

Career Academy of South Bend, Inc.

Minutes of Meeting of Board of Directors
February 28, 2011

Directors Present: Larry Garatoni, Rob Staley, James Summers, Suzanne Wiwi

Also attending: Yolanda Turner-Smith, Charles Loeser

Participating by phone: Steve Hartz, Vivian Sallie, Kevin Teasley, Dana Johnson

Not participating : Tracy Graham

The initial meeting of the Board of Directors of Career Academy of South Bend, Inc. ("CASB" or "the Corporation") was held at 4100 Edison Lakes Parkway, Suite 260, Mishawaka, Indiana at 3pm on February 28, 2011, pursuant to notice posted on the CASB website, <http://www.southbendcareeracademy.org/>.

A. Call To Order

Larry Garatoni presided and called the meeting to order at 3:05 pm.

B. Record of February 14 Meeting

Larry asked for approval of the memorandum of the February 14 meeting and suggesting that the more detailed minutes of the February 14 meeting be considered at a later meeting, so that members may have more time to review them. Rob asked why there is a summary memorandum. Charles Loeser explained the Indiana Open Door Law requires a memorandum summarizing actions taken at a meeting. The memorandum was approved and consideration of the minutes was deferred.

C. Proposed Principal of School

Larry introduced Yolanda Turner-Smith, who was interviewed by four board members last week has accepted the position of principal of the school. Yolanda explained she will start on March 2 by meeting with GEO. Larry asked Yolanda to describe her background. Yolanda explained she graduated from Notre Dame with a degree in mechanical engineering in 1994 and worked in various engineering positions for 15 years as well as operating her own information system consulting business. She received an MBA from Indiana Wesleyan University in 2008 and has been involved with two charter schools in South Bend: Veritas and Xavier. Larry welcomed Yolanda, and upon motion duly made, the Board passed a resolution approving GEO's recommendation that the Corporation hire Yolanda as principal of the school.

D. Discussion of School Culture

Larry explained he felt it would be useful, with Yolanda having come on board, to review and discuss the proposed school culture, which was described in the mission statement section of the charter application: “The Career Academy’s mission is to prepare our students to become productive and contributing members of society by combining core academic courses with vocationally oriented education.” The key ideas, as Larry and Steve envisaged the school, were that the program should be demanding, should be structured, and prepare kids for the real world. The school should be customer-focused, treating students and their parents as customers. The school day will be a full eight hours, including Saturday if necessary; and unless students are doing well, summer school will be required. This is demanding, but it is supported by a great deal of research, as described in Samuel Carter’s “No Excuses: Lessons from 21 High-Performing, High-Poverty Schools,” which identifies seven common traits of successful schools. A key trait is described under the heading “Effort Creates Ability”:

Time on task is the key to success in school. School is hard work, and great principals demand that their students work hard. Extended days, extended years, after-school programs, weekend programs, and summer school are all features of outstanding schools. None wastes time.

Larry added that it is also important for the school to teach character, integrity and honesty, respect for each other’s rights. Steve commented that the key is the relationship with a student.

Larry asked Rob for his perspective, first explaining that Rob is the founder of The Crossing, which operates nine alternative schools in northern Indiana, targeting drop-outs, and that Rob was the principal of Concord High School in Elkhart for many years before starting The Crossing in 2004. What has been learned from The Crossing, Larry asked, which might be applicable to the Career Academy? Rob said that Yolanda put it well in her interview: the most important factor is to avoid a top-down culture; to create a culture in which the kids feel empowered, that they are part of the process, and in which relationships are the key. Traditional schools tend to operate on the basis of “We know what we’re doing, we’re in charge, and you do as we say.” What’s better, and fits with Yolanda’s style, is an approach of “we’re in this together” – with shared decision-making, kids listened to, parents and students evaluating the school on a regular basis, perhaps with anonymous surveys. It’s important to get the customers’ view of “how are we doing?” and for students to see themselves as our customers; that’s a paradigm shift in education. Rob added that school is bigger than facts; school is about character.

James commented that it’s important to find ways to engage parents. Educators often talk about parents not being involved enough, but without taking into account the problems that some parents have. It’s important, James said, to find ways of engaging,

encouraging, and even educating parents; the school can have an impact on the entire community, and a long-term effect. Rob agreed, and commented that The Crossing has recently had a good experience after hiring a social worker, who's invited parents and students to carry-in dinner meetings, which have been very popular, creating a community spirit. The turn-out has been very strong, and it's created a support network. Kids are proud that their parents are there; it's provided an excellent way to educate parents about what's going on in the school and to learn from parents what the school can do to help students. It would be difficult to do in a public school, Rob said, but with a new school, starting from the ground up, it's possible to create a culture. What's happened with The Crossing's schools is that parents have come to want to be involved, to feel there's something positive happening and they want to be a part of it; which has led The Crossing to start adult ed programs. What can happen in a new culture, Rob said, if parents come to think that they matter, is that a school takes on a different meaning. Yolanda commented that parents feeling welcome in a school is important: too often parents feel excluded, as if the school doesn't see them as an important part of their child's education. Rob commented it might be useful to create standing committees with parents as members.

James added that he's troubled with how success is usually measured, which is usually by the number of students successful in reaching milestones. That means it's the end of the process that's the measure of success, and the focus is on the most successful students. A better measure would consider the beginning of the process, and progress that's made along the way, which would focus more on *all* students, including taking the students who are the *least* likely to succeed and helping them become *more* likely to succeed. Coming up with the right measures is not a simple or quick matter; in management terms, it's what a management consultant would call a "big hairy audacious goal" ("BHAG") – perhaps not "doable" except in part; but it should be pursued. The usual "reward system" in measuring schools, focusing only on the students successfully completing goals, tends to result in ignoring those who are least likely to succeed. One of the school's long term goals should be to identify a new metric for helping those who are least likely to success to move up the scale.

Larry suggested that James take this as an "action item" – to work on a "key result indicator" ("KRI") to measure this. Every meeting, Larry said, should produce "action plans" identifying actions to be taken, who's responsible, and the timeline for completion. For a school, like a business, one of the most important tasks for management is to identifying appropriate KRIs, track them systematically, and follow up with corrective action when the results aren't meeting goals. This is something that needs to be done for all aspects of the school's operations, certainly for the issue of academic progress.

Rob suggested the starting point should be the metrics used by GEO in its other schools. There's an important difference, in measuring academic results, between "performance" (how many students reach specified goals) and "growth" – how many

students have progressed from their starting point. GEO's schools have done very well in "growth", which ties to James' concern. Yolanda suggested the KRI for growth should be pursued by a committee; Larry suggested that James head the group, which of course should include Yolanda, representatives of GEO, and others as might be appropriate. Steve agreed this is a good basis for going forward.

E. Proposed Corporate Structure

Larry referred to a diagram (titled "CAREER ACADEMY OF SOUTH BEND REAL ESTATE ORGANIZATION") illustrating the proposed corporate structure discussed in the February 14 meeting. The school's land and building will be owned by CASB Realty Corporation, which will be a subsidiary of CASB and will hold ownership of the real estate to be used by CASB, subject to the requirements under Section 501c2 of the Internal Revenue Code.

F. Proposed Building Tenants

The intent of the proposed corporate structure, Larry said, is that CASB Realty will lease portions of the building to three different entities.

At the last meeting, Larry said, he didn't mention all three tenant entities. This has evolved with the design for the building. The primary tenant will of course be CASB, and as discussed at the prior meeting, there will also be a lease with The Apprentice Academy, which will share the vocational education area with CASB. Since it's become clear that the building has enough space, the building will also house the South Bend school operated by The Crossing, which targets dropouts.

One reason that the tie-in with The Crossing would be beneficial is that The Crossing is already involved with The Apprentice Academy. Many of The Crossing's students now spend part of their time attending The Apprentice Academy. Rob said there are 22 students doing so, and it's clear they like it a lot, because they never miss a day at The Apprentice Academy.

Larry asked Steve to comment on the issue of having different groups of students, and how that would be handled in terms of keeping them separate.

Steve said The Apprentice Academy currently has students from the South Bend Community School Corporation taking certain classes (welding and precision metal-working), as well as students from The Crossing (taking welding, certified nursing assistant classes, and facility maintenance) and young as well as older adults (taking classes including phlebotomy, medical transcription & medical coding & billing along with the other programs). Steve said the experience so far has been that The Crossing's students have fit well into classes with other groups, and there have been no issues. The

Apprentice Academy has been careful to keep kids and adults separate, there's no mixing of classes.

Yolanda asked if adults would attend The Apprentice Academy only at night. Steve said there are currently adult classes during parts of the day as well as at night, but at different times from the classes for kids.

Vivian asked how a typical day would be divided, for CASB students, between academic and vocational work. Steve said that will depend on the grade level. For seventh and eighth graders, the day will be mostly traditional classroom work, combined with project-based learning ("Project Lead The Way") and lab work. For kids in 11th and 12th grades, half the day should be spent in either vocational programs, or college programs, or at IVY Tech or outside of the school at internships or college classes. So for the start of CASB's operations, which will be grades 7-9 only, there will be very little involvement with vocational education. When there are older CASB students, it should still not be difficult to keep adult classes separate. The Apprentice Academy now has adult classes in the morning until 11am, then has classes for SBCSC students between noon and 2:30, then has adult classes starting at 4pm.

Larry added that there will be separate entrances: the front entrance is where Career Academy kids will come in, and there's a side entrance where adults and The Crossing's students would come in. All entrances will have security systems. There will also be separate vocational classes for The Crossing's students and adults. We're very conscious, Larry said, of the differences between the groups of people being served, but so far it has worked out well for The Apprentice Academy, and we believe it can work out well at the new Career Academy building. The driving force is that all these groups need and want vocational education.

Rob said as he sees it, the vocational education programs will be under three different administrative controls: Yolanda will be in control of the program for Career Academy students, Steve will control the program for The Apprentice Academy, and Rob will be in control of the program for The Crossing's students. Larry said that the building design includes administrative areas for all three, but that one entity has to control the vocational training, and that should be the Career Academy, which will have the most students there. The three directors (Yolanda, Rob, and the manager for The Apprentice Academy) will need to work together, but Yolanda will be in charge.

Rob said there are a number of ways in which the Career Academy and The Crossing may be able to work together, such as in staff development. James asked if it could be expected that students from The Crossing might transfer to the Career Academy. Rob said that it's a goal of The Crossing to get students back in mainstream schools, and students who do well at from The Crossing's schools frequently transfer to other schools. Yolanda pointed out no one can be promised an opportunity to transfer to the Career Academy, since admission to a charter school is controlled by the lottery

system. Rob said that transfers from The Crossing's schools are usually to public schools, which would be the expectation, but if there were space available, that would probably be very attractive to The Crossing's students.

Yolanda explained she had to leave for another meeting. Larry asked her about an office to work from until the school building is finished, and Yolanda said she would like to be near the school location. Steve said he has office space available for her at The Apprentice Academy, which is near the school.

Larry explained that a part of the proposed corporate structure is for CASB Realty Corporation and The Apprentice Academy to have the same officers and directors as the Career Academy. The Crossing would remain under separate control. There would not need to be many meetings for CASB Realty Corporation or The Apprentice Academy, and when there are meetings, they would not need to be public, and can be kept short, and scheduled right after CASB Board meetings so that scheduling and meeting hassles are kept to a minimum. If the members of the CASB board are also willing to serve as directors of CASB Realty and The Apprentice Academy, which can be discussed after this meeting, that structure can be set up before the next meeting.

Kevin asked when the lease rates would be established. Larry said not yet, but since CASB Realty will operate as a 501c2 entity, that means that all of its income in excess of its expenses will be turned over to the 501c3 entity that owns and controls it, so from CASB's standpoint, the lease arrangement means receiving additional revenue, i.e., the rent to be paid by The Apprentice Academy and The Crossing. Actual lease rates will depend on the financing for the school.

Larry asked for a motion to authorize the Building and Grounds Committee to negotiate a lease with CASB Realty at such time as it becomes known what CASB Realty's costs will be, i.e., the amortization of the loans for the acquisition and renovation of the building. A motion authorizing such action was proposed and approved.

G. Schedule For Future Meetings

After discussion, it was decided that the Board should regularly meet at 5:30 pm on the fourth Thursday of each month, with the next meeting to be on March 24. Vivian offered to host meetings, until the school building is ready, at the WNIT office at 300 West Jefferson, South Bend, and it was agreed that the next meeting would be held there. It was agreed that meetings should go no longer than two hours.

H. Other Issues

Larry asked if any board members had additional issues they wished to discuss, and Rob said there were two issues that concerned him.

Rob asked if there is or will be liability insurance covering members of the board. Dana said there is not such policy at this point, but obtaining such insurance is part of GEO's normal practice, so there will be a policy in place soon.

Rob's other question was to Kevin, asking what GEO sees as the role of the Board after the school starts operating. Kevin said that every year the Board needs to develop the budget, and at every meeting, the Board holds GEO accountable for complying with the budget. As to policies, the majority will be developed in the first year, to be approved by the Board, with changes and revisions from time to time. GEO does not want the Board to act as a rubber-stamp; as with the choice of hiring Yolanda, there will be recommendations by GEO but the Board will have ultimate authority. GEO's usual practice for board meetings is that the principal makes a report on enrollment, retention, and school activity; GEO makes a report, and to the extent that the Board wishes to be active, it acts through its committees. For example, board members often play a vital role in building relationships with other organizations, and in raising money (such as for school trips or scholarships). Rob said he was concerned whether he and other board members would have a meaningful role other than budgeting and finance. Larry said what he would like to see is an ongoing project of measuring success by KRI's (key result indicators), to be reviewed at every board meeting, Kevin said that is GEO's practice; for example, if the report shows more discipline issues than expected, there needs to be an explanation, and if the Board isn't satisfied with the principal's explanation and plan of action, the Board can chose to get involved.

Rob said that while that makes sense, he's concerned what the Board's role is really to be, and whether his involvement can really add any value. He's seen many boards holding meetings which seem to accomplish very little other than taking time and approving what someone else has done. If the principle is that the board can be as involved as it wants and take whatever action it wants, would that be intruding on GEO's role? How can an active board and GEO's management be combined? Kevin said that it's an important role for the board to monitor GEO's performance, not just a formality, and that the board will play a vital role in planning the future of the school. Most important of all, Kevin said, is the Board's role in community relations and acting as an ambassador for the school. Enrollment depends on public opinion, and the reputation of board members is critical in establishing a school's reputation. Larry said it would be a good idea to create a job description for GEO and a job description for the board; he asked Kevin to send any descriptions he can offer, as well as a list of the key result indicators that GEO proposes to use for the school. Kevin said he will follow up.

James said he's concerned about marketing. With three different organizations, there needs to be a meshed approach so that what's presented is a vision of how the three organizations together will benefit the community. Rob agreed, commenting that he encounters many young people in his work for The Crossing, and there will be many

occasions to recommend the Career Academy. James said he sees the marketing and education for the Career Academy as connecting to his work for Project Impact (for background on Project Impact, see www.projectimpactsouthbend.org). The marketing that needs to be done is not just to fill the school, but to help the school contribute to the welfare of the community. Larry commented James' point is quite right, the school is part of a bigger picture.

Larry asked Kevin when he might have a list of tasks that need to be done to get prepared for the school to open this fall. Obviously there's a great deal to be done as to the building, but there's much else, and it would be good to have as complete a list as possible. Kevin said he expected a list can be completed by the end of the week.

Larry commented that it's important at this point to get the marketing push ramped up, so when the to-do list is prepared, a critical step will be for James, as head of the board's marketing committee, to start working more closely with GEO. Kevin said that GEO has started its normal marketing plan for opening a school; Lisa Lorentz at GEO has been working with Steve on this, Steve's been making various speeches; there needs to be a coordinated approach combining GEO and the board. Larry said he's aware of what Lisa's been doing and she's doing a great job. Kevin said we are getting enrollment forms, but this has been the quiet stage; now that we have a principal, it's time to turn up marketing, GEO will prepare a press release about Yolanda; as progress is made with the building, that will provide a basis for more publicity. Steve said he knows many groups that should be contacted. Kevin said GEO needs the board's guidance in reaching out to other organizations, GEO has collected a list of all the 501c3 organizations in South Bend, but there's no substitute for local knowledge.

The biggest obstacle at this point, Kevin said, aside from what needs to be done with the building, is the federal start-up grant, for which the state hasn't released the application yet. That's \$225,000 that we should be getting, but we need to submit the application, and it takes 60 days after the application is filed to get a response, so these funds won't be available until May at the earliest. That leaves very little time before the school is to open in August. There's also a second grant available, which is for the initial school year; the first grant is for the pre-opening stage, so those funds really should be available now. Since the school has no money at this point, GEO will put Yolanda on its payroll for the time being, as a form of loan to the school, to be paid back when the start-up grant funds are obtained. Similarly, the marketing expenses that GEO is now incurring will be reimbursed when the grant funds are received. That's part of what GEO does to help a charter school open, there's no alternative, since charter schools never have any money before they start operating. Larry expressed his appreciation, the board hadn't realized that GEO would do that.

Rob asked if the school's website is set up to enable people to register for the lottery. Kevin said it is, and added that one of the decisions the Board needs to make soon is a date for the lottery. GEO suggests having the lottery in April, but it's the

board's decision. If there aren't enough applicants for all the spots when the lottery is held, then everyone who's registered is admitted, and after that, all applicants are accepted until the available spaces are full.

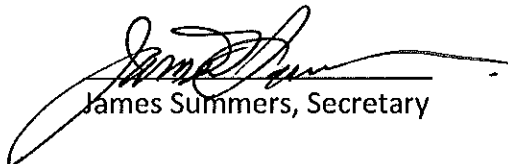
Vivian said she wants to be involved in all marketing planning. Larry said that while James and Vivian are the marketing committee for the board, he (Larry) and Steve want to get copies & updates to keep up to date on what's happening with marketing. Kevin said he'll see to that.

It was agreed to have a call on March 7 to discuss what needs to be purchased for the school building, such as security systems. Kevin said GEO has a starting point, Larry said if a list could be sent out before the call, it would be helpful.

I. Update On Building

Larry said the architect is making progress with the design of the building, and there are only minor items to resolve with the owner on the price and other purchase issues. He will provide a further update at the next board meeting; now that it has been decided that the building should be owned by CASB Realty, that update will for legally purposes be in a meeting of the board of CASB Realty, to be held right after the next CASB board meeting on March 24.

Larry asked if there were any other items to discuss. There were none, and the meeting was adjourned.



James Summers, Secretary