

**APPROVED MEETING MINUTES  
PUBLIC CHARTER SCHOOL COMMISSION MEETING  
THURSDAY, MARCH 18, 2010  
650 W. State Street, Clearwaters Room**

A special meeting of the Idaho Public Charter School Commission was held Thursday, March 18, 2010, at 650 W. State Street, Boise, ID, Clearwaters Conference Room. Chairman William Goesling presided.

The following members were in attendance:

Brad Corkill	Gayann DeMordaunt	Nick Hallett
Gayle O'Donahue	Alan Reed	

Absent: Esther Van Wart

Chairman Goesling opened the meeting at 9:30 a.m.

**1. Compass Public Charter School (Compass) Fiscal Status Update**

Tamara Baysinger, PCSC staff, said this meeting was called when staff received information that Compass was unable or unwilling to make its facility lease payments, a fact that could result in the fiscal insolvency by the end of the year.

Bridget Barrus, Chairman of the Board; Kelly Trudeau, Administrator; and Gary Luke, Special Counsel, represented Compass.

Commissioner O'Donahue made the Commission aware that she worked in community relations for Compass during the first year of the school's operations. She has not been in contact with Compass personally since that time. Ms. Trudeau and Ms. Barrus attempted to contact Commissioner O'Donahue earlier this week, but she ended the conversation with Ms. Trudeau and did not return Ms. Barrus' phone call.

Jennifer Swartz, PCSC counsel, indicated this was appropriate disclosure and did not present concerns.

Mr. Luke said Compass did not have any objections to Commissioner O'Donahue's participation in the discussion.

Ms. Barrus introduced Chris Yorgason, Compass General Counsel; Cindy Stover, Clerk and Business Manager; Ann Simmons, Board Treasurer; Mike Adolf, Board Vice Chairman; Susan Luke, 2<sup>nd</sup> Grade Teacher & Harbor Founder; and Dini Moorhouse, Board Secretary.

Ms. Barrus reviewed Compass' enrollment and academic success. She reiterated the history of Compass' dealings with What's Next, LLC, from which the school leases and intends to purchase its facility at 2511 West Cherry Lane. She listed a number of actions already taken to balance the budget.

Tom Lloyd testified on behalf of What's Next, LLC. He said What's Next does not intend to be adversarial and suggested the PCSC allow time for the parties to work through the issues.

Commissioner Corkill expressed appreciation for steps taken by Compass to address its financial problems.

Commissioner DeMordaunt asked whether Compass will still have a shortfall despite the budget cuts.

Ms. Barrus stated that if the landlord will work with Compass on the remaining five-month lease, there will not be a shortfall. If What's Next won't renegotiate, Compass will finish the fiscal year with a deficit of \$25,000-\$35,000.

Mr. Lloyd added that Compass' transparency, which he felt was questionable in the past, will be critical to successful resolution.

Commissioner DeMordaunt asked whether the lease payments might be renegotiated beyond the next five months.

Ms. Barrus said negotiations are being made for short-term and long-term lease payments, and the facility purchase price may need to be revised due to market declines.

Commissioner DeMordaunt indicated that, while the Commission certainly wishes the school to succeed, What's Next is not obliged to take responsibility for saving the school. She asked when Compass first become aware of the shortfall.

Ms. Trudeau said it became evident last spring that the contingency was tight. At that time, the lease payments were frozen, but the shortfall grew due to enrollment changes. In January of this past year, Compass became aware of additional state funding cuts.

Chairman Goesling thanked both parties for being willing to work together. He asked what Compass has done to increase revenue through grants and fundraising.

Ms. Trudeau said Compass has continued to advertise and work with parents and faculty on fundraising for field trips. Compass was awarded a \$100,000 grant from the Albertson's Foundation to add a science lab, which is on hold due to being in a leased facility. If the money is not used, it will be returned. Compass also received a \$200,000 federal dissemination grant.

Commissioner O'Donahue asked whether the proposed doubling of the 4<sup>th</sup> grade class requires a charter amendment.

Ms. Trudeau indicated that Compass will bring several, proposed charter amendments to the April PCSC meeting.

Commissioner O'Donahue asked whether Compass qualifies for Title 1 funding.

Ms. Trudeau said Compass has not applied for Title 1 funding because the school would require additional staff to manage the earmarked funds.

Commissioner O'Donahue said she feels Title 1 funds can help a school's bottom line.

Chairman Goesling asked about the potential profitability of summer programs.

Ms. Clement Taylor said summer programs may not be effective revenue generators, but the building could possibly be subleased during the summer to generate additional revenue.

Ms. Baysinger said that if the PCSC has reason to believe that a school has failed to demonstrate fiscal soundness, the authorizer is statutorily obligated to issue a notice of defect and to give the school reasonable opportunity to cure the defect. In this case, the corrective action plan could include the proposed charter amendments to increase class sizes which would increase revenue, renegotiation with the landlord, and any other steps that would cure the defect within a reasonable period of time.

Jennifer Swartz said the PCSC must determine whether or not they believe Compass is able to demonstrate fiscal soundness as defined in Idaho statute.

**M/S (Reed/Corkill): To direct staff to issue to Compass Public Charter School a notice of defect on the grounds that the school has failed to demonstrate fiscal soundness as defined in I.C. 33-5209(2)(d).**

Commissioner Hallett noted that issuance of a NOD may exacerbate enrollment problems, thereby compounding financial issues.

Commissioner DeMordaunt expressed empathy regarding the impacts of a notice of defect and market pressures. She noted that a NOD has the positive effect of forcing a timeframe within which to achieve resolution. The PCSC is required by statute to issue a NOD.

Chairman Goesling asked if the notice of defect could be lifted prior to the April meeting.

Ms. Swartz said there is no statutory process for lifting a notice of defect. She confirmed Ms. DeMordaunt's understanding that a notice of defect is required to be issued if the PCSC has "reason to believe" that a defect has occurred.

Ms. Baysinger read the statutory definition of fiscal soundness contained in I.C. 33-5209(2)(d).

*The motion passed unanimously.*

**M/S (Hallett/DeMordaunt): To adjourn the meeting.** *The motion passed unanimously.*