

Career Academy of South Bend, Inc.
Minutes of Meeting of Board of Directors
June 2, 2011

Directors Present: Larry Garatoni, Steve Hartz, Vivian Sallie, James Summers
Absent: Tracy Graham, Rob Staley, Suzanne Wiwi
Also attending: Yolanda Turner-Smith, Seema Timble, Charles Loeser

A meeting of the Board of Directors of Career Academy of South Bend, Inc. (the "Corporation") was held at the future school building, 3801 Crescent Circle, South Bend, Indiana, at 3:30 pm on June 2, 2011, pursuant to notice posted at the entrance to the building.

A. Call To Order

Larry Garatoni presided and called the meeting to order.

B. Records of Prior Meeting

Larry asked for approval of the minutes and the memorandum of the April 28 meeting. Upon motion duly made and seconded, the draft minutes and memorandum were approved.

C. Review Of Action Plan: rather than review the Action Plan created from the prior (April 28) meeting (copy attached), the topics were reviewed in the order listed in the agenda.

D. Executive Committee Report

1. Status of application for 501c3 status: Charles Loeser reported that the IRS has (finally) responded to the application filed last September, requesting additional information & documentation. Among other things, this will require obtaining a letter from the Ball State University Office of Charter Schools as confirmation for the IRS that the approval of the charter application remains valid in view of the change in location and the decision to proceed without reliance on GEO Foundation or any other EMO. This has been requested from BSU/OCS, which is supportive, but completing the documentation will take time.
2. Status of property tax exemption: Charles reported that he's confirmed that the tax exemption for the school property does not require that the Corporation itself own the property; it will still be exempt if held by CASB Realty Corp (a 501c2 entity).
3. Status of sales tax exemption: Charles reported the same conclusion as to exemption from sales tax.

4. Issue of legal structure: Charles reported that based on legal research, it appears that the plan to use 501c3 “private activity” bonds (in addition to QZAB financing) for the building will require a change in legal structure: it will be necessary that the property be owned by either the Corporation directly or by an LLC in which the Corporation is the sole member. This will be confirmed before the next meeting.
5. Application for QZAB financing: Larry reported that the Indiana Department of Education has approved the Corporation’s application for an allocation of \$2,000,000 in Qualified Zone Academy Bond authority for 2011. The next steps, working with Indianapolis attorney Jon Anderson, will be (a) arranging for issuance of the bonds by either the City of South Bend or the Indiana Finance Authority; (b) finding a bank or banks willing to provide long-term financing by purchasing the QZABs and private activity bonds.
6. Approval of “inducement resolution” for bond financing: Charles explained that per IRS regulations, use of private activity bonds to reimburse previously incurred costs requires adoption of a formal resolution within 60 days after payment of such costs. A resolution for this purpose, prepared by Jon Anderson, was presented and approved.
7. Status of start-up application grant: Steve explained that an application is being prepared for start-up expenses under the federal Public Charter Schools Program, with the assistance of our consultant, Tim Ehr Gott. The application is detailed. Yolanda is working on the application with Tim, and it is expected that the application will be filed before the next board meeting.
8. Outcome of talks with Bookkeeping Plus: Steve explained that it’s been decided & discussed with Bookkeeping Plus that the school will use that firm’s services for consulting advice but not for ongoing accounting services.
9. Introduction of Business Manager: Larry introduced Seema Timble, who has joined the school as its Business Manager, reporting to the Board.

D. School Leader Report

1. Status of student enrollment & marketing plan

Yolanda reported the list of students having registered for enrollment has reached approximately 115. Those who have signed are not committed to attending, but it is expected most who have signed up will attend. Yolanda’s past experience with new charter schools is that the marketing process needs to continue through the summer, and many students will not make their decisions until near the beginning of the school year. A number of marketing approaches (see item I of the attached Action Plan) were discussed.

2. School Opening Project Plan

Yolanda reviewed the Opening Plan. Interviews with "Instructional Coach" (the position title will probably be changed) candidates is continuing, in preparation for teacher interviews. Draft student & employee manuals have been prepared (which Larry is in the process of reviewing & revising). Work is in progress for service contracts such as purchase of food services.

E. Business Manager Report

1. Status of accounting software & hardware selection

Seema reported there are two software systems that have been identified as "approved systems" by the State Board of Accounts (not "recommended" by the SBOA but in use by many schools. These are full school-specific systems: one from Regional Data Services, based in Crown Point, and another from S & S Programming, Inc., based in Lafayette. There's also the possibility of buying a combination of products to cover standard accounting and school-specific functions. Any of these would be workable; the question is the extent of service, and cost. Upon motion made and carried, the Executive Committee was authorized to select and purchase a system, as well as associated hardware.

2. Status of chart of accounts

The Indiana State Board of Accounts has published (and updates on an ongoing basis) a manual outlining the accounting requirements for schools. Many (but not all) of the requirements also apply to charter schools. Seema has started reviewing the manual, which is lengthy. A meeting with the SBOA is planned for June 13.

3. Credit Card:

Seema requested that the Corporation issue a credit card that she & Yolanda can use for small purchases, especially since it will be awhile before she is able to issue checks. A motion was made and approved that a credit card be obtained for such use.

F. Schedule Time & Place For Next Meeting: with three of the seven board members absent, deciding the time/place for the next meeting was deferred.

There being no further business, the meeting was adjourned.


James Summers, Secretary