

The Classical Academy
975 Stout Road
Colorado Springs, CO 80921

Board of Directors Special Meeting
North Campus
Tuesday, October 28, 2008

- I. Call to Order. Chairman Matt Carpenter called the open session to order at 7:09p.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, Chris Bender, Lisa Sutton, Vance Brown, and Jim Kretchman. Clark Miller via telecom. Also present: Mark Hyatt, President.

Matt Carpenter acknowledged and thanked the parents in the audience for voicing their opinion and sharing their thoughts, both positive and constructive, about the East Gym. Matt proposed an open discussion between the Board and the TCA Administration on the East Campus as a whole and specifically, the East Campus Gymnasium. The Board wanted to get a perspective of what's designed right now, along with discussing the impact and cost if the gym is made bigger. TCA Building Corporation representatives – Rick Mueller, Lisa Ruth, and Ron Mast – were invited to participate in the discussion.


Mark Hyatt began by saying that the East Gym can be made bigger – it will cost more and the construction project will take longer. From the beginning, this project was never meant to include a high school gym, but rather an elementary gym as nice or nicer than the former East gym at Scarborough. This gym is scheduled to be much bigger than initially planned and will include a stage. The East staff helped design the whole project..

Kevin Collins continued that the design process began in February 2008 and included teachers, parents, and administrators. The gym size has not been decreased. The team worked with Diana Burditt, East Elementary Principal, to hold to the tight budget (approx \$120/sq ft versus \$180-\$200/sq ft) and spend the money on what the staff wants in the classrooms. The gym was designed for elementary use and also for Junior High, JV, and C Teams practice space, similar to what was done in the past with the former East gym, and arts events. No additional things that are included in high schools gyms, like bleachers, locker rooms, restrooms, and concession stands, for example, are not included in elementary constructions.

Kevin went on to say that to make the gym bigger is more than simply a “10 feet extension” in length. It includes expanding the width of the gym (approximately an additional 6 feet), reengineering the steel and foundational plans. The HVAC and handling units may need to be larger and adjustments will need to be made to the support structure for the mezzanine. The overall cost change from the contractor and architect is, on the low end, \$300-\$400k. Also the project would cost an additional 2-3 months in time, starting class for East students at the beginning of the second semester, 2009-2010 school year. There is a possibility to build another gym at the North Campus that can be designed for high school use. It is included in the Strategic Plans and Capital Construction list.

Jim Kretchman asked if it was an option to get \$13M if we would have requested it. Doug Hering confirmed that we could have but the financial discussions, at the time, looked at how much risk TCA wanted to take in the bond market. \$12M was the target number. TCA Administration had previously been tasked by the Board to build a new, safe campus for the East Elementary for that amount. However, to expand the size of the gym does come with positives that include added income through renting facility rental and relieving pressure from the current North Gym.

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.



While serving 3 terms on the TCA Board, Vance Brown said he has never had more parents email him than on this issue and he doesn't want to quickly dismiss it. He sees this as another opportunity to do "creative funding" as it is an issue that matters to him.

Jim said he'd feel some relief if Ballot Issue 3A (D20 Mill Levy Override) passes in the November 4, 2008 election and money is available to build another gym at the North Campus. The Administration replied that another gym is #2 on the list of Capital Construction projects. Jim felt the number one concern when considering expansion of the new East gym, is the pain and suffering of the East Campus family.

Clark Miller contributed that expanding the East gym won't take enough pressure off of scheduling events at North to make it worth it and said he'd rather use the additional funds for the new gym at North.

ZoeAnn Holmes, an audience member, added there is a competition for floor space, stating practices currently start as early as 6:15am, going on to 10pm at night. In basketball alone, there are 6 high school basketball teams. ZoeAnn asked the Board to consider what could be the potential revenue from expanding the gym and hosting volleyball and basketball tournaments?

Karen Birch, an audience member with kids in wrestling and basketball, asked if the new North Gym will be a Varsity Gym? Was the Athletic Director asked to join in the design process of the new East Gym? Were North and Central parents consulted on the design of the East Gym? Karen offered that the Board consider delaying the gym opening and opening the rest of the East building on time. She also hoped TCA would be able to accommodate all teams in the near future.

Jeff Naujok, an audience member, recommended using the floor space designated for the stage to be used for the gym and building the stage section later. If TCA chose not to build the stage right away, at least the high school basketball team could practice in a regulation-sized facility.

Kevin replied that we cannot delay building the gym since the state won't let us do separate buildings – they want the planning, permitting, and reviews all together. Also, the cost of the steel would be much higher for constructing the gym at a later stage.

The Board's PPCC Financials vote tonight is not predicated on the size of the East Gym – they are separate. The vote is to approve the spending of the bond money.

III. 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. PPCC Financials

Item: To vote on all documentation for the financials of the PPCC project

Presenter: Mark Hyatt et al

For: Vote

Rick Mueller said that we sold two separate groups of bonds, \$12.8M at approximately 7% rate and \$1.2M at an 8% rate for the PPCC classrooms. Unfortunately, we sold bonds during one of the worst financial markets in order to get the money in the banks to start work. If the interest rates drop enough, we can refinance. If interest rates

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.

stayed low, its not unreasonable to consider refinancing with a 2 point drop in rates. At that time, we may consider doing another bond issue, similar to what TCA did with the bonds sold in 2000.

Bill Mahaffey, TCA's legal counsel for PPCC, presented the first resolutions in a series of many documents for the East Campus financing. In short, one is for facility construction and the other is the ground lease with Pikes Peak Community College (PPCC). TCA Building Corp will lease 10 classrooms to PPCC and lease the remaining building to TCA.

Included in this Resolution –

1. Approve issuance of the bonds
2. Approve the form of the Ground Lease (60 year lease, 40 year initial, 10, and 10) – Building Corp will sign
3. Approve first lease amendment (TCA's lease with Building Corp)
4. Approve the classroom lease (10 classrooms to PPCC)
5. Approve the supplemental indenture (obligation to repay all bond refinancing)
6. Approve the first loan agreement amendment which amends the old loan agreement for 2003 refinancing (one set of operative documents for all financing)
7. Approve tax regulatory agreement (promise TCA won't misuse funds and invest bonds for a profit)
8. Approve bond purchase agreement (agree to bonds on current terms) – Board will not sign (TABOR prohibited)
9. Approve official statement (disclosure document)
10. Intercept Program (state has agreed that we will pay bonds)

Bill Mahaffey recommended the Board approve these documents as described, authorizing the officers to sign off on all of the documents, and also, to take such further actions that are necessary to complete the documents to fulfill their intent.

TCA Building Corp approved the resolution as presented.

Moved by Chris Bender, seconded by Jim Kretchman, to accept the resolution as presented and discussed by Bill Mahaffey at 9:00pm. Roll call. Approved by unanimous vote.


Moved by Vance Brown, seconded by Lisa Sutton, that Doug Hering be appointed as a Secretary of the Corporation for the purpose of signing all documents related to the bond financing and his position will be revoked once documents are complete at 9:03pm. Roll Call. Approved by unanimous vote.

Moved by Vance Brown, seconded by Lisa Sutton, to adjourn to executive session, at 9:18p.m., per C.R.S. § 24-6-402(4)(f) for the purpose of discussing personnel issues and C.R.S. § 24-6-402(4)(a) for the purpose of discussing buying or selling property. Roll Call. Approved by unanimous vote.

The following agenda items were discussed by the Board during Executive Session:

- B. Possible Sale of Scarborough Property
 - Item: To present to the Board a proposal for the Scarborough Property
 - Presenter: Mark Hyatt et al
 - For: Information/First Read

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.



The following items were discussed by the Board during Executive Session:

Mark Hyatt updated the Board about a Legal Case.

Moved by Steve Pope, seconded by Vance Brown, to adjourn to public session at 10:15pm. Roll Call. Approved by unanimous vote.

The Board agreed to suspend making any decision on the East Gym and to wait to know the outcome of the 3A Ballot Initiative. Also, the Board requested the Administration to give a more accurate cost and timeline to adjusting the size of the new East Campus Gymnasium at the next Board Special Meeting, scheduled for November 5, 2008. If 3A passes, what would the Administration propose as a top list of TCA Capital Construction projects? Also, what other Capital Construction projects would be on the list, but below the line?

Future Agenda Items

- A. Registrar Report – Nov.
- B. Audit Review – Nov.
- C. Quarterly Review – Nov.
- D. Board Code of Conduct – Nov.
- E. Board Orientation – Nov.
- F. Succession Planning – Nov.
- G. Grant of Authority – Nov.
- H. Fundraising Philosophy/Report – Nov.
- I. Teacher Compensation Plan – Nov.
- J. Parent Survey Plan – Dec.
- K. New Course Proposals – Dec.
- L. General Fund Revenue Projection, FY09-10 – Dec.

IV. Adjournment

Moved by Steve Pope, seconded by Vance Brown, to adjourn meeting at 10:21p.m. Roll Call. Approved by unanimous vote.