



**Eagle Arts Academy, Inc.
Meeting of the Board of Directors**

Board Minutes

January 4, 2018

A meeting of the Board of Directors (the “Board”) of the Eagle Arts Academy, Inc. (“Academy” or “EAA”), was held on Thursday, January 4, 2018, by telephone conference, pursuant to due notice commencing at 4:00p.m.

Roll Call: Via Teleconference: Tim Quinn, Sheri Klostermeyer, and Donna McGowan (quorum established). Colleen Kirk and Dr. Jon Robertson were unable to attend.

Administrative Staff and Invitees: Executive Director Gregory Blount, Business Manager Kristin Kolbenschlag, Principal Paul Copeland, Principal Stacy Taggart, Joe Asen, financial advisor from CSMC, Phil DiComo, Legal Counsel.

Board Chair Tim Quinn called the meeting to order. The meeting was called to order at 4:00p.m. As Mr. Quinn attended the meeting by phone Donna McGowan made a motion that Mr. Blount serve as temporary chair solely for the purpose of running the meeting for efficiency purposes, and Sheri Klostermeyer seconded the motion, which was approved unanimously.

1. Old Business:

Approval of November 9, 2017 Board Meeting Minutes:

After review,

Sheri Klostermeyer motions to accept the November 9, 2017 Board Meeting Minutes

Donna McGowan seconds the motion

Motion unanimously approved

Aftercare Grant Update

Dr. Copeland and Mr. Blount have had numerous meetings with the adjacent Boys & Girls Club. A follow-up meeting is planned for EAA to work with the Boys & girls Club on a tutoring program with teachers paid through the grant of \$304,000 received by the Club. Mr. Blount said the project can create a positive long-term partnership. The Board agreed to put aside legal options based on the cooperation and partnership with the Boys & Girls Club.



Landlord Update

ESJ has agreed to reduce lease payments and an agreement has been drafted and sent to ESJ. We are waiting on ESJ's final agreement and execution. Mr. Blount summarized the agreement, with a hope of a long-term lease negotiation to be completed by March 1. A representative from ESJ will visit the school to finalize the long-term lease changes.

Sheri Klostermeyer motions to approve the Bridge Agreement with ESJ to lower rent over a five month period and to renegotiate the lease terms thereafter.

Donna McGowan seconds the motion

Motion unanimously approved

Puerto Rico Relief Status and Update

Mr. Blount updated the board on the school's extensive efforts to accommodate students from Puerto Rico who have been displaced by Hurricane Maria. The school currently has 30 enrolled students from Puerto Rico, short of the goal of 105 displaced students in total. FEMA has extended paying for hotel stays. The Puerto Rican Hispanic Chamber will hold an event this weekend. An additional 3,000 people have LIKED the EAA Facebook page over the last three months, doubling the number. The school's marketing efforts will now be directed to the new school year and attracting local students.

2. New Business:

Academic Gains

Dr. Copeland discussed in detail the handouts provided to Board members on academic gains. The reports show dramatic score gains in all grade levels at the half-way point in the school year. EAA is at 59% progress towards targeted growth for the entire school in math and 90% in reading. Dr. Copeland said numerous students who were behind have now been brought to the correct level, particularly in middle school and Grade 8. Mr. Blount stated that we are accomplishing our mission and seeing positive gains with our teaching staff. Mrs. Taggart stated that the school's I-Ready testing is consistent with District test results. The Board members were encouraged by the positive results and signaled their appreciation to teachers and administrators. Mr. Blount mentioned that the new relationship and tutoring with Boys & Girls Club should only bolster the academic progress already achieved to date.

CAP Review/Response to School District

The District sent a demand for information letter on December 18 (which the Board members all received), and Mr. Blount reported to them today that it was an impossible deadline to meet. The deadline was imposed by the District, but by statute the first step is that the school and District must first come to an agreement, and then notify the state within



30 days. Mr. Blount reported that the District may continue to force us into a difficult situation. At the meeting attended in December by Mr. Blount and Ms. Klostermyer, the District insisted that the Board is not involved enough, and when Mr. Blount insisted that our response wait until the board could review and weigh in, the District said that was not necessary. Mr. Asen reported that the District has questioned that EAA received a bridge loan in December (a third of which has already been repaid). Mr. Asen then reviewed in great detail a summary of EAA Independent Audited Financials for each year from July 1, 2014 through the current budget. Mr. Asen reiterated that the budget documents requested by the District on Dec. 18 would be impossible to provide in four days as requested. He walked everyone through the financials to demonstrate why this is so. Mr. Asen stated we have negotiated with eight vendors to provide for payment plans to extend payments and work with the school through its cash flow issues, and made other changes so that the school could achieve break-even financials. Mr. Asen also stated that the current year numbers provided are exactly what we are providing on a now completed Form 990 Tax Return for the IRS. Mr. Asen also noted that an overriding issue continues to be the lease, where our own auditors pointed out that we have spent \$374,850 on paying rent on “ghost students” which points out how critical it is that the lease be negotiated. Mr. Asen also noted that the District is fighting state allocated funds to charter schools, which we are assuming will be paid pursuant to state law notwithstanding the District’s warnings regarding that payment. Mr. Asen said the District is now asking for copies of everything, including our general ledger and copies of canceled checks (which banks do not provide and we would have to pay the bank for them to provide). Mr. Asen and Mr. Blount responded to numerous questions from directors regarding long-term financial stability and CAP plan issues related to the same. Mr. Blount also stated that as of Dec. 21, EAA is a Title I school, which qualifies the school next year for additional funding. Mr. Blount and Mr. Asen are working diligently to comply with the District’s expansive CAP demand and hope to have a package completed soon. Mr. Asen stated that while in recovery mode we need to rely on financing until we can increase enrollment and reduce lease payments. The academic turn-around is complete, and if we can obtain a “B” school grade this should greatly help from an enrollment standpoint. The Board asked additional questions regarding the District, the CAP plan and the financials options.

Sheri Klostermeyer motions to authorize Mr. Blount and Mr. Asen to draft a response to the School District Dec. 18 letter request, pending final review by the Board and legal counsel, and to authorize Mr. Blount and Mr. Asen to work with and negotiate a corrective action plan with the District.

***Donna McGowan seconds the motion
Motion unanimously approved***



Banking Resolution

A discussion of banking options took place among the Board members. Ms. Klostermeyer discussed the concerns expressed by the District with lenders. Mr. Asen stated that the District is taking a position that is in violation of federal banking resolutions.

Enrollment and Marketing Projections for 2018-19

Church lessee begins services this Sunday and has included EAA in their marketing efforts. Social media will focus on the pre-school, and tours will take place this semester to build current enrollment and fall enrollment. A new booklet is being created to provide to parents.

IRS Form 990 Tax Return Review and Approval

The Board reviewed and discussed the Form 909 Tax Return prepared for filing. Upon review,

Donna McGowan motions to approve the Form 990 Tax Return submitted for their review

Tim Quinn seconds the motion
Motion unanimously approved

3. EXECUTIVE DIRECTOR / PRINCIPAL UPDATE

There were no additional updates from Mr. Blount, Ms. Taggart or Dr. Copeland at this time.

BOARD COMMENTS – The Board members commended Mr. Blount, Mr. Asen, Dr. Copeland and Ms. Taggart for their hard work and efforts and expressed their support of their collective efforts on behalf of the school.

PUBLIC COMMENTS – None

The next meeting of the Board of Directors is scheduled for Monday, February 5th, 2018, at noon.

Tim Quinn motions to adjourn the meeting
Sheri Klostermeyer Seconds
Motion Unanimously Approved