

**APPROVED MEETING MINUTES
PUBLIC CHARTER SCHOOL COMMISSION MEETING**

**Thursday, June 24, 2010
700 W. State Street, Boise, Idaho
JRW West Conference Room**

A special meeting of the Idaho Public Charter School Commission was held Thursday, June 24, 2010, at 700 W. State Street, Boise, ID, JRW West Conference Room. Chairman William Goesling presided.

The following members were in attendance:

Brad Corkill
Alan Reed

Nick Hallett
Esther Van Wart

Gayle O'Donahue (via telephone)

Absent: Gayann DeMordaunt

Chairman Goesling opened the meeting at 8:15 a.m.

1. Commission Work

Agenda Approval

There were no changes or additions to the agenda.

Rolling Calendar

COMMISSION ACTION

The PCSC has scheduled its next regular meetings for August 5, 2010, and September 23, 2010. The meetings will be held in Boise, Idaho.

M/S (Corkill/O'Donahue): To approve November 18, 2010, as the date and Boise, Idaho, as the location for the following regularly scheduled PCSC meeting. *The motion passed unanimously.*

2. Commission Education: Idaho School Boards Association (ISBA)

Karen Echeverria, ISBA Executive Director, gave an overview of the ISBA and their role within Idaho, including services available to public charter schools.

3. Commission Discussion: Hearing Officer Recommendation Regarding Nampa Classical Academy

Chairman Goesling reminded everyone that today's discussion deals only with NCA's fiscal soundness. The discussions today will not deal with the use of religious texts, which is a legal matter being handled by the courts. The

discussion today will be based on information provided directly to the PCSC in prior hearings and meetings, as well as indirectly through the hearing report provided by Ken Mallea, a third party hearing officer. NCA has been provided the opportunity to present detailed financial information at an independent public hearing and the opportunity to present a written exception to the hearing officer's findings and recommendations. NCA will be given the opportunity to provide a ten-minute, oral presentation.

Tamara Baysinger, PCSC staff, said the public hearing that is afforded to a public charter school following the issuance of a notice of intent to revoke took place, presided by hearing officer Ken Mallea, on June 11, 2010. The recommendation from Mr. Mallea, made subsequent to that hearing in response to information presented and exhibits provided, is included with the meeting materials. Mr. Mallea's recommendation was that the NCA charter be revoked due to its failure to demonstrate fiscal soundness as required by I.C. 33-5209(2)(d). The PCSC is meeting today to consider that recommendation.

Chairman Goesling asked if NCA had provided an exception to those findings.

Ms. Baysinger said they did not.

Terry LaMasters, Board Chairman; Eric Makrush, Board Member; Mike Moffett, Vice-Chairman; and James Lorenzen, Board Member, represented NCA.

Mr. LaMasters reminded the PCSC of positive changes which have been implemented since September of last year including financial accountability, financial reporting, hiring a comptroller, busing reorganization, budget cuts, a solid board of directors in place, teacher contracting, student commitments of 500, great program, programmatic audit performed, financial audit scheduled, budget modifications/clarifications, plan to hire a certified administrator, and public records request policy modifications. NCA would like to have more time to rectify the financial concerns and is willing to do what is necessary to continue as an academy and great charter school.

Eric Makrush stated that NCA is very supportive of the PCSC and the charter school movement. If a revocation were to be made today, it would set a precedent for the future of other charter and traditional schools.

Commissioner Van Wart has concerns regarding hiring another Administrator, knowing the current budget situation at NCA.

Commissioners Corkill and Reed felt the PCSC has done due diligence and are satisfied with the hearing officer's rulings.

Commissioner O'Donahue appreciated the time and effort that the PCSC staff and NCA put forward in putting together materials for the hearing officer's review

and appreciates the hearing officer's third party opinion in providing a recommendation.

M/S (Reed/Corkill): To revoke the charter for Nampa Classical Academy on the grounds of failure to demonstrate fiscal soundness as defined by I.C. 33-5209(2)(d), effective at the of close of the business day on June 30, 2010.
The motion passed unanimously.

4. Nampa Classical Academy Corrective Action Plans Update

Based on the above motion to revoke the charter for NCA, this item was dismissed from the agenda.

5. Idaho Science and Technology Charter School Annual Update

Ms. Baysinger stated that ISTCS will present an annual update following a site visit during which staff noted fiscal concerns due to low enrollment.

Rich Dodds, Board Chairman; Kelly Jo Fisk, Founder, Board Vice-Chairman, and parent of a ISTCS student; Dr. Fred Ball, Director; and Gary Larsen, Principal, represented ISTCS.

Dr. Ball reviewed the budget as of June 17, 2010. There will be a carryover which will be sufficient to meet July payroll, but not to meet vendor obligations. ISTCS has applied for an advance disbursement in July, at which time vendors will be paid, though two weeks late. This coming year reflects a 5.5% mid-year holdback and is based on an anticipated enrollment of 130 students. Facility construction has been put on hold and a renewed lease was made on portable buildings. Transportation costs will be reduced by sharing with two other Blackfoot schools.

Commissioner Hallett has concerns that the grants will be used for expenditures not allowed because they are not currently reflected on the budget.

Dr. Ball said the appropriate adjustments will be made.

The PCSC discussed who has responsibility for the budget, expenditures, and appropriations of funds.

ISTCS has a business manager who has been with the school since inception. The financial software package used was one already available, but it has created some issues.

Commissioner Reed indicated that if the \$200,000 grant is taken out of revenues, which has to be done because it is not expensed, the budget is seriously upside down.

Several members of the PCSC expressed concern as to why more detailed materials were not provided in the standard format.

Ms. Baysinger noted that ISTCS was notified via email on May 3, 2010, that they were on the agenda for today's meeting and materials were due on May 26, 2010. They were again reminded in person during the site visit on May 12, 2010. When materials did not arrive on time, they were again reminded in an email on June 1, 2010.

Chairman Goesling indicated that information is critical to the PCSC's ability to ensure taxpayer dollars are spent appropriately.

Dr. Ball reviewed enrollment and the plan to increase the number of students to 130. Marketing has included a music camp, technology camp, community advertising, and marketing booths. Enrollment is currently at 115.

Mr. Dodds reviewed the facilities plans. The modular buildings will continue to be used through the next school year. The parent survey does reflect that the modular buildings are not popular.

Commissioner Van Wart is concerned with the school's focus being science and technology and labs are not completely set up, physical education held on a Wii, and the school did not qualify for Title I funding last year.

Dr. Ball reported that someone is working on the Title I issue and is aware of the deadlines. The science ISAT testing did not follow the curriculum of Grade 7, but life science which was taught in Grade 5. Adjustments are being made to rectify alignment to the ISAT.

Commissioner Van Wart is most concerned with finances, as well as board training, hands on personal involvement, and knowledge of budgets.

Chairman Goesling asked for more specific and detailed documentation to include surveys, exit interviews, a solid marketing plan, a Title I funding plan, evidence of smartboard use as promised by the charter, lab stations, board governance/leadership, plan to increase science ISAT scores, and failure to meet the student educational standards.

Commissioner O'Donahue has concerns that there is no Treasurer on the Board and the possibility that the school is out of compliance with the charter. She agreed with Chairman Goesling that the marketing plan presented was a list of activities rather than an actual marketing plan. Portable buildings are not a problem with student retention if everyone stays positive and there is a quality education.

M/S (Van Wart/Reed): To direct staff to issue to Idaho Science and Technology Charter School a notice of defect on the grounds that the PCSC has reason to believe that the school has failed to demonstrate fiscal soundness as defined by I.C. 33-5209(2)(d).

Commissioner O'Donahue said it would have helped to see the best; worst; and actual; budget scenarios.

ISTCS reported they do have a person on the board as Treasurer. This board member was elected to the board, though finance is not their area of expertise.

The motion passed unanimously.

M/S (Van Wart/Corkill): To direct staff to issue to Idaho Science and Technology Charter School a notice of defect on the grounds of failure to substantially meet any of the student educational standards identified in the approved charter.

Commissioner Hallett expressed his expectation that the board adopted curriculum, even though the curriculum is developed by teachers, would be aligned with state standards and assessment.

Commissioner O'Donahue asked whether ISTCS has until 2012-2013 to meet their MSES.

Ms. Baysinger indicated that the answer depends upon how the charter is interpreted. The 2012-2013 timeframe is not included in the MSES themselves, though it is included in a separate section referring back to the MSES section.

Ms. Swartz said it is up to the PCSC's discretion on how to interpret the charter language in this case.

The motion passed 4-1, with Commissioner O'Donahue dissenting.

6. Compass Public Charter School Corrective Action Plan Update

Ms. Baysinger stated that Compass was issued a notice of defect on March 18, 2010, on the grounds of failure to demonstrate fiscal soundness. The school was to provide a CAP on May 26, 2010, and the information that was received is in the meeting materials. Yesterday, an additional update was received that included a purchase agreement with the investor for the purchase price requested by Compass.

Bridget Barrus, Board Chairman; Gary Luke, Special Counsel; Chris Jorgensen, Attorney for the Board; Kelly Trudeau, Administrator; Mike Adolf, Board Vice-

Chairman; Rich Fairbanks, Board Member; and Kristen McCarter, Board Member, represented Compass.

Ms. Barrus reported that Compass successfully renegotiated their lease/purchase agreement with landlords and purchased the property at West Cherry Lane. An signed purchase agreement for \$4.5 million is anticipated by close of business today or tomorrow. This agreement represents a \$30,000 bond payment, a freeze of the monthly lease payment at \$30,000 until closing, and an agreement that delinquent property taxes will be paid by the seller.

This brings Compass' long-term and short-term budget concerns in line. Bond financing is expected to close by September 30, 2010. The long-term fiscal picture includes a healthy reserve, as well as a bond contingency fund. The short-term picture is a \$138,000 contractual reserve to meet short-term obligations for the remainder of the year.

Compass needs formal recognition from the PCSC to provide to R.W. Baird that the school has successfully met the standards in the CAP and the PCSC no longer has concerns in regards to the notice of defect. This piece of documentation will be critical as Compass moves through the bonding process.

Commissioner Hallett asked about the concerns that Compass has not submitted required budget reports.

Ms. Baysinger said monthly financials from May are in the meeting packet. The FY2010 and FY2011 budgets have yet to be received. Therefore, due to lack of information, staff remains concerned.

Commissioner Reed said that until updated budgets are received with the new lease/purchase agreements included, the CAP should stay in place.

Ms. Barrus said a signed offer is in place. A revised budget was emailed to Ms. Baysinger yesterday. In addition, the board had their annual budget meeting and adopted both last year's budget and the upcoming year.

Chairman Goesling said the PCSC will need the following reports from Compass:

- The signed lease/purchase agreement;
- Updated, detailed FY 2010 budgets including proposed, actual, and projected year-end columns;
- Detailed FY 2011 and FY 2010 proposed budgets;
- Assumption pages for clarification of line items in all budgets; and
- Documentation verifying accuracy of revenues and expenditures in all budgets.

Ms. Barrus said a due diligence questionnaire is due tomorrow which includes budgets, accreditation, programmatic audit, financial audit, board composition,

and this notice of defect. Ms. Barrus suggested putting this item at the end of today's agenda in order to gather further documentation.

Chairman Goesling suggested Compass submit the due diligence packet with a letter stating a special PCSC meeting is scheduled, at which time the budget materials will be reviewed and then an addendum can be submitted.

The PCSC scheduled a special meeting on July 8, 2010. Ms. Baysinger said PCSC policy indicates that materials are due 48 hours prior to the meeting. She requested that Compass submit materials as soon as possible since budgets are time consuming to review.

7. **Taylor's Crossing Public Charter School (TCPCS) Annual Update**

There were no attendees representing TCPCS.

M/S (Hallett/Corkill): To continue discussion with respect to Taylors Crossing Public Charter School's annual update and the comments provided by PCSC staff based on materials submitted prior to the meeting.
The motion passed unanimously.

Commissioner Van Wart is concerned that TCPCS is still having problems with their founders and board. This has been an ongoing issue for quite some time and affects the community.

Ms. Baysinger indicated that the administrator, though ill, is under contract and must be paid. However, an administrator is needed to run the school and currently this function is being performed by two teachers with provisional administrative certificates. The SDE only allows those provisional certificates to be used for one school year.

Commissioner Van Wart is also concerned with the reason behind the school's request to change the composition of the board.

Ms. Baysinger reported it is the PCSC's responsibility to deal with the legal ramifications of circumstances such as a non-functional board, but it is beyond the PCSC's authority and responsibility to train or assist the board. The PCSC can strongly recommend board training.

Commissioner Van Wart asked whether TCPCS is following the charter with regards to the Harbor Method.

Ms. Baysinger said that the PCSC staff can investigate this issue. However, the question is difficult to answer without the Harbor Institute in place to help clarify what represents the Harbor Method.

Commissioner Van Wart said her primary concerns are TCPCS's lack of a strong administrator, high board member turnover, unmet MSES, and violations of open meeting law.

Commissioner Hallett is not comfortable issuing a notice of defect based on alleged violations of open meeting law without hearing more information.

Chairman Goesling pointed out that the school was aware they were scheduled to present today, thereby having an opportunity to address these allegations.

M/S (Van Wart/O'Donahue): To direct staff to issue to Taylor's Crossing Public Charter School a notice of defect on the grounds of violation of any provision of law and violation of any condition, standard or procedure set forth in the approved charter, specifically, failure to comply with open meeting law. *The motion passed unanimously.*

M/S (Van Wart/Corkill): To direct staff to issue to Taylor's Crossing Public Charter School a notice of defect on the grounds of failure to substantially meet any of the student educational standards identified in the approved charter. *The motion passed unanimously.*

Ms. Baysinger said she had not received budget actuals for the most recent month-end, budget estimates for the remainder of the current year, or a fiscal outlook for the next year, which are required within the dashboard report.

M/S (Reed/Hallett): A motion to direct staff to Taylor's Crossing Public Charter School a notice of defect on the grounds that TCPCS failed to submit required reports to the authorized chartering entity governing the charter, specifically, a complete dashboard report. *The motion passed unanimously.*

Commissioner Van Wart requested that PCSC staff follow up with TCPCS regarding why they were not in attendance today.

Commissioner O'Donahue excused herself from the remainder of the meeting at this time.

8. Heritage Academy New Charter Petition (second hearing)

Lloyd Trout, Board Member; Amanda Bingham, Board Member; Anneli Crouch, Board Member; Blair Crouch, Board Member; and Kelly Bangerter, Board Chairman, represented Heritage Academy.

The petitioners summarized their petition and addressed additional information requested by the PCSC, including updated budgets and facility options. The

budgets were based on conservative enrollment and include only costs in general education funds.

Commissioner Corkill asked if Heritage is a bilingual school.

Ms. Crouch said it is not a bilingual school, though the expectation is that Heritage will have 35% or more English Language Learners (ELL) students.

Mr. Bangerter indicated bilingual teachers would work with students to bring them up to grade level in English so students can function in the classroom.

Commissioner Hallett asked about the \$150,000 federal grant listed as revenue, and how Heritage expects to spend those funds.

Michelle Clement Taylor, SDE School Choice Specialist, indicated the federal grant can only be used for start up expenses such as equipment, tables, desks, chairs, computers, initial purchase of textbooks, one-time purchases of supplies, and teacher or board training.

Ms. Crouch said staff development is scheduled over the next three years and continuing development thereafter.

Commissioner Hallett asked what Heritage plans to do to sustain the ongoing expenses of textbooks, supplies, technology, and staff development once the start up grant is expended.

Commissioner Reed asked about the \$122,000 for a training trip.

Ms. Crouch said that amount is part of the three year staff development. It is a phased program and includes one trip to the University of Connecticut.

Chairman Goesling suggested restructuring the budget. The enrollment numbers do not take into account any growth, even as student move up in grades.

M/S (Van Wart/Reed): To hold the decision on the Heritage Academy petition until the next meeting of the Commission and to direct Commission staff to work with the petitioners to address concerns listed in the materials, particularly item 3, A-E. *The motion passed unanimously.*

9. Rolling Hills Public Charter School (RHPCS) Annual Update

Dr. John Montgomery, RHPCS administrator, updated the PCSC on the status of the school, including academic results and fiscal viability. He noted that four special education complaints were filed with the SDE over the past year. All students involved in the complaints have left the school. The SDE has directed RHPCS regarding actions to take; however, the items are actionable only upon

return of the specific students. To prevent future complaints, the board and administration have taken corrective action to insure proper personnel are in place.

Commissioner Hallett asked whether the school is projected to be in a deficit at the end of FY2010.

Niki Crow, RHPCS clerk, said the school is projected at break even, with a small reserve at the end of May.

Commissioner Van Wart asked what the outlook is for next year.

Ms. Crow said the budget is again projected with enrollment of 265 students, but enrollment is expected to be higher and the financial position improved.

Chairman Goesling instructed the school to create a corrective action plan with specific milestones established in conjunction with the SDE regarding special education services and report back to the PCSC.

M/S (Reed/Corkill): To direct staff to issue to Rolling Hills Public Charter School a notice of defect on the grounds that RHPCS has committed a material violation of any condition, standard or procedure set forth in the approved charter and violated any provision of law, specifically, with regard to the provision of special education services. *The motion passed unanimously.*

Tamara Baysinger noted that the school must bring formal complaints to the attention of the PCSC staff within five business days of their receipt, as required by IDAPA 08.03.01.301.08. Similarly, IDAPA 08.02.04.300.04 requires public charter schools to notify their authorizers of any known failure to comply with the terms and conditions of the charter.

Chairman Goesling indicated this would also need to be part of the corrective action plan including processes the school uses to receive and report complaints, both to the SDE and PCSC, and procedures for follow-up of complaints.

M/S (Hallett/Reed): To direct staff to issue to Rolling Hills Public Charter School a notice of defect on the grounds that RHPCS failed to submit required reports to the authorized chartering entity governing the charter, specifically, notification of complaints and known compliance violations. *The motion passed unanimously.*

Commissioner Van Wart is concerned with the fiscal soundness of RHPCS in the event of any emergencies.

Chairman Goesling feels that RHPCS has been very forthcoming in dealing with their budget issues and community relationships. The PCSC will make decisions based on each individual school's circumstances.

Ms. Swartz said statute requires the PCSC issue a notice of defect where it has reason to believe a defect has occurred as defined by I.C. 33-5209(2)(d). If the school has demonstrated fiscal soundness for this year and next year, the PCSC is not obliged to issue a notice of defect.

Ms. Baysinger said the information is not available to determine whether the school meets the defined statute. Once the budget is received, a further determination can be made.

Commissioner Reed concurred that a complete budget from RHPCS is necessary prior to taking any further action.

10. Wings Charter Middle School Annual Update

There were no attendees to represent Wings.

Ms. Baysinger said the dashboard report was not submitted in accordance with the requirement, which constituted failure to submit required reports. According to statute, the PCSC is required to issue a notice of defect if it has reason to believe that a public charter school has failed to submit required reports.

M/S (Reed/Corkill): To direct staff to issue to Wings Charter Middle School a notice of defect on the grounds that Wings failed to submit required reports to the authorized chartering entity governing the charter, specifically, the dashboard report and attachments. *The motion passed unanimously.*

Commissioner Van Wart expressed hope that today's issuance of multiple notices of defect reinforces the importance of meeting deadlines and getting information submitted to the PCSC staff on a timely basis.

11. Kootenai Bridge Academy (KBA) Annual Update

Charles Kenna, Principal; and Debbie Jorder, Finance Director, represented KBA.

The KBA representatives updated the PCSC on the status of the school.

Chairman Goesling asked whether KBA tracks its students beyond graduation.

Mr. Kenna said about two-thirds of the students go on to junior college, a fairly large number go into the military, and the remainder enter the workforce. A formal tracking system is being developed.

M/S (Van Wart/Reed): To adjourn the meeting. *The motion passed unanimously.*