

Damar Charter Academy
Board of Directors Meeting
Wednesday December 17, 2014
11:30 am
Damar Charter Academy
5125 Decatur Blvd., Suite D
Indianapolis, IN 46241

Attendance: Dr. Jim Dalton, Rich Harcourt , Dr. Jim Van Tassel, Paul Dennison, Chris Wilkes, Doug Stewart, Kristin Hines, Chuck Ellis, Elaine Showalter, Katie McCoy

Packets with the following information were mailed to all attendees:

1. Board Agenda
2. October 2014 Board Minutes
3. DCA Report

The meeting was called to order by Rich Harcourt at 11:35 am. The minutes from the October 2014 meeting were accepted.

Current Environment

On December 4, 2014, Governor Pence shared his education vision in a 30 minute speech. His comments were later billed as the most aggressive education agenda ever set forth in Indiana. The banner announcement was Pence's decree to dissolve the Center for Education and Career Innovation (CECI) coupled with a recommendation that the State Board of Education elect their board chair versus having the Superintendent statutorily chair the committee.

Other recommendations for the Indiana General Assembly from Pence included:

- 1) Funding the five county preschool pilots at \$10,000,000 per year.
- 2) Increasing by 500% the number of students graduating high school with an industry recognized credential.
- 3) Re-enrolling 100,000 or more students now in "D/F" schools into "B" or better schools.
- 4) Increase base funding for schools.
- 5) Expanding performance based funding tied to test and graduation results.
- 6) *Increasing charter school funding*
- 7) Upping the base school voucher amount and expanding the State income tax credits thru Choice
- 8) Shortening the time for failing schools to become takeover schools.
- 9) A "Freedom to Teach" program which would diminish some education laws and policies allowing more dollars into the classroom.

A-F guidelines are now due to be released in January. In the November State Board's meeting, four private schools were classified as "atypical" for purposes of calculating A-F grades. The atypical designation was granted by the Board to give itself some flexibility in how it views some schools concerning A-F results. The atypical school designation revolved around schools that had incomplete data or small amounts of data tied to the student population in those schools. The purpose of the designation allows the State Board to evaluate those atypical schools by an alternative method without automatically bestowing a failing grade. Whether or not the atypical designation can provide relief to the DCA's status as a failing school is a question that needs to be asked.

Dr Dalton and Rich Harcourt met with Heather Willey and Kristin Hines from the Mayor's Office on December 15, 2014. Topics included the remaining special education receivable still owed to the DCA (\$583,000) and the A-F concerns and questions about atypical schools. DCA is working closely with those involved to establish changes. DCA will continue to have results that do not meet guidelines. The Mayor's office is aware and continues to support DCA and the continuing efforts to get the changes to A-F.

Finance Report

Revenue is tracking close to budget with a margin variance exceeding the forecast by more than \$50,000. To date, savings have come from the principal salary and computer and software savings. Negative variances continue in building and maintenance costs. DCA forecasts that it will end the year with a positive variance to the budget.

Dr Dalton and Rich Harcourt continue pushing for the \$583,000 special education receivable.

A \$10,000 donation was made by Superior Oil.

Audit Report

The Finance Committee met on December 8, 2014 to review and recommend acceptance of the final audit report to the DCA board of directors.

On December 11, 2014, Damar accounting staff Elaine Showalter and Paul Dennison and DCA board member Rich Harcourt met with BKD (the DCA's auditors) for the formal exit interview. As required by regulation, the Indiana State Board of Accounts was also invited to attend and as has become customary, they chose not to appear. The INSBOA now has a period of time to make comments and afterwards, the DCA will publish the audit results. The DCA remains on a time line to have the published audit in the Mayor's office by the required deadline of December 31, 2014.

BKD did have one audit finding which was significant enough that the DCA's small margin became negative (\$9,274.00). This was disappointing for several reasons. Given the substantial census problems at Services last year which resulted in enrollment challenges for the DCA, staff was still hopeful that a positive operating margin could have been achieved. Further, the

Services accounting team is not accustomed to having financial adjustments at the end of an audit period.

The adjustment revolved around the booking of the DCA lease. As you may recall, the DCA has a scheduled rent obligation which results in rents gradually increasing over time. This scheduled rent was negotiated in the initial lease to provide the DCA with some up front working capital. GAAP however, requires the booking of the lease as a straight line obligation which caused the DCA to have to add \$12,990 as deferred rent thus shrinking the margin. The negative adjustment should not have any material effects on the DCA with its authorizer in their metrics. The Mayor's Office looks at a rolling 3 year net margin number to determine income statement performance.

The Finance Committee recommends approving the published audit report. Motion was made by Dr. Jim Van Tassel and seconded by Chuck Ellis and the following resolution was resolved:

RESOLVED that DCA accept the published audit report as is with a possibility of minor adjustments.

Board Recruitment

Dr Dalton and Rich Harcourt met with Carlos Alexander. Initially, Carlos was interviewed as a possible DCA board member. However, the initial interview went so well, that Damar Services has elected to review Carlos as a potential Services board member and as Services appointed board member to the DCA (replacing Nicole Conrad who left the Services board to spend time with her infant son). Now retired, Carlos has an extensive business background associated with the Indianapolis Water Company and most recently was the CFO for the Christel House Academies.

The DCA still has an opening for an independent board member and the search for a candidate continues.

Programs

Liz McNamara will start her first day as the principal of the DCA on December 19, 2014.

The PTA has been very active through the month of December with Christmas programs.

The Colts Blue and Cheerleaders made another fun visit to the academy and the students very much enjoy it.

The 4 year school and academic audit was very positive with only a few minor notes.

The next meeting with the Mayor's office is scheduled for January 23, 2014.

DCA added a Cyber bullying policy that was presented to the board to approve. Motion was made by Chris Wilkes and seconded by Doug Stewart and the following policy was approved.

RESOLVED, that DCA accept the Cyber Bullying Policy.

The DCA Board of Directors will continue to meet bi monthly with two of the meetings moving to evening hours. The first will be April 22, 2015 and the second is scheduled for October 28, 2015.

There being no further business the meeting was adjourned at 12:30 pm.