

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

**FINANCE COMMITTEE MEETING MINUTES
SEPTEMBER 27, 2012**

Members Present: David Walsler, Chairman
KC Miller
Jason Pistillo

Also Present: Teri Stanfill, Executive Director
Cassandra Pinon, Program/Project Specialist

I. CALL TO ORDER

Mr. Walsler, Chairman, called the Finance Committee meeting of the Arizona State Board for Private Postsecondary Education to order at 10:00 a.m.

II. JUNE 26, 2012 MINUTES: Ms. Miller made a motion to approve the June 26, 2012 Minutes as submitted. Mr. Pistillo seconded the motion and the motion carried.

III. DISCUSSION AND ACTION ON THE FINANCIAL STATUS AND 2012 LICENSE RENEWAL: ASIAN INSTITUTE OF MEDICAL STUDIES (AIMS). Represented by Doug Johnson, Clinic Dean, by phone

Note: This agenda item was heard after the discussion/action on AAI.

The Committee discussed the issues that ACAOM removed AIMS from "Probationary Status" in August and the "Investment Agreement and Letter of Investment Intent". Mr. Johnson explained in further detail the Agreement with Mr. Hu and the amount invested; Mr. Hu will own 90% of AIMS stock and Alex Holland will retain 10%. Mr. Hu will become the CFO. Mr. Johnson explained that the contract does not become effective until approval by ACAOM and the US Customs and Immigration Services (USCIS). A change of ownership will be submitted to the Board at that time.

The Committee discussed the fact that the 2011 Audit has not yet been completed, but reviewed the quarterly reports and copies of current bank statements.

Ms. Miller requested that Mr. Holland be present at the December 11th meeting.

Action: Ms. Miller made a motion to approve the Regular Degree-Granting License renewal for AIMS with the stipulations that the \$15,000 Surety bond be maintained and to continue quarterly reporting. Mr. Pistillo seconded the motion and the motion carried.

IV. Review of Quarterly Reports

- A. Arizona Automotive Institute** – Represented by Art Rodriguez, ATI VP Compliance; Brett Idaspe, AAI Dean of Education; Michael Zawisky, Chief Compliance Officer; Michael Gries, ATI President (by phone) and Bill McManus, ATI CFO (by phone)

The Finance Committee reviewed the Placement and Retention and Mr. Zawisky explained the reporting periods. Mr. Pistillo requested that future reports be based upon a current time period that corresponds with the AZ quarterly reporting periods. The school agreed.

Mr. Gries explained the email he sent to Ms. Stanfill regarding the Department of Justice press release that states the Department of Justice was joining the Department of Education law suit filed by against former ATI employees. The lawsuit dates back to 2009 under the prior management, who are now gone. Mr. Gries explained in that ATI had been precluded by court order to notify any regulatory agencies regarding this lawsuit. Mr. Gries also explained the history regarding the previous settlement negotiations and that the discussions had to be deferred due to the ACCSC Probation which resulted in the Department of Education placing ATI on HCM2j. These issues needed to be resolved before settlement negotiations could continue. Mr. Gries stated the settlement negotiations have resumed and expects an agreement in the fourth quarter of 2012. Mr. Gries also explained this “dovetails” with the re-structuring that is currently taking place, to include additional investors. In response to Mr. Walser’s question on the expected amount of settlement, Mr. Gries responded with an estimate.

- B. Chandler University** – Represented by Steve Cooper

Mr. Cooper stated that Chandler currently has 3 students; in Q3 \$25,000 cash was provided by investors and a current cash balance of \$40,000. Mr. Cooper stated that Chandler was on track with the accreditation process with DETC. Mr. Cooper also stated he has invested \$250,000.

Mr. Walser questioned the \$7000 in payroll expenses. Mr. Cooper stated he believed that may be incorrect and will get the explanation to Ms. Stanfill.


- C. Frank Lloyd Wright School of Architecture** – Represented by Lisa Murphy and Victor Sidy, by phone

Mr. Walser stated he has reviewed the quarterly reports and states he believes it is appropriate to lower the bond from \$45,000 to \$15,000. The Committee also discussed that quarterly reporting would no longer be required.

Action: Ms. Miller made a motion to reduce the Surety Bond from \$45,000 to \$15,000 and that quarterly reporting was no longer required. Mr. Pistillo seconded the motion and the motion carried.

- V. ADJOURNMENT:** The meeting adjourned at 10:40 a.m.

The September 27, 2012 Finance Committee Minutes were approved at the December 11, 2012 meeting.


Teri Stanfill, Executive Director