

The Classical Academy
975 Stout Road
Colorado Springs, CO 80921

Board of Directors Special Meeting
North Campus
Monday, December 17, 2007

- I. Call to Order - Chairman Matt Carpenter called the open session to order at 6:15 p.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: Chris Bender, Matt Carpenter, Chris Leland, Steve Pope, and Lisa Sutton. Clark Miller was present via phone. Steve Tomberlin arrived at 8:11pm. Also present: Mark Hyatt, President.
- III. Update from Administration on East Campus Facilities
 - A. President Mark Hyatt made the following presentation. The East Campus facility is an important decision in the life of TCA. We have been in the current East modulars for 10.5 years. Because of funding at that time, the original campus was a low cost option. Mark Hyatt went on to lay out some of the history of how TCA grew from the East campus to the current multi-campus school. East campus is where it all began and that community continues to have a great pioneer spirit. President Hyatt then went on to explain the timing of the current issues associated with the East Campus facilities. The Administration started to hear about issues at the campus last spring. As issues were discovered, student classrooms were relocated. Now the Board is faced with the decision of remediating or building. The strategic plan has always been to eventually build a new East Campus facility.

The original strategic plan concept discussed was eight million dollars. The current plan is in the four million dollar range. Remediation costs have been estimated for both five year and two year plans. More will be provided by Kevin Collins and Doug Herring.

We have contacted fundraising experts to help us with a plan and we will hear from them tonight.
 - B. Mark Hyatt then introduced Kevin Collins, TCA Chief Operating Officer, to present on the mediation and building options.

Kevin Collins presented the two year remediation option information. Total cost would be in the \$857K +/- 10%. The difference between the two year and five year \$1.5 million options would be how the draining modifications are designed.

Kevin Collins then reviewed the permanent structure options. He and his team are developing a list of potential contractors and putting together a plan.

Kevin then discussed the health of the TCA East staff. Based on information provided by the staff, the County Health Dept has determined that there is no distinct pattern of symptoms.

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Steve Pope asked why the cost to remediate is the same between red and green modulares. Kevin Collins responded that the cleanup effort is a standard effort for each of the buildings and of most of the effort is outside of the buildings. As a result, the inside costs were averaged across all of the buildings. Representatives from the remediation company indicated that, from a total cost perspective, there is very little cost difference from building to building, especially yellow to green. The estimated costs seemed high to Steve.

Chris Leland asked, other than the cost expenditure, what happens at the end of the two-year remediation life? Doug Herring responded that you are basically buying time to explore options. Mark Hyatt added that the administration is looking into what options are available after the remediation period expires.

Steve Pope asked, have we considered the clearing costs to start the project? Kevin Collins responded that we are treating it as a wash. Some modulares would be sold. Others would incur a cost to remove. Some modulares we would like to keep at other campuses, for example Central.

Chris Leland responded to Steve and the board that he is comfortable with the financial numbers.

Kevin Collins reported that D20 just finished building three projects - Discovery Canyon, Chinook Trails and Ranch Creek elementary schools. D20 has volunteered to provide their project mgr, Chris Coulter, and his team to take this project on at no cost to TCA. TCA would do the design and provide the direction.

Steve Pope – We need to understand what the cost is and look at the options for building. We need to be sure and include site costs. Mark Hyatt responded that Dr Vedra recommended \$150 /sf for a building.

Doug Hering reviewed a slide presentation (attachment #?) that showed \$3.6M with a \$400K reserve for a total financial commitment of \$4 million dollars.

Doug went on to explain that the contractors are going to require 100% financing before beginning the project. We would then use fundraising funds to pay down debt.

Mark Hyatt added that Dr Hatchel, D20 Superintendent, said that he is willing to work something out for relocating kids for the Fall of 08. Possibilities are being worked but nothing is guaranteed at this time.

C. Mathew Monberg of Mathew Monberg and Associates was introduced by Mark Hyatt. Mathew reviewed his background (see attached). Mathew has also brought Tim McDonald on to the project team because of his familiarity with TCA, his experience with fundraising, and the significant size of the project. The McDonald's have three children at TCA.

Matt Carpenter asked Mathew what he felt was reasonable to fundraise outside the TCA community? Mathew responded that he still needs to do the preliminary research for our community but typically at least 75% of the support comes from those that know you best.

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Steve Pope asked about potential grants. Mark Hyatt responded that the Colorado Department of Education offers funding for schools that are facing student safety issues. There are possible funds available in that fund. Community business partners are another potential option to be explored.

Chris Leland asked Mathew Monberg about how realistic raising \$500,000 is within the TCA community? Mathew responded that based on conversations w/ Doug Hering and Mark Hyatt, he is very comfortable with the TCA community raising that amount.

Chris Bender asked about recommendations for timing of the fundraising. Mathew's response was that the majority of the campaign needs to happen during 2008 while the need is the greatest and before kids are in a new building. Matt Carpenter reported that the 2008 Spring Fling would be focused on the East Campus.

Steve Pope asked for a review of the two-year version of the restoration plan - 330K. Kevin Collins reviewed the document.

Chris Leland commented that this version does not provide for drainage remediation. He concluded that we will continue with the same problems. Water will need to be managed in some manner.

Matt Carpenter requested that the discussion move to budget discussions. Doug Hering reviewed the attachment.

Board discussion moved to TCA reserves. Questions included how much and whether or not the amounts are dedicated for a specific purpose. Also what flexibility does the board have in moving funds around. This discussion also included potential impact on TCA's bonds.

There was also discussion on the other areas of the budget that reflected recommended changes from the administration including staff payroll, curriculum review and information technology.

Clark Miller, Board treasurer, had not seen the draft budget but the information had been reviewed with Rick Mueller, founder and former TCA CFO.

Chris Leland suggested that the process is far enough a long that he is willing to support a fundraising feasibility study by Mathew Monberg and Associates.

D. Board Chairman, Matt Carpenter opened up the floor to comments from the audience.

1. John Robillard voiced a concern that the board is micromanaging this effort. He indicated that the board is not taking its responsibility to the students seriously enough and, as a result, his family is considering the option to choice out of TCA.

2. Laurie Bossert asked several question regarding the financial grants and the likelihood of receiving funds outside the TCA community. Mark Hyatt responded that grants are being pursued and that the majority of the funding would come from those most interested in TCA, the TCA community.

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3. A question was asked regarding the cost for having TCA kids in D20 schools. Mark Hyatt responded that the cost is \$18,000 per month. Mark added that this is not really a rent cost but an expense reimbursement. There was a follow-on question regarding the ability for parents to be in the classrooms. Mark assured the group that it is very important for our parents to be in classrooms and everything will be done to make that happen.

4. Wendy Hammock Smith reported to the group that she has reviewed the state statute and, in her opinion, the district no rent clause does not apply in this case.

5. Chris Leland asked questions regarding the indicated Per Pupil Revenue and possible increases and options for modifications for class size changes. There was some discussion but no support for any changes.

6. Mark Hyatt recommended a motion to go forward.

7. Steve Pope asked about the D20 Central campus loan. Doug Hering responded that it is a ten-year note.

Matt Carpenter called for a break at 7:50 p.m. The meeting reconvened at 8:16 p.m.

8. Joann Scott presented that there is a fundraising opportunity regarding annuities. Doug Hering was aware of the program but indicated that he would take a fresh look into the fundraising possibility.

9. Wendy Hammock Smith asked Mathew Monberg about the proposed feasibility study. There will be personal interviews and a questionnaire that goes out to the community. Wendy also asked about the D20 project manager that will be provided to TCA to manage the construction process. Mark Hyatt indicated that there is nothing in writing at this time but should be no cost to TCA. She also asked about the reserves noting that they do not show up on the financial report being discussed. Doug Hering explained that the reserves are contained in the \$2.5M retained earnings bottom line. Doug has proposed \$500K for Tabor reserves, \$1M for the East Building, and the remaining \$1 M designated for items like PTO and Titan Trust. Under the proposed plan, \$200-\$300K would not be reserved. Wendy then asked if renegotiated the Central Campus loan with D20 is a possibility. Mark Hyatt responded that yes it is. Wendy concluded by saying that people are ready to donate this year. The school needs to set up a way for them to donate before year-end.

10. Laurie Bossert commented that there is already an East Building Fund established. Anyone that wants to give before year end can give.

E. Discussion: Several board members voiced concern regarding the \$4.M and the impact on the budget.

1. Clark Miller asked about the reserve amount and whether or not it should be factored into the motion.

2. Steve Pope asked about the assumptions in the proposed financial plan. There was general discussion regarding the line items that Doug Hering proposed changes. Steve also asked about the assumptions going into the room sizes being used for the draft documents. Kevin Collins reported that several options are being looked at this time.

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3. There was general discussion regarding the desire to meet before the next meeting to review information. It was suggested to meet on Monday, 4 February.

4. Steve Tomberlin requested that a "Plan B" be presented at the January board meeting if it looks like the East building will not be ready for a Fall '08 start.

5. Steve Pope made the comment to the administration to make sure we don't jump ahead on the design phase.

6. Mark Hyatt reported that the Board needs to address the D20 lease because of the \$50K spending limit. This should be addressed in the January meeting.

Moved by Chris Leland, seconded by Steve Tomberlin, that: The TCA administration proceed with the initial phase to construct a \$4.0M permanent building on the current East campus property by 1) doing a feasibility study for a capital campaign, 2) seeking bids for construction, and 3) testing current property for appropriateness for building. This motion is with the understanding that this project is contingent upon practical and financial feasibility. Roll Call. Approved by unanimous vote.

7. Steve Tomberlin commented that the amount is very doable.

8. Steve Pope asked if there were other needs from the Board. Kevin Collins responded that he did not believe so at this time.

IV. Other Business

Doug Hering said that with the banking change he was also changing the TCA credit cards. He needed a board resolution to recognize his authority in the process.

Moved by Steve Tomberlin, seconded by Clark Miller, that: We the TCA Board resolve that Karl D. Hering, CFO of The Classical Academy, is authorized to the agreement for corporate card services with First National Bank of Omaha on December 17, 2007. Roll Call. Approved by unanimous vote.

V. Adjournment

Moved Clark Miller, seconded by Lisa Sutton, to adjourn at 9.05 p.m. Roll Call. Approved by unanimous vote.

Matt Carpenter
Chairman

Chris Bender
Secretary

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