

Career Academy of South Bend, Inc.
Minutes of Meeting of Board of Directors
January 24, 2012

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

A meeting of the Board of Directors of Career Academy of South Bend was held at the school, 3801 Crescent Circle, South Bend, Indiana, at 7:15 am on January 24, 2012, pursuant to notice posted at the entrance to the building.

A. Call To Order: Larry Garatoni presided and called the meeting to order.

Larry circulated the "Policy On Conflicts of Interest/Annual Disclosure" form prepared by Charles Loeser, as per the recommendation from Brian Carpenter which the board voted at the December meeting to approve (copy attached). The form was signed by all the board members present.

B. Records & Review of Prior Meeting: Larry asked for approval of the minutes and the memorandum of the prior (December 12) meeting. Upon motion duly made and seconded, the minutes and memorandum were approved.

C. Financial Overview

1. Mortgages on school property: Larry explained, as a major reason for having the school grant mortgages to secure the loans that he and the Garatoni Family Foundation have made, that he expects there will inevitably be, at some point, a lawsuit against the school. So in anticipation of that, it would be best to shelter, to the extent possible, the school's assets. That was why the school's assets were originally held by CASB Realty Corporation, a 501(c)(2) organization, which was to lease them to the operating organization. We abandoned that idea, and transferred the assets to the school corporation, when we realized that the best form of financing (using tax-exempt "private activity" bonds) requires that the assets be held by a 501(c)(3) organization. Larry still wants to reconsider that, and it may turn out that we don't use that type of financing anyway. In the meantime, recording mortgages for the loans will mean that any future claims would be subordinate to those loans, and to some extent protects Larry and the foundation.

2. Status of Building: Steve said the portion of the building to be used by The Crossing is almost completed, but for the rest (the high school, gym, and vocational area), apparently the work won't be completed until the beginning of March.

3. Leases: Larry noted that the school will need leases with The Crossing and with The Apprentice Academy in the near future, which will require a decision to be made as the rent level. There were proposed rent amounts used for the school's pro forma, but we may want to modify those; Larry and Steve will make a proposal to the Board for approval, probably at the next meeting. There's also a lease to be considered with another organization, the Michiana Associated Builders & Contractors (ABC), which has contacted us about both teaching building trades to SBCA students and leasing space in the building. So plans need to be made as to how the vocational area is to be shared between SBCA students, Apprentice Academy programs, The Crossing's programs, and the ABC, and possibly others; the lease terms need to be based on what's decided. Vivian asked if there's going to be a standard rate that would apply to anyone wanting to lease space. Larry said not necessarily, since the relationships are mostly about working together, the leasing of space is secondary. Bill commented that we need to make sure there's a clear rationale for what we do, since auditors might question there being different rates. Charlie suggested that rent for The Apprentice Academy might be based on a percentage of revenue, since the objective is for the revenue of both entities to be used to pay for the building.

4. Need For Increased Enrollment: Steve explained that one of the matters under consideration for increasing enrollment next year is whether to add 11th grade as well as 10th grade, there's a meeting scheduled for later this morning to consider this, and all board members are invited to participate. The rationale is that starting 11th grade will mean starting the vocational programs that will be the most distinguishing feature of the school, which will help attract students.

How to market effectively to attract students is one of the topics for the strategic planning process, which is to be continued at 1pm today (board members welcome to participate but not required, the results will be brought to the board for approval at a later meeting).

Now that the school is open and the vocational programs will start operating, there needs to be a new form of marketing drive for next year. For that purpose, Kelly Nichols, who's been managing The Apprentice Academy for the last year and will continue to do so, is going to head SBCA's marketing efforts. Kelly's work with The Apprentice Academy has involved a great deal of community contact. Those connections and her record of working with other organizations are key qualifications for what needs to be done for SBCA. Kelly will work with the board's marketing committee (Vivian and James), and any other board members who have ideas or contacts to offer.

Suzanne said adding 11th grade should be a big help in marketing, giving credibility to SBCA's identification with vocational programs. Larry said he can't imagine not adding 11th grade next year.

D. Business Manager Report & Claims Approval: Bill asked if there were any questions about his report, circulated by email on Friday (January 20). Vivian asked about the \$1,700 charge listed on January 17 for payment to the South Bend Police Department for false alarms, whether that reflects a problem with student discipline. Yolanda said no, that was caused by a problem with the building's alarm system and some of the doors not closing properly, which caused the system to send alarms without anyone at the school realizing it; a fix is in progress. Upon a motion, Bill's financial report was approved and the claims approval form was signed by the directors present.

Concerning the question of financial controls and providing BSU with a letter of approval from an independent CPA, Bill reported that he and Cris Emmert have met with the CPA, Eric Marion, who provided as a possible model the financial controls document used by another school. Bill felt that form, which is quite extensive, is more detailed than what's needed and suitable for SBCA, so he and Cris are in the process of reviewing and editing it. They will work with Eric to arrive at a financial control system for SBCA for which Eric can provide an approval letter meeting BSU's requirements. Bill's first priority, though, needs to be the bi-annual report to the Indiana Department of Education, which needs to be filed next week.

Charles noted that the IDOE has notified SBCA of the tuition rate it will receive for 2012 (\$6,173 per student per year, the rate for South Bend Community School Corporation), which matches the forecast that IDOE gave us last summer & was used for our budget projections. We don't know whether this means that those forecasts (done by the Indiana House of Representatives staff) can be relied upon in future years to be accurate.

E. Issue Of Eleventh Grade [Modification of Agenda]: Larry said while the rate used for the projections turned out to be accurate, the difference in the actual student count from the projections has created a substantial operating deficit, which is one of the factors in the decision whether to add 11th grade. Vivian asked whether the board should vote on the 11th grade question.

Yolanda said that the school will have 11th grade next year even if it doesn't bring in new students, since some of the ninth graders are expected to receive credit for 10th grade classes this year due to SBCA's curriculum: with the 90-minute classes, some of SBCA's first-year high school students completed two standard semesters of work in the first semester, and in the second semester will be taking courses usually taken in tenth grade (English 10, Biology 2 or integrated Chemistry-Physics, Algebra 2, U.S. History). Assuming they demonstrate the required mastery at the end of the second semester, they will be taking 11th grade classes next year.

The biggest drawback to accepting outside students for 11th grade next year, Yolanda said, is that by applying SBCA's standards, many students who are in their third year of high school do not qualify as 11th graders because they have not demonstrated

the required mastery of subjects to obtain the credits that SBCA requires. There's a difference between being an 11th grader in academic terms, by SBCA's standards, and being in the third year of high school. If SBCA is going to enroll a student who considers himself (and is considered by his parents) as being an 11th grader, but who doesn't qualify as an 11th grader by SBCA standards, this will require a possibly difficult discussion with the student and family. That doesn't mean such students will be placed in tenth grade classes; rather, there will be specialized or remedial classes (the term "Credit Recovery" is used for this type of program, i.e., a program allowing students to earn academic credits other than by standard classes, such as by taking on-line courses or other specialized courses and passing tests; "Credit Recovery" programs are increasingly used nationwide¹). Anticipating this, SBCA has hired a teacher who has run a Credit Recovery program at another school.

Steve asked whether adding 11th grade might not require adding as many teachers as were assigned to the other grades. Yolanda said that because of teachers holding licenses for more than they are currently teaching, it may not be necessary to add a proportionate number of teachers in order to offer 11th grade; it will depend on how many 11th graders there are and their academic needs.

Adding 11th grade is certainly doable, Yolanda said, but it needs to be recognized that this will have a negative effect on the school's graduation rate, since it will probably mean bringing in older students who are not as well prepared as the students who reach that level after spending a year or more at SBCA. Steve noted that SBCA is required to accept any student who wishes to enroll, up to its enrollment limit; there can be no selectivity about what students are accepted. Larry commented that while adding 11th grade may hurt the graduation rate, with NWEA testing, it should be possible to show growth. Yolanda said that's true, but it will require discipline to maintain our standards with new students coming in, since by SBCA standards, getting credit for a class requires an A or B; so incoming students who had a C in a class will need to re-do the work until they can demonstrate mastery by SBCA standards. Larry said there is no reason to compromise: the school should be guided by what will make students successful when they graduate. Yolanda said if we stay firm to those standards, incoming students should do well on their end-of-course assessments (ECAs), which are important in how a school is graded. But there will probably be considerable frustration on the part of incoming students. Suzanne said dealing with that frustration is a necessary part of the school's identity; SBCA should not be viewed as a school for kids who can't make it. Yolanda said there are already complaints from parents that SBCA is too hard. Larry said that is not something to shy away from. Yolanda said she knows that the school needs to stick to its standards, but in some cases it may be difficult to persuade students to

¹ "Credit Recovery" programs are a nationwide trend, see <http://hechingerreport.org/content/students-short-on-educational-credits-turn-to-%e2%80%98recovery%e2%80%99-programs-3883/>, especially for countering low graduation rates.

stay. James said this requires a re-education of parents, to realize that it is good for students for school to be hard; someone whose goal is “just passing and getting through” is making a big mistake. Yolanda said educating parents to what school should and can be is an important part of the school’s job (the parents of one of the school’s special education students complained that he must be cheating – they didn’t believe that the grade he’d achieved on the Algebra 9 final could be an honest score). Larry said he would like the school to have a reputation for being challenging. Yolanda said while such a reputation is a good thing to have, the school also needs to avoid a reputation for being “elite” which would prevent achieving full enrollment. Suzanne said she has found that parents are surprised to be told that Indiana standards are a “minimum”; they assume that meeting those standards is what the goal should be, but they are open to having their children challenged beyond that, because parents do not want their children to achieve only the “minimum.”

Steve moved that the school make the decision to open the 2012-2013 school year offering grades 10-11 as well as 7-9. Vivian seconded the motion, which was unanimously approved. Yolanda noted this will require an amendment to the school’s charter. Charles commented since the application required a budget, the amendment should include a revised budget. Yolanda agreed, but said she will notify BSU immediately that the amendment will be coming.

Steve moved for approval of the plan to have Kelly Nichols head SBCA’s marketing as well as The Apprentice Academy’s. The motion was unanimously approved.

F. School Leader Report: Yolanda explained the enrollment figure of 155 in her report was as of January 15, all enrollment figures will be as of the 15th of the month.² There’s been an increase since January 15, which will be shown in next month’s report.

Yolanda said the school is still working on methods for encouraging attendance and on-time arrivals. Some parents do not seem to be fully committed. The school makes calls every day, and has made truancy referrals (Yolanda estimated about eight) for students chronically absent. The JJC (Juvenile Justice Center) has agreed to step in as to some of SBCA’s chronic ninth grade absentees who had a history of chronically missing school as seventh and eighth graders.

Larry asked if there have been many inquiries about mid-year transfers. Yolanda said the school picked up five students just before the Christmas break, and she’s

² Yolanda explained this date was used so that her report to the board will match the data that she’s required to submit to the state, i.e., the STN (student test number – state method of student identification) reports submitted monthly (see description of state data system at IDOE website, <http://pod.doe.in.gov/groups/datacollectionandreportinghelp/>).

expecting to pick up a few more who have come in and shadowed. The school encourages outside students to spend a day at SBCA, with an SBCA student as host, so they can see what SBCA is like. One SBCA student has brought in three families that way. If the visitor doesn't already know an SBCA student, the school assigns a host, & the visitor follows the host during the day, which includes doing the SBCA work together; then at the end of the day, the visitor's parents meet with the school. Larry asked if the school tracks all calls & inquiries, Yolanda said yes, that wasn't included in her report but she can send that data to the board. Larry asked if there are many, Yolanda said there are quite a few. Yolanda said the school limits the shadowing to two per day, there's a schedule for upcoming visitors to shadow. Recently a student who had left, after complaining that SBCA's school-day is too long, came back after three weeks at another school.

Yolanda said the special education enrollment is 32 students, still 21% of the student population. The free and reduced lunch enrollment has increased to 116, which is now 75% of the population. The report includes ethnic make-up of each grade.

As KRIs for discipline/behavior issues, Yolanda said, the report shows (page 3) suspensions (declining since December), expulsions (flat at zero, there was one pending but she transferred), and combined in-school detention & after-school detentions (declining since November). Some students were in school during the Christmas break as a result of behavior problems; there are also kids at the school on Saturdays. Recording of discipline data for the earlier part of the year in the ARK software system is still in progress, so the number of suspensions, etc., shown for the earlier part of the year may be shown as higher in future reports as more data is entered. Larry commented it looks like there's a general trend of behavior problems declining. Yolanda said that's true in general, but it varies (there seems to be a full moon effect), it can't be expected that there won't be spikes in the future. But in general, Yolanda said, she believes the decline in suspensions is an indication that the school is reaching the kids.

The big problem now is tardies. The school created the "tardy tank", meaning that when kids are late to class, they're sent to a holding area, where they're required to do a "reflection" paper, which of course is intended to be something they want to avoid. But then it became apparent that some kids liked going to the tardy tank, in fact would plan meet-ups with their friends there, or would deliberately use the tardy tank as a way of avoiding a test. So looking for a motivational tool other than the "tardy tank," the school has started the "heat wave" and "hall freeze" procedures (described at page 9 of the report): kids who are in class when a "heat wave" is announced will get raffle tickets for small prizes at the end of each week and larger prizes at the end of the semester; and those who aren't in class when a "hall freeze" is announced are required to go to the tardy tank (no talking or napping is allowed in the tardy tank). Suzanne commented there's nothing unusual about kids acting that way, that's how kids are.

As noted in the staff section of the report, Yolanda said, the school lost an eighth grade math teacher, who resigned; the school received a records request from a local paper about that, and has responded. The school has implemented the Microsoft “Software Assurance Home Use Program” (HUP), enabling them to download & use on their home computers (for \$10), the up-to-date versions of Microsoft products used at the school; Microsoft’s marketing claim is that using the same software on their home computers allows employees to gain skills and improve productivity, which makes sense, Yolanda said, she’s glad that the staff is taking advantage of this.

Yolanda thanked Suzanne and St. Joseph’s school for the donation of books, videos and other materials on the Fred Jones Tools for Teaching³ program, which will be started with the staff on February 10 (a day scheduled for professional development). The school is looking for an outside instructor, but if need be, can present this independently. Suzanne said she’d make some inquiries about instructors. Yolanda said this should help teachers with classroom management.

Suzanne asked if the school will be using the “Six Plus One” reading program, Yolanda said yes, with a number of rubrics as discussed with the Academic Committee.

Another project for both teachers and students will be teaching students how to cite sources and avoid plagiarism. With recent projects there have been plagiarism issues, this was discussed at an assembly with parents but it needs to be revisited. The kids have been told never to use Wikipedia, but some do anyway, without even citing it. Suzanne suggested introducing kids to the “Noodle Tools” website⁴ for help in preparing bibliographies, it’s about \$100/year and is very useful, kids can sign in, and keep notes on the website, St. Joseph’s uses it for kids starting in sixth grade. Yolanda said she would look into it.

As to the School Infrastructure portion of the report (page 4), Yolanda said the school’s content filtering system is not the best, there’s another she’d like to use but it’s too expensive, so for the time being, team leaders are monitoring student internet use. The parent section of the school’s website has been activated, there have been quite a few changes to the website. Parents now have online access to behavior records, grades and attendance records; many parents are using this, which includes a system for leaving messages for teachers.

Yolanda reported as to the use of 90-minute classes, which has discussed in prior board meetings, this is working well for ninth grade and most eighth grade courses; the issues are mostly in seventh grade.

³ *Fred Jones Tools for Teaching: Discipline, Instruction, Motivation*

⁴ <http://www.noodletools.com/>

Yolanda reported the school has signed a Memorandum of Understanding with the Associated Builders & Contractors (ABC) for building trades classes for SBCA students. One of the SBCA teachers has a roofing business, he's going to take the training from ABC, then he'll train other SBCA teachers so that we can offer building trades courses to our students. This MOU did not include the terms for the ABC to use part of the SBCA building, that's being worked on and will be a separate agreement. The ABC will move its training operations now in Elkhart to the SBCA building; the lease agreement will be brought to the board for approval at a later meeting.

Yolanda reported the school has purchased the Accelerated Reader (AR) program (<http://www.renlearn.com/ar/>), which will be used in all classes. The program helps identify suitable books (each with an AR point level) for each student based on ability and interest. On finishing a book, the student takes a quiz, which helps guide further choices. AR points will also be considered in determining grades. The program will help with incorporating reading into daily work. SBCA has also purchased a credit recovery program which has been successfully used by The Crossing's schools (APEX Credit Recovery, http://www.apexlearning.com/Solutions/Credit_Recovery.htm).

Yolanda asked the board to approve the 2012-2013 calendar (page 10 of her report), which she needs to make available to the public as part of marketing for next year. It is similar to 2011-2012, the only changes are the start and end dates (starting August 20 and ending June 14). The spring break (April 1-5) is intended to match South Bend Community School Corp's, but that's not known for sure. The calendar includes summer school for next year (Session I, July 1-19; Session II, July 19-August 9). Upon motion made and seconded, the calendar was approved.

Yolanda reported the Acuity and NWEA tests had to be rescheduled, the new schedules are included in her report (page 5), as are the action plans developed by the team leader groups following up the staff survey discussed at the prior meeting (pp 7-9).

Vivian asked about the status of the transportation issue. Yolanda said the search for a service solution is still underway, Steve is waiting on some information. So far the quotes received are high. A problem arose with Transpo, the question arose whether Transpo could put SBCA students off the bus for causing trouble, to which Yolanda said yes. There was a fight on the bus between two SBCA students, which resulted in the bus being delayed and others on the bus missing their connections. Yolanda will be speaking to the two students today.

Charles said there's an Indiana statute (Indiana Code 20-27-11-1) saying that public school buses are required to pick up non-public school students who live along the route, has that been considered? Yolanda said she's aware of the statute but it would be difficult to make use of, for a number of reasons, including SBCA's school hours. Suzanne said the Catholic schools are aware of this law but making use of it is difficult. Larry said even though it might be difficult, this should be looked into, perhaps

raising this with South Bend Community Schools could be productive, at least for getting to school, which is harder than getting home since there's a deadline.⁵ Yolanda said there is a public school bus route going by SBCA, since there's a subdivision nearby. Larry said we should look into the South Bend Community School bus routes and schedules to see if there's anything we could do. Steve and Yolanda said they would follow up.

On Steve's motion, the board voted to approve Yolanda's report.

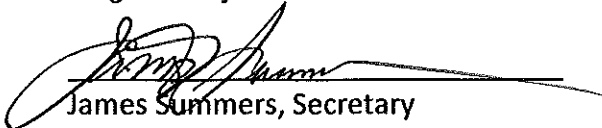
G. Amendment Of Bylaws And Related Documents: Charles said as to the various amendments of the bylaws and other actions that the board voted to proceed with at the last meeting, arising from the meeting with Brian Carpenter, the one he's completed is the "Policy On Conflicts of Interest/Annual Disclosure" form approved at the beginning of the meeting. The others will be presented at a later meeting.

H. Additional Matters [Not In Agenda]: The agenda having been completed, Larry asked if there were any other matters to be discussed.

Steve said the Apprentice Academy has been doing vocational programs for Rise Up Academy, the South Bend Community School Corp alternative school, and Rise Up has now said they want to send every one of their students to the Apprentice Academy program, since they've seen that attendance at Rise Up has been much better for students who are in Apprentice Academy programs.

Larry asked Suzanne what she thought about the possibility of marketing SBCA to Catholic school students. Suzanne said some students might be receptive, but the Diocese will not allow in-school marketing, there's a long-established policy that not even the Catholic high schools can market in the Catholic elementary schools.

There being no further business, the meeting was adjourned.


James Summers, Secretary

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⁵ Indiana Code 20-27-11-1 provides:

Duty to transport nonpublic school students residing on route.

(a) If a student who attends a nonpublic school in a school corporation resides on or along the highway constituting the regular route of a public school bus, the governing body of the school corporation shall provide transportation for the nonpublic school student on the school bus.

(b) The transportation provided under this section must be from the home of the nonpublic school student or from a point on the regular route nearest or most easily accessible to the home of the nonpublic school student to and from the nonpublic school or to and from the point on the regular route that is nearest or most easily accessible to the nonpublic school.

South Bend Career Academy Policy On Conflicts of Interest/Annual Disclosure

The School's directors, officers, and employees will carry out their respective duties in a fashion that avoids actual, potential, or perceived conflicts of interest. The School's directors, officers, and employees shall have the continuing, affirmative duty to report any personal ownership, interest, or other relationship that might affect their ability to exercise impartial, ethical, and business-based judgments in fulfilling their responsibilities to the School. This policy shall be further subject to the following principles:

- (a) Directors, officers and employees of the School shall conduct their duties with respect to potential and actual grantees, contractors, suppliers, agencies, and other persons transacting or seeking to transact business with the School in a completely impartial manner, without favor or preference based upon any consideration other than the best interests of the School.
- (b) Directors, officers, and employees of the School shall not seek or accept for themselves or any of their relatives, including spouses, ancestors, and descendants, from any person or business entity that transacts or seeks to transact business with the School, any gifts, entertainment, or other favors relating to their positions with the School that exceed common courtesies consistent with ethical and accepted business practices.
- (c) If a director, or director's relative, directly or indirectly owns a significant financial interest in, or is employed by, any business entity that transacts or seeks to transact business with the School, the director shall disclose that interest or position and shall refrain from voting on any issue pertaining to the transaction.
- (d) Officers and employees of the School shall not conduct business on behalf of the School with a relative or business entity in which the officer, employee, or his or her relative owns a significant financial interest or by which such officer, employee, or relative is employed, except by where such dealings have been disclosed to, and specifically approved and authorized by, the Board of Directors of the School.
- (e) The Board of Directors may require the School's directors, officers, or employees to complete annually (or as otherwise scheduled by the Board) a disclosure statement regarding any actual or potential conflict of interest described in these Bylaws. The disclosure statement shall be in such form as prescribed by the Board, and may include information regarding a person's participation as a director, trustee, officer, or employee of any other nonprofit organization. The Board shall be responsible for oversight of all disclosures or failures to disclose, and for taking appropriate action in the case of any actual or potential conflict of interest transaction.

This acknowledges my understanding and compliance with the above policy. For the year ending 12/31/2011, neither I nor any of my relatives have had any financial interest in or been employed by any entity that transacts or seeks to transact any business with the school, except as disclosed below.

Lawrence H. Garatoni

Tracy Graham

Steven W. Hartz

Vivian Sallie

Rob Staley

James Summers

Suzanne Wiwi

Disclosure matters:

- 1. Lawrence H. Garatoni: loans to the School, personally and through the Garatoni Family Foundation
- 2. Rob Staley: employed by The Crossing National, Inc., proposed tenant of School property.
- 3. Steve Hartz: founder of The Apprentice Academy, Inc., proposed tenant of School property
- 4. Tracy Graham, James Summers, Vivian Sallie, and Suzanne Wiwi: none