

The Classical Academy
975 Stout Road
Colorado Springs, CO 80921

Board of Directors Meeting
North Campus
Monday, January 12, 2009

I. Call to Order. Chairman Matt Carpenter called the open session to order at 6:05p.m.

II. Pledge of Allegiance/Roll Call

A. Matt Carpenter led those present in the Pledge of Allegiance.

B. Roll Call. The following Directors were present: Steve Pope, Clark Miller, Chris Bender, Vance Brown, Lisa Sutton, and Jim Kretchman. Also present: Mark Hyatt, President.

III. Comments from Audience

Matt Carpenter welcomed the Audience and stated this part of the Agenda is a great chance for the community to share thoughts with the Board, hopefully, after sharing with the Administration prior to presenting to the Board. He requested the Audience please limit comments to 5 minutes.

Kelly McCue visited with the Board during the December 8th meeting. Since the meeting, she wanted to share thoughts about TCA hiring a police School Resource Officer (SRO). Kelly shared statistics from the National Center for Education Statistics Indicators of School Crime and Safety from 2007. The data show that in public schools, with children ages 5-18, there were 17 school associated deaths, including 14 homicides in 2005-2006 school year. School shootings on campus, not including those off of school property, from 1996-2008 include 5 pages of killings. Kelly also mentioned details of recent off campus shootings in the area that involved high school students. Kelly implored the Board to have a full time police presence at TCA. Kelly requested a quick decision so she can decide what to do with her children.

Matt thanked Kelly for addressing the Board. Jim Kretchman acknowledged safety in school is a priority and violence in schools does occur. He went on to say the question becomes "what is right for TCA?" and the Administration and Board is now working through the process, other options, and acceptable outcomes. Jim requested time to have further discussion about satisfactory ways to resolve Kelly and other parents' concerns. Vance Brown advocates discussion with the Administration about the safety of TCA.

Lisa Austin asked the Board if they will be discussing the Secondary Auxillary Gym. Matt replied that it is not on the Agenda. Lisa shared with the Board that some parents have had questions and concerns that they feel have not been fully addressed by the Board. Lisa asked for the appropriate way for parents to pursue a discussion with the Board so they feel heard. Board members discussed that it is important for TCA parents to know the proper process for parents bring concerns to appropriate TCA Administration contacts. Mark Hyatt mentioned that he recently sent out information regarding whom to contact for various areas within Administration. Administration has a secondary gym design committee made up of parents, staff, and architects who are considering all input. Mark Hyatt suggested that parents who want more input, join the secondary gym design team. Kevin Collins said he talks with parents continually and will invite Lisa to join the design committee.

IV. Discussion Items


A. Auditor's Review of the 2007-08 Financial Reports

Item: To ensure the Board receives the report of an independent, outside Financial Management Audit by a CPA, as required by our charter (7.3)

Presenter: Doug Hering, Wendy Swanhorst, CPA

For: Information

The Classical Academy exists to assist parents in their mission to develop exemplary citizens, equipped with analytical thinking skills, virtuous character, and a passion for learning, all built upon a solid foundation of knowledge.



Doug Hering introduced Ms Wendy Swanhorst, hired by Board, who has been TCA's auditor for five years.

Ms Swanhorst began by saying she conducted the audit of The Classical Academy finances on June 30, 2008. The financial condition is good and improved over last year. The Management Letter included in the Board Packet is Ms Swanhorst's communication to the Board. It signs off that the numbers stated by TCA finance are fairly stated. The comments on page two would include significant deficiencies in internal controls and nothing with TCA rises to that level. Important, but not significant deficiencies included:

1. Investments. Integrity Bank has some of our CDs in out-of-state banks, which may or may not be allowed by state statute. All investments are FDIC insured and Integrity and TCA are working out legal opinions.
2. PTO Accounts. Parent volunteers are appropriating some TCA funds and the auditor recommends additional controls added to the accounts.

Doug added Integrity Bank has offered to pay for getting a legal opinion on CDs in out-of-state banks. If they're not compliant, then Integrity Bank will change to Colorado banks. He emphasized none of our investments are unsafe. When any CDs mature, Integrity Bank will put the funds into a Colorado bank, since there is a difference of opinion on compliance. TCA has chosen not to take the CDs out immediately, because we would take a loss for early withdrawal and all CDs are maturing in a few months.

Steve Pope requested Ms Swanhorst's overall assessment of Integrity Bank. We hear of so many banks going under during these difficult financial times. Although Ms Swanhorst hasn't looked at Integrity Bank's financials, she stated any bank that's holding government backed money, the state ensures the bank has enough money to collateralize that government entity's money.

Jim Kretchman asked about the PTO accounts, specifically what is a good threshold for having PTO volunteers continue to hold money, either in an absolute number or a percentage? Doug replied that the Gold C sales alone for the North Elementary gross \$90k-\$100k. The PTOs and Finance have agreed to pull the PTO finances back into the Finance Department.

Vance Brown asked why Integrity Bank vice another bank? Mark answered that Integrity Bank promised more personal service for TCA and partnered with TCA in several ways. They're viable as a bank and have a fee structure that saves TCA about \$12k per year over the fees we were paying to Wells Fargo.

Clark Miller, Board Treasurer, agreed the comments from the audit are not showstoppers. He encouraged the Finance Department to take back financial control of PTO moneys.

The Board thanked Wendy, Doug, and the entire finance team for their hard work and continued efforts.

B. General Fund Revenue Projection, FY09-10

Item: To set the baseline for the FY00-10 budget process

Presenter: Doug Hering

For: First Read


C. Extra K/1st Grade Classes

Item: To present the Board a proposal for extra Kindergarten and 1st grade classes

Presenter: Doug Hering

For: First Read

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Doug requested Discussion Item A and B be combined into the same discussion, since you cannot discuss future revenue without discussing adding extra Kindergarten and first grade classes. Mark led off with the big picture. In Governor Ritter's "State of the State Report," the income is significantly less for the state and therefore the state is looking at cutting programs. In the past, K-12 education has always been protected. The funding may not be protected the way it was in the past. Included in the Board's packet is Commissioner of Education Dwight Jones' letter stating that "everything is on the table" for cuts this year. Although TCA would like to do a lot with the 3A mill levy money, we need to proceed very cautiously and consider doing one facility construction project at a time, vice in tandem. Some districts, if cuts come, may go bankrupt and charter schools may go out of business.

Doug added the capital construction money may be delayed and reduced (normally distributed in January or February, but now anticipating May). Although the capital construction money was budgeted and signed by Governor Ritter, it may not come down the pipeline. It may be best for TCA to focus on the student count and not the dollar amount. Even the inflation money plus 1% that is in the constitution may not happen this year. Grant money is also being severely reduced.

Mark requested Doug change the hybrid high school enrollment from 400 to 200, equaling a \$1M reduction. 200 is the break even point and is a conservative number. Although 400 is the enrollment plan for the hybrid high school, Mark doesn't know how fast we'll reach that number. Peter Hilts anticipates knowing the 2009-2010 enrollment numbers around the May-June timeframe.

Jim Kretchman asked the Administration if the barometer has changed from building at Scarborough to building at Pikes Peak Community College (PPCC)? Mark assured the Board the PPCC building is the bright spot in TCA's future. Diana Burditt was impressed with the quality of discussion at the extension high school brainstorming session on January 8, 2009. Some felt they have never been more excited about a program. Diana insists the feeling is just as strong as before that this project will succeed.

Chris Bender asked about how the financials fit into the academic side, increasing the Kindergarten and first grade class size? What is the impact on high school? Doug replied that currently TCA enrolls 240 students for Kindergarten, and, with a backwards funnel through attrition, graduates approximately 125 seniors. The new plan enrolls 272 Kindergarteners, allows for attrition, but does not backfill from the wait list. This change could net about \$90k per year.

Jim requested the Lead Team's arguments that were "con" for this idea and any adverse affects from adding more classes. Leesa Waliszewski added it spreads the leadership team a bit thinner. Mark suggested the more students you have, the more staff you have, the more HR issues you have. He went on to say that there is an incremental cost to every decision. Veronica Wolken assured the Board the Administration has thoroughly discussed all pros and cons. In order to preserve the class structure, the new classrooms cannot be at one campus. Children in overflow Kindergarten classes have the potential to be moved to different campuses twice in their early education. The parents will be aware they're in an overflow situation and their child may be moved in 1st and 2nd grade then settled into one school. The impact is on Specials, especially the schedules for 1st grade, in particular; Specials schedules are already being worked.

Matt requested the Board please send any questions to Mark for reply prior to the vote at the next meeting.

V. Executive Session - per C.R.S. § 24-6-402(4)(a)(e)(f), for the purpose of discussing sale of property, determining positions relative to matters that may be subject to negotiations, and personnel issues.

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Moved by Chris Bender, seconded by Clark Miller, to adjourn to executive session per C.R.S. § 24-6-402(4)(a)(e)(f) at 7:15p.m, for the purpose of discussing sale of property, determining positions relative to matters that may be subject to negotiations, and personnel issues. Roll Call. Approved by unanimous vote.

Moved by Steve Pope, seconded by Clark Miller, to adjourn to public session at 12:07am. Roll Call. Approved by unanimous vote.

The Board asked Mark Hyatt to explain his view on TCA having a SRO. Mark explained that we are not the only public school in Colorado not having police presence. The Board packet included an article on districts that are stopping to pay for this presence in their schools. He explained that TCA has not had a SRO for several reasons. First, because we have a culture at TCA that is different; it's a culture that challenges strangers and is aware. A SRO would cost approximately \$100k/year, with extra cost for extracurricular events. Kevin Collins said School Resource Officers are hired to deal with the internal issues at a school – drugs, fights, weapons – not to address someone walking into a school and doing something. TCA currently has layers of security including monitored video cameras, badging, challenging, and a family culture (which is not found in most other schools). Kevin concluded that everything is not perfect, but the Board and the Administration need to look at what is safe enough.

Chris encouraged the Administration to convey to the entire TCA community that this is TCA's plan and acknowledge that there is a spectrum of "safe," vice focus on one aspect of the whole picture.

Jim and Chris requested there be a direct question on the Parents Survey about Safety. As it's currently written, the question will solicit good feedback but by asking the question "Do you feel safe at TCA?" there will be no room for ambiguity and find out how much Safety is resonating in the community.

The Board encouraged the Administration to look into how we can use first responder safety at TCA, along with looking into the possibility of having members of the staff trained for arming during an emergency situation.

VI. Consent Agenda Items

These are items that are for information or for vote but do not require further discussion by the Board or staff at this time. In the event that new information is available since the publication of this agenda, prior to approval of the consent agenda as presented, the board or staff may remove any consent agenda item(s) and move the item(s) to the Discussion Agenda.

- A. Approval of Minutes- Handouts (October 28th, November 5th, November 10th)
- B. Monthly Financials
- C. Parent Survey Plan
 - Item: To review the survey and the implementation plan
 - Presenter: Kevin Collins
 - For: Information

Matt requested the Board to send any questions or comments on the survey to Kevin Collins prior to the survey's release on Tuesday, January 20th.

- D. New Course Proposals
 - Item: To obtain approval for proposed high school courses

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Presenter: Peter Hilts

For: First Read

- E. TCA Building Corp - Appoint Directors
Item: To appointment new directors for the next year
Presenter: Matt Carpenter
For: Vote

Ron Mast, Rick Mueller, and Lisa Ruth are the appointed directors. Vicki Tomberlin and Tim Pfeifer are stepping down.

- F. Grant of Authority
Item: To discuss TCA Leadership's GOA
Presenter: Clark Miller
For: Second Read/Vote

Moved by Jim Kretchman, seconded by Vance Brown, to approve the Consent Agenda Items, with the caveat to include Board inputs to the Parents Survey. Roll Call. Approved by unanimous vote at 12:22a.m.

Future Agenda Items

- A. Board Orientation & Board Policies – Feb.
- B. School Calendar Review – Feb.
- C. Curriculum Review – Feb.
- D. General Fund Revenue Projection, FY09-10 – Feb.
- E. Announce Board of Director Vacancies – Feb.
- F. School Calendar Review – Feb.
- G. Current Year Budget Revision – Feb.
- H. Fundraising Report – Feb.
- I. Quarterly Review – Feb.
- J. Announcement of Board Candidates – Mar.
- K. Current Year Budget Revision – Mar.
- L. Preliminary Annual Budget (for next fiscal year) – Mar.
- M. Endowment Review – Mar.

VIII. Adjournment

Moved by Lisa Sutton, seconded by Jim Kretchman, to adjourn meeting at 12:28am. Roll Call. Approved by unanimous vote.