AGENDA ITEM: Request to consolidate the operations of Hillcrest Academy, Inc. and International Charter School of Arizona, Inc.

Issue

Hillcrest Academy, Inc. ("Hillcrest") and International Charter School of Arizona, Inc. ("ICSA") wish to consolidate the charter contracts held by their respective organizations in conjunction with the Articles of Merger and the Plan of Merger dated September 17, 2014 filed with the Arizona Corporation Commission through the proposed Consent Agreement for Merger (portfolio: b. Merger Documents).

Background Information

The charter contracts for each organization were amended in April 2014 to include the same officers and directors. The mission statements of both organizations were amended to be the same in June 2014, and the programs of instruction of both organizations were amended to be the same in July 2014.

Hillcrest:

- Operates one school, Hillcrest Academy, in Mesa that currently serves a 40th day ADM of 99 kindergarten through eighth graders. The enrollment cap for the charter is 400.
- The Hillcrest charter was renewed in 2012.
- Hillcrest Academy's 2014 academic dashboard reflected it does not meet the Board's standard. The school received a letter grade of B. (portfolio: c. Academic Dashboards)
- Hillcrest's request to expand its operations to include a new site serving grades K-6 at the site of Hillcrest Academy High in Phoenix was denied by the Board at its meeting on September 8, 2014.

ICSA:

- Operated one school, Hillcrest Academy High (International Charter School of Arizona until August 2014), serving a 40th day ADM of 61 students in grades 5 through 12 in Phoenix, until it closed the school on January 16, 2015 due to low enrollment.
- The ICSA charter was approved in 2011.
- Hillcrest Academy High's 2014 academic dashboard reflected it does not meet the Board's standard. The school received a letter grade of C. (portfolio: c. Academic Dashboards)
- ICSA's request to expand its operations to include a new site serving grades 7-12 at the site of Hillcrest Academy in Mesa was denied by the Board at its meeting on September 8, 2014.

The proposed Consent Agreement for Merger includes the following:

- The continuation of grades kindergarten through eight at Hillcrest Academy and the expansion of Hillcrest Academy to include grades 9-12, grades previously served by ICSA, beginning with the 2015-2016 school year under the current Hillcrest enrollment cap of 400.
- The repayment of $57,735.59 owed by ICSA to ADE for disallowed costs in its use of funds provided to ICSA as part of an Arizona Charter School Program (AZCSP) grant.
- The surrender of the ICSA contract.
- The submission of a Performance Management Plan ("PMP") that identifies the systems in place for Hillcrest Academy's existing grades and the identification of systems and action steps for the development and operation of grades 9 through 12 beginning in the 2015-16 school year.

Board Options:
Option 1: The Board may vote to approve the terms of the Consent Agreement for Merger as presented. The following language is provided for consideration: I move to approve the Consent Agreement for the Merger of Hillcrest Academy Inc. and International Charter School of Arizona, Inc. as presented in the meeting materials today.

Option 2: The Board may vote to approve the terms of the Consent Agreement for Merger with modifications. The following language is provided for consideration: I move to approve a Consent Agreement for the Merger of Hillcrest Academy Inc. and International Charter School of Arizona, Inc. as presented in the meeting materials today with the following modifications: [*provide the modified terms of the agreement*]. I further move that if the charter holder fails to agree to the proposed modifications by February 20, 2015, the Board issue a Notice of Intent to Revoke the charter of International Charter School of Arizona, Inc. for its breach of its charter contract and state laws for failure to provide a comprehensive program of instruction for the requisite number of days and/or hours during fiscal year 2015.

Option 3: The Board may vote to oppose a Consent Agreement allowing the merger of Hillcrest Academy Inc. and International Charter School of Arizona, Inc. and to issue a Notice of Intent to Revoke the charter of International Charter School of Arizona, Inc. The following language is provided for consideration: I move that the Board not approve the Consent Agreement for the Merger of Hillcrest Academy Inc. and International Charter School of Arizona, Inc. I further move that the Board issue a Notice of Intent to Revoke the charter of International Charter School of Arizona, Inc. for its breach of its charter contract and state laws for failure to provide a comprehensive program of instruction for the requisite number of days and/or hours during fiscal year 2015.