

Career Academy of South Bend, Inc.
Minutes of Meeting of Board of Directors
April 28, 2011

Directors Present: Larry Garatoni, Tracy Graham, Steve Hartz, Vivian Sallie, Rob Staley, James Summers, Suzanne Wiwi
Also attending: Charles Loeser, Tony Wright, Tamara Collins

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 April 28, 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 March 24 meeting. Upon motion duly made and seconded, the draft minutes and memorandum were approved.

C. Executive Committee Report

1. Relationship with GEO Foundation

Steve explained that as described in the March meeting, he'd explored with GEO the possibility of a relationship for a limited scope of services, as a possible way of using GEO's technical expertise even though there is not a culture fit, due to GEO's culture being based on college as the goal for all high school students. As the discussions with GEO progressed, it became clear that GEO would only be comfortable with an all-or-nothing approach, i.e., either manage the school or have no connection at all. Larry and Steve thought it best that there be no relationship at all. Anticipating the Board's approval, the Executive Committee has notified GEO of this conclusion. Upon discussion, the decision to proceed without any relationship with GEO was unanimously approved.

Steve explained that a letter has been sent to the Ball State Office of Charter School stating that CASB will not contract with GEO or any other EMO; in charter school terms, the Career Academy will be an "entrepreneurial" school. BSU has no problem with this, Steve reported. There are many organizations available to provide services to charter schools, such as Bookkeeping Plus, which Larry and Steve recommend be retained to help establish the bookkeeping system for the school in accordance with the requirements of the State Board of Accounts. Bookkeeping Services specializes in service

for charter schools, and there are similar very experienced firms and individuals available to help with other functions, such as special education and Department of Education reporting. Steve suggested that the Executive Committee be authorized to negotiate arrangements with other service providers, subject to the Board's approval.

Rob asked whether functions such as DOE reporting aren't so extensive that they should be done by the school's staff. Yolanda said that the goal is to have most of the work done in-house, but especially at the start, using outside expertise is advisable; for example, if the School doesn't have its own Special Ed director, we should work with a service to provide those services.

Rob said it's his understanding that under Indiana law, for any school located in the city limits of South Bend, the South Bend Community School Corporation's Special Education Department is required to provide all required special education services. Yolanda said that's true, but in practice it's often difficult to obtain such services from the SBCSC, and in her experience with other charter schools, there are better solutions, for example, in northwest Indiana there is a group of charter schools sharing a special ed director and special ed teachers.

Steve commented that in communicating with Ball State about going forward as an entrepreneurial school, the director of the BSU Office of Charter Schools, Bob Marra, who previously was in charge of special education for the State of Indiana, said he would be very willing to help us with problems relating to special education; Mr. Marra stressed in his call that we should feel free to call; that BSU is our overseer but is also available to provide help and advice.

Rob commented that his wife is a special ed administrator, and many times has helped The Crossing with special ed issues, and he believes can be a great help to the Career Academy, at no cost. Larry said others have been able to deal with these requirements, so there's no doubt that we can, it just needs to be done systematically.

Larry suggested that the Bookkeeping Plus agreement be considered for approval. Yolanda suggested that Paychex also be approved as the school's payroll service provider. Vivian asked for background information on Bookkeeping Plus. Larry explained Bookkeeping Plus is a fairly small company, family-owned, based in Indianapolis. Larry went to a presentation by them and was impressed, they came across as very competent and ethical. Yolanda said they at one point had an office outside of Gary, where they serviced some of the state's first charter schools starting in 2002-2003. As to not having an office in South Bend, most of the necessary communication is done online. Vivian asked if Yolanda is comfortable not having a firm with a local office. Yolanda said yes, in part because the school will have a Business Manager on staff to work with them; how much help will be needed from Bookkeeping Plus will depend on the Business Manager's expertise and experience (the contract offers services on an hourly basis, with no required minimum or cap); what's most

needed is aid in getting the accounting system set up to meet State Board of Accounts requirements, but most ongoing work can probably be done in-house.

A motion authorizing the Executive Committee to enter into the proposed agreement with the Bookkeeping Plus was passed unanimously.

2. Relationship with Ball State

Steve added to his prior remarks about his conversation with Ball State that he had been concerned about promptly filing an amendment to the charter application to reflect the plan to operate as an entrepreneurial school, but BSU said there should be no hurry; that this is a time to reconsider and plan carefully.

3. Relationship with Tim Ehrgott

Steve explained he'd spoken earlier in the day with Tim Ehrgott, who acted as a subcontractor for GEO and wrote most of the charter application for the Career Academy, and Tim will be sending a proposal for consulting services on an as-needed basis. Steve explained Tim is going to finish the start-up grant application (which he started as a subcontractor for GEO), and that if we want to make use of his experience in starting up and running a charter school, he's available.

4. Agreement with Jon Anderson

Larry explained that charter school financing is a specialized area, as will be discussed in more detail in the CASB Realty Corp meeting (most of the financing being for the building & improvements, owned by the Realty Corp). It is anticipated there will be a series of bonds to provide the long-term financing for the school, including two issues of "Qualified Zone Academy Bonds" (QZABs), one for the middle school and one for the high school (to work around the \$2M/year cap on QZABs). In exploring this, both GEO and the Indiana charter school association recommended that we work with Jon Anderson, an Indianapolis attorney who has done many charter school financing deals and has established strong relationships with banks and agencies active in this area. Jon's services are to include negotiating the arrangements with issuing agencies and lenders for both the QZABs (which are tax-favored) and supplemental bonds (referred to as "B" bonds since they are in addition to the QZABs), preparing all necessary loan documents and acting as bond counsel; that is, providing services which typically would be provided (at the borrower's expense) by the lender's attorneys. Larry concluded, based on having done many real estate loans and many bond transactions in his business career and also based on the additional experience of his CFO, Tony Wright, that working with Jon would provide the best chance of maximizing what can be borrowed from outside sources. Larry negotiated extensively with Jon, and although Jon's fee of \$100,000 for the Phase I (middle school) and \$35,000 for the Phase II (high school) financing projects may seem high, Larry believes it is fair and advantageous. The

full fee is not payable unless the financing closes successfully; on an interim basis, Larry has advanced (through his foundation) \$7,500 as a retainer, and will be advancing another \$5,000/month starting in May for another six months, i.e., the most that will be paid against the \$100,000 total before there's a loan closing is \$37,500. Considering we are anticipating borrowing six or seven million dollars (\$4M in QZABs plus whatever amount of "B" bonds can be supported by the cash flow and appraisal of the school), those fees are reasonable. Larry asked for the Board's approval of the proposed agreement with Jon Anderson for services relating to the financing, which was unanimously approved.

5. QZAB Financing – this topic already covered (see above).
6. Proposed Agreement with Bookkeeping Plus – this topic already covered (see above).
7. Hiring of Business Manager

Larry explained that in connection with the decision not to go forward with GEO, he and Steve had concluded that the school should have a lot of strength internally for dealing with accounting, financial statements and business management, so a search has been started for a Business Manager. Yolanda said she and Tami have are in the process of interviewing candidates and have so far identified two candidates to be interviewed by Larry and Steve. Rob asked whether the candidates have school experience. Yolanda said no, they have business experience but it is not feasible to find someone with experience as the business manager of a school. Rob said that was what he expected. Steve said the Business Manager will have responsibility for dealing with service contractors and budgeting. Yolanda added this will include responsibility for AP and AR, including monitoring service contracts.

Larry noted that the Business Manager will not be just an accountant but a business manager, who will report directly to the Board, with a "dotted line" accountability to Yolanda. In his business experience, Larry said, he found it is best to have a finance professional answerable to "ownership" (in this case, the board) rather than to the chief executive officer. Accordingly, it will be the Board's responsibility to set the salary level for and do evaluations of the Business Manager.

Rob asked how the search was conducted. Yolanda said the position was posted on the Indiana Department of Education School Personnel Job Bank and at IndianaCareerConnect.com, and many resumes have been received. Larry said when he and Steve have interviewed the two candidates, they will come to the Board with a recommendation.

Rob asked if there is a time planned for the Board to discuss the proposed management team structure. Yolanda said that can be a part of the opening plan

discussion. Larry said there needs to be a discussion about the school's operating budget and organizational chart, which can't be done yet, as the work has not been completed, but it is an important step which needs to be done soon. Rob said at some point he wants to understand the personnel planning, which from his perspective needs to address the traditional job-roles for school organizations; for example, will there be an assistant principal? Larry said job titles can be misleading, as a job title may mean different things to different people; the best way to cover this is to list all the responsibilities and functions that need to be handled, and then decide how to allocate those responsibilities between job titles.

Steve said the plan is to have a "Dean of Student Life" but not to follow the traditional approach of having an assistant principal in charge of discipline, instead to push responsibility for discipline to the teacher level. Yolanda said that in looking for teachers, the goal is to find people who are able to handle the entire relationship with the student in an interactive way, not just teach specific subjects. Steve said the traditional model, in which it's common for a teacher to send a student out of the class for discipline, tends to weaken the relationship between the teacher and the student.

Larry noted that, as reflected in the charter application, a basic part of the school's program is that there is to be an individual advisor to each student, who is to have overall responsibility for the student throughout the student's time at the school. Yolanda said that the advisor-relationship is tied to the Individualized Learning Plan to be created and used for each student; there will be a period of 30 minutes in each day (an organizational period corresponding to the traditional "homeroom") during which the advisors can work one-on-one with students, so that each week, an advisor who is responsible for 25 students should be able to "touch" each student one-on-one twice. Yolanda said she is hoping to find outside mentors who can help with additional guidance and leadership during those periods.

Larry said the Executive Committee will present at the next board meeting an organizational chart and a further-revised proposed operating budget.

D. School Leader Report

1. Introduction of Tami Collins

Yolanda introduced Tami Collins, the school's office manager, who at this point is also acting as enrollment coordinator and assistant-for-everything, as she's the only school employee other than Yolanda for the time being.

2. School Opening Project Plan

Yolanda explained the draft School Opening Project Plan is a work in progress, there are revisions she knows are necessary but couldn't be completed before the

meeting. Larry asked if it would be put into a Microsoft Project format, to which Yolanda said yes, although there are some benefits to having it in an Excel/sortable format.

Reviewing items on the list, Yolanda explained the plan is to stick with the May 12 lottery date, although it seems unlikely that there will need to be a lottery since there won't be more students registered for any class by that time than the number of available seats. The result is that students will be accepted on a first-come, first-served basis. It's necessary as a part of charter start-up procedure, Yolanda explained, to announce a lottery date, which is a way of letting anyone registering earlier know that their registration is conditional; only after the announced lottery date can we tell parents & students that they can be sure of admission. In future years, if there are empty seats, there needs to be a lottery, which Yolanda expects will probably happen next year. Larry asked why the lottery date is so early. Yolanda said it's because most students are making their decisions for the coming school year at this time; in fact, most private schools and charter schools ask students to commit earlier, May 12 is relatively late. That's not to say there isn't switching later on; there's switching all the way up to the ADM date (in September), Yolanda said. It's important to keep up the marketing campaign after the lottery date, Yolanda said, and to try to build up a waiting list, so that we're prepared to replace students who have registered and then withdraw (for example, people who enroll, thinking they can drive their kids to school, but then find that they can't).

Tracy asked about the effect of the bill that just passed the Indiana legislature providing for voucher support for private schools. Larry said the vouchers don't apply to our school, since students aren't charged any tuition, but by making private schools more affordable, the new law increases competition between schools, which could affect us.

Yolanda commented that one of the new laws allows charter schools to use a limited number of teachers who do not have teachers' licenses, but while that might be useful for us for vocational education programs, it's unlikely we would want to use unlicensed teachers for core subjects, since the public considers licenses as a proof of qualification.

Larry asked what major dates are coming up for purposes of the School Opening Plan. Yolanda said the key target date at this point is hiring the senior management-administrative positions, meaning the "Dean of Student Life" (the assistant school leader) and the two Instructional Coaches. Those positions have been posted on the DOE website and at IndianaCareerConnect.com. Yolanda commented that only after changing to the job title of "Dean of Student Life" did she begin receiving resumes from applicants who appear to be prepared to "think outside the box" and be able to adapt to the planned culture of the Career Academy. Rob asked if Yolanda is interviewing teachers yet; she said not yet, although positions for special education and specialty subjects (Spanish) have been posted.

The next big piece, Yolanda said, is ordering furniture. That order will be going out next week. There are some items, Yolanda said, for which she doesn't think getting multiple bids is necessary, such for Hann Furniture, for which excellent (GSA) pricing was offered. For other items she will post a request for quotations on our website and ask suppliers to offer pricing. Larry asked if Yolanda has identified all the furniture that's needed, to which Yolanda said yes, even for labs. This was done in part before the break with GEO.

Tracy commented that Mary Joe Ogren, who works in his office and has a strong educational background (a licensed principal and teacher), has offered to help the school on a volunteer basis. Rob commented that he'll be hiring 21 teachers for The Crossing's schools in the next few months, and as he interviews candidates, if he finds highly qualified candidates who don't have the faith-based component necessary for teaching at The Crossing, he'll refer them to the Career Academy. Steve commented that Board members may be able to help in a lot of unexpected ways, and Yolanda feel free to raises issues or questions with all or any board members at any time, not as a request to the board as a body, but to see if any board member acting individually may be able to help; the board members have not only a lot of experience but a lot of relationships which may be useful.

Yolanda said another major item that may affect opening is getting the necessary building inspections done. Larry commented that the project manager assigned to our build-out by Panzica Building Corp., Jeff Novotny, is very experienced, very aware of our deadlines, & should be able to help with scheduling.

Yolanda explained that she will be submitting a revised version of the School Opening Project Plan to Ball State, as part of the ongoing update of the status of our progress, and that the plan will be updated on an ongoing basis, so if comments from board members are welcome.

3. Marketing Plan & Progress

Yolanda explained billboards will start going up this weekend. She is sticking with the original \$30,000 budget for marketing, and at this point is about \$10,000 under that. Billboards are the most expensive marketing item, usually they are about \$800/month, we're paying about \$500/month (a total of \$10,800 for a four-month campaign). There have been radio ads on a number of stations, with WFRN producing the most results so far. Rob asked if Yolanda's been on WFRN's morning show, she said she's scheduled to be; Rob said he's been on that show and the results have been very impressive.

Yolanda said she's been surprised at the response we've received from yard signs (she asks people how they've heard of us, and they often mention yard signs). Steve mentioned he came by the building yesterday & there were people standing by

the building, looking in. Larry said we need to get a better sign up outside the building; Yolanda said that's under way. Larry asked if there's any chance of getting a sign on Bendix, Yolanda said she's been putting signs along Bendix.

Larry asked how many students are registered so far. Tami said about 60. Yolanda said she doesn't think there's going to be a problem filling the school. Some parents have talked about holding their kids back a year so that they could go to the Career Academy. Rob said he expects to refer some students (those who are doing well) from The Crossing to the Career Academy; he suggested that Yolanda come to The Crossing's South Bend school and give a presentation to the students. Yolanda said the other two charter schools, Xavier and Veritas, might be a source of admissions. Steve suggested contacting the Food Bank and the YMCA. Rob suggested contacting the Sonnyvilla organization, run by Josiah Martino.

Larry asked about the possibility of doing a joint marketing session, perhaps at the public library, with the other two charter schools, to highlight what charter schools are (many people don't realize charter schools aren't private schools and don't charge tuition). Yolanda said Xavier and Veritas have other priorities now but that that might be a good thing to do over the summer. Larry asked if that wouldn't be too late. Yolanda said she didn't think so; the marketing of the school will go on throughout the summer, in fact the greatest surge will be in August. Steve said the Apprentice Academy does a "manufacturing camp" for kids every summer, and this July he plans to make that into a marketing effort for the Career Academy.

James asked about the possibility of doing a simple you-tube video of the presentation that Yolanda does for young people, so that it can be available on-line for anyone to see at any time. It was agreed this might be useful, perhaps including some footage of the machinery at the Apprentice Academy.

Larry asked Suzanne what marketing methods have worked for her school. Suzanne said that magnet signs on cars have worked well, as have yard signs. Suzanne said yard signs are very cheap, and they've given them to every student's parents. Larry suggested that Suzanne follow up with an email to Yolanda if she has further thoughts.

4. Requests for Approval

a. School calendar: Yolanda explained that the original calendar called for the first day of school to be August 24, but best practices for career-oriented schools are for students to become accustomed to the school week being similar to a business workweek, so it is best to begin on a Monday; the proposed school calendar therefore is based on school starting on Monday, August 22. There are a total of 190 scheduled school days, so if there are any snow days, it will not be necessary to schedule additional days until there are ten or more snow days. There are 204 total teacher days, including the additional two weeks for orientation. The fairly long

orientation period is especially important for the first year, when all the teachers will be new and it will be essential to get the school culture established among the teachers before students arrive. It will be a challenge for teachers to adjust to project-based learning and the type of dynamic interaction that the Career Academy culture will call for, as reflected by the fact that teachers won't have desks, just work-tables.

Larry asked about having the staff participate in cleaning the building in preparing for opening, which in his experience is a big help in building a team spirit and getting the job done right. Yolanda said she fully agrees with the idea and everyone she's mentioned it to has agreed enthusiastically.

Suzanne asked if the Career Academy plans to schedule its spring break at the same time as the South Bend Community Schools. Yolanda said yes, the proposed calendar follows the SBCSC calendar in providing for spring break to be the first week of April.

Rob suggested that 204 teacher days may be a challenge for attracting teachers, and asked what the proposed pay scale would be. Yolanda said she had reviewed what is paid by SBCSC schools and local charter schools, and she believes the Academy budget of an average of \$38,000 will be sufficient to attract teachers. Suzanne asked if local charter schools use a system of paying based on merit rather than years of service. Rob said that a merit-based system would be preferable. Larry suggested a system using a base pay that stays the same from year to year, with a bonus component. Rob said there is considerable movement in Indiana in teacher pay. Larry said this requires a thorough analysis & preparation; there needs to be a lot of work put into devising a proposed pay system to be presented for the board's approval. Rob warned that we need to be realistic both as to attracting teachers and attracting students, i.e., both pay and the calendar need to be based on what can be attractive enough. Rob suggested we need to make some quick decisions on pay and benefits, since these need to be in place for hiring purposes, which Yolanda had said would start on May 15. Yolanda said the benefits package will be based on GEO's package, and the pay scale requires additional work. Larry suggested this needs to be done next week so that it can be considered by the Board and approved by May 15.

A motion was made to approve the calendar, and approved unanimously.

Larry suggested that he and Steve and Yolanda confer next week about the compensation system to try to arrive at a proposal. Yolanda asked if approval of the budget wouldn't include that. Larry said no, the compensation plan needs to be the starting point, based on what can attract good teachers; the budget should follow from that.

Yolanda commented that the school's contact with teachers does not need to include as many details as the SBCSC contract. Larry and Rob questioned why

there should be any contract at all, rather than a “memorandum of understanding” or an employee handbook. Yolanda commented that this was a part of the charter application and will need to be dealt with the revision to the application.

b. School colors: Yolanda suggested navy blue, tan (khaki), and orange. She reviewed what other schools are using, to avoid duplicating anyone else. A motion was made to approve those as the school colors, and was approved unanimously.

c. School logo: Yolanda passed out a copy of the letterhead with the logo that’s been used on all the school’s advertising. Larry suggested that we might want to have something more for a logo, i.e., not just letters but some sort of design, perhaps the triangle-design that the Panzicas suggested. Tracy commented that as a kid he attended a newly opened magnet school where the students were asked to participate in the choice of school colors and a mascot, which the kids loved. It was agreed that would be a good idea, but for the time being, the letterhead should be approved as the school logo. A motion was made to approve the proposed logo, and was unanimously approved.

d. School mascot: Yolanda asked if it’s best to let students propose a mascot, or to give them a choice between some options. It was agreed this can be decided after the school opens.

e. School uniforms: The question was raised whether the school should identify a specific supplier of uniform shirts and pants or just announce guidelines for what students should buy. Yolanda suggested just announce guidelines. Larry asked Suzanne what her experience has been. Suzanne said that in her experience, it’s best to tell students where to buy uniform clothes. Otherwise there are likely to be problems; for example, when her school told girls that they were to have khaki pants, there was a great deal of difference in what students wanted to wear, and what some students wanted to wear was not considered appropriate by her school’s management. For example, what about pants with studs, which look like jeans. Also “khaki” can be many, many different shades. Steve said the problem can be eliminated by identifying Walmart as the approved supplier for specific shirts and pants; then it’s very simple. Suzanne said that would be especially wise for girls and pants. Rob asked why uniforms are necessary at all? Yolanda said it’s part of educating students to take care of their appearance, and while not as necessary for the older grades, when she expects there should be more flexibility, it’s important in the younger grades. Suzanne said that her experience was that an attempt to replace uniforms with a dress code produced lots of arguments are problems; it’s much easier to require uniforms. Suzanne noted that her school has occasional “dress-down” days, and it’s remarkable how different the culture and behavior of the students is on those days. Yolanda commented she’s seen the same thing on “dress-down” days at Xavier. A motion was made to require uniforms, with a specific store to be named as the supplier; the motion was unanimously approved.

5. Requests for authorization

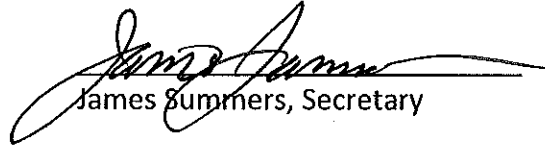
a. Draft handbook. A motion was made and unanimously approved to authorize Yolanda to prepare draft handbooks both for students and for employees, to be reviewed by the Board.

b. Draft update to charter. A motion was made and unanimously approved to authorize Yolanda to prepare a proposed amendment to the charter application.

6. New business: none.

7. Next meeting: May 26.

There being no further business, the meeting was adjourned.


James Summers, Secretary

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