

REFERENCE: APPROVED MINUTES – January 20, 2006 Public Charter School Commission Meeting

**PUBLIC CHARTER SCHOOL COMMISSION MEETING
FRIDAY, JANUARY 20, 2006
LEN B. JORDAN BUILDING, ROOM 307
650 WEST STATE STREET
BOISE, ID**

A special telephone conference call meeting of the Idaho Public Charter School Commission was held on Friday, January 20, 2006. Chairman Jim Hammond presided. The following members were present:

Kirk Miller	Esther Van Wart	Ann Souza
Marianne Donnelly	Paul Powell	Bill Goesling

No Commissioners were absent.

Chairman Hammond called the meeting to order at 9:10 a.m.

1. Falcon Ridge Public Charter School

Karen Echeverria, Commission Staff, stated that the issue for discussion was whether Falcon Ridge Public Charter School has violated its charter or any Idaho statute through financial mismanagement. She also noted that no members of the Falcon Ridge board would be attending the meeting.

Commissioner Miller noted that the most recent documents submitted by Falcon Ridge were budgets, not actuals.

Chairman Hammond expressed alarm that no one from Falcon Ridge was available to meet and that, despite numerous promises, no new information had been provided nor loan commitments finalized.

Commissioner Powell stated that per the budget projection submitted by Falcon Ridge, his assessment is that unless Falcon Ridge is able to close the personal loan from Mr. Barnes in January and the Van Alfen development lease in February, the school will become insolvent in January or February, respectively.

Gerald Chouinard, Falcon Ridge administrator, joined the meeting by phone. He stated that Commission staff would be receiving two faxes, one during the meeting and the other later in the day, including commitment letters from both potential lenders.

Commissioner Goesling noted that the projected budget did not include information from Falcon Ridge's new contractor.

Mr. Chouinard stated that the school was unable to provide actual numbers and reiterated that they are putting in great effort to get investors involved. He expressed frustration over the number of problems addressed by the Commission.

Commissioner Hammond asked why no Falcon Ridge board members were present at the meeting.

Mr. Chouinard cited short notice and said he did not know the specific reasons the board was not present. He said that he himself had not planned to be in attendance, as his board of directors had asked him to remain at the school, and that he would need to leave the meeting shortly because he was expected in a classroom.

Commissioner Van Wart stated that many of the Commissioners have been school administrators and/or board members, and they have met their responsibility to be present at the meeting to assist Falcon Ridge. She agreed that real numbers in the budget would be helpful.

Ms. Echeverria read aloud a fax received from potential lender Bob Barnes during the meeting. The letter stated that Mr. Barnes was satisfied the school is well run by quality staff, but he still needed assurance of a reasonable guarantee that the State of Idaho would continue in good faith to stand with the school rather than revoking its charter.

M/S (Goesling/Donnelly): To direct Commission staff to issue a written notice of defect to Falcon Ridge Public Charter School.

Chairman Hammond invited discussion on the motion.

Commissioner Powell expressed doubt that Falcon Ridge's situation fits into any of the five items allowed for pursuing the revocation process. He said most charters' actuals are different from their submitted budgets, and that the current situation is not so much the result of poor accounting procedures such as would fail an audit as it is the result of poor decisions made by management.

Chairman Hammond requested comment from Jennifer Swartz, Commission council.

Ms. Swartz verified that pursuant §33-5209 (2)(c) a charter school may be given a written notice of defect for failure to meet generally accepted accounting standards of fiscal management. She stated that it is for the Commission to decide whether or not Falcon Ridge's decisions and actions constitute failure to meet generally accepted accounting standards.

Commissioner Powell expressed uncertainty whether Falcon Ridge has failed to meet generally accepted accounting standards of fiscal management. However, he said that even if Commission staff were to send a letter as described by the motion, Falcon Ridge would still be bankrupt in a short period if unable to finalize the loans. He said that

initiating revocation would scare potential investors and remove all hope for the school.

Commissioner Miller agreed that the school may not have filed to meet generally accepted accounting standards, but said this was difficult to determine due to the school's failure to provide budget actuals as requested by the Commission at an earlier meeting.

Commissioner Souza noted that if the Commission does not begin revocation proceedings and the loan agreements are finalized, the investors will lose money as a result.

Commissioner Powell said he also wanted to send a strong message but continued to question whether starting the revocation process was the best course of action.

Ms. Swartz stated, with respect to Commissioner Miller's statement regarding budget actuals, that per §33-5209(2)(d), written notice of defect may be issued if a charter school fails to submit required reports to its authorized chartering entity. She said the Commission could formally request documents and give Falcon Ridge opportunity to produce them within a specific time frame.

Commissioner Goesling said he felt the Commission had no choice but to issue notice of defect, and the potential investors could choose whether or not to take the risk.

Commissioner Hammond asked how many students are currently enrolled at Falcon Ridge.

Mr. Chouinard said there are 275 students enrolled.

Substitute M/S (Powell/Miller): To direct staff to send a strongly worded letter to Falcon Ridge requesting specific reports, then take up the issue of revocation at the February 15th Commission meeting. *Motion passed 4-3, with Commissioners Goesling, Souza, and Donnelly voting nay.*

Commissioner Goesling clarified that Falcon Ridge should provide its actual budget to date, as well as commitment letters or signed loan documents from both lenders, and that the school's board members should be present at the next meeting.

Commissioner Miller said he would like to receive all available actuals and Falcon Ridge's most recent balance sheets immediately.

Mr. Chouinard agreed to provide this information by mid-week, referring to the week beginning January 22, 2006.

Commissioner Powell said the Commission would like to receive the same monthly financial report that Falcon Ridge submits to its school board.

Mr. Chouinard agreed to fax the most recent monthly report on the afternoon of the meeting (January 20, 2006.)

Ms. Echeverria informed Mr. Chouinard that materials for the next Commission meeting would be mailed to Commissioners on February 8, 2006, and that all documentation should be submitted to Commission staff prior to that date to allow time for staff review before mailing.

Commissioner Miller reiterated the importance of Falcon Ridge's board attending the next Commission meeting.

Chairman Hammond adjourned the meeting at 10:00 a.m.