
AGENDA ITEM: Surrender Agreement – ECA – Arizona, Inc.

Issue

ECA – Arizona, Inc. (“ECA”) has submitted a Voluntary Surrender and Charter Termination Agreement (“Surrender Agreement”).

Background

ECA operated The Early Career Academy (“School”) serving grades 11 and 12. On September 6, 2016, ECA notified the Board that ITT Technical Institute had locked the School out of its facility on the ITT Technical Institute campus. On October 19, 2016, ECA notified the Board of its intent to close the School on November 4, 2016 (the last day of the School’s first trimester) and surrender its charter contract. ECA’s fiscal year 2017 average daily membership was 49.97.

According to information provided by school officials, parents and students were notified of the closure and provided assistance in enrolling in other schools.

A copy of the proposed terms of the Surrender Agreement is included in Appendix A.

Board Option

The Board may adopt the terms of the Surrender Agreement. Staff recommends the following language for consideration: I move that the Board adopt the Voluntary Surrender and Charter Termination Agreement for ECA – Arizona, Inc.

Appendix A

VOLUNTARY SURRENDER AND CHARTER TERMINATION AGREEMENT

This Voluntary Surrender and Charter Termination Agreement (“Agreement”) is made by and between ECA – Arizona, Inc. (“Charter Operator”), a nonprofit corporation organized under the laws of the state of Arizona, and the Arizona State Board for Charter Schools (“Board”), collectively referred to herein as the “Parties”.

RECITALS

1. The Charter Operator operates The Early Career Academy (“the School”), a charter school established pursuant to A.R.S. § 15-181 *et seq.*
2. The School operates pursuant to a charter contract (“Charter”) executed on July 27, 2015 between the Charter Operator and the Board.
3. Sheryl Berling-Wolff and Larry Hansen are the Charter Representatives and each are persons authorized to execute documents on behalf of the Charter Operator.
4. On September 6, 2016, the Charter Operator notified the Board that ITT Technical Institute had locked the School out of its facility on the ITT Technical Institute campus.
5. On October 19, 2016, the Charter Operator notified the Board of its intent to close its School on November 4, 2016 and surrender its Charter.
6. For the 2016-2017 school year, the Arizona Department of Education (“Department”) determined that the Charter Operator provided 57 days of instruction. Due to the School closing during the middle of the school year, the Department determined that the Charter Operator had been overpaid \$39,374.75.
7. On January 12, 2017, the Department notified the Board that the Charter Operator had repaid \$28,000, which left a balance owed of \$11,374.75.

8. To date, the Charter Operator has not repaid the \$11,374.75 to the Department.

AGREEMENT

The Parties agree as follows:

1. The Charter Operator voluntarily tenders and surrenders the Charter to its sponsor, the Board, with the intent to voluntarily terminate its Charter effective 11:59 p.m. on March 13, 2017 for the purpose of further performance.

2. The Board accepts the surrender of the Charter for the operation of the School.

3. The Charter between the Charter Operator and the Board for the operation of the School is terminated effective 11:59 p.m. on March 13, 2017 for the purpose of further performance.

4. This Agreement is not binding on the Parties until both the Board and the Charter Operator's governing board accept it by the number of votes necessary to pass a measure at a public meeting. This Agreement is effective as of 11:59 p.m. on March 13, 2017 upon its approval and execution by the authorized representatives of the Charter Operator and the Board.

5. If the Board rejects this Agreement or any part of it, then this Agreement is null and void, and not binding on the Charter Operator or the Board.

6. The Board and Charter Operator agree that the Board shall become the custodian of the School's student records. On December 6, 2016, the Charter Operator delivered to the Board the School's student records. All student records shall be maintained in accordance with the Student Records Retention Schedule provided by the Arizona State Library, Archives and Public Records division of the Arizona Secretary of State's Office.

7. The Charter Operator has submitted all requisite student level data for its receipt of state equalization funding for the 2016-2017 school year to the Arizona Department of Education ("Department") through the Arizona Education Data Standards ("AzEDS") system in the manner

directed by the Department.

8. The Charter Operator is permitted to receive state equalization assistance funds for the 2016-2017 school year to which it is entitled under the school funding formula provided in Arizona law, but no more.

9. As a result of its closure of the School on November 4, 2016, the Charter Operator received \$39,374.75 in state equalization assistance funds that it was not entitled to receive. Of that amount, the Charter Operator repaid \$28,000, leaving a balance owed by the Charter Operator to the State of Arizona in the amount of \$11,374.75.

10. The Charter Operator is permitted to receive Classroom Site Funds for the 2016-2017 school year to which it is entitled under the provisions of Arizona law, but no more. The Charter Operator shall expend the Classroom Site Funds in a manner consistent with the intent as specified in A.R.S. § 15-977.

11. The Charter Operator shall refund any overpayment of Classroom Site Funds in the amount determined by the Department in the manner directed by the Department.

12. The Charter Operator shall submit any outstanding grant reports and shall refund any outstanding grant monies or allocation of education funds in the amount determined by the Department in the manner directed by the Department.

13. Nothing in this Agreement is intended to prevent the Charter Operator from exercising its rights under statutes or regulations to contest amounts determined by the Department to be owed by the Charter Operator.

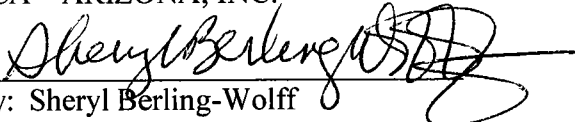
14. The Charter Operator understands that it has the legal right to consult with an attorney prior to entering into this Agreement.

15. The Parties shall be responsible for their own attorneys' fees and costs in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

By: Kathy Senseman
President, Arizona State Board for Charter Schools
Date: _____

ECA – ARIZONA, INC.


By: Sheryl Berling-Wolff
Charter Representative, ECA – Arizona, Inc.
Date: 3/31/2017

COPY emailed this
_____ day of _____, 2017 to:

Sheryl Berling-Wolff
ECA – Arizona, Inc.
sberlingwolff@gmail.com

Larry Hansen
ECA – Arizona, Inc.
wethepeoplehs@gmail.com

By _____