

ARIZONA STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION
1400 West Washington St., Conference Room B1
Phoenix, AZ 85007

FINANCE COMMITTEE MEETING MINUTES

March 22, 2012

Members Present: David Walser, Acting Chair
Jason Pistillo

Also Present: Teri Stanfill, Executive Director
Cassandra Pinon

I. CALL TO ORDER – 10:00 A.M.

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

II. MINUTES:

Due to a lack of quorum, no action was taken on the December 13, 2011 Finance Committee Minutes.

III. DISCUSSION AND ACTION ON FINANCIAL STATUS AND LICENSE RENEWALS:

A. Chandler University: Represented by Steve Cooper

Mr. Walser requested Mr. Cooper to provide an update on the status of the institution.

The Committee carefully reviewed all of the financial information submitted by Chandler University. The members expressed concerns regarding the classification of expenses. Mr. Pistillo expressed his many concerns, including how Chandler University was funded.

Ms. Stanfill explained that the renewal would be considered by the full Board at its meeting on April 26, 2012.

Action: After discussion, Mr. Pistillo made the motion that Chandler University provided the following additional information for the Board's review:

1. Two-year consolidated statements (all entities delineated): income/expense, balance sheet and cash flows.
2. Documents verifying "sources of funds".

Further, the Committee would recommend that quarterly reporting be continued.
Mr. Walser seconded the motion. **Motion carried.**

- B. **Frank Lloyd Wright School of Architecture:** Due to telephone issues, no one was available to represent the institution.

The Committee discussed the financial relationship between the Foundation and the school.

Ms. Stanfill stated that the institution is waiting on the HLC Report from the December 2011 site visit and should be available shortly.

After discussion, the Committee determined to defer any action until the HLC Report was received. Upon receipt of the HLC report, Ms. Stanfill will forward the Report to the Committee's review and a determination on the License Renewal will be determined if Staff is to issue the renewal.

- IV. **Everest College:** Represented by Steve Corrozi, CEO of Corinthian Colleges and Todd McDonald, Everest College Phoenix Campus President

Mr. Pistillo acknowledged the thoroughness of the report. Mr. Corrozi explained that Retention and Placement Rates have increased.

At staff's request, the Committee discussed the submission on reports for either the Finance Committee's review or the Board's review. After discussion, the Committee determined the following:

1. As directed by Board, continue to provide a copy of the quarterly reports to HLC;
2. Provide to the Board a summary of the HLC reports and include Placement Rates.
3. The summary report will be provided to the board as a part of the Executive Director's Report.

Mr. McDonald agreed to the Committee's requests.

V. **REVIEW OF QUARTERLY REPORTS**

- A. **Arizona Automotive Institute:** Represented by Michael Gries, Interim ATI President/CEO; Dennis Del Valle, AAI Campus President and Brett Idaspe, Director of Education

As determined by the Board at its meeting on January 26, 2012, the Board entered into a "Letter of Understanding" in regards to Complaint #12-NS003 that required AAI to submit to quarterly reporting. In addition, the Board requested the Finance Committee review the financial reports submitted by AAI to determine if a surety bond was required.

The Committee discussed at length the current status of AAI and ATI, the parent company of AAI. Mr. Del Valley stated that AAI was financially sound. Mr. Gries explained the financial structure between AAI and ATI and the Letter of Credits with the Department of Education. Mr. Walser expressed his concern that the AAI assets could be subject to the creditors of ATI. Mr. Pistillo explained that the surety bond for AAI was necessary to protect the Arizona students. Mr. Del Valle stated that AAI was financially sound and expressed his concern with the posting of a bond.

After discussion, Mr. Pistillo made the motion that AAI provide the following additional information for review by the Committee at its June 28, 2012 meeting:

1. Balance sheet for AAI;

2. Clarification if the Arizona assets could be subject to ATI creditors;
3. Post a bond in the amount of \$100,000.

Mr. Walser seconded the motion. **Motion carried.**

B. Asian Institute of Medical Studies: Represented by Alex Holland

Mr. Holland provide a brief update on the institution. Mr. Holland stated he is please with the financial progress the institution has made. Mr. Holland also stated there is a potential buyer in China.

The Committee determined quarterly reporting be continued.

C. International Sommelier Guild: Because of the conference phone number problem, no one was present to represent the institution.

The Committee noted that the institution does not have any students at this time; but expected to enroll students in September.

The Committee determined quarterly reporting be continued.

D. Medline School of Medical Transcription: Represented by Lisa Thompson and Maggie Theubeault

After review of the financial information, the Committee determined quarterly reporting be continued.

E. TechSkills, Phoenix and Mesa Campus: Represented by Jason Mahoney and Amanda Gallup

Mr. Mahoney gave a brief update on the status of the Arizona institutions. Mr. Mahoney stated TechSkills' institution are either in Teach-out or being sold. Mr. Mahoney explained that the AZ locations ceased enrolling in January and believes the Arizona locations may be sold in the near future.

The Committee determined that the Surety bond be maintained and that quarterly reporting be continued.

VI. **ADJOURNMENT:** The meeting adjourned at 12:10 P.M.

The March 22, 2012 Minutes were approved at the June 26, 2012 meeting.


Teri Stanfill, Executive Director