues, problems, and initiatives.  
 Lead executive evaluation and compensation.

(b) Finance and Audit Committee:

Members: Treasurer (chair); Sheree Arntson; Debbie Hall (School's controller).

Basic Duties: Protect assets and provide proper financial oversight.  
 Ensure legal and ethical integrity of all financial matters.  
 Oversee the School's financial planning.  
 Ensure that the Board approves the annual budget.  
 Anticipate financial problems and report to the Board on any financial concerns or opportunities.

Safeguard the School's assets.  
Recommend financial policies and guidelines to the Board (e.g., investments, reserve)  
Ensure that accurate financial records are kept.  
Ensure that the Board receives timely financial statements and reports.  
Ensure that all necessary legal reports are filed (e.g., tax filings).  
Select auditor.

(c) Governance and Nominating Committee:

Members: Secretary (chair); Sean Murphy; outside members.

Basic Duties: Build a competent board.  
Ensure legal and ethical integrity for all governance matters.  
Prepare priorities for Board composition.  
Meet with prospective candidates for the Board.  
Recommend candidates to the Board.  
Recommend a slate of officers to the Board.  
Conduct orientation sessions for new Board members  
Organize full-Board training sessions.  
Suggest new, non-Board individuals for committee membership.

(d) Advancement Committee: Includes fundraising, development, marketing, advertising, and public relations.

Members: Kristin Connor (chair); Jeff Wiles; Dan Wasil (School's Development Director); Leslie Logan (School's Enrollment Director); Monica Wright (School's Communications Director).

Basic Duties: Overall fundraising.  
Work with staff to establish a fundraising plan that incorporates a variety of approaches.  
Work with fundraising staff in their efforts to raise money.  
Take the lead in certain types of outreach efforts (e.g., host fundraising parties).  
Seek annual pledges from Board members and others.  
Involve Board members in fundraising.  
Monitor fundraising efforts, to ensure that ethical practices are in place, that donors are acknowledged appropriately, and that fundraising efforts are cost-effective.  
Ensure adequate financial resources.  
Enhance the School's public standing.

2. The Board does hereby establish one Ad Hoc Committee, as follows:

Site Committee:

Members: Sean Murphy (chair); Head of School; Cathy, Debbie Hall (School's controller); Peter Field (School's Maintenance Manager).

Basic Duties: Protect assets and provide proper oversight of assets.  
Develop emergency plan.  
Manage lease and relationship with landlord.  
Assist in acquisition of property.  
Other or revised duties, as determined by the Executive Committee.

3. The Board will further review and consider the Head of School's committee assignments, in the context of her job description.

## **Protocol for Future Board Meetings**

The Board discussed the need to revise the protocol for future Board meeting. Based on that discussion, and on a motion duly made and seconded, the Board voted unanimously to **APPROVE** all of the following resolutions:

### **RESOLVED:**

1. That Board meetings be held on a regular monthly basis, on the 3rd Tuesday of each month, unless otherwise determined by the Board before any meeting;
2. That every regular monthly Board meeting begin at 6:30 p.m. and end no later than 8:00 p.m., unless otherwise determined by the Board before or during any meeting;
3. That the Board may provide for a Board dinner, beginning at 6:00 p.m., before any Board meeting;
4. That all Board committee reports (including proposed motions) be emailed (by each committee's leader, who must expressly identify each reported item as a proposed board decision, as a monitoring item, or as an information-only item) to the Executive Committee at least one week before each Board meeting, to allow the Executive Committee adequate time to study and consider all reports before they are sent to all directors before the Board meeting;
5. That the Treasurer's report, including proposed motions and the School's current (as of the immediately previous month's end) financial statements, be emailed (by the Treasurer) to the Executive Committee at least one week before each Board meeting, to allow the Executive Committee adequate time to study and consider the report and financial statements before they are sent to all directors before the Board meeting;
6. That each Board meeting's agenda and all related reports (including all proposed motions) be emailed (by the President) to all directors at least five days before each Board meeting, to allow all directors adequate time to study and consider the agenda and all reports and to seek answers to their questions before the Board meeting;
7. That the minutes of the prior Board meeting be emailed (by the Secretary) to all directors at least one week before each Board meeting, to allow all directors adequate time to review the minutes and to provide comments on the minutes to the Secretary before the Board meeting, so that the minutes may promptly be approved, with all necessary revisions, at the beginning of each Board meeting;
8. That the School's vision statement, mission statement, and value proposition (i.e., "elevator pitch") all be reviewed and read aloud at the beginning of each Board meeting; and
9. That the Vice President be, and she hereby is, **AUTHORIZED** and directed to act, on the Board's behalf, as a project manager, to assist the Board and all committees in achieving their tasks and in completing all action items (e.g., see current list of action items that accompanies these Minutes).

**Engage Outside Assistance**

The Board discussed the need to seek outside assistance to enhance the Board's effectiveness and to achieve the Board's goals. Based on that discussion, and on a motion duly made and seconded, the Board voted unanimously to **APPROVE** all of the following resolutions:

**RESOLVED:**

1. That Kristin Connor and the Secretary be, and they hereby are, **AUTHORIZED** and directed to engage, on the School's behalf and at a modest fee, an intern from PSU's graduate program, to assist the Secretary in preparing initial draft minutes for all Board meetings;
2. That Kristin Connor be, and she hereby is, **AUTHORIZED** and directed to prepare, for the Board's review and future approval, an RFP to engage, on the School's behalf, a marketing expert, to assist the School in preparing a professional marketing plan for the School;
3. That President be, and he hereby is, **AUTHORIZED** and directed to engage, on the School's behalf and for a reasonable fee that is payable when any real estate deal is finally closed, real estate broker Tom Becic, to assist the School (on a discreet basis) in completing its goal to own the School's location, which may or may not include the School's current location; and
4. That Kristin Connor be, and she hereby is, **AUTHORIZED** and directed to engage, on the School's behalf and for no fee, Kathy Swift (Kristin's colleague at Capital Pacific Bank), to assist the School (on a discreet basis) in evaluating potential financing alternatives, which would be needed to assist the School in completing its goal to own the School's location, which may or may not include the School's current location.

**Next Meeting**

The Board's next regular meeting is scheduled for November 19, 2013.

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With no further business to discuss, the Meeting was adjourned by unanimous vote, at 4:00 p.m.

Dated as of November 19, 2013.

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[Signed]  
Jerry Elliott, Secretary