
AGENDA ITEM: Surrender Agreement – Arizona Academy of Science & Technology

Issue

Arizona Academy of Science & Technology has submitted a Voluntary Surrender and Charter Termination Agreement (“Surrender Agreement”).

Background

Arizona Academy of Science & Technology (“Charter Operator”) operates a school with the same name serving grades K through 8. The Charter Operator’s fiscal year 2019 average daily membership is 56.964 as of April 2019.

On January 14, 2019, pursuant to A.R.S. § 15-185(H), the Board determined that the Charter Operator was not in compliance with its charter contract, federal and state laws due to its failure to submit required documentation to address issues identified during a site visit to the school on September 5, 2018. The Board directed the Arizona Department of Education to withhold 10% of the monthly apportionment of the Charter Operator’s state aid due to the noncompliance. To avoid further action by the Board for the noncompliance, the Charter Operator has notified the Board of its intent to surrender its charter contract effective June 30, 2019.

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

Appendix A

VOLUNTARY SURRENDER AND CHARTER TERMINATION AGREEMENT

This Voluntary Surrender and Charter Termination Agreement (“Agreement”) is made by and between Arizona Academy of Science & Technology (“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

- A. The Charter Operator operates Arizona Academy of Science & Technology (the “School”), a charter school established pursuant to A.R.S. § 15-181 *et seq.* In prior years, the Charter Operator also operated Rawlins Elementary, which closed effective June 30, 2007.
- B. The School operates pursuant to a renewal charter contract (“Charter”) executed on April 12, 2013 between the Charter Operator and the Board.
- C. D’Andrea Chapman is the Charter Representative and person authorized to execute documents on behalf of the Charter Operator.
- D. On January 14, 2019, pursuant to A.R.S. § 15-185(H), the Board determined that the Charter Operator was not in compliance with its charter contract, federal and state laws due to its failure to submit required documentation to address issues identified during a site visit to the School on September 5, 2018. The Board directed the Arizona Department of Education (the “Department”) to withhold ten percent of the monthly apportionment of the Charter Operator’s state aid due to the noncompliance. To avoid further action by the Board for the noncompliance, the Charter Operator has notified the Board of its intent to surrender its Charter.

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 June 30, 2019 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 June 30, 2019 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 June 30, 2019, 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. No later than June 14, 2019, the Charter Operator shall deliver a complete copy of each student's educational record to the student's parent or legal guardian for each student enrolled in the School in the 2018-2019 school year.
7. By June 14, 2019, the Charter Operator shall identify and notify the Board of the ~~custodian of all student records of the School and Rawlins Elementary. The notification shall include~~ the physical address of the location of the records and the email address and phone number that should be used for requesting 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.

8. The Charter Operator will submit all requisite student level data for its receipt of state equalization funding for the 2018-2019 school year to the Department through the Arizona Education Data Standards ("AzEDS") system in the manner directed by the Department.

9. The Charter Operator is permitted to receive state equalization assistance funds for the 2018-2019 school year to which it is entitled under the school funding formula provided in Arizona law, but no more.

10. The Charter Operator shall refund any overpayment of state equalization assistance funds in the amount determined by the Department in the manner directed by the Department.

11. The Charter Operator is permitted to receive Classroom Site Funds for the 2018-2019 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.

12. 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.

13. 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.

14. The Charter Operator is permitted to receive Instructional Improvement Funds for the ~~2018-2019 school year to which it is entitled under the provisions of Arizona law, but no more.~~ The Charter Operator shall expend the Instructional Improvement Funds in a manner consistent with the intent as specified in A.R.S. § 15-979.

15. Following approval of this Agreement by the parties as described in paragraph 4, the Board shall direct the Department to restore the full amount of state aid payments to the School for

the 2018-2019 school year.

16. The Charter Operator initiated a Chapter 11 Bankruptcy proceeding in the United States Bankruptcy Court on August 18, 2016. *In re Arizona Academy of Science and Technology*, Cause No. BK-16-09573 (Bankr. D. Ariz.). The Bankruptcy Court confirmed the Charter Operator's Second Amended Plan of Reorganization on July 24, 2017. The Charter Operator represents and warrants that it shall take any and all steps necessary to notify the Bankruptcy Court of this Agreement and obtain any necessary approval from the Court.

17. 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.

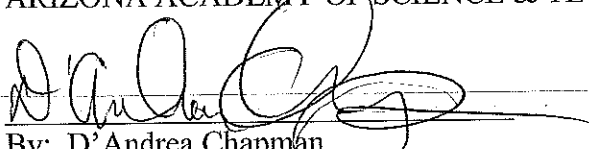
18. The Charter Operator understands that it has the legal right to consult with an attorney prior to entering into this Agreement.

19. 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: _____

ARIZONA ACADEMY OF SCIENCE & TECHNOLOGY



By: D'Andrea Chapman
Charter Representative, Arizona Academy of Science & Technology
Date: 5/16/2019

COPY mailed this
_____ day of _____, 2019 to:

Arizona Academy of Science & Technology
Attention: D'Andrea Chapman, Charter Representative
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By _____