

SUBJECT

Heritage Community Charter School Annual Update and Proposed Charter Amendment

APPLICABLE STATUTE, RULE, OR POLICY

I.C. 33-5209(1)
IDAPA 08.02.04.203
IDAPA 08.02.04.302

BACKGROUND

Heritage Community Charter School (HCCS) is a public charter school authorized by the Public Charter School Commission (PCSC). Located in Caldwell, HCCS opened in Fall 2011 and serves students in grades K-12 using a bi-lingual (English/Spanish), classical education model.

Upon approval of the charter, the PCSC and HCCS agreed that the school's high school program was to be operated as a 1-year pilot, after which an evaluation of the high school would be presented by the school for the PCSC's consideration.

DISCUSSION

HCCS will provide an annual update regarding the status of the school. PCSC staff has visited the school, met with the board, reviewed the submitted materials, and conversed with a variety of HCCS stakeholders. PCSC staff's observations have resulted in identification of two, primary areas of concern:

1. The HCCS board of directors has been the subject of extensive turmoil at the school.
 - All but one of the original board members have been replaced since June 2011.
 - It is unclear whether the school's bylaws were adhered to with regard to the appointment of new board members. Furthermore, the board has experienced confusion regarding the validity of various versions of its bylaws, some of which contained changes that were not approved by the PCSC. PCSC staff has provided the board with the most recently approved version of the bylaws. This confusion is representative of HCCS's apparent disorganization and consistent inability to produce documents in a timely fashion.
 - Stakeholder trust in the board is extremely low, and the relationship between the board and administration has become toxic. "Founder's Syndrome," the destructive unwillingness of

founders to release control of the school's operations to its board and staff, and inadequate board training appear to be important factors leading to this state of affairs.

- Both former and current board members appear to lack understanding of the board's governance role. Board meetings have tended to focus on daily operations to the exclusion of fiscal oversight.
 - Questions have been raised regarding the board's compliance with open meeting law. Additionally, board meeting minutes have not been approved and posted within a reasonable period. In some cases, it appears that minutes may not have been taken at all, or were lost due to extensive board member turnover.
 - Public information requests have not been filled in accordance with Idaho statute. PCSC staff issued a notice of defect (NOD) to the school on these grounds in December 2011; that NOD was followed by a second on the grounds of failure to provide required reports because the school did not respond with the required corrective action plan (CAP) despite several reminders and offers of assistance.
 - In January 2012, the former HCCS board chairman stepped down to the vice-chairmanship in the face of stakeholder concerns. He and the new chairman report that they have hired an attorney to attend board meetings, take minutes, and ensure compliance with open meeting law. They also report that the HCCS board will receive training and improve communication with stakeholders via conversations with multiple parties and live streaming of board meetings.
2. Both the school administration and board appear to have limited understanding of the school's tenuous financial situation.
- HCCS board meeting materials and minutes indicate that the board has reviewed very limited fiscal information on a regular basis. It is unclear whether the board and administration understand the board's role in fiscal oversight of the school.
 - With a current enrollment of 518 students, HCCS is near its Year One enrollment projection. The school has a waiting list of 217 students; a by-grade breakdown of this list has not been provided in response to PCSC staff requests. As is typical of first-year charter schools, enrollment is low in grades 9-12.

HCCS's ability to remain fiscally viable depends on substantial increases in secondary enrollment over the next five years, a plan that assumes unusually low student attrition rates.

- HCCS's facility lease payment will increase by about \$94,000 in year two, and will continue to increase at a slower rate every year thereafter. The school's plan was to purchase the building within several years; however, the budget does not permit the accumulation of a reserve adequate to cover a down payment or otherwise secure a loan.
- The existing facility is inadequate to house the number of students required to retain fiscal solvency. HCCS's five-year budget projections account for the addition of portable buildings, but do not appear to allocate adequate funds for setup of the units.
- Additionally, the five-year budget projections are based on a significant decrease in special education and classified/office staff salaries compared to Year One, despite increased enrollment, and may not include sufficient allocations for technology requirements. Thus, the reality of the five-year outlook may not be as optimistic as the budgets portray.
- Due to the high facility lease and unanticipated costs resulting in an unfavorable Year One fiscal outlook, the HCCS board elected in January 2012 to eliminate two of its three administrative positions, removing the business manager and marketing specialist.
- HCCS anticipates that the school will incur a net loss in Year One; however, carryover from the pre-opening year should permit a positive, year-end fund balance.

In addition to the concerns cited above, PCSC staff makes the following observations:

1. An unusually high number of student disciplinary issues have arisen at HCCS. By the end of November 2011, 33 suspensions had been issued (40% were due to fighting/bullying, 10% to disrespect or class disruption, and 50% to skipping assigned detentions). Additionally, the school assigned 52 detentions during the first 4 months of school. 30 students have withdrawn since the beginning of the year; primary reasons for withdrawal include disciplinary issues (40%) and excessive absences (30%). Site visit observations and parent interviews confirm the existence of classroom management problems in most grades.

2. In November 2011, HCCS reported that 65% of kindergarten students, 85% of 1st grade students, and 65% of 2nd and 3rd grade students were reading at grade level according to the IRI. Additionally, curricular assessments revealed 65% of 4th and 5th grade students and 80% of 6th through 12th grade students were reading at grade level. These results are not necessarily reflective of HCCS' program as all students were new to the school this fall.
3. HCCS's administrative staff originally consisted of three individuals: a principal, a business manager, and a marketing specialist. The latter two positions were eliminated by the board in January 2012. The principal is on extended medical leave; that position is being filled in the interim by the school's special education director and a former public school superintendent working on a part-time, consultant basis. The business manager's responsibilities will be filled by an outside CPA firm, and a committee of volunteers is reportedly taking on marketing efforts. It appears that disruption of the administrative team has led to numerous problems, including delayed offering of enrollment to students on the waiting list for grades in which vacancies have occurred.
4. HCCS has reported to PCSC staff that the school failed to properly notify the public of enrollment opportunities for Fall 2013. The school established an enrollment deadline of April 1, but did not begin dissemination of enrollment opportunity information three months in advance of that date. According to administrative rule, enrollment deadlines cannot be changed, but enrollment information must be disseminated three months in advance. This places the school in the position of violating one provision or the other. PCSC staff has advised the school to discuss the situation with their attorney and decide upon the most appropriate course of action.

HCCS is proposing a charter amendment that would update the bylaws to eliminate the requirement that, after Year One, two board members be stakeholder elected. This would result in an entirely self-appointed board. Despite PCSC staff requests, HCCS has not provided information with regard to stakeholder input on the proposed amendment.

IMPACT

If the PCSC approves the proposed charter amendment, the school will begin operating under the new bylaws. If the PCSC denies the proposed charter amendment, the school could appeal this decision to the State Board of Education, or could decide not to proceed any further.

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STAFF COMMENTS AND RECOMMENDATIONS

Due to continued distrust among stakeholders with regard to the transparency and reliability of the HCCS board, staff recommends that the PCSC deny the proposed charter amendment allowing all board members to be appointed by the board of directors.

Staff further recommends that the PCSC require HCCS to provide quarterly fiscal and enrollment updates.

Additionally, staff notes that although HCCS board members and administration have contacted the PCSC office with relatively frequent updates, the school's board has been consistently slow, and in some cases apparently reluctant, to provide documentation requested by the PCSC office. Several stakeholders have reported similar experiences.

COMMISSION ACTION

A motion to deny Heritage Community Charter School's proposed charter amendment allowing all board members and officers to be appointed by the board of directors.

OR

A motion to approve Heritage Community Charter School's proposed charter amendment allowing all board members and officers to be appointed by the board of directors.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

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CHARTER SCHOOL DASHBOARD

Date: January 10, 2012

School Name: Heritage Community Charter School

School Address: 1803 E Ustick Caldwell, Idaho 83605

School Phone: 453-8070

Current School Year: 2011-12

School Mission: The Mission of Heritage Community Charter School is to create an atmosphere of mutual respect where students feel safe and are challenged to become their best selves as they develop a curiosity and love of learning that will continue throughout their lives and prepares them for post-secondary education, careers, and service in their communities as well educated leaders who desire to preserve a democratic society and who act with integrity and character.

CHARTER SCHOOL BOARD

Board Member Name	Office and Term	Skill Set(s)	Email	Phone
Richard Hammond	Board Chairman; Term Feb 2010-May 2012	Attorney	rhammond@heritagecommunitycharter.com	283-0888
Lon McRae	Vice Chairmand; Term Feb 2010-May 2012	Dentist	lmcrae@heritagecommunitycharter.com	870-5500
Tamara Strickwerda	Secretary; Term Dec 2012 - ?	Parent	greg1tam@peoplepc.com	
Trey Klauss	Term Feb 2010 - May 2013	Insurance	tklauss@heritagecommunitycharter.com	891-4140
Matthew Hollist	Feb 2010 - May 2013	Health Care Education	mhollist@heritagecommunitycharter.com	899-0095
Josh Gregory	Jan 2011 - May 2014	Law Enforcement	jgregory@heritagecommunitycharter.com	801-391-6739
Robb MacDonald	December 2011 - ?	City Planning	rmacdonald@heritagecommunitycharter.com	

ENROLLMENT

Grade Level	Current Enrollment	Current ADA	Current Waiting List	Previous Year's Enrollment	Previous Year's ADA
K	60			NA	NA
1	60			NA	NA
2	60			NA	NA
3	60			NA	NA
4	60			NA	NA
5	60			NA	NA

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6	58			NA	NA
7	30			NA	NA
8	30			NA	NA
9	9			NA	NA
10	17			NA	NA
11	13			NA	NA
12	1			NA	NA
TOTAL	518	92%	277	NA	NA

Student Attrition Rate: As if Dec 6, 2011, we had 30 students withdraw between the beginning of the school year and December.

Is your school planning to increase or decrease enrollment opportunities for the upcoming school year? Yes

If yes, briefly describe planned enrollment changes, including numbers and grades affected: 7th grade will increase to 60 as 6th grade students move up a grade.

STUDENT DEMOGRAPHICS

School Year	Hispanic (# and %)	Asian (# and %)	White (# and %)	Black (# and %)	American Indian (# and %)	LEP (# and %)	FRL (# and %)	Special Education (# and %)
Current	152 29%	8 1.5%	343 66%	7 1.5%	10 2%	28; 6%	389; 75%	28 6%
Previous	NA	NA	NA	NA	NA	NA	NA	NA

FACULTY AND STAFF

Administrator Name(s): Christine Ivie (Superintendent and Principal); Jean Taylor (Federal Programs and Special Education)

Administrator's Hire Date: March 2011; April 2011

Administrator Email(s): civie@heritagecommunitycharterschool.com; jtaylor@heritagecommunitycharter.com

Current Classified Staff (# FTE): 16 part time and 2 full time (10 FTE)

Classified Attrition Rate: 2

Current Faculty (# FTE): 24

Faculty Attrition Rate: 0

EDUCATIONAL PROGRAM

Did your school make AYP during the last school year? NA

If no, please specify indicator and status: NA

If no, please describe plan for addressing need: NA

Was your school selected to participate in NAEP this year? No

REPORTING

Date of last programmatic operations audit? Dec 12-13, 2011

Date submitted to authorizer? submitting draft report as soon as we receive it from the ICSN

Who performed your most recent programmatic audit? ICSN

Date of most recent fiscal audit? December 2011

Date submitted to authorizer? Will submit as soon as we receive report

COMMENTS

Please describe any significant changes experienced by your school in the past year:

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Board member turnover (all board members have changed except one); Finance/Business Manager position eliminated by the Board in January 2012; Community Relations/Marketing/Technology and Student Data Manager eliminated by the Board in January 2012

Please describe the greatest successes experienced by your school in the past year:

Please see attached superintendent report for more detail. The biggest successes we have had at HCCS have been in creating an outstanding team of faculty members and administrators; creating classrooms that carry out the dual language immersion model and classical model with excellent instruction, and attracting a student body with diverse demographic characteristics.

Please describe any challenges you anticipate during the upcoming year:

Board turnover, lack of board training and difficulty with board members understanding the Board's role; Elimination of 2 critical positions by the Board with no notice to administration or faculty

Please add any additional information of which you would like to make your authorizer aware :

School currently has a notice of defect and several complaints associated with board activity. Attached budget templates reflect the budget as of December 2011, however, the Board made several decisions that impact the budget during December 2011 and January 2012.

REQUIRED ATTACHMENTS

- Most recent ISAT, IRI, DWA, and DMA results (as applicable)
- Chart comparing ISAT, IRI, DWA, and DMA scores over the past four years of operation (as applicable)
- Goals attainment report comparing the measurable student educational standards in your charter to actual results.
- Written response to recommendations from most recent programmatic operations audit.
- Most recent parent/stakeholder satisfaction survey results
- Budget actuals for most recent month-end
- Budget estimates for remainder of current year, and fiscal outlook for next year
- Exit interview data for most recent school year

Heritage Community Charter School, January 2012	Proposed (Board Approved Budget for Fiscal Year)	Actual (Through Most Recent Month End)	Projected (Anticipated Year-End Numbers)	Percentage Used (Actual / Proposed)	Notes
REVENUE					
Salary Apportionment	\$1,186,106.00	\$884,946.50	\$1,188,937.70	74.61%	adopted 25.5 Support units, 512 students (openings in 6 (5) and in secondary (3)) 92% attendance
Benefit Apportionment	\$228,520.00	\$170,000.00	\$228,520.00	74.39%	
Entitlement	\$500,463.00	\$372,500.00	\$500,463.00	74.43%	** no break out given from state until last couple of payments
State Transportation	\$146,775.00	\$110,000.00	\$172,800.00	74.94%	Based on 72% reimbursement on actual costs as we are looking to be slightly over the cap per student to receive full funding
Lottery	\$0.00			#DIV/0!	
Other State Funds (Specify)	\$0.00			#DIV/0!	
Special Ed - Regular	\$70,000.00		\$45,000.00	0.00%	Based on last estimate, but based on our child count we anticipate an adjusted allocation
Special Ed - ARRA	\$0.00			#DIV/0!	
Title I	\$130,000.00		\$110,000.00	0.00%	Funds requested for December 2011 , anticipate carrying over portion of \$141,382 allocation to next fiscal yea
Federal Title I Funds : ARRA	\$0.00			#DIV/0!	
Medicaid Reimbursement	\$15,000.00		\$15,000.00	0.00%	Getting set up with Idaho medical billing to beging claims
Title IIA	\$0.00		\$20,000.00	#DIV/0!	Anticipated carry over or remaining allocation - Total allocation \$22,166
Local Revenue (Specify)	\$125,000.00		\$0.00	0.00%	Albertsons Grant money deferred from FY 2011 (recognized as revenue FY 11, used as current resources in FY 12) Included in the beginning of year carryover
Federal Startup Grant	\$0.00	\$53,126.98	\$53,126.98	#DIV/0!	Start up purchases for amendment and items purchased in July.
Other Grants (Specify)	\$0.00			#DIV/0!	
Fundraising	\$10,000.00	\$16,280.22	\$16,500.00	162.80%	
Interest Earned	\$0.00	\$54.51	\$75.00	#DIV/0!	
Other (Specify)	\$0.00	\$81,145.52	\$180,000.00	#DIV/0!	Food Service Revenue (\$12,016.54 due for December 2011 service)
Other (Specify)	\$0.00			#DIV/0!	
TOTAL REVENUE	\$2,411,864.00	\$1,688,053.73	\$2,530,422.68	69.99%	
EXPENDITURES					
100 Salaries					
Teachers	\$809,880.00	\$270,006.09	\$794,000.00	33.34%	
Special Education	\$117,990.00	\$50,453.49	\$117,990.00	42.76%	
Instructional Aides	\$82,422.00	24061 1/2	\$81,900.00	29.19%	
Classified/Office	\$150,498.00	\$73,333.16	\$135,498.00	48.73%	
Administration	\$95,004.00	\$47,500.00	\$95,004.00	50.00%	
Maintenance	\$10,944.00	\$2,488.50	\$3,000.00	22.74%	moved to contracted month to month janitorial
Other (Specify)				#DIV/0!	
Other (Specify)				#DIV/0!	
Total Salaries	\$1,266,738.00	\$467,842.74	\$1,227,392.00	36.93%	
200 Employee Benefits					
PERSI/FICA/Benefits	\$333,449.00	\$87,279.74	\$300,000.00	26.17%	Many staff opt'd out of medical coverage - we do not offer cash in lue of coverage
Other (Specify)				#DIV/0!	
Total Benefits	\$333,449.00	\$87,279.74	\$300,000.00	26.17%	
300 Purchased Services					
Management Services		\$2,738.70	\$7,944.00	#DIV/0!	Janitorial Services
Staff Dev/Title IIA				#DIV/0!	
Legal Pub/Advertising				#DIV/0!	
Legal Services	\$10,000.00	\$2,612.43	\$10,000.00	26.12%	
Special Education	\$20,000.00	\$8,295.03	\$20,000.00	41.48%	
Liability & Property Ins	\$24,000.00	\$12,082.00	\$23,500.00	50.34%	
Substitute Teachers	\$7,500.00	\$1,290.00	\$7,000.00	17.20%	
Board Expenses				#DIV/0!	
Computer Services				#DIV/0!	
Transportation	\$195,700.00	\$81,568.40	\$240,000.00	41.68%	Based on bus ridership, routes estimated after monthly evaluation with Brown Bus. Should be close to cap amounts. - Does not include Dec 2011 Invoice
Travel				#DIV/0!	
Other (Specify)	\$8,250.00	\$14,341.25	\$15,500.00	173.83%	Copy Machine lease and service agreement (\$7,500) IDLA classes (\$750) - More IDLA classes than anticipated to meet needs.
Other (Specify)	\$12,500.00	\$2,973.38	\$16,475.00	23.79%	Audit fees - programmatic and fiscal (\$7,500) Professional organization fees (\$5,000), bookkeeping service:
Total Services	\$277,950.00	\$125,901.19	\$340,419.00	45.30%	
Facilities				#DIV/0!	

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Building Lease	\$388,216.00	\$244,200.07	\$399,486.00	0.67%	Partial Month August 2011 Rent, paid lease through February 2012
Land Lease				#DIV/0!	
Modular Lease				#DIV/0!	
Utilities, Phones, Lndscp	\$41,000.00	\$16,432.01	\$50,000.00	3.15%	Have yet to receive all bills relating to December time frames.
Site Preparation				#DIV/0!	
Other (Specify)	\$2,500.00			0.00%	Any permits or city/ county fees applicable - none anticipated
Other (Specify)	\$9,000.00	\$186.53	\$8,620.00	906.32%	Grounds & Maintenance, lawn care, snow removal
Total Facilities	\$440,716.00	\$260,818.61	\$458,106.00	59.18%	
400 Supplies and Maintenance					
Textbooks		\$4,803.85	\$5,000.00	#DIV/0!	
School Supplies	\$2,500.00	\$61,733.94	\$64,000.00	2469.36%	Testing and assessment, start up grant purchases (\$53,126.98).
Power School				#DIV/0!	
Custodial Supplies	\$8,000.00	\$5,412.63	\$9,500.00	67.66%	
Other (Specify)				#DIV/0!	
Other (Specify)				#DIV/0!	
Total Supplies	\$10,500.00	\$71,950.42	\$78,500.00	685.24%	
500 Capital Objects					
Furniture		\$12,155.21	\$12,155.21	#DIV/0!	
Technical AV Equipment				#DIV/0!	
Other (Specify)	\$10,000.00	\$88,938.11	\$180,000.00	889.38%	School Nutrition Start up expenses
Other (Specify)				#DIV/0!	
Other (Specify)				#DIV/0!	
Other (Specify)				#DIV/0!	
Total Capital Objects	\$10,000.00	\$101,093.32	\$192,155.21	1010.93%	
Debt Service					
Specify				#DIV/0!	
Specify				#DIV/0!	
Specify				#DIV/0!	
Total Debt Service	\$0.00	\$0.00	\$0.00	#DIV/0!	
Grant Purchases					
Specify				#DIV/0!	
Specify				#DIV/0!	
Specify				#DIV/0!	
Specify				#DIV/0!	
Specify				#DIV/0!	
Total Grant Purchases	\$0.00	\$0.00	\$0.00	#DIV/0!	
Reserve Fund				#DIV/0!	
Building Fund				#DIV/0!	
Total Expenses	\$2,339,353.00	\$1,114,886.02	\$2,596,572.21	47.66%	
Carryover from Previous FY	\$0.00	\$208,152.00	\$208,152.00	#DIV/0!	
Reserve/(Deficit)	\$72,511.00	\$781,319.71	\$142,002.47	1077.52%	

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Heritage Community Charter, January 2012	Proposed Budget	Notes
REVENUE		
Local Revenue		
State Revenue		
Entitlement	\$561,304.00	Estimated enrollment of 558 generating 28.6 support units
Wages		
Administration	\$140,048.00	
Teachers	\$1,031,596.00	
Classified	\$138,694.00	
Medicaid	\$15,000.00	
Benefit	\$229,811.00	
Transportation	\$180,000.00	Reimbursement at 75%
Federal Revenue		
Title I	\$140,000.00	
Special Ed	\$40,000.00	
Title II	\$20,000.00	
Startup Grant	\$0.00	
Other Sources (Specify)	\$10,000.00	Fundraising/ Student ID's
Other Sources (Specify)	\$180,000.00	School Nutrition revenue
Other Sources (Specify)		
Total Revenue before holdback	\$2,686,453.00	
PROPOSED HOLDBACK		
		Holdbacks should be estimated at a minimum of 5% - 5.5% for FY 2011.
Teacher Salaries		
Classified Salaries		
Admin Salaries		
Benefits		
Entitlement		
Transportation		
Total Holdback	\$0.00	
Total Revenue after holdback	\$2,686,453.00	
EXPENDITURES		
100 Salaries		
Teachers	\$819,959.00	
Admin	\$95,000.00	
Classified	\$130,697.00	
Special education	\$118,680.00	
Other (Specify)		
Other (Specify)		
Total Salaries	\$1,164,336.00	
200 Benefits		
		Budgeting on 29 expected full time staff accepting insurance, current experience is not all staff will want insurance
Benefit Dollars	\$113,100.00	
PERSI/Payroll taxes	\$225,619.00	
Other (Specify)		
Total Benefits	\$338,719.00	
300 Purchased Services		
Transportation	\$240,000.00	
Special Education	\$22,500.00	
Proctor costs	\$2,000.00	testing and assessment
Legal	\$12,500.00	
Insurance	\$25,000.00	
Copier Lease	\$11,000.00	
Printer Lease		
Facility Lease	\$493,889.00	
Utilities	\$50,000.00	
Professional Development	\$5,000.00	Professional dues and other fees
Technology	\$5,000.00	
Management Services		

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Legal Publications/Advertising	\$1,000.00	
Substitute Teachers	\$5,000.00	
Board Expenses		
Other (Specify)	\$15,000.00	Audit fees, and bookkeeping services
Other (Specify)	\$7,500.00	IDLA courses
Total Purchased Services	\$895,389.00	
Supplies & Materials		
Teacher/Classroom	\$2,500.00	
Office	\$1,750.00	
Janitorial	\$10,000.00	
Textbooks	\$7,500.00	
Other (Specify)	\$22,000.00	grounds and maintenance
Other (Specify)	\$180,000.00	School nutrition expenditures
Total Supplies & Materials	\$223,750.00	
Grant Expenditures		
Specify		
Specify		
Specify		
Total Grant Expenditures	\$0.00	
Capital Outlay		
Total Capital Outlay	\$0.00	
Debt Retirement		
Total Debt Retirement	\$0.00	
Insurance & Judgements		
Total Insurance & Judgements	\$0.00	
Transfers		
Total Transfers	\$0.00	
Contingency Reserve	\$0.00	
Building Fund	\$0.00	
Total Expenditures	\$2,622,194.00	
Carryover from Previous FY	\$142,002.47	Reflects projected reserve/(deficit) from "current year" worksheet
Reserve/(Deficit)	\$206,261.47	

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Name HCCS
City Caldwell, Id

Student numbers	Grades	k	1	2	3	4	5	6	7	8	9	10	11	12
Yr 1	510 K-12	60	60	60	60	60	60	55	30	30	20	12	3	0
Yr 2	558 K-12	60	60	60	60	60	60	60	55	30	18	20	12	3
Yr 3	603 K-12	60	60	60	60	60	60	60	60	55	18	18	20	12
Yr 4	631 K-12	60	60	60	60	60	60	60	60	60	35	18	18	20
Yr 5	650 K-12	60	60	60	60	60	60	60	60	60	37	35	19	19
Yr 6	665 K-12	60	60	60	60	60	60	60	60	60	36	35	35	19

K	1-3	4-6	Secondary	Total
60	180	175	95	510
60	180	180	138	558
60	180	180	183	603
60	180	180	211	631
60	180	180	230	650
60	180	180	245	665

At 92% attendance

Support units	Salary	Benefit	Entitlement	Total estimated state apportionment
Yr 1	25.3	1,225,332	221,048	496,538
Yr 2	28.6	1,310,338	229,811	561,304
Yr 3	32.0	1,530,957	236,261	628,032
Yr 4	34.1	1,626,753	239,485	669,247
Yr 5	35.6	1,695,179	245,213	698,686
Yr 6	36.1	1,717,987	248,146	708,499

Attrition rate at 9th grade
N/A
40%
40%
36%
38%
40%

FT	PT	Aides	Kitchen
26	2	17	3 part 1 full
28	1	13	3 part 1 full
29	1	13	3 part 1 full
30	0	13	3 part 1 full
31	0	13	3 part 1 full
31	0	13	3 part 1 full

Key points

Accounts for ~40% of 8th graders not continuing to 9th grade with only replacing to maintain partial HS levels
 Budgeted at 92 % attendance which is ~1-4% lower than anticipated, but done for conservatism
 In year 2-5 we do not step up teacher experience, because we do not know if the state will
 Does not include technology money from the state as it is still too hard to estimate
 26 full time and 2 half time in year 1
 Budget for all employees to take insurance, but know that 5-10 will decline coverage, expected savings of approximately \$20,000 - \$40,000
 Budgeted Transportation reimbursement at 73% for conservatism based on unknown state funding forecasts

At 94% attendance

**** did not change because we would add no staff****

Support units	Salary	Benefit	Entitlement	Total estimated state apportionment	Addtl @94
Yr 1	25.3	1,225,332	221,048	496,538	-
Yr 2	28.9	1,389,544	229,811	567,191	85,094
Yr 3	32.3	1,544,642	236,261	633,920	19,573
Yr 4	34.5	1,645,000	239,485	677,097	26,097
Yr 5	36.0	1,713,426	245,213	706,536	26,097

February 9, 2012

**HCCS
Annual Budget Template
Caldwell, Id**

	FY 2012-2013			FY 2013-2014			FY 2014-2015			FY 2015-2016			FY 2016-2017		
	Number	Year 2 Rate	Amount	Number	Year 3 Rate	Amount	Number	Year 4 Rate	Amount	Number	Year 5 Rate	Amount	Number	Year 6 Rate	Amount
Number of Students	558			603			631			650			665		
Revenues:															
State Apportionment		\$ 3,766	\$2,101,453		\$ 3,972	\$2,395,250		\$ 4,018	\$2,535,485		\$ 4,060	\$2,639,078		\$ 4,022	\$2,674,632
State Transportation		75%	180,000		75%	202,500		75%	210,000		75%	213,750		75%	221,250
Nutrition Program	\$ -		180,000	\$ -		180,000	\$ -		180,000	\$ -		180,000	\$ -		180,000
Federal Grants - start up			0			0			0			0			0
Albertsons Grant			0			0			0			0			0
Fundraising/student id's			10,000			10,000			12,500			15,000			15,000
Other federal funds			200,000			200,000			200,000			220,000			220,000
Medicaid			15,000			15,000			15,000			16,500			16,500
Total Revenues			\$2,686,453			\$3,002,750			\$3,152,985			\$3,284,328			\$3,327,382
Holdbacks:															
<u>State Holdback</u>															
Total Holdbacks		0%	\$0		0%	\$0		0%	\$0		0%	\$0		0%	\$0
Total Revenues after Holdbacks			\$2,686,453			\$3,002,750			\$3,152,985			\$3,284,328			\$3,327,382
Expenses:															
<u>Salaries:</u>		0.0%			0.0%			0.0%			1.0%			1.0%	
Teachers			\$819,959			\$851,709			\$867,584			\$908,010			\$917,090
Fed Programs Director			\$68,680			\$69,180			\$69,680			\$69,680			\$69,680
Special Ed			\$50,000			\$50,000			\$50,000			\$50,000			\$50,000
Instructional Aids			\$86,697			\$86,697			\$86,697			\$86,697			\$86,697
Bus/Community Director			\$0			\$0			\$0			\$0			\$0
Classified/Office Staff			\$44,000			\$44,000			\$44,000			\$44,000			\$44,000
Administration			\$95,000			\$95,500			\$96,000			\$96,000			\$96,000
Nutritional Program			\$0			\$0			\$0			\$0			\$0
Librarian			\$0			\$0			\$0			\$0			\$0
Maintenance/Other			\$0			\$0			\$0			\$0			\$0
Bus/Ops Director			\$0			\$0			\$0			\$0			\$0
Total Salaries			\$1,164,336			\$1,197,086			\$1,213,961			\$1,254,387			\$1,263,467
<u>Benefits:</u>															
Retirement/PERSI		11.6%	\$123,272		11.6%	\$127,074		10.4%	\$116,672		11.6%	\$135,569		11.6%	\$136,623
Health/Life Insurance		325	29 113,100		325	30 117,000		350	31 130,200		400	32 153,600		400	32 153,600
Payroll Taxes		7.7%	89,537		7.7%	92,056		7.7%	93,354		7.7%	96,462		7.7%	97,161
Workers Compensation		1.1%	12,810		1.1%	13,170		1.1%	13,350		1.1%	13,800		1.1%	13,900
Total Benefits			\$338,719			\$349,300			\$353,576			\$399,431			\$401,284
<u>Operating Expenses:</u>															
Textbooks	\$ 20.00		\$7,500	\$ 10.00		\$25,000	\$ 10.00		\$25,000	\$ 10.00		\$25,000	\$ 10.00		\$25,000
Copy Machine Lease			\$11,000			\$11,500			\$12,000			\$13,000			\$15,000
Equipment/ Furniture			\$2,500			\$15,000			\$10,000			\$2,500			\$2,500
Technology			\$5,000			\$7,500			\$7,500			\$7,500			\$15,000
Special Ed services			\$22,500			\$25,000			\$30,000			\$30,000			\$32,500
Legal			\$12,500			\$15,000			\$15,000			\$15,000			\$16,000
Accounting/ Audit fee			\$15,000			\$15,000			\$16,000			\$17,000			\$18,000
Advertising/Marketing			\$1,000			\$1,000			\$1,000			\$1,000			\$1,250
Utilities			\$50,000			\$55,000			\$62,000			\$63,000			\$66,000
Liability & Property Insurance			\$25,000			\$26,000			\$27,000			\$28,000			\$28,000
Testing & Assessment			\$2,000			\$2,500			\$2,500			\$2,500			\$2,500
Staff Development			\$0			\$0			\$0			\$0			\$0
Rents and Leases			\$493,889	18%		\$527,525	18%		\$546,458			\$560,120			\$574,123
Portables/secondary fac			\$0	0%		\$27,500	1%		\$47,500			\$40,000			\$40,000
Permits and fees			\$0			\$5,000			\$5,000			\$1,000			\$1,000
Custodial supplies			\$10,000			\$11,500			\$12,000			\$12,000			\$13,000
Supplies - admin/ postage			\$1,000			\$1,250			\$1,250			\$1,250			\$1,500
Supplies - Operations, HR			\$750			\$750			\$750			\$750			\$1,000
Grounds & Maintenance			\$22,000			\$22,000			\$22,000			\$22,000			\$22,500
Professional fees			\$5,000			\$5,000			\$5,000			\$5,000			\$6,000
Substitutes			\$5,000			\$5,500			\$5,500			\$5,500			\$6,000
IDLA		75	7,500		75	7,500		100	8,000		100	8,000		100	8,500
Total Operating Expenses			\$699,139			\$812,025			\$861,458			\$860,120			\$895,373
<u>Program Expenses:</u>															
Transportation	\$ 365		\$240,000	\$ 365		\$270,000	\$ 365		\$280,000	\$ 365		\$285,000	\$ 365		\$295,000
Nutrition Program	\$ -		180,000	\$ -		180,000	\$ -		180,000	\$ -		180,000	\$ -		180,000
Total Program Expenses			\$420,000			\$450,000			\$460,000			\$465,000			\$475,000
Total Expenses			\$2,622,194			\$2,808,411			\$2,888,995			\$2,978,938			\$3,035,124
Net Operating Income/(Loss)			\$64,259			\$194,339			\$263,989			\$305,390			\$292,258
Beginning Fund Balance			142,002			206,261			400,601			664,592			969,983
Ending Fund Balance			206,261			400,601			664,592			969,983			1,262,242
Ending Fund Balance (No HB occurring)			206,261			400,601			664,590			969,980			1,262,238

Staff note
Portable note

add 1 teacher

add 1 teacher
1 unit - 2 classrooms

2 units - 4 classrooms

add 1 teacher
2 units - 4 classrooms

2 units - 4 classrooms

February 9, 2012



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

650 W. State Street • P.O. Box 83720 • Boise, ID 83720-0037
208/334-2270 • FAX: 208/334-2632
e-mail: charter@osbe.idaho.gov

December 8, 2011

Board of Directors
Heritage Community Charter School
1803 E. Ustick Road
Caldwell, ID 83605

Dear HCCS Board of Directors:

As you are aware, Idaho Code § 33-5209 requires the authorized chartering entity of a public charter school to provide written notice of defect to any school which it has reason to believe has committed a defect. The letter is to serve as written notice of defect to Heritage Community Charter School on the following grounds:

1. Violation of a provision of law, specifically, failure to provide public records requested by Tamara Baysinger, Public Charter School Commission Director, via electronic mail on November 29, 2011.

In accordance with IDAPA 08.02.04.301.03, please submit to the PCSC office by December 22, 2011, a corrective action plan detailing the means by which this defect will be cured. Please don't hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "T. Baysinger".

Tamara L. Baysinger
Public Charter School Commission Director

Cc: Michelle Clement Taylor, School Choice Specialist, State Department of Education
Christine Ivie, Administrator, Heritage Community Charter School

February 9, 2012



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

650 W. State Street • P.O. Box 83720 • Boise, ID 83720-0037

208/334-2270 • FAX: 208/334-2632

e-mail: charter@osbe.idaho.gov

January 3, 2012

Board of Directors
Heritage Community Charter School
1803 E. Ustick Road
Caldwell, ID 83605

Dear HCCS Board of Directors:

As you are aware, Idaho Code § 33-5209 requires the authorized chartering entity of a public charter school to provide written notice of defect to any school which it has reason to believe has committed a defect. The letter is to serve as written notice of defect to Heritage Community Charter School on the following grounds:

1. Failure to submit required reports to the authorized chartering entity governing the charter, specifically, failure to submit a corrective action plan as required by the notice of defect issued to HCCS on December 8, 2011.

In accordance with IDAPA 08.02.04.301.03, please submit to the PCSC office by January 17, 2012, a corrective action plan detailing the means by which this defect will be cured. Please don't hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "T. Baysinger", with a long horizontal flourish extending to the right.

Tamara L. Baysinger
Public Charter School Commission Director

Cc: Alan Reed, Chairman, PCSC
Michelle Clement Taylor, School Choice Specialist, SDE
Christine Ivie, Administrator, HCCS

Enclosures (2)

February 9, 2012

Tamara Baysinger

From: Tamara Baysinger
Sent: Friday, December 23, 2011 2:18 PM
To: 'Lon McRae'
Cc: 'hammonerichard@hammondlawoffice.com'; 'tklauss@heritagecommunitycharter.com'; 'hollismatthew@iinwe.org'; 'jgregory@heritagecommunitycharter.com'; 'greg1tam@peoplepc.com'; 'rbbcmacdonald@yahoo.com'; Keelie Campbell
Subject: Outstanding NOD

Thanks, Lon. I did receive the four emails.

Please bear in mind that I still need the requested board meeting materials (see public records request emailed 11/29/11). For clarity, these comprise all documents provided to the board for review/consideration in preparation for, or during, board meetings.

At this time, HCCS remains in defect as identified in the Notice of Defect dated 12/8/11; in accordance with that NOD, your corrective action plan was due on 12/22/11. At this time, we have yet to receive your CAP and will be obliged to issue a second NOD on the grounds of failure to submit required reports if said CAP is not submitted posthaste.

I realize that you are new to the NOD/CAP process and am happy to answer any questions that you have. Details may also be found in I.C. 33-5209(2-3) and IDAPA 08.02.04.301.

Additionally, please note that I.C. 67-2344 requires that meeting minutes be made available within a reasonable time after each board meeting. The HCCS website currently provides minutes only through August 23, 2011. Have the remaining minutes been approved, but not posted? If so, please post them ASAP and/or provide them to this office in accordance with public records law. See I.C. 9-339 for relevant deadlines.

I appreciate your prompt attention to this matter.

Regards,

Tamara L. Baysinger
Director, Idaho Public Charter School Commission
208-332-1583

From: Lon McRae [<mailto:lmcrae@heritagecommunitycharter.com>]
Sent: Thursday, December 22, 2011 9:32 AM
To: Tamara Baysinger
Subject: Fwd: Fw: RE: HCCS Board Member Letters of Resignation

Tamara I am forwarding the letters of recommendation and reasons why thy resigned

Lon McRae

----- Forwarded message -----
From: **Greg & Tamara Strikwerda** <greg1tam@peoplepc.com>
Date: Wed, Dec 21, 2011 at 12:48 PM
Subject: Fw: RE: HCCS Board Member Letters of Resignation
To: LMcRae@heritagecommunitycharter.com

February 9, 2012



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

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December 8, 2011

Board of Directors
Heritage Community Charter School
1803 E. Ustick Road
Caldwell, ID 83605

Dear HCCS Board of Directors:

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In accordance with IDAPA 08.02.04.301.03, please submit to the PCSC office by December 22, 2011, a corrective action plan detailing the means by which this defect will be cured. Please don't hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "T. Baysinger".

Tamara L. Baysinger
Public Charter School Commission Director

Cc: Michelle Clement Taylor, School Choice Specialist, State Department of Education
Christine Ivie, Administrator, Heritage Community Charter School

February 9, 2012

Richard L. Hammond
Board Chair
Heritage Community Charter School

Sent Via Fax / Total Pages: 2

January 20, 2012

Keelie Campbell
Idaho State Board of Education
Charter School Program Manager
Phone: 208-332-1585
Fax: 208-334-2632

Re: CORRECTIVE ACTION PLAN

Dear Ms. Campbell:

The letter is submitted as a corrective action plan for Heritage Community Charter School ("HCCS") and is a compilation of the information previously sent via three separate emails to you and Ms. Baysinger over the past several days.

First and foremost, HCCS has hired and retained Chris Yorgason to serve as the board attorney and board to assist in keeping and maintaining all the records of the school. Mr. Yorgason has been representing Idaho charter schools for over seven years and is fully capable of assisting the board in meetings all of its statutory and regulatory requirements. Mr. Yorgason will be in attendance at all board meetings and will work to ensure that the board is complying with all open meeting and public records statutory requirements.

Second, the board has undergone some changes. Lon McRae has stepped down from the board chair position, which has helped alleviate a number of concerns and has improved relations between the board and staff. I have taken on the position of board chair and, as such, I have begun to implement a number of policies: we are working with parents and staff to provide live online streaming of the board meetings to provide more openness and access to board actions; I have joined the parents' group Facebook account to increase communication and improve relationships; I have spent much time with Dr. Ivie, Jean Taylor, Bob Larson, parents and staff to receive and address their concerns and to explain the changes that will be implemented.

The Board has also approved its attendance and participation in the Brian Carpenter training program. As the new Board chair, I have personally read the entire manual, reviewed open meeting law statutes, met privately with legal counsel, read the charter and bylaws and will be holding additional training meetings for the board.

Further, in previous conversations with Ms. Baysinger, she addressed a number of issues which can be grouped into four categories:

1. The board has held meetings at inconvenient times and locations;
2. Issues with the bylaws and the selection of new board members;

February 9, 2012

3. Minutes -- not posted and possible not in existence; and
4. Public records -- not timely provided in accordance with Idaho statutes (including minutes and board packets).

As a result of these issues, the Charter Commission issued two notices of defect. The first for failure to properly comply with a public records request; the second for failure to properly respond to the first notice of defect, including providing a corrective action plan. The Board has communicated with Mr. Yorgason regarding these issues and these issues have been corrected and will be avoided in the future.

First, it appears the board held a meeting in Meridian, early in the morning. That meeting was an executive session to discuss a personnel item and the meeting held at the time and place that was convenient for staff member who was being discussed. We have spoken to members of the board and board meetings will be held in a location that is convenient for the public to attend or good reason will be shown to explain the alternate location.

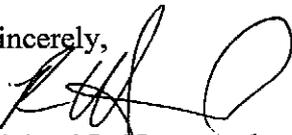
Second, as the new chairman of the board, I have expressed my desire to strictly adhere to the charter, bylaws and other governing documents. With the help of our attorney, we will ensure that all future actions will be undertaken in full compliance with the charter, bylaws, policies and Idaho law.

Third, at a recent special board meeting, the board formally approved minutes for four separate council meetings, which covers all meetings through the November regular board meeting.

Those minutes will be posted online as soon as possible. The minutes for the December and January meetings have not yet been approved, but will be approved and posted shortly. In the future, the board will make sure that minutes are written and approved in a timely manner and they will be made available with a reasonable period of time.

Finally, we believe that we have now fully complied with the public records requests and the notices of defect. This corrective action plan should hopefully put to rest any issues or concerns that the Commission may have with HCCS. If there are further concerns, please let us know.

Sincerely,



Richard L. Hammond
Board Chair

rlh

February 9, 2012



January 12, 2012

Dear Idaho Charter School Commissioners,

The HCCS Board of Directors respectfully submits proposed changes to its bylaws for consideration of approval at the Commission at the February 9th, 2012 Commission meeting.

The HCCS Board of Directors unanimously approved changes to its bylaws on March 12th, 2011 affecting its elected stakeholder positions on the Board of Directors. We apologize that unfortunately due to an oversight, we were not aware that these changes were not submitted to the Commission for review and approval until this time.

After much research and review of other charter schools, the board gave consideration to the changes to its bylaws due to the fact that the directors felt the need for recruitment and selection of individuals to serve on the board with specific skills sets and talents to adequately provide oversight and accountability to its stakeholders and authorizing entity. The Board of Directors felt that the bylaws stating that two positions filled by a stakeholder election could potentially provide some challenges in filling specific skill sets needed by the board in the scope of its duties, and that board appointed positions would provide a better opportunity to appoint directors who could provide those specific skill sets needed. In addition, but secondary to the first point, is the avoidance of directors being elected by stakeholders to promote a specific group's personal agenda within the school, which eventually undermines the work of the board as a whole.

We feel that this decision to remove stakeholder elected seats will not in any way diminish the "voice" of the stakeholders as we are providing opportunities for all stakeholders to serve on specific committees. These committees will be under the direction of a designated board member and the principal and we feel will provide parents' opinions to be voiced, in addition to oversight, accountability and support to school operations. These committees will then in turn make recommendations to the principal for his or her recommendation to the board of directors. We feel this decision has proven to be effective in other local charter schools and that of our mentor schools.

Respectfully,
Lon C. McRae, Director
The HCCS Board of Directors

February 9, 2012

BYLAWS OF HERITAGE COMMUNITY CHARTER SCHOOL
An Idaho Nonprofit Corporation

Article 1: Offices

The corporation's principal office shall be fixed and located within the Caldwell School District # 132 boundaries, County or Canyon, State of Idaho. The Board is granted full power and authority to change the principal office from one location to another within the Caldwell School District # 132 boundaries, County of Canyon, State of Idaho.

Article 2: Purpose

The specific and general purposes of the corporation are described in the Articles of Incorporation

Article 3: No Members

The corporation shall have no members. Any action, which would otherwise by law require approval by a majority of all members or approval by the members, shall require only approval of the Board. All rights which would otherwise by law vest in the members shall vest in the Board.

Article 4: Directors

Section 4.1 General Powers

Subject to the limitations of the Idaho Nonprofit Corporation Act, the corporation's Articles of Incorporation and these Bylaws, the activities and affairs of the corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the corporation's activities to any person(s), management company or committees, however composed, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. No assignment, referral or delegation of authority by the Board or anyone acting under such delegation shall preclude the Board from exercising full authority over the conduct of the corporation's activities, and the Board may, subject to contractual obligations as may exist, rescind any such assignment, referral or delegation at any time.

|

Section 4.2 Specific Powers

Without prejudice to its general powers, but subject to the same limitations set forth above, the Board shall have the following powers in addition to any other powers enumerated in these Bylaws and permitted by law:

- a. To select and remove all of the officers, agents and employees of the corporation; to prescribe powers and duties for them which are not inconsistent with law, the corporation's Articles of Incorporation or these Bylaws; and to fix their compensation;
- b. To conduct, manage and control the affairs and activities of the corporation and to make such rules and regulations therefore which are not inconsistent with the law, the corporation's Articles of Incorporation or these Bylaws, as it deems best;
- c. To adopt, make and use a corporate seal and to alter the form of the seal from time to time, as it deems best;
- d. To borrow money and incur indebtedness for the purpose of the corporation, and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecation's and other evidences of debt and securities therefore;
- e. To act as trustee under any trust incidental to the principal object of the corporation, and to receive, hold, administer, exchange and expend funds and property subject to such trust;
- f. To acquire by purchase, exchange, lease, gift, devise, bequest, or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, convey or otherwise dispose of real and personal property;
- g. To assume any obligations, enter into any contracts or other instruments, and do any and all other things incidental or expedient to the attainment of any corporate purpose; and
- h. To carry out such other duties as are consistent with the tax-exempt purpose for which the corporation is formed.

Section 4.3 Number, ~~Election~~ Appointment and Term of Directors

- a. The authorized number of Directors shall be no less than five (5) and no greater than seven (7) until changed by amendment of these Bylaws. ~~Except as provided in subparagraph 4.3(b) below, the Board shall consist of no less than two members elected by the stakeholders of Heritage Community Charter School, the remaining~~ All Heritage Community Charter School Board members shall be elected appointed by the Board of Directors. A "stakeholder" is defined as one or more of the following: (i) parents of students attending the school; (ii) the initial ~~Board members; or (iii) the initial~~ "founders" of Heritage Community

Charter School as designated by the board in accordance with Idaho Code Section 33-5202A(3).

- b. ~~**Initial Board Members.** Prior to and during the initial year of school operation, all Board members shall be elected by the Board of Directors. When electing initial board members, the board shall designate two seats that will become vacant at the end of the initial year, two seats that shall become vacant at the end of the second year, and so on. After the initial year, one of these vacancies shall be filled by a Stakeholder elected board member, and that seat shall be designated as a "Stakeholder Elected Seat." At the end of the second year, one of the two vacancies shall be filled by a second Stakeholder elected board member, and that seat shall be designated as a Stakeholder Elected Seat.~~
- e. ~~**Board Member Elected Appointment.** In order to fill the a vacant seat of a Board member elected seat on the Board, the Board will solicit nominations and letters of application from stakeholders or members of the community. The Board may then elect appoint an approved applicant to fill the vacancy. Board members elected to fill the seats of directors whose terms have expired shall be elected at the annual meeting of the Board of Directors.~~
- d.c. ~~**Stakeholder Elected.** In order to fill the vacant seat of a stakeholder elected seat on the Board, the Board will solicit nominations and letters of application from stakeholders or members of the community. A stakeholder election will then be conducted to elect the board member(s) to fill the vacancy. If the election is for the replacement of a Stakeholder Elected Board member whose term has ended, the voting and election shall be conducted within three weeks of the annual meeting of the Board of Directors. At the annual meeting, the Board shall ratify the election results and make such results effective.~~
- e.d. ~~Upon the expiration of the initial year, tThe duration of the term of each new director shall be three (3) years and shall be staggered so as to promote continuity in the Board.~~

Section 4.4 Resignation and Removal

Any Director may resign effective upon giving written notice to the Board, unless the notice specifies a later effective time. If the resignation is effective at a future time, a successor may be nominated by a Director and voted in by majority vote of the Board. A Board member may be removed with or without cause by the vote of two-thirds (2/3) of the remaining directors.

Section 4.5 Vacancies

- a. A Board vacancy or vacancies shall be deemed to exist if any Director dies, resigns, or is removed, or if the authorized number of Directors is increased.
- b. The Board may declare vacant the office of any Director who has been convicted of a felony.
- c. A vacancy on the Board shall be filled in the same manner of selection as ~~that used to select the Director whose office is vacant, provided that vacancies to be filled by election by~~ previously stated. Directors' seats may be filled by a vote of the majority of the remaining Directors, although less than a quorum. Each Director so elected shall hold office until a successor has been appointed and qualified.

No reduction of the authorized number of Directors shall have the effect of removing any Director prior to the expiration of the Director's term of office.

Section 4.6 Place/Notice of Meetings

Meetings of the Board may be held at the principal office of the corporation or at any other place that has been designated in the notice of the meeting by resolution of the Board. Appropriate notices of the meeting complying with Idaho Open Meeting Law shall be posted for all board meetings, including special and emergency meetings of the board of directors. The public, any board member, or officer of the corporation may request to place any desired item on the agenda of any board meeting by notifying in writing. A description shall be delivered to the then acting secretary, or the secretary's designee, of the corporation. The Chairman of the Board shall have discretion regarding what items shall be included on meeting agendas.

Section 4.7 Annual Meetings

The Board shall hold an annual meeting for the purposes of organization, ~~selection~~ appointment of directors and officers, approval of the annual budget and the transaction of other business.

Section 4.8 Regular Meetings

The Board shall hold regular meetings on such dates and at such times and places as may be from time to time fixed and notified by the Board.

Section 4.9 Special Meetings

- a. Special meetings of the Board for any purpose(s) may be called at any time by the Chairman of the Board or the Secretary.

- b. Special meetings of the Board may be held after each Director has received notice by mail, telecopy, e-mail or telephone.
- c. Oral notice shall be deemed received at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient whom the person giving the notice has reason to believe will promptly communicate it to the receiver.

Section 4.10 Quorum and Voting

In order to conduct business, a quorum must be present. Two thirds (2/3) of the authorized Directors shall constitute a quorum. The Board shall attempt to reach a general consensus on all actions before the Board; provided, however, that every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is an act of the Board.

Section 4.11 Waiver of Notices

Notice of meeting need not be given to any Director who signs a waiver of notice, a written consent to the holding of the meeting, an approval of the minutes of the meeting, whether before or after the meeting, or who attends the meeting without protesting the lack of notice prior thereto or at its commencement. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meetings.

Section 4.12 Adjournment

A majority of the Directors present, whether or not a quorum is present, may adjourn any Director's meeting to another time and place. If a meeting is adjourned for more than twenty-four (24) hours, notice of such adjournment to another time or place shall be given, prior to the time scheduled for the continuation of the meeting, to the Directors who were not present at the time of the adjournment.

Section 4.13 Rights of Inspection

Every Director has the absolute right to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation provided such inspection is conducted at a reasonable time after reasonable notice, and provided that such right of inspection and copying is subject to the corporation's obligations to maintain the confidentiality of certain books, records and documents under any applicable federal, state or local law.

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Section 4.14 Fees and Compensation

Directors shall not receive compensation for their services; however, the Board may approve the reimbursement of a Director's actual and necessary expenses incurred in the conduct of the corporation's business. The corporation shall carry liability insurance covering the Directors and officers of the corporation as described in the Charter on the conduct of the corporation's business.

Section 4.15 Standard of Care

- a. A Director shall perform all duties of a Director in good faith, in a manner such Director believes to be in the best interests of the corporation and with such care, including the duty to make reasonable inquiries, as an ordinarily prudent person in a like situation would use under similar circumstances.
- b. In performing the duties of a Director, a Director may rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:
 1. One or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matters presented;
 2. Legal counsel, independent accountants or other persons as to matters that the Director believes to be within such person's professional or expert competence; or
 3. A committee of the Board upon which the Director does not serve as to matters within a designated authority, provided the Director believes that the committee merits confidence and the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

Article 5: Officers

Section 5.1 Officers

The officers of the corporation shall be Chairman, Secretary, and Treasurer. The corporation may also have, at the discretion of the Board, one or more Vice Chairmen, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers as ~~may be elected or appointed~~. Any number of offices may be held by the same person.

Section 5.2 Election

The officers of the corporation shall be appointed by the Board at the annual meeting of the Board ~~by~~ and shall serve at the pleasure of the Board, and shall hold their respective offices until their resignation, removal or other disqualification from service, or until their respective successors shall be ~~elected~~ appointed.

Section 5.3 Subordinate Officers

The Board may elect, ~~and or~~ may empower the Chairman to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

Section 5.4 Removal

Any officer may be removed, either with or without cause, by the Board at any time or by any officer upon whom the Board may confer such power of removal. Any such removal shall be without prejudice to the rights, if any, of an officer.

Section 5.5 Resignation

Any officer may resign at any time by giving written notice to the Board; such resignation may not prejudice the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.6 Vacancies

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular ~~election or~~ appointment to such office, provided that such vacancies shall be filled as they occur and not on an annual basis.

Section 5.7 Chairman

Subject to such powers, the Chairman is the general manager and chief executive officer of the corporation and has, subject to the control of the Board, general supervision, direction and control of the business and officers of the corporation. The Chairman shall preside at all meetings of the Board. The Chairman has the general management powers and duties usually vested in the office of the Chairman and general manager of a corporation as

well as such other powers and duties as the Board may prescribe from time to time.

Section 5.8 Vice Chairman

In the absence or disability of the Chairman, the Vice Chairmen, if any are appointed shall, in order of their ranks as fixed by the Board or, if not ranked, the Vice Chairman designated by the Board, perform all duties of the Chairman and, when so acting, shall have all the powers of, and subject to all the restrictions upon, the Chairman. The Vice Chairmen shall have such other powers and perform such other duties as the Board may prescribe from time to time.

Section 5.9 Secretary

- a. The Secretary shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of the Board and its committees, including the following information for all such meetings; the time and place of holding; whether regular or special; if special, how authorized; the notice thereof given; the names of Directors present and absent, and the proceedings thereof. The Secretary shall keep, or cause to be kept, at the principal office in the State of Idaho, the original or a copy of the corporation's Articles of Incorporation and Bylaws, as amended to date, and a register showing the names of all directors and their respective addresses. The Secretary shall keep the seal of the corporation and shall affix the same on such papers and instruments as may be required in the regular course of business, but failure to affix it shall not affect the validity of any instrument.
- b. The Secretary shall give, or cause to be given, notice of all meetings of the Board and any committees thereof required by these Bylaws or by law to be given, and shall distribute the minutes of meetings of the Board to all its members promptly after the meetings; shall keep the seal of the corporation in safe custody; shall see that all reports, statements and other documents required by law are properly kept or filed, except to the extent the same are to be kept or filed by the Treasurer; and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board.
- c. The Secretary or Chairman of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts and disbursements. The books of account shall at all times be open to inspection by any Director.

Section 5.10 Treasurer

The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the corporation with such depositories as may be designated from time to time by the Board. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, and shall render to the Directors, upon request, an account of all transactions as Treasurer and of the financial condition of the corporation. The Treasurer shall present an operating statement and report, since the last preceding regular Board meeting, to the Board at all regular meetings. The Treasurer shall have such powers and perform such other duties as may be prescribed from time to time by the Board.

Article 6: Committees

Section 6.1 Board Committees

The Board may, by resolution adopted by a majority of the Directors then in office, provided that a quorum is present, create one or more standing or ad hoc committees, each consisting of at least one (1) member of the Board, to serve at the pleasure of the Board.

Article 7: Other Provisions

Section 7.1 Validity of Instrument

Subject to the provisions of applicable law, any note, mortgage, evidence of indebtedness, contract, conveyance or other written instrument and any assignment or endorsement thereof executed or entered into between the corporation and any other person, shall be valid and binding on the corporation when signed by two Officers of the Board, as defined in Section 5.1 above, unless the person has no authority to execute the same. Any such instruments may also be signed by a designated individual properly authorized by the Board.

Section 7.2 Construction and Definitions

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the Idaho Nonprofit Corporation Act shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, words in these Bylaws shall be read as the masculine or feminine gender, and as the singular or plural, as the context requires, and the word "person" includes both the corporation and a natural person. The

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captions and headings in these Bylaws are for convenience of reference only and are not intended to limit or define the scope or effect of any provision.

Section 7.3 Fiscal Year

The fiscal year of the corporation shall be set by the Board.

Section 7.4 Conflict of Interest

Any Director, officer, key employee, or committee member having an interest in a contract or other transaction presented to the Board or a committee thereof for authorization, approval, or ratification shall make a prompt, full and frank disclosure of his or her interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about the corporation's interest. The expectation of refraining from a conflict of interest goes beyond the legal definition and should give consideration to the potential question of conflict.

| No Director shall be ~~elected~~ or appointed who has a relative employed by the Corporation. A relative for the purpose of these bylaws shall include grandparent, parent, spouse, sibling, or child. This shall also include those associated by blood and by matter of law including in-laws.

Should the relative, as defined above, of any serving Director be hired, that Director must resign at the earliest opportunity.

Section 7.5 Interpretation of Charter

In any instance in which the provisions of these Bylaws are in conflict with the provisions of the Charter, the provisions of these Bylaws shall control.

Article 8: Amendments

These Bylaws may be amended or repealed by a majority vote of the Board.

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CERTIFICATE OF ADOPTION OF BYLAWS

I certify that I am the elected and acting Chairman of Heritage Community Charter School, Inc., an Idaho nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of such corporation as adopted by the Board of Directors ~~on November 22, 2010.~~

Dated: _____

Signature

_____, Chairman
Heritage Community Charter School

12/12/2011 HCCS Programmatic Audit Notes

Board / Founder / Administration:

Several interviewees indicated that the board requires extensive training, as they do not understand their role. It appears the board is too focused on operational issues and does not spend adequate time on policymaking and fiduciary oversight.

Board turnover has been high, due partly to former board members resigning to accept employment at the school and partly to frustration with disorganized and ineffective board meetings and founders syndrome.

Founders syndrome appears to be a major problem at the school, affecting both the board's and administration's ability to perform their jobs effectively. Communication between the board and administration is very poor due to lack of trust and role definition.

The administration appears to lack understanding of the importance of providing detailed financial information to the board. Meanwhile, meeting materials and minutes reflect that the board has not focused on the school's finances.

Budget / Facility:

The school's board and administrator both appear to have limited understanding of the school's financial situation, which is potentially dire due to a costly facility lease and unanticipated Year One expenses, particularly for curriculum. The school's ability to remain fiscally viable depends on substantial increases in secondary enrollment over the next five years; such enrollment increases are likely to be endangered by negative media attention that could arise from the board/administrator dispute and concerns about the school's fiscal status.

The school's board seems to have signed its facility lease with a plan to purchase the building within a few years, which would remove concerns regarding annual increases in lease payments. However, the budget contains no plans for build a fiscal reserve adequate to cover a down payment and otherwise secure a loan or bonding.

Budgets and HCCS staff indicate that the school will incur net losses in Year One and Year Two. It is unclear whether the board understands this.

The board has not completed regular, thorough fiscal reviews and reconciliations at monthly meetings. Fiscal reports to the board have been incomplete and garnered little discussion; the board appears to have focused more on less substantial issues, while the staff has not understood the importance of obtaining the board's approval of the school's monthly financials.

Parent Focus Group:

The parent focus group consisted of four women, two Hispanic and two non-Hispanic, whose students ranged from grades K-6. One of the parents was involved with the founding of the school. All appeared well educated and several had experience as classroom teachers at other schools.

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The two, Hispanic parents selected Heritage primarily for its dual-language/Spanish immersion focus. The two, non-Hispanic parents chose Heritage for its high academic and behavioral standards. The Hispanic parents felt that HCCS is not fulfilling the promise of the charter, particularly because the split of mono-lingual Spanish speaking students and mono-lingual English speaking students is not 50/50. The parents did recognize that statute precludes HCCS from saving seats for Spanish speakers to ensure such a ratio. The non-Hispanic parents were pleased with the level of Spanish language instruction/immersion being provided and felt that the charter was being fulfilled; these parents were please with the school's academic focus.

The parents noted that while the school's "major" communications go out in both Spanish and English, many "minor" communications are sent only in English and via email, so some parents may not have access to that information.

All the parents represented agreed that class sizes are too large, especially in the youngest grades. They also agreed that classroom management is a problem in all grades.

Most of the parents agreed that the HCCS staff has worked hard to ensure a successful startup, and that the school's services are improving over the course of the year. The classical education model is working, and most students are receiving broad exposure to advanced information, though some first-year teachers don't seem to be as effective as the parents would prefer.

The Hispanic parents indicated that the school supplies fee of \$25, the cost of uniforms, and the perception that HCCS is an "elitist" school may discourage other Hispanic families from applying.

Two of the parents indicated that they had encountered difficulty in resolving issues, particularly with the school's board. The other two parents said they had not needed to contact the board because all issues had been resolved at the classroom teacher level.

All the parents indicated that the school's Parent Volunteer Organization has struggled to get established. Attendance at PVO meetings decreased from about 50 in the summer before school started to only 2-4 at this time. Several of the parents feel that their ideas are not considered by the PVO, they aren't welcome at meetings, the group is disorganized and has failed to appoint leaders, funds are poorly managed, and the HCCS board/founders control all PVO activity.

Classroom Observations:

- 1st grade – complete Spanish instruction, students excited about it, high student engagement, volunteer in class worked with disruptive students when directed to so by teacher.
- Kindergarten - a lot of students talking out of turn, loud class, students commented they could not hear because it was too loud, low student engagement, seems like class size is too big for teacher to manage well. One class had a volunteer who was not working with students and the other class had an extra adult working with students.
- 2nd grade – students working from workbook, most engaged, some Spanish vocabulary posted in room.
- High School Math – partner work, high engagement of students, gave calculator option, students gave explanation of how to solve problems, students encouraged to find mistakes and learn from them
- Room 134 – working on math worksheet, room very quiet, most students on task.

- Room 136 – students completing spelling pretest, high engagement, groups earned points for being on task, oral recitation of words as correcting, smooth transitions, played game using Spanish numbers, kids excited about using Spanish, worked to bell
- 7th, 8th Science – working on chemistry unit, completed quiz and students put answers on overhead, room somewhat messy and seemed unorganized, used whistle to get students attention students did not like it and did not respond to it, some students off task, choice of partner work or individual, instructions and materials explanation vague, dog wandering through room.
- 7th, 8th Math – students working on worksheet, teacher working examples with students, students engaged during instruction, some students off task during work time, allowed to work in groups, teacher rotated through room providing help.
- 9/10 History – teacher lecturing and questioning students, students taking notes, students on task, about a third of students engaged in discussion.

Class Observation Conclusions:

- Facility and class size seems adequate to meet needs
- Large class sizes in elementary grades present management challenges
- Based on limited observations curriculum seems to be aligned to state standards, no evidence of common core standard implementation
- High expectations evident in some subject areas and classrooms
- Formative assessment and monitoring of student understanding not evident in most classrooms
- School appears to be a safe environment for staff and students
- Expectations for positive student to student and student to teacher interactions seemed pretty clear
- Mission of school not clearly evident
- Culture not always consistently evident
- Lack of technology in classrooms
- Lack of a variety of instructional strategies
- Lack of higher level questioning
- Classroom management issues in many classes

Special Education Interview:

- Staff seems dedicated and knowledgeable
- 28 active SPED students, 8 in referral process, these numbers total about 7% of student population as special education, could be about 10 more identified
- Challenges include – a lot of severe mental health issues with students, overwhelming workload, identification of IEP students, obtaining student records, lack of home support, lack of space, high school student behaviors
- RTI model is in development stages – appears that teachers need additional training implementing interventions, progress monitoring occurring with CBM and AIMSWEB for Title I students, not clear on how data is used to drive instruction
- Hesitation to use PSR/IBI personnel because of Medicaid billing – it appears that some students really need the services and could potentially benefit from them
- Alternate assessment will be used for 4 students
- No complaints filed
- Communication can always be improved but reported as being effective, constant communication with teachers who seem to provide required accommodations