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**AGENDA ITEM: Compliance Matters – Mountain School, Inc.**

**Issue**

Mountain School, Inc. is out of compliance with its contract due to a lack of alignment between its corporate board and the Arizona Corporation Commission. Pursuant to A.A.C. R7-5-505(G), the Board shall require a charter holder that fails to demonstrate that all identified compliance issues have been addressed to appear before the Board and may subject the charter holder to additional oversight pursuant to A.A.C. R7-5-601(D).

**Background**

Rule (A.A.C. R7-5-505) requires that Board staff conduct a compliance check of a charter holder’s operational performance when the charter holder submits a request to amend its charter. On October 3, 2017, Mountain School, Inc. (“Charter Holder”) filed four Charter Holder Governance Amendment Requests, triggering a compliance check. The compliance check found that the Charter Holder was out of compliance because the Corporate Board did not align with the Officers and Directors listed on the Arizona Corporation Commission (“ACC”).

**Communication Timeline**

<b>October 12, 2017</b>	Each of the four Charter Holder Governance Requests was deemed administratively incomplete due to missing required components and being out of alignment with ACC. A 30-Day Required Submission follow-up letter was sent to the Charter Holder. <ul style="list-style-type: none"><li>• The follow-up noted that the corporate board members listed on ASBCS Online did not align with ACC.</li><li>• The Charter Holder was given a deadline of November 11, 2017 (30 calendar days) to submit an administratively complete Charter Holder Governance Request to update the current members.</li></ul>
<b>November 2, 2017</b>	The Charter Holder submitted an extension request and stated that the required materials would be ready after the Charter Holder’s November 14, 2017 board meeting.
<b>November 3, 2017</b>	Board staff sent an email approving the extension request and assigned a new deadline date of November 16, 2017.
<b>November 29, 2017</b>	Board staff sent a 30-Day Required Submission - Failure to Submit Letter to the Charter Representative by email. <ul style="list-style-type: none"><li>• The letter stated that the Charter Holder failed to timely submit an administratively complete Charter Holder Governance Request by the November 16, 2017 deadline and that the timely submission issue was marked on the Charter Holder’s operational performance dashboard under Measure 2.e.</li><li>• The letter provided the Charter Holder a final opportunity to submit the required request. The Charter Holder was given a deadline of December 6, 2017 (7 calendar days) to submit an administratively complete Charter Holder Governance Request to update the current members.</li><li>• The letter informed the Charter Holder that “Failure to resolve/address the issue(s), as described above, by December 6, 2017</li></ul>

	may result in the Charter Holder being placed on a subsequent Board meeting agenda for possible disciplinary action pursuant to A.A.C. R7-5-505(G)".
<b>December 20, 2017</b>	The Charter Holder submitted two Charter Holder Governance Requests to remove members.
<b>December 28, 2017</b>	Board staff notified the Charter Representative by email that in addition to the two Charter Holder Governance Requests submitted on December 20 <sup>th</sup> , additional requests were still needed to align the Charter Holder's Boards by adding an additional three members. The Charter Representative was informed that "if action is not taken to fully align the Boards, this matter will be placed on the January Board agenda".
<b>December 29, 2017</b>	The Charter Representative emailed Board staff and stated that she had "all of the required docs except the signed declaration of payment." The email indicated that those would be collected by January 2 <sup>nd</sup> , and that the Charter Holder would submit after that date.
<b>January 2, 2018</b>	Both Charter Holder Governance Requests to remove members were deemed administratively complete.
<b>January 4, 2018</b>	<ul style="list-style-type: none"> <li>• At 11:54 a.m. Board staff notified the Charter Representative that the appropriate requests to align the Board had not been filed and that if the requests were not submitted by the time of posting on January 5, the Charter Holder would be placed on the agenda for possible Board action.</li> <li>• At 12:10 p.m. the Charter Representative responded by email stating, "I do have all of the required information, but I do not have the back of the fingerprint clearance cards, just the front."</li> <li>• At 12:22 p.m. Board staff notified the Charter Representative that the cards would be accepted with only the front, provided that the front did not state "See restrictions on back".</li> <li>• At 1:39 p.m. the Charter Representative responded by email stating, "Sending what I have now. You will still need two resumes and one declaration of payment".</li> <li>• At 1:54 p.m. Board staff notified the Charter Holder that if the requests were missing the resumes and declaration of payment, they would be deemed administratively incomplete, and would not close out the 30-day non-compliance issue. The Charter Holder was given a final deadline of 12:00 p.m. on January 5, 2018 to allow for posting of the regular Board agenda for its meeting on January 16, 2018.</li> <li>• At 2:40 p.m., the Charter Holder submitted three Charter Holder Governance Requests, all of which were administratively incomplete due to missing required components.</li> </ul>
<b>January 5, 2018</b>	The Charter Holder submitted the three required Charter Holder Governance Amendment Requests. One request was administratively complete. However, two requests are administratively incomplete due to minutes not complying with Open Meeting Law.