

The Classical Academy  
975 Stout Road  
Colorado Springs, CO 80921

Board of Directors Special Meeting  
North Campus  
Monday, July 28, 2008

- I. Call to Order. Chairman Matt Carpenter called the open session to order at 7:07p.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: Matt Carpenter, Chris Bender, Clark Miller, Steve Pope, Lisa Sutton, Vance Brown, and Jim Kretchman–Director Elect. Also present: Mark Hyatt, President.

III. Comments

A. From the Audience

First, Mark Hyatt introduced Pete Gannon who was interviewing a few individuals to do a media piece about TCA, and filming a few shots of the beginning of the Board Meeting.

A TCA Family, after being a part of the TCA community for the last 6 years, departed the Colorado Springs area for a one year military assignment and returned this summer. They petitioned the Board to reinstate their son into the 9<sup>th</sup> grade, who has not yet cleared the Wait List for the 2008-2009 school year. At this time, they had not discussed their request with Mark Hyatt.

Matt Carpenter reiterated the process – to go thru the Administration first, prior to coming to the Board. After talking with the family, Mark will make the decision. If the family is not satisfied with his decision, then they can present their case to the Board.

As a follow-up to last month' presentation to the Board, numerous parents spoke in support of the TCA Family requesting their son advance one grade. These parents emphasized TCA's values and ideas, support of parents' decisions, and preserving the mission statement. They spoke about the Gift of Time and how that choice is difficult to make for a four or five year old.

Matt personally thanked everyone for their civility and their willingness to share and debate the topic. The Board appreciated the tone of all of the supporters in sharing their comments.

Mark Hyatt first apologized for having to miss the meeting on July 2<sup>nd</sup>. The Administration originally denied the TCA Family's request in June. After receiving feedback from the July 2<sup>nd</sup> meeting and hearing the family and the TCA Community speak, Mark granted the TCA Family their request.

Jim Kretchman, wearing his "Parent Hat," felt moved to say that we have a lot to be thankful for as a country, and is grateful for what each member of the TCA Community does to provide for his children.

B. From the Administration

Mark stated that all principals took vacations this summer!

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### C. From the Board

The Board discussed the impacts of moving a child up a grade and how it is not a small deal. Jim Kretchman said that the Board doesn't contest the parent's right to decide what is best for their child. Although the Board may not always side with the parent, its not because they don't believe in the mission statement. Instead its important to consider the impacts to the school and setting a precedent. Steve Pope added that it is a struggle to listen to the heart and having a discussion on the consequences. It's a delicate balance of listening and logistics. Clark Miller asked why our policy is different than the District 20 policy for Kindergarteners. The Founders encouraged parents to be at home with their children longer (the Gift of Time). Their vision for Kindergarteners set the bar higher than the district and wondered if younger children were ready for a rigorous TCA program.

The Board and the Administration agreed that a policy for advancing students is not necessary at this time, but that the Administration, then Board, if necessary, will look at each case individually.

### IV. 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 (July 2, 2008)

*Moved by Steve Pope, seconded by Clark Miller, to approve the July 2<sup>nd</sup> Board Meeting Minutes. Roll Call. Approved by unanimous vote 7:54p.m.*

### V. Discussion Agenda Items

*These are specific items that the Board and/or staff would like to discuss and expand upon in greater detail than the materials that have been provided.*

#### A. Discussion of TCA Family Request

Item: To discuss request for TCA Student to advance one grade

Presenter: Matt Carpenter

For: Discussion / Vote

Already covered in Audience/Administration/Board Comments.

#### B. Presentation on East Campus Options


Item: To finalize whether new TCA East facility will be built at Scarborough or Pikes Peak Community College

Presenter: Mark Hyatt

For: Discussion / Vote

Mark Hyatt framed the East Campus presentation from the Administration, introducing Elder Construction (Tom Elder), Building Corp (Rick Mueller and Ron Mast), and our Legal Counsel (Bill Mahaffey) in the audience. He presented a Draft Motion for the Board to consider later in the meeting.

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Kevin Collins, the Chief Operations Officer, spoke first. He said we are in the design development phase, working hand in hand with Elder Construction and Paulson Architecture to design and build a building as quickly and economically as possible. We're currently leaning as far forward as we can.

While presenting an aerial schematic of building, Kevin noted the flow with traffic from right to left (allowing children to get safely out of cars). PPCC traffic comes in primarily from the east side and their classes start later, not presenting a traffic problem. There is a lot of space, and a lot of advantages for access in and out. At this time, TCA is not anticipating a traffic light installed along New Life Drive.

A three dimensional model shows a conceptual model of the school. The architects addressed windows in all of the classrooms where kids are going to be there all day. It is physically impossible to have all rooms with windows. All interior classrooms, however, have kids and teachers in and out of rooms for specials. All of the common space was outside at the old East Campus and it's a great attribute to have everybody inside. The classrooms are equivalent to the modular classroom size and actually shape out a little better than the old modulars. All of the children come in through one doorway in the morning, with Diana Burditt noting that Chinook Trails Elementary and Discovery Canyon Campus have similar entrances and she has seen the model work. The elementary school is very similar to the aesthetic appeal from the proposed Scarborough campus drawing presented 6 months ago.

Windows and the safety and security questions were fundamentally important in the design development. The PPCC rooms and high school rooms are sequestered from the elementary areas, both physically and with barriers (panic bar) and thresholds to go through. The one doorway entrance is good for control, having to go by the office when entering the school. The PPCC entrance is closest to their building allowing for a separate approach for where people are coming from, with separate access areas – no comingling of the students/classes and no common areas for joint use. Cameras are built in for additional security. PPCC already has a full-time policeman on campus, with very young kids at the child development center already on site.

From a construction stand point, TCA is positioned to start building. Kevin iterated we are excited to provide a much better facility for the TCA East Family (building at PPCC, vice Scarborough). The space, access, circulation in and out of campus, gym, stage, activities, storage, parking lot are far better. The \$125/sq ft (vice the \$105/sq ft) represents an increase and improvement in capability and playground, multi-use stage area, PE area, teachers lounge, and offices. To this point, TCA has spent \$100,000 at Scarborough and PPCC, over a 6 month period. Kevin also met with the Director of Facilities at New Life Church and we have a mutually beneficial agreement for use of the New Life Church parking lot with New Life Church. The Church has an easement agreement already in place with PPCC.

Kevin stressed the goal is to get the 84,000 square feet building completed for use by Aug 09. Building on the PPCC campus presents an upside potential, vice no upside potential if TCA builds at Scarborough.

Bill Mahaffey added it will take 10 days to finalize the legal transactions. The State wants to understand "the whole deal," vice just the Lease Agreement. He noticed the communication at business level has been phenomenal – PPCC is fully educated. We're 90% finalized, with a modest (10%) risk that the state will push back on the lease being longer than 20 years (design around with three 20 year leases). No lawyer guarantees anything, but Bill feels confident.

Doug Hering, the Chief Financial Officer, presented the Financials next. He added a Break Even Analysis to the Board's package. The black line shows revenue from student enrollment, with the break even at 220 students

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enrolled in the hybrid high school (grades 7-12), less than 40 per grade, at \$6500/student. If the high school ends up under enrollment, PPCC expressed interest in renting more of our classroom space. Another option is to add children to classrooms, taking 130 kids across 12 grades - .75 students/classroom to pay for the empty high school building. Worst case scenario would be to cancel the program, but that also opens up creative options with the classrooms. Even under the worst case, the monies are double than building at the Scarborough Campus. The financials also show financing a dedicated principal for the hybrid high school program after the first year. (It would be an advisory role for now. The Administration may hire a part-time person to get involved this first year to assist.) The financials also include a line item for Marketing - \$60,000 for general funds, which will cover everything we need.

Rick Mueller stated the next biggest financial hurdle is acquiring the S&P rating. The finance team needs to get an investment grade rating (at least a Triple B-), then upgrade to the state's rating (A), and as soon as TCA makes that hurdle, we go from 90% to 99.9%. On or about 1 or 2 September, the loan will close with the banks, but before that happens, TCA must finance the project on their own. Building Corp issues the debt then TCA leases the building from Building Corp.

Ron Mast spoke on "Who are we as TCA Building Corp?" and wanted to look at the expectations of the TCA Board vice Building Corp Board. The TCA Board needs to rely on Building Corp as another set of eyes, strictly from a financial stand point. Building Corp's concerns include the show of support for the hybrid high school program - specifically how many kids are actually going to be in the program? Another concern is to challenge the Board to get Mark to press D-20 on whether or not TCA is going to get any Mill Levy Override money. (Doug and Mark both assured the Board we have the agreements already in place with D-20 with the Mill Levy Override vote). Another concern from Building Corp is the structuring of the lease, specifically what are the options for future generations - 20 or 30 years from now. And finally, Building Corp is excited about the PPCC Partnership and excited to support the project.

Bill Mahaffey contributed that the state is assisting with this new partnership for two reasons: PPCC needs classrooms and the state believes in our educational missions. At the same time, the state needs to be comfortable with the construction plans, along with a third party assuring the contract can be performed. The process is complicated because it's a whole new concept and the state hasn't done a lease like this before. Conceptually on a ground lease, its difficult to compel the land owner to buy the building when the lease is up, but instead for the building owner to buy the land. PPCC will sign a 30 year lease to rent the space in TCA's building. Another question to address is if TCA can build modular building on the PPCC Campus under this lease agreement.


Although TCA doesn't have an exclusive agreement with PPCC, D-20 may build something on land, but it doesn't fit their model at this time. Eventually, TCA is hoping to be the exclusive D-20 Home School.

Tom Elder stressed that TCA cannot break ground until we get the lease and bond rating; we can get all of the paperwork together and keep any expenses under Mark Hyatt's Grant of Authority (\$50,000).

The Board pressed Kevin Collins for how actively he was pursuing getting the cost of the building down from \$125/sq ft to \$115/sq ft. Right now there is no final contract, with no final design, but it is the best model TCA can produce at this time. There are incentives for the contract to meet TCA's needs for the building and bring it in on time and under cost.

Peter Hilts, the high school principal, presented the Administration's case for the hybrid high school. Although other charter schools are looking into partnering with PPCC, these schools do not generally draw students from

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north of Woodmen so currently we have “geographic rights” (although not exclusive rights). If TCA does not partner with PPCC, we risk losing our advantage. Right now, TCA has early interest in a hybrid high school, but many hard commitments. Peter anticipates a change in parents’ behavior based on the clarity the Board and Administration provides. It’s not realistic to get people to sign up for a program that is not approved, but if approved, then the survey indicates the community college connection is enticing to families.

Peter’s concern is that TCA will be too cautious and five years down the road we will look back and not realize our growth. If approved, TCA needs to find the right Leader for the hybrid high school – an entrepreneurial, visionary workaholic to take and run with the program. The second concern is the market is catching up – twelve months ago, the educational community was not talking about charter schools partnering with community colleges. What will the competitive landscape look like 12 months from now? TCA is responsive to our parents and we have a position with market leadership and this unique opportunity extends and solidifies that position. And finally, Peter said we cannot house this kind of growth at Scarborough – the uniqueness and financial opportunities for TCA are dwindling the longer we wait.

Finally, Diana Burditt, TCA East elementary principal, spoke about the Scarborough campus as a “neighborhood school” and it may be moving farther away than originally planned. However, it has lost its “little school on the prairie” feel as the development in the area increases – its not tucked away in a quiet neighborhood on Scarborough anymore and some people chose East because of that feel. TCA is a charter school first, and it attracts families because of the mission and philosophy, and Diana feels these families will drive a little farther each day for their children to attend a TCA school. The majority are at TCA because of who we are, vice where we are. TCA is not just a building; it’s the people inside and if they move, the community is moving with them. Diana noted a “handful” (5-7 kids) have withdrawn from TCA East due to the driving distance at this year’s campus.

Mark added the Lead Team is in unanimous favor of the PPCC partnership – the team is suppressing their excitement since there isn’t a final vote yet. It’s the right thing to do and TCA needs to stay “cutting edge.” If we did choose to build at Scarborough, it would cost us a little. PPCC has great upsides, whose ripple effects will only continue for the future of TCA.

In conclusion, the Board spoke. Jim encouraged TCA’s Administration, while focusing on the future, not to forget our home audience. Vance noted that the team has taken a crisis and turned it into a unifier since without crisis, a community really isn’t pushing itself. He’s optimistic the Board is going to continue positive discussions, such as these, and continue revisiting TCA’s core values. He added TCA should not sell the Scarborough Campus until the Board looks at options for what TCA could do with that land – another K-4 school, possibly. Chris was thankful to hear from other members of the Lead Team and how excited they are about the PPCC partnership. Matt was excited to help the East Families and to take care of the future of TCA, financially taking TCA to the next level. On behalf of the Board, he thanked the Lead Team for their hard work and dedication.

The Board looks forward for the Administration to report back with progress at the next Board Meeting, scheduled for August 11, 2008.

*Moved by Clark Miller, seconded by Lisa Sutton, at 11:10pm to approve the motion that the TCA Board of Directors authorizes the continued pursuit and closure of necessary contracts and lease agreements to complete the partnership and construction projects for the East Campus and the TCA-PPCC Partnership. The construction contract and related contracts shall not exceed \$12M plus finance and bond expenses. Roll Call. Approved by unanimous vote.*

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C. President's Annual Review

Item: To commence the President's annual performance review

Presenter: Matt Carpenter

For: Second Read/Vote

Moved to the August 11<sup>th</sup> Board Meeting Agenda. May be part of the Executive Session at the August 2<sup>nd</sup> Board Working Session, if time permits.

D. Discussion of TCA Presidential Objectives for 2008-2009

Item: To determine the President's Compensation Plan and Objectives for 2008/09.

Presenter: Matt Carpenter

For: Discussion / Vote

Moved to the August 11<sup>th</sup> Board Meeting Agenda.

VI. Future Agenda Items

- A. Annual Policy Review
- B. Discuss filling Steve Tomberlin's Position- August
- C. Succession Planning- First Read- August
- D. Grant of Authority- First Read- August
- E. Board Orientation for New Board Members- August
- F. Board Code of Conduct- August
- G. Review of Classical Institute and Great Starts 2008 Summer and Future Projections – August/Sept
- H. TCA Heritage Town Hall- Sept/Oct.
- I. Fundraising Philosophy- Sept/Oct.

VII. Adjournment

*Moved by Clark Miller, seconded by Chris Bender to adjourn meeting at 11:18p.m. Roll Call. Approved by unanimous vote.*