

Damar Charter Academy
Board of Directors Meeting
Wednesday August 26, 2015
11:30 am
Damar Charter Academy
5125 Decatur Blvd, Suite D
Indianapolis, IN 46241

Attendance: Dr. Jim Dalton, Rich Harcourt, Dr. Jim Van Tassel, Lyle Coleman, Karen Snyder, Chris Wilkes, Doug Stewart, Aimee Brown, Julie Gurule, Cora Collier, Jackie Gantz, Shareyna Chang, Elaine Showalter, Paul Dennison and Katie McCoy.

Packets with the following information were mailed to all attendees:

1. Board Agenda
2. July 2015 Board Minutes
3. DCA Report
4. Financials

Rich Harcourt called the meeting to order at 11:40 am. The minutes from the July 2015 meeting were accepted.

Dr. Dalton introduced the new leaders of the DCA team, Aimee Brown, Julie Gurule and Cora Collier. A new principal will not be hired, the team with the approval of the Mayor's office will take on the responsibilities of the DCA.

Rich Harcourt shared information on a new association that will be organized through the Network for Quality Education or NQE.

HQE, a 501(c)4 political action committee, that was really helpful in the last legislative session especially when the Indiana General Assembly tweaked the funding formula in a way that was detrimental to the DCA and other charter schools.

Initially, the NQE charter group will be a common communication voice for charter schools and will provide a variety of operating services to the charter school community. The DCA has been asked to be a founding member of the NQE charter association.

Several donors support the association.

Of further note, the "Q" entities also support the school voucher/choice program such that maintaining the distinction between voucher and charter school issues is paramount.

Given the resources and capabilities that the "Q" entities bring to the table, it is important that the DCA be an active participant in the new charter school network. Further, the NQE team has asked the DCA, as a founding member, to help define the vision of NQE and to further develop and advance policies which benefit charter schools. This will be an important assignment for the DCA as we will really be the best (possibly only) voice for the special population of students that we serve.

Dues are initially \$1,000 per annum and the DCA will cover costs out of budget line 24100-810(Dues).

A motion was made by Doug Stewart and seconded by Chris Wilkes and all members agreed that DCA will join the NQE.

Recall that the DCA is owed a little over \$600,000 for first semester special education reimbursement.

Changes in the State Budget Agency (Executive Director Chris Adkins leaving and Micah Vincent named as the replacement) have caused a setback in the receivable discussions as the new director gets up to speed on the issue.

Reportedly, there is still recognition that the special education receivable and some of the basic tuition dollars are legitimate claims while there is an increasing doubt about the validity of the growth claims. Further, despite a funding source and a legal opinion substantiating the repayment method, there appears to be unwillingness on the part of the Pence administration to make the receivable payment (now estimated at over \$24 million) as they don't want the political heat that will come with it.

The State appears to be getting more comfortable with a lawsuit strategy which would allow a court to rule on the payment thus getting the Governor's office off the hook.

Barnes and Thornburgh's strategy is to now bifurcate the receivable into special education (approximately \$7 million) and basic tuition/growth (approximately \$17 million), and argue that the State should pay the special education portion now and let the tuition/growth piece take its own course. The strategy is based on how bad the State would look if it denied monies owed for special education funding.

We should not be surprised if a lawsuit is needed to settle the claim. Further, the issue has some time sensitivity in that it is very important that this issue be resolved in Governor Pence's remaining term.

Dr Dalton and Rich Harcourt met with members of the Mayor's Office of Education and Innovation (OEI) and the State Board of Education (SBOE) to discuss A-F Accountability results as they impact the DCA. Recall that this is the DCA's 5th year of operation and under the current A-F state regulations; the DCA is a 4 year failing school.

In last year's IGA session, Representative Bob Behning, Chair of the House Education Committee (and Damar's state rep) authored legislation that excludes the DCA from the current A-F rules. Most unfortunately, the legislation was incorrectly worded such that the State Board of Education is uncomfortable moving forward. All have agreed that a corrective solution lies in getting the verbiage revised in the upcoming IGA short session.

In the meantime, Indiana State Senator Kenley, chair of the Senate Appropriations Committee, has become more opposed to charter schools; in general sighting no difference in quality between charters and traditional public schools. Further, State Senator Ryan Mishler, majority whip and ranking member on the appropriations committee, has recently spoken out aggressively against Indiana charter schools. Some speculate that if Senator Kenley did not seek reelection, that Senator Mishler would assume the role of state senate appropriations chair.

Recent conversations with Representative Behning have also been concerning in that while State legislation has been passed excluding the DCA from A-F Accountability (recognizing the language needs

amending) he is becoming more concerned about how the Federal DOE might perceive or even recognize the A-F carve out for the DCA under Federal guidelines. Representative Behning postulates that even with the state carve out on accountability for the DCA (and 3 other specialty charter schools), that the Federal DOE may pursue legal action against the state under the No Child Left Behind statutes. While Representative Behning is comfortable with a Federal DOE challenge, he was less certain on how the State might react or tolerate that type of an action.

Clearly there is much work left to be done regarding the DCA's accountability challenges. Getting the recent state legislation corrected is paramount; and today everyone agrees that's a reasonable action. Secondly, getting Senator Kenley and Senator Ryan out to the DCA is also important. Included in that effort will be inviting Senator Mike Young (Damar's state senator) and several key members of the State Board of Education to visit the DCA.

DCA may ask parents and staff to help drive awareness of our school at both the state and federal levels as to the value and quality of the work and education that the DCA provides.

The DCA concluded the fiscal year ended June 30, 2015 with positive variances (revenue and margin) to both the budget and year over year results. The school made their \$25,000 term loan payment to Services while maintaining good liquidity.

July, the first month of operations in the new fiscal year, also produced a close to budgeted margin number despite a little softness in meeting the revenue forecast. The small revenue slowness was tied to timing issues.

During the reporting period and into August, the DCA invested in some CAPEX which will open up some useable space upstairs and help reconfigure some classrooms. Despite some CAPEX and back to school spending, cash remains strong.

Recall that when the DCA started up, Services advanced a significant amount of money to finance the initial startup and first semester costs. (This ties directly to the special education receivable of over \$600,000 owed to the DCA.)

To date, the DCA owes Services \$98,786 on a term loan which calls for \$25,000 annual debt service. (The DCA just made their \$25,000 scheduled payment on June 30, 2015.) Further, the DCA owes Services approximately \$115,000 over and above the monthly service charge for operations.

Given the DCA's strong cash position and stable budget forecast, it is suggested that the DCA consider making a \$25,000 payment on the remaining \$115,000 receivable that is owed to Services that was not part of the initial term loan.

Motion was made by Karen Snyder and seconded by Lyle Coleman and all agreed to pay Damar Services, Inc. \$25000. from the initial loan to the DCA.

Rich Harcourt met with Nicole Conrad to discuss her interest in serving on the DCA Board of Directors. Nicole is thrilled to be invited and plans to get back with Rich in the near future.

Aimee Brown updated the board on the successful start of a new school year. She also let the board know that new doors have been installed on the back of the building and that the upstairs will soon be remodeled for a new living skills area.

The Mayor's office is hosting a Meet and Greet for Charter Members on September 22, 2015, 5 pm to 7 pm at the Rathskeller.

The next meeting is scheduled for October 28, 2015 at 6 pm. This meeting will be held at DCA and the following meetings will be at Damar Services for more meeting space.

There being no further business the meeting was adjourned at 12:20 pm.