

REFERENCE: APPROVED MINUTES – August 3, 2006 Public Charter School Commission Meeting

**PUBLIC CHARTER SCHOOL COMMISSION MEETING
THURSDAY, AUGUST 3, 2006
LEN B. JORDAN BUILDING, ROOM 307
650 WEST STATE STREET
BOISE, IDAHO**

A telephone conference meeting of the Idaho Public Charter School Commission was held on Thursday, August 3, 2006 at the Len B. Jordan Building, Room 307, at 650 West State Street, Boise, Idaho. Chairman Hammond presided. The following members were present:

Joe deVera	Bill Goesling	Alan Reed
Ann Souza	Esther Van Wart	

Chairman Hammond called the meeting to order at 9:02 a.m.

1. Commission Work

M/S (Souza/Reed): To adopt the agenda as amended. *The motion carried unanimously.*

The Commission considered a date and time for the next regularly scheduled meeting.

M/S (Souza/Reed): To set October 5, 2006 in Boise, ID, as the date and location for the next regular Commission meeting. *The motion carried unanimously.*

2. Rolling Hills Public Charter School

Tamara Baysinger, Commission staff, stated that at the April 13th Commission meeting, Rolling Hills notified the Commission that its construction on its new facility would likely be finished too late for classes to begin there in fall, and that Rolling Hills would like to remain at its temporary site in the Meridian Joint School District for a few weeks at the beginning of the school year. Ms. Baysinger said Rolling Hills had recently notified staff that the delay would be significantly longer than originally anticipated.

Kristine Reynolds of the Rolling Hills board referred to a construction timeline recently submitted to staff and said the school is hoping for a November 22 move-in date, which would coincide with the school's fall break. She said the construction effort is progressing well and tax-free financing in line with the school's budget has been secured.

Commissioner deVera inquired whether any legal risk would result from a Commission

decision to allow an extension of Rolling Hills' stay at its temporary site.

Jennifer Swartz, Commission counsel, said she felt it was within the discretion of the Commission, to make such an allowance.

Commissioner deVera asked for the Meridian Joint School District's opinion on Rolling Hills' desire to remain at its temporary location for much of the 2006-2007 school year.

Eric Exline of the Meridian Joint School District asked at what point on the construction timeline the school was at the time of the meeting.

Scott Steed of McAlveny Construction said the project was on schedule in accordance with the timeline.

Mr. Exline said that during his visit to the construction site the day before the meeting, the construction supervisor indicated a completion date during the third week of January, though they were pushing for an earlier date.

Mr. Steed said an estimated completion date of the third week in January was inaccurate and that the construction timeline showed the first week in January. He noted that everyone was working to improve that date.

Mr. Exline asked what Rolling Hills' plan for moving would be should they be unable to move in over winter break due to construction delays.

Ms. Reynolds asked what was the Meridian district's interest in the situation.

Mr. Exline said the district was pleased to see Rolling Hills working toward completion of its permanent site and said he hoped to see the revision to the corrective action plan include a requirement that Rolling Hills move without delay upon completion of its new facility.

Ms. Reynolds said this is the school's goal as well.

Commissioner Van Wart asked whether November 22 is Rolling Hills' goal or an actual possible date of completion provided by the contractors.

Mr. Steed said November 22 was the original estimated completed date and while it remains a goal, it is a very aggressive goal at this point due to weather delays.

Commissioner Van Wart suggested Rolling Hills use a less aggressive and more realistic completion date in their corrective action plan. She also asked how Rolling Hills would handle a move in January.

Ms. Reynolds said the school has a scheduled break on January 15th, and that Christmas break is another possibility for moving.

Commissioner Van Wart asked whether Rolling Hills has a backup plan for moving should building completion fail to coincide with a scheduled break.

Ms. Reynolds said the school's administrator is committed to the existing calendar and there is currently not backup plan.

Ms. Baysinger pointed out that the construction timeline shows January 26th, not the first week in January, as a project closeout date.

Chairman Hammond suggested the Commission consider requiring Rolling Hills to provide regular updates regarding its construction project.

Commissioner Reed said he feels the bigger issue is that Rolling Hills has failed to follow the Commission's direction with regard to notifying the Meridian school district of project delays. He expressed concern that Rolling Hills' actions in the matter are representative of how the school as a whole is managed.

Ms. Reynolds said Rolling Hills communicated with the Meridian school district in the summer of 2005 regarding their need to establish a temporary location in the Meridian school district. She said that Rolling Hills notified the Commission when the likelihood of delays became apparent and cited a letter to the Meridian school district dated June 15th. She explained that the letter was not received by the district until it was faxed and re-mailed in the week prior to this meeting.

Commissioner Reed clarified with Eric Exline that Rolling Hills' letter was not received until it arrived via fax on July 27th. He said he felt Rolling Hills should have been more aggressive about contacting the Meridian school district.

Karen Echeverria, Commission staff, agreed with Commissioner Reed that Rolling Hills should have made more effort to communicate with the Meridian school district throughout the process.

Ms. Reynolds said Rolling Hills delayed contact with the Meridian school district because they wished to have an accurate completion date before addressing the issue with the district.

Commissioner Goesling agreed with Commissioner Reed that Rolling Hills failed to make satisfactory efforts to keep the Meridian school district informed in a timely manner. He explained that this lack of action precipitated doubt that the school will complete construction by its hopeful date of November 22 despite the contractor's January estimate. He said even the January date may be a stretch and expressed concern that Rolling Hills is being unrealistic and continues to be out of compliance with its charter.

Chairman Hammond said he understood the stated concerns and asked the

Commissioners what action they would like to take.

Commissioner deVera said he felt that the Commission's action should be heavily influenced by the opinion of the Meridian school district, as Rolling Hills continues to be located within their boundary.

Chairman Hammond verified with Mr. Exline that the Meridian school district wishes to see the Rolling Hills facility completed as soon as possible and the school moved into the new facility immediately upon its approval for occupancy.

Mr. Exline added that he questions the appropriateness of approving a school's expansion to ninth grade while the school remains out of compliance with an existing corrective action plan.

Chairman Hammond said that the issue of expansion was not on the table for discussion at that time.

Commissioner Van Wart asked whether Rolling Hills remains on target with regard to the construction project and its budget.

Ms. Reynolds said the construction project is being completed under a contract that fixes the price, so no budgetary problem has resulted from the delay. She also said she feels the Rolling Hills board has maintained good communication with the Commission and followed through by researching site possibilities, resulting in a decision to stay in the Meridian school district as the most economical option. She said the board has acted with utmost respect for the state and students and did not wish to begin conversations with Meridian if the new facility would have been able to open on time.

Commissioner Goesling asked staff for information regarding the appropriate process for revising a corrective action plan.

Ms. Swartz said in her opinion, the law does not specify a process for amending a corrective action plan. She said she feels a corrective action plan can be amended in a fashion determined at the discretion of the Commission.

Commissioner Goesling said he would like to see a motion directing Rolling Hills to amend their corrective action plan by submitting a timeline and updates, as well as adding a commitment to move into the new facility immediately upon its completion. He said he felt the issuance of a notice of intent to revoke would be inappropriate at this time, pending further information regarding the school's progress toward a return to compliance with its charter.

M/S (Goesling/Souza): To direct Rolling Hills to amend their corrective action plan by submitting to Commission staff and the Meridian Joint School District a detailed timeline and monthly updates referencing the school's progress in accordance with such timeline, and to move without delay upon receiving a

certificate of occupancy for the new facility.

Chairman Hammond invited discussion on the motion.

Commissioner Reed said he still feels Rolling Hills failed to fulfill the Commission's requirement made at the April meeting, and the school must be made aware that should this motion pass, they must follow through promptly and thoroughly.

Commissioner Souza agreed with Commissioner Reed and asked whether he would like to make and additions to the motion.

Commissioner Reed said he did not wish to amend the motion.

Commissioner Goesling suggested the possibility that the Commission could issue a notice of intent to revoke unless the school satisfactorily follows Commission direction toward a return to compliance with the terms of the charter. He said Rolling Hills has demonstrated a need for more "teeth" in the Commission's direction and that the school's failure to follow prior direction casts doubt on the manner in which the school is run.

Commissioners Reed and Souza expressed favor for the suggestion.

Ms. Swartz commented that there are many steps between the issuance of a notice of intent to revoke and the actual revocation, and issuance of a notice of intent to revoke does not necessitate completion of the revocation process.

Commissioner deVera said that although he shared the other Commissioners' frustration, the Commission must also consider what impact the issuance of a notice of intent to revoke would have on Rolling Hills' students.

Chairman Hammond noted that the Commission may wish to take time at a future meeting to contemplate future rule and statue changes making provision for enforcement of corrective action plans in a manner other than beginning the revocation process.

Commissioner Souza said she felt that Rolling Hills had an autocratic attitude that would not be in the best interest of students if allowed to continue. She expressed willingness to begin the revocation process because of the flexibility of the process, which would allow for reevaluation as the school progresses.

Ms. Swartz pointed out that the revocation process does include a timeline allowing two thirty-day periods leading up to a hearing, but after the hearing there is no deadline by which the Commission must make a final decision regarding possible revocation.

Commissioner deVera confirmed that a notice of intent to revoke is public record, and noted that issuance of such a notice may put Rolling Hills' financing and construction

project at risk.

Chairman Hammond reminded the Commission that revocation would mean walking away from tax dollars already spent on Rolling Hills, as well as an impact on the families enrolled at the school. He recommended that the Commission approve the motion.

Commissioner Goesling expressed his full intention to introduce a motion to issue a notice of intent to revoke at the October 5 meeting, should Rolling Hills fail to show compliance with today's motion.

The motion passed 3-2, with Commissioners Souza and Reed voting nay.

Commissioner Goesling asked Ms. Reynolds if she had any questions regarding the nature and level of the Commission's concern.

Ms. Reynolds said she had no questions. She said she felt Rolling Hills has appropriately contacted the Meridian school district in their June 15 letter that asked Meridian to contact Rolling Hills with any concerns.

Commissioner Goesling said Rolling Hills should have been proactive about maintaining contact with Meridian, rather than putting the burden on the district to get in touch with Rolling Hills.

Ms. Reynolds said a notice of intent to revoke would be devastating to the school's families, staff, financing, and contractors. She asked for a copy of the motion wording.

Chairman Hammond directed Ms. Reynolds to contact Ms. Baysinger for a copy of the motion.

3. Falcon Ridge Public Charter School

Ms. Baysinger said Falcon Ridge would be addressing several issues raised in a July 12, 2006 letter from Falcon Ridge to the Commission, including the school's source of financing, the Falcon Ridge board's decision to delay opening 9th grade without Commission approval, and transportation changes. She said staff had issued a notice of defect to Falcon Ridge regarding the delayed addition of 9th grade and that the school's corrective action plan was due on August 18. She also explained that Falcon Ridge's decision to reduce from five busses to four would not violate the terms of their charter as long as they continued to provide transportation to all students in the Kuna school district and had a bus stop within 1.5 miles of each eligible student's residence.

Terri Sali, Falcon Ridge board member, confirmed that the new bus routes are in compliance with state statute. She provided a letter from the bussing company, Brown Bussing, to Commission staff.

Ms. Sali said she did not know the proper procedure for decisions such as the delay in

expansion to 9th grade. She said the school attempted to open 9th grade but was unable to hire qualified faculty, and the board was pressured at its July meeting to make a decision and inform parents whether 9th grade would be available. Ms. Sali said the school is considering giving the students who would have attended 9th grade at Falcon Ridge this year a returning-student preference in the lottery if they return for 10th grade next year.

Commission Hammond noted that despite the pressure that resulted in an apparently hasty decision, Falcon Ridge acted out of compliance with its charter by deciding not to expand to 9th grade without prior Commission approval of a charter amendment.

Ms. Sali she understands that now and apologized on behalf of the Falcon Ridge board.

Commissioner Souza recommended that, in the future, Falcon Ridge consult their attorney prior to making major decisions.

Chairman Hammond asked Falcon Ridge to comment on the state of their finances.

Ms. Sali said Falcon Ridge's new administrator, Mark Wachsmuth, is pursuing a loan from Farmers and Merchants Bank, which is looking promising. She said the potential investor Bob Barnes has been trying to make arrangements with the school to purchase some of Falcon Ridge's site with a buy-back option. She added that two of Falcon Ridge's major invoices are coming due and said the school has plans for making these payments.

Commissioner deVera asked whether Falcon Ridge is currently leasing its site with an intent to purchase.

Brenda Lamphere, clerk of the Falcon Ridge board, said the school is making payments on the land. The Smiths, from whom Falcon Ridge is purchasing the land, would have to agree to any arrangement made with Mr. Barnes.

Ms. Sali added that Falcon Ridge owes approximately \$460,000 to the Smiths for the land. She said the final payment is due in September of 2008, and at that time the school hopes to have sufficient credit history to obtain a bank loan to use toward the construction of a permanent facility.

Commissioner Goesling asked what Falcon Ridge is doing to eliminate its current situation of "robbing Peter to pay Paul."

Ms. Lamphere said Mr. Barnes' loan has been delayed because he wishes to have more security, possibly in the form of a purchase and lease-back. She also mentioned the possibility of the Farmers and Merchants loan.

Commissioner Souza noted that all Falcon Ridge's possible financial solutions are dependent on numerous contingencies. She asked what the school intends to do if they

cannot obtain the loans.

Ms. Lamphere said the school board and administrator are continuing to discuss a backup plan.

Commissioner Souza said she is very concerned that the school does not have a firm plan for what to do if both the Barnes loan and the bank loan fall through.

Chairman Hammond reminded the Commission that Falcon Ridge has, since authorization, proposed numerous financing schemes, all of which have failed. He said it is time for Falcon Ridge to confirm a plan on which it can approve its ability to follow through.

Commissioner deVera expressed his opinion that Falcon Ridge should be focusing on resolving its current financial issues rather than future expansion to include high school grades.

Chairman Hammond agreed that he feels the Commission would be very reluctant to approve any additions or expansions until the school has a firm financial plan. He said the Commission needs assurance that Falcon Ridge will be able to fulfill its commitment to the community and families it serves.

Ms. Lamphere said Falcon Ridge understands the Commission's concerns and has searched all possible solutions. She said the decisions delay ninth grade and reduce transportation and was to lift some of the school's financial burden.

Commissioner Goesling said he feels it is time for the Commission to force Falcon Ridge beyond the intermediate, planning stage in which it has spent the last year, possibly by issuing a notice of intent to revoke their charter.

Commissioner Souza noted that the issuance of a notice of intent to revoke would eliminate any possibility for the school's obtaining financing. She suggested Falcon Ridge get assistance in business planning from the Idaho Charter School Network. She also suggest that the Commission require Falcon Ridge to submit a contingency budget showing what will occur in the even the school is unable to acquire financing.

Ms. Swartz said that prior to issuing a notice of intent to revoke, the Commission must find that the school has failed to cure a defect after a reasonable period of time. She said Falcon Ridge has arguably submitted the reports necessary to remedy the defect for which the Commission issued a notice of defect earlier in the year.

Susan Buxton, legal counsel to Falcon Ridge, said Falcon Ridge was unaware of what the Commission wished to meet with them regarding until the day before the meeting and suggested the school be given further opportunity to work with Commission staff prior to the Commission taking further action.

Chairman Hammond reminded the Commission that it faced no obligation to take action at this time.

Commissioner deVera inquired whether Falcon Ridge has, in the past, submitted more than one-year budgets.

Ms. Baysinger said that in April, Falcon Ridge submitted three year budgets assuming a loan from Mr. Barnes, but no more recent budget updates have been received.

Commissioner Goesling stated that he feels the budgets submitted in April are now irrelevant, and Commissioner deVera agreed that he would like to request that new budgets be submitted.

Commissioner Goesling expressed frustration with the ongoing delays in Falcon Ridge's efforts to obtain financing and noted that continually borrowing to pay off prior loans will catch up to the school eventually.

Ms. Sali said Falcon Ridge's new administrator has shown enthusiasm and effort, and needs more time in which to progress toward a solution.

Commissioner Souza wondered if Falcon Ridge's new administrator could present a progress report at the October meeting.

Ms. Echeverria clarified that the administrator's role is to run the academics of the school, not to run the financial aspects of the school. She said, according to best practices, the school's board is responsible for the school's finances.

Ms. Buxton expressed her opinion that executive staff is typically utilized to help boards with budgeting and ideas. She agreed with Ms. Echeverria that an administrator is not responsible for finding financing and entering into contracts, but to help deal with the money that is available.

Chairman Hammond said that any direction from the Commission is to the school board, which is responsible for following such direction, but the board may receive the assistance of their administrator if they wish.

Commissioner Goesling expressed his concern that Falcon Ridge's board has not proven effective, and that such could remain the case despite the assistance of a new administrator.

Ms. Baysinger stated that Falcon Ridge's board was notified well in advance of the meeting that they would be asked to speak.

Ms. Buxton clarified that the Falcon Ridge board had not been aware of the gravity of the topics the Commission would address.

Commissioner Van Wart said that it is Falcon Ridge's responsibility to be aware of the law and be prepared to address the topics it had been discussing with the Commission or its staff. She suggested the Commission require Falcon Ridge to submit a new financial plan.

Chairman Hammond suggested FR be required to prepare new budgets to be evaluated by staff.

M/S (deVera/Souza): To direct Falcon Ridge to submit to Commission staff an updated financial plan including three year budgets reflecting the changes at Falcon Ridge discussed in the letter dated July 12, 2006 from Falcon Ridge to the Commission, a detailed letter of commitment from a bank or private party, and a contingency plan and budgets projecting what will occur in the event such financing is not obtained. *The motion passed unanimously.*

4. Garden City Community School Update

Linda Vermette of the Garden City board said the school now has a full board and is on target to open September 5. She said the school's general contractor is ready to prep the site, the portable buildings are ready to be moved, and all necessary permits have been obtained from the city. The school has two backup site options for temporary use in the event the site is not prepared by August 19 as planned. Enrollment is 124 and some of the lower grades have waiting lists. Just under half of the students are Garden City residents, and the students who reside in Garden City are divided approximately evenly between high and low income areas of the city. Three instructional assistants have been hired, in addition to an art integration coordinator, and an administrative assistant. Special education will be handled by contracting with another charter school on a part-time basis, and the three bi-lingual staff members will be available to assist LEP students. Nutrition will be handled through a contract with Life's Kitchen and one bus, obtained through a contracted service provider, will provide adequate transportation. Curriculum materials have been ordered and will be available by the opening day. The board remains comfortable with its existing budget.

Commissioners Goesling and Souza expressed their appreciation for the positive and thorough report.

Commissioner Souza asked whether Garden City's charter requires them to include 8th grade in their first year.

Ms. Vermette confirmed that the charter says 8th grade will be included, but only one student applied.

Chairman Hammond asked for clarification from staff.

Ms. Swartz said staff would need to look at the charter, but that if the charter states Garden City will provide 8th grade, they will need to amend their charter in order to delay

its addition.

Chairman Hammond inquired of the Commission whether there would be any objection to the school's request to amend their charter, should they choose to do so.

Commissioner Souza said she would not object.

Chairman Hammond suggested that, should the school request an amendment in the future, it be worded such that grades may be added as the school is prepared rather than on a specific timeline.

Ms. Swartz pointed out that, pursuant to the Commission's decision to delegate the approval of minor amendments to staff, Garden City's possible amendment to delay upper grades could be handled by staff if the Commission so chooses.

Chairman Hammond received no objections from the Commission and directed staff to proceed according to Ms. Swartz's suggestion. He commended Garden City on their positive report.

5. Taylor's Crossing Public Charter School Update

Ms. Baysinger notified the Commissioners that she had emailed them information received from Taylor's Crossing on the evening before the meeting, consisting of a timeline detailing the facility preparation delays the school is experiencing. She said staff has not had time to review the timeline, but it does appear that Taylor's Crossing has a plan for completing the facility as soon as possible.

Lorraine Buckley of the Taylor's Crossing board said the delays were due to slow delivery of fittings for the sewer lines and approval of a building permit.

Chairman Hammond asked whether the school's expected start date is September 5, as indicated on the timeline.

Ms. Buckley said the expected start date is August 28, and September 5 is a worst case scenario date. She said the modular installation should begin August 14 and will take four days.

Ms. Shipman said current enrollment is at the cap of 270 and there is a waiting list, all teaching staff has been hired, and the special education teacher is evaluating the IEPs incoming special education students. She said cost and the school's wide service area will render the school unable to provide transportation this year, but parent volunteers are coordinating carpools. Also due to cost, a full nutrition program will not be provided, but a milk program will be available.

Commissioner Van Wart congratulated Taylor's Crossing the organized presentation and their full enrollment.

Commissioner Souza asked whether a school is required to provide free and reduced lunch to students who qualify.

Ms. Swartz said she did not believe charter schools are required to provide nutrition programs, but she would research the law to be certain.

Chairman Hammond said it is not uncommon for traditional schools and districts not to offer nutrition programs.

Commissioner Souza confirmed with Ms. Shipman that the Taylor's Crossing charter does not mandate that the school will provide transportation and nutrition.

Commissioner Reed said Taylor's Crossing has done an exceptional job of handling community controversy regarding their site.

6. Academy at Roosevelt Center Update

Gretchen Tower, member of the Academy board, said the school has encountered small delays in the preparation of its facility, resulting in an anticipated one-week delay in beginning classes. She said school will begin on August 21 and fifteen minutes will be added to each school day to compensate for the late opening. All teachers and other staff have been hired, and they have recruited one new board member to replace a member who resigned.

Commissioner Van Wart asked about current enrollment.

Ms. Tower said enrollment is about 225 and the registration process is proceeding smoothly.

7. Staff Update – Proposed Rule Change

Ms. Baysinger described a proposed Board rule designed to prevent Idaho's virtual schools from educating out-of-state students. The proposed rule would require virtual schools to obtain proof of Idaho domicile for all Idaho students on an annual basis.

The Commissioners expressed support for the proposed rule.

Chairman Hammond adjourned the meeting at 11:00 a.m.