

Career Academy of South Bend, Inc.
Minutes of Meeting of Board of Directors
February 19, 2014

Directors Present: Tracy Graham, Vivian Sallie, Suzanne Wiwi
By Phone: Bruce Greenberg, James Summers (& Steve Hartz, Director Emeritus)
Absent: Larry Garatoni, Rob Staley
Staff Attending: Paul Schlottman, Ken Horvath, Charles Loeser, Chad Addie, Sarah Fine, others

A meeting of the SBCA Board was held at the school at 6:00 pm on February 19, 2014.

- A. Call To Order. James Summers, Secretary, called the meeting to order.
- B. Renewal of Director Terms. Larry was elected to a new term as director, extending until January 31, 2017, by voice vote (Tracy, Vivian, Suzanne, Bruce and James). Tracy was elected to a new term as director, extending to February 28, 2017 (Vivian, Suzanne, Bruce and James).
- C. Election of Officers. The following officers were elected for terms extending to the first meeting of 2015 as follows: Larry – Chair; Vivian – Secretary; Tracy – Treasurer; Charles – Assistant Secretary. Having been elected Secretary, Vivian presided over the remainder of the meeting.
- D. Approval Of Minutes. The board approved the minutes of the prior (December) meeting.
- E. School Operations. Paul summarized his written operations report.
- a. Student transcript audits and rescheduling. The School has completed audits of each student's transcript and has modified student schedules as appropriate.
 - b. New snow plowing agreement. The School entered a new service agreement in early January. Service has been improved.
 - c. Modification of grading scale and awarding of credits. Paul asked for Board approval for the School to adopt the official College Board grading scale. This is a further departure from the original SBCA policy than the modification approved at the December meeting. For example, the College Board scale counts 97% as an A+ rather than an A; 93% is an A rather than an A- and similar down to 65% counting as a D. This is the scale used by colleges and trade schools; using this scale will be using language as others do, avoiding misunderstanding that would put SBCA students at a disadvantage. Upon motion by Bruce and second by Tracy, the Board unanimously approved the adoption of the new standard. As to scoring the lowest F as more than zero,¹ Paul said the staff will study the matter further.
 - d. Scheduling and staffing. Paul's team has determined that SBCA was over-staffed: some classes were too small for optimum learning (target class size is between 9 and 18 students). Staff has been reduced by 5.5 FTE short-term, 3.5 FTE long-term (2 employees will return after FMLA and military deployment).

¹ Other area schools differ: as reported by a 1/26/14 South Bend Tribune story, SBCSC uses 50% as a minimum score, see http://www.southbendtribune.com/news/local/keynews/education/how-low-is-the-f/article_5effac32-867f-11e3-96b7-001a4bcf6878.html, unlike PHM and the Mishawaka School Corp.

- e. Teacher licenses. Paul's team did an audit and found a number of license problems, e.g., licenses expired or transferees from other states not obtaining Indiana licenses. Most of these have been rectified; the remainder will be in the next few weeks.
- f. Special education requirements. A review has been completed for compliance with the "least restrictive environment" requirement and corrective action has been taken.
- g. Attendance follow-up and tracking. SBCA has completed an audit of student enrollment and attendance, combined with an upgrade of anti-truancy measures.
- h. School calendar. The Ball State Office of Charter Schools has advised all its sponsored schools to file charter amendments reflecting school calendars as affected by or modified due to weather problems. Since SBCA's original calendar provided for 190 days of instruction, there is no need to lengthen the school year or eliminate break days to meet the state requirement of 180 days. Paul asked the board to approval the school calendar as modified by the 10 snow days to-date and with no other changes. Upon motion by Suzanne and second by Tracy , the board approved the request and authorized Paul to file an amendment accordingly.
- i. Relationship with The Crossing. Paul recommended that SBCA not renew its current contract with The Crossing next year. Upon motion by Tracy and second by Bruce, the board approved.
- j. Proposal for adding grades 5 and 6. Paul presented a proposal for adding grade 5 and 6 beginning in Fall 2014. It should not be difficult to fill classes of 25 fifth graders and 25 sixth graders. SBCA has heard from many parents asking about the possibility of offering grade 5 and 6. Grade 5 is a logical transition point since SBCSC operates K-4 primary schools and 5-8 intermediate centers, so many students are starting new schools at grade 5. SBCA has ample room in the building and already has teachers on staff with appropriate licensure. Upon a motion by James and a second by Tracy, the board unanimously approved authorizing Paul to file an appropriate charter amendment and take all other actions necessary to start SBCA's grade 5 & 6 operations in Fall 2014.
- k. Proposal for IT Director. Paul withdrew this item from the agenda.
- l. Technology Issues. Paul asked for board approval to return the unused inventory of Kunos tablets. Tracy made the motion and Suzanne provided a second. The board unanimously approved the proposal.

F. Financial Review. Ken presented the Claims/Bank Detail for the period beginning 11/27/13 (effective date of the prior board approval at the December meeting), which the board approved. Since the prior financial statement approved by the board was October's, Ken presented a quarterly statement combining November-January.


Ken noted that the combined loan balances owed to Larry and to the Garatoni Family Foundation as shown for January 31 on the balance sheet (GFF \$4,064,054, Larry \$8,160,761) are now higher since a \$400,000 loan was received from Larry on February 3, this was to have been approved at the January meeting which was cancelled due to weather, so the loan should approved retroactively. No additional borrowing should be required for another three months; the intent is for loans to be quarterly rather than more frequent. Tracy asked what's the anticipated loan for the next quarter. Ken said up to \$500,000. Tracy moved that the February 3 loan of \$400,000 and authority to borrow up to \$500,000 in the next quarter be approved, and that the current loan balances be acknowledged. Suzanne seconded and the motion was approved.

Ken reported that net earnings were roughly \$135,000 better than budget (loss of \$386,089 vs. budgeted loss of \$521,296). Tuition revenue was almost exactly as budgeted (\$788,745 actual vs. \$790,450

budget); tuition revenue has been quite predictable. Donation revenue (\$51,677) was over budget (\$25,000), reflecting receipt of the last \$50,000 installment of the \$150,000 First Source grant. Employee salaries were about \$60,000 over budget (\$635,603 vs. \$576,542) for a number of reasons, including \$12,000 more than budgeted for bonuses (paid at 100% whereas 85% had been budgeted; with the turnover of the School Leader position, evaluations were not completed so there were no adjustments of first semester bonuses; the evaluations will be done & adjustments done in the second semester bonuses). Tracy commented that bonuses should not have been paid in excess of the budgeted amount without approval of the board finance committee. Ken acknowledged that is correct and the need for such approval will be remembered in the future. Ken noted that employee benefit costs were about \$40,000 below budget (\$150,384 vs. \$190,007) largely due to staff selecting low-cost health insurance options. Ken explained the approximate \$28,000 excess over budget for professional & contracted services was due to the \$37,000 QZAB fee, payable to an Indianapolis attorney for arranging a refinancing that will satisfy the school's interest obligations on \$4M of the debt owed to Larry. Tracy commented this was not budgeted so it should have been approved by the finance committee in advance, Ken acknowledged that is correct. Ken noted that miscellaneous expense was about \$49,000 below budget, largely because none of the \$30,000 contingency expense was needed. Upon motion, Ken's report and the quarterly financial statement were approved.

G. Comments From Audience. Jasen Gibbens commented that a number of the students want to begin operating businesses which could generate revenue for the benefit of the school. Sarah Fine commented that as relationships with businesses grow, donations may follow.

The meeting was adjourned at 7:00 pm.



Vivian Sallie, Secretary