

ARIZONA STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION
1400 W. WASHINGTON STREET, CONFERENCE ROOM B1
PHOENIX, AZ 85007

JUNE 27, 2013 BOARD MEETING MINUTES

Members present: Jason Pistillo, Chairman
Gary Damore Glen Tharp
Trish Leonard David Walser
Hank Radda

Also present: Teri Stanfill, Executive Director
Keith Blanchard, Deputy Director
Cassandra Pinon, Program Specialist
Kimm Darling, Administrative Assistant
Jeanne Galvin, Assistant Attorney General

I. CALL TO ORDER

Chairman Pistillo called the meeting of the Arizona State Board for Private Postsecondary Education to order at 11:19 a.m.

II. BOARD MEETING MINUTES:

A. April 25, 2013 Regular Meeting Minutes: Dr. Damore made a motion to approve the minutes as submitted. Mr. Tharp seconded the motion and the motion carried. Dr. Radda and Mr. Walser abstained.

B. May 23, 2013 Regular Meeting Minutes: Mr. Walser made a motion to approve the Minutes as submitted. Dr. Damore seconded the motion and the motion carried. Ms. Leonard abstained.

C. May 23, 2013 Executive Session Minutes: Mr. Walser made a motion to approve the Executive Session Minutes as submitted. Dr. Radda seconded the motion and the motion carried. Ms. Leonard abstained.

III. Dunlap-Stone University: Discussion, Consideration and Possible Action relating to the possible inclusion of a "Description of Additional Action" to the Minutes of the December 13, 2011 Meeting as it relates to Complaint #11-NS007. No one was present from the institution.

Ms. Stanfill stated that Dr. Burton submitted a request that the State Board consider amending the December 13, 2011 Minutes to which J.P. directs individuals regarding Complaint #11-NS007.

Ms. Stanfill explained that the State Board cannot amend the Minutes once approved. But the State Board could include an (*) in the Minutes that would explain additional action was taken at the August 23, 2012 meeting.

Action: After discussion, Mr. Tharp made a motion to include an (*) in the December 13, 2011 Minutes and include the following statement, "The reader of these Minutes should also know that on August 23, 2012, the State Board took additional action. Specifically, to dismiss the complaint with prejudice based upon the remedial actions taken by the institution. The motion passed unanimously." Ms. Leonard seconded the motion and the motion carried.

IV. Performance Training Institute: Update on the Closure, Teach-out and Complaint #NS5011. Mr. Kirsten was unable to participate by phone.

Ms. Stanfill summarized the Report for the Board and stated that Mr. Kirsten had also provided an update on the current status of the students – 226 at the time of the closure, 151 received Title IV refunds, 106 transferred to Daytona College, which 32 have complete. Ms. Stanfill also explained that Mr. Kirsten agreed to provide electronically all student records. Ms. Stanfill responded to the questions of the Board members and stated she would update the State Board if any problems arise out of the teach-out/transfer or if any STRF claims are filed.

Action: Ms. Leonard made a motion to close Complaint #13-NS500 as a result of the closure. Mr. Walser seconded the motion and the motion carried.

V. Regular Vocational Program License Renewal – Arizona Automotive Institute (AAI) Representing the institution: Darren Bargin, Campus President and by phone Michael Gries (Interim President), Mike Zawisky (COO), Sean Kerrigan (CFO) and Art Rodriguez (Compliance).

Ms. Stanfill summarized the Report for the Board. Ms. Stanfill highlighted that on June 5, 2013, ACCSC vacated the Probation Order for AAI and renewed the accreditation from August 2009 for 4 years forward; AAI is to begin the process for the renewal of accreditation immediately. Ms. Stanfill stated that the Finance Committee reviewed the financial statements and recommends that the \$100,000 Surety Bond be maintained and to continue quarterly reporting.

Mr. Gries explained that ATI is very close to completing the transaction that they have been working on for the last 18 months, by the end of July, which will change the ownership of the ATI schools and gave a summary/update. Mr. Gries stated that there will be a new Board of Directors, but the existing management team will remain with Mr. Zawisky as Chief Executive Officer.

Action: Mr. Walser made a motion to approve the 2013 Regular Vocational Program License Renewal with the stipulations that the \$100,000 Surety Bond be maintained, continue quarterly reporting and close Complaint #11-NS003. Mr. Tharp seconded the motion and the motion carried.

VI. Supplemental License Application for a Change of Ownership: Penn Foster College. Representing the institution: Frank Britt, President, Kyle Pettigrew, attorney and Connie Dempsey, Compliance (by phone)

Ms. Stanfill summarized the Report for the Board and stated the explanation of the capital restructuring through a Chapter 11 bankruptcy converting from a publicly traded company to a privately held company was provided.

Mr. Britt addressed the State Board and briefly explained the restructuring and the positive results from the restructuring.

Ms. Leonard suggested that the refund be consistent and clarified. Mr. Britt agreed.

Mr. Britt responded to Mr. Walser's request for further clarification on the restructuring of the parent company, the effect on Penn Foster and the commitment of the new investment firms.

Action: Mr. Walser made the motion to approve the Supplemental License Application for a Change of Ownership. Ms. Leonard seconded the motion and the motion carried.

VII. Call to the Public: No one came forward.

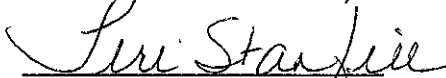
VIII. Board Business:

1.2. Executive Director's Report: Ms. Stanfill summarized the report and the meetings regarding SARA. Mr. Tharp requested explanation regarding the meetings with GCU and UoP. Ms. Stanfill stated the purpose was to make GCU and UoP aware that it was the State Board's intent to be the agency to administer SARA, if SARA becomes a viable agreement and to elicit their support of the State Board's intent.

IX. Adjournment

Chairman Pistillo adjourned the meeting at 11:49 a.m.

The Minutes of the June 27, 2013 Meeting were approved at the August 22, 2013 meeting.


Teri Stanfill, Executive Director