

The Classical Academy  
975 Stout Road  
Colorado Springs, CO 80921

Board of Directors Special Session  
East Campus  
Friday, January 4, 2008

- I. Call to Order. Chairman Matt Carpenter called the open session to order at 4:03.
- 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: Matt Carpenter, Chris Bender, Clark Miller, Steve Pope, Lisa Sutton, and Chris Leland. Steve Tomberlin arrived at 4:15 p.m. Also present: Mark Hyatt, President.
- III. Update from Administration on East Facilities Building Options and Fundraising Feasibility Study.
  - A. Matt Carpenter opened the meeting by apologizing for any inconveniences caused by the meeting start time. He assured everyone that results of this meeting would be communicated via a variety of methods. He then reminded everyone that the purpose of this meeting was not to vote, but rather to explore options on a permanent facility, receive an update on financing opportunities, and receive an overview of the feasibility study accomplished by development consultant Matthew Monberg.
  - B. Mark Hyatt reported that our children are now settled and safe at the new locations. The results of the feasibility survey show that TCA families will likely be overwhelmingly supportive of a new building being our #1 priority. Financing options are also encouraging. Our district wants us to succeed, and they are willing to help us in many ways, as are business partners, and the Colorado Department of Education. Further, the fact that the media provided coverage may help us get priority for funding.
  - C. Kevin Collins reminded the Board that we are still very early in the process, and this evening will be providing only basic numbers to begin planning. To date about 15 contractors have expressed an interest, although the aggressive timeline and low costs are causing some concerns. We're in the midst of the RFQ--Request for Qualifications--when we assess the qualifications submitted by those who might consider bidding. The next step would be the RFP--Request for Proposal--where interested, qualified contractors submit initial bids. The RFP process should occur throughout late January and February, so we'll be able to refine estimates over the next two months. Kevin Collins then reported that soil tests have been ordered, to determine what loads the soil can support, soil types, percolation, etc. We are also working preliminary documents for utilities, traffic, etc., so we'll be able to work with the city. The District 20 Head of Construction Management, Chris Coulter, will assist us throughout the entire process. He brings a tremendous amount of expertise, which will help us garner some cost savings over time.

Kevin Collins then distributed a handout (Attachments 1 - 3) that included a notional floor plan, with the caveat that we are still in the initial stages of feasibility and engineering, and haven't begun any part of the design phase. However, this will show us generalities like the number of classrooms, and can provide a framework for planning. In response to a question from Steve Pope on square footage, Kevin Collins indicated that the classrooms will have very similar square footage to what we had previously, and that we're not changing the size of the footprint. Clark Miller inquired about the price per square

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foot, and Kevin indicated that was a moving target--although it appears to be about \$90/square foot right now, that could change drastically as the contractors receive more details about the actual design, actual materials costs, etc. Chris Bender asked for Chris Coulter's expert perspective on the timetable and cost. Kevin Collins replied that Mr. Coulter considers the timetable very aggressive; essentially we're already behind schedule for an August delivery date. Further, if we rush now, we might create other problems that will cost more in the future. He advises a balance between "soon enough" and "good enough," and estimates we'll have a much better idea on those variables after the RFP. Lisa Sutton suggested a target completion date of January 2009, with early completion always a goal. Chris Bender asked what the RFP package will include, and Kevin Collins advised we can expect initial engineering feasibility work, as well as a basic design idea and costs. Chris Bender stated it's critical for the RFP to be approved by the Board, since what we give the contractors will determine what we receive. He then inquired into the status of the Design Team. Kevin Collins replied that we have 29 volunteers, and we plan to refine the number down to 15. We anticipate their role will be to give us suggestions, and then perhaps review design submissions. Steve Tomberlin recommended that two Board members be on the committee, and he and Chris Leland volunteered. In response to parents' concerns about where the students will be next semester, Mark Hyatt assured the Board that there is room in the D20 community, although we may not be able to use the same locations we're currently occupying. Steve Pope asked when could expect all bids to be in, in order to have confidence in the \$4M figure, and expressed his hope that we could have that confidence factor by the next Board meeting on January 14<sup>th</sup>. Kevin Collins suggested that we might have a few more details by the January 14<sup>th</sup> meeting, since the RFQ process would be complete; however, formal bids will not be coming in until the end of January, at the earliest, so we should not expect a high degree of confidence before then. Chris Leland suggested we obtain comparative information, perhaps from other schools who have constructed similar facilities, or from Chris Coulter.

- D. Mark Hyatt introduced Matthew Monberg and Tim McDonald, and described that we asked them to tell us what would be feasible for an internal capital campaign, specifically, can we expect to raise 1/2 million dollars from TCA families? Matthew Monberg described the e-mail survey they created, with 550 responses from TCA families. After outlining the inherent limitations in the analysis, he expressed his opinion that the \$500,000 goal is very achievable. Based on the assessment that three-quarters of respondents felt "very positive" or "positive," with another 20% "positive with reservations," he recommended setting a campaign goal of one million dollars. Matt Carpenter clarified that this goal would be for parents, and would be exclusive of grants, corporate donations, etc. Matthew Monberg emphasized that 20% of survey respondents felt strongly that parents should not be the sole means of support for this effort. The largest trend item was the desire that the Board and Administration leave no stone unturned in sourcing other funding. However, the majority of respondents believe the time to build is now. Tim McDonald reported that there was strong support from parents at all campuses, and that over 70% of respondents from North and Central think this should be the #1 priority for TCA. In response to a question by Steve Tomberlin, Matthew Monberg estimated that about half of the support would come from East families, and half would come from families at North and Central. He was encouraged by the positive trend that the higher-end gift levels were coming from families at North and Central at an equal rate as at East. Chris Bender asked for a differentiation between existing and new contributors, and whether a capital campaign would lead to a decrease in contributions in other areas. Matthew Monberg advised to anticipate that many contributors would redirect their existing contributions, since the Board would make this TCA's top priority. Chris Bender wondered whether we should ask for \$200/child for general operating costs, in addition to a contribution for the East building,

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and Steve Pope expressed an interest in increasing the recommended per-child contribution. Matthew Monberg recommended that equal sacrifice, versus equal giving, should be the goal. Matt Carpenter closed by thanking the presenter for their very helpful information.

- E. Doug Hering began the financial update with an optimistic outlook, although he cautioned that financial agencies will not be willing to make commitments until we have more details. Our district wants to be involved as much as possible, and while they'd prefer a 3- to 4-year term loan instead of a 15- to 20-year loan, they would be willing to consider other terms and options once we can provide more details. Doug Hering indicated that bonds are probably neither possible nor a good option, due to the short time frame. Integrity Bank may be willing to offer some sort of construction line of credit, with interest rates between 4.5% and 5.25% likely. The rate would be guaranteed for five years, and then we'd re-open lines of credit every five years, with a flexible interest rate. While the payments might not be fixed (other than the interest), a 15-year payback period did not pose any initial problems. Mark Hyatt reported that we're continuing to work diligently to obtain more capital construction money from the state. Further, the Mill Levy could still happen in the next year or two, which could enable us to pay loans off early. Also, La Plata at Briargate may be a potential business partner. Steve Tomberlin suggested that we could possibly obtain up to 10% of our costs from the Colorado Department of Education (CDE). Doug Hering urged leaving potential funds from CDE or a Mill Levy out of the financial model, since specific amounts are not guaranteed, although we will continue to pursue all likely sources of funding. He promised some financial models for the January 14<sup>th</sup> meeting. Clark Miller asked if the \$4M estimate included things like landscaping or furnishings, and Steve Tomberlin asked if the modulars had any salvage value. Kevin Collins replied that the \$4 million would only provide for a building, and that we should not include potential recouped monies in our financial model--funds are possible, but we shouldn't use a specific amount as a planning factor.

Steve Pope advocated reaching out to parents for a variety of ways in which they could help. Steve Tomberlin suggested multi-year pledges over a 3- to 5-year period. Matthew Monberg cautioned against this approach, especially if the Board envisions another major project within three years. Steve Tomberlin advocated for a priority-based 5-year plan for funding. In response to Steve Pope's question on what will be provided to the Board on January 14<sup>th</sup>, Doug Hering indicated he will revise the 7-year projection based on the best info we have at the time, although the details will still not be very firm until we have project details. He also offered to provide more specifics on what D20 would be willing to do to assist us financially. Steve Tomberlin inquired into the worst-case scenario: what if we don't raise enough funds to build without sinking us into untenable debt levels--what is our backup plan? Mark Hyatt responded that if we were only to raise \$1 million, and use an additional \$1 million from TCA's reserves, that he believed we would still be able to borrow \$2 million, and still have sufficient reserves for other contingencies, without putting TCA at risk. Steve Tomberlin expressed that he did not want our compensation packages for teachers to suffer, and he reminded the Board that we have two other major construction projects pending. Chris Leland indicated that the years 2009-2011 are forecast to be our toughest years financially, so that if the model shows that we won't be in extremis during those years, things will likely improve beyond that point.

- F. Matt Carpenter wrapped up the discussion by requesting Board members to forward any questions to Mark Hyatt before January 14<sup>th</sup>, so they can provide answers at the next meeting. Steve Tomberlin requested copies of the survey results.

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#### IV. Adjournment

*Moved by Chris Leland, seconded by Steve Tomberlin, to adjourn at 5:20 p.m. Roll Call. Approved by unanimous vote.*

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Matt Carpenter  
Chairman

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Chris Bender  
Secretary