

The Chicago High School for the Arts
Board of Directors Meeting
William Blair and Company

Minutes for July 30, 2012

Present: Duffie Adelson, James Alexander, Carlos Azcoitia, Joo Boe, Marge Collens, Elissa Efroymsen, Sondra Berman Epstein, Sandra Guthman, Mirja Haffner Spooner, Francia Harrington, Laura Head, Betsy Holden (via phone), James Mabie, Terry Mazany, Janice Posner, Ralph Rydholm, Charles Slamar, and Steve Solomon.

Absent: Carole Brown, James Gandre, David Herro, Julie Hurvis, Ramsey Lewis, Kay Mabie, Susan McKeever, Sylvia Neil, Pam Strobel, and Neal Zucker

Others present: Camille Kuthrell, Terri Milsap, José Ochoa, and Dorothea Roque.

Quorum: Yes

This meeting of the Board of Directors of The Chicago High School for the Arts (“ChiArts”) was held pursuant to Call & Notice served on all Directors, a copy of which is attached to these Minutes. Board Chair, Jim Mabie (“Jim M.”), called the meeting to order at 3:00 p.m. and then conducted the meeting in accordance with the Agenda, a copy of which is attached to these Minutes.

Approval of May 14, 2012 Minutes

Sandra Guthman (“Sandy”) moved to approve the minutes; Betsy Holden (“Betsy”) amended the minutes to reflect Stephanie Smith’s title as “senior” VP of human resources at Kraft Foods. Terry Mazany seconded and the board unanimously approved.

Executive Director Report

José Ochoa (“José”) gave his annual report, a copy of which is attached to these Minutes. Highlights of the Report include:

- Adoption and rollout of The 2012 Employee Handbook;
- Over 2,950 applications for employment;
- Parent Support Organization (PSO) activities:
- 1,592 applications for student admission and 1487 auditions scheduled for the class of 2016; currently, 141 students have accepted admission and 35 students remain on the waitlist (the highest number of students confirmed at this point in time). Betsy suggested “over enrollment” as a backup precaution for students who drop/transfer unexpectedly;
- Expansion of outreach and arts partnerships (currently 71 organizations, including new partnerships with “Broadway in Chicago” and “School of Rock”);
- An increase in the number and quality of performances, as students were recognized at local, regional and national competition for their artistic pursuits. Over 80% of the student body was placed in a summer program to continue their arts/academic study

during the break, as well as the unique opportunity for 4 visual artists to attend Anderson Ranch arts center in Aspen, Colorado;

- The relocation to Doolittle West and arrangements to occupy the third floor of Doolittle East;
- Addressing and resolving several high-level security issues including the installation of cameras and thanks to the support of ChiArts board of directors, the hiring of an additional part-time security guard;
- Staying within the FY12 budget with adjustments to ensure spending on resources and programs necessary for the sustainability of a college preparatory and pre-professional program;
- A strong fundraising effort thanks to the hard work of Sandy, Jim M. and the rest of the development committee.

José then presented his goals for the 2012-2013 school year, a copy of which is attached to these Minutes.

Terri gave the principal's report. The attendance rate dropped from 93.4% to 88.3% in May due, in part, to the junior class, which typically has lower attendance rates after the ACT is administered. Overall discipline issues declined since the last meeting. Terri updated the board on a particular incident that resulted in 3 student suspensions and 1 recommendation, per the CPS Code of Conduct, for expulsion. The student recommended for expulsion will most likely be required to attend "smart school" in lieu of expulsion.

Terri is still looking to hire one special education teacher and several math teachers. Most of the other academic positions have already been filled. Two new positions were created: dean of students and freshman academy coordinator. Interviewing for both is underway.

An online credit recovery program was established for seniors who are missing 1 or more credits necessary for graduation. This summer program allows students to earn credit for English, Algebra II, Social Studies, or Computer Science. Students will attend 4 sessions with the course instructor in addition to online lessons. The guidance counselor and post secondary counselor will host open hours in the computer lab for students who need access to a computer and/or internet to complete an online credit recovery course.

ChiArts students achieved a 19.8 composite score on the ACT. The national composite is 21. Terri will provide a full summary and analysis of the PSAT, PLAN and Explorer tests at the September meeting.

Next spring ChiArts will host its inaugural graduation. The date has not yet been finalized, but Terri and José are looking at dates between June 2, 2013 and June 8, 2013. José asked the board for help identifying a venue for graduation. The venue should seat 1,000 people in the house and accommodate 150 graduates onstage. Those with ideas were asked to remain after the meeting adjourns to discuss options.

Parent Support Organization (PSO) Report

Janice Posner (“Janice”) announced the new PSO officers for the 2012-13 school year: Gwynda Jones, president; Janice, vice president; Maureen Stauffer, treasurer; Sara Mitchell-Guerra, corresponding secretary; and Michelle Esfahani, recording secretary.

Marketing/PR/Special Events

Sondra Berman Epstein (“Sondra”) shared feedback from the post-Kerfuffle meeting. A key suggestion was to secure more sponsorship for the event. Kerfuffle was successful in its first year and the committee intends to produce the gala again next year. Sondra urged the board to identify more individuals to broaden the donor base, especially prospects who can contribute smaller gifts. The committee suggests increasing the number of small to medium-sized cultivation events to 2 or 3 per year. This will provide more opportunities to acquaint potential donors with ChiArts, its students and mission. Betsy will join the marketing/pr/special events committee and Sondra welcomed others from the board to also join the committee.

Jim M. tasked the marketing/pr/special events committee with developing an event schedule for the 2012-13 school year, in conjunction with José and Terri.

Finance Report

Joo Boe (“Joo”) gave the finance report. FY 2012 closed in line with the budget. The carryover, including The Genius Working Capital Fund, is \$954,033. Moving forward, for greater transparency, The Genius Working Capital Fund (\$900,000) will be segregated from the budget into a separate account. Therefore, \$54,033 is the actual carryover; this change in reporting provides a clean audit trail. A summary of the budget’s revenue and expenditures will be included with each finance report to offer the board a more detailed description of funding sources and expenses. This working document will help explain some of the assumptions used to determine the current and future budgets.

In 2012 ChiArts received less public funding than in years past because the student enrollment average was lower than originally budgeted (438 students versus 450 students). ChiArts received a base allocation of \$7,314 per student. However, ChiArts came in ahead of budget because of the extraordinary fundraising efforts of the development committee and revenue generated from Kerfuffle. Some expense line items were off (+ and -) because of a redistribution of special education dollars, but overall everything fell in line to yield an ending cash surplus.

The FY13 budget approved at the previous board meeting was based on the assumption that ChiArts would receive an increase of “compact” dollars from Chicago Public Schools. This has been the case as funding increased from \$7,314 in 2012 to \$7,587 for 2013. The new budget reflects this increase and includes fundraising projections and pledges leaving the Board with a fundraising goal (deficit) of approximately \$1.4 million.

The compliance audit was completed in 2 of the 5 scheduled days. Joo has stressed that she wants the finance audit to be completed on time.

Development Report

Sandy reported that \$2.7 million was raised in 2012. The Chairman's Fund alone grossed \$1.4 million, which includes \$636,000 in contributions from board members. Board gifts, not including the Chairman's Fund, totaled \$55,000 with \$1,160,000 received from foundations, \$265,000 in other individual gifts and \$18,585 from the PSO. \$1.4 million is needed to balance the FY 13 budget and the development committee is working on a strategy to deliver on a fundraising goal that exceeds that amount. The development committee will begin to focus on stewardship in the upcoming fiscal year. Mirja Haffner Spooner ("Mirja"), who has significant stewardship experience at the Arts Institute of Chicago will assist with these efforts.

Based on a reassessment of needs, the development committee has decided to pursue new fundraising counsel. A new group was identified to direct fundraising efforts through FY 13. This new counsel will help transition ChiArts to a self-contained development program for FY14 and beyond. In the meantime, Yanira Cirino, development associate, has worked with Sandy to complete several grant proposals and the development committee is working to expand its list of prospects.

Program Excellence Committee

James Alexander ("Jim A.") gave the report on behalf of James Gandre. He thanked the committee members for their contributions and reminded the board of the committee's mission to deliver measurements of success for the school --- keeping in mind the original vision for ChiArts to build pipeline of diversity for Chicago Arts organization.

Board Affairs

Charles Slamar gave the board affairs report on behalf of Pam Strobel. The committee met on July 12th and continues to vet names for board election consideration. The primary focus is on building diversity and identifying candidates with strengths in fundraising and human resources. The Board was urged to continue sending names of potential board candidates to the board affairs committee.

Chairman's Report

Jim M. reported on the goals he set for 2012. These include fundraising, which was a success thanks to the efforts of Sandy, Jim A. and the rest of the development team. In this regard, Mirja joined the board and will lend her expertise to development committee. A five year financial plan is in place to that will direct ChiArts toward sustainability. It calls for \$2.5 million of private funding each year.

A long term facility, Malcolm X College, has been identified for ChiArts. The Program Excellence committee was established to measure and guide the performance of ChiArts students, staff and board. Terri and José anticipate a 90% -95% graduation rate for the first graduating class. Other major achievements include: the planning and execution of the ChiArts' first gala, Kerfuffle, and the production of the school's first annual report.

In 2013, Jim M. will again focus on fundraising and sustainability. Specific goals include: adding 2-4 new members to the board; working out the details for the new long term facility; and supporting José and staff; and transition ChiArts from a start-up organization to a sustainable organization.

Public Comments

There were no public comments.

There being no further business to come before the board, Francia Harrington moved to adjourn, Sondra seconded, and the board unanimously approved. Jim M. adjourned the meeting at 5:05 p.m. and then held an executive session.

Respectfully submitted,

Charles Slamar