

OAK KNOLL KINDERHAUS MONTESSORI
BOARD MEETING MINUTES
SEPTEMBER 30, 2001

Location: 1200 N. Lake Avenue, Pasadena, CA 91104

Meeting called to order at 1:30 p.m.

In attendance:

C. Alvarez, J. Barrone, J. Barrone, D. Chambless, E. Dimopoulos, M. Regalado,
M. Regalado, J. Spaulding

AGENDA:

1. Minutes from prior meeting read and approved
2. Financial report: (Claudia Alvarez)
As of June 30, 2001 the income statement currently shows a loss of approximately \$12,000. However, this is only a preliminary draft and the expenses are likely overstated, as there are several payments made for improvements that are in repairs/maintenance. Claudia will continue to analyze and update the books so that a more accurate picture can be presented to the Board. As of September 20th, the cash balance appears ok. It was agreed that at each Board meeting, a set of financial statements should be presented.

3. Executive Director report: (Elisabeth Dimopoulos)
Playground grant:

We have asked for a \$10,000 grant from Weingart Foundation. The request was put on President and Chairman's desk on September 28th.

Joe Lumarda is to send a letter to the Grant Association.

Abu Khan is an architect and is willing to draw out plans for us gratis. It was suggested that we view Aria Montessori's play area for ideas.

Licensing for Claremont House:

On September 21st, the inspector came and reviewed the Claremont House. There is a list of items that needs to be finished, but the most pressing issues are the following:

- Need to secure the storage area
- A walkway needs to be made between the two buildings that is safe
- Screens on windows need to be functional

Licensing appears to be approved for 23.8 children.

Parent Educational:

Aliete Guerrero will speak at the first parent educational of the year. Subject will be "The Classroom". Need to create a phone tree for calling parents to ensure good turnout for this event.

4. Committee report: Campus development (Dorothy Chambless)
There are many items to complete before opening Claremont House. Jan Thorslund (sp?) volunteered spouse to finish work. Possible grand opening date is November 3rd.
5. Committee report: Communications (Jonathan Spaulding)
Jonathan will create a list of people to send mailers. Dorothy gave him a memo listing events that need to be publicized. Newsletter is scheduled for distribution in November.
6. Committee report: Committee job descriptions (John Barrone)
A listing of committee job descriptions should be in board members' e-mails from John this week.
7. Flintridge Foundation Consultant report: (Dorothy Chambless)
Per Terabu, re: liability issues of Board members, the exposure is minimal. See Board Member Memo dated 9/30/01 from Dorothy Chambless. There is currently a loan out from Pasadena Development Committee for \$25,000, of which there is a balance remaining due of approximately \$20,000. All payments have been made according to schedule. A copy of said memo should be attached to minutes.

Re: financial issues, City requirements delayed the opening of Claremont House and destroyed budget originally anticipated for renovations. Focus needs to be made on enrollment. It is estimated that about five children should enroll per month in order to break even.

Dorothy Chambless passed out Case Statement (copy attached). Per Elisabeth Dimopoulos, it is similar to the language in our grant proposals. Project Planning Form was also passed out (copy attached).

8. New Board Member recruitment:
John Barrone: local realtor
Elisabeth Dimopoulos is to develop a list of needs for potential members (i.e. accountants, etc.)
9. New Business:
Dorothy Chambless passed out draft Board paperwork. She suggested that all questions be directed to her. It was also suggested by John Barrone that all potential changes to the By-Laws, etc. suggested by the Board be discussed with Terabu.

Motion was made by Dorothy Chambless to table any discussion on the above new business until all Board Members have reviewed the materials received.
(Second - Claudia Alvarez)

Motion was made by Dorothy Chambless to table any discussion of the following issues (Second – John Barrone):

- Kerr resignation, etc. until after the mediation with Terabu
- Importance of informed Board Members
- Construction invoice and tuition conversion
- Board Members contracted to work on school projects

10. The following new business motions were made by Dorothy Chambless:
 - Licensing information to be copied and distributed to Board Members
(Second – Claudia Alvarez)
 - Written history of relocation to current school site and financial situation (Second – John Barrone)
 - Profile of Terabu (Second – John Barrone)
 - John Barrone to look into status of sign by Terry Eagen (Second – Claudia Alvarez)
 - John Barrone made motion to ask Jonathan Spaulding to include newsletter announcements re: parking, being more aware and careful of plants in front of school, etc. (Second – Claudia Alvarez)
11. Next meeting was tabled until Terabu is able to have mediation.
12. Board Members signed resolution authorizing Elisabeth Dimopoulos and Dorothy Chambless to prepare/sign documentation concerning the State of California.
13. Motion to adjourn was made by John Barrone at 3:15 p.m. (Second – Joyce Barrone). Meeting was adjourned.

Board Member Memo

Re: Liability issue

September 30, 2001

Running a Board properly takes leadership and knowledge of which I had neither when the Board of Oak Knoll Montessori Kinderhaus was formed. When our School first started it was a sole proprietorship. It was then a for-profit corporation with an inactive Board and finally a non-profit entity with a working Board.

All of this took time and a lot of hard work. Mistakes are made from ignorance, and we made many. We were fortunate enough to be invited to be part of a Non-Profit leadership program which gave us the ability to confidently look at where we were and where we are presently, and where we were going and how we could get there.

We are presently in an active growth mode. We are also in a crises mode in many areas of our Organization because of that growth. I am asking Board Members to examine all the documents I have given them, write up any and all question that are in question and be ready to make our next meeting one in which we can clarify any doubts or questions which are of concern. If you find meeting on a one to one basis is best before our next Board meeting, I would be open to that as well.

At this point I would like to discuss the issue of Board Liability. I have been assured that because Elisabeth and I have signed the following documents as individuals that the Corporation has very little debt. For instance:

\$25,000. was borrowed in December 2000 by Elisabeth Dimopoulos with her house as collateral.

\$13,000 has been charged on a Visa card that is under the sole proprietor of Dorothy Chambless DBA Oak Knoll Montessori Kinderhaus.

\$ 5,000 has been loan by John Chambless in September.

\$3,800 per month rent has been signed for by Elisabeth Dimopoulos and Dorothy Chambless for a period of three years.

The scattered monthly bills are approximately \$2,000.00 which is what the Board is Liable for.

A Board member has suggested Board members entertain the idea of protecting themselves from legal liability by either helping to pay for liability insurance or by paying for it individually, which would be one of the responsibilities of the Board members.

FACILITY EVALUATION REPORT

FACILITY NAME:	OAK KNOLL KINDERHAUS, INC	FACILITY NUMBER:	198006504
DIRECTOR:	CHAMBLESS D & DIMOPOULOS E	FACILITY TYPE:	850
ADDRESS:	1200 N. LAKE AVENUE	TELEPHONE:	6263450595
CITY:	PASADENA	STATE: CA	ZIP CODE: 91104
CAPACITY:	40	CENSUS: 20	DATE: 09/21/2001
TYPE OF VISIT:	Prelicensing	ANNOUNCED	TIME BEGAN: 09:30 AM
MET WITH:			TIME COMPLETED: 01:00 PM

DEFICIENCY INFORMATION FOR THIS PAGE:

No Deficiency Cited

CIVIL PENALTY INFORMATION:

Penalty Notice Given

COMMENTS/DEFICIENCIES

- 1 A prelicensing visit was conducted today for an increase of capacity. This analyst meet with Directors
- 2 Elisabeth Dimopoulos and Dorothy Chambless. The applicant is a non profit organization, Oak Knoll
- 3 Kinderhaus, Inc. This name and change will be reflected on new license. The applicant has a building that is
- 4 being leased under same owner at 1212 N. Lake Ave. This building was not ready for licensure when this
- 5 applicant originally was licensed on 3/5/01.
- 6 Currently, this applicant has a license for 30 preschool children and 10 infant/toddler children, a total of 40.
- 7 This applicant is only asking for an increase of their preschool program for additional 25 children in the new
- 8 building. Management will have to approve the new license with a new address of 1200-1212 N. Lake Ave.,
- 9 to remain under the current facility number.
- 10 The following measurements are: Indoor Space for new building is 899.53 sq. ft. allows for 25 children.
- 11 The outdoor space measures at 3644.22 sq. ft. allowing for 48 children.
- 12 The new building has 3 sinks and 2 toilets allowing for an additional 30 children.
- 13 Fire Clearance has already been granted for 56 children.
- 14
- 15 The following items are needed before licensure can be granted for the increase.
- 16 - Board Resolution for Elisabeth Dimopoulos.
- 17 - A Waiver for the outdoor play space for the additional 8 children w/ a staggered time schedule for playtimes
- 18 - Entrance way of new building, top of stairs needs a gate, applicant is pouring concrete on walkway,
- 19 - 2 secured panels or fencing is needed outside by front entrance.
- 20 - A wall is needed to separate the storage room from the children's main room.
- 21 - Rugs need to be shampooed.
- 22 - Window screens need to be installed, and all furnishings installed. Licensee needs to call this analyst when
- 23 all items have be corrected and installed for final inspection. An exit interview was conducted.

Failure to correct the cited deficiency(ies), on or before the Plan of Correction (POC) due date, may result in a civil penalty assessment.

SUPERVISOR'S NAME: Miguel Villegas

TELEPHONE: (323) 981-3350

LICENSING EVALUATOR NAME: Robert Sanchez

TELEPHONE: (323) 981-3350

LICENSING EVALUATOR SIGNATURE: *Robert Sanchez*

DATE: 09/21/2001

I acknowledge receipt of this form and understand my licensing appeal rights as explained and received.

FACILITY REPRESENTATIVE SIGNATURE: *Elisabeth Duplo*

DATE: 09/21/2001

Subj:	Case Statement
Date:	9/18/01 8:07:32 PM Eastern Daylight Time
From:	<i>tbu@anet.net (Tarabu Betserei Kirkland)</i>
To:	<i>mejiacham@aol.com (Dorothy Chambliss)</i>
File:	CaseStatement (23040 bytes) DL Time (57600 bps): < 1 minute

Dorothy I have attached a draft of a case statement that I have developed from our conversation today and also included it in the body of this message in case you have difficulty opening it. We will need to develop an impact statement for each contributor, in other words, how their contribution will be deployed. I have included some examples. I think the argument looks pretty good on paper and we will refine it where necessary.

I plugged in the figures into excel when I got back to my office and realized I had no income listed for September. Also the accumulated surplus/deficit is larger than I anticipated. We need to spend some more time in the next week refining these projections.

Case Statement

→ Oak Knoll Kinderhaus has embarked on an exciting and challenging new period in our history. In January 2001, Oak Knoll Kinderhaus moved to its present location at 1200 N. Lake Ave. in Pasadena. Our new location will afford us the opportunity to expand our enrollment base to 65 students (almost double the capacity of our previous location) once our capital improvements are completed.

→ To date we have invested over \$30,000 in the renovation of the two buildings we now occupy and remain less than \$5,000 shy of completing this extraordinary effort.

→ With growth however comes challenges and opportunities and we are confidently approaching both with the understanding that our service of providing the highest quality learning environment for children is a sacred commitment to our society and immediate community.

→ Due to the demands of the renovation effort, including unexpected building code regulations with which we were forced to comply and their related costs, we have been unable to accommodate new enrollment nor pursue our traditional strategies to generate enrollment for our fall period.

→ Now that the completion of the building renovations are less than a month away, we are seeking transitional funding with a small portion earmarked for completion of our capital

improvements.

✓ → Experience has shown that regular placement of advertisements in parent publications and aggressive, targeted marketing of our new site will generate the enrollment enabling realization of our goal to operate our facility at its capacity within six months.

✓ → The completion of the building renovations are key to attracting parents and families from our immediate community and beyond. We will augment the advertisements with public presentations including our open house in November and distribution of outreach materials to neighborhood schools, civic groups, childcare networks, and real estate associations.

→ Other examples of community support for Oak Knoll include: Wells Fargo Foundation earlier this year and a recent invitation to apply for funding from the Weingart Foundation. We are also participating in the Flintridge Foundation Non-Profit Leadership program which has provided us with a consultant for the next eight months to develop a diversified fundraising plan.

→ Your gift of \$xx,xxx for xxxxxxx, at this time will result in (we have to include an impact statement here for each contributor. I.e for the grandmother it may be the placement of the advertisements for six months, for John's father it would probably be the completion of the capital improvements, staff support, outreach materials). We'll discuss this latter.

◁

call John - what came up w/

refer to also -

*Shahana - listing of non profit orgs.
has worked in corp, etc - written
press releases,*

**Flintridge Foundation
NONPROFIT LEADERSHIP PROGRAM
Consultancy Project Planning Form**

Organization: **Oak Knoll Kinderhaus Montessori School**
 Lead Consultant: **Tarabu Betserai Kirkland**
 Date of initial meeting: **September 7, 2001**
 Staff contact (name and title): **Elizabeth Dimopulous, Executive Director**
 Board Contact (name and title): **Dorothy Mejia Chambless, President**

OVERALL DESCRIPTION OF THE INDIVIDUALIZED CONSULTING PROJECT:

This project will focus on building the capacity of staff leadership and the Board in resource planning and development. The consultant will work closely with staff leadership and the Board to develop and implement an aggressive plan to raise contributed income, increase student enrollment and raise the profile of the organization in the community. This will also involve mobilizing the board and parent base to actively participate in these efforts.

SPECIFIC OBJECTIVES OF THE PROJECT:

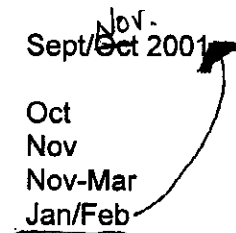
- 1) Engage the Board and parents in a unified effort to stabilize the finances of the school and build the sustainability of Oak Knoll.
- 2) Diversify sources of contributed income.
- 3) Increase enrollment and tuition income.
- 4) Develop a cash reserve.

ANTICIPATED OUTCOMES OR DELIVERABLES:

- 1 Creation of a fundraising plan and template.
- 2 Trained and mobilized volunteer fundraisers and supporters (Board and parents).
- 3 Contributed income from a variety of sources including individuals, corporations and local businesses, and foundations.
- 4 Increased enrollment and tuition income.
- 5 Relief from current cash flow vagaries and initiation of cash reserve.

TIMELINE OF ACTIVITIES, INCLUDING BENCHMARKS:

Fund development planning, research and prospect identification
 Develop fundraising materials and train solicitors
 Begin solicitations
 Monitor and follow up on fundraising requests
 Implement outreach/promotional activities to support increased enrollment



METHODS USED TO ACHIEVE THESE OBJECTIVES:

<u>Consultant Activities</u>	<u>Estimated Hours Per Task</u>
Prepare for and facilitate fund development and outreach/promotions planning meetings (2)	6 hrs

September 26th 2001

Dorothy Chambless
President, Board of Directors
& Board of Directors
Oak Knoll Kinderhaus Montessori School
1200 North Lake Avenue
Pasadena, California 91104

Dear Ms. Chambless and Fellow Board Members,

It is with great sadness and a profound sense of personal loss that I tender my resignation, effective immediately, from the board of Oak Knoll Kinderhaus Montessori School.

As most of you know, I have been a devoted champion of our schools' cause and have worked long and hard to help build and support the school in every possible way. However, certain events over the last several weeks along with the realization of personal liability associated with the board; coupled with conflicts of interest, have seriously caused me to question my ability to support the school as an active board member and have left me no alternative but to resign.

I do this without any personal malice nor ill will toward any board member or the school and still hold out the highest hope for the schools' continuing success.

For the record, when I was asked to join the board, it was never explained in any way the duties, liabilities and potential personal risk associated with being a board member.

In explaining my decision to leave, I would like the board to understand that fundamentally, my confidence in the leadership and business dealings of the school has been severely tarnished and I no longer wish to associate myself with the liability and potential risk of executive member decisions.

As a most recent example and one that propelled me to reconsider my affiliations, I would like to inform the board of what I consider to be a very disturbing matter concerning a donation made by Jonathon Spaulding. Mr. Spaulding's financial donation was personally solicited by me at the parents meeting Monday Sept. 17th, at the urgent request of several executive members, and was to be used explicitly for payment of a painter hired to help finish the painting of Claremont House.

Department of Social Services was scheduled for an inspection of the Claremont site that upcoming Friday. The school had absolutely no funds available to pay any additional help, therefore, parent donations were desperately needed to help pay for the completion of interior painting before the Friday, Sept. 21st deadline.

Upon receipt of Mr. Spaulding's donation check by the school on Tuesday September 18th, I was informed by the school that they would be unable to cash the check due to lack of funds in the school's account. It was then suggested that the check would be returned to the Spaulding's and a request for a cash donation would be made instead. At this point, the painter was told to continue working because the funds would be available to pay him.

Approximately 2 days later (Thursday September 20th) when I asked about the status of the funds in order to pay the help, I was informed that the check was deposited into the school's bank account to help cover a non-related overdraft and that there would be no funds available. Unfortunately, the painter had already worked and was now owed the money which the school no longer had. This action by the school compromised my integrity with the painter, with Mr. Spaulding whom I had solicited the funds and legally could possibly be considered fraud due to the diversion of funds for other uses.

Later that same day, I was approached by an executive member of the board who informed me that an unnamed benefactor would now provide the necessary funds to pay the painter his wages. However, an ultimatum was attached that again compromised my integrity and had serious consequences to the painter should I not oblige.

Eric C. Kay

Director / Cinematographer / Artist

1935 Casa Grande Street • Pasadena, California 91104 • Tele. #(626) 398-0653
Studio # 626-398-1039
e-mail: aak@earthlink.net

Needless to say, this sort of heavy handed business tactic does not sit well with me and helped play an instrumental role in leading me to my current position of disassociating myself from the schools' business dealings and concurrently, my board membership. Considering that I had been working for the school for 4 weeks without pay up to that point, the schools' actions toward me were nothing short of insulting, regardless of their rationale..


As an example of questionable business decisions by the executive director and executive board members, using Mr. Spaulding's funds to pay non-related expenses, the school (and consequently the board) could potentially open itself up to serious legal trouble should action be brought against it. Being that Mr. Spaulding's donation was for a small amount and most likely would never lead to a suit against the school and board, the very nature of the act and the willingness to do whatever it takes no matter if it means breaking the rules or laws speaks to a larger concern.

For the record, I was asked by the school to perform the renovation of the campus. I did not solicit the work, only offering my skill and knowledge of renovations if needed. My compensation for the Claremont House renovation was agreed at a modest \$250 per day. No exact timetables were given, only rough estimates due to the nature of these types of projects. At every stage of the renovation, the school was aware of the progress and any new situations that arose concerning the condition of the building. Several times during the renovation, I had suggested to the school that they were free to hire someone else to finish the job if things were not to their liking but they would not even entertain the idea.

I have invoiced the school for the unpaid portions of the last 4 weeks (August 27th through September 20th). I also want to be clear that I had full knowledge that the school had run out of funds to continue paying me on August 26th, 2001. I agreed to continue working without cash payments under an agreement by the executive director for full tuition credit for my son Alexander for the balance of money owed, unless funds became available, in which case I would be paid.

Also, for the record, I would like to make clear to the board that I have had absolutely no participation whatsoever in any board decisions regarding financial matters or collection matters, past or present, now being undertaken by the school.

Respectfully,

A handwritten signature in black ink, appearing to be "Eric C. Kay", written over a horizontal line.

Eric C. Kay

Eric C. Kay

Director / Cinematographer / Artist

1935 Casa Grande Street • Pasadena, California 91104 • Tele. #(626) 398-0653

Studio # 626-398-1039

e-mail: aack@earthlink.net

Amy Feicht-Kay
1935 Casa Grande Street
Pasadena, CA 91104

Dorothy Chambless and
Board of Oak Knoll Kinderhouse Montessori

September 30, 2001


Dear Ms. Chambless and board members of Oak Knoll Kinderhouse Montessori:

It is with sadness that I am submitting my letter of resignation from the board effective immediately. I no longer have the time, energy or commitment it takes to be an effective board member. I must give my energies at this time to my job and my family.

In addition, I am resigning because I do not feel that the board is operating in a manner which adequately shields its members from liability from lawsuits and potential governmental actions. I can not put myself, my family or my membership in the California State bar on such unsteady ground. I have researched the liability issues and strongly urge every other board member to do the same as it is the obligation of all members to know the risk factors and how to protect against them. I can not give the board legal counseling in this area. As I have stated time and again, I can not give any legal advice to the board and none of my decisions as a board member contained legal advice. Furthermore, I never participated in any financial decision made concerning collecting past dues or monies owed by anyone. In particular, I never approved requesting any payments [REDACTED]

Finally, I can no longer serve on the board due to a conflict of interest that has arisen. I can no longer fully support the school as a result of how my spouse was treated and how executive members improperly conducted business concerning Claremont House.

Respectfully,


Amy Feicht-Kay

September 30, 2001

Tracy Kerr
Board Secretary
593 N. Garfield Ave. #4
Pasadena, CA 91101
626.792.5235
zorobiki@yahoo.com

Dorothy Chambles
Board President
Oak Knoll Kinderhaus Montessori

Dorothy and fellow board members :

It is with great disappointment that I must tender my resignation from the Oak Knoll Montessori Board of Directors. So that there can be no questions or speculations, I want to be clear in explaining my reasons for leaving the Board.

For the past few weeks I have been conducting research into the possible liabilities that a member of the Board of Directors in a non-profit school such as ours might face in the event of legal action taken against the school. It has become clear to me that in the event someone did decide bring legal action against the school, for any reason, all the board members could become potential targets of litigation resulting in serious financial loss.

In addition, at this time the school cannot afford nor does it have Director and Operator insurance. This insurance is designed to protect directors from major financial losses due to litigation. Unfortunately, even if Oak Knoll had this insurance, the nature of the coverage is such that a board member would be required to cover all personal legal fees. Only after all legal proceedings concluded would the board member be able to apply to the insurance agency to recover fees.

If Oak Knoll Montessori was at the point where the schools' duties, policies, and ethics were understood and implemented by both the board and the executive director of the school, then perhaps I would not feel the concern for my own legal standing as strongly as I do. Know that if someone was to pursue legal action against the school today all board members would be liable; even new members that have no knowledge of past decisions. This is because the law expects new members to read past minutes and then make it known at a board meeting if there is anything in the past that they disagree with.

Board members are also held accountable when executive directors make decisions that the board does not have any knowledge of. The board is responsible for implementing reasonable measures to monitor administrative activities of the executive director. If, in a trial, it is decided that the Board of Directors failed to implement such policies, the board is considered as having not acted in good faith.

California law requires that volunteer board members should be protected from liability if they act in good faith. This means that the board member does what a normal person would do

in making business decisions. A board member is not liable for a bad business decision made without the intent of fraud

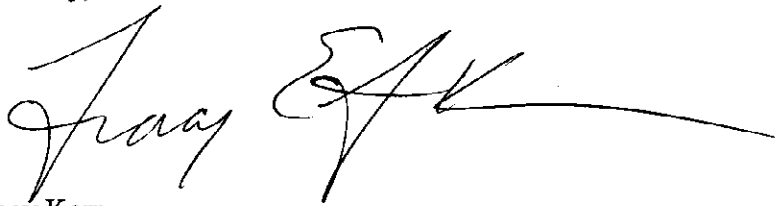
My concern is that at this time some decisions that are being made by the executive director, which are legally considered decisions supported by the board, are not being made without intentional fraud.

For example: The Department of Social Services(DSS) has been told that a room in Claremont house is going to be a "music room" instead of explaining the intention for that room to be the administrator's office. DSS has certified the building for a larger number of children than the building is allowed to have by law. Regardless of how unreasonable we may think that law to be, in the event that a parent tried to sue Oak Knoll, this deception would in all likelihood cause serious problems in any defense that the school or a board member might raise.

I have included in this resignation additional research done on board liability. I hope that this will help other board members to make an informed choice on how comfortable they are with their own liability.

In the interest of protecting myself and my family's assets I wish to enter into record that at no time was I consulted or asked to make decisions as a board member on financial matters of Oak Knoll Kinderhaus Montessori.

Sincerely,

A handwritten signature in black ink, appearing to read "Tracy Kerr", with a long horizontal flourish extending to the right.

Tracy Kerr

I understand that the Room certification with DSS is going to be changed.

However—because this was done in the first place I can still not agree with how this situation was dealt with. It bespeaks to me a greater pattern of the behavior of the executive director

Oak Knoll Kinderhaus Board Resolution: Authorization to act on behalf of board in all matters pertaining to licensing with the state of California

Whereas, Oak Knoll Kinderhaus School is licensed in the State of California, and wishes to keep its license in good standing with the state,

Whereas, Oak Knoll Kinderhaus has, as a licensed child care center, ongoing contact with Community Care Licensing of the State of California, and

Whereas, Oak Knoll Kinderhaus Board of Directors must have a staff member who are knowledgeable in the operations of the school, who acts on its behalf in licensing matters;

Therefore, be it resolved that the Board of Oak Knoll Kinderhaus authorizes Elisabeth Dimopoulos, and/or Dorothy Chambless to prepare all documents and carry out all procedures necessary to keep its license in good standing with the State of California.

Signed this day, September 30, 2001

Dorothy Chambless Dorothy Chambless, President

John Barrone John Barrone, Vice President

Claudia Alvarez Claudia Alvarez, Treasurer

Joyce Barrone Joyce Barrone, Board Member

Martin Regalado Martin Regalado, Board Member

Maryrose Regalado Maryrose Regalado, Board Member

Jonathan Spaulding Jonathan Spaulding, Board Member