

Career Academy of South Bend, Inc.
Minutes of Meeting of Board of Directors
May 17, 2017

Directors Present: Daniel Adams, Steven Van Bruaene, Thomas Coley, Larry Davis, Michael Garatoni, Marian Hodges, Lori Smith
Absent: Larry Garatoni, Dave Risner
Staff Attending: Alex Hammel, Jackie Black, Tami Collins, Jim Cebra
Also Attending: Charles Loeser

Michael Garatoni called the meeting to order at 5:45 pm at the Career Academy, 3801 Crescent Circle, South Bend, and led the Pledge of Allegiance.

A. Minutes of Prior Meeting. The minutes of the prior (February 21) meeting were unanimously approved.

B. School Operations.

1. Trine Innovation Competition. Alex Hammel announced that two teams of Career Academy students won awards at Trine University's Fourth Annual Innovation Challenge, a contest open to high school students, college students, and non-students, see <http://www.trine.edu/news/2017/Innovation-Prizes.aspx>:

- Second place in the technology division, with a \$1,000 prize, was awarded to "Security Buddy," by Ethan Wierenga and Jonathan Adams, for a device that helps protect personal information when connected to a public WiFi network.
- The top high school student award went to Nathan Hopper for his Mold Extraction Device, an attachment for the end of a vacuum system to allow professionals the ability to remove mold with one tool, as opposed to the current method of using two tools at once.

Alex explained that participating in this contest, which focuses on technological innovations that advance businesses or services, is a project for students in the Career Academy's Engineering Design and Development class, the capstone class in our engineering pathway.

Marion asked who owns the intellectual property for this work? Alex said the students own it. Mike suggested the school should have an intellectual property policy.

2. AdvancED Accreditation. Jim Cebra, Assistant Principal, reported that the high school has completed the interviews and consultation for AdvancEd accreditation.¹ The final

¹ AdvancED describes itself as "the largest community of education professionals in the world ... a non-profit, non-partisan organization that conducts rigorous, on-site external reviews of Pre-K-12 schools and school systems to ensure that all learners realize their full potential. While our expertise is grounded in more than a hundred years of

report and recommendations are expected before the start of the next school year. Jim said this accreditation is recognized by colleges as a mark of a well-run school, both for purposes of accepting our graduates and placing student teachers with us (as St. Mary's will do, when accreditation is completed). Dean Fecher said elementary schools or multi-school systems may also be accredited but the process is lengthy – the high school started this initiative over two years ago, before Success Academy existed.

3. Land Development Student Proposal. Janell Webb, teacher of the fourth period Health and Wellness class, presented a proposal prepared by her class as to use of the vacant parcels south of the Career Academy building. The students' written proposal included a drawing showing how the area might be developed for four uses: a soccer field, baseball field, parking lot, and a walking trail. In the written proposal and in a video, the students summarized data as to the health benefits of outdoor exercise and the results of polling they'd done showing many CASB students would like the property to be used for sports and a walking trail. The proposal did not directly address the slope of the property, which is significantly lower to the south and west, but Ms. Webb noted that a walking trail may be one of the few possible uses for the low-lying area. The students estimated development costs to be roughly \$35,000 for the parking lot, \$380,000 for a soccer field, \$570,000 for a softball field, and \$9,500 for a walking trail with exercise stations.

Mike commended the students for their proposal but said it would be premature to approve a development plan at this point. Lori asked what's an appropriate timetable? Alex said it is unlikely that any use can be ready by the start of the next school year. Mike said the grass for a sports field couldn't be ready that soon. Lori asked what is most needed? Alex said traffic relief is the first priority, for which the northernmost part of the property may be developed first, but to some extent the traffic bottleneck for drop-off may be reduced without additional land use by the plans for next fall for the middle school day to end at 4pm and the potential addition of bus service for some students (to be addressed later in this meeting).

4. Budget Presentation. Alex presented an update to the 2017-18 budget showing the effect of a number of adjustments and estimates, including:

- K-12 enrollment of 1,225 (current is 1,150)
- New teacher salaries increased to \$36,000
- Health insurance cost estimated to increase by 10% in 2018
- Savings via staffing changes
- Increase of roughly \$120,000 in state funding as per 2017 legislation
- \$25,000 in Title 2 funding

The financial projection summary shows revenue at roughly 10.8M and operating costs plus loan interest repayment of roughly 9.85M, resulting in net operating cash flow of roughly \$950,000. With loan principal repayment of roughly \$393,000 and various capital costs (including \$320,000 roof replacement, \$65,000 for moving Grade 6 to the Career building,

work in school accreditation, AdvancED is far from a typical accrediting agency. Our goal isn't to certify that schools are good enough. Rather, our commitment is to help schools improve." See <http://www.advanc-ed.org/about-us>.

\$135,000 in technology costs including 1:1 rollout, and \$20,000 for land development), the projected net surplus cash flow is roughly \$27,000.

Dan pointed out that an increase in enrollment is essential and asked how reliable is that? Alex said there are reasons to expect higher enrollment next year, including:

- i. The number and distribution of current students:
 - This year's 11th grade has about 25 more students than the 12th grade it will be replacing;
 - The remaining projected increase can be achieved by growth in the K-8 grades, for which transfers are more common than in high school;
- ii. Response to "intent to return" forms indicate few students plan to leave.
- iii. The plan for bus service is expected to help with enrollment.
- iv. The summer food program is expected to help.

Alex said there's no guarantee of hitting 1,225, but it's a realistic projection. In comparison, the budget prepared in Spring 2016 for 2016-17 was based on the assumption of reaching enrollment of 1,250 from a starting point considerably lower, and assumed adding more than 100 students at the high school level.²

5. Transportation Planning. Alex reported that there has been substantial interest expressed by parents in a proposal to provide bus service on a fee basis for a limited number of families in selected neighborhoods. While Indiana law does not allow a school to charge for bus service,³ a parent organization may provide bus service on a fee basis if approved by the school board.⁴ The proposal has not been finalized so there is no action needed by the board yet; it's expected there will be a contract requiring approval at a future meeting.

6. Purdue Pilot Program. Alex reported that an agreement has been reached with Purdue Polytechnic⁵ for five Career Academy students to take a 3-credit college course next year, while still in high school, at very reduced cost (\$75 compared to normal state-resident rate of \$647).⁶ They could choose from several courses but most selected *Tech 12000: Design Thinking In Technology*. We will continue to work on arrangements for students to gain college credits and industry certifications while in high school.

² As reflected in the minutes of the meeting of March 8, 2016, enrollment was then at 1,033 (high school 236, middle school 375, primary school 422), so reaching 1,250 required an increase of 217, almost triple the growth needed to reach the current target of 1,225 from our current 1,150. The projection of 1,250 assumed reaching 350 in the high school, an increase of 114 from Spring 2016 enrollment.

³ Indiana public schools (including charter schools) are not required to provide students with transportation to and from school, *Hoagland v. Franklin Twp. Cmty. Sch. Corp.*, 27 N.E.3d 737 (March 24, 2015) but if transportation is provided, the school may not charge for it. Indiana Code 20-27-5-2(b).

⁴ Indiana Code 20-27-6-2.

⁵ Purdue Polytechnic South Bend operates from the Indiana University South Bend campus, offering a two-year Associate Degree in Mechanical Engineering Technology and four-year undergraduate degree programs in Engineering Technology, Electrical Engineering Technology, Industrial Engineering Technology, Mechanical Engineering Technology, Robotics Engineering Technology, Supply Chain Management Technology, and Organizational Leadership. See <https://polytechnic.purdue.edu/south-bend/about>.

⁶ See <https://polytechnic.purdue.edu/south-bend/admissions/tuition-and-fees>.

7. Charter Amendment. Alex asked for board approval of the amendment of our charter agreements to provide, beginning with the 2017-18 school year, for (i) Grade 6 to be moved from the Success building to the Career building; (ii) Grade 5 to become part of Success Academy Primary School, so that Career Academy Middle School will consist of Grades 6-8. This was suggested by our authorizer, Education One (Trine). A motion authorizing Alex to proceed with such amendments was made, seconded and unanimously approved.

8. Food Service Contract Amendments. Alex asked for board approval of the proposed amendment of the Corporation's food service management contract with COMPASS Group USA, Inc., d/b/a Chartwells, to extend to the 2017-18 school year with a 2.1% increase in fees. Additionally, Alex asked for authorization to sign an amendment for Chartwells to operate a summer food program⁷ at Success Academy this summer. Alex introduced Mary Gilliam, Chartwells' Director of Dining Services for Career and Success, who explained the summer program will provide breakfast and lunch for all children 18 and younger, not just Success Academy students. Unless the program attracts significantly less participation than Chartwells anticipates based on its experience with similar sites, Mary said, the state reimbursement should more than cover the operating cost. Chartwells will advise, after operation has begun, whether the program is covering its cost, and the school may terminate the program at any time if there is a problem. Alex said he has confidence in Chartwells' judgment that this is feasible and he believes this is both good for the community and beneficial to the school's summer marketing program. Upon motion duly made, seconded, and unanimously approved, the proposed amendments to the Chartwells contracts were approved.

9. Compensation Plan. Alex informed the board that the Corporation has informed the staff that the "salary schedule" which was adopted in 2014 and inserted in the staff handbook has been discontinued and a new compensation system is being formulated, which will be presented to the board for approval when completed. The new plan will include team-based bonuses. The budget allows for a compensation increase in 2017-18 of \$500 per employee. Steve asked if the new plan will use the State's "RISE" methodology, Alex said yes it will, and not just for determining bonuses. It was agreed that a board committee should work with Alex in more detail. Marion, Steve and Larry Daman agreed to serve on the committee.

C. Financial Reports. Jackie Black presented the financial statements for April, 2017. The consolidated income statement showed year-to-date revenue as of the end of April of roughly \$8.9M, which is roughly \$345,000 more than budget, but \$175,000 of that is food service revenue. Composite operating expense of roughly \$8.365M results in net operating cash flow of roughly \$544,000, which is a little more than \$100,000 short of the amount budgeted for the Loan Repayment Fund (400,922) and Capital Expenditure Fund (250,000).

Dan asked that in the future, financial statements should show the number of students (per budget and the Count Day totals used by the State to calculate the Basic Grant) and


⁷ For which IDOE approval has been secured, <http://www.doe.in.gov/nutrition/summer-food-service-program>.

revenue per student. It was agreed that Dan will join the finance committee (now also including Larry Garatoni, Mike and Marion).

Larry Davis moved that the financial statements be approved, Dan seconded, and the motion was unanimously approved.

D. Questions and Comments.

Mike asked if there were any questions or comments. There were none, and the meeting was adjourned at 8:54 pm.



Charles M. Loeser, Assistant Secretary