

BOARD OF DIRECTORS

MEETING

Minutes

JANUARY 7, 2009

Board Members in Attendance:

Dr. Robert Windom, Chairman

Gen. Howard Crowell, Vice Chairman

Mr. Fred Derr

Dr. Celia Edmundson

Mr. Herb Jones

Dr. Gene Pillot-

Mr. Billy Robinson

Administration in Attendance:

Mr. Daniel Kennedy, Headmaster, CEO

Col. Stephen Cork, CFO

Professor Robert Lechner, Director of Instruction

Guests:

Mrs. Kim Walker, Attorney, Williams Parker Law Firm

Dr. Windom, Chairman of the Board, called the meeting to order at 8:10 a.m. Dr. Windom welcomed the faculty and acknowledged that it was wonderful to have so many of them in attendance. He was pleased that they were so interested in their school.

Dr. Windom requested approval of the minutes from the last meeting. Minutes approved unanimously.

Dr. Windom introduced our attorney, Mrs. Kim Walker. She talked about having a committee in place where an individual could speak through them. The individual bringing a matter to the committee could stay anonymous and the committee would bring this to the Board. This would be called an audit committee and would consist of at least three Board members.

There was discussion on what this entails and what the audit committee actually does. Ms. Walker stated that they would oversee hiring performance, internal control processes. Mr. Jones stated that this is absolutely necessary, and he recommends Gen. Crowell to head up this committee. Mr. Robinson seconded. Mr. Jones agreed to serve as the Co-Chair. Mr. Derr also agreed to serve. This passed unanimously. Linda is to put this on the web page and to make the public and faculty aware of this committee. The purpose of the committee is: The Audit Committee was established to provide the Board a mechanism through which it can facilitate the Board's oversight of SMA's:

- Financial reporting, disclosures, and accounting processes
- External audits
- Regulatory compliance
- Internal control processes
- Risk management policies and practices
- Supervision and evaluation of head
- Management's systems relating to human resources, information systems, and legal review
- Preserving and improving SMA's reputation
- Strategic planning
- Operations

Contact: Anyone with a concern involving any of the items listed above may contact the audit committee directly by contacting one of its members or by attending a publicly noticed audit committee meeting. The audit committee may update its contact information on the SMA website. As of the date of publication of this notice, the audit committee may be contacted as follows:

General Crowell, The Glenridge on Palmer Ranch, 7333 Scotland Way, Sarasota, FL 34238, phone: 941-552-5301

Financials:

Mr. Derr stated that we are doing very well financially. We are in great shape, and we don't want to get complacent. We want to maintain this success. General Crowell would really like

to see a spreadsheet every month that has all of the expenses for the month and where we stand. We need to see a month- by- month expenditure if we are going to approve this every month. This would help him see what we can afford in the future. When people begin to retire what will this cost SMA and what SMA can actually afford? There should be a retirement line added so that we can examine our affordability. Decisions need to be made by the Board concerning the retirement amount to plug in for the future.

There was discussion on what cuts have been made. Any anticipated increases? Gen. Crowell would like a report monthly as to what the school plans on spending each month and what cuts have been made. Mr. Jones would like a current month-to-month spreadsheet.

Motion to approve budget. Dr. Edmundson seconded. Motion passed unanimously.

Enrollment:

Mr. Kennedy stated that we have 615 students at this time and that we will go up to 700 next year.

Dr. Windom stated that Mr. Kennedy and our teachers/faculty have done a great job.

Audit Report:

Gen. Crowell moved that the audit be approved. Dr. Edmundson seconded. Motion passed unanimously.

Teachers spoke on how satisfied they were with the school.

Gen. Crowell stated that a good prudent stewardship would provide continuity, and there are several questions about that. What should Mr. Kennedy get for retirement and what should other administrators receive.

Budget motion passed unanimously.

Mr. Kennedy stated that there would be an increase of students from 615 to 700. He would be adding 3 new part time teachers and one JROTC Instructor.

The Audit Committee will be meeting on January 21st at 8:30

Motion to authorize the audit committee. Mr. Robinson seconded. Motion passed unanimously.

Mrs. Kim Walker stated that the Board needs to decide on the numbers that Mr. Calfee recommended for Mr. Kennedy's contract. Mr. Derr proposed to the Board to defer to the audit committee. The Board doesn't know the impact it would have on the budget since these numbers were not included in the budget. The proposal is to have this go to the audit committee.

General Crowell feels that this is a major decision, and it will take time.

Dr. Pillot feels that we need to bring our faculty salaries up first.

Mr. Kennedy recommends the Board going ahead with Professor Lechner's 3 -1/2 year agreement. Mrs. Walker handed out Professor Lechner's employment agreement. Following the headmaster's recommendation, the Board approved the same salary and title for Professor Lechner through the balance of this school year. Beginning July 1, 2009 and for a period of three years, Professor Lechner would receive 1/3 of his current salary. Beginning January 1, 2010, instead of his current BC/BS health coverage, he would switch to Medicare. Medicare coverage including Part B and D as well as supplementary coverage would be added to his 1/3 salary provision for the duration of the agreement.

General Crowell moved approval of the proposal for Professor Lechner's employment contract. The motion was unanimously approved.

Next meeting will be February 19th at 2:00 p.m.

Meeting Adjourned

Robert Windom, M.D., Chairman

Daniel Kennedy, Headmaster