BEFORE THE ARIZONA STATE BOARD
FOR CHARTER SCHOOLS

In the matter of: **HILLCREST ACADEMY, INC.** and **INTERNATIONAL CHARTER SCHOOL OF ARIZONA, INC.**	**CONSENT AGREEMENT FOR MERGER OF HILLCREST ACADEMY, INC. AND INTERNATIONAL CHARTER SCHOOL OF ARIZONA, INC.**

This Consent Agreement ("Agreement") is entered into by Hillcrest Academy, Inc., a non-profit corporation operating Hillcrest Academy (the "School"), and the Arizona State Board for Charter Schools (the "Board"), collectively referred to as the "Parties."

Recitals

1. The School is a charter school established pursuant to Arizona Revised Statutes ("A.R.S.") § 15-181, *et seq.*, and sponsored by the Board.

2. The School operates pursuant to a charter contract between Hillcrest Academy, Inc., as successor-in-interest to DCS Partners, Inc., and the Board (the "Hillcrest Charter").

3. The Hillcrest Charter was executed on January 18, 2012.

4. Pursuant to A.R.S. § 15-183 and the Hillcrest Charter, Hillcrest Academy, Inc. may operate one school site to serve up to 400 students in grades Kindergarten through 8.

5. International Charter School of Arizona, Inc. ("ICSA") is a non-profit corporation that operated Hillcrest Academy High, a charter school permitted to serve students in grades 5 through 12 pursuant to a charter contract between ICSA and the Board (the "ICSA Charter").

6. On January 16, 2015, ICSA closed Hillcrest Academy High.

7. Under the Articles of Merger and the Plan of Merger ("Merger Documents") dated September 17, 2014 and filed with the Arizona Corporation Commission, ICSA merged with and into Hillcrest Academy, Inc. effective as of 11:59 p.m. on December 31, 2014, with Hillcrest Academy, Inc. being the corporation surviving the merger. Notwithstanding the terms of the Merger Documents, the merger was subject to the approval of the Board. Under the Merger Documents, Hillcrest Academy, Inc. agreed to be bound by and assume and perform the terms, covenants, conditions, agreements and obligations of both Hillcrest Academy, Inc. and ICSA under the Hillcrest Charter and the ICSA Charter.

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8. As part of Hillcrest Academy, Inc.'s assumption of obligations under the ICSA Charter, Hillcrest Academy, Inc. would like to expand the grade levels served at the School to include 9th through 12th grades, to allow its current 8th grade students to continue their education at the School.

Agreement

The Parties agree as follows:

9. The Board consents to the School serving the additional grade levels 9 through 12, grades previously served by ICSA, beginning in the 2015-2016 school year, provided that certain conditions, set forth in the subsections below, are met:

A. Hillcrest Academy, Inc. hereby acknowledges that the Arizona Department of Education ("ADE") issued a Final Decision Letter to ICSA, asserting that ICSA must repay $57,735.59 in disallowed costs for its use of funds provided to ICSA as part of an Arizona Charter School Program (AZCSP) grant. Although Hillcrest, Academy, Inc. believes ADE's position is inaccurate, Hillcrest Academy, Inc. agrees to repay these grant monies in the amount ultimately determined by ADE in the manner determined by ADE; and

B. No later than March 20, 2015, Hillcrest Academy, Inc. shall submit to the Board a Performance Management Plan ("PMP") that identifies, in six areas (data, curriculum, assessment, monitoring instruction, professional development, and graduation rate), the systems in place for the School's existing grades while also identifying the systems and action steps at stated intervals for the development and operation of grades 9 through 12 beginning in the 2015-16 school year. The Board staff shall conduct an evaluation of the PMP, using the Board's evaluation tool. The PMP must attain a score of "Meets" for the action steps and evidence in at least four of the six areas. The PMP is to be submitted in lieu of the Board's assignment of a Demonstration of Sufficient Progress ("DSP") in February 2015 which was to be completed and submitted to the Board by Hillcrest Academy, Inc. in March 2015.

10. Hillcrest Academy, Inc.'s enrollment cap shall not exceed 400 students.

11. ICSA, through the merged entity of Hillcrest Academy, Inc., voluntarily surrenders the ICSA Charter on the effective date of this Agreement.

12. Hillcrest Academy, Inc. has become, and acknowledges that it is, custodian of all ICSA student records.

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13. This Agreement is not binding on the Parties until both the Board and Hillcrest Academy, Inc.'s governing board approve it by the number of votes necessary to pass a measure at a duly-noticed public meeting. This Agreement will then become immediately effective upon its execution by the authorized representatives of Hillcrest Academy, Inc. and the Board.

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

15. Both Parties have consulted with counsel prior to approving and executing this Agreement.

16. This Agreement contains the entire agreement between the Parties with respect to the matters set forth herein.

17. This Agreement may be signed by the Parties in separate counterparts, each of which shall constitute an original. At such time as each party has signed and delivered at least one such counterpart to the other, the counterparts shall constitute one and the same Agreement which shall be binding and effective.

18. Each party will bear its own attorneys' fees and costs in relation to the negotiation and approval of this Agreement.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

_____ Date: _____

By: Janna Day, President
Arizona State Board for Charter Schools

HILLCREST ACADEMY, INC.

_____ Date: _____

By: Ryan Christensen, Charter Representative
Hillcrest Academy, Inc.

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