

**ARIZONA STATE BOARD FOR
PRIVATE POSTSECONDARY EDUCATION
1400 West Washington Street, B-1 Conference Room
Phoenix, AZ**

August 27, 2015 Board Meeting Minutes

Members present: Jason Pistillo, Chair KC Miller, Vice Chair
 Craig Jacob Trish Leonard
 Dr. Hank Radda Glen Tharp
 David Walser

Also present: Teri Stanfill, Executive Director
 Keith Blanchard, Deputy Director
 KD, Licensing
 John Tellier, Assistant Attorney General
 Frankie Eckberg, Assistant Attorney General

I. CALL TO ORDER: Chairman Pistillo called the meeting of the Arizona State Board for Private Postsecondary Education to order at 10:00 a.m.

II. BOARD MEETING MINUTES:

A. May 28, 2015 Regular Meeting Minutes: Mr. Walser made the motion to approve the May 28, 2015 Regular Meeting Minutes as submitted. Mr. Tharp seconded the motion and the motion carried.

B. April 23, 2015 Executive Session Minutes: Mr. Tharp made the motion to approve the Executive Session Minutes as submitted. Dr. Radda seconded the motion and the motion carried.

III. Student Tuition Recovery Funds – Claims filed by former Anthem College and Everest College Phoenix students:

Mr. Blanchard introduced this Agenda item. Mr. Blanchard explained the STRF claims have been submitted by the following students and have been filed for reimbursement of payments made to Anthem College and Everest College Phoenix.

ANTHEM COLLEGE:

Kayla Graham- \$750.00; Tanya James - \$220.00; Shilo Kanuho – \$660.56; Dina Maldonado – \$1,040.00; Jacklyn Padilla - \$990.00; Jennifer Padilla - \$985.00; Bonnie Ridenour – \$320.00; Alma Santiago - \$560.00 and Jaycee Shaw - \$420.00.

Motion: Mr. Pistillo made the motion to approve the claim submitted by students of Anthem College as presented. Mr. Jacob seconded the motion and the motion carried.

EVEREST COLLEGE:

Brian Aker - \$500.00; Ryan Cline - \$17,271.00; Erika Leon - \$9,500.00 and Camiella Spencer – \$430.00

Motion: Mr. Pistillo made the motion to approve the claims filed by the students of Everest

College Phoenix as presented. Mr. Tharp seconded the motion and the motion carried.

IV. Reconsideration of Surety Bond Requirement/Supplemental License Applications for a Change of Ownership/Control: EDMC - 11 Arizona campus locations. Represented by John South, Chancellor of South University and Kory Langhofer, attorney.

Ms. Stanfill introduced this Agenda and explained that at the May 28, 2015 Board meeting, the Board approved the Supplemental License Application for a Change of Ownership for EDMC with the stipulation that a Surety Bond be posted in the amount not to exceed \$7 million in aggregate, within 60 days. The surety bond was to be posted for each Arizona location based upon the surety bond calculation.

EDMC has requested the Board reconsider the surety bond requirement based upon the new financial information after the change of ownership.

Mr. John South addressed the Board summarizing the improved financial position of the EDMC schools. Mr. South requested the Board go into Executive Session to discuss confidential financial information.

Mr. Pistillo made a motion to go into Executive Session for the discussion and consideration of records exempt by law pursuant to A.R.S. § 38-431.03(A)(2). Mr. Tharp seconded the motion and the motion passed.

- 10:15 Regular Session adjourned
- 10:17 Executive Session begins
- 10:45 Executive Session adjourns
- 10:46 Regular Session begins

The Board discussed the requirement for the surety bond.

Mr. Walser stated if the current financial information would have been available at the time of the consideration of the change of ownership, a surety bond would not have been required based upon the significant financial improvement for EDMC.

Motion: Mr. Walser made the motion to approve the Supplemental License Application for a Change of Ownership and that a surety bond was not required. Mr. Tharp seconded the motion and the motion carried.

V. ITT Technical Institute: Update regarding SEC Investigation, U.S. Department of Education actions, California Department of Veteran Affairs actions. Represented by Shawn Crawford, SVP and Chief Compliance Officer and Bryan Gottfredson, attorney.

Ms. Stanfill introduced this Agenda item and explained at the May 28, 2015 Board meeting, the Board reviewed the recent actions against ITT Technical Institute from the U.S. Department of Education, the SEC and the California Department of Veterans Affairs.

The Board requested ITT provide the following information:

1. Provide a copy of the 10K as soon as it is available;
2. Composite score for FY12 - which calculation was used? Explain the previous calculations
3. Provide the two composite score calculations for FY12, FY13 and FY14;
4. Provide a detailed analysis on how GAAP principals were applied in the composite score calculations;

5. Provide the State Board with copies of correspondence with U.S. Department of Education and the California Department of Veteran Affairs.

Mr. Crawford addressed the Board. Mr. Crawford stated the 2013 re-calculation of the composite score has not yet been released; but the 2014-2015 composite score is expected to be 2.0 or better. Mr. Crawford stated the CA Dept. of Veteran Affairs previous action was vacated.

Mr. Walser stated he disagreed with the ED's calculation of the composite score, but asked what has been the effect on the institution?

Mr. Crawford explained the actions has caused an effect as some states have taken; but no fines or penalties have been levied; all SEC filings are current.

Motion: Mr. Pistillo made a motion that no further reporting was required. Mr. Walser seconded the motion and the motion carried.

VI. Arizona School of Acupuncture and Oriental Medicine: Probationary Status and Update on Administrative Capability/Accrediting Commission for Acupuncture and Oriental Medicine/United States Department of Education. Represented by Alex Holland, President and Stephanie Hu, Owner and Diana Mateer, acting Financial Aid Director

Ms. Stanfill introduced this Agenda item and explained at the May 28, 2015 meeting; the Board granted Probationary approval of the 2015 Regular Degree-Granting and Regular Vocational Program License Renewal with the following stipulations based upon the State Board's concern regarding ASAOM's administrative capability:

1. Maintain the \$20,000 Surety Bond and \$36,300 Cash Deposit;
2. Appear before the State Board at the August 27, 2015 meeting to provide an update;
3. Provide the State Board a copy of ALL communications and reports for ACAOM and DE.

ASAOM has submitted the requested documents as well as a revised T4 refund policy that will be an addendum to the Catalog and Enrollment Agreement.

Mr. Holland addressed the Board and explained the following: hired Diana Mateer as acting financial aid director and Ms. Mateer has made several changes to T4 policies, ASAOM received Provisional T4 approval from the Department with a \$186,000 LOC; the management structure has been modified with a new Board that meets regularly.

Board members expressed the following concerns: the response to ACAOM was filed late, clock hours vs. credit hours concerns.

Mr. Holland that report to ACAOM was late due to an illness and as yet, a response from ACAOM has not been received. Mr. Holland stated ACAOM's concern was with the management structure and training. ASAOM has responded by changes in the management structure and training of staff. Mr. Holland also confirmed that it is the intent to eventually merge the two institutions, HAN University and ASAOM.

No action was taken the Board, but the Board stated that ASAOM is to remain on Probationary status.

VII. LICENSING:

A. License Renewals referred by the Finance Committee:

2. Han University of Traditional Medicine. Represented by Alex Holland, President and Stephanie Hu, owner

Ms. Stanfill introduced this Agenda item and explained that the Finance Committee reviewed the financial status of HAN at its meeting on June 25th and referred the License Renewal to the Board as the Audit was not yet available.

The December 2014 Audit was received on July 26, 2015; the Auditor identified “certain deficiencies in the internal control that I consider significant deficiencies.”

Mr. Holland addressed the Board and stated that the management is working on improving internal control procedures.

Mr. Walser stated the Audit raises more concerns and asked what steps have been taken to improve?

Ms. Hu stated a new bookkeeper has been hired and more checks and balances have been put into place.

Mr. Pistillo notes his concern of the delay in recording transactions, “revenue and expense timing”.

Mr. Walser and Mr. Pistillo both express concern with the internal controls and the apparent deficiencies. Mr. Tharp stated his concern with administrative capability.

Motion: Mr. Walser made the motion to approve the Regular Degree Granting License Renewal with the stipulations to maintain the \$15,000 cash deposit and to continue quarterly reporting. Ms. Miller seconded the motion and the motion carried. Mr. Holland agreed to the stipulations.

1. Arizona Vocational Training Institute. Represented by Marco Reguerin, owner and Matthew Breecher, CPA

Ms. Stanfill introduced this Agenda item and stated the Finance Committee reviewed the financial status and referred the License Renewal to the Board as the Committee had concerns with administrative capability and accurate financial information.

Mr. Walser was lead.

Mr. Breecher addressed the Board and explained that he has been hired to improve process and procedures.

Mr. Walser noted the improvement, but asked about Note 7 in the financial statements on the recognition of revenue; Mr. Walser stated he accepted Mr. Breecher’s explanation.

Motion: Mr. Walser made the motion to approve the 2015 Regular Vocational License Renewal with the stipulations that the \$25,000 surety bond be maintained and to continue quarterly reporting. Mr. Pistillo seconded the motion and the motion carried. Mr. Reguerin agreed.

B. Supplemental License Application for a Change of Ownership and Change of Name: Cactus Wren Training to True Joy Healthcare Training. Represented by Wealnelia Mendoza and Rizza Dichella, new owners

Ms. Stanfill introduced this Agenda item and explained that Ms. Mendoza and Ms. Dichella purchased Cactus Wren in April 2015. Cactus Wren previously had 2 locations; Mr. Farnsworth purchased the Mesa location in November 2014.

Ms. Mendoza addressed the Board.

Mr. Walser asked what changes would be made. Ms. Mendoza responded that they are changing the name and to improve the curriculum.

Ms. Miller expressed her concerns with the tuition charges, the availability of externship sites and more importantly, the ability to offer the programs.

Motion: Ms. Miller made the motion to approve the Supplemental License Applications for a Change of Ownership and Change of Name with the stipulations to maintain the \$15,000 Surety Bond and within 60 days provide a list of available externships. Mr. Tharp seconded the motion. Further discussion ensued. Ms. Miller amended her motion to require the submission of the syllabus for the program and an explanation of the tuition charges. Mr. Tharp seconded the amended motion and the motion carried.

12:07 p.m. Regular Session break

12:34 p.m. Regular Session reconvenes

C. Conditional to Provisional Degree-Granting License Renewal: American University of Sovereign Nations. Represented by Dr. Nia Smyrniotis, Chair of AUSN, Dr. Thomas Gionis, President and Dr. Darryl Macer, Provost

Ms. Stanfill introduced this Agenda item.

Dr. Gionis addressed the Board and stated the following: 68 students in total, 50% are faculty with primarily tuition waivers; intent is to continue scholarship/tuition waivers until accreditation is accomplished; AUSN is also considering accreditation with ACICS. Dr. Gionis also stated it is their intent to bring the stem cell research to the Arizona location to help provide financial stability.

Ms. Leonard stated the following policies required revisions: 1) Enrollment Agreement, Payment of Tuition, #1, add a statement that a payment plan is offered if payment is not made in full; 2) Establish a Leave of Absence policy that includes number of allowed LOA's and the time period allowed; 3) Late Payment Policy: what if the student has elected the deferred payment plan?

Mr. Walser asked if the Board has any financial liability for the students since no tuition has been charged. Ms. Stanfill explained there would not be any STRF liability under these circumstances.

Motion: Mr. Pistillo made a motion to approve the Conditional to Provisional Degree-Granting License Renewal with the following stipulations: keep the Board updated on the progress of accrediting, the policies be revised as noted, remove from quarterly reporting and the surety bond is no longer required. Mr. Jacobs seconded the motion and the motion carried. Dr. Gionis agreed to the stipulations.

D. Conditional to Regular Vocational Program License Renewals:

1. A-Z School of Dental Assisting and Front Office. Represented by Janette Bedard

Ms. Stanfill introduced this Agenda item. It was noted that Mr. Mansoor was not available. Mr. Tharp was lead.

Ms. Bedard responded to the questions of the Board and several deficiencies were noted.

Motion: Mr. Tharp made the motion to defer action on the 2015 Conditional to Regular Vocational License Renewal and the following corrections/revisions be submitted for further review:

1. Financial statements – Accountant’s letter states “management has elected to omit substantially all of the disclosures required...”, yet there were several notes in the financials.
2. Financial statements – Note 2 states the financials were prepared on the “cash basis”. The statements must be on the accrual basis, GAAP.
3. Enrollment Agreement – was not cross referenced with the checklist. The date referenced for the Catalog (page 3) is not the same as the Catalog date.
4. Catalog:
 - Not cross-referenced with the checklist
 - Correct commencement dates
 - Correct typos
 - Page 6: transfer of credit policy is contradictory
 - Page 4: Satisfactory Academic progress: evaluation points are not clear
 - If a student takes a LOA, they are to be given a refund accordingly to the refund policy. If past the 50% mark, must have a clear policy on returning.

Mr. Walser seconded the motion and the motion carried.

2. floo-id Yoga. Represented by Elizabeth Berry

Ms. Stanfill introduced this Agenda item. Ms. Miller was lead.

Ms. Berry addressed the Board. Ms. Miller noted several deficiencies in policies. Mr. Pistillo noted the low current ratio.

Motion: Ms. Miller made the motion to approve the Conditional to Regular License Renewal with the following stipulations:

1. Maintain the \$15,000 Surety Bond;
2. The following revisions:
 - * Catalog, page 2 and page 10: remove “certified” and “certification”
 - * Admission requirements: require a HSD and 18 years old?
 - * Catalog, page 4, add to reasons to dismiss “inability to hold a therapeutic or safe space”
 - * Catalog, page 5, terminated – change 3 days to 10 days
 - * Attendance policy – ensure consistency
 - * Make up policy and fee charge should be developed
 - * Catalog, page 6: graduation requirements – 100% completion?

Dr. Radda seconded the motion and the motion carried. Ms. Berry agreed to the stipulations.

E. Conditional Vocational Program License Applications:

1. ANAHATA Sound and Energy Healing, LLC. Represented by Ronee Kipnes

Ms. Stanfill introduced this Agenda item. Ms. Miller was lead.

Ms. Miller asked if the training had been provided prior to licensure. Ms. Kipnes responded that one program had been offered and then she was informed of the requirement for licensure. Ms. Kipnes stated she ceased offering the program until licensure was granted.

Ms. Miller noted several policies requiring revisions. Mr. Walser asked about the recording of payroll, but no payroll taxes had been recorded. Ms. Kipnes stated it must be categorized incorrectly.

Motion: Ms. Miller made the motion to approve the Conditional Vocational Program License with the following stipulations:

1. Maintain the \$15,000 Surety Bond;
2. Submit to quarterly financial reporting;
3. The following revisions:
 - * Attendance policy: 75% is not acceptable to Yoga Alliance
 - * Graduation requirements: “must complete 200 classroom hours” – but allowed 75% attendance? Also, “optional” purchase of books is a requirement to graduate?
 - * Payroll tax but no payroll?
 - * What if miss a weekend? Establish a make-up policy and establish a fee.
 - * Refund policy: the “non-refundable tuition” – these are fees, not tuition
 - * Satisfactory academic progress - must have established evaluation points to include attendance %. Address what happens if they are not making SAP.
 - * Leave of Absence policy – basically says the student is terminated if has to miss more than 2 weekends. Is that what is meant?
 - * Enrollment Agreement/Catalog – typo in paragraph regarding refunds will be issued within 30 days.
4. Accept a civil penalty in the amount of \$100 for operating without a license.

Mr. Walser seconded the motion and the motion carried. Ms. Kipnes agreed to the stipulations.

2. AZ Modern Dental Assisting Institute. Represented by Dr. Foroughi

Ms. Stanfill introduced this Agenda item. Mr. Jacobs was lead.

Dr. Foroughi addressed the Board.

Mr. Jacobs noted a significant number of deficiencies, concerns, grammatical errors, at a minimum, with the application.

Motion: Mr. Jacobs made the motion to postpone action on the Conditional Vocational Program License as there were a number of significant deficiencies. Mr. Pistillo seconded the motion and the motion carried.

3. Cellular Repair School, LLC. Represented by Joshua Gray

Ms. Stanfill introduced this Agenda item. Mr. Pistillo was lead.

Mr. Gray addressed the Board and responded to the few questions.

Motion: Mr. Pistillo made the motion to approve the Conditional Vocational Program License with the stipulation that the \$15,000 surety bond be maintained. Dr. Radda seconded the motion and the motion carried.

4. Computer Learning Center. Represented by George David

Ms. Stanfill introduced this Agenda item and explained at its meeting on May 28, 2015, the Arizona State Board for Private Postsecondary Education (State Board) reviewed the additional information submitted on May 13, 2015 regarding the Conditional Vocational Program License Application submitted by Computer Learning Center.

After a thorough review of the application, additional information and discussion, the State Board expressed continued concerns regarding the following matters:

1. The statement that CLC will administer the “AIMS test for potential students that require it” is concerning as the AIMS test is the State of Arizona’s test for the public elementary and secondary schools. How does CLC have access and approval to administer this test?
2. The advertising and course descriptions still reference specific vendors. CLC has stated numerous times that the programs offered by CLC are “vendor neutral” as CLC are not an approved vendor to offer vendor-specific computer programs.

After deliberation, the State Board deferred action on the application.

At a minimum, the State Board required the following revisions and corrections:

1. Ensure the Website correctly reflects the programs offered;
2. All consumer information materials are to be updated and to reflect correct information;
3. Admission requirements – explain how CLC will assess 7th grade and basic computer skills;
4. The Catalog is to be updated and revised to reflect the current programs and revised as necessary.

On June 18, 2015, CLC submitted the attached response.

Mr. Tharp was lead. Mr. Tharp expressed his continued concern with the references to “certification”, admission requirements and the use of the AIMS test. Mr. David defended the use of the AIMS test.

Ms. Leonard expressed her concern with the ability of the graduates to obtain employment at the salary levels published. Ms. Miller expressed her concern with the grievance procedure.

Motion: Mr. Tharp made the motion to approve the Conditional Vocational Program License with the following stipulations:

1. All references to “certification” are to be removed;
2. All references to salaries for graduates are to be removed;
3. Remove all “puffery” words, revise and update for a final review.
4. Maintain the \$15,000 Surety Bond.

Mr. Tharp agreed to review the revised application upon re-submission. Mr. Pistillo seconded the motion, and clarified if the revised application was deficient upon Mr. Tharp’s review, it would be returned to the Board. The motion carried.

5. Mesa Academy of Dental Assisting. Represented by Dr. Keith Rogers and Cheryl Ellsworth

Ms. Stanfill introduced this Agenda item. Dr. Radda was lead.

Ms. Ellsworth addressed the Board.

Dr. Radda raised the following questions and concerns: required experience for instructors is inconsistent; course descriptions are insufficient, no plan to use outside dental offices for externships.

Ms. Leonard noted concerns with the Ability to Benefit requirement for admissions, the grievance procedure and refund policy.

Motion: Dr. Radda made the motion to approve the Conditional Vocational Program License with the following stipulations:

1. Maintain the \$15,000 Surety Bond;
2. The following revisions:
 - * Review/remove all “puffery” words, i.e. “finest”, “aggressive” etc.
 - * Executive Summary – employment is expected to grow by 25%? Business plan has different amounts and dates – several places it is stated that faculty is required to have 7 years of experience (application form, Business Plan, General company description), yet in the PCS form and Catalog, it states 5 years is required.
 - * Admission requirements – inconsistent in the PCS form and the Catalog. Ensure consistency, either ATB or not.
 - * Course descriptions should have more information
 - * Externship – expressed concern of availability at only your office....need to offer at other offices if possible. Many students get hired at their externships. If only at your office, this may be a detriment.
 - * Student grievance procedure – Missing time that the program director is to respond to the student
 - * Refund policy – should state “program” and not course.

Ms. Leonard seconded the motion and the motion carried. Dr. Rogers agreed to the stipulations.

6. The Dive Shop. Represented by Delmar Randle, owner and Ron Prince, Director

Ms. Stanfill introduced this Agenda item. Mr. Pistillo was lead.

Mr. Prince addressed the Board and explained the program offerings.

Mr. Pistillo asked about the net loss. Mr. Prince explained that Mr. and Mrs. Randle took over the Dive Shop and have incurred additional expenses to improve the shop and program?

Motion: Mr. Pistillo made the motion to approve the Conditional Vocational Program License with the stipulation that the \$15,000 surety bond be maintained. Mr. Walser seconded the motion and the motion carried.

G. Regular Degree-Granting License Application: Fuller Theological Seminary.
Represented Doug McConnell, Provost; Mignon Jacobs, Associate Provost, Mari Clements, Dean, Jim Furrow, Department Chair; David Richards, Director of Student Services; Gloria Gable, Program Director
AZ

Ms. Stanfill introduced this Agenda item and explained the licensure for Fuller had not been required in the past as Fuller only offered religious degrees. However, Fuller began offer the Master’s of Science in Marital and Family Therapy 2012, requiring licensure.

Fuller self-reported they were operating to the Board and to the Department of Education.

Mr. Pistillo was lead.

Dr. McConnell addressed the Board and explained the timeline of the offering of the programs. Dr. Gable addressed the Board and explained that six students have received licensure, eleven students just graduated and there are currently 46 students in the program.

Ms. Leonard noted her concerns with compliance with Title 4 regulations for several policies to include satisfactory academic progress and return to T4 calculations. Ms. Leonard strongly suggested that Fuller review all Title 4 policies to ensure compliance.

Mr. Pistillo requested clarification on the Enrollment Agreement, Student Handbook and the Catalog. Mr. Pistillo also noted the Student Grievance Procedure required revision.

Motion: Mr. Pistillo made the motion to approve the Regular Degree-Granting License Application with the following stipulations:

1. Enter into a "Consent Agreement for Non-Disciplinary Civil Penalty" for operating without a license;
2. Ensure all Title IV policies meet federal requirements;
3. Revise the Student Grievance Procedure.

Dr. Radda seconded the motion and the motion carried. Dr. McConnell agreed to the stipulations.

VIII. CALL TO THE PUBLIC: Fred Lockhart, Executive Director of the Arizona Private School addressed the Board and thanked the Board members for all of the hard work and service provided to the sector.

IX. BOARD BUSINESS

A. Executive Director's Report: Ms. Stanfill reported a 10,000 square foot warehouse is available to move all of the Anthem and Everest records to one location and requests the Board's approval to enter into the lease.

Motion: Mr. Pistillo made the motion to authorize the Executive Director to enter into a lease for the warehouse not to exceed \$100,000 per year. Mr. Walser seconded the motion and the motion passed.

B. Discussion and Action on Proposed Rule Revisions to A.A.C. Title 4, Chapter 39 – Dated July 13, 2015

Ms. Stanfill explained she has worked with the rule writer to incorporate all of the revisions from the April 2015 meeting. Ms. Leonard and Dr. Radda have submitted additional questions and perhaps needed revisions, revisions, but Ms. Stanfill explained she has not yet reviewed them.

The Board requested Ms. Stanfill review the submissions from Ms. Leonard and Dr. Radda and incorporate any revisions. If additional input is required, schedule the final review by the Rules Committee.

C. Discussion and Action on the 10-Year Sunset Report

Motion: After discussion, Mr. Pistillo made the motion to approve the 10-Year Sunset Report. Dr. Radda seconded the motion and the motion carried.

D. Discussion and Action on the 2017 Budget, Master List of Programs and 5-Year Strategic Plan

Motion: Mr. Pistillo made the motion to approve the 2017 Budget, Master Lists and 5-year Strategic Plan as submitted. Mr. Walser seconded the motion and the motion carried.

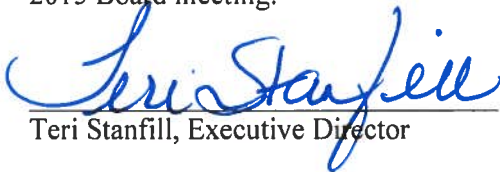
E. Executive Session: Personnel Matters pursuant to A.R.S. § 32-431.03(A)(1)

Motion: After discussion, Mr. Pistillo made the motion to approve the salary increase for Ms. Stanfill as requested. Ms. Miller seconded the motion and the motion carried.

X. ADJOURNMENT

The meeting of the Arizona State Board for Private Postsecondary Education adjourned at 5:15 p.m.

The Minutes of the August 27, 2015 Board Meeting were approved by the State Board at the October 29, 2015 Board meeting.


Teri Stanfill, Executive Director