

**Arizona State Board for Charter Schools
February 9, 2009
Executive Tower
1700 West Washington Street
Phoenix, Arizona 85007
Room B56**

MINUTES

Members Present-

Christy Farley- President (participated telephonically)
Norm Butler- Vice President
Mary Gifford- Superintendent Designee
Lynne Adams – Public Member
Arthur Ben – Charter School Teacher (telephonically)
Magdalena Verdugo – Charter School Operator (telephonically)
Dana Krals – Public Member (participated telephonically from 3:35 p.m. to 4:17 p.m.)
Ruby Alvarado-Hernandez – Public Member (participated telephonically from 3:36 p.m. to 4:17 p.m.)

Members Absent

Meeting began at 2:15 p.m.

Agenda Item A: Pledge of Allegiance

Agenda Item B: Moment of Silence

Agenda Item C: Roll Call:

Andrea Esparza called the roll and confirmed a quorum.

Mr. Butler opened the meeting and stated that the items on the agenda will be taken out of order to maintain a quorum for action items.

Agenda Item H: Consent Agenda

1. Advanced Education Services, Inc. – Decrease grade levels served
2. Ball Charter Schools (Hearn) – Change in Bylaws
3. Ball Charter Schools (Dobson) – Change in Bylaws
4. Edge School, Inc. – Change in instructional session
5. Flagstaff Unified School District Charter School Board, Inc. – Change charter holder name
6. Genesis Academy – Change instructional methodology/delivery
7. Metropolitan Arts Institute – Increase grade levels served
8. Valley of the Sun Waldorf Education Association – Increase grade levels served

MOTION

Lynne Adams made a motion to adopt all items on the consent agenda. Mary Gifford seconded the motion.

Motion passed unanimously

(Absent: Ruby Alvarado-Hernandez, Dana Krals)

Agenda Item K: Compliance Matters

1. Compliance Matters

DeAnna Rowe introduced this agenda item and provided background information. Ms. Rowe stated that on October 26, 2008, 26 charter schools were designated as *Underperforming* according to their AZ LEARNS achievement profiles. Ms. Rowe further stated that nineteen of those charters are first-year *Underperforming* charters. In accordance with A.R.S. §15-241(M), within ninety days of receiving an *Underperforming* designation, the charter holder shall present

an improvement plan to the charter sponsor at a public meeting and submit a copy of the plan to the Superintendent of Public Instruction. Ms. Rowe informed the Board these plans are now submitted electronically and staff has confirmed that a plan has been submitted electronically to the Department of Education for each charter and a copy can be provided to the Board upon request. Ms. Rowe also stated that the Board is being asked to acknowledge the submission of the ASIP for each first-year Underperforming school that it sponsors.

	Charter Holder Name	Charter School Name	Profile Type
a.	Academy of Arizona	Academy of Arizona – Main	Elem
b.	Academy of Building Industries, Inc.	Academy of Building Industries	HS
c.	Advanced Education Services, Inc.	Solon Academy	Elem
d.	Allsport Enterprises, Inc.	Allsport Academy	Elem
e.	Apex Public Charter Academy	Apex Academy	Elem
f.	Calli Ollin Academy	Calli Ollin Academy	HS
g.	Choice Education and Development Corporation - Sequoia School for the Deaf and Hard of Hearing	Sequoia School for the Deaf and Hard of Hearing	K12
h.	E.A.G.L.E. Academy	E.A.G.L.E. Academy	K12
i.	Educational Impact, Inc.	Academy Adventures Primary School	Elem
j.	Excalibur Charter School, Inc.	Excalibur Charter School	HS
k.	Flagstaff Unified School District Charter School Board, Inc.	Mountain English Spanish Academy of Flagstaff (MESA)	Elem
l.	Gila Educational Group	Gila Preparatory Academy High School	HS
m.	Imagine Middle at Desert West, LLC	Imagine Middle at Desert West	Elem
n.	Imagine Middle at Surprise, Inc.	Imagine Middle at Surprise	Elem
o.	Kestrel Schools, Incorporated	Kestrel High School	HS
p.	Lake Havasu Charter School, Inc.	Lake Havasu Charter School	K12
q.	LEAD Charter Schools	Leading Edge Academy - Queen Creek	Elem
r.	New School for the Arts Middle School	New School for the Arts & Academics Middle School	Elem
s.	YCFA Achieve Academy	YCFA Achieve Academy	K12

MOTION

Lynne Adams made a motion to acknowledge the submission and availability of the Arizona School Improvement Plan for each school on the agenda under Items K.1 a-s. The motion was then amended to items K.1 a-e and g-s. Mary Gifford seconded the motion.

Motion passed 6-0

(Absent: Ruby Alvarado-Hernandez, Dana Krals)

2. Non-Compliance with Fingerprinting Requirements

Andrea Leder provided background information on this agenda item. Ms. Leder stated that during a site visit on January

23rd, Vechij Himdag Alternative School, Inc. was unable to provide evidence of a valid fingerprint clearance card for one teacher. She further indicted that in accordance with A.R.S. 15-185.I and the Board's Policy Statement on Civil Penalties for Fingerprinting Violations, staff issued the "Notice of first time noncompliance with fingerprinting requirement under A.R.S. 15-185.I." Ms. Leder also stated that on January 27th, prior to the 48 hour deadline, the school provided staff with information indicating that DPS had received the fingerprint clearance card application in accordance with A.R.S. 15-183.C.4. Further, Ms. Leder stated that in accordance with the Board's policy statement, the Board must review all possible first time occurrences and make a final determination as to whether each will count as a first time occurrence.

Kent Power, the Charter Representative from the school, stated that what reported was a fair representation and did not wish to speak further.

MOTION

Lynne Adams made a motion that one occurrence, as presented and documented in the Board materials and discussed, constitutes Vechij Himdag Alternative School, Incorporated's first time for civil penalty purposes under A.R.S. 15-185.I. The motion states that this is based on the following findings:

- 1) Vechij Himdag Alternative School, Inc. failed to comply with fingerprinting requirements prescribed in A.R.S. §15-183.C.
- 2) Vechij Himdag Alternative School, Inc. provided proof within 48 hours of the written notification that an application for the appropriate fingerprint check has been received by the Department of Public Safety.

Further, the motion states that the Board directs staff to:

- 1) Apprise Vechij Himdag Alternative School, Inc. of the Board's findings and decision in this matter; and
- 2) Notify the Charter Operator that if the Board determines that the charter school subsequently violates the fingerprinting requirements during the next five years, a civil penalty of \$1,000 per occurrence shall automatically be imposed.

Mary Gifford seconded the motion.

Motion passed unanimously

(Absent: Ruby Alvarado-Hernandez, Dana Krals)

3. Non-submission of Fiscal Year 2008 Audit

Andrea Leder presented this agenda item and provided background information. Ms. Leder stated that in accordance with Board policy, staff is to bring charters having state equalization assistance withheld for failure to timely submit their annual financial and compliance audits back to the Board after two months of withholding for consideration of an issuance of notice of intent to revoke the charter. Ms. Leder stated that four charters have been placed on the agenda for consideration. She further stated that staff conducted compliance reviews that included site visits to three of the four charters' school sites to provide evidence of each charter's efforts to maintain compliance in other areas of fiscal, academic and contractual compliance. Ms. Leder also stated that staff completed a full compliance check, which included determining whether the charter is in compliance with special education, No Child Left Behind, federal grants, child nutrition, and the Arizona State Retirement System requirements, whether the charter is in good standing with the Arizona Corporation Commission as required by contract and a review of the school's public file.

a. 4-Winds Academy Incorporated

Andrea Leder provided background information on this agenda item. Ms. Leder stated that this charter is currently under a notice of intent to revoke its charter contract for failure to comply with payroll tax requirements and for failure to comply with federal accounting and reporting requirements for the receipt of No Child Left Behind monies. Ms. Leder indicated that the compliance check did not identify any issues outside of those already covered by the current notice of intent to revoke.

MOTION

Lynne Adams made a motion to direct staff to monitor 4-Winds Academy's progress toward submitting its fiscal year 2008 audit and provide additional updates as they become available and to continue with the current 10% withholding of 4-

Winds' monthly State aid apportionment. The motion further states that if, by the Board's March meeting, 4-Winds still has not submitted its fiscal year 2008 audit, then the Board would like an update on this issue.

Mary Gifford seconded the motion.

Motion passed unanimously
(Absent: Ruby Alvarado-Hernandez, Dana Krals)

b. Academy of Arizona

Andrea Leder provided background information on this item. Ms. Leder stated the Board received the school's audit on Friday, February 6th. She further stated that no issues or concerns were generated through the site visit, compliance check and review of complaints.

Lynne Adams and Norm Butler provided brief comments regarding their concern of the Academy of Arizona's recurring late submission of the annual financial audit. Ms. Adams and Mr. Butler expressed the importance of maintaining timely submission of all required documents including the annual financial audit and affirmed their hope that the school corrects this issue in the future. President Farley asked staff to look at the Board's policies related to this issue to find a way to take action more timely. Lynne Adams requested a status of the recent closure of one of the school's sites without updating the Board. Ms. Leder provided the status of this matter. Ms. Adams requested an update of this matter at the next Board meeting. Ms. Gifford suggested that the school be placed on the agenda for the next Board meeting for possible action to include continuation of the 10% withholding and revocation.

No action taken

c. E.A.G.L.E. Academy

Andrea Leder provided background information on this item. Ms. Leder stated that as of the morning of February 9, 2009, staff had not received the school's annual financial audit. Ms. Leder also provided information related to a site visit conducted on November 4, 2009 and information on five issues found through the site visit, compliance check and review of complaints. She provided detailed information of the five issues which are: 1) no charter representative, 2) failure to provide evidence of a comprehensive program of instruction for 7th, 8th, 9th, 11th, and 12th grade Reading and Writing and 7th and 8th grade and high school Social Studies, 3) behind in submitting reports and contributions to the Arizona State Retirement System (ASRS) and 4) not in good standing with the Arizona Corporation Commission. The last issue Ms. Leder reported was related to a fingerprinting issue raised during the November site visit.

Melanie Windecker, a board member of the Charter Operator, addressed the Board and provided commentary on the reasons for issues presented to the Board.

MOTION

Lynne Adams made a motion to add to the basis for the withholding and require submission of a corrective action plan for any or all of the following: a) failure to comply with the terms of the charter contract regarding the operation of the school; b) failure to provide a comprehensive program of instruction; c) failure to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System. The motion also states that in order to have the 10% withholding returned, E.A.G.L.E. Academy needs to submit a corrective action plan that includes:

1. Evidence of the implementation of a comprehensive program of instruction for 7th, 8th, 9th, 11th, and 12th grade Reading and Writing and 7th and 8th grade and high school Social Studies.
2. Evidence to the Board that the charter has submitted all delinquent reports and contributions to the ASRS and is current or has established a payment plan approved by the ASRS and also a written statement reflecting the changes E.A.G.L.E. Academy has made to its procedures to ensure that all future reports and contributions are submitted timely to the ASRS.

The motion further states that the Board issue a Notice of Intent to Revoke the charter contract of E.A.G.L.E. Academy for

the following issues: a) failure to timely submit the fiscal year 2008 audit, b) failure to provide a comprehensive program of instruction and c) failure to remain current with its reporting and member and employer contribution obligations to the Arizona State Retirement System.

The motion requires that:

- Within 48 hours of receipt of the Notice the charter operator shall notify staff and parents/guardians of registered students of the Notice of Intent to Revoke and the Notice of Hearing and provide a school location where the copy may be reviewed;
- Within 20 days of receipt of the Notice the charter operator shall provide copies of all correspondence and communications used to comply with the preceding provision; and
- Within 20 days of receipt of the Notice the charter operator shall provide the Board with the names and mailing addresses of parents/guardians of all students registered with the school.

The Board also directed staff to report at the March meeting whether E.A.G.L.E. Academy has complied with all necessary requirements to come back into good standing with the Arizona Corporation Commission. The Board held a discussion on the impact on the timing of the hearing in the event that the Board decides to add to the basis for the Notice of Intent to Revoke at the March Board meeting. Kim Anderson confirmed that if the Board adds to the basis for Notice of Intent to Revoke, a new 90 day time-frame will begin. The Board expressed the concern on the impact of the timing and stated that this will be considered prior to taking action at the next Board meeting.

Mary Gifford seconded the motion.

Motion passed unanimously
(Absent: Ruby Alvarado-Hernandez, Dana Krals)

d. Vechij Himdag Alternative School, Inc.

Andrea Leder provided background information on this agenda item. Ms. Leder reported that as of the morning of February 9, 2009, the school's annual financial audit had not been received. Ms. Leder also provided further information regarding the issues and concerns generated through the site visit, compliance check and review of complaints. Specifically, Ms. Leder stated that the school is out of compliance with Cycle 2 NCLB monitoring which was due March 16, 2006. The school has recently submitted information to ADE that has not yet been reviewed. Ms. Leder also stated that although the school was not current with its reporting and member contribution obligations to the ASRS at the time the meeting materials were prepared, the school is presently current with all its obligations.

Kent Power, charter representative and school principal, briefly addressed the Board and indicated that the school is moving quickly to become compliant with all issues.

The Board's discussion concluded with the 10% withholding remaining in place and no action taken on this item.

Agenda Item J: New Charter Application

DeAnna Rowe presented this agenda item. Ms. Rowe stated that on January 12, the Board tabled this item to provide staff an opportunity to complete background checks for changes to the membership of the corporate entity of Inspired Caring Education, Inc. after the submission deadline. Ms. Rowe provided further and detailed information related to the applicant's failure to meet the requirements of Title 15, Article 8 due to a lack of evidence of a comprehensive program of instruction and related to the applicant's failure to provide sufficient information for its Corporate Principals to enable the Board to determine whether the applicant is sufficiently qualified to operate a charter school.

Mr. Lavoie, charter representative, addressed the Board telephonically and provided information related to the item presented.

MOTION

Mary Gifford made a motion to reject the application and deny the charter for Inspired Caring Education, Inc. due to a lack

of evidence of a Comprehensive Program of Instruction and due to the inability to determine if the applicant is sufficiently qualified to operate a charter school. Lynne Adams seconded the motion.

Motion passed unanimously
(Absent: Ruby Alvarado-Hernandez, Dana Krals)

Agenda Item D: Call to the Public

Kim Anderson, Assistant Attorney General, provided the Board with information related to the legalities of a call to the public. She stated that the call to the public is the time where the Board may allow individuals to address the Board on issues within the jurisdiction of the Board. Ms. Anderson stated that at the conclusion of the open call to the public, Board members may respond to criticism or schedule the matter for further consideration and decision at a later date. However, the Board members may not discuss or take legal action on matters raised during the call to the public unless those matters have been noticed for discussion and legal action on the agenda.

The Board received six (6) Call to the Public Request forms: Ada Betancourt, Diana Laulainen-Schein, Jeanne Greer, Alicia Knipp, Stephanie Davis and Maria Dominiak related to agenda Item I. Five of the six individuals addressed the Board related to their concerns.

Agenda Item E: Arizona Charter Schools Association Update

Arizona Charter Schools Association Membership Marketing Coordinator Andrea Plucker provided an update of the Association's activities. Ms. Plucker stated the Association will be hosting Community Round Tables on the following topics: ELL Monitoring Protocols, Education and Career Action Plan (ECAP), Ford PAS Program, Economic Stimulus Package, AZ Safe, Athletic Program Development and Professional Development. The Association will be holding the 2009 Business Conference on April 16-17, 2009 at the Wyndham Hotel in Phoenix. The Association will host the 2009 Board Governance Retreat on April 18, 2009 at the Wyndham Hotel. The last update was related to Charter Starter Programs offered by the Association.

Agenda Item F: Superintendent's Report

Mary Gifford provided an update on activities of the department. She indicated that most discussions were related to adjustments to the current fiscal year budget and the 2010 fiscal year budget. Ms Gifford reported that a Federal monitoring of the Title II program had just been conducted with some charter findings but noted improvement. Ms. Gifford also provided some information related to the Charter School Program grant application that was submitted by the Department of Education in collaboration with the Board.

Agenda Item G: Executive Director's Report

- a. Status of charters with previous and/or on-going board actions: 4-Winds Academy, Inc., Academy of Arizona, Ascending Roots Scholastic & Athletic Premise, Inc., Bradley Academy of Excellence, Inc., CASY Country Day School, E.A.G.L.E. Academy, Phoenix Advantage Charter School, Inc., Santa Cruz Valley Opportunities in Education, Inc., Vechij Himdag Alternative School, Inc.

Executive Director DeAnna Rowe reported to the Board revisions to on-going actions. Ms. Rowe stated that the Board would hear the Administrative Law Judge's report on 4-Winds at the March 9 Board meeting. Ms. Rowe and Kim Anderson provided an update on hearings scheduled.

- b. Legislative Update

Ms. Rowe provided an update on a few bills that have been submitted that directly impact on the Board and its work. Ms Rowe provided further information on HB2456, SB1195 and SB1386. The Board held a discussion regarding each of these bills. Ms. Gifford asked to have the bills brought before the Legislative subcommittee for vetting.

c. Budget Update

Ms. Rowe provided the Board with an update on the Board’s budget and revisions to the fiscal year 2009 budget and projections to the fiscal year 2010 budget. Ms. Rowe indicated that the total impact to date in the legislative cuts to the new budget is \$105,500. Ms. Rowe reported that the impact to staff is the inability to fill the current vacancy, the necessity to lay off an additional staff member, and the necessity for all staff members to take three (3) furlough days prior to the end of the fiscal year. Ms. Rowe provided the Board with information on staff’s efforts to keep expenses to a minimum to continue operations for the current fiscal year. Ms. Rowe also reported that in order to operate with the reduced budget, the Board will be giving up the Board Room and will be holding it’s monthly Board meetings at the State Board of Education Board Room beginning with the July Board meeting. Ms. Rowe presented the Board with a plan in preparation for additional reductions in FY2010 which includes restructuring its operations both internally and in the services that will be provided to stakeholders.

- Technical Assistance – Current assistance to schools via phone, site visits and workshops will be restructured.
 - FAQs will be developed for general content in workshops and charter operations. Individuals will need to review the FAQs for answers to questions that have previously been addressed directly by Board staff. Staff will respond to unique questions via email and as time permits. Individuals will be encouraged to review statute and rule and seek their own legal counsel or outside consultants when appropriate.
 - Workshops – Prospective Applicant and New Operator Workshops will be re-evaluated and revised. Workshop materials will be available to download from the website, but no materials will be provided to the attendees at the workshops. The number of Prospective Applicant workshops will be reduced.
 - Applications – The application instructions and processes will be rewritten, eliminating the “preliminary or soft deadline” for administrative review.
 - Site Visits – Current site visit practices that provide staff opportunities to review school practices and provide technical assistance for audits and subsequent monitorings will be reviewed.
- Complaints – This office has previously been accessible to schools and parents to answer questions/concerns about operational practices. This office will continue to review concerns regarding violations of charter contracts and federal, state, or local laws. This office will no longer be able to be a buffer for personnel matters or complaints from stakeholders for which this office has no jurisdiction. Charter Operators will be encouraged to review statute and rule and seek their own legal counsel.
 - Employees with grievances will be directed to review their employment agreements and personnel policies and referred to the Charter School Association, Industrial Commission Division of Labor, and Arizona Ombudsman Citizens’ Aide as appropriate.
 - Parents/Guardians will be encouraged to review the student handbook, work with the school administration, address the governing body, contact the Charter School Association and reminded that charter schools are schools of choice.

Agenda Item K: Compliance Matters (continued)

1. Board may now vote item K.1.F. on this item with a quorum.

F.	Calli Ollin Academy	Calli Ollin Academy	HS
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MOTION

Mary Gifford made a motion to accept the ASIP for Calli Ollin Academy. Lynne Adams seconded the motion. Magdalena Verdugo recused herself due to a conflict of interest.

**Motion passed unanimously
(recused: Magdalena Verdugo)**

Agenda Item I: Consent Agreement for the Voluntary Surrender and Termination of the Charter Contract for CASY Elementary School

DeAnna Rowe presented this agenda item to the Board. Ms. Rowe provided background information regarding the previous board motion on a surrender agreement of CASY Country Day School at the end of the 2009 fiscal year by January 28, 2009 and background information regarding on-going financial issues. Ms. Rowe also reported on recent updates related to this matter. Ms. Rowe reported that staff was able to secure a signed surrender agreement adopted by both corporate principles of the entity of CASY Elementary School. The Board expressed the importance of the responsibility that this Board has to ensure schools are held accountable for their use of state dollars and academic compliance.

MOTION

Mary Gifford made a motion to accept the Agreement for the Voluntary Surrender and Termination of the Charter Contract for CASY Elementary School. Christy Farley seconded the motion.

Ms. Adams made a comment for the record to note that Mr. Butler recused himself due to a conflict of interest and did not participate in any of the discussions or the decision of this matter.

**Motion passed unanimously
(recused: Norm Butler)**

Agenda Item L: Board Comments

None

Agenda Item M: Minutes

1. January 12, 2009

Ms. Rowe stated that Board members had not been provided a copy of the draft minutes and the item would be on a subsequent agenda.

Agenda Item N: Adjournment

The meeting adjourned at approximately 4:17 p.m.

Signature

Date