NOTICE OF PUBLIC MEETING
ARIZONA STATE BOARD FOR CHARTER SCHOOLS

Pursuant to Arizona Revised Statutes (A.R.S.) § 38-431.02, notice is hereby given to the members of the Arizona State Board for Charter Schools and to the general public that the Board will hold a public meeting, open to the public as specified below. The Board reserves the right to change the order of items on the agenda, with the exception of public hearings set for a specific time. One or more members of the Board may participate in the meeting by telephonic communications.

Pursuant to A.R.S. § 38-431.02(H), the Board may discuss and take action concerning any matter listed on the agenda.

Pursuant to A.R.S. § 38-431.03(A)(3) and (4), the Board may vote to go into Executive Session, which will not be open to the public, for legal advice concerning any item on the agenda and/or for discussion or consultation with its attorneys in order to consider its position and instruct its attorneys regarding the Board's position in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Bianca Ulibarri at (602) 364-3080. Requests should be made as early as possible to allow time to arrange the accommodation.

DATED AND POSTED this 30th day of December, 2016.

By Johanna Medina
Johanna Medina
Assistant Director of Academic Affairs

ARIZONA STATE BOARD FOR CHARTER SCHOOLS
Tuesday, January 10, 2017
Regular Session
9:00 AM

1616 W. Adams, Suite 170
Phoenix, Arizona 85007

The Board's meeting room is located in the State Land Department building. Easy access to open parking behind the building on the east and west sides of 16th Avenue, south of Van Buren.

ALL ITEMS ON THIS AGENDA ARE OPEN FOR DISCUSSION AND POSSIBLE ACTION, INCLUDING REPORTS AND ACTION ITEMS

A COPY OF THE AGENDA BACKGROUND MATERIAL PROVIDED TO THE MEMBERS OF THE CHARTER BOARD (WITH THE EXCEPTION OF MATERIAL RELATING TO POSSIBLE EXECUTIVE SESSIONS) IS AVAILABLE FOR PUBLIC INSPECTION AT THE CHARTER BOARD'S OFFICE AT 1616 W. ADAMS, SUITE 170, PHOENIX, ARIZONA 85007 AND ONLINE AT http://asbcs.az.gov.

A. **Pledge of Allegiance**

B. **Moment of Silence**

C. **Roll Call**

D. **Call to the Public**
This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.

E. **Arizona Charter Schools Association Update -** Presentation on the Center for Student Achievement and its Impact in Arizona Schools - Eileen Sigmund, President and CEO

F. **Arizona Alternative Education Consortium –** Presentation on Funding Alternative Education in Arizona – Dr. Johnson Bia

G. **A for Arizona** - Presentation on its Legislative Agenda – Becky Hill, Senior Policy Director

H. **Superintendent's Report** – Update on current events and/or activities of the Department of Education.

I. **Executive Director's Report** – Introduction to the agenda items and discussion and possible action:
1. Status of charters with previous and/or on-going board actions: Bradley Academy of Excellence, Inc., Flagstaff Montessori, L.L.C., Founding Fathers Academies, Inc., Global Renaissance Academy of Distinguished Education, Graysmark Schools Corporation, Hillcrest Academy, Inc., StarShine Academy, StrengthBuilding Partners
2. Update on School Improvement Plan Reviews

J. **Consent Agenda** – All items on this agenda will be considered by a single motion with no discussion, unless requested otherwise by a board member.
1. Consideration to approve charter holder amendment requests for the following:
   a. Archway Classical Academy Cicero – change in mission
   b. Arete Preparatory Academy – change in mission
   c. Cicero Preparatory Academy – change in mission and increase enrollment cap
   d. Paragon Management, Inc. – change in mission

K. **Discussion and possible action regarding John Doe, et al. vs. Heritage Academy, Inc. et al. (CV16-03001-PHX-SPL)**
Pursuant to A.R.S. § 38-431.03(A)(3) and (4), the Board may vote to convene in executive session, which will not be open to the public, for discussion or consultation for legal advice with the Board's attorneys concerning this item or for discussion or consultation with the Board's attorneys in order to consider its position and instruct its attorneys regarding the Board's position in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation concerning this item.

L. **Charter Amendment** - Discussion and possible action on the amendment requests submitted by Canyon Rose Academy, Inc.: New School and Enrollment Cap Increase Amendment Requests.

M. **Final Rulemaking –** Discussion and possible action on the Board's Notice of Final Rulemaking.

N. **Compliance Matters –** The Board will receive information to determine whether evidence exists that the following charter holders continue to breach one or more provisions of their charter contract and state law regarding failure to timely submit the fiscal year ending June 30, 2016 annual financial audit in accordance with A.R.S. § 15-183(E)(6).

If the Board determines that a breach remains, the Board may take action as it deems appropriate or necessary under state law, which may include issuing a notice of intent to revoke the charter pursuant to A.R.S. § 15-183(I).

1. Bradley Academy of Excellence, Inc.
2. Graysmark Schools Corporation
3. StarShine Academy
4. StrengthBuilding Partners

O. **Election of Officers**

P. **Approval of Minutes** - Consideration to approve meeting minutes for:

1. Executive Director Search Subcommittee - December 8, 2016
2. Executive Director Search Subcommittee - December 8, 2016 Executive Session
3. Regular Session - December 12, 2016 Executive Session

Q. **Summary of Current Events, Future Meeting Dates and Items for Future Agendas** – The executive director, presiding officer or a member of the Board may present a brief summary of current events pursuant to A.R.S. § 38-431.02(K) and may discuss future meeting dates and direct staff to place matters on a future agenda. The Board will not discuss or take action on any current event summary.

R. **Adjournment**

Arizona Charter Schools Association Update

Eileen Sigmund, President and CEO

Arizona Charter Schools Association
SUPPORT. ADVOCATE. LEAD.

January 2017 | 12439 N. 32nd St. | Phoenix, AZ 85032

CENTER FOR STUDENT ACHIEVEMENT

MISSION AND VISION

The Center is focused on high-quality school improvement initiatives, with a particular emphasis on professional development and the publication of rigorous and transparent research and evaluation.

From this foundation, the Center developed a suite of supporting programs for school leaders and teachers, currently in use by a growing number of district and charter schools in Arizona.

BY THE NUMBERS (2016-17)

CENTER FOR STUDENT ACHIEVEMENT IMPACT

50,000 total miles traveled (twice around the Earth)

55 schools (up from 44)

174 professional development sessions

448 coaching sessions

16,000 students impacted

Arizona Charter Schools Association
SUPPORT. ADVOCATE. LEAD.

SCHOOLS WE WORK WITH

CENTER FOR STUDENT ACHIEVEMENT IMPACT

CURRENT SCHOOLS

Champion Schools
NFL Yet
Reyes Maria Ruiz
EAGLE College Prep: Maryvale
Western School of Science & Technology

CENTER ALUMNI

Arizona Charter Academy
All Aboard Charter School
Mexicayotl Academy

Arizona Charter Schools Association
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GETTING RESULTS

CENTER FOR STUDENT ACHIEVEMENT IMPACT

2x

In 2016, schools new to our three-year Quality Schools Program saw more than double the state average math growth.

The average school in our Quality Schools Program improved in English Language Arts and Math from 2015 to 2016, no matter the number of years in the program.

99%

Of the hundreds of teachers who attend our trainings, 98.9% of them would recommend the sessions to a peer or colleague.

SUCCESS STORY

CENTER FOR STUDENT ACHIEVEMENT IMPACT

EAGLE College Prep Maryvale

AZMERIT PASS RATES

	ELA	Math
2015	11%	7%
2016	34%	36%

93% Free and Reduced Lunch population

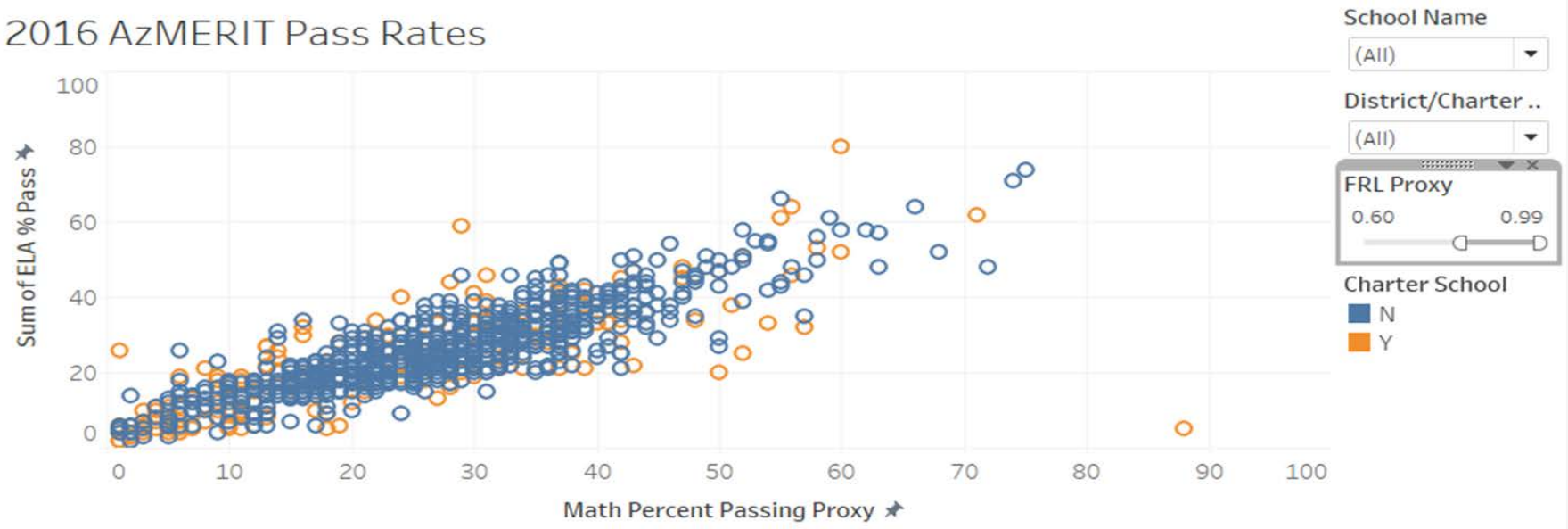
One of the most improved schools in the state

Second year in the Quality Schools Program

Arizona Charter Schools Association
SUPPORT. ADVOCATE. LEAD.

AZMERIT PASS RATES

SCHOOL RANKING DASHBOARD



Arizona Charter Schools Association
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ENGLISH LANGUAGE LEARNER DATA

ENGLISH LANGUAGE LEARNER DATA

- Understanding Arizona's English Language Learners (ELL)
  - National Assessment for Education Progress (NAEP)
  - Arizona's ELL students
- Implications for future policy and/or advocacy

Arizona Charter Schools Association
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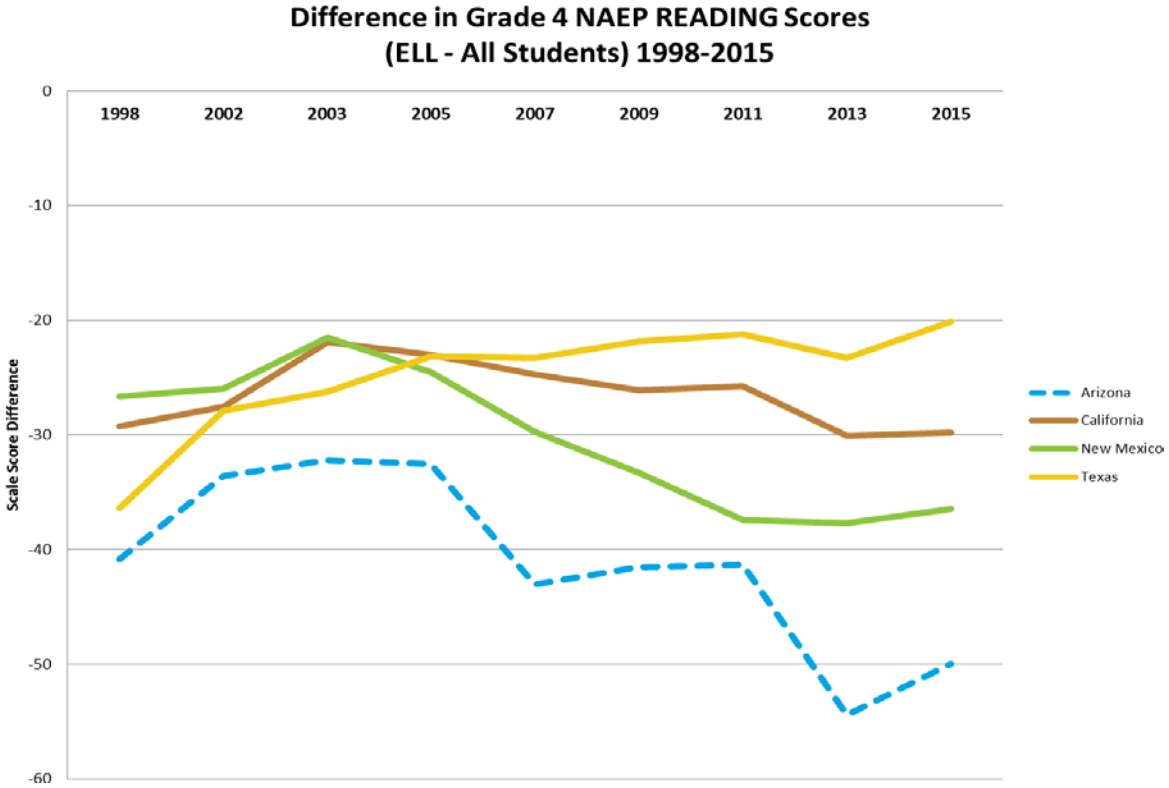
NAEP ELL SCORES FROM 1998-2015: 4 STATE REVIEW



Arizona Charter Schools Association
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QUESTIONS?

Arizona Charter Schools Association
SUPPORT. ADVOCATE. LEAD.

AZ Alternative Education Consortium

Funding Alternative Education in Arizona

January 10, 2017

Classrooms First Final Report

http://education.azgovernor.gov/sites/default/files/classrooms_first_initiative_council_final_report_0.pdf

AZ AEC

Funding Alternative Education

School Type Reforms

Alternative Schools Weight

Summary of Our Proposal

- Funding Alternative Education is a State Decision (no federal subsidies)
- Funding beyond 100th day count
- ***20 to 1*** Return on Investment, using data in WestEd study, *How Arizona's Dropout Crisis Affects Communities, Creates Economic Losses*

AZ Alternative Education Consortium

AEC leaders Drs. Johnson Bia & Amy Schlessman with Classrooms First Council Co-Chair, Jim Swanson

Arizona State Board for Charter Schools
On-going Board Actions as of December 30, 2016

Withholding					
Charter Holder Name	**Date of Board Action**	**Violation**	**Notes**	**Status of Corrective Action Plan**	**Date issue, if unresolved, will come back before the Board**
Bradley Academy of Excellence, Inc.	11/21/16	• Failure to timely submit fiscal year 2016 audit			1/10/17
Flagstaff Montessori, L.L.C.	11/21/16	• Failure to timely submit fiscal year 2016 audit	Audit received 12/29/16. Withholding to be returned with the February payment.		1/10/17
Graysmark Schools Corporation	11/21/16	• Failure to timely submit fiscal year 2016 audit			1/10/17
StrengthBuilding Partners	11/21/16	• Failure to timely submit fiscal year 2016 audit			1/10/17

Charters Under a Notice of Intent to Revoke

Charter Holder Name	Date of Board Action	Alleged Violation	Date of Revocation Hearing/Orders	Status
Founding Fathers Academies, Inc.	12/9/13	• Designation as an F school for fiscal year 2013 • Failure to meet or demonstrate sufficient progress toward the Board's academic expectations as set forth in the performance framework • Failed to provide evidence of a system to adopt, implement, evaluate, and revise curriculum aligned with Arizona College and Career Ready Standards	Notice of Hearing and Notice of Intent to Revoke sent via certified mail to charter holder on December 24, 2013.	On March 26-28 and May 16, 2014, an evidentiary hearing was held at OAH. On July 8, 2014, the ALJ issued her decision recommending that Founding Fathers' charter be revoked. On July 15, 2014, the Board issued its Order, which adopted the ALJ's recommended Findings of Fact, with one minor change, adopted the recommended Conclusions of Law,

Charters Under a Notice of Intent to Revoke

Charter Holder Name	Date of Board Action	Alleged Violation	Date of Revocation Hearing/Orders	Status
		• Failed to provide a systematic process for monitoring and recording the implementation of the standards in instruction • Failed to provide a comprehensive assessment system based upon clearly defined performance measures aligned with the curriculum • Failed to provide a comprehensive professional development plan that was aligned to teacher needs, provides for monitoring and follow-up strategies and is supported by data and analysis.		and revoked Founding Fathers' charter. On August 1, 2014, Founding Fathers appealed the Board's decision to the Superior Court, requesting that the Court reverse the Board's decision to revoke Founding Fathers' charter. Also on August 1, 2014, Founding Fathers filed a Motion for Stay of Agency Decision, which was granted by the Court. On November 14, 2014, Founding Fathers filed a Motion for Leave to Introduce Additional Testimony and Evidence, which was denied by the Court. The parties filed their Briefs; the Court heard oral argument on July 15, 2015 and took the matter under advisement. On September 16, 2015, the Court entered its judgment affirming the Board's July 15, 2014 Order revoking Founding Fathers' charter. Founding Fathers filed a Motion for Continued Stay of Agency Decision in the Superior Court. On September 30, 2015, the Motion was denied; the Court advised Founding Fathers that if it wishes to stay the Board's ruling, it will have to ask the Arizona Court of Appeals to enter a stay. On October 7, 2015, Founding Fathers filed a Notice of Appeal and Motion for a Stay of the Board's decision. On October 26, 2015, the Board filed its Response in Opposition to the Motion. On November 13, 2015, the Court of Appeals granted Founding Fathers' motion and stayed the July 15, 2014 order of the Board. As of May 9, 2016, the matter has been fully briefed by the parties and is at issue. The Court

Charters Under a Notice of Intent to Revoke

Charter Holder Name	Date of Board Action	Alleged Violation	Date of Revocation Hearing/Orders	Status
				is currently considering the Board's request to accelerate disposition of the matter. Founding Fathers has filed a request for oral argument. On June 6, 2016, the Court denied the Board's motion to accelerate, but directed that the appeal be scheduled for consideration on the first available date on the court's regular calendar. The Court also deferred a ruling on the Board's motion to strike to the panel that considers the appeal on the merits. On August 16, 2016, Founding Fathers was required to file a substitute brief containing references to the underlying record. The matter will be set for oral argument. On October 13, 2016, the Court of Appeals affirmed the superior court's judgment upholding the Charter Board's revocation decision and dissolved the stay effective 5:00 p.m. on October 24, 2016. At a special meeting held on October 18, 2016, the Charter Board stayed its revocation decision until 11:59 pm on December 23, 2016 to allow the charter school to close at the end of the semester. On November 14, 2016, Founding Fathers filed a Petition for Review with the Arizona Supreme Court.
Hillcrest Academy, Inc.	9/12/16	• Failure to provide educational services to students • Receipt and failure to return State funds to which it was not entitled • Failure to retain student records as prescribed by the Arizona State Library, Archives and Public Records Division of the Arizona State Secretary of State's office	Hearing before an OAH administrative law judge set for December 15, 2016.	The matter is set for a prehearing conference on November 14, 2016, and for revocation hearing on December 15, 2016. The charter revocation hearing was continued to February 22, 2017.

Status of Board Requested Reports/Site Visits

Charter Holder Name	Date of Board Action	Board Request of School/Staff	Status of compliance with request

Other Matters

Charter Holder Name	Date of Board Action	Status
Global Renaissance Academy of Distinguished Education	11/21/16	The Board found the charter holder in noncompliance with state law and its charter contract for its failure to submit the fiscal year 2016 audit and acknowledged that had the bankruptcy filing not prevented it, the Board would have withheld 10% of the charter holder's monthly state aid apportionment until the fiscal year 2016 audit reporting package is submitted to the Board. On November 28, 2016, the charter holder notified Board staff of its intent to surrender its charter effective January 4, 2017 and close its school due to declining enrollment. The last day of instruction provided by the charter holder was December 16, 2016, which was the last day of school before winter break. After the Arizona Department of Education determined that the charter holder had not received more state equalization assistance in fiscal year 2017 than it was entitled to, Board staff provided the charter holder with a surrender agreement on December 23, 2016. The surrender agreement includes a provision identifying that the charter holder failed to submit its fiscal year 2016 audit to the Board.
StarShine Academy	11/21/16	The Board found the charter holder in noncompliance with state law and its charter contract for its failure to submit the fiscal year 2016 audit and acknowledged that had the bankruptcy filing not prevented it, the Board would have withheld 10% of the charter holder's monthly state aid apportionment until the fiscal year 2016 audit reporting package is submitted to the Board.

Failing Schools

Charter Holder Name	Date of Board Action	Terms	Status

Civil Penalties

Charter Holder Name	Date of Board Action	Violation	Amount of Civil Penalty	Date Appeal Timeframe Expires	Status

Update on School Improvement Plans

BOARD MEETING

JANUARY 10, 2017

Table of Contents

- *A Note on Data*
- *General Summary of Improvement Plans Reviewed*
- *Improvement Plan Components Summary*
- *Improvement Plan Review Process*
- *Lessons Learned*

Arizona State Board for Charter Schools

A Note on Data

- *The data used for this summary was pulled together from various Excel spreadsheets and, when appropriate, verified by ADE. Certain school improvement plans may not be represented in this summary.*

General Summary of Improvement Plans Reviewed FY 2017

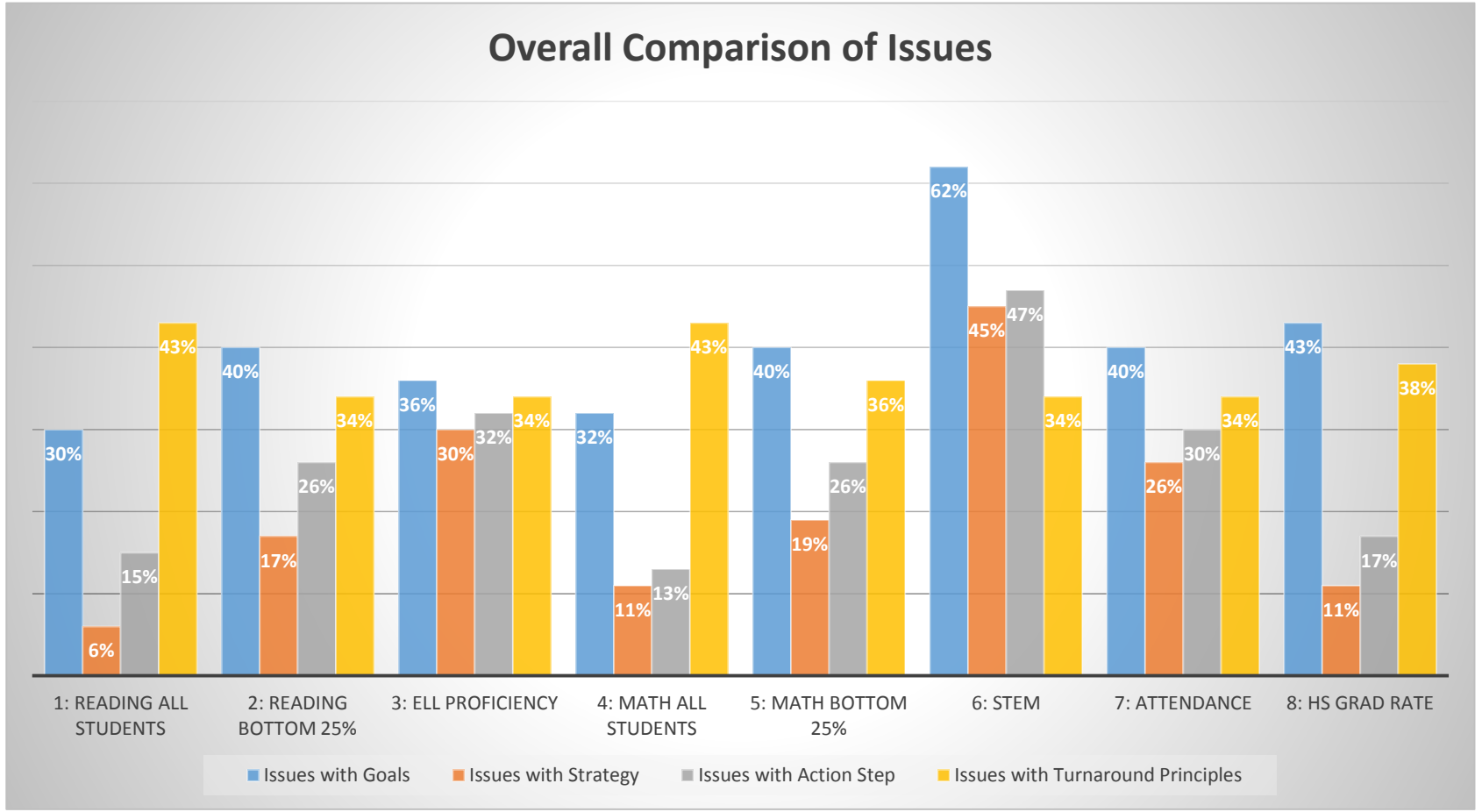
Improvement Plans Reviewed

- 180 schools were identified as being in improvement status and are labeled as either “Comprehensive” or “Targeted” by ADE.
- Of those 180 schools, 56 are charter schools and were required to submit an Improvement Plan to the Board and ADE.
  - 8 plans were deemed administratively complete
  - 48 plans were deemed administratively incomplete initially

Administratively Incomplete Issues

- Goal Focus and SMART format
- Strategies
- Action Steps
- Turnaround Principles

Percentage of Improvement Plans with Issues



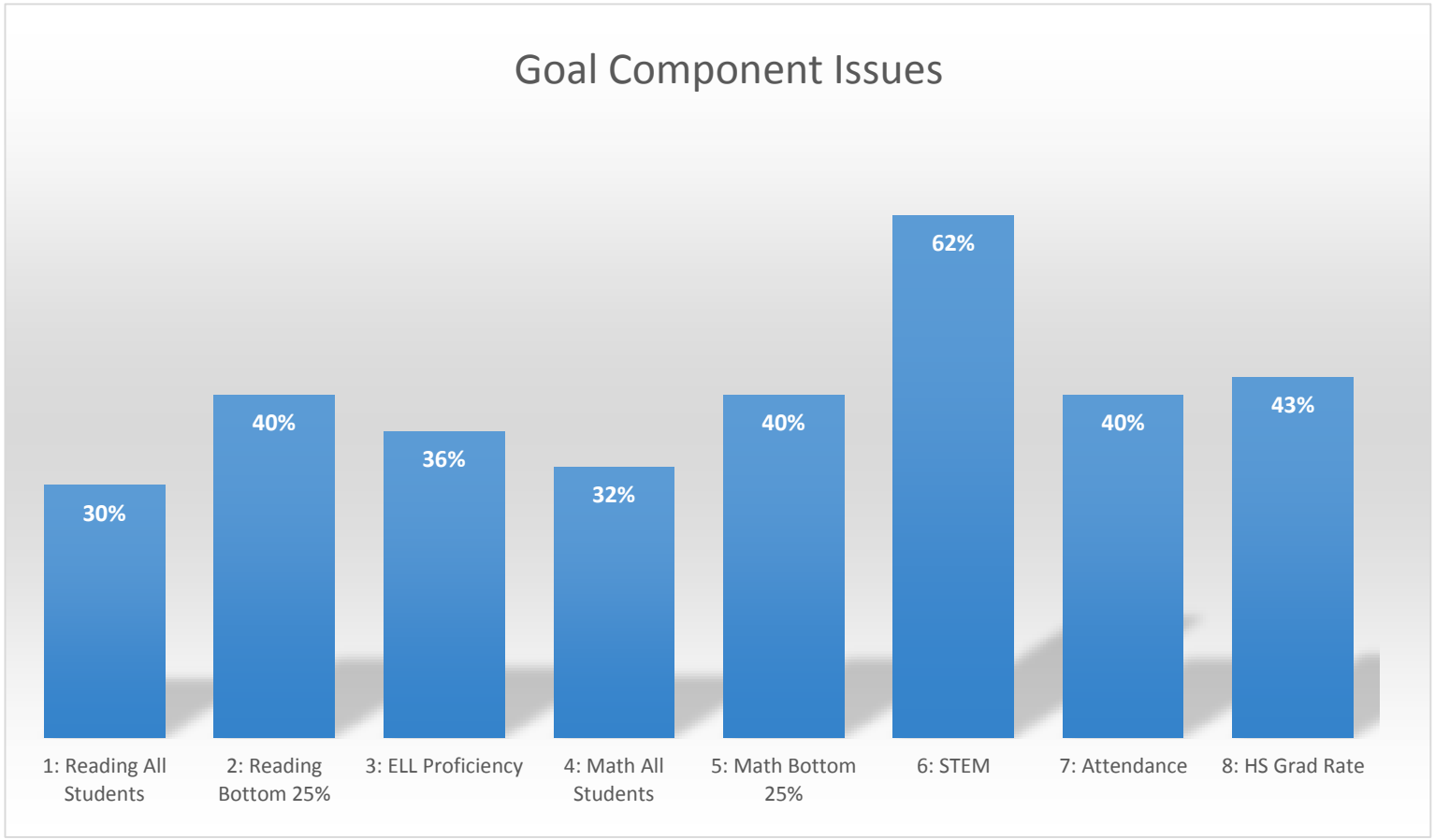
Final Results

- Of the charter schools required to submit a revised Improvement Plan.
  - 28 revised plans were administratively complete
  - 16 revised plans were administratively incomplete

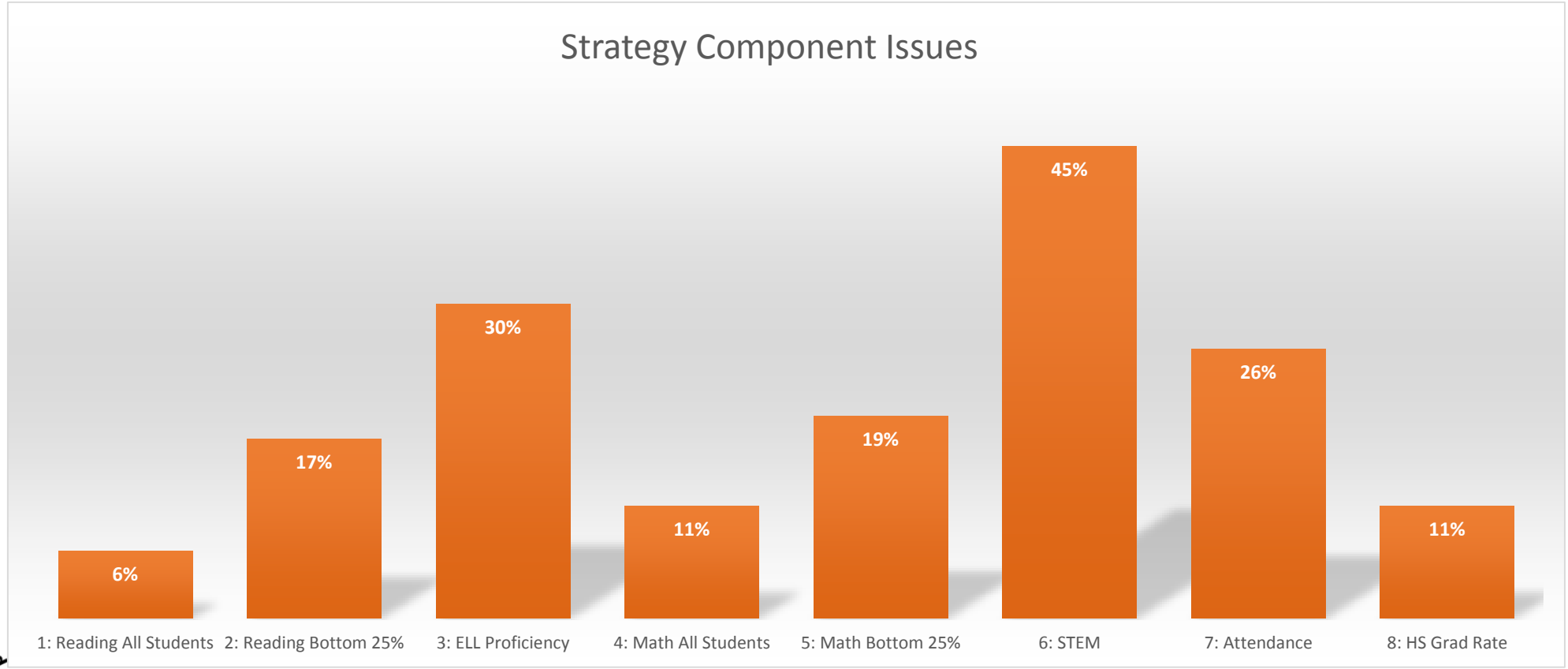
- 64% of the improvement plans are complete.

Improvement Plan Components Summary

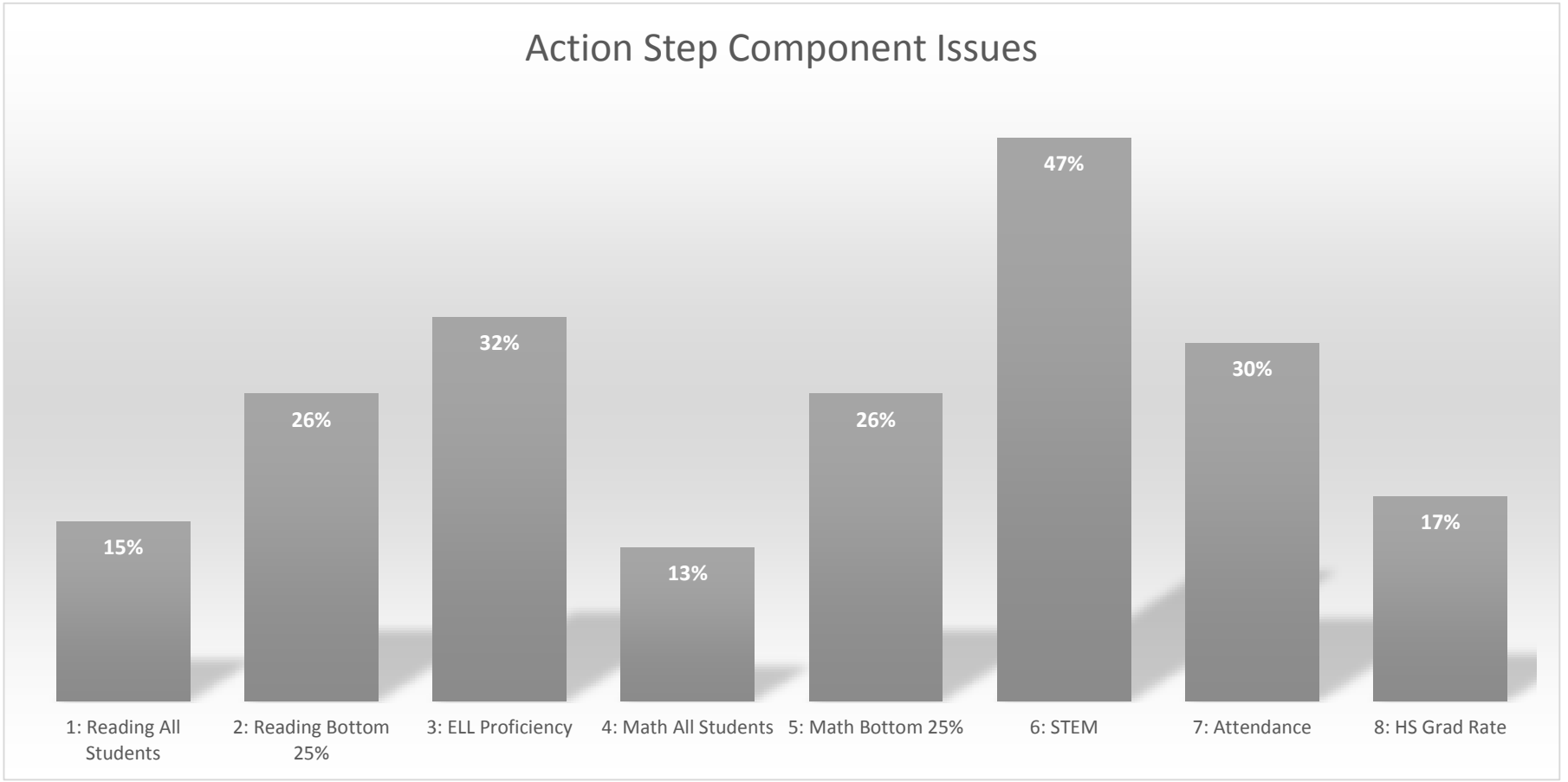
Goals


Goal Component Issues
30%
40%
36%
32%
40%
62%
40%
43%
1: Reading All Students
2: Reading Bottom 25%
3: ELL Proficiency
4: Math All Students
5: Math Bottom 25%
6: STEM
7: Attendance
8: HS Grad Rate

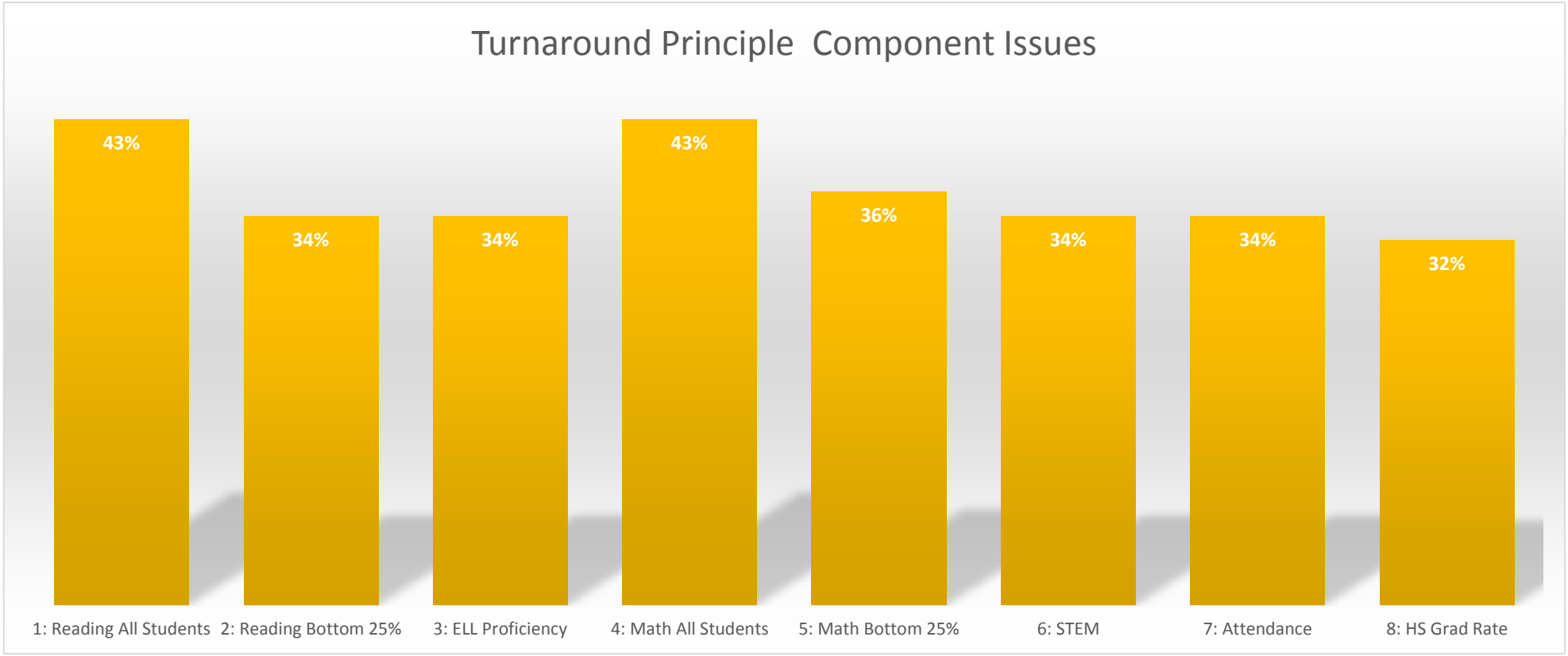
Strategy


Strategy Component Issues
6%
17%
30%
11%
19%
45%
26%
11%
1: Reading All Students
2: Reading Bottom 25%
3: ELL Proficiency
4: Math All Students
5: Math Bottom 25%
6: STEM
7: Attendance
8: HS Grad Rate

Action Steps



7 Turnaround Principles



Improvement Plan Review Process

Administrative Completeness Process

- Step 1: Initial submission of an improvement plan is reviewed using the administrative review criteria.

- Step 2: Within 30 business days of submission, Board staff will notify the Charter Holder if the improvement plan is administratively complete or incomplete.
  - If it is incomplete, the Board staff notification identifies the deficiencies.
  - The Charter Holder has 10 business days to resubmit the improvement plan.

- Step 3: Final review of a revised improvement plan.

Administrative Completeness Criteria

- Required Goals for FY 2017
- Each Goal in SMART Format
- Each Goal includes Strategies and Action Steps
- 7 Turnaround Principles

Lessons Learned

What Worked

- Process consistent
- Streamlined
- Interagency cooperation
- Positive charter holder feedback

Arizona State Board for Charter Schools

Upcoming Revisions

- Collaborate with ADE's Support and Innovation
- Conduct workshops in the early summer with ADE
- Establish Board staff liaison communications

Charter Mission Amendment Request

Charterholder Info

Charter Holder

Name:
Archway Classical Academy Cicero

CTDS:
07-82-48-000

Mailing Address:
3102 North 56th Street
Suite 300
Phoenix, AZ 85018

View detailed info

Representative

Name:
Erik Twist

Phone Number:

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Mission

Change From
The mission of Great Hearts Academies - Archway Central Scottsdale is to enable students in Grades Kindergarten through 5 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. The school will prepare its graduates for success in a Great Hearts preparatory academy and, ultimately, in college and to be leaders in creating a more philosophical, humane, and just society.

Change To
The mission of Archway Classical Academy Cicero is to enable students in Grades Kindergarten through 5 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. The school will prepare its graduates for success in a Great Hearts preparatory academy and, ultimately, in college and to be leaders in creating a more philosophical, humane, and just society.

Attachments

Board Minutes — **Download File**

Additional Information*
No documents were uploaded.

Signatures

Charter Representative Signature
Erik Twist 11/17/2016

ARCHWAY CLASSICAL ACADEMY - CICERO

Board of Directors Minutes

Date: 14 November 2016

Time: 9 a.m.

Location: Great Hearts Quayle Campus

A meeting of the Great Hearts Academies- Archway Classical Academy - Cicero Board of Directors was held at Great Hearts Quayle Campus, 3102 N. 56th Street, Suite 300, Phoenix AZ 85018, pursuant to A.R.S. 38-431.02, notice having been duly given.

I. Call to Order

Mr. Noel called the meeting to order at 9:04 a.m. The following directors/administrators were present/absent:

Directors	**Office**	**Present**	**Absent**	**Notes**
Todd Noel	President	x		
David Denton	Vice President	x		
Lisa Armstrong	Secretary	x		
Julie Sanders	Director	x		By phone
Steve Levine	Director	x		
Administration/Other				
Matthew Vlahovich	Headmaster, Archway Cicero	x		
Ginger Brooks	Office Manager, Archway Cicero	x		
Robert Wagner	Vice President, Academy Operations	x		
Ramsey Margison	School Accounting Manager, GH	x		
Elvia Barbosa	Staff Accountant, GH	x		
Angela Braun	Director of Academy Giving, Archway Cicero	x		

II. Call to the Public

III. Approval of Consent Agenda

IV. Approval to Amend The Mission Statement

The mission statement should be amended from The mission of Great Hearts Academies - Archway Central Scottsdale is to enable students in Grades Kindergarten through 5 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. The school will prepare its graduates for success in a Great Hearts preparatory academy and, ultimately, in college and to be leaders in creating a more philosophical, humane, and just society. To The mission of Archway Classical Academy Cicero is to enable students in Grades Kindergarten through 5 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. The school will prepare its graduates for success in a Great Hearts preparatory academy and, ultimately, in college and to be leaders in creating a more philosophical, humane, and just society.		Mr. Denton made a motion that the board approves the change to the mission statement to correct the name of the school from "Great Hearts Academies-Archway Central Scottsdale" to "Archway Classical Academy - Cicero." Ms. Sanders seconded, all in favor, none opposed, the motion carried at 9:07 a.m.

V. Headmaster's Report

VI. Review and Approval of the 2017-18 School Year Calendar and Review of the 2018-19 School Year Calendar

VII. Financial Report

VIII. Development Report

IX. Possible Executive Session

N/A.		

X. Leave Executive Session

N/A		

XI. Possible Motions from Executive Session

N/A.		

XII. Announcements/Adjournment

		Mr. Noel adjourned at 9:58 a.m.

_____

Submitted by Lisa Armstrong, Secretary
-Allison Harmon, Scribe-

Charter Mission Amendment Request

Charterholder Info

Charter Holder

Name:
Arete Preparatory Academy

CTDS:
07-85-27-000

Mailing Address:
3102 N. 56th Street
Suite 300
Phoenix, AZ 85018

› View detailed info

Representative

Name:
Erik Twist

Phone Number:

Downloads

Download all files

Mission

Change From
The mission of Mesa Preparatory Academy is to enable students in grades 7 through 12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts.

Change To
The mission of Arete Preparatory Academy is to enable students in grades 6 through 12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts.

Attachments

Board Minutes — **Download File**

Additional Information*
No documents were uploaded.

Signatures

Charter Representative Signature
Erik Twist 11/17/2016

ARETE PREPARATORY ACADEMY

Board of Directors Minutes

Date: 16 November 2016

Time: 10 a.m.

Location: Great Hearts Quayle Campus

A meeting of the Great Hearts Academies-Arete Preparatory Academy Board of Directors was held at Great Hearts Quayle Campus, 3102 N. 56th Street, Suite 300, Phoenix AZ 85018, pursuant to A.R.S. 38-431.02, notice having been duly given.

I. Call to Order

Ms. Tibbitts called the meeting to order at 10:12 a.m. The following directors/administrators were present/absent:

Directors	**Office**	**Present**	**Absent**	**Notes**
John Paul Poppleton	President	x		
Karen Tibbitts	Vice President	x		
Marilyn Papke	Secretary	x		
Scott Grondin	Director		x	
Lois Yates	Director	x		
Administration				
Julia Gillingham	Headmaster, Arete Prep	x		
Ramsey Margison	School Accounting Manager, GH	x		
Gracie Rose	Staff Accountant, GH	x		
Michele Wilson	Director of Academy Giving, Arete Prep and Archway Arete	x		

II. Call to the Public

III. Election of Board Officers for the 2016-17 School Year

(Done in September meeting)		

IV. Approval of Consent Agenda

V. Approval to Amend The Mission Statement

The mission statement should be amended from The mission of Mesa Preparatory Academy is to enable students in grades 7 through 12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. To The mission of Arete Preparatory Academy is to enable students in grades 6 through 12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts.		Ms. Yates made a motion that the board approves the change to the mission statement to correct the school name from *Mesa Preparatory Academy* to *Arete Preparatory Academy* and to correct the grades served from *7-12* to *6-12*. Mr. Poppleton seconded, all in favor, none opposed, the motion carried at 10:13 a.m.

VI. Headmaster's Report

VII. Review and Approval of the 2017-18 School Year Calendar and Review of the 2018-19 School Year Calendar

VIII. Financial Report

IX. Development Report

X. Possible Executive Session

XI. Leave Executive Session

XII. Possible Motions from Executive Session

XIII. Announcements/Adjournment

		Ms. Tibbitts adjourned the meeting at 10:39 a.m.

Submitted by Marilyn Papke, Secretary
-Allison Harmon, Scribe-

Charter Mission Amendment Request

Charterholder Info

Charter Holder

Name:
Cicero Preparatory Academy

CTDS:
07-82-49-000

Mailing Address:
3102 North 56th Street
Suite 300
Phoenix, AZ 85018

› View detailed info

Representative

Name:
Erik Twist

Phone Number:

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Mission

Change From
The mission of Great Hearts Academies - Central Scottsdale Prep is to enable students in Grades 6 through 12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. The school will prepare its graduates for success in college and to be leaders in creating a more philosophical, humane, and just society.

Change To
The mission of Cicero Preparatory Academy is to enable students in Grades 6 through 12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. The school will prepare its graduates for success in college and to be leaders in creating a more philosophical, humane, and just society.

Attachments

Board Minutes — **Download File**

Additional Information*
No documents were uploaded.

Signatures

Charter Representative Signature
Erik Twist 11/17/2016

CICERO PREPARATORY ACADEMY

Board of Directors Minutes

Date: 14 November 2016

Time: 10 a.m.

Location: Great Hearts Quayle Campus

A meeting of the Great Hearts Academies- Cicero Preparatory Academy Board of Directors was held at Great Hearts Quayle Campus, 3102 N. 56th Street, Suite 300, Phoenix AZ 85018, pursuant to A.R.S. 38-431.02, notice having been duly given.

I. Call to Order

Mr. Noel called the meeting to order at 10:20 a.m. The following directors/administrators were present/absent:

Directors	**Office**	**Present**	**Absent**	**Notes**
Andrew Ellison	President	x		Elected today; by phone
Todd Noel	Vice President	x		Elected today
Katie Cobb	Secretary	x		Elected today; by phone
David Dean	Director	x		10:30 a.m. arrival
Administration/Other				
Melanie Pritchard	Assistant HM, Cicero Prep	x		
Robert Wagner	Vice President, Academy Operations, GH	x		
Ramsey Margison	School Accounting Manager, GH	x		
Elvia Barbosa	Staff Accountant, GH	x		
Angela Braun	Director of Academy Giving, Cicero Prep	x		

II. Call to the Public

III. Election of Board Officers for the 2016-17 School Year

IV. Approval of Consent Agenda

V. Approval to Amend The Mission Statement

The mission statement should be amended from . The mission of Great Hearts Academies-Central Scottsdale Prep is to enable students in Grades 6 through 12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. The school will prepare its graduates for success in college and to be leaders in creating a more philosophical, humane, and just society. . To . The mission of Cicero Preparatory Academy is to enable students in Grades 6 through 12 to acquire critical reasoning and communication skills and to explore the cultural and scientific achievements that are at the heart of the liberal arts. The school will prepare its graduates for success in college and to be leaders in creating a more philosophical, humane, and just society.		Mr. Ellison made a motion that the board approves the change to the mission statement to correct the name of the school from "Great Hearts Academies- Central Scottsdale Prep" to "Cicero Preparatory Academy." Ms. Cobb seconded, all in favor, none opposed, the motion carried at 10:22 a.m.

VI. Headmaster's Report

VII. Review and Approval of the 2017-18 School Year Calendar and Review of the 2018-19 School Year Calendar

VIII. Financial Report

IX. Development Report

X. Possible Executive Session

XI. Leave Executive Session

XII. Possible Motions from Executive Session

XIII. Announcements/Adjournment

		Mr. Noel adjourned the meeting at 10:50 a.m.

_____

Submitted by Katie Cobb, Secretary
-Allison Harmon, Scribe-

Enrollment Cap Notification Request

Charterholder Info

Charter Holder

Name:
Cicero Preparatory Academy

CTDS:
07-82-49-000

Mailing Address:
3102 North 56th Street
Suite 300
Phoenix, AZ 85018

› View detailed info

Representative

Name:
Erik Twist

Phone Number:

Downloads

Download all files

Enrollment Cap

From:
488

To:
750

Attachments

Board Minutes — Download File

Increase to Enrollment Cap Attachments

The following 2 attachments are only required if the enrollment cap is increasing.

Documentation that current facilities can accommodate requested capacity — Download File

Narrative describing the staffing changes and recruiting efforts that will be made to reach capacity — Download File

Additional Information

- Download File — This attachment is the Certificates of Occupancy for the Cicero Prep buildings.
- Download File — This attachment is the site drawing for building 3 of Cicero Prep.
- Download File — This attachment is the site drawing for building 4 of Cicero Prep.

Signature

Charter Representative Signature
Erik Twist 09/19/2016

CICERO PREPARATORY ACADEMY

Board of Directors Minutes

Date: 19 September 2016

Time: 12 Noon

Location: Telephone Conference Call

A meeting of the Great Hearts Academies-Cicero Preparatory Academy Board of Directors was held by telephone conference call, with public invited to join and participate in the entire call by calling 1-866-298-2144 and entering conference code #8999181, pursuant to A.R.S. 38-431.02, notice having been duly given. Staff was present at the offices of Great Hearts Academies, 3102 N. 56th Street, Suite 300, Phoenix, AZ 85018 for any public wishing to attend in person.

I. Call to Order

Mr. Noel called the meeting to order at 12:07 p.m. The following directors/administrators were present/absent:

Directors	**Office**	**Present**	**Absent**	**Notes**
Katie Cobb			x	
David Dean		x		
Andrew Ellison		x		
Todd Noel		x		
Administration				
Diane Bishop	Director of Academy Governance, GH	x		

II. Call to the Public

Mr. Noel made a call to the public at 12:07 p.m. There was no public present.		

III. Approval to Add Grade 10 in FY18, Add Grade 11 in FY19, and Add Grade 12 in FY20

		Mr. Ellison made a motion that the board approves adding Grade 10 in FY18, grade 11 in FY19, and grade 12 in FY20. Mr. Dean seconded, all in favor, none opposed, the motion carried at 12:08 p.m.

IV. Approval to Increase the Enrollment Cap from 488 to 750 to be Implemented Over Three Years: 575 in FY18, 675 in FY19, and 750 in FY20

		Mr. Ellison made a motion that the board approves an increase in the enrollment cap from 488 to 750 implemented over three years: 575 in SY18, 675 in SY19, and 750 in SY20. Mr. Dean seconded, all in favor, none opposed, the motion carried at 12:09 p.m.

IV. Adjournment

Mr. Noel adjourned the meeting at 12:09 p.m.		

_____

Board Member Signature

-Allison Harmon, Scribe-

NARRATIVE FOR FACILTIES DOCUMENTATION

Cicero Preparatory Academy is seeking to increase its enrollment cap to 750. The classrooms that the students will occupy are located in buildings 3 and 4, which are shown in the submitted site drawings along with their E occupancy loads.

Cicero Prep has 20,419 sq. ft. of E occupancy classroom space on its campus (790 sq. ft. in Building 3 and 19, 629 sq. ft. in Building 4). The total student capacity of the classroom space is 848 (40 in Building 3 and 808 in Building 4).

The site drawings of the Cicero Prep campus documenting the E occupancy loads and the Certificates of Occupancy for buildings 3 and 4 have been uploaded in the Additional Information section.

NARRATIVE

Cicero Preparatory Academy is seeking to increase its Charter Enrollment Cap from 488 to 750.

Timeline

The timeline for implementing the increase in Enrollment Cap is FY18 through FY20. The following chart shows the projected number of students per grade for the three fiscal years during which the increased enrollment cap will be implemented:

Grade	FY18	FY19	FY20
6	125	120	115
7	130	125	115
8	130	130	115
9	100	120	120
10	90	95	115
11		85	85
12			85
Total:	575	675	750

Cicero Preparatory Academy has 20,419 sq. ft. of E occupancy classroom space on its campus (790 sq. ft. in Building 3 and 19, 629 sq. ft. in Building 4). The total student capacity of the classroom space is 848 (40 in Building 3 and 808 in Building 4).

This notification request is being submitted in conjunction with a Site Specific Change Grades Served notification to add grades 10, 11, and 12 in FY18, FY19, and FY20, respectively, which requires concurrent consideration.

Capacity to Support Quality, Long-Term Academic & Operational Success and Financial Viability

Cicero Preparatory Academy's capacity to support the quality and long-term academic and operational success and financial viability of its charter through the proposed enrollment growth comes both from its enhanced internal systems (data, curriculum, assessment, monitoring instruction, and professional development), which are designed to continually improve the academic performance of its students, and from the support it receives from its charter management organization, Great Hearts Academies (GHA). Specifically, Cicero Preparatory Academy recruits and hires its faculty/staff through the GHA central hiring portal, which received more than 2,370 new applications for faculty/staff positions for 2016-2017. This is an application-to-hire ratio of 8:1, which has remained steady for the past several years and which demonstrates an ample pool of highly qualified applicants to fill the faculty/staff positions created by the growth of the academy's student population. Historical data also show that the number of new applications received each year increases by at least 150 over those received in the prior year, which indicates the expected applicant pool will continue to be more than ample to meet the staffing needs of Cicero Preparatory Academy's increased

enrollment in each of the years FY18, FY19, and FY20. Each of the applicants in the central hiring portal is screened by the GHA personnel team to validate his/her credentials, and those whom Cicero Preparatory Academy selects as potential hires also undergo a series of interviews by the academy's leadership team and complete a teaching demo to discern the quality of their teaching ability, classroom management, and interactions with students and peers. Additionally, with the paused opening of new academies in 2016-2017 but maintained level of recruiting, the recruiting pool will prove to be even more favorable and robust to meet the faculty/staff hiring needs of Cicero Preparatory Academy resulting from its growth in enrollment. Once hired, Cicero Preparatory Academy regularly monitors the instruction of its faculty to ensure their lessons are of high quality and aligned with state standards. Cicero Preparatory Academy also collaborates with GHA to provide an extensive program of professional development to its faculty and staff to continually develop their knowledge and instructional and performance skills, and tracks the academic development of its students through data from its internal assessment system. Through its consistent and careful attention to recruitment, screening, development of its faculty/staff, and monitoring of students' performance through its data and assessment systems, Cicero Preparatory Academy will maintain the high quality and long-term success of its academic program and meet the Board's academic expectations as reflected in its academic framework. GHA also provides financial and operational support to Cicero Preparatory Academy in such areas as human resources, accounting, development, technology, and legal services, to ensure the high quality and long-term operational success and financial viability of its charter. In addition to ensuring the academy remains in compliance with the Board's operational and financial frameworks throughout the period of growth and beyond, these operational and financial supports allow the academy to focus intently on continually improving its academic program and meeting the instructional needs of each of its students. As a result, Cicero Preparatory Academy has more than sufficient capacity to succeed academically, operationally, and financially while undergoing growth and thereafter.

Arizona State Board for Charter Schools

Eligibility Form

Review the **Academic Performance Eligibility** instructions for the amendment or notification request being submitted; fill out the following information, sign at bottom, scan, and upload as described in the appropriate amendment or notification instructions.

Charter Holder Information	
Name of Charter Holder	Cicero Preparatory Academy
Schools operated under charter requesting amendment/notification	Great Hearts Academies – Cicero Prep
Charter Representative name	Erik Twist
Target date of implementation	July 1, 2017
Amendment/Notification Request type(s)	Change of Enrollment Cap Request (Increase)

Check box below to indicate completion of eligibility review by charter holder	
☒	I understand that to be eligible to apply for reduced submission requirements for the purposes of an amendment or notification request, the following criteria must be met by each school operated by the Charter Holder, as specified in the Academic Performance Eligibility and Consideration of Operational Compliance instructions. I have reviewed all relevant Academic Dashboards, and operational compliance, and found that these criteria have been met. • Each school operated under the charter for which expansion is being requested is eligible to receive an overall rating and has an overall rating of "Meets" or" Exceeds" Standard in the most recent fiscal year that State assessment data is available, or • The school operated under the charter for which expansion is specifically being requested has an overall rating of "Meets" or "Exceeds" Standards in the most recent fiscal year that State assessment data is available, and • The Charter Holder requesting expansion is currently in compliance with all areas listed in the Consideration of Operational Compliance instructions.

Signature (Replace the *[brackets]* with the requested information before printing.)

I, Erik Twist, acting on behalf of Cicero Preparatory Academy, believe Cicero Preparatory Academy meets the eligibility requirements for reduced submission requirements outlined above, and understand that Board staff will review the academic performance and operational compliance of the Charter Holder to confirm eligibility.

Signed: _____ Date: 9.11.16

Charter Mission Amendment Request

Charterholder Info

Charter Holder

Name:
Paragon Management, Inc.

CTDS:
07-89-12-000

Mailing Address:
12775 N 175th Ave
Surprise, AZ 85388

View detailed info

Representative

Name:
Timothy Gonzales

Phone Number:

Downloads

Download all files

Mission

Change From
Paradise Education Center is committed to providing excellence in education and guiding children to gain confidence in an environment that enables students to be successful, caring, and knowledgeable members of our community.

Change To
A safe learning community committed to fostering personal growth and academic excellence.

Attachments

Board Minutes — **Download File**

Additional Information*
No documents were uploaded.

Signatures

Charter Representative Signature
Timothy Gonzales 11/03/2016

MINUTES FOR THE MEETING OF
THE CORPORATE BOARD
Wednesday, June 17, 2015 at 4:00 p.m.
Paradise Honors High School
12775 N. 175th Ave.
Surprise, AZ. 85388

- DIRECTORS PRESENT: Mr. Robert Nilles and Ms. Laura Burk, Mr. Chris Benson and Mrs. Stephanie Nix
- EX-OFFICIO PRESENT: Mr. Tim Gonzales
- DIRECTORS ABSENT: None
- VISITORS: PRESENT BY INVITATION: Dan Bigler
- VISITORS: None
- Introduction. A meeting of the Board of Directors (the "Board") of Paragon Management, Inc. d/b/a Paradise Schools (the "Corporation") was held at Paradise Honors High School, 12775 N. 175th Ave., Surprise, Arizona 85388, on Wednesday, June 17, 2015 at 5:00 p.m. A quorum being present, the meeting was called to order at 5:24 p.m.
  - Pledge of Allegiance
  - Moment of Silence
  - Call to Public

    Pursuant to A.R.S. 431.01(H) a public body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the public body. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter by put on future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noted for discussion and legal action.

  - Review and Approval of May 27, 2015 Board Meeting Minutes.

    Motion: Stephanie Nix
    Second: Robert Nilles
    Vote: unanimous

  - Review and Approval of the '15-16' proposed budget for Paragon Management, Inc.

    The Governing Body has reviewed and recommends the proposed '15-16' budget considering all available information from the state of Arizona. It was recommended that the board approve the proposed '15-16' budget as presented.

Motion: Stephanie Nix
Second: Robert Nilles
Vote: unanimous

- **Review and possible approval of the Vision, Mission and Beliefs statement**

The leadership team has provided a revised vision, mission and beliefs statement for the board to review and possibly approve. The board approved with the stipulation of review in 6 months and moving bullet 5 to bullet 3.

Motion: Laura Burk
Second: Robert
Vote: 3-1

Opposed Robert Nilles

- **Possible approval of renovations that exceed $10,000.00**

Mr. Gonzales asked the board to approve the replacement of the carpet in the MPR and the restoration of the bathroom in building D.

Motion: Stephanie Nix
Second: Chris Benson
Vote: unanimous

- **Leadership Updates-PEC Summer projects:**
- **Comverge will be coming out to install LEDs and energy management system.**
- **Sound mitigation in the MPR**
- **Rock/dirt added around campus**
- **Building D student bathrooms**
- **New curbing in parking lot**
- **Door locks and frames need to be replaced due to shifting**
- **Administration building repairs from sprinkler**
- **Carpet in MPR and foyer**

- **Potential options to expand Paradise schools or bond refunding.**

Bond refunding-interest rates climbing savings is a little more than $200,000.00
The land owner to the south will sell the land at $85,000.00 an acre.
CLI Capital is still willing to work with us however; the terms have changed (term sheet attached.)
Construction bids have come in and Mr. Gonzales has a meeting scheduled with them to work on lowering some of the costs.
Mr. Gonzales will continue to work with the land owner on the terms of the land purchase. Mr. Gonzales will keep the board members informed of the bond refunding/possible purchase progress.

- **Discussion regarding board members possibly receiving medical benefits.**

Mr. Gonzales will look into individual plans for board members and share the results.

- **Items from Board for Next Meeting-July 6, 2015 at 12:00 p.m.**
- **Adjournment- 7:42 p.m.**

Motion: Stephanie Nix
Second: Chris Benson
Vote: unanimous

JANUARY 10, 2017

Expansion Amendments Recommendation Report

New School and Enrollment Cap Amendment Requests for:
Canyon Rose Academy, Inc.

Agenda Item Request

Canyon Rose Academy, Inc. ("CRA") submitted two expansion amendment requests on October 12, 2016 to add a new school, Canyon Rose Academy East, to its charter to begin serving grades 9–12 on August 3, 2017 and to increase the charter's enrollment cap from 549 to 800 in FY 2018 to accommodate the addition of a new school.

I. Staff Recommendation

The New School Amendment request meets the criteria required to receive a staff recommendation under the guidelines set forth in the request instructions. Details are provided in Appendix A. Staff Recommendation Criteria Charts: New School Amendment Request.

Board staff recommends that the Board approve the New School Amendment request for Canyon Rose Academy, Inc. to add Canyon Rose Academy East to its charter.

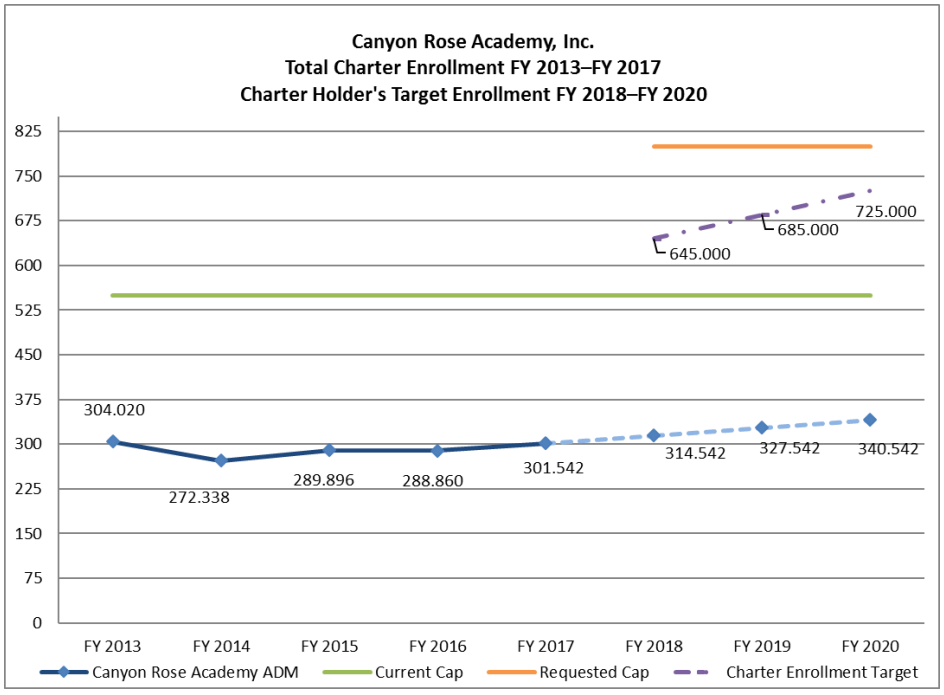
The Enrollment Cap Amendment request does not meet the criteria to receive a staff recommendation under the guidelines set forth in the request instructions. Details regarding items that met are provided in Appendix A. Staff Recommendation Criteria Charts: Enrollment Cap Amendment Request.

CRA did not meet two criteria for a staff recommendation:

- Past enrollment trends do not indicate a need for an increase within three years; and
- ADM is not within 85% of the current enrollment cap.

The following information provides context for the historical data staff reviewed to determine the staff recommendation for the Enrollment Cap Amendment request.

The current enrollment cap for Canyon Rose Academy, Inc. is 549. The graph below shows average daily membership ("ADM") for the charter based on 100th day ADM for fiscal years 2013–2016, and 40th Day ADM for FY 2017. Additionally, the graph projects the approximate increase in ADM for FY 2018–FY 2020 based on CRA's current enrollment trend, which was based on the increase of 13 students between FY 2016 and FY 2017. This rate was extended through FY 2020. The requested enrollment cap and target enrollment for the charter, as indicated by CRA's narrative are also included to demonstrate CRA's anticipated enrollment if the expansion requests are approved.



Board staff's analysis of CRA's data leading to a staff recommendation is as follows:

- If the New School is not approved CRA does not meet the staff recommendation criteria for the enrollment cap increase. The current enrollment trend does not indicate that CRA would need to increase its enrollment cap for several years. If the New School is approved, the target enrollment of the new school is above the current enrollment cap. If CRA were able to meet its enrollment targets, the current enrollment cap would not be sufficient.
- CRA is currently at 55% of its enrollment cap, which is below the threshold of 85% for a staff recommendation.

II. Request Summary and Analysis

Summaries of the documentation and narrative provided by the Charter Holder are accompanied by Board staff's analysis to demonstrate how the Charter Holder has met the substantive requirements for this request.

Rationale

CRA indicates that it seeks to provide "flexible access to a high school education with non-traditional hours of operation and the opportunity for credit recovery" leading to a high school diploma. This will be done by offering an alternative high school option to students in the Tucson zip code 85749, where such a program is not currently available. The request for an increase to the enrollment cap comes "in conjunction with the request for a new school" to accommodate the new students brought in by the new location.

Board Minutes

CRA board minutes from October 10, 2016 indicate that the Board of Directors unanimously approved to open a new school site at 8981 E. Tanque Verde Rd., #281, Tucson AZ, 85749 and increase the enrollment cap from 549 to 800.

Facility Documentation

The Charter Holder provided a letter of intent to lease a facility at the proposed location outlining the terms of the lease for the proposed facility. CRA has signed and submitted an agreement that it will submit occupancy and fire marshal documentation prior to occupancy of the proposed location. CRA also provided proof of current Liability Insurance Coverage. Additionally, a proposed layout of the facility for the new school that demonstrates building capacity for 185 students in each session. CRA states that three sessions are held per day, so the proposed facility holds 555 per day under the school's instructional model.

Staffing Plan

The Staffing Plan provided by CRA indicates a plan to leverage current leadership when opening the new school. The Charter Holder proposes to have the current superintendent provide oversite for the existing school and the proposed school. Each school will have its own principal. A Fingerprint Clearance Card was provided for the principal named in the Staffing Chart. Each school will also have its own lead teacher, but they will share an assistant principal in FY18. In subsequent fiscal years, each of the schools will have an assistant principal. The completed Staffing Chart submitted with the request can be found in Appendix D. Amendment Request Materials.

CRA's Staffing Plan demonstrates an intentional process for recruiting, hiring, and training new staff in a manner that addresses the needs of the target population. The Charter Holder states that the recruitment and hiring process includes sourcing from local colleges and Indeed.com using selection criteria that includes experience, Common Core Content, STEM backgrounds, and service to an at-risk

population. Candidates are evaluated through pre-interview activities, an interview rubric, and observation of a 30-minute lesson presented by the prospective candidate.

Training for new staff includes pre-service activities in the school's strategies, the Odysseyware curriculum and system, behavioral management, credit recovery, the Rose Operating System for Education, and other areas. Additionally, the school provides ongoing job-embedded development and a Professional Learning Community.

Target Population

The narrative states that the proposed school will serve an alternative population similar to that currently served at the school operated by CRA. Canyon Rose Academy East will serve students ages 14 to 22 "who are at-risk of not completing high school or who need to be re-engaged after dropping out". The target population will include students who are better served by a nontraditional approach and/or qualify as eligible for alternative schooling.

CRA has determined that there is need for an alternative school based on their analysis of the demographics of the area surrounding the proposed location. The school intends to serve mostly students from the neighborhoods including the 85750 and 85749 zip codes, but does anticipate some commuter students. The demographic profile provided by the Charter Holder indicates that the proposed location includes 153,500 people within a five-mile radius, and that it has a high to very high distribution of high school age and 19-20 year olds.

Current levels of academic performance at the area high schools, as reported by the Charter Holder, include performance on AzMERIT at Sabino, Tanque Verde, and Catalina Foothills High Schools. On the 2016 AzMERIT test, Sabino High School had 36% passing in ELA, and 39% in Math. Tanque Verde High School had 43% passing in ELA and 52% in Math, and Catalina Foothills had 67% in ELA and 74% in Math. The Charter Holder indicates that there are many students who are minimally proficient at each school, ranging from 11% in Math at Catalina Foothills to 42% in ELA at Sabino. Staff reviewed the academic performance data provided to verify CRA's conclusion that there is a demonstrated need in the proposed location to serve students scoring as minimally proficient.

Unique Program of Instruction

According to the narrative, the proposed school will provide "added value" to the targeted students through academic accountability that includes individualized diagnostic remediation, data-driven decision-making, student ownership of progress, and a mastery approach for course completion. Additionally, CRA states that its academic structures and operations provide the flexibility of block scheduling to accommodate personal, family, and work commitments. The requests indicate that the self-paced program in a small school setting will allow students to "gain a purchase on educational needs".

Board staff, through a search of the ADE and ASBCS websites, has verified that there are no alternative schools currently in operation within a five-mile radius of the proposed school location.

Enrollment Targets

The enrollment targets, as described in the narrative, are consistent with the provided enrollment tables below. CRA has demonstrated a plan for meeting these targets. The Charter Holder states that it will begin communicating enrollment to the public in January of 2017 through billboards, social media, its website, and word of mouth. The requests indicate that the enrollment targets are based on the lack of other alternative options in the area and that CRA's experience is that the "opening of a new school results in a big student draw".

As described in the Unique Program of Instruction section above, CRA has demonstrated a need for the school because there are no alternative school options within a five-mile radius. The Charter Holder

believes that a new alternative school in an area draws a large enrollment. As an example, when Canyon Rose Academy opened its enrollment was 247, and increased by 100 students in the second year. The Charter Holder plans to meet enrollment targets through personalized introductions and aggressive advertising and promotion.

Table 1: Current and Target Student Enrollment by Year for Canyon Rose Academy

School Name: Canyon Rose Academy				
	Number of Students			
Grade Level	Current—FY17	Target—FY18	Target—FY19	Target—FY20
9	13	15	15	17
10	44	45	48	50
11	93	102	105	110
12	178	188	192	198
Total Enrollment	328	350	360	375

Table 2: Target Student Enrollment by Year for Canyon Rose Academy East

School Name: Canyon Rose Academy East				
	Number of Students			
Grade Level		Target—FY18	Target—FY19	Target—FY20
9		10	12	14
10		40	42	45
11		85	91	100
12		160	180	191
Total Enrollment		295	325	350

Concrete Resources

The narrative demonstrates that CRA has considered the resource needs for implementing the request. The Charter Holder indicates a need for 100 additional computers and curriculum licenses in the first year in order to allow students use of the electronic curriculum. An additional 33 computers and licenses will be purchased in FY 2019 to accommodate continued enrollment. CRA states that it operates three sessions per day, so the purchase of 100 computers and licenses will accommodate up to 300 students. The described resources align with CRA's contracted Program of Instruction, which states that it will provide "individualized, self-paced high school coursework that is consistently delivered within a state-of-the-art computerized system".

Management of Expenses

CRA indicates that it will manage expenses through a contract with an education service provider, Rose Management Group, Inc. ("RMG"). RMG will provide funding, educational, and business services to the new school. Financial support will be provided through short term loans, equipment purchases and equipment and furniture leases. The request states that RMG will recover initial rent and startup costs through monthly billing to the new school.

III. Background

Canyon Rose Academy, Inc. was granted a charter in 2001, which is currently approved for grades 9–12. Canyon Rose Academy, Inc. operates one school: Canyon Rose Academy. See table below.

School Name	Month/Year Open	Location	Grade Levels Served	Current Status	FY2017 40th Day ADM
Canyon Rose Academy	August 2003	Tucson	9–12	Open	301.542

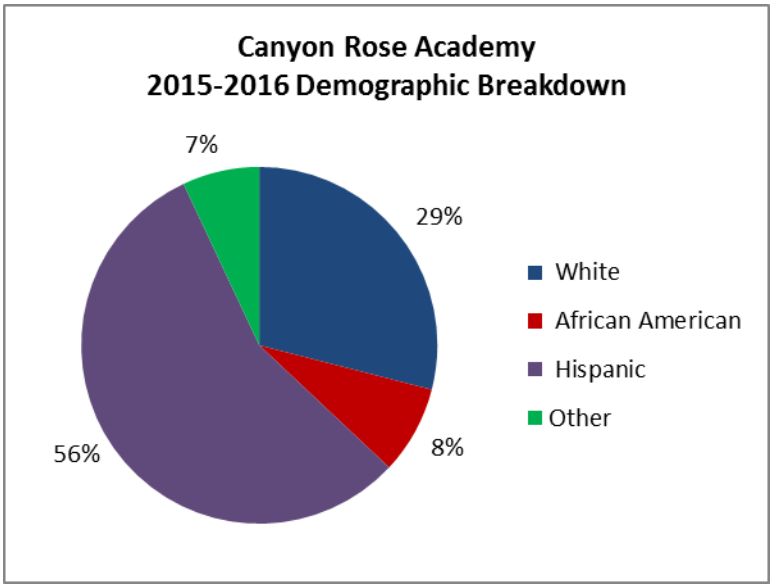
The academic performance of Canyon Rose Academy for the 2012–2014 fiscal years, based on the Board's academic framework, is represented in the table below.

School Name	2012 Overall Rating	2013 Overall Rating	2014 Overall Rating
Canyon Rose Academy	61.88 / C-ALT	65.62 / C-ALT	61.46 / C-ALT

The academic framework uses two measures to calculate overall academic ratings, letter grades and state designations for school improvement. There has been a moratorium on letter grades until FY 2018, therefore the Board has not calculated overall ratings for FY 2015 and 2016. As it relates to school improvement, Canyon Rose Academy has not been designated for school improvement in FY 2017 and is therefore eligible to submit a request for expansion.

The enrollment cap for Canyon Rose Academy, Inc. is 549. The graph on page one shows ADM for the charter based on 100th day ADM for fiscal years 2013–2016, and 40th Day ADM for FY 2017.

The demographic data for Canyon Rose Academy from the 2015–2016 fiscal year is represented in the chart below.[1]



The percentage of students served by Canyon Rose Academy in the 2015–2016 fiscal year who are classified as students eligible for Free or Reduced Price Lunch ("FRL"), English Language Learners ("ELL"), or are classified as students with disabilities is represented in the table on the next page.[2]

[1] Information provided by the Research and Evaluation division of the ADE.

[2] Information provided by the Research and Evaluation division of the ADE. If the percentage of students in a non-ethnicity-based demographic group is 0% or 100%, the percentage for that demographic group was redacted.

School Name	FRL	ELL	Students with Disabilities
Canyon Rose Academy	67%	*	13%

As stated in Board policy, prior to an expansion amendment request being considered by the Board, staff conducts a compliance check. CRA was found to be in compliance. Additionally, CRA meets the Board's Operational Performance Expectations.

IV. Additional School Choices

There are no alternative schools serving grades 9–12 within a five-mile radius of the proposed location (in Tucson near East Catalina Highway and East Tanque Verde Road).

V. Board Options

Option 1: The Board may approve the New School Amendment Request and the Enrollment Cap Notification Request. The following language is provided for consideration:

I move, based on the information contained in the Board materials and presented today, to approve the request to add a new school to the charter contract of Canyon Rose Academy, Inc. to establish Canyon Rose Academy East to serve grades 9-12 in FY 2018.

As a separate motion in conjunction with the motion above, I move to approve the Enrollment Cap of Canyon Rose Academy, Inc. from 549 to 800 for implementation in FY 2018.

Option 2: The Board may approve the New School Amendment Request and approve the Enrollment Cap Notification Request with conditions. The following language is provided for consideration:

I move, based on the information contained in the Board materials and presented today, to approve the request to add a new school to the charter contract of Canyon Rose Academy, Inc. to establish Canyon Rose Academy East to serve grades 9-12 in FY 2018.

As a separate motion in conjunction with the motion above, I move to approve the Enrollment Cap of Canyon Rose Academy, Inc. from 549 to 800 effective upon the opening of Canyon Rose Academy East.

Option 3: The Board may approve the New School Amendment Request and deny the Enrollment Cap Notification Request. The following language is provided for consideration:

I move, based on the information contained in the Board materials and presented today, to approve the request to add a new school to the charter contract of Canyon Rose Academy, Inc. to establish Canyon Rose Academy East to serve grades 9-12 in FY 2018.

As a separate motion in conjunction with the motion above, I move to deny the request to increase the enrollment cap of Canyon Rose Academy, Inc., for the reasons that: (Board member must specify reasons the Board found during its consideration.)

Option 4: The Board may deny the New School Amendment Request and deny the Enrollment Cap Notification Request. The following language is provided for consideration:

I move, based on the information contained in the Board materials and presented today, to deny the request to add a new school to the charter contract of Canyon Rose Academy, Inc. to establish Canyon Rose Academy East to serve grades 9-12 in FY 2018 and deny the request to increase the enrollment cap of Canyon Rose Academy, Inc., for the reasons that: (Board member must specify reasons the Board found during its consideration.)

APPENDIX A

STAFF RECOMMENDATION

CRITERIA CHARTS

Staff Recommendation Criteria Chart

New School Amendment Request

Staff Recommendation Criteria	Satisfies Criteria	Justification/Summary
In operation for three years	☒	The Charter Holder has been in operation for 14 years.
Rating of "Meets" on the Operational Performance Dashboard in the most recent year	☒	The Charter Holder received an Overall Rating of "Meets" on the Operational Performance Dashboard in FY 2016.
Rating of "Meets" on the Financial Performance Dashboard in the most recent year	☒	The Charter Holder received an Overall Rating of "Meets" on the Financial Performance Dashboard in FY 2016.
Each school operated by the Charter Holder performs at or above the average performance of a majority of schools within a five-mile radius of the school's location; **or** the proposed school offers a unique program of instruction within a five-mile radius of the target area.	☒	The proposed school offers a unique program of instruction within a five-mile radius of the target area. According to searches on the Arizona Department of Education website and ASBCS Online, there are no alternative schools within a five-mile radius of the proposed location.

Staff Recommendation Criteria Chart

Enrollment Cap Amendment Request

Staff Recommendation Criteria	Satisfies Criteria	Justification/Summary
In operation for three years	☒	The Charter Holder has been in operation for 14 years.
Rating of "Meets" on the Operational Performance Dashboard in the most recent year	☒	The Charter Holder received an Overall Rating of "Meets" on the Operational Performance Dashboard in FY 2016.
Rating of "Meets" on the Financial Performance Dashboard in the most recent year	☒	The Charter Holder received an Overall Rating of "Meets" on the Financial Performance Dashboard in FY 2016.
Past enrollment trends indicate need for increase within three years	☐	Enrollment has remained steady. CRA had a total enrollment increase of 29 students from FY 2014 to FY 2017, as indicated by the Charter Holder's ADM. The pace of this trend does not indicate a need for an increase.
ADM is within 85% of current enrollment cap	☐	The Charter Holder currently serves 301 students, according to ADE school finance. The current enrollment cap is 549. The Charter Holder is within 55% of its current enrollment cap.
Each school operated by the Charter Holder performs at or above the average performance of a majority of schools within a five-mile radius of the school's location; **or** the proposed school offers a unique program of instruction within a five-mile radius of the target area.	☒	The proposed school (for which the enrollment cap is requested) offers a unique program of instruction within a five-mile radius of the target area. According to searches on the Arizona Department of Education website and ASBCS Online, there are no alternative schools within a five-mile radius of the proposed location.

APPENDIX B

NEW SCHOOL AMENDMENT

REQUEST FORM

New School Site Notification Request

Charterholder Info

Charter Holder

Name:
Canyon Rose Academy, Inc.

CTDS:
10-87-15-000

Mailing Address:
3686 West Orange Grove Road
Suite 192
Tucson, AZ 85741

› View detailed info

Representative

Name:
Eugene Kinghorn

Phone Number:
520-797-4884

Downloads

Download all files

Form Fields

Name of school
Canyon Rose Academy - East

Grade levels to be served

- 9th
- 10th
- 11th
- 12th

First day of Operation
08/03/2017

Physical Address
8981 E. Tanque Verde Road, #281
Tucson, AZ 85749

Physical Phone Number
5209812326

Physical Fax Number
(No response)

Mailing Address
3686 W. Orange Grove Road, #192
Tucson, AZ 85741

Mailing Phone Number
520-797-4884

Mailing Fax Number
520-797-8868

Attachments

Board Minutes — Download File

Occupancy Documentation

Download File — Occupancy Compliance Assurance and Understanding for Canyon Rose Academy, Inc.

Lease agreement or proof of purchase for facility — Download File

Copy of Fingerprint Clearance Card for school site administrator — Download File

Copy of liability insurance coverage — Download File

Narrative — Download File

Additional Information

Download File — Enrollment Matrix for Canyon Rose Academy, Inc.
Download File — Canyon Rose signed Agricultural Land Regulation Assurance and Understanding
Download File — Staffing chart for Canyon Rose, revised

Signature

Charter Representative Signature
Eugene Kinghorn 12/13/2016

APPENDIX C

ENROLLMENT CAP AMENDMENT

REQUEST FORM

Enrollment Cap Notification Request

Charterholder Info

Charter Holder

Name:
Canyon Rose Academy, Inc.

CTDS:
10-87-15-000

Mailing Address:
3686 West Orange Grove Road
Suite 192
Tucson, AZ 85741

› View detailed info

Representative

Name:
Eugene Kinghorn

Phone Number:
520-797-4884

Downloads

Download all files

Enrollment Cap

From:
549

To:
800

Attachments

Board Minutes — Download File

Increase to Enrollment Cap Attachments

The following 2 attachments are only required if the enrollment cap is increasing.

Documentation that current facilities can accommodate requested capacity — Download File

Narrative describing the staffing changes and recruiting efforts that will be made to reach capacity — Download File

Additional Information

- Download File — Enrollment Matrix for Canyon Rose Academy, Inc.
- Download File — Canyon Rose East Occupancy Compliance Assurance and Understanding
- Download File — Canyon Rose Staffing Chart, revised

Signature

Charter Representative Signature
Eugene Kinghorn 12/13/2016

APPENDIX D

AMENDMENT REQUEST MATERIALS

NARRATIVE for CANYON ROSE ACADEMY EXPANSION REQUESTS: NEW SCHOOL and ENROLLMENT CAP INCREASE

Rationale: New Site & Enrollment Cap Increase

Families and youth on the northeast side of Tucson are requesting flexible access to high school education at a school with non-traditional hours of operation and the opportunity for credit recovery. Canyon Rose Academy, Inc., chartered as an alternative high school, offers extended hours of school operation, the opportunity for credit recovery, and access to a quality education leading to a high school diploma.

There are no schools on the AZ Department of Education's alternative school list in this area. A school search using ASBCS online returned no alternative high schools were found within 5 miles of Tucson zip codes 85750 and 85749. Although the zip code for the new school site is 85749, it is on the border of two zip codes. As our market analysis shows, the target area is a highly trafficked corridor. The closest credit recovery high schools cluster in zip codes 85710 and 85730, which is further to the south in northeast/east Tucson.

A request for an increase of enrollment cap for Canyon Rose Academy Inc. comes in conjunction with a request for a new school site.

The second campus, Canyon Rose Academy East, will start the 2017-2018 School Year on August 3, 2017. This calendar at the new site will mirror Canyon Rose Academy's schedule - students will attend one of three block sessions per day from Monday thru Thursday each week.

Staffing Plan: New Site & Enrollment Cap Increase

Our Staffing Chart, for Canyon Rose and Canyon Rose East includes:

> Administrative staff – Canyon Rose's system uses a superintendent, who like a county superintendent of schools oversees multiple schools and school sites; two on-site administrators, one principal and one assistant principal; and lead teacher(s). The person currently serving as AP at Canyon Rose will be able to fulfill AP responsibilities in FY 18 at both schools. In FY 19 & 20, we plan to have that school leader full time at Canyon East and will assign a different AP at Canyon.
>
> Lead teachers are assigned among experienced staff during spring of the previous year. Canyon Rose will determine its lead teachers in spring 2017. One of the experienced lead teachers from Canyon Rose, Dahlstrom or Rutherford, will open Canyon East. The lead teacher(s) assignments will be made during Spring of the year preceding the next school year – when contracts are issued.

Instructional Staff – Instructional staff are added to Canyon Rose as enrollment at that school increases. Instructional staff cover the new site and projections as enrollment at that school increases.

Non-instructional staff – Our system uses two front desk clerks. That is constant for the existing school and reflected on the chart for Canyon East.

- **Recruitment and Hiring**

Selection of unique instructional skills for our targeted student population begins during the screening process and continues through the interview.

Sourcing:
Indeed.com, Pima County Community College, Grand Canyon University, University of Arizona, ASU

- Advertising enlists a global positioning of our instructional positions, allowing for the most inclusive process for:
    - Instructional candidates from alternate backgrounds
    - Non-certified instructional candidates

Selection Criteria:
R.O.S.E.'s selection criteria for resumes/CVs/applications is underpinned and prioritized by:

- Common Core Content degree
- Tutoring or coaching experience
- Teaching experience
- Service to At-risk population
- STEM backgrounds

Selection Tools:
R.O.S.E.'s selection tools for the interview process are:

- Pre-Interview Activities to garner additional insight into candidate's knowledge/skills/abilities and likelihood to be successful and retained within the R.O.S.E.® pedagogy
- Interview rubric is designed to target
    - Content area knowledge
    - Alternate teaching strategies
    - Ability to engage students
    - Ability to inspire critical thinking and independent learning
    - Data analysis of student's progress utilizing
        - Assessments
        - Diagnosis
        - Prescription

        - Explaining what the student learned to the student
        - Application of what student learned to additional areas of study
    - Individual's technology skill assessment
- Applicant Observation is used when a 2nd interview is warranted. Candidates prepare a 30-minute lesson and present as if presenting to students. It is the same assessment tool we use for teacher development who work for us.
- Both the Interview Rubric and Applicant Observation have a ratings scale
    - Interview Rubric – Highly Effective=80-100, Effective=65-79 (80th percentile), Inconsistent Effectiveness=55-64 (70th percentile), Ineffective=below 55
    - Applicant Observation –
        - 1 = Teacher is ineffective in use of elements
        - 2 = Teacher is developing in use of elements
        - 3 = Teacher is effective in use of elements
        - 4 = Teacher is highly effective in use of elements

- **Hired**

Canyon Rose Academy is currently fully staffed. Canyon Rose's salary scale and benefits package make it very attractive for qualified teachers who are interested in working in Tucson. Staff from the current school may be placed in the new school site to continue the quality alternative education that Canyon Rose offers in Tucson.

- **Trained**

Canyon Rose Academy Inc. has a stellar Professional Development program. Professional Development for all staff members including administrators, clerks, and instructional staff begins at the time of hire, in July for new instructional staff, pre-service before schools starts for all staff, and in-service throughout the school year. In addition, there is ongoing, job-embedded development of instructional staff each week throughout the school year. Our strong Professional Learning Community (PLC) is a distinguishing characteristic of Canyon Rose's approach to education.

Since Canyon Rose Academy's student population is predominantly at-risk students who are over aged and do not have the amount of credits of a student on a traditional pace, we see a deficit of foundational skills and appropriate knowledge base needed to complete course work. The lack of foundational skills also affects student performance on state mandated tests. Our system is designed to teach our specific population of students how to learn, through our system of University of Kansas (KU) and Strategic Tutoring (ST) courses and strategy development. Our instructional schedule combined with our Student Behavior Management System creates an effective system to ensure a safe learning environment for our specific population of at-risk students.

Here is an example of our New Teacher Orientation for SY 16-17. Specific dates will be altered to coincide with future calendars. Items may be added as part of our continuous improvement process.

- Teacher will participate in new teacher orientation July 30th & 31st.
- Teacher will participate in the district pre-service August 1st & 2nd
- Teacher will shadow & participate in school site pre-service August 3rd through the 7th

Task/Objective (familiarize self with these skills & concepts)	**Person Responsible**	**Intro**	**Guided Practice**	**Mastery**	**Self-Assessment** (how do you rate your understanding & skill level?)	**New Teacher Notes/ Comments/ Questions**
Curriculum • Curriculum in OW • Locating content area materials in Student Reference folder, teacher reference folder, & operation share • Understanding the Content Team's Efforts/Collaboration/Planning • Using OW to track student progress & provide instruction • Hard Copy Courses (literature packets) • Small Group Classes (KU strategies, course overviews, targeted instruction) • KU strategies (University of Kansas Center for Research and Learning: strategic tutoring, Error Monitoring, Sentence Writing Strategies, First Letter Mnemonic, Paired Associates, & Word Identification) • Pacing & Goal Setting • Grading Procedures for Content Area • Data collection • Using ADPEA to meet student needs • Book check-out/check-in process • Saving student Artifacts • Data collection	• Content Team • Lead teacher • Assistant Principal • Principal				□ Basic □ Guided Practice □ Mastery	
OW • Teacher view vs. student view • Logging into student OW accounts • Running student OW reports from teacher login • Understanding & using OW for monitoring academic progress • Using OW reports for completing progress reports (ELL, SPED, bi-weekly) • Unlocking • Online Access to OW	• Lead teacher • Content Team Assistant Principal • Principal				□ Basic □ Guided Practice □ Mastery	
Credit Attainment & RP3 • Completing & submitting credit award slips • Credit Recovery Process & Procedures	• Assistant Principal • Principal				□ Basic □ Guided Practice	

• Teacher will participate in new teacher orientation July 30th & 31st. • Teacher will participate in the district pre-service August 1st & 2nd • Teacher will shadow & participate in school site pre-service August 3rd through the 7th						
Task/Objective (familiarize self with these skills & concepts)	**Person Responsible**	**Intro**	**Guided Practice**	**Mastery**	**Self-Assessment** (how do you rate your understanding & skill level?)	**New Teacher Notes/ Comments/ Questions**
• **Pacing** • Reporting students who are off pace & not making progress • Using ADPEA to improve academic progress • Setting & adjusting goals with students • Identifying ELL/SPED students and their needs • Exploring curricular choices & options with students • Individualizing instruction & goals • Data Collection	• Lead teacher • Content Team				□ Mastery	
Progress Reports • Location of ELL/SPED files • Completing progress reports (bi-weekly, ELL, SPED/504) – including goals • Communicating with SPED teacher	• Assistant Principal • Principal • Lead teacher • English Team				□ Basic □ Guided Practice □ Mastery	
OW Online Access • Showing students how to use OW Online • Encouraging students to use OW Online	• Lead teacher • English Team				□ Basic □ Guided Practice □ Mastery	
New Student Orientation (identifying student needs) • Using the New Student Orientation checklist • Course overview procedure • ADPEA Orientation Assessments • ADPEA Interventions • AzMERIT needs & how to get student to **Pass AzMERIT** • Identifying behavioral issues • Identifying SPED/504 issues • Utilizing the SPED consult model • **Pacing & Goal Setting** (establishing routine)	• Assistant Principal • Lead Teacher • SPED teacher				□ Basic □ Guided Practice □ Mastery	
Behavioral Management • Discipline Matrix • Adlerian Theory • Writing referrals in SM & submitting referrals • Student Handbook • Adjusting discipline • Using Redirection methods • Identifying behavioral issues	• Principal • Assistant Principal				□ Basic □ Guided Practice □ Mastery	
Classroom & School Management • Assigned seating • Stretch & staff duties	• Lead Teachers • Principal				□ Basic □ Guided Practice	

• Teacher will participate in new teacher orientation July 30th & 31st. • Teacher will participate in the district pre-service August 1st & 2nd • Teacher will shadow & participate in school site pre-service August 3rd through the 7th						
Task/Objective (familiarize self with these skills & concepts)	**Person Responsible**	**Intro**	**Guided Practice**	**Mastery**	**Self-Assessment** (how do you rate your understanding & skill level?)	**New Teacher Notes/ Comments/ Questions**
• Session changes & staff duties • Front desk passes • Principal passes & appointment sign-up • Cleanliness (staff cleaning duties) • Ensuring a positive, safe, & secure learning environment • Maximizing instructional time • Customer Service Perspectives • Reporting concerns	• Assistant Principal				□ Mastery	

Rose Operating System for Education
• **PEG**
  • **Pass AzMERIT**
  • **Earn Credit**
  • **Graduate**
• Emergency Response Binder **(read & initial)**
• ELL/SPED Binder **(read & initial)**
• Canyon Rose Mission & Vision
• AdvancED Accreditation
• KU Strategies
• R.O.S.E. Tools
• Response to Intervention (RTI)
• Website
• Special education consult model
	• Principal
	• Assistant Principal
					□ Basic
					□ Guided Practice
					□ Mastery	

Course Proposals & Modifications • Backward Design • Locating templates in operation share • Writing course modifications (when & how)	• Principal • Assistant Principal				□ Basic □ Guided Practice □ Mastery	
Professional Development • MIA • APATs • Daily PLC's • Employee Handbook	• Principal • Assistant Principal • Curriculum Team				□ Basic □ Guided Practice □ Mastery	
Role of Different Staff • Clerks • Principal & Assistant Principal • Retention Specialist • Instructional Aide	• Assistant Principal				□ Basic □ Guided Practice □ Mastery	

ASBCS' enrollment matrix reflects the configuration found in a traditional school. It is formatted to classify teachers by grade level. As an alternative school, we categorize our

teachers and instructional staff by subject (content) area. Even though we anticipate the vast majority of our students to be, according to age or cohort status, 11th or 12th "graders" including Super Seniors, those students need to recover freshman and sophomore level high school skills and credits. As a credit recovery high school, more students than 9th or 10th graders need Algebra 1 and Geometry. English teachers teach ELA 9 and 10, as well as upper level English courses.

Target Population: New Site

- **The students the proposed school intends to serve;**

As an alternative high school, Canyon Rose Academy serves students from age 14 up to their 22nd birthday, who are at-risk of not completing high school or need to be re-engaged after dropping out. We specialize in serving over-aged and under-credited students.

- **How the population is similar to, or different from, the population currently served by the school(s) operating under the charter;**

The target population for Canyon Rose Academy East is similar to the student population currently being successfully served by the other school operating under this charter. Canyon Rose's nontraditional approach to education attracts overaged and under-credited students, dropouts, and special education students.

Research and evidence based publications on alternative education show that any community, regardless of economic status, has

- students that are better served by an educational program that has a nontraditional approach.
- young people who qualify as eligible for alternative schooling by
  - having a documented history of disruptive behavior issues.
  - dropping out of school and are now returning.
  - Being in poor academic standing as demonstrated by being at least one year behind on grade level performance or academic credits.
  - being primary caregivers or are financially responsible for dependents and, therefore, may require a flexible school schedule.
  - being adjudicated.
  - being wards of the state and are in need of an alternative school setting

Our interviews with prospective families show that we would attract students looking for/needing a nontraditional approach to education, students with certain kinds of special needs, and students served by alternative schooling.

Families in the area are hungry for a nontraditional approach to education. They have expressed that their students are looking for an educational approach that is self-paced, but not self-taught.

Further, there are students in this far northeast area of Tucson that fit into most of the alternative school student categories. For example, there are students with a documented history of disruptive behavior including Emotional Disabilities or ADHD transcend economics. Canyon Rose's small school environment is often exactly what such students need. There are dropouts from every socio-economic status. The students who do not stay enrolled in such a college prep or district school enroll in another school. Further, Tucson's newspaper has reported investigative journalism that students are social promoted by district schools. AzMERIT scores at the district high schools show a high percentage of "Minimally Proficient" students. In contrast to schools where students are able to earn course credit by "keeping a seat warm", Canyon sets a bar of 70% mastery learning, in a nationally recognized and Arizona standards aligned curriculum, in order for students to earn course credit. We've talked with probation officers. They have shared that there is a need in this area. There are pregnant or parenting youth in this area, as well as youth that are the primary caregiver for another family member.

- **Whether the students will be primarily neighborhood or commuter;**

We expect many students to be in the neighborhood of the 85750 and 85749 zip codes. The new school site will also draw commuters from 85718, which also has no schools identified as "alternative."

- **A demographic profile of the population;**

There are about 40,000 people in the Tanque Verde valley and 153,500 within a five-mile radius.

City-data.com shows:

  - a high to very high distribution of high school age and 19-20 year olds in the zip codes, 85718, 85749, and 85750.
  - 85718 median household income is above the state average. The median house value is significantly above the state average, yet 34% of the residents are renters. Despite that, a bar chart of household income shows a spike of households in the $20-24,999 and $40 – 44,999 ranges. These households have difficulty paying private school tuition.
  - 85749 median household income is above the state average. The median house value is above the state average, and 17% of the residents are renters. Despite that, a bar chart of household income shows a cluster of households with annual incomes between $20,000 to 29,999. Paying private school tuition is a hardship for these families.

- 85750 median household income is above the state average. The median house value is above the state average, yet 27% of the residents are renters. A bar chart of household income shows a high percentage of households with annual incomes less than $39,999, over 1700 <$19,999. Again, these households have difficulty paying private school tuition.
- Unemployment rates range from 4.6% in 85718, 6.5% in 85750, and 9.1% in 85749.
- Ethnicity in all zips is predominately, over 80%, White.

- **Current levels of academic performance; and**

Although the levels of academic performance at traditional schools in the area are decent to very good - considering statewide performance on AzMERIT, there are still many students who are minimally proficient at each school. As a school that specializes in serving overaged and under-credited students in poor academic standing, Canyon Rose Academy educates precisely the students who have not succeeded in a traditional school. Further, other categories of students in need of an alternative school setting, e.g. those with documented history of disruptive behavior, primary caregivers, exist in any socio-economic level or setting.

Traditional district high schools in the area were A rated in 2014; however, those ratings are almost three years old. Arizona's State Board of Education is currently revising its A-F School Accountability system. During this time of lack of current letter grades, here is a report of AzMERIT performance.

AzMERIT Performance / Area District HS & Year	Percent Passing	Percent Minimally Proficient	Percent Partially Proficient	Percent Proficient	Percent Highly Proficient
Sabino HS					
ELA – 2015, **2016**	32, **36**	39, **42**	29, **22**	24, **26**	8, **10**
Math - 2015, **2016**	37, **39**	36, **39**	27, **22**	30, **33**	6, **6**
Tanque Verde HS					
ELA – 2015, **2016**	37, **43**	30, **30**	33, **26**	32, **34**	5, **10**
Math - 2015, **2016**	41, **52**	26, **24**	33, **24**	34, **40**	8, **11**
Catalina Foothills HS					
ELA – 2015, **2016**	65, **67**	14, **17**	20, **16**	38, **39**	27, **29**
Math - 2015, **2016**	65, **74**	15, **11**	20, **15**	39, **46**	26, **28**

- **Needs not currently met for the target population.**

The district schools in the targeted area, Sabino High, Tanque Verde High, and Catalina Foothills are not alternative, credit recovery high schools and do not have alternative education programs. There is a BASIS school in 85750, but that charter school does not serve the same target population. The need is high in this area of Tucson.

Quality Academic Option through Unique Program of Instruction: New Site

Canyon Rose Academy's mission, which is an expression of our educational philosophy, is to:

Canyon Rose Academy, as an alternative high school providing credit recovery for students with poor academic standing, will "Honor the Promise of Education" By:

- Training students in the fundamental skills needed to graduate high school, transition into continuing education or college, and explore career choices.
- Expanding how students learn how to think.
- Creating life options/opportunities for each graduate.

Concepts Fundamental to the Instructional Methods

The pervasive element of "added value" is fundamental to the school's program of instruction. The following provide general categories in which we will describe the specific "added values" our instructional program brings to our targeted students.

Academic Accountability

Canyon Rose's perspective on accountability carries with it the belief that evaluation should be a learning opportunity in which the person/student/learner understands the measures and grows through the experience. This is accomplished through the following methodologies:

- Individualized Test-Teach-Test diagnostic remediation
- Data-driven decision-making
- Student ownership of progress
- Mastery approach for course completion
- Reading and Writing program in all subject areas

Academic Structures and Operations

Canyon Rose's perspective carries with it the belief that a teacher's role is complex. How instruction is delivered, structured and systematized within the school is a CRA benefit for its students as shown by the following:

- A blended approach for the delivery of instruction;
- Flexibility of block scheduling to accommodate personal, family, and work commitments;
- Flexibility for dual enrollment in college;
- On demand use of state of the art computer technology and software that directly relates to college and career readiness;
- A small school setting; and
- A self-paced, individualized, electronic curriculum allows former dropouts, now drop-ins, to gain a purchase on educational needs.

Canyon Rose Academy's East campus provides a special emphasis on standards aligned instruction to make a quality high school education accessible to overaged and under-credited students and students who need flexible access to a quality high school education.

Canyon Rose Academy has maintained a C-Alt rating as an alternative school. Staffing and administration at the second campus (Canyon Rose Academy East) will mirror that of the original Canyon Rose Academy campus to ensure student outcomes. In addition to state accountability, Canyon Rose Academy has successfully tracked student success through its own unique Model for Instructional Accountability.

Number of Instructional Days: New Site

As an alternative school, Canon Rose Academy East will use the block scheduling associated with an alternative calendar. As per statute, there are 144 school days. A student is required to attend 40 hours of school per week. The school is open from 7 a.m. to 10 p.m. Monday – Thursday and hours are available for additional tutoring and schoolwork on most Fridays.

Meeting Enrollment Targets: New Site & Enrollment Cap Increase

- **Market analysis:**

Larsen and Baker, a property management company, have provided a market analysis of the area within a one, three, and five-mile radius. The analysis includes Population, Race & Ethnicity, Number of Households, Median Household Income. The Market Analysis shows population to support a new school site.

Selected data from the Market Analysis is presented in the table below:

Radii / Categories	One mile	3 miles	5 miles
2015 population	4268	60390	153500
2020 population	4220	61222	155376
2015-2020 Annual Rate	-.23%	.27%	.24%
Ethnicity - White	87%	84%	82%
2015 Households	1943	28132	69523
2020 Households	1928	28567	70583
2015-2020 Annual Rate	-.15%	.31%	.30%

In addition, features of the location are:

- ✓ Access from three major arterials
- ✓ High income Trade Area
- ✓ Adjacent to a Public Library that generates ~24,000 visits a month

If a picture is worth a thousand words, this photo provides an illustration. In addition to the zip codes, the geographic boundaries for school districts are marked.

Educational Options and Need for School:

The educational options in the target area do not include any alternative schools within the zip codes. The need for an alternative school and a school open extended hours is high. Factual data - Traditional school websites confirm traditional daily school hours. ADE's list of alternative schools confirms there are not any alternative schools, accommodation, charter, or district, in that area. A school search of zip codes 85749 and 85750 using ASBCS Online returned no schools within 5 miles with the characteristic of Alternative/At Risk.

- **Timeline & communication to public**

Communication with the public will start in January 2017. Canyon Rose utilizes:

  - Clear Channel for billboards,
  - Social media
  - Canyon Rose's website
  - Word of mouth from students and families in the area who have had to commute to the existing Canyon Rose campus

Traffic during morning rush hour through this corridor is 36,000 vehicles daily.

- **Justification for targets**

This area of Tucson is an untapped resource for students in need of an alternative school setting. Canyon Rose's flexible schedule is not found elsewhere in this area of Tucson. Students and their families need that flexibility. We are placing the Canyon East campus 7 miles, 5 as the crow flies, from the existing campus. We considered several locations. We chose an area where there is not an alternative school or alternative education program within three contiguous zip codes, 85749, 85750, 85718.

Further, the Bear Canyon Shopping Center on East Tanque Verde Road is a major corridor with 36,000 vehicles driving during morning rush hour.

Canyon Rose's experience is that the opening of a new school results in a big student draw. Our enrollment targets are realistic considering that enrollment numbers exceed the numbers reflected in ADM. The ADM number is often reduced after ADE calculates its limited enrollment figure. Per our mission, we serve alternative students who are "at-risk" and would rather not turn away youth who are in need of access to a quality nontraditional approach to earning a high school diploma.

Canyon Rose's enrollment has increased over the past three years – 286 in FY 14, 337 in FY 15, 330 in FY 16, and currently 333 projected for FY17. We used 328 on the Enrollment Matrix to stay conservative, yet the usual trend for Canyon is enrollment increases throughout the school year. We anticipate that the media blasts for the new school site, Canyon East, will also bring extra enrollment to the existing Canyon Rose Academy. Plus, we are considering property improvement to the existing Campus within the next couple years.

Historic data shows a new alternative charter school in an area without an alternative school draws a large number of enrollment. During its opening years, Canyon's enrollment was 247 in the first year and 347 the second year.

When a new alternative charter high school, using the Rose Operating System for Education®, opened in another unserved area in Tucson, enrollment during the first three years was 395, 413, and 468. That charter attracted almost double the number budgeted for the first year, and 163 and 168 more students than budgeted in the 2nd and 3rd year. We are still, however, estimating conservatively.

Plan for Meeting Targets at Canyon Rose Academy:

The enrollment targets for each year FY 17 through FY 20 are realistic – anticipating incremental growth while conservative. As stated in the Enrollment Matrix, we anticipate an enrollment increase in each of the next few years, ranging from 22 enrollees from FY 17 to 18 to 10 from FY 18 to 19, then 15 in between FY 19 and 20.

We accomplish increased enrollment with personalized introductions to inquiring families, as well as aggressive advertising and promotion that utilizes digital and analog media.

We track the number of returning students in our Student Information System as E1s. Our returning student enrollment ranges from 56 to 61%.

We adjusted our staffing chart upward to anticipate new student enrollment.

Plan for Meeting Targets at Canyon Rose Academy East:

As stated in this narrative, experience shows that enrollment at a new campus, one that offers flexible school hours to a quality education, is robust.

As stated in the Enrollment Matrix, we anticipate a first year FY 18 enrollment of 295. Enrollment should increase 30 students from FY 18 to 19, and then 25 students from FY 19 to 20.

We plan an aggressive advertising and promotion as detailed under the "Timeline and Communication to the Public" bullet point in this narrative.

We anticipate a similar returning student percentage to that found at Canyon Rose Academy.

The staffing chart for Canyon Rose Academy East anticipates new student enrollment in additional of instructional staff as student enrollment increases.

Additional Concrete Resources: New Site & Enrollment Cap Increase

Additional resources in Curriculum and Assessment will accompany the addition of a school site. Canyon Rose's contract with our electronic curriculum vendor, who provides both curriculum and assessment, is per computer; therefore, Canyon will add an additional 100 computers the first year and eventually 133. Because Canyon Rose operates three sessions per day, only students in a particular session, maximum 100, use the electronic curriculum at any given time. 100 licenses for three sessions gives access to 300 students per day in the first year. 33 more licenses will be added in FY 19 and FY 20, which accommodates 399 students. 300 and 399 cover the numbers projected in the enrollment matrix, as well as giving leeway if more students enroll than our conservative estimates. That happened historically when Canyon Rose opened. Student enrollment was higher than our estimates.

Rose Management Group will lend Canyon Rose Academy East $60,000, the cost of purchasing computers, to deliver the electronic curriculum. Network and IT staff are provided in Canyon Rose's agreement with Rose Management Group, the education service provider.

Because Canyon Rose Academy Inc., an independent charter, contracts with a management company that serves several other charters, no additional concrete resources in Assessment or Instruction (beyond the additional instructional staff already mentioned in the staffing chart) will be needed.

Managing Expenses: New Site

Canyon Rose Academy Inc., an independent charter, currently contracts with a management company who agrees to provide initial startup costs for the expansion.

Canyon Rose Academy is contracted with an education service provider, Rose Management Group, Inc., (RMG). RMG, an education management organization, provides funding, comprehensive educational and business services to Canyon Rose Academy charter high school in Tucson, Arizona.

RMG provides ongoing financial support, which includes short term loans for working capital through an active line of credit and arranging equipment leasing agreements. RMG is able to provide a significant cost savings through bulk purchases of equipment, software, supplies, and professional services.

Education Service Provider Relationship

RMG provides consolidated management and financial resources to Canyon Rose Academy. The primary managerial functions include the CEO, Superintendent, COO, Financial Officer, and Research, Innovation and Outreach. Fiscal services include short-term cash loans, equipment purchases, and equipment & furniture leases.

RMG has an operating agreement with Canyon Rose Academy to provide the following services.

R.O.S.E.®	Curriculum unique to Canyon Rose Academy
Management fee	Includes Executive Admin Services, Fiscal Services, Purchasing Services, Human Resource Services, Legal and tax services, Payroll, Computing support, Maintenance, printing and publications
Capital leases	RMG provides computers, furniture and fixtures (student & admin desks, chairs)
Operating lease	Building rent
Administrative fee	Includes the following administrative costs; advertising, general supplies, insurance, repairs & maintenance, postage, telephone, utilities and vehicle expense.

Canyon Rose Academy is an independent charter high school that is able to expand their agreement with RMG to include the new site. RMG will provide the initial rent and startup costs associated with the new site. RMG will recover the rent and startup costs through their process of monthly billing.

Arizona State Board for Charter Schools

Staffing Chart

Complete the table to provide the current and anticipated staffing for the school(s) operated by the Charter Holder. Include staff members needed if the request is granted.

Directions*:

- In each box under the "Number of Staff Members" columns, identify the number of staff members for each position/category for the current and upcoming three fiscal years.
- Copy and paste the chart for each school operated by the Charter Holder.

School Name: Canyon Rose Academy				
	Number of Staff Members			
Position	Current—FY17	Anticipated—FY18	Anticipated—FY19	Anticipated—FY20
Administration	2	2	2	2
Teachers/Instructional Staff				
Kindergarten				
1st				
2nd				
3rd				
4th				
5th				
6th				
7th				
8th				
9th	3	3	3	3
10th	3	3	3	3
11th	3	3	3	3
12th	3	3	3	4
Specialty Staff (Music, Art, PE, etc.)				
Special Education	1	1	1	1
Paraprofessional	1	2	2	2
Additional Staff				
List title: Front Desk Clerk	2	2	2	2
Total Number of Staff Members	18	19	19	20

*****To view an example of a completed staffing chart, review page 14 of The Guide to Amending a Charter.

School Name: Canyon Rose Academy - East				
	Number of Staff Members			
Position	Current—FY__	Anticipated—FY18	Anticipated—FY19	Anticipated—FY20
Administration		2	2	2
Teachers/Instructional Staff				
Kindergarten				
1st				
2nd				
3rd				
4th				
5th				
6th				
7th				
8th				
9th		2	2	2
10th		2	2	3
11th		2	2	2
12th		2	3	3
Specialty Staff (Music, Art, PE, etc.)				
Special Education		1	1	1
Paraprofessional		2	2	2
Additional Staff				
List title: Front Desk Clerk		2	2	2
Total Number of Staff Members		15	16	17

Leadership Staffing Chart

Complete the table below to provide current and anticipated leadership for the school(s) operated by the Charter Holder.

Directions:

- In the "Title" column, list the title of each leadership position at the school. Consider all individuals who are part of the leadership team (e.g. principal, instructional coach, lead teacher, etc.).
- In the "Current" and "Anticipated" columns, list the **names** of the individuals that will hold each of the leadership positions during the current and upcoming three fiscal years. If an existing staff member will not hold the position in the projected year, write "New Hire" or "TBD" (to be determined) in the box for that position.
- Copy and paste the chart for each school operated by the Charter Holder.

School Name: Canyon Rose Academy				
	Leadership Team			
Title	Current—FY 17	Anticipated—FY18	Anticipated—FY19	Anticipated—FY20
Superintendent	Dr. Kelly Hurtado	Dr. Kelly Hurtado	Dr. Kelly Hurtado	Dr. Kelly Hurtado
Principal	Chris Golston	Chris Golston	Chris Golston	Chris Golston
Assistant Principal	Lisa Corkill	Lisa Corkill	TBD	TBD
Lead Teacher	Barbara Dahlstrom	TBD	TBD	TBD
Lead Teacher	Jacob Rutherford	TBD	TBD	TBD

School Name: Canyon Rose Academy - East				
	Leadership Team			
Title	Current—FY17	Anticipated—FY18	Anticipated—FY19	Anticipated—FY20
Superintendent		Dr. Kelly Hurtado	Dr. Kelly Hurtado	Dr. Kelly Hurtado
Principal		Catherine Kinghorn	Catherine Kinghorn	Catherine Kinghorn
Assistant Principal		Lisa Corkill	Lisa Corkill	Lisa Corkill
Lead Teacher		Dahlstrom or Rutherford	TBD	TBD

Arizona State Board for Charter Schools

Enrollment Matrix

Complete the table to provide the current and target enrollment, indicating the proposed timeline for implementing the request.

Directions*:

- In each box under the "Number of Students" columns, identify the number of students served per grade for the current and upcoming three fiscal years.
- In the "Total Enrollment" row, provide the total enrollment for each fiscal year.
- Copy and paste the chart for each school operated by the Charter Holder.

School Name: Canyon Rose Academy				
	Number of Students			
Grade Level	Current—FY 17	Target—FY 18	Target—FY 19	Target—FY 20
Kindergarten				
1st				
2nd				
3rd				
4th				
5th				
6th				
7th				
8th				
9th	13	15	15	17
10th	44	45	48	50
11th	93	102	105	110
12th	178	188	192	198
Total Enrollment	328	350	360	375

School Name: Canyon Rose Academy East				
	Number of Students			
Grade Level	Current—FY__	Target—FY 18	Target—FY 19	Target—FY 20
Kindergarten				
1st				
2nd				
3rd				
4th				
5th				
6th				
7th				
8th				
9th		10	12	14
10th		40	42	45
11th		85	91	100
12th		160	180	191
Total Enrollment		295	325	350

*****To view an example of a completed enrollment matrix, review page 10 of The Guide to Amending a Charter.

MINUTES OF ANNUAL MEETING OF

THE BOARD OF DIRECTORS OF

CANYON ROSE ACADEMY, INC.

The annual meeting of the Board of Directors of CANYON ROSE ACADEMY, INC. was held on October 10, 2016, at 3686 West Orange Grove Road, Suite 192, Tucson, Arizona 85741, at the hour of 8:30 AM.

The following directors were present and constituted a quorum of the Board:

Dr. Eugene J. Kinghorn
12832 N. Sabino Canyon Pkwy.
Mt. Lemmon, AZ 85619

Catherine M. Kinghorn
12832 N. Sabino Canyon Pkwy.
Mt. Lemmon, AZ 85619

Ian Shalek
8271 N Wanda Rd
Tucson, Az 85704

The following individuals were also present at the meeting:

Cathleen Capen, Kelly Hurtado and Amy Schlessman,

The meeting was called to order by Dr. Eugene J. Kinghorn. Upon motion duly made, seconded and unanimously carried, Dr. Eugene J. Kinghorn was duly elected as Chairman of the meeting and Catherine M. Kinghorn was duly elected as secretary of the meeting.

The meeting was called to order by Dr. Eugene J. Kinghorn, the Chairman, and announced that the meeting was held pursuant to a written waiver of notice and consent to the holding of the meeting. The waiver and consent was presented to this meeting and, on a motion duly made, seconded and unanimously carried, was made a part of the records and ordered inserted in the minute book immediately preceding the records of this meeting.

The minutes of the previous Board of Directors meeting were approved.

The Chairman then announced that the election of officers was in order. Upon motion duly made and seconded, the following were unanimously elected as the officers of the Corporation to serve until the next annual meeting of the Board of Directors and until their successors are elected and qualified:

President:	Dr. Eugene J. Kinghorn
Vice-President:	Catherine M. Kinghorn
Secretary:	Ian Shalek

Furthermore, the Chairman then reviewed new school site under Canyon Rose Academy with the details as follows:

Name: Canyon Rose Academy East
Location: 8981 E. Tanque Verde Rd., #281, Tucson, AZ 85749.

Upon motion duly made and seconded, and after a complete discussion of the matter, the following resolution was unanimously adopted:

RESOLVED, that the Corporation approved the new school site under the Corporation with the following details:

Name: Canyon Rose Academy East
Location: 8981 E. Tanque Verde Rd., #281, Tucson, AZ 85749.

Furthermore, the Chairman then reviewed moving the enrollment cap in students for the Corporation be increased from 549 to 800. Upon motion duly made and seconded, and after a complete discussion of the matter, the following resolution was unanimously adopted:

RESOLVED, that the Corporation shall increase the enrollment cap from 549 to 800.

Furthermore, the Chairman then reviewed the actions of the officers of the Corporation since its last annual meeting, and recommended that such actions be ratified, affirmed and adopted as the acts of the Corporation. Upon motion duly made and seconded, and after a complete discussion of the matter, the following resolution was unanimously adopted:

RESOLVED, that the actions of the officers of the Corporation on behalf of the Corporation, since its last annual meeting, be, and the same are hereby, ratified, affirmed, and adopted as the acts of the Corporation.

There being no further business to come before the meeting, upon motion made, seconded, and unanimously carried, the same was thereupon adjourned.

Dated October 10, 2016.

Dr. Eugene J. Kinghorn

Catherine M. Kinghorn

Arizona State Board for Charter Schools

Occupancy Compliance Assurance and Understanding

The Arizona State Board for Charter Schools ("ASBCS"), at a meeting held on June 8, 2009, approved a revised policy that requires new and existing charter holders to submit a copy of a valid certificate of occupancy and current fire marshal inspection report for each location where educational services will be provided prior to the initiation of state equalization payments.

The ASBCS will request that the Arizona Department of Education ("ADE") withhold state equalization assistance payments for 1) new charter schools that have signed a charter contract, 2) new school sites under existing charter contracts, and 3) school sites under existing charter contract moving from one location to another until the school has submitted valid copies of the required certificate of occupancy and current fire marshal inspection report for the new educational facility.

Once the ASBCS office has verified that the appropriate documents for each location have been received, the ASBCS office will notify the school and the ADE School Finance Unit's Charter School Payment Manager that the school is eligible for payment. The ADE School Finance Unit will mark the school eligible for payment and a payment will generate in the next payment cycle if all other requirements of ADE School Finance have been met. Schools eligible for payment by the 20th of any month will generate a payment for the next month's payment cycle. Schools marked eligible after the 20th of any month will not generate a payment in next month's payment cycle. No off-system payments will be made.

By signing below, I understand the Board's policy and that I am required to submit an educational use Certificate of Occupancy and a current fire marshal inspection report to the ASBCS office for each of our school facilities. These documents must be verified by the ASBCS office prior to occupancy of the building and prior to receipt of equalization payments for students enrolled at this site.

I acknowledge that if these documents are not submitted prior to occupancy, the school's opening date may be postponed and/or the Board may take action as allowed by statute and the charter contract.

Canyon Rose Academy. Inc.
Charter Holder Name

Charter Representative Signature — Date 9/29/16

Arizona State Board for Charter Schools

Agricultural Land Regulation Assurance and Understanding

Arizona Revised Statute §15-183 (U) states, "Charter schools may not locate a school on property that is less than one-fourth mile from agricultural land regulated pursuant to section 3-365, except that the owner of the agricultural land may agree to comply with the buffer zone requirements of section 3-365. If the owner agrees in writing to comply with the buffer zone requirements and records the agreement in the office of the county recorder as a restrictive covenant running with the title to the land, the charter school may locate a school within the affected buffer zone. The agreement may include any stipulations regarding the charter school, including conditions for future expansion of the school and changes in the operational status of the school that will result in a breach of the agreement."

Charter Holder Information	
Name of Charter Holder Entity	Canyon Rose Academy, Inc.
Name of Charter School	Canyon Rose Academy East

Check box below to indicate which statement applies	
☒	The charter school is not located less than one-fourth mile from agricultural land.
☐	The charter school is located less than one-fourth mile from agricultural land and attached is the written agreement with the owner agreeing to comply with the buffer zone requirements and evidence that the agreement has been filed in the office of the county recorder as a restrictive covenant running with the title to the land.
☐	The charter school is located less than one-fourth mile from agricultural land and the entity is currently working with the owner to create a written agreement to comply with the buffer zone requirements and will record the agreement in the office of the county recorder as a restrictive covenant running with the title to the land. I acknowledge that if these documents are not submitted prior to occupancy, the school's opening date may be postponed and/or the Board may take action as allowed by statute and the charter contract.

Signature

BY SIGNING BELOW, I UNDERSTAND AND AFFIRM THAT THE FOREGOING INFORMATION PROVIDED BY ME FOR THE ABOVE LISTED CHARTER HOLDER IS TRUE AND CORRECT. FURTHERMORE, IF ANY PART OF THE INFORMATION PROVIDED PROVES TO BE FALSE, I RECOGNIZE THAT IT SHALL BE JUST CAUSE FOR REVOCATION OF THE CHARTER BY THE ARIZONA STATE BOARD FOR CHARTER SCHOOLS.

Charter Representative Signature: _____

Date: 10/7/16

LARSEN
BAKER
Development ● Brokerage
Management
6298 E. Grant Rd., Ste: 100 ● Tucson, AZ 85712
P: (520) 296-0200 ● F: (520) 296-1571
www.larsenbaker.com

September 9, 2016

Dr. Kelly Hurtado, Superintendent
Canyon Rose Academy
3686 W. Orange Grove, Suite
Marana, AZ 85741

Re: Letter of Intent to Lease- Canyon Rose Academy Location
8981 E. Tanque Verde, Suite 281
Tucson, AZ 85749

Dear Dr. Hurtado,

Thank you for considering Bear Canyon Shopping Center for a new Rose Academy northeast campus. We know that your group puts a lot of thought and analysis into where Rose Academy's education philosophy is most needed, and where it will thrive. Bear Canyon is an excellent opportunity to locate into the northeast Tucson trade area, an area underserved by quality charter high schools.

There are about 40,000 people in the Tanque Verde valley, and all of their commercial options are concentrated at the Catalina Hwy/Tanque Verde Rd. intersection.

We acquired the ±70,000 sq.ft. Bear Canyon Shopping Center as a bank REO in 2010. It was in poor condition at that time. We invested in a major exterior remodel of the buildings and have since attracted many great new tenants. Our shopping center has excellent visibility, signage, access and parking. We have a ±8,537 sq.ft. space next to Rocks and Ropes for your education group that can be built out to accommodate Pima Rose's classrooms. Here is how we can set up a lease:

Landlord: Bear Canyon Associates, LLC
c/o Larsen Baker LLC
6298 E. Grant Rd., Ste. 100
Tucson, AZ 85712
Ph: (520) 296-0200/Fax: (520) 296-1571
melissa@larsenbaker.com

Tenant: Canyon Rose Academy
Attn: Dr. Kelly Hurtado, Superintendent
3686 W. Orange Grove
Marana, AZ 85741

The full performance of the lease will be personally guaranteed by the principals of the Tenant.

Shopping Center: Bear Canyon Shopping Center
8963-8995 E. Tanque Verde Rd
Tucson, AZ 85749

Premises: Approximately 8,537 square feet located at 8981 E. Tanque Verde, Suite #281 of Bear Canyon Shopping Center. A Preliminary Site Plan is attached as Exhibit A.

Use: As a Canyon Rose Academy charter high school. No other use will be allowed without Landlord's prior consent.

Term: Ten (10) years from the Rent Commencement Date.

Renewal Option: Tenant will have one (1) option to renew the lease at the conclusion of its initial term for an additional ten (10) years.

Base Rent: The Base Rent will be as follows:

Lease Months	Rent/Sq.Ft.	Base Monthly Rent
01-12	$12.50	$8,931.25 + CAM Expenses and Rental Tax
13-120		Starting on month 13 and each year thereafter, Base Monthly Rent will increase by 2.5% per annum.

OPTION TERM (if exercised by Tenant)

121-240		Base Rent for the option term will increase by 2.5% per annum.

Delivery Date: Upon substantial completion of Landlord's Work. See Exhibit B for a description of Landlord's Work. Estimated Delivery Date is February 1, 2017.

Rent Commencement: Rent will commence the earlier of: Tenant's opening for business in the Premises or two (2) months after the Delivery Date.

CAM Expenses: Tenant will be responsible for its prorata share (12.29%) of the Shopping Center's operating expenses (CAM Expenses). CAM Expenses mean Landlord's costs for real estate taxes, property and liability insurance, and common area operating costs of the Shopping Center. Tenant's prorata share is a fraction equal to the size of the Premises divided by the size of the Shopping Center.

For the first year of the lease term, the CAM Expense will be fixed at $3.10/sq.ft. ($2,214.95/month). Thereafter, CAM Expenses will be reconciled and adjusted annually to conform to Landlord's actual annual operating expenses. Rental tax is in addition.

Landlord's Maintenance: Landlord at its sole cost will maintain, repair and replace the structural elements of the Shopping Center, including the roof and wall structure, foundation, slab, underground sewer and the utility lines into the Premises.

Tenant's Maintenance:	Tenant will maintain all non structural components of the inside of the Premises and the Premises storefront and glass.
Security Deposit:	Waived. The first month's rent/CAM Expense and rental tax ($8,931.25 + $2,214.95 + $278.66 = $11,424.86) will be due at lease execution.
Tenant Improvements:	Landlord will deliver the Premises to Tenant in the "turn key" condition as generally outlined in Exhibit B as Landlord's Work.
Façade Signs:	Tenant will be permitted its preferred signage on the Premises façade, pursuant to municipality approvals and subject to Landlord's sign criteria. Tenant will be responsible for all costs associated with Tenant's signs and installation.
Monument Signs:	Tenant will be permitted to install sign bands on Landlord's existing monument signs. Landlord will provided a two (2) sided sign panel on each of Landlord's three existing monument signs. Tenant will pay for its own sign fabrication cost.
HVAC:	Landlord will deliver the Premises with the HVAC system in good working order upon the Delivery Date. Thereafter, Landlord will provide a warranty for the first year of the Lease Term for any Major Repair (any repair over $350.00 per unit per service call), provided Tenant maintains a service contract with a licensed HVAC company with a minimum of quarterly filter changes.
Utilities:	Tenant will be responsible for paying directly those utilities that are separately metered to Tenant's Premises. Tenant will pay its prorata share of utilities in common with other tenants (typically water), and its prorata share of utilities for the common area.
Brokers:	CBRE Commercial Real Estate Services (Pete Villaescusa) and Larsen Baker LLC (Melissa Lal & Andy Seleznov) collectively represent exclusively the Landlord. Tenant is self represented. Both Landlord and Tenant agree that each will seek out and obtain their own separate business and legal counsel with respect to the terms of the lease. Landlord will pay a commission to its exclusive brokers pursuant to a separate agreement. Tenant acknowledges that some principals of Landlord are licensed real estate brokers in Arizona.

On behalf of all of us at Bear Canyon Associates LLC, thank you both for working with us on this potential business expansion for Rose Academies. This letter of intent and any related correspondence is not binding on any party. Only a fully executed and delivered lease will constitute a contract and be binding.

However, if this letter of intent is generally acceptable to you, it will form the basis of a lease document that we will prepare and then submit to you for your review and approval. We hope that Canyon Rose Academy will join us once again at Bear Canyon Shopping Center. Please call me if you have any questions on this or need further information.

Sincerely,

Melissa Lal, CCIM
Director of Real Estate

AGREED TO IN PRINCIPLE:
Bear Canyon Associates, LLC

By: _____

Its: _____

Date: _____

AGREED TO IN PRINCIPLE:
Canyon Rose Academy

By: _____

Date: _____

cc: Pete Villaescusa

CANYON ROSE ACADEMY
BEAR CANYON SHOPPING CENTER
EXHIBIT A
DESCRIPTION OF PREMISES

Not to Scale
Subject to Change

_____ Landlord's Initials

_____ Tenant's Initials

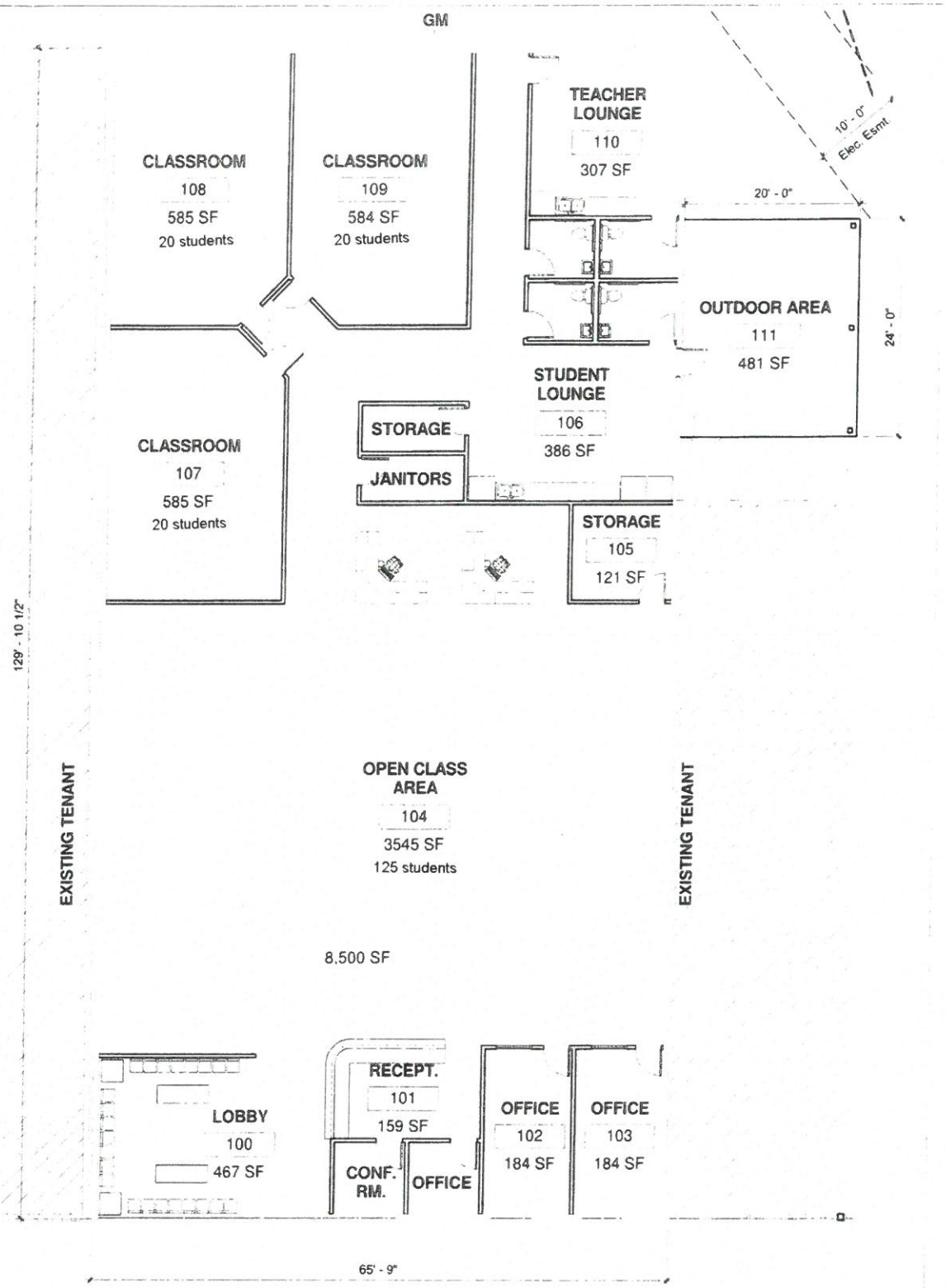
CANYON ROSE ACADEMY
BEAR CANYON SHOPPING CENTER
EXHIBIT A-1
ARCHITECTURAL RENDERING OF PREMISES

Not to Scale
Subject to Change

Landlord's Initials

Tenant's Initials

CANYON ROSE ACADEMY
BEAR CANYON SHOPPING CENTER
EXHIBIT A-2
PRELIMINARY FLOORPLAN OF PREMISES



1 PROPOSED LAYOUT - 8,500 S.F.
3/32" = 1'-0"

NORTH

BEAR CANYON SHOPPING CENTER

architectural design group inc.
2616 E. Grant, Suite 140
Tucson, AZ 85716
ph: 520.323.2227 | fx: 520.323.3337

LARSEN BAKER DEVELOPMENT

8981 E. TANQUE VERDE RD.
TUCSON, ARIZONA 85781
Date: 9/12/16
Drawn by: RGQ
Approved by: DVG

CANYON ROSE ACADEMY
BEAR CANYON SHOPPING CENTER
EXHIBIT B
LANDLORD'S WORK/TENANT'S WORK

LANDLORD'S WORK

1. The following description of Landlord's Work and Tenant's Work is part of the letter of intent dated September 9, 2016 by and between Bear Canyon Associates, LLC as Landlord and Canyon Rose Academy as Tenant. It is to be superseded by detailed building specifications and construction documents that will be prepared by Landlord, reviewed and approved by Tenant and made part of the lease.

2. Landlord at its sole cost and expense will demise and improve an **approximately ± 8,537 sq.ft. Premises** in accordance with the following Landlord's Vanilla Shell specifications.

3. Landlord's Work for the Vanilla Shell Premises will include:

   A. Site Work. All site work, the extension and connection of utilities to the interior of the Premises, asphalt parking lot, entry drives, sidewalks, curbs and gutters, landscaping and parking lot lighting, all as now existing.

   B. Plans and Permits. All costs of engineering, testing, architect's costs, Premises plans and permits; sewer connection fees, water meter fees and architectural review for the Premises.

   C. Vanilla Shell Premises. The Premises will include glass storefront and entryway as existing, smooth troweled concrete floor and the following improvements:

      (1) Complete roofing system; including roof membrane, insulation, roof deck and structure, as existing and in good condition.

      (2) Demising walls (fire rated if required), columns, beams and rafters, and Tenant's specialized interior office/classroom layout (see Item 13 below). Landlord will drywall, tape and texture the interior perimeter walls, and paint the interior perimeter walls in Tenant's reasonable choice of color.

      (3) Landlord standard fluorescent lighting package and suspended ceiling package per project architect's specification. Tenant may select open grid ceiling or tile ceiling, or request an in lieu cash amount for the Landlord's estimated acoustic tile ceiling and lay in fluorescent lighting system cost and install its own custom ceiling and lighting system.

      (4) Primary and secondary access/exit door(s) with frames and all required (non electric) hardware as required by code, per Landlord's plans.

      (5) Sign circuit with J-Box (20 amp) at the front façade with connection to the Premises electric meter for Tenant signs.

      (6) The existing concrete floor slab prepped and ready for Tenant's floor coverings.

(7) **400 amp-3 phase**, 4-wire, main service and sub-breaker panel providing electrical service to the interior of the building, including normal distribution of power within the Premises. Tenant will be responsible for applying to the appropriate utility to have its permanent electrical power turned on.

(8) Water and sewer service will be provided to the Premises, as existing. The water meter is in common with the other tenant in the building of which the Premises is a part, and Tenant will pay its pro-rata share per sub meter or as part of its CAM Expense.

(9) Sewer service will be as specified by the project architect. Landlord will pay sewer connection/fixture fees and construct two (2) ADA accessible restrooms in the Premises with the required number of fixtures per Tenant's use as a school.

(10) Natural gas service, if available, will be a line suitably sized to provide the required BTU/hr heat rating necessary.

(11) Conduit for phone services will be stubbed to the interior of Premises.

(12) Roof mounted HVAC equipment (1 ton/300 sq.ft. or as specified by the project architect) will be supplied and installed on the roof to service the retail area of the Premises. Units will be a combination of existing plus new. Landlord will be responsible for the interior distribution/duct system below the roof deck, electrical connection to Tenant's meter and return air for the HVAC systems within the Premises.

(13) Landlord will design the interior of the Premises to include three (3) classrooms, staff and student lounges, principal office, admin office, and vice principal office, reception/check in area, storage area, and other interior improvements Tenant may require as part of its use. The interior layout and specifics of Landlord's Work in regard to the interior office build-out will be further spelled out in the Lease and the floorplan will be mutually approved by the Parties prior to Lease Execution.

(14) Landlord's standard commercial grade carpet (Bolyu "Relay") will be installed throughout the Premises in a color chosen by Tenant, except in the restroom areas (with vct). If Tenant prefers stained concrete, ceramic tile or other floor covering option, Tenant may pay the difference between the Landlord Standard carpet and the desired floor covering.

(15) Fire sprinkler and other life safety systems will be installed in the Premises. Any firewalls or fire rated corridors will be Landlord's responsibility.

(16) Tenant will reasonably approve Landlord's Premises construction documents ("Landlord's Work") prior to commencement of such work by Landlord.

(17) Landlord agrees that the Premises will conform to all requirements of authorities having jurisdiction; if the Premises do not conform, Landlord will promptly have them conform unless such conformance is necessitated by changes, alterations or additions made by Tenant.

TENANT'S WORK

Tenant's Work requirements for the interior of the Premises will include all materials and labor for the following:

1. All utility deposits required to be paid as part of Tenant's utility billing arrangements.

2. All window coverings.

3. All signs.

4. All cabinets, shelves, counters, built-ins and Tenant's furniture, wall coverings, fixtures and equipment.

5. Security systems, computer systems, telephone systems and similar equipment.

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 9/28/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER The Arizona Group 3325 E Baseline Rd Gilbert AZ 85234	**CONTACT NAME:** Debbie Lombardero **PHONE (A/C, No, Ext):** 480-892-8755 **FAX (A/C, No):** 480-892-7625 **E-MAIL ADDRESS:** dlombardero@arizonagroup.com
	INSURER(S) AFFORDING COVERAGE / **NAIC #**
	INSURER A : Catlin Indemnity Company / 24503
INSURED ROSEM-1 Rose Management Group Inc 3686 W Orange Grove Road #192 Tucson AZ 85741	**INSURER B :** AmTrust North America Inc
	INSURER C :
	INSURER D :
	INSURER E :
	INSURER F :

COVERAGES **CERTIFICATE NUMBER:** 974694400 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X **COMMERCIAL GENERAL LIABILITY** CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC OTHER:	Y	N	CNDAZEPP10647004	7/1/2016	7/1/2017	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$1,000,000 $1,000,000 $15,000 $1,000,000 $2,000,000 $2,000,000
A	**AUTOMOBILE LIABILITY** X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS			CNDAZCAP10648004	7/1/2016	7/1/2017	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$1,000,000 $ $ $
	UMBRELLA LIAB OCCUR **EXCESS LIAB** CLAIMS-MADE DED RETENTION $						EACH OCCURRENCE AGGREGATE	$ $
B	**WORKERS COMPENSATION AND EMPLOYERS' LIABILITY** ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N **(Mandatory in NH)** If yes, describe under DESCRIPTION OF OPERATIONS below	N / A	N	TWC3567995	8/9/2016	8/9/2017	X PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $1,000,000 $1,000,000 $1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Certificate Holder and others when required in a written contract/agreement are additional insured per form CGL2033 0112
Named Insured includes: Canyon Rose Academy

CERTIFICATE HOLDER

Verification of Insurance
Rose Management Group
3686 W Orange Grove Road #192
Tucson AZ 85741

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Debbie Lombardero

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ADDITIONAL INSURED
AUTOMATIC STATUS WHEN REQUIRED IN WRITTEN CONTRACT OR WRITTEN AGREEMENT WITH YOU

CGL 20 33 0112

THIS ENDORSEMENT CHANGES THIS POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. **Section II – Who Is An Insured** is amended to include as an additional insured any person or organization for whom you are performing operations when you and such person or organization have agreed in a written contract or a written agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or

2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured. Under no circumstances is such person or organization an additional insured with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused solely by their own negligence.

The written agreement or written contract requiring such status must be fully executed prior to the date of loss.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

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a. The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

b. Supervisory, inspection, architectural or engineering activities.

2. "Bodily injury" or "property damage" occurring after:

a. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or

b. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

All other terms and conditions remain unchanged.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective:_____ Policy No.: _____ Endorsement No. _____

Insured: _____ Premium:_____

Insurance Company:_____

Authorized Signature: _____

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AGENDA ITEM: Final Rulemaking

Issue

The public comment period for the Board's Notice of Proposed Rulemaking ended on November 29, 2016 with an oral proceeding held at the Board's offices. Eleven stakeholders attended the oral proceeding. The Board also received written comments from four individuals. Board staff has addressed the public comment in the Notice of Final Rulemaking included with today's meeting materials and is seeking approval from the Board to file the Notice of Final Rulemaking with the Governor's Regulatory Review Council ("GRRC").

Background

In January 2016, the Board was granted an exemption from the Governor's Office to proceed with rulemaking under the moratorium. The Board filed a Notice of Rulemaking Docket Opening on April 16, 2016. The Board's Notice of Proposed Rulemaking was published in the Arizona Administrative Register on October 28, 2016. The public comment period for the Board's Notice of Proposed Rulemaking ended on November 29, 2016 with an oral proceeding held at the Board's offices. Within 120 days of the record being closed, the Board must file a Notice of Final Rulemaking with GRRC. GRRC must review and approve or return the Notice of Final Rulemaking within 120 days of receipt. After GRRC approves the rulemaking, it is filed with the Secretary of State's Office and becomes effective 60 days after filing.

Final Rulemaking

The Notice of Final Rulemaking's ("NFR") preamble identifies each oral or written comment received by the Board by November 29, 2016 and provides analysis and the Board's response (see item 11, which begins on page 8 of the NFR). The NFR's preamble also identifies other changes made between the proposed rulemaking and the final rulemaking (see item 10, which begins on page 4 of the NFR). None of the changes incorporated into the NFR were determined to be "substantially different" from the proposed rule contained in the Notice of Proposed Rulemaking, so the Board is not required to file a Notice of Supplemental Proposed Rulemaking.

Board Options

Option 1: The Board may vote to direct staff to file with the Governor's Regulatory Review Council the Notice of Final Rulemaking as presented today.

Option 2: The Board may vote to direct staff to make changes (specify changes to be made) to the draft presented today and then file with the Governor's Regulatory Review Council the revised Notice of Final Rulemaking.

Option 3: The Board may vote to direct staff to make changes (specify changes to be made) to the draft presented today and bring it back to the Board for approval prior to filing with the Governor's Regulatory Review Council the revised Notice of Final Rulemaking.

NOTICE OF FINAL RULEMAKING

TITLE 7. EDUCATION

CHAPTER 5. STATE BOARD FOR CHARTER SCHOOLS

PREAMBLE

1. Articles, Parts, and Sections Affected	**Rulemaking Action**
R7-5-101	Amend
Article 2	Amend
R7-5-201	Amend
R7-5-202	Amend
R7-5-203	Amend
R7-5-204	Amend
R7-5-205	Amend
R7-5-206	Amend
R7-5-207	Amend
R7-5-208	New Section
Article 3	Renumber
Article 3	New Article
R7-5-301	Renumber
R7-5-301	New Section
R7-5-302	Renumber
R7-5-302	New Section
R7-5-303	Renumber
R7-5-303	New Section
R7-5-304	Renumber
Article 4	Repeal
Article 4	New Article
R7-5-401	Renumber
R7-5-401	New Section
R7-5-402	New Section
R7-5-403	New Section
R7-5-404	New Section
Article 5	Repeal

Article 5	New Article
R7-5-501	Repeal
R7-5-501	Renumber
R7-5-501	Amend
R7-5-502	Repeal
R7-5-502	Renumber
R7-5-502	Amend
R7-5-503	Repeal
R7-5-503	New Section
R7-5-504	Repeal
R7-5-504	New Section
R7-5-505	New Section
R7-5-506	New Section
R7-5-507	New Section
R7-5-508	New Section
R7-5-509	New Section
R7-5-510	Renumber
R7-5-510	Amend
Article 6	Renumber
Article 6	New Article
R7-5-601	Renumber
R7-5-601	Amend
R7-5-602	New Section
R7-5-603	New Section
R7-5-604	New Section
R7-5-605	New Section
R7-5-606	New Section
R7-5-607	New Section

2. Citations to the agency's statutory rulemaking authority to include both the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. § 15-182(E)(5)

Implementing statute: A.R.S. §§ 15-182(E)(1), 15-183(I)(1) through (4), and 15-183(R)

3. The effective date for the rules:

As specified under A.R.S. § 41-1032(A), the rule will be effective 60 days after the rule package is filed with the Office of the Secretary of State.

a. If the agency selected a date earlier than the 60-day effective date as specified in A.R.S. § 41-1032(A), include the earlier date and state the reason or reasons the agency selected the earlier effective date as provided in A.R.S. § 41-1032(A)(1) through (5):

Not applicable

b. If the agency selected a date later than the 60-day effective date as specified in A.R.S. § 41-1032(A), include the later date and state the reason or reasons the agency selected the later effective date as provided in A.R.S. § 41-1032(B):

Not applicable

4. Citation to all related notices published in the *Register* to include the *Register* as specified in R1-1-409(A) that pertain to the record of the final rulemaking package:

Notice of Rulemaking Docket Opening: 22 A.A.R. 823, April 15, 2016

Notice of Proposed Rulemaking: 22 A.A.R. 3057, October 28, 2016

5. The agency's contact person who can answer questions about the rulemaking:

Name: Andrea Leder

Address: Arizona State Board for Charter Schools
1616 W Adams Street, Suite 170
Phoenix, AZ 85007
or
PO Box 18328
Phoenix, AZ 85009

Telephone: 602-364-3106

Fax: 602-364-3089

E-mail: andrea.leder@asbcs.az.gov

Web site: https://asbcs.az.gov

6. An agency's justification and reason why a rule should be made, amended, repealed , or renumbered, to include an explanation about the rulemaking:

The Board is amending its rules to make them consistent with statutory changes made in 2012 and 2013, to make the changes identified in a five-year-review report approved by Council on October 4, 2016, and to place in rule the Board's application of its academic, financial, and operational performance frameworks for charter holders.

On January 21, 2016, Osborn Maledon, PA and Buchalter Nemer, PLC, filed a petition under A.R.S. § 41-1033(C) with the Governor's Regulatory Review Council. The petitioners argued the Board's Academic, Financial, and Operational Performance Frameworks should have been adopted as rules under the Arizona

Administrative Procedures Act (APA). The Council chose not to hear the petition because the Board informed the Council a rulemaking had been started to address the issue raised in the petition.

On March 22, 2016, two charter school operators filed a complaint in superior court seeking a judicial determination and declaratory judgment that the Board's academic and financial performance frameworks were rules under the APA that the Board failed to make in accordance with the APA, which made the frameworks void and unenforceable. The complaint sought to void any and all past or future actions taken by the Board in reliance on the frameworks and to enjoin the Board from using the frameworks as the basis for any actions regarding charter schools the Board sponsors. On October 14, 2016, the court granted the Board's Motion to Dismiss. On December 13, 2016, the two charter school operators appealed the court's dismissal of the complaint to the Court of Appeals.

An exemption from Executive Order 2015-01 was provided for this rulemaking by Dawn Wallace, Education Policy Advisor in the Governor's office, in an e-mail dated January 6, 2016.

7. A reference to any study relevant to the rule that the agency reviewed and either relied on or did not rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

The Board did not review or rely on a study in its evaluation of or justification for any rule in this rulemaking.

8. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

9. A summary of the economic, small business, and consumer impact:

The Board believes the rulemaking has minimal economic impact on current charter holders and applicants for a charter. The rulemaking involves no substantive change to the Board's current rules and policies. Rather, it clarifies existing rules and places policies into rule so the policies are more readily available to applicants and charter holders.

10. A description of any changes between the proposed rulemaking, including supplemental notices, and the final rulemaking:

In addition to the changes indicated in item 11, the following minor, non-substantive changes were made between the proposed and final rules.

R7-5-101: The definition of "annual application cycle" was amended to clarify it is application packages rather than applications that are submitted to the Board.

R7-5-101: The definition of "application" was amended to clarify there are two kinds of transfers possible.

R7-5-101: The definition of "education service provider" was amended to include a charter holder to clarify that an existing charter holder, as well as an applicant, may use an education service provider.

R7-5-101: The definition of "oversight" was deleted because it was redundant. The activities comprising oversight are clearly identified in Article 6.

R7-5-101: The definition of "supervision" was deleted because it was redundant. The activities comprising supervision are clearly identified in Article 5.

R7-5-101: The definition of "technical review panel" was amended to clarify who the panel is assisting.

R7-5-203(A) and R7-5-601(C)(5): The word "time-frame" was changed to "time frame" to align with the other rules and the preference of the Office of the Secretary of State.

R7-5-203(G): The word "application" was changed to "application package" to clarify that the provision regarding a deficiency notice applies to the application package.

R7-5-205(A)(2), (D)(1), (D)(3) and (D)(4) and R7-5-303(A)(2) (Now R7-5-302(A)(2)): The word "site" was deleted to align with the Board's use of "charter school" throughout the rules.

R7-5-205(E): The subsection was amended to clarify it is the Department that has statutory authority to initiate state aid funding and the Board's role is to advise the Department when a charter holder has submitted an Occupancy Compliance Assurance and Understanding form under R7-5-205(A)(2)(c).

R7-5-207(F): The subsection was deleted because it duplicated information provided under R7-5-207(C).

R7-5-208(C): The subsection was amended to clarify that a replication application will be made available to a charter holder only if it is determined the charter holder is eligible to apply for a replication charter.

R7-5-301: This Section was deleted because it included provisions that did not pertain to all post-charter actions and the remaining Sections in Article 3 were renumbered accordingly. The provisions in the deleted Section were incorporated into the renumbered Sections as applicable.

R7-5-302(F) and (I) (Now R7-5-301(I) and (O)): The provision regarding a charter holder's academic performance or operational performance was modified to align with A.R.S. §15-183(I).

R7-5-302(H) (Now R7-5-301(K)): The subsection was amended to identify the written notice provided by Board staff regarding whether a charter holder is eligible to apply for early renewal.

R7-5-302(I) (Now R7-5-301(O)): Corrected statutory reference to A.R.S. §15-183(I)(2).

R7-5-302 (Now R7-5-301(L) and (M)): These subsections were added because they were inadvertently left out of the notice of proposed rulemaking even though part of existing policy.

R7-5-302 (Now R7-5-301(N)): This subsection was added to specify the time frame for the Board to consider a charter holder's early renewal application package and for Board staff to conduct an academic-systems-review site visit.

R7-5-303(A)(1) (Now R7-5-302(A)(1)): The provision was amended to clarify it is the charter rather than sponsorship of the charter that is being transferred to the Board.

R7-5-303 (Now R7-5-302(D)): This subsection was added to specify the time frame for Board staff to provide written notice to a charter holder of whether the charter holder may apply for transfer.

R7-5-303(C) (Now R7-5-302(E)): This subsection was amended to require submission of a paper transfer application package until electronic submission through ASBCS Online is available and to clarify that only a charter holder determined to be eligible to apply for transfer may do so.

R7-5-303(D)(13): The phrase "charter holder's representative" was changed to "charter representative" to align with the defined term.

R7-5-304 (Now R7-5-303(D)(8)): Added "of" to reflect the name of the amendment request accurately.

R7-5-304 (Now R7-5-303(D)(21)): Added "with the same educational program and financial and operational processes" to reflect accurately the conditions that must exist to use this amendment request.

R7-5-304 (Now R7-5-303(E)): This subsection was added to clarify that the Board shall not accept a paper submission of an amendment request unless agreed to by both Board staff and the charter holder before submission of the amendment request.

R7-5-304 (Now R7-5-303(H)): This subsection was added to clarify that, as applicable, only administratively and substantively complete amendment requests will be considered by the Board.

R7-5-401(A)(2)(c): This subsection was added to specify more completely the times when the Board will assess a charter holder's achievement of minimum academic performance expectations.

R7-5-402(A): A "the" was added before "minimum financial performance expectations" to improve clarity.

R7-5-402(C), (D)(2), (E)(1) and (E)(2): The word(s) "based" or "based on" was added for accuracy and to align with the other provisions of R7-5-402.

R7-5-403(A)(2)(a): Subsection (iv) was added to more completely specify the times when a charter holder's achievement of the Board's minimum operational performance expectations will be assessed.

R7-5-403(A)(2)(a)(iv) (Now R7-5-403(A)(2)(a)(v)): Added "of" to accurately reflect the name of the request.

R7-5-404(B): Changed "modifications" to "considerations" to align with the current academic performance framework.

R7-5-502(H) (Now R7-5-502(G)), R7-5-510(D), and R7-5-601(C)(4): Changed to use the term "issue" consistently throughout the rules and as a result of public comment regarding R7-5-510(B)(2).

R7-5-504(G): Changed "corrective action plan" to "CAP," which is the term defined.

R7-5-505: Subsection (D) was divided into subsections (D), regarding site visits, and (E), regarding compliance checks, because of changes made to R7-5-510(A) as a result of public comment.

R7-5-505(E)(2) (Now R7-5-505(G)(2)): The word "request" was changed to "requests" to align with R7-5-505(E)(1) (Now R7-5-505(G)(1)).

R7-5-506(F): For increased clarity, this subsection was amended to cross reference R7-5-502.

R7-5-506(B)(3): A provision in this subsection was moved to R7-5-506(F) to reflect the timing for the notice being provided.

R7-5-509(H): The phrase "or fails to timely submit" was added to clarify the requirement and align with the Board's operational performance framework.

R7-5-510(C)(1): This subsection was amended to clarify the notice is of a complete CAP having been received and not that the CAP has been completed.

R7-5-601: Corrected a typographical error in the Section number.

R7-5-601(A): Clarified notice is provided before the Board makes a determination and decides whether to impose charter oversight.

R7-5-602(C)(1): The word "academic" was removed to align with A.R.S. §15-241.

R7-5-602(C)(4), (D) and (E)(3): Changes made to align with the current academic performance framework and as a result of public comment received regarding R7-5-508.

R7-5-603(A)(1): Language was removed to align with A.R.S. §15-241.

R7-5-604: To more accurately reflect the order of events and what occurs at each stage, R7-5-604(B) was deleted, a new R7-5-604(A) was added, and the original R7-5-604(A) became R7-5-604(B).

R7-5-604(A) (Now R7-5-604(B)): "15-183 and 15-512" replaced with "15-183 or 15-512" to align with A.R.S. §15-185.

R7-5-607(A): Deleted language to align with A.R.S. § 15-183(I)(3).

11. An agency's summary of the public or stakeholder comments made about the rulemaking and the agency response to comments:

Four stakeholders submitted written comments. Eleven stakeholders attended the oral proceeding held on November 29, 2016. The following issues were discussed:

Comment	Analysis	Board Response
General comment: Struck by the use of "shall" in two or three dozen instances where the use	As noted below, public comment resulted in changes being made to R7-5-501(B)(1)(c), R7-5-505	The "shall" in R7-5-501(B) was changed to "may".

takes away discretion from the Board and Board staff. Specific circumstances identified were the Board's involvement in the employee-employer relationship (R7-5-501(B)(1)(c)), the Board's access to students (R7-5-501(B)(1)(c)), the Board directing complainants to file complaints with other agencies (viewed "direct" like "shall" in R7-5-507(B)(1)), and the five references to shall in R7-5-505.	and R7-5-507(B)(1). However, following the oral proceeding, it was determined only one "shall" reference should be changed to a "may" to ensure the Board retains its discretion.	
R7-5-101: The definitions for "academic performance dashboard", "financial performance dashboard" and "operational performance dashboard" limit the dashboards to "color-coded graphics" and do not provide flexibility.	The Board's current dashboards are "color-coded graphics." If the Board decides to change the format of any or all of the dashboards in the future, the rule definitions will be updated to be consistent with the change.	No change
R7-5-101: The Board defines "day" as a business day. Schools are often closed when other businesses are open. The Board should consider the school's calendar when providing notice or identifying deadlines under the Board's rules.	The Board's portfolio of more than 535 schools makes it difficult to review school calendars when setting deadlines and before sending notices. However, several of the Board's processes allow for extensions of time that were not included in the rules.	A provision was added to R7-5-501 allowing Board staff to grant an extension in certain circumstances and identifying factors Board staff shall consider in determining whether to grant an extension.
R7-5-301(F): The rule requires advance notice when a charter holder's post-charter action request will be considered by the	The Board concurs that the amount of advanced notice should be specified in rule. Agendas are typically posted a	Subsections providing at least 72-hours' notice were added to R7-5-301(C), R7-5-302(H) (Now

Board. However, the rule does not specify the amount of advanced notice. Suggestions for the amount of advanced notice ranged from at least two business days to seven business days. The latter is the same notice provided to a new charter applicant.	week in advance of Board meetings. For amendment requests and renewal, early renewal and transfer application packages, a 72-hour notice requirement allows for revisions to be made to the Board agenda for time-sensitive amendment requests and application packages while still providing advance notice of the meeting to the charter holder.	R7-5-302(G)) and R7-5-303(H).
R7-5-303(B): A shorter overall time frame was proposed for charter amendment requests that update the charter holder's address, involve changing the charter representative or school governing body, or involve changing the officers, directors, members or partners of the charter holder entity on file with the Board. For the personnel change amendment requests specifically, the current time frame could limit how quickly individuals are able to assume their responsibilities and, in limited cases, could affect the ability to have a quorum. An option presented was reducing the overall time frame to 10 business days.	Following the oral proceeding, the Board analyzed the time it took to process the four amendment requests specifically identified by the participants ("Amendment Subset"). The review period covered amendment requests submitted between July 1, 2015 and December 1, 2016 or acted upon between July 1, 2015 and December 13, 2016. During this period, 1,663 amendment requests were processed, which equates to approximately 98 amendment requests per month. Of the 1,663 amendment requests, 1,211 (72.8%) were Amendment Subset requests. Nearly half of the Amendment Subset requests (583) were either approved or, if applicable,	No change to the time frames now at R7-5-303(F). The Board expects the processing time identified in the "Analysis" column to continue for Amendment Subset requests.

	deemed administratively incomplete in 10 or fewer business days. Approximately 82% of the Amendment Subset requests (988) were either approved or, if applicable, deemed administratively incomplete in 20 or fewer business days. Overall, the time to act on the 1,211 Amendment Subset requests ranged from 1 business day to 54 business days. While most of the Amendment Subset requests are acted on in 20 or fewer business days, additional time is necessary to accommodate staff taking vacation/leave, the volume of amendment requests, Board staff's other workload, or staffing changes. Further, based on the data, establishing different processing time frames for different amendment requests is unnecessary.	
R7-5-401(D): There is a typo in this rule – "yea" should be "year".	The comment is correct.	The typo was corrected.
R7-5-404(B): It is reassuring to read that the Board shall ensure the academic performance framework includes modifications for non-traditional	The Board appreciates the support.	No change

charters including small charters with very low enrollment and alternative schools. It is hoped that the Board will continue to recognize there are other types of non-traditional charter schools that may also need modifications to the academic performance framework as seen in the Academic Performance Framework and Guidance as revised June 13, 2016.		
R7-5-501(A)(3): The phrase "adverse condition" is not defined and, therefore, is vague and overbroad. Concern was raised that this provision would allow the Board to increase its monitoring whenever it desired by simply asserting there is an "adverse condition" the charter holder failed to report.	It was determined this provision was an unnecessary source of possible confusion.	The provision was deleted.
R7-5-501(B)(1)(c): Allowing unfettered communication by Board staff with students and school employees is problematic. Parents should be given advance notice of any proposed communication between their children and Board staff. Interviews by Board staff of certain student populations, such as those in state custody, may	In the Board's existing rules, this provision addressed information received through the Board's complaint process. The current rulemaking includes a section on complaints (R7-5-507), making R7-5-501(B)(1)(c) unnecessary.	The subsection was deleted and R7-5-501(B) was amended to include complaints as one of the means used by the Board to supervise a charter holder.

raise other issues and require certain approvals be in place before the interview occurs. Because "misconduct" is not defined, disputes between charter employees and their employer could take on greater significance and require additional obligations on the part of the Board and charter holder. Communications with a school's current employees about a matter that may result in litigation should be undertaken with caution. Clarification is needed for whether the phrase "by any member of the charter school's staff" modifies "allegations" or "misconduct".		
R7-5-502(D): Unannounced site visits, especially to small charter schools, can be very disruptive to the educational process. Unannounced site visits would be necessary in cases of concerns about the health and safety of students or for the sole purpose of counting students. Otherwise, it seems reasonable to give a school advance notice of a site visit, both in consideration of the school's instructional process and the visiting Board designee's time. Every day occurrences,	The rules identify four types of site visits: 1) those conducted to review or evaluate a charter holder's compliance with R7-5-501(A); 2) those conducted to corroborate information and to gather information that permits the Board to evaluate a charter holder's compliance with R7-5-501(A); 3) first-year site visits (R7-5-505); and 4) academic-systems-review site visits (R7-5-506). Generally, site visits resulting from concerns about the health and safety of students or to	No change was made to the provision found in R7-5-502(D), but provisions were added to R7-5-505 and R7-5-506 indicating that for first-year and academic-systems-review site visits Board staff will provide the charter holder an opportunity to identify dates within a specified time period that would not be conducive for the site visit.

especially for smaller schools like a teacher calling in sick and an administrator filling in, require effort to keep the instructional process moving. Announcing a site visit extends professional courtesy and reduces anxiety for the school's leaders.	count students would fall under one of the first two types. First-year and academic-systems-review site visits are used to see how a school operates day-to-day. Scheduling specific dates for first-year and academic-systems-review site visits may limit Board staff's ability to see the school operate as it would on a "typical" day. With that said, the Board understands that conducting a site visit on an early release day or when parent-teacher conferences are occurring, for example, would also limit Board staff's ability to see the school operate as it would on a "typical" day. The Board's processes require Board staff to provide the charter holder with the opportunity to identify dates within a specified time period that would not be conducive for a first-year site visit or an academic-systems-review site visit. For academic-systems-review site visits, R7-5-506 currently requires Board staff to provide written notice to the charter holder of the two-week interval during which the site visit will be conducted.	

	In conducting any site visit, R7-5-502(F)(2) requires the Board's designee to make every effort not to disrupt the classroom environment.	
R7-5-505(B)(2): "Business relationship" is not defined leaving the meaning open to interpretation. A rule that would allow any entity with a business relationship with the charter holder to mandate that the Board conduct a compliance check would abdicate the Board's discretion regarding compliance checks to a third-party that has no regulatory authority or any authority over charter schools. Under the other portions of the rule, a charter school can always request that Board staff provide compliance check information to an entity with which it has or may have a business relationship.	The rule's provision that "Board staff may conduct a compliance check of a charter holder's operational performance at any time" provides for Board staff to consider a request from a charter holder for a compliance check to be conducted and the results to be shared with a third-party. In addition to R7-5-505(B)(1) (Now R7-5-505(C)(1)), the Board conducts a compliance check when a lending institution, bond rating agency, or similar entity that has a loan or bond arrangement with a charter holder contacts Board staff to discuss a charter holder's current standing with the Board. While this would fall under R7-5-505(B)(2), the Board believes clearly identifying this use would provide additional transparency.	The general provision was replaced with a provision that addresses the Board's use of compliance checks when Board staff is contacted by certain entities to discuss a charter holder's current standing with the Board.
R7-5-507(B)(1): It is inappropriate for Board staff to "direct" a complainant to file the	The rule, as written, does not fully align with Board processes. When a complaint falls outside of	The word "direct" was removed and the provision modified to reflect that Board staff shall

complaint with another agency if the complaint is not within the Board's jurisdiction. Board staff should only provide a complainant with information about the potentially appropriate agency with which to file a complaint.	the Board's jurisdiction, Board staff does not direct the complainant to file the complaint with other agencies, but does provide the complainant with information about the agency that may be able to assist.	inform the complainant that the complainant may file the complaint with the appropriate agency.
R7-5-507(C): Although 10 days may be enough time to prepare a complaint response in many instances, there may be circumstances in which additional time for a response is warranted. For example, a complaint may be received when a school is closed for a break, or a complaint may be so lengthy and detailed that 10 days will simply not provide enough time for a school to adequately respond to the complaint. The rule should provide Board staff with discretion to grant additional time to respond.	The rule, as written, does not fully align with Board processes, which allow for the granting of extensions.	A provision was added to clarify that Board staff may grant the charter holder an extension to submit the written response.
R7-5-507(C): This provision requires the charter holder's response to address each allegation. For allegations that involve possible statutory or contractual noncompliance, the response should address each allegation. However, complaints	The rule addresses only those complaints that fall within the Board's jurisdiction or that may fall within the jurisdiction of another agency. It does not address instances where the Board facilitates communication between the charter holder and	No change

typically involve matters that do not pertain to statutory or contractual requirements. In those cases, charter holders would appreciate it if the Board identified those areas that require a response like the Office for Civil Rights and the Arizona Department of Education's Exceptional Student Services do.	complainant.	
R7-5-507(E): The notice of final action to be taken should be sent not only to the complainant but also to the charter holder.	The comment is correct.	A provision was added requiring Board staff to send the notice of the final action to be taken to the charter holder.
R7-5-508(A)(1): The reference to R7-5-503(D) needs to be updated as the proposed rules do not contain such a rule.	The comment is correct.	The reference to R7-5-503(D) was changed to R7-5-401(D).
R7-5-508: Arizona law allows a charter school authorizer to make decisions about a charter based on whether the charter holder is meeting the authorizer's academic performance expectations or making "sufficient progress" towards those expectations. R7-5-508 recognizes this and allows the Board to require a charter holder to demonstrate sufficient progress. However, the rule does not address the contents or format of what charter holders	Under previous versions of the Board's academic performance framework, a charter holder that operated a school that didn't meet the Board's academic performance expectations was required to submit a detailed document to demonstrate progress toward meeting the expectations. The current academic framework states, "A Charter Holder that has one or more schools that receive an Overall Rating of 'Does Not Meet Standard' or 'Falls Far	To reflect accurately the requirements of the current academic performance framework and to eliminate confusion, revisions were made to R7-5-508 clarifying the demonstration of sufficient progress process.

will be required to submit.	Below Standard' for three consecutive years has failed to demonstrate sufficient progress." Now, instead of requiring a submission from a charter holder to demonstrate sufficient progress, the determination of sufficient progress is based on the charter holder's year-to-year academic performance.	
R7-5-508(B)(3): There are no guidelines for the Board's determination of the deadline, including that it must be reasonable in light of the factors identified by the Board in subsection (B)(2). A reasonable deadline should take into account why a school is not meeting the academic performance expectations, and it will necessarily depend on a host of facts that are specific to each school. Moreover, requiring the Board to set a deadline before it receives a school's demonstration of sufficient progress necessarily eliminates the Board's consideration of information that is likely relevant to setting that deadline.	Analysis provided for the public comment on R7-5-508 (see row above) is applicable to this comment as well.	As part of the changes made as a result of public comment received for R7-5-508 (see previous row), subsections (B)(1) through (B)(3) were deleted.
R7-5-510: Appreciation expressed for the specific	The Board appreciates the support.	No change

timelines set for compliance within the correction action plan section before further Board action is to be taken.		
R7-5-510(A): The CAP requirement is triggered when the Board receives information that a charter holder is not in compliance with its charter or laws, which is a lower threshold than a determination that the charter holder is not in compliance with contractual or legal requirements. In addition, overlap may exist between this rule and other rules. For example, a charter holder required to respond to a complaint could also be required to submit a CAP. The rule should be revised to delineate the specific circumstances under which a CAP will be required.	The rule, as written, does not fully align with Board processes. The Board requires a charter holder to submit a CAP only for issues identified during site visits, audits, or as a result of actions taken by the Board to withhold up to 10% of the charter holder's monthly state aid (R7-5-601(D)(2) and R7-5-605).	Specific references to CAPs were added to R7-5-502(G) and R7-5-505(D), which pertain to site visits. R7-5-510(A) was revised to focus the CAP requirement to site visits, audits, and withholding of a charter holder's monthly state aid.
R7-5-510(B)(2): Suggested adding "deficiency" since some problems will not be offenses, which technically must be a violation of law, not merely a violation of a contract provision.	The comment is correct.	The provision was changed to "A description of the issue" to align with the changes identified in item 10 and to use the same term consistently throughout the rules.
R7-5-607(B)(1)(c): The charter holder should be allowed to provide additional context and its views on the Board's decision in	The rule, as written, does not fully align with Board processes. Under current processes, the written notice provided by the	The provision was changed to indicate that the written notice provided by the charter holder shall include the three items

the notice provided to parents and staff and not be limited to only providing the Board's side of the story. The date and time of the hearing on the notice of intent to revoke may not be known within 48 hours of the issuance of the notice.	charter holder must include the items specified in this rule, but is not limited to only these items. The 48 hours is from when the charter holder receives the notice of intent to revoke and not from when the Board votes to issue a notice of intent to revoke. The notice of intent to revoke provided to the charter holder includes the date, time and location of the hearing set with the Office of Administrative Hearings.	identified in the rule. R7-5-607(B) and R7-5-607(B)(1) were revised to clarify that the hearing information is included with the notice of intent to revoke provided to the charter holder.

12. All agencies shall list any other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

None

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

Charters issued under Article 2 and post-charter actions made under Article 3 are general permits consistent with A.R.S. § 41-1037 because they are issued to qualified individuals or entities to conduct activities that are substantially similar in nature.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

There are numerous federal laws that apply to public schools. However, no federal law is directly applicable to the subject of these rules. The rules are no more stringent than federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

No analysis was submitted.

13. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rule:

None

14. Whether the rule was previously made, amended, or repealed as an emergency rule. If so, cite the notice published in the *Register* as specified in R1-1-409(A). Also, the agency shall state where the text was changed between the emergency and the final rulemaking packages:

None of the rules in this rulemaking was made, amended, or repealed as an emergency rule.

15. The full text of the rules follows:

TITLE 7. EDUCATION

CHAPTER 5. STATE BOARD FOR CHARTER SCHOOLS

ARTICLE 1. GENERAL PROVISIONS

Section

R7-5-101. Definitions

ARTICLE 2. APPLICATION FOR A NEW ~~CHARTERS~~ CHARTER; APPLICATION FOR CHARTER REPLICATION

Section

R7-5-201. Application for a New Charter

R7-5-202. New Charter Application Processing Fee

R7-5-203. ~~Time-frames~~ Time Frames for Granting or Denying a New Charter

R7-5-204. Review of Administratively Complete Application Package for a New Charter, Technical Assistance, and ~~In-Person~~ In-person Interview

R7-5-205. Execution of a New Charter

R7-5-206. ~~Good Cause~~ Good-cause Extension to Execute a New Charter

R7-5-207. ~~Good Cause~~ Good-cause Suspension of a New Charter

R7-5-208. Application for Replication Charter

ARTICLE 3. ~~CHARTER OVERSIGHT~~ POST-CHARTER ACTIONS

R7-5-301. Application for Charter Renewal; Early Renewal of Charter

R7-5-302. Charter Transfer Application

R7-5-303. Charter Amendment Requests

ARTICLE 4. ~~AMENDMENT TO A CHARTER~~ MINIMUM PERFORMANCE EXPECTATIONS

R7-5-401. ~~Amendment to a Charter~~ Minimum Academic Performance Expectations

R7-5-402. Minimum Financial Performance Expectations
R7-5-403. Minimum Operational Performance Expectations
R7-5-404. Development and Use of Performance Frameworks

ARTICLE 5. ~~AUDITS AND AUDIT CONTRACTS~~ CHARTER SUPERVISION

Section

~~R7-5-301.~~ R7-5-501. ~~Audit Guidelines~~ General Supervision~~, Oversight, and Administrative Responsibility~~
~~R7-5-303.~~ R7-5-502. ~~Approval of Audit Contracts~~ Site Visits~~; Records; Notice of Violation~~
R7-5-503. ~~Audit Completeness Determinations~~ Annual Academic Performance Review
R7-5-504. ~~Review of Complete Audit~~ Annual Audit and Financial Performance Review
R7-5-505. Annual Operational Performance Review
R7-5-506. Five-year-interval Review
R7-5-507. Complaints
R7-5-508. Demonstration of Sufficient Progress towards Minimum Academic Performance Expectations
R7-5-509. Financial Performance Response
~~R7-5-302.~~ R7-5-510. Corrective Action Plan

~~ARTICLE 3.~~ ARTICLE 6. CHARTER OVERSIGHT

Section

~~R7-5-304.~~ R7-5-601. ~~Disciplinary Action~~ Charter Oversight; General Provisions
R7-5-602. Oversight of Charter Schools Assigned a Letter Grade of "F" by the Department
R7-5-603. Oversight of Charter Schools Assigned a Letter Grade of "D" by the Department
R7-5-604. Civil Penalty for Fingerprinting Violations
R7-5-605. Withholding State Funds
R7-5-606. Consent Agreement
R7-5-607. Revocation

ARTICLE 1. GENERAL PROVISIONS

R7-5-101. Definitions

~~For the purpose of~~ In this Chapter, the following definitions apply:

"Academic performance dashboard" means color-coded graphics that represent a charter school's academic performance by measure for the three most recent fiscal years and identifies whether the schools operated by the charter holder meet the minimum academic performance expectations.

"Academic Performance Framework" means a document publicly available and posted on the Board's web site that sets forth the minimum academic performance expectations for charter schools, measures of progress towards meeting the expectations, and consequences of failing to meet the expectations.

"Accounting industry regulatory body" means any state or federal regulatory body that has ~~the~~ authority to discipline a certified public accountant or audit firm.

"Administrative completeness review ~~time-frame~~ time frame" means the number of days from the Board's receipt of a submission for Board consideration until the Board staff determines whether the submission contains all components and is formatted as required by statute and rule. ~~The administrative completeness review time-frame does not include the period during which the Board performs a substantive review of the submission.~~

"Annual application cycle" means ~~a new charter application~~ the process ~~which is conducted~~ the Board conducts each year to receive and review new charter application packages and grant or deny ~~charters for the operation of new~~ a charter ~~schools and is based on the earliest fiscal year in which a new charter school may begin operation~~.

"Applicant" means a person that applies to the Board for a new charter~~, a person who applies to transfer a charter from another charter school sponsor, a charter holder who applies to renew or replicate a charter sponsored by the Board, or a charter holder who applies to transfer an existing charter school site operated under a charter sponsored by the Board to a separate Board-sponsored charter held by the same charter holder~~.

"Application" means the Board-approved forms and instructions used by an applicant or charter holder to apply for a new charter, transfer a charter as provided under R7-5-302(A)(1), transfer a charter school as provided under R7-5-302(A)(2), or renew or replicate a charter sponsored by the Board.

"Application package" means an application form, narratives, and documents, including exhibits and attachments, ~~as~~ submitted by an applicant or charter holder.

"ASBCS Online" means the Board's web-based interface, which is accessible through the web site of the Arizona State Board for Charter ~~Schools' website~~ Schools.

"Audit" means a charter holder's annual audit~~, as~~ required ~~by~~ under A.R.S. § 15-914.

"Audit contract" means an engagement letter provided by an audit firm that describes the terms of a contract between a charter holder and the audit firm.

~~"Audit firm" means a business that conducts an independent audit for a charter school.~~

~~"Audit guidelines" means the Board-approved general guidance on charter school audit requirements, which is available online.~~

"Authorized representative" means an individual with the power to bind an applicant contractually according to the applicant's Articles of Incorporation, operating agreement, or by-laws.

"Board" means the Arizona State Board for Charter Schools.

"CAP" means corrective action plan.

"Charter" means a contract between a person and the Board to operate a charter school under A.R.S. § 15-181 et seq.

"Charter holder" means a person that enters into a charter with the Board.

"Charter representative" means an individual with the power to bind a charter holder contractually according to the charter holder's Articles of Incorporation, operating agreement, or by-laws and is the point of contact ~~for~~ with the Board for the purposes of communication and accountability to ~~contract~~ charter terms and conditions.

"Charter school" ~~means a public school operated under a charter granted under A.R.S. § 15-181 et seq~~ has the meaning specified at A.R.S.§ 15-101.

"Date of notice" means the date on which an electronic notification is sent by the Board to an applicant or charter holder through the authorized representative or charter representative.

"Day" means a business day.

"Demonstration of sufficient progress" means the process for a charter holder to show the charter holder is making progress towards achieving the minimum academic performance expectations specified in the Academic Performance Framework.

"Department" means the Arizona Department of Education.

"Education Service Provider" means an organization that contracts with or has a governance relationship with an applicant or charter holder to provide comprehensive services.

"Financial performance dashboard" means a color-coded graphic that represents a charter holder's financial performance by measure for the two most recent audited fiscal years and identifies whether the charter holder's financial performance meets the minimum financial performance expectations.

"Financial Performance Framework" means a document publicly available and posted on the Board's web site that sets forth the minimum financial performance expectations for charter holders, measures of performance, and consequences of failing to meet the expectations.

"Fiscal year" means the 12-month period beginning July 1 and ending June 30.

~~"Good standing" means that a supervising certified public accountant or audit firm has no current or pending disciplinary action or any regulatory action that requires the supervising certified public accountant or audit firm to complete conditions specified by an accounting industry regulatory body.~~

"Operational performance dashboard" means a color-coded graphic that represents a charter holder's operational performance by measure for up to the five most recent fiscal years and identifies whether the charter holder's operational performance meets the minimum operational performance expectations.

"Operational Performance Framework" means a document publicly available and posted on the Board's web site that sets forth the minimum operational performance expectations for charter holders, measures of performance, and consequences of failing to meet the expectations.

"Overall ~~time-frame~~ time frame" means the number of days after receipt of a submission for Board consideration until the Board decides whether to grant or deny the request contained ~~within~~ in the submission. The overall ~~time-frame~~ time frame consists of both the administrative completeness review ~~time-frame~~ time frame and the substantive review ~~time-frame~~ time frame.

"Peer review" means an external ~~quality control~~ quality-control review, ~~as~~ required by generally accepted government auditing standards, ~~that~~ which determines whether an audit firm's internal ~~quality control~~ quality-control system ~~is in place and~~ exists, is operating effectively, and provides assurance that established policies and procedures and applicable auditing standards are being followed.

"Performance expectations" means the minimum academic, financial, and operational performance expectations established by the Board.

"Person" means an individual, partnership, corporation, association, or public or private organization of any kind.

~~"Preliminary application package" means an administratively complete application package that is forwarded to the Technical Review Panel for scoring.~~

"Principals" means the officers, directors, members, partners, or board of an applicant or charter holder.

~~"Revised application package" means an application package including revisions submitted by an applicant after receiving written notification that the applicant's preliminary application package failed to meet the scoring requirements of R7-5-204.~~

"Serious impact finding" means an issue identified by the Board that ~~in the opinion of~~ the Board believes has or potentially has a ~~significant~~ detrimental impact on the operation of the charter school or students, such as threat to the health and safety of children, failure to meet the academic needs of ~~the~~ children, gross violation of generally accepted accounting principles that increases the opportunity for fraud or theft, or ~~repeat~~ repeated issues of ~~non-compliance~~ noncompliance.

~~"Submission deadline" means a date and time established each year by the Board and identified in the application for a new charter by which a new charter application package shall be submitted to the Board to be considered in a specified annual application cycle.~~

"Substantive review ~~time frame~~ time frame" means the number of days after a submission for Board consideration is determined to be administratively complete until the Board decides whether to grant or deny the request contained ~~within~~ in the submission.

"Sufficiently qualified" means the Board's determination that an applicant's ~~application package,~~ knowledge ~~and understanding of the application package~~, experience, qualifications, current and prior charter compliance, capacity, personal and professional background, and creditworthiness indicate an ability to implement a charter or operate a charter school in accordance with federal and state law and the performance ~~frameworks adopted~~ expectations established by the Board ~~and requirements of statute and rule~~.

"Supervising certified public accountant" means the certified public accountant responsible for leading the audit ~~work~~ of a charter school or signing the final audit report.

"Technical Review Panel" means individuals approved by the Executive Director of the Board who use their expertise in charter school development, curriculum, and finance to assist ~~in the evaluation of a preliminary or revised~~ the Executive Director by conducting a preliminary evaluation of an application package.

ARTICLE 2. APPLICATION FOR A NEW ~~CHARTERS~~ CHARTER; APPLICATION FOR CHARTER REPLICATION

R7-5-201. Application for a New Charter

A. By March 31 of each year, the Board shall approve and make available ~~online at its web site~~ on ASBCS Online an application for a new charter for a specified annual application cycle.

B. A person ~~desiring~~ that wants to establish a charter school shall submit ~~an~~ a complete application package ~~online through the web-based application wizard on ASBCS Online~~ by the submission deadline identified in the application.

C. A person may ~~utilize an alternate submission process~~ submit a complete application package by using:

1. The web-based application wizard on ASBCS Online; or
2. An alternative submission process. Before using an alternative submission process, the person shall

~~1.~~ ~~A person utilizing the alternate submission process shall submit by~~ hand ~~delivery~~ deliver or mail a signed, notarized waiver request to the Board, in the form and by the waiver deadline ~~set out~~ identified in the application, and shall waive the right to have the Board consider an application package submitted through ASBCS Online during the same annual application cycle.

~~2.~~ ~~The Board shall send an acknowledgment of timely receipt of a waiver request within 10 days of receipt~~

~~of a waiver request.~~

3. ~~Any person who submits a timely waiver request waives the right to have the Board consider any application package submitted through ASBCS Online in the same annual application cycle. Instead, such a person shall only submit an application package according to the alternate submission process instructions and by the alternate submission process submission deadline identified in the application.~~

4. ~~An~~ The Board shall not accept an application package ~~shall not be accepted~~ through the alternative submission process unless a waiver request has been ~~received~~ submitted by the waiver deadline and acknowledged as timely by the Board.

~~C.~~**D.** An applicant for a new charter shall ensure ~~that~~ the submitted application package contains all the information, materials, documents, and attachments identified in the application ~~for a new charter for the current annual application cycle~~ and A.R.S. § 15-183(A), including the new charter application processing fee specified under R7-5-202, and is in the format specified in ~~that~~ the application~~, which shall together constitute:~~ .

1. ~~A detailed educational plan,~~
2. ~~A detailed business plan,~~
3. ~~A detailed operational plan, and~~
4. ~~Any other materials the Board requires~~.

R7-5-202. New Charter Application Processing Fee

~~Each applicant shall pay~~ As specifically authorized under A.R.S. § 15-183(CC), the Board establishes and shall collect a new charter application processing fee~~, in accordance with A.R.S. § 15-183(CC)~~ of $6,500 for each application package submitted to the Board.

1. ~~The new charter application processing fee is $6,500 for each application package an applicant submits to the Board.~~

~~2.~~1. ~~Each~~ An applicant shall pay the new charter application processing fee in the form of a single personal ~~check~~ or cashier's check ~~with the applicant's name clearly identified on the front of the check~~ that:

   a. Is made payable to Arizona State Board for Charter Schools~~.~~,
   b. Has the applicant's name imprinted on the front of the check, and
   c. ~~The check shall be~~ Is delivered by mail or hand ~~delivery~~ to the Board office during regular business hours by the submission deadline.

~~3.~~2. ~~Failure to timely submit the new charter application processing fee shall result in the~~ Board staff shall deem an application package ~~being deemed~~ administratively incomplete under R7-5-203(B) if the new charter application processing fee is not received by the submission deadline.

~~4.~~3. ~~All~~ Board staff shall deposit all checks ~~shall be deposited~~ within five days of submission. If an applicant's ~~new charter application processing fee payment to the Board~~ check is dishonored for any reason ~~including~~

~~an insufficient funds check~~ ,Board staff shall:

a. ~~The application package shall be deemed~~ Deem the application package administratively incomplete under R7-5-203(B), and

b. ~~The applicant shall use a cashier's check to pay the new charter application processing fee for any application package submitted to the Board by the applicant at any later date~~ Require the applicant to pay any future fees to the Board by cashier's check.

~~5.~~4. If an application package is found to be administratively incomplete~~,~~ under R7-5-203(B)~~,~~ and the applicant paid the new charter application processing fee, the Board shall refund the fee ~~shall be refunded~~ to the applicant~~. The fee refund shall be mailed by U.S. Postal Service regular mail~~ by mailing a refund check to the authorized representative at the address provided in the application package.

~~6.~~5. If an application package is found to be administratively complete under R7-5-203(B), the new charter application processing fee ~~shall become~~ becomes non-refundable except as required under A.R.S. § 41-1077(A).

R7-5-203. ~~Time frames~~ Time Frames for Granting or Denying a New Charter

A. For granting or denying a new charter, the ~~time frames required~~ time frames are:

1. Administrative completeness review ~~time frame~~ time frame: 25 days;
2. Substantive review ~~time frame~~ time frame: 175 days; and
3. Overall ~~time frame~~ time frame: 200 days.

B. An ~~application package for a charter school~~ applicant for a new charter shall ~~be~~ submit to the Board an administratively complete ~~if~~ application package by the submission deadline. An application package is complete if:

1. The application package is from the current application cycle;

~~1.~~2. The application package contains all the information, materials, documents, attachments, signatures, and notarizations identified in the application ~~for a new charter for the current annual application cycle~~;

~~2.~~3. All the application package's components are formatted as required ~~by that application~~;

~~3.~~4. All curriculum samples address the required standard;

~~4.~~5. All templates are unmodified~~, completely filled out~~ and completed~~, and from the current annual application cycle~~; and

~~5.~~6. The application processing fee ~~has been paid according to~~ required under R7-5-202~~(1), (2), and (4)~~ is paid.

C. The administrative completeness review ~~time frame, as~~ time frame listed in subsection (A)(1)~~,~~ begins the day after the Board receives an application package.

D. If an application package is administratively complete, Board staff shall send the applicant a written notice of administrative completeness.

E. If an application package is administratively incomplete, Board staff shall:

1. ~~If the application package is administratively incomplete when received, the Board staff shall provide to~~ Send the applicant a written notice of deficiency that states the reasons the application package ~~was found to be~~ is administratively incomplete~~.~~ ;
2. ~~Upon written notice to the applicant that the application package is administratively incomplete, the Board staff shall~~ Administratively close the applicant's file~~.~~ ; and
3. Refund the new charter application processing fee paid under R7-5-202.

~~a.~~ **F.** If an applicant receives a written notice of deficiency under subsection (E) and if the submission deadline has not yet passed, ~~an~~ the applicant may correct the deficiencies in ~~an~~ the administratively incomplete application package and submit a new application package in the same annual application cycle~~, under~~ by complying with R7-5-201~~; the applicant shall pay a new application processing fee, under R7-5-202~~.

~~b.~~ **G.** ~~An~~ If an applicant receives a written notice of deficiency under subsection (E) and ~~who~~ believes ~~their~~ the application package was erroneously designated as administratively incomplete, the applicant may submit a written request for reconsideration to the Board within 10 days ~~of~~ after the date of the notice of deficiency.

~~i.~~ **H.** ~~The~~ An applicant that submits a written request for reconsideration under subsection (G) shall ensure the request: ~~for reconsideration shall contain~~

1. Contains a clear statement indicating how the previously submitted application package fulfilled each of the requirements ~~that were~~ identified as ~~having been~~ deficient~~.~~; and
2. ~~The request for reconsideration shall not provide any~~ Has no new or additional information, documents, or materials included or attached.

~~ii.~~ **I.** ~~A~~ Within 10 days after receiving a request for reconsideration, Board staff shall review the request and:

1. Determine whether the request complies with the requirements in subsection (H) and if not, ~~that does not address each deficiency identified in the notice or that contains new or additional information, documents, or materials shall not be considered and~~ send the applicant notice ~~shall be notified that~~ the request was not submitted ~~according to subsection (i) and the applicant's~~ properly and the applicant's file ~~is~~ remains closed~~.~~;

~~iii. The Board staff shall review a request for reconsideration that is submitted according to subsection (i) and provide a decision on the request for reconsideration within 10 days of receipt.~~

~~iv.~~ 2. If ~~the~~ Board staff determines the application package was erroneously designated as administratively incomplete, ~~the Board staff shall~~ reopen the applicant's file and send the applicant a written notice of administrative completeness ~~to the applicant.~~ ; or

3. If ~~the~~ Board staff determines the application package was correctly designated as administratively incomplete, send the applicant notice the applicant's file ~~shall remain~~ remains closed.

~~3. If the application package is administratively complete, the Board shall send a written notice of administrative completeness to the applicant.~~

~~4.~~ **J.** If ~~the~~ Board staff does not provide a notice of deficiency or administrative completeness to the applicant within the administrative completeness review ~~time-frame~~ time frame, the application package is deemed administratively complete.

~~**D.**~~**K.** ~~A~~ The substantive review ~~time-frame, as~~ time frame listed in subsection (A)(2)~~,~~ begins when an application package is determined to be administratively complete. ~~The~~ Board staff shall ensure the substantive review is conducted according to R7-5-204.

~~**E.**~~**L.** Within the time provided in subsection (A)(3), ~~the~~ Board staff shall provide the applicant with written notice of ~~it's~~ the Board's decision to grant or deny a charter.

1. The Board shall deny a charter if ~~it~~ the Board determines ~~that~~ the application package does not meet the requirements of statute or rule or the applicant is not sufficiently qualified to operate a charter school. ~~The~~ Board staff shall include in the written notice ~~shall include~~ the basis for the denial and other information required under A.R.S. § 41-1092.03. ~~The~~ An applicant that receives a notice of denial may:
   a. Submit a new application package under R7-5-201 ~~for consideration by the Board~~ in ~~any~~ a later annual application cycle; or
   b. Appeal the Board's decision under A.R.S. Title 41, Chapter 6, Article 10.
2. The Board shall grant a charter if it determines that the application package meets the requirements of statute and rule and the applicant is sufficiently qualified to operate a charter school.

R7-5-204. Review of Administratively Complete Application Package for a New Charter, Technical Assistance, and ~~In Person~~ In-person Interview

A. The Board shall ensure ~~review of~~ an administratively complete application package for a new charter is reviewed as follows:

1. The Technical Review ~~panel~~ Panel shall score ~~the preliminary~~ an application package using the evaluation criteria identified in the application to determine whether ~~an~~ the application package meets the Board's ~~scoring~~ requirements.

~~a.~~ 2. ~~An~~ The Technical Review Panel shall assign an application package ~~shall be assigned~~ a score of "Meets the Criteria," "Approaches the Criteria," or "Falls ~~Below~~ below the Criteria" for each evaluation criterion.

~~i.~~ a. ~~An~~ The Technical Review Panel shall score an evaluation criterion ~~shall be scored~~ "Meets the Criteria" when the application section within which that evaluation criterion is identified ~~by the application~~:

~~(1)~~ i. Addresses the evaluation criterion fully with specific and accurate information;

~~(2)~~ ii. Reflects a thorough understanding of the evaluation criterion; and

~~(3)~~ iii. Is clear and coherent.

~~ii.~~ b. ~~An~~ The Technical Review Panel shall score an evaluation criterion ~~shall be assigned a score of~~ "Approaches the Criteria" when the application section within which that evaluation criterion is

identified ~~by the application~~:

~~(1)~~ i. Addresses the evaluation criterion partially ~~and~~ or lacks specific and accurate information for some aspect of the evaluation criterion;

~~(2)~~ ii. Presents a partial understanding of the evaluation criterion; or

~~(3)~~ iii. Is not clear and coherent.

~~iii.~~ c. ~~An~~ The Technical Review Panel shall score an evaluation criterion ~~shall be assigned a score of~~ "Falls ~~Below~~ below the Criteria" when the application section within which that evaluation criterion is identified ~~by the application does not~~ fails to address the evaluation criterion.

~~b.~~ 3. An application package meets the Board's ~~scoring~~ requirements if:

~~i.~~ a. No evaluation criterion ~~receives a score of~~ is scored "Falls ~~Below~~ below the Criteria;"

~~ii.~~b. No more than one evaluation criterion in each application section is scored ~~as Approaching~~ "Approaches the Criteria;" and

~~iii.~~ c. ~~The application package receives a score of Meets the Criteria for at~~ At least 95~~%~~ percent of the evaluation criteria in ~~each plan (~~ the educational plan, operational plan, and business plan~~)~~ is scored "Meets the Criteria."

~~2.~~ **B.** ~~The~~ Board staff shall conduct a background and credit check of each principal and authorized representative of the applicant and ~~confirm~~ determine whether each principal and authorized representative possesses a valid fingerprint clearance card issued by the State of Arizona.

~~a.~~ If ~~issues arise from the information obtained~~ an issue arises during the background and credit ~~checks~~ check of any principal or authorized representative, ~~the~~ Board staff shall provide the ~~pertinent~~ principal or authorized representative written notice of the ~~issues~~ issue and ~~the principal will have the~~ an opportunity to provide a written response ~~clarifying~~ addressing the ~~information~~ issue. The Board shall consider information obtained from the background and credit check when making the decision to grant or deny a new charter.

~~b. Information obtained and communications conducted during this process shall be considered by the Board in making its decision on whether to grant or deny a charter.~~

~~3.~~ **C.** ~~The Board staff shall notify the applicant if the preliminary~~ If an application package fails to meet the ~~scoring~~ Board's requirements ~~as evaluated by the Technical Review Panel~~ specified under subsection (A)(3), Board staff shall provide written notice to the applicant. ~~The~~ Board staff shall ~~provide~~ include in the notice:

1. The reasons the application package ~~fails~~ failed to meet the ~~scoring~~ Board's requirements; ~~and include the~~
2. ~~comments~~ Comments of the Technical Review Panel, which will serve as technical assistance and suggestions for improving the application package; and
3. The options specified under subsection (D).

~~4.~~ **D.** ~~An~~ If an applicant ~~who~~ receives ~~notification that a preliminary application package fails to meet the~~

~~scoring requirements as evaluated by the Technical Review Panel~~ notice under subsection (C), the applicant may, within 20 days of the date of notice, submit to the Board:

1. ~~a~~ A revised application package, or ~~a~~
2. A written request that the ~~preliminary~~ previously submitted and scored application package be forwarded to the Board.

~~5.~~ **E.** If ~~a revised application package or written request is not submitted to the Board within 20 days of the date of notice that a preliminary application package fails to meet the scoring requirements~~ an applicant that receives notice under subsection (C) fails to act under subsection (D), ~~the~~ Board staff shall close the applicant's file. An applicant whose file is closed and ~~who~~ wants to obtain a new charter shall apply again under R7-5-201 in ~~any~~ a later annual application cycle.

~~6.~~ **F.** If ~~a~~ an applicant submits a revised application package ~~is submitted~~ under subsection (D), the Technical Review Panel shall score the revised application package ~~using the scores and scoring requirements described in subsection (1)~~ as specified under subsection (A).

~~7.~~ If ~~a~~ the revised application package fails to meet the ~~scoring~~ Board's requirements as ~~evaluated by the Technical Review Panel~~ specified under subsection (A)(3), ~~the~~ Board staff shall ~~notify~~ provide written notice to the applicant of the intent to close the file. ~~The~~ Board staff shall include with the notice the comments of the Technical Review Panel.

~~8.~~ **G.** An applicant ~~who~~ that receives ~~notification of the Board staff's intent to close the file~~ notice under subsection (F) may, within 20 days ~~of~~ after the date of notice, submit a written request that the revised application package be forwarded to the Board.

~~9~~. If a written request is not submitted ~~to the Board within 20 days of the date of notice that a revised application package fails to meet the scoring requirements~~, ~~the~~ Board staff shall close the applicant's file. An applicant whose file is closed and ~~who~~ wants to obtain a charter shall apply again under R7-5-201 in ~~any~~ a later annual application cycle.

~~10.~~ **H.** At least 30 days ~~prior to~~ before the last Board meeting before the substantive review ~~time frame~~ time frame expires, and within 90 days ~~of the determination that a preliminary or revised~~ after determining an application package meets the ~~scoring~~ Board's requirements ~~as evaluated by the Technical Review Panel,~~ under subsection (A)(3) or ~~the receipt of~~ receiving an applicant's request under subsection ~~(4)~~ (D)(2) or ~~(8)~~ (G), ~~that the Board consider an application package that fails to meet the scoring requirements as evaluated by the Technical Review Panel,~~ the principals and authorized representative of the applicant shall make themselves available for an in-person interview with two or more members of the Technical Review Panel. In the interview, the members of the Technical Review Panel shall assess:

~~a.~~ 1. The applicant's understanding of the components presented in the ~~written~~ application package;

~~b.~~ 2. The applicant's capacity to implement a plan to operate a charter school in accordance with the performance ~~frameworks adopted~~ expectations established by the Board;

~~c.~~ 3. The applicant's clarification of any ~~issues that arise~~ issue revealed in the course of the due diligence process for ~~any~~ the applicant~~,~~ any principal, authorized representative, or Education Service Provider; and

~~d.~~ 4. Any other ~~factors~~ factor relevant to determining whether the applicant is sufficiently qualified to operate a charter school.

~~11.~~ **I.** Board staff shall provide an applicant with at least seven days written notice of the date, time, and place of the meeting at which the Board will consider the applicant's application package and ~~The Board shall consider an application package to~~ determine ~~whether to approve or deny the application package an~~d whether to grant or deny ~~the~~ a new charter ~~if the Technical Review Panel determines that the application package meets or exceeds the scoring requirements or if~~ to the applicant ~~requests under subsection (4) or (8) that the Board consider an application package that fails to meet the scoring requirements as evaluated by the Technical Review Panel~~.

~~a. For the purpose of deciding whether to approve or deny the application package, the Board shall consider:~~

~~i. The application package; and~~

~~ii. A copy of the scoring rubric completed by the Technical Review Panel.~~

~~b. For the purpose of deciding whether to grant or deny a new charter, the~~ The Board shall use the following information to determine whether the applicant is sufficiently qualified ~~by considering the following~~ to operate a charter school:

~~i.~~ 1. The application package;

~~ii.~~ 2. ~~A copy of the~~ The scoring rubric completed by the Technical Review Panel;

~~iii.~~ 3. The results of the in-person interview of the applicant's principals and authorized representative;

~~iv.~~ 4. Information obtained through ~~verification an~~d investigation and verification of the employment, experience, and education backgrounds ~~including employment, experience, education~~, fingerprint clearance card, and ~~assessment of~~ creditworthiness ~~for each~~ of ~~the principals~~ each principal and authorized representative of the applicant;

~~v.~~ 5. Information concerning any current or former charter operations for any principal, authorized representative, or Education Service Provider ~~or principal~~ of the applicant;

~~vi.~~ 6. ~~A~~ Board staff report; and

~~vii.~~ 7. Testimony presented at the Board meeting.

~~12. The Board shall provide an applicant, with at least seven days written notice of the date, time, and place of the meeting at which the Board will consider the applicant's application package.~~

J. After the Board meeting held under subsection (I), Board staff shall provide written notice to the applicant regarding the Board's decision to grant or deny a new charter to the applicant. If the Board denies a new charter to the applicant, the Board shall include the information required under A.R.S. § 41-1092.03 in the

written notice.

R7-5-205. Execution of a New Charter

A. After the ~~Board's decision~~ Board decides to grant a new charter~~, and~~ but before the charter is signed, the applicant shall submit to the Board the following:

1. ~~No change~~ A completed I.R.S. Form W-9, Request for Taxpayer Identification Number and Certification, obtained from the Department or online at https://www.irs.gov/pub/irs-pdf/fw9.pdf;
2. ~~Charter school site location~~ The following information ~~including~~ for each charter school approved for educational use:
   a. Certificate of occupancy ~~for each charter school site approved for educational use,~~; and
   b. Fire marshal report ~~for each charter school site approved for educational use,~~; or
   c. If either the certificate of occupancy ~~and~~ or fire marshal report ~~are~~ is not available, a completed Occupancy Compliance Assurance and Understanding form obtained from the Board;
3. A completed General Statement of Assurances form obtained from the Department;
4. A statement indicating where all public notices of meetings will be posted as required ~~by the Secretary of State~~ under A.R.S. § 38-431.02; and
5. ~~Copy~~ A copy of the lease agreement or other documentation of a secured charter school facility for each charter school ~~site~~.

B. ~~A charter shall be signed by the~~ The Board President or designee and authorized representative of the applicant shall sign the charter within 12 months after the Board's decision to grant the charter.

1. If ~~a~~ the charter is not timely signed, the Board's decision to grant the new charter expires~~,~~ unless the applicant applies for and is granted a ~~good cause~~ good-cause extension to execute the charter under R7-5-206.
2. If an applicant ~~who~~ that is granted a new charter but does not timely sign the charter and does not obtain a ~~good cause~~ good-cause extension wants to obtain a new charter, the applicant shall apply again under R7-5-201 in ~~any~~ a later annual application cycle.

C. A charter holder shall begin providing educational instruction no later than the second fiscal year after the Board's decision to grant the charter~~,~~ unless the charter holder is granted a ~~good cause~~ good-cause extension to execute a charter under R7-5-206 or ~~good cause~~ good-cause suspension of a charter under R7-5-207.

1. A charter holder ~~who~~ that is granted a ~~good cause~~ good-cause extension to execute a charter under R7-5-206 or ~~good cause~~ good-cause suspension of a charter under R7-5-207 shall begin providing educational instruction no later than the third fiscal year after the Board's decision to grant the charter.
2. If a charter holder does not begin providing educational instruction as required ~~by subsections~~ under subsection (C) ~~and~~ or (C)(1), the Board shall issue the charter holder a notice of intent to revoke the charter in accordance with A.R.S. § 15-183(I).

D. ~~A~~ At least 10 days before beginning to provide educational instruction, a charter holder shall submit to the Board the following written proof that the charter school is in compliance with federal, state, and local ~~rules, regulations, and statutes~~ laws relating to health, safety, civil rights, and insurance ~~at least 10 days before the first day it will begin providing educational instruction by submitting~~:

1. Charter school ~~site~~ contact information;
2. Insurance policy binder issued by an insurance company licensed to do business in Arizona;
3. County health certificate for each ~~site~~ charter school at which students will be taught;
4. Evidence of a public meeting, required by A.R.S. § 15-183(C)(7), at least 30 days before the charter holder opens a ~~site for the~~ charter school;
5. Certificate of attendance of the charter representative or principal at the special education training for new charters offered by the ~~Department's Exceptional Student Services Division~~ Department; and
6. Any other documents required to demonstrate compliance with federal, state, and local ~~rules, regulations, and statutes~~ laws relating to health, safety, civil rights, and insurance.

E. If a charter holder ~~has completed~~ submitted an Occupancy Compliance Assurance and Understanding form under subsection (A)(2), the Board shall not advise the Department to initiate state aid funding ~~shall not initiate~~ until ~~the~~ Board staff ~~has determined that~~ determines the required certificate of occupancy and fire marshal report submissions are complete and sufficient.

F. A new charter is effective upon ~~the~~ signing ~~of~~ by both parties for ~~a term of~~ 15 years ~~commencing~~ beginning on the date stated in the charter, unless revoked under A.R.S. § 15-183(I).

R7-5-206. ~~Good Cause~~ Good-cause Extension to Execute a New Charter

A. Before the Board's decision to grant a new charter expires under R7-5-205(B), an applicant ~~who~~ that has not yet executed the charter may submit to the Board a written request for a ~~good cause~~ good-cause extension to execute a charter.

~~1.~~ The applicant shall ensure the written request for a ~~good cause~~ good-cause extension to execute a charter ~~shall~~:

~~a.~~ 1. ~~Explain~~ Explains and ~~provide~~ provides evidence of why the applicant is unable to implement the plans contained in the application package and execute the charter within the allotted 12 months;

~~b.~~ 2. ~~Explain~~ Explains the applicant's new timeline for implementing the plans contained in the application package~~,~~ and why the new timeline is viable and adequate ~~for achieving the proposed~~ to enable the applicant to execute the charter by the new timeline ~~start up date of the school and appropriate for operating a charter school in accordance with the performance frameworks adopted by the Board and requirements of statute and rule.~~; and

~~c.~~ 3. ~~Provide~~ Provides clear and specific action steps with target completion dates that will enable the applicant to implement the plans contained in the application package in accordance with the new

timeline ~~provided~~ and the requirements of R7-5-205(C)(1).

~~2.~~ **B.** The Board ~~may~~ shall grant a ~~good cause~~ good-cause extension to execute a charter if an applicant demonstrates good cause. When ~~considering a request for a~~ deciding whether the applicant demonstrates good cause ~~extension to execute a charter~~, the Board shall consider:

~~a.~~ 1. The timeliness of the ~~submission of the~~ request for a good-cause extension and the proposed extension date;

~~b.~~ 2. The viability of the applicant's new timeline for implementing the plans contained in the application package;

~~c.~~ 3. Whether the new timeline ~~provided by the applicant~~ is adequate to begin providing educational instruction as required under R7-5-205(C)(1) and complies with the plans contained in the application package;

~~d.~~ 4. ~~Unforeseen~~ The circumstances ~~affecting~~ the applicant indicates affected the applicant's ability to execute the charter within the allotted 12 months;

~~e.~~ 5. Whether there have been changes in the principals of the applicant; and

~~f.~~ 6. The ~~status of~~ extent to which the applicant is in compliance with all applicable federal, ~~State~~ state, and local laws~~, and with all of the terms of a charter~~.

~~3.~~ **C.** The Board shall not grant more than one ~~good cause~~ good-cause extension to execute a particular charter ~~to any applicant for the same charter~~.

~~4.~~ **D.** If the Board grants a ~~good cause~~ good-cause extension to execute a charter, the Board shall specify the date by which the applicant shall execute the charter and begin providing educational instruction based on the timeline provided by the applicant and the requirements of R7-5-205(C)(1). If the applicant does not execute the charter by the specified date, the Board's decision to grant the charter ~~shall expire~~ expires.

R7-5-207. ~~Good Cause~~ Good-cause Suspension of a New Charter

A. ~~Prior to~~ Before the first day of the fiscal year ~~that~~ in which a charter holder must begin providing educational instruction, the charter holder, if eligible under subsection (B), ~~of a not-yet-operational charter~~ may submit to the Board a written request for a ~~good cause~~ good-cause suspension of ~~a~~ the charter.

~~1.~~ **B.** A charter holder is eligible to apply for a ~~good cause~~ good-cause suspension of ~~a~~ the charter if:

~~a.~~ 1. The charter holder has not been granted a ~~good cause~~ good-cause extension to execute ~~a~~ the charter,

~~b.~~ 2. The charter holder has not begun providing educational instruction under the charter, and

~~c.~~ 3. The charter holder has not received or has returned state equalization or other state or federal funding for which provision of instruction is a requirement of receipt.

~~2.~~ **C.** The charter holder shall ensure the written request for a ~~good cause~~ good-cause suspension of a charter ~~shall~~:

~~a.~~ 1. ~~Explain~~ Explains and ~~provide~~ provides evidence for why the charter holder is unable to implement the plans contained in the application package and begin providing educational instruction as required under R7-5-205(C);

~~b.~~ 2. ~~Explain~~ Explains the charter holder's new timeline for implementing the plans contained in the application package~~,~~ and why the new timeline is viable and adequate ~~for achieving the proposed start-up date of the school and appropriate for operating~~ to enable the charter holder to operate a charter school in accordance with the charter and performance ~~frameworks adopted~~ expectations established by the Board ~~and requirements of statute and rule.~~ ; and

~~c.~~ 3. ~~Provide~~ Provides clear and specific action steps with target completion dates that will enable the charter holder to implement the plans contained in the application package in accordance with the new timeline ~~provided~~ and the requirements of R7-5-205(C)(1).

~~3.~~ **D.** The Board ~~may~~ shall grant a ~~good cause~~ good-cause suspension of a charter if the charter holder demonstrates good cause. When ~~considering a request for a~~ deciding whether the charter holder demonstrates good cause ~~suspension of a charter~~, the Board shall consider:

1. Whether the charter holder is eligible under subsection (B) for a good-cause suspension of a charter;

~~a.~~ 2. The timeliness of the ~~submission of the~~ request for a good-cause suspension of a charter and the proposed extension date;

~~b.~~ 3. The viability of the charter holder's new timeline for implementing the plans contained in the application package;

~~c.~~ 4. Whether the new timeline ~~provided by the charter holder~~ is adequate to begin providing educational instruction as required under R7-5-205(C)(1) and complies with the plans contained in the application package;

~~d.~~ 5. ~~Unforeseen~~ The circumstances ~~affecting~~ the charter holder indicates affected the charter holder's ability to begin providing educational instruction as required under R7-5-205(C);

~~e.~~ 6. Whether there have been changes in the principals of the charter holder; and

~~f.~~ 7. The ~~status of~~ extent to which the charter holder is in compliance with all applicable federal, ~~State~~ state, and local laws~~,~~ and ~~with all of the~~ terms of the charter.

~~4.~~ **E.** The Board shall not grant more than one ~~good cause~~ good-cause suspension of a particular charter to any charter holder ~~for the same charter and shall not grant a good cause suspension of a charter to any charter holder who previously received a good cause extension to execute a charter for the same charter~~.

~~5. A charter holder who is granted a good cause suspension may execute and submit an amendment to the charter indicating a new effective date which shall conform to the date on which the charter holder shall begin providing educational instruction.~~

~~6.~~ **F.** A charter holder ~~who is~~ granted a ~~good cause~~ good-cause suspension of ~~a~~ the charter shall not apply to receive any state equalization or other state or federal funding for which provision of instruction is a

requirement of receipt until the fiscal year in which the charter holder plans to begin providing educational instruction. ~~and~~ The holder of a suspended charter shall promptly return any ~~such~~ funding it receives ~~prior to~~ before the fiscal year in which it begins providing educational instruction.

~~7.~~ **G.** A charter holder granted a ~~good cause~~ good-cause suspension of a charter shall begin providing educational instruction as required by R7-5-205(C). If a charter holder does not begin providing educational instruction as required, the Board shall issue the charter holder a notice of intent to revoke the charter in accordance with A.R.S. § 15-183(I).

R7-5-208. Application for Replication Charter

A. The charter holder of an existing high quality charter school may be eligible to apply for a replication charter rather than a new charter. A replication charter allows the charter holder to implement the existing educational program, corporate and governance structure, and financial and operational processes at a new charter school.

B. A charter holder that wishes to apply for a replication charter shall submit to the Board a Replication Eligibility form. Board staff shall review the form and determine whether the charter holder is eligible to apply for a replication charter. A charter holder is eligible to apply for a replication charter if the charter holder is in compliance with provisions of its charter, contractual agreements with the Board, federal and state law and this Chapter, and meets the academic eligibility requirements specified in the replication application instructions, which are publicly available and posted on the Board's web site.

C. Within 15 days after receiving a Replication Eligibility form, Board staff shall provide written notice to the charter holder of whether the charter holder may apply for a replication charter and, if eligible, shall make the replication application available to the charter holder.

D. If a charter holder submits an application package for a replication charter by the last business day of September, Board staff shall process the application package in an expedited manner and ensure the application package is considered at the Board's meeting in November.

E. As required under A.R.S. § 41-1073, the Board establishes the following time frames for approving or disapproving a replication charter:

1. Administrative review time frame: 15 days;
2. Substantive review time frame: 50 days; and
3. Overall time frame: 65 days.

F. The provisions at R7-5-205(A), regarding execution of a new charter, apply to a replication charter.

G. R7-5-206, regarding a good-cause extension to execute a new charter, and R7-5-207, regarding good-cause suspension of a new charter, do not apply to a replication charter.

ARTICLE 3. ~~CHARTER OVERSIGHT~~ POST-CHARTER ACTIONS

R7-5-301. Application for Charter Renewal; Early Renewal of Charter

A. The Board shall make available on its web site instructions regarding eligibility and submission requirements for renewal and early renewal of a charter.

B. A charter holder shall submit to the Board electronically through ASBCS Online the renewal application package identified in subsection (E) or the early renewal application package identified in subsection (L). The Board shall not accept a paper submission.

C. The Board shall provide the charter holder at least 72-hours' written notice of the date, time, and location of the Board meeting at which the Board will consider the charter holder's renewal or early renewal application package. The charter holder shall attend the Board meeting.

D. At least 18 months before a charter is scheduled to expire, the Board shall provide the charter holder with a renewal application that is customized based on the charter holder's performance history. The Board shall require a charter holder that does not meet the performance expectations specified in Article 4 to submit more information than a charter holder that does meet the performance expectations.

E. As required under A.R.S. § 15-183(I), a charter holder that intends to seek renewal of the charter shall submit to the Board a renewal application package at least 15 months before the charter is scheduled to expire.

F. The Board shall not consider a renewal application package that is not submitted by the date specified in subsection (E).

G. As part of the charter renewal process, Board staff shall conduct an academic-systems- review site visit, as described in R7-5-506, of the charter holder.

H. The Board shall notify a charter holder of the Board's decision to renew or deny renewal of the charter at least 12 months before the charter is scheduled to expire.

I. As specified under A.R.S. § 15-183(I), the Board may deny renewal of a charter if the Board determines the charter holder failed to meet or make sufficient progress toward the academic performance expectations or failed to meet the operational performance expectations specified in Article 4, complete the obligations of the charter, or comply with federal or state law or this Chapter. If the Board denies renewal of a charter, Board staff shall provide written notice to the charter holder that includes the information required under A.R.S. § 41-1092.03(A).

J. A charter holder is eligible to apply for early renewal of the charter if the charter holder:

1. Submits to the Board a letter of intent to apply for early renewal at least 24 months before the charter is scheduled to expire;
2. Has operated a school under the charter for at least five years;
3. Meets the performance expectations specified in Article 4; and
4. Had no compliance matters within the last three years that required action by the Board or other governmental entity.

K. Within 15 days after receiving a letter of intent to apply for early renewal under subsection (J)(1), Board staff

shall provide written notice to the charter holder of whether the charter holder is eligible to apply for early renewal and, if eligible, shall provide the charter holder with the renewal application referenced in subsection (D).

L. A charter holder that receives notification under subsection (K) of eligibility to apply for early renewal shall submit to the Board the early renewal application package no later than one month after the charter holder receives notification under subsection (K).

M. A charter holder applying for early renewal shall continue to meet the eligibility requirements specified in subsection (J) until the Board considers the early renewal application package at the Board meeting referenced under subsection (C). The Board shall not consider an early renewal application package submitted by a charter holder that has a change in eligibility status.

N. Within three months after a charter holder timely submits an early renewal application package, Board staff shall conduct an academic-systems-review site visit, as described in R7-5-506, of the charter holder and shall place the charter holder's early renewal application package on an agenda for Board consideration.

O. As specified under A.R.S. § 15-183(I)(2), the Board may deny early renewal of a charter if the Board determines the charter holder failed to meet or make sufficient progress toward the academic performance expectations or failed to meet the operational performance expectations specified in Article 4, complete the obligations of the charter, or comply with federal or state law or this Chapter. If the Board denies early renewal of a charter, Board staff shall provide written notice to the charter holder that includes the information required under A.R.S. § 41-1092.03(A).

R7-5-302. Charter Transfer Application

A. A charter transfer application may be used to do either of the following:

1. Transfer a charter to the Board; or
2. Transfer a charter school that has operated under an existing charter for at least three years to its own charter with the same educational program and financial and operational processes.

B. The Board shall make available on its web site instructions regarding eligibility and submission requirements for transfers specified under subsection (A).

C. A charter holder that intends to transfer as specified under subsection (A) shall submit to the Board a letter of intent to transfer.

D. Within 15 days after receiving a letter of intent to transfer, Board staff shall provide written notice to the charter holder of whether the charter holder may apply for transfer.

E. A charter holder eligible to transfer under subsection (D) shall submit to the Board a paper charter transfer application package until electronic submission through ASBCS Online is available. After electronic submission through ASBCS Online is available, the Board shall not accept a paper submission.

F. For a transfer to occur on July 1, a charter holder shall submit the letter of intent to transfer by the last

business day of November of the prior fiscal year and the transfer application package by the last business day of February of the prior fiscal year.

G. The Board shall provide the charter holder at least 72-hours' written notice of the date, time, and location of the Board meeting at which the Board will consider the charter holder's transfer application package. The charter holder shall attend the Board meeting.

H. As required under A.R.S. § 41-1073, the Board establishes the following time frames for approving or disapproving a charter transfer:

1. Administrative review time frame: 15 days;
2. Substantive review time frame: 60 days; and
3. Overall time frame: 75 days.

R7-5-303. Charter Amendment Requests

A. A change to a charter requires the consent of both the Board and charter holder. To obtain the Board's consent to a change to a charter, the charter holder shall submit a charter amendment request to the Board.

B. A charter holder shall not act in a manner contrary to the terms of the charter without obtaining the Board's prior consent to the change.

C. The Board shall make available on its web site instructions regarding eligibility and submissions requirements for each amendment request listed under subsection (D).

D. The Board shall accept requests for the following charter amendments:

1. Add or remove a grade level to a charter;
2. Addition of or change to an Arizona Online Instruction Program of Instruction; as expressly authorized under A.R.S. § 15-183(X), the Board shall charge a non-refundable processing fee of $3,000 for each grade category involved in the charter amendment request;
3. Change in charter holder entity name;
4. Change in legal status of the charter holder;
5 Change of entity that holds the charter;
6. Change in charter mission;
7. Increase or decrease the number of annual instructional days;
8. Change in program of instruction including methods of instruction, criteria for promotion, and graduation requirements;
9. Exception from state procurement requirements;
10. Exception from the Uniform System of Financial Records for Charter Schools;
11. Change charter holder governance;
12. Change the mailing or physical address of the charter holder;
13. Change charter representative;

14. Increase or decrease the number of students the charter holder may serve;
15. Add a charter school to an existing charter;
16. Close a charter school under an existing charter;
17. Change membership of a charter school governing body;
18. Change the name of a charter school;
19. Change the mailing or physical address of a charter school;
20. Increase or decrease the grades served at a particular charter school; and
21. Transfer of a charter school from the current charter to another existing charter with the same educational program and financial and operational processes.

E. A charter holder shall submit an amendment request listed under subsection (D) to the Board electronically through ASBCS Online. The Board shall not accept a paper amendment request unless agreed to by Board staff and the charter holder before the amendment request is submitted.

F. As required under A.R.S. § 41-1073, the Board establishes the following time frames for approving or disapproving a charter amendment request:

1. Administrative review time frame: 20 days;
2. Substantive review time frame: 40 days; and
3. Overall time frame: 60 days.

G. To determine the date on which the Board will approve or disapprove an amendment request listed under subsection (D), the charter holder shall consult the Board's meeting and submission-deadline schedule, which is posted on the Board's web site and ASBCS Online.

H. The Board shall provide the charter holder at least 72-hours' written notice of the date, time, and location of the Board meeting at which the Board will consider the charter holder's administratively and substantively complete amendment request. The charter holder shall attend the Board meeting.

I. The Board has delegated to staff authority to approve charter amendment requests listed under subsection (D) for which the standards for approval can be applied without the exercise of discretion.

ARTICLE 4. ~~AMENDMENT TO A CHARTER~~ MINIMUM PERFORMANCE EXPECTATIONS

R7-5-401. ~~Amendment to a Charter~~ Minimum Academic Performance Expectations

A. The Board shall assess a charter holder's achievement of the minimum academic performance expectations using student achievement measures, specified in the Academic Performance Framework, that are indicators of academic performance.

1. The Board may assess a charter holder's achievement of the minimum academic performance expectations at any time.
2. The Board shall assess a charter holder's achievement of the minimum academic performance expectations:
   a. Annually when state assessment data are released for the previous year;
   b. During the five-year-interval review required under A.R.S. § 15-183(I);
   c. When considering the following submitted by the charter holder:
      i. An application for a new charter,
      ii. An application to transfer a charter school from an existing charter contract to a separate charter contract,
      iii. A request to change the legal status of the charter holder; or
      iv. A request to change the entity that holds the charter;
   d. When considering an expansion request submitted by the charter holder to;
      i. Add a new charter school to an existing charter,
      ii. Add one or more grade levels to a charter,
      iii. Increase the number of students the charter holder may serve,
      iv. Add an Arizona Online Instruction program, or
      v. Replicate an existing charter;
   e. When considering a charter contract renewal request submitted by the charter holder;
   f. Upon receipt of information that a charter school operated by the charter holder failed to meet the minimum academic performance expectations for three consecutive years;
   g. Upon receipt of information that a charter school operated by the charter holder has been assigned a letter grade of "F" by the Department; and
   h. When making a decision related to the charter holder's achievement of the minimum academic performance expectations or compliance with its charter, other contractual agreements with the Board, federal and state law, and this Chapter.

B. The Board shall annually assign a charter holder an overall academic performance rating that reflects the degree to which the charter holder achieved the minimum academic performance expectations.

C. The Board shall determine a charter holder meets the minimum academic performance expectations if all

charter schools operated by the charter holder receive an annual overall academic performance rating of "meets standard," "above standard," or "exceeds standard" in the most recent year for which data are available. A charter holder that meets the minimum academic performance expectations may be:

1. Waived from some of the academic performance supervision requirements described in Article 5; and
2. Entitled to reduced submission requirements:
   a. Regarding requests made to the Board; and
   b. During the five-year-interval review required under A.R.S. § 15-183(I).

D. The Board shall determine a charter holder does not meet the minimum academic performance expectations if one or more of the charter schools operated by the charter holder did not receive an overall academic performance rating of "meets standard," "above standard," or "exceeds standard" in the most recent year for which data are available. A charter holder that does not meet the minimum academic performance expectations:

1. Shall be required to demonstrate sufficient progress towards achieving the minimum academic performance expectations;
2. May be subject to heightened submission requirements:
   a. Regarding requests made to the Board, and
   b. During the five-year-interval review required under A.R.S. § 15-183(I); and
3. May be subject to charter oversight as specified in Article 6.

R7-5-402. Minimum Financial Performance Expectations

A. The Board shall assess a charter holder's achievement of the minimum financial performance expectations using data contained in the annual audit required under A.R.S. § 15-914 and conducted according to the standards specified in R7-5-504.

1. The Board may assess a charter holder's achievement of the minimum financial performance expectations at any time.
2. The Board shall assess a charter holder's achievement of the minimum financial performance expectations:
   a. When considering an expansion request submitted by the charter holder to:
      i. Add a new charter school to an existing charter,
      ii. Add an Arizona Online Instruction program, or
      iii. Replicate an existing charter;
   b. During the five-year-interval review required under A.R.S. § 15-183(I);
   c. When considering a charter contract renewal request submitted by the charter holder;
   d. Upon receipt of information that a charter school operated by the charter holder failed to meet the

minimum academic performance expectations for three consecutive years;

e. Upon receipt of information that a charter school operated by the charter holder has been assigned a letter grade of "F" by the Department; and

f. When making a decision related to the charter holder's achievement of the minimum academic performance expectations or compliance with its charter, other contractual agreements with the Board, federal and state law, and this Chapter.

B. The Board shall annually assign a charter holder a financial performance rating, based on measures specified in the Financial Performance Framework, which reflects both the charter holder's near-term financial health and longer-term financial stability.

C. The Board shall determine a charter holder meets the annual financial performance standard if the charter holder receives no measure rated "falls far below standard" and no more than one measure rated "does not meet standard" based on the most recent audit conducted under R7-5-504.

D. The Board shall determine a charter holder meets the minimum financial performance expectations if the charter holder:

1. Receives an overall rating of "meets the annual financial performance standard" based on the most recent audit conducted under R7-5-504; or
2. Receives an overall rating of "meets the annual financial performance standard" based on the previous audit and receives an overall rating of "does not meet the annual financial performance standard" based on the most recent audit with no measure rated "falls far below standard."

E. The Board shall determine a charter holder does not meet the minimum financial performance expectations if the charter holder:

1. Receives an overall rating of "does not meet the annual financial performance standard" and one or more measures rated "falls far below standard" based on the most recent audit conducted under R7-5-504; or
2. Receives an overall rating of "does not meet the annual financial performance standard" based on both of the last two audits conducted under R7-5-504.

F. A charter holder that meets the minimum financial performance expectations may be entitled to reduced submission requirements at the times specified under subsection (A). The Board shall require a charter holder that does not meet the minimum financial performance expectations to submit a financial performance response as specified under R7-5-509 at the times specified in subsections (A)(2)(a)-(e) and may require a charter holder that does not meet the minimum financial performance expectations to submit a financial performance response as specified under R7-5-509 at the times specified in subsection (A)(2)(f).

R7-5-403. Minimum Operational Performance Expectations

A. The Board shall assess a charter holder's achievement of the minimum operational performance expectations.

To avoid duplicative reporting burdens, the Board shall use data collected from a variety of sources that reflect on the charter holder's compliance with the charter contract, other contractual agreements with the Board, federal and state law, and this Chapter.

1. The Board may assess a charter holder's achievement of the minimum operational performance expectations at any time.
2. The Board shall assess a charter holder's achievement of the minimum operational performance expectations:
    a. When considering the following submitted by the charter holder:
        i. An application for a new charter;
        ii. An application to transfer a charter school from an existing charter contract to a separate charter contract;
        iii. A request to change the legal status of the charter holder;
        iv. A request to change the entity that holds the charter; or
        v. A request to change program of instruction including methods of instruction, criteria for promotion, or graduation requirements;
    b. When considering an expansion request submitted by the charter holder to:
        i. Add a new charter school to an existing charter,
        ii. Add one or more grade levels to a charter,
        iii. Increase the number of students the charter holder may serve,
        iv. Add an Arizona Online Instruction program, or
        v. Replicate an existing charter;
    c. During the five-year-interval review required under A.R.S. § 15-183(I);
    d. When considering an application for charter renewal submitted by the charter holder;
    e. Upon receipt of information that a charter school operated by the charter holder failed to meet the minimum academic performance expectations for three consecutive years; and
    f. Upon receipt of information that a charter school operated by the charter holder has been assigned a letter grade of "F" by the Department.

B. The Board shall annually assign a charter holder an overall operational performance rating based on the measures specified in the Operational Performance Framework, which reflect the degree to which the charter holder achieved the minimum operational performance expectations. The Board shall make each charter holder's operational performance dashboard publicly available and post it on ASBCS Online.

C. The Board shall determine a charter holder meets the minimum operational performance standard if the charter holder receives no measure rated "falls far below standard" and no more than five measures rated "does not meet standard" for the evaluated year.

D. The Board shall determine a charter holder meets the minimum operational performance expectations if the

charter holder receives an overall rating of "meets the Board's operational performance standard" in both of the two most recent years for which an overall rating was calculated and has no measure rated "falls far below standard" in the current year.

E. The Board shall determine a charter holder does not meet the minimum operational performance expectations if the charter holder receives an overall rating of "does not meet the Board's operational performance standard" in at least one of the two most recent years for which an overall rating was calculated or has at least one measure rated "falls far below standard" in the current year.

F. If the Board determines a charter holder does not meet the minimum operational performance expectations, the Board shall consider charter oversight under Article 6.

R7-5-404. Development and Use of Performance Frameworks

A. The Board shall revise the academic, financial, and operational performance frameworks as needed. During the process of revision, the Board shall provide the public with notice and an opportunity to comment on proposed revisions. The Board shall adopt revisions at a public meeting.

B. The Board shall ensure the academic performance framework includes considerations for non-traditional charter schools, including small charter schools with very low enrollment and those designated by the Department as alternative schools.

C. Use of the academic performance framework is contingent on a charter school's receipt of an annual achievement profile under A.R.S. § 15-241. The Board shall assign a rating of "no rating" to a charter school that does not provide enough data to make a calculation.

D. If the Department does not timely release annual achievement profiles under A.R.S. § 15-241, rather than assigning a rating of "no rating" to all charter schools, the Board may use the most recent available data for each measure.

ARTICLE 5. ~~AUDITS AND AUDIT CONTRACTS~~ CHARTER SUPERVISION

~~R7-5-301.~~ R7-5-501. ~~Audit Guidelines~~ General Supervision~~, Oversight, and Administrative Responsibility~~

~~By July 1 of each year, the Board shall make available to the public at its office and online at its web site, written audit guidelines that provide general guidance on charter school audit requirements, including the deadline for submitting the completed audit to the Board and information that must be included for the audit to be deemed complete.~~

A. A charter holder shall:

1. ~~comply~~ Comply with the provisions of its charter, contractual agreements with the Board, ~~and with~~ federal and state laws, ~~at all times.~~ and this Chapter; and

2. Meet the minimum performance expectations specified in Article 4.

B. The Board ~~may use~~ may supervise a charter holder's compliance with subsection (A) using any of the following means ~~in performing its administrative responsibilities to and general supervision and oversight of a charter holder~~:

1. Oral~~, written, and electronic~~ or written communication with:
   a. ~~the~~ The ~~authorized~~ charter representative or authorized charter school personnel; and
~~2.~~ b. ~~Oral, written, and electronic communication with representatives~~ Representatives of federal, state, and local agencies having jurisdiction over ~~the~~ operation of the charter school or having ~~the~~ authority to investigate or adjudicate allegations of misconduct by any member of the charter school's staff;
~~3. Oral, written, and electronic communication with students, parents, or outside parties regarding any activity or program conducted by or for the charter school or regarding allegations of misconduct by any member of the charter school's staff;~~
~~4.~~2. Collection and review of reports, audits, data, records, documents, files, and communication from any source relating to any activity or program conducted by or for the charter school;
3. A site visit as described in R7-5-502;
4. Annual academic performance review as described in R7-5-503;
5. Annual audit and financial performance review as described in R7-5-504 and, if necessary, a financial performance response as described in R7-5-509;
~~5.~~6. ~~A corrective action plan as described in R7-5-302~~ Operational performance review as described in R7-5-505; ~~and~~
~~6.~~ 7. ~~A site visit as described in R7-5-303~~ Five-year-interval review of academic, financial, and operational performance, as described in R7-5-506; and
8. Complaints as described in R7-5-507.

C. If the specified deadline has not passed, Board staff may grant a charter holder an extension to submit a CAP or other response required under R7-5-502(G), R7-5-504(G), R7-5-505(D), R7-5-505(E), R7-5-506(B)(2), R7-5-507(C), or R7-5-509(B).

1. In determining whether to grant an extension, Board staff shall consider the following, as applicable:
   a. Whether the charter school at issue was in session when the Board provided notice to the charter holder,
   b. Whether the charter school at issue was in session during the period provided in the notice for the charter holder to respond to the Board, and
   c. Whether additional time is required by the charter holder because of the number or complexity of matters to be addressed.
2. Even if the specified deadline has not passed, Board staff shall not grant an extension for a financial performance response required as part of the charter holder's renewal application.

~~R7-5-303.~~ R7-5-502. ~~Approval of Audit Contracts~~ Site Visits~~; Records; Notice of Violation~~

~~**A.** In accordance with A.R.S. § 15-914 and Laws 1999, 1st S.S., Ch. 4, § 15, a charter holder shall submit to the Board for approval an audit contract for each audit before the audit begins.~~

~~**B.** The Board shall disapprove an audit contract only for the following reasons:~~

~~1. Board knowledge that a person employed by the audit firm has been convicted under a federal or state statute for embezzlement, theft, fraudulent schemes and artifices, fraudulent schemes and practices, bid rigging, perjury, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty;~~

~~2. Failure of the audit firm or supervising certified public accountant to maintain good standing with an accounting industry regulatory body;~~

~~3. Violation of or failure of the audit firm to meet generally accepted auditing standards or generally accepted government auditing standards as identified by an accounting industry regulatory body;~~

~~4. Failure of the audit firm to receive an unmodified opinion during the audit firm's most recent peer review or failure of any auditor working on the audit to meet the continuing professional education requirements prescribed by generally accepted government auditing standards; or~~

~~5. Failure to acknowledge that the audit firm shall adhere to the audit requirements listed in the Board's audit guidelines.~~

~~**C.** The Board shall provide written notification of approval or disapproval of an audit contract to the charter holder and the audit firm within 10 days of receipt of the audit contract.~~

~~**D.** The Board shall include the cause for disapproval in a notice of disapproval.~~

~~**E.** If the charter holder or audit firm provides documentation that demonstrates the cause for disapproval no longer exists, the Board shall approve the audit contract and notify all parties of the approval.~~

A. A designee of the Board or Department may conduct a site visit of a charter school to ~~a~~ review or evaluate the charter ~~school's financial operations, academic program, or compliance with the provisions of its charter and federal and state laws~~ holder's compliance with R7-5-501(A).

B. A designee of the Board or Department may conduct a site visit to corroborate information submitted to the Board or Department and to gather information, documentation, and testimony that permit the Board to ~~fulfill its oversight function under the law and ensure~~ evaluate the charter ~~school is in~~ holder's compliance with ~~the provisions of its charter and federal and state laws~~ R7-5-501(A).

C. A designee of the Board or Department ~~shall conduct~~ who conducts a site visit shall do so during regular operational hours of ~~a~~ the charter school or at any other reasonable time.

D. A designee of the Board or Department may conduct either an announced or unannounced site visit.

~~**E.** A designee of the Board or Department may conduct an investigation of a charter school in response to concerns raised by students, parents, employees, members of the community or other individuals or groups~~

~~regarding any activity or program conducted by or for the charter school or regarding allegations of misconduct by any member of the charter school's staff.~~

~~F.~~E. Upon request by a designee of the Board or Department, a charter holder shall open for inspection all records, documents, and files relating to any activity or program conducted by or for the charter school or the charter holder relating to the charter school.

~~G.~~F. Upon request by a designee of the Board or Department, a charter holder shall provide access to all school facilities.

1. During a site visit, a charter holder shall provide access to classrooms for the purpose of counting students, observing a program of instruction, or documenting individuals providing instruction.
2. In conducting a site visit, the designee of the Board or the Department shall make every effort not to disrupt the classroom environment.

~~H.~~G. The Board or Department shall inform a charter holder in writing of any ~~offense~~ issue identified during a site visit and ~~shall~~ specify any further action ~~that must be taken~~ required by the charter holder. To assist with this requirement, Board staff shall direct the charter holder to submit a CAP, as described in R7-5-510, which addresses the issue. ~~In determining the appropriate action to take, the Board shall consider the items in R7-5-304(A).~~

~~I.~~ ~~The Board shall require a charter holder with a serious impact finding to appear before the Board for possible disciplinary action under R7-5-304.~~

R7-5-503. ~~Audit Completeness Determinations~~ Annual Academic Performance Review

~~A.~~ ~~In accordance with A.R.S. § 15-914 and Laws 1999, 1st S.S., Ch. 4, § 15, a charter holder shall submit an audit to the Board for a determination regarding the audit's completeness.~~

~~B.~~ ~~The Board shall find that an audit is incomplete if it does not include all of the items listed in the Board's audit guidelines.~~

~~C.~~ ~~The Board shall provide written notification of a complete audit to the charter holder within five days of the receipt of the audit. The Board shall provide written notification of an incomplete audit to the charter holder and the audit firm within five days of receipt of the audit.~~

~~D.~~ ~~The Board shall include the cause for the determination in a notice of an incomplete audit.~~

~~E.~~ ~~If the charter holder or audit firm provides documentation that demonstrates the cause for an incomplete audit no longer exists, the Board shall deem the audit complete and notify the charter holder.~~

~~F.~~ ~~The Board shall require that a charter holder whose audit does not include the items stated in the audit guidelines appear before the Board for possible disciplinary action under R7-5-304.~~

A. When the Department releases the annual achievement profile under A.R.S. § 15-241, the Board shall:

1. Calculate an overall academic rating for each charter school sponsored by the Board using the Academic Performance Framework, and
2. Make the annual overall academic performance dashboard publicly available and post it on ASBCS Online.

B. If the Board determines a charter holder does not meet the Board's minimum academic performance expectations, as defined under R7-5-401(D), the Board shall require the charter holder to demonstrate sufficient progress towards achieving the minimum academic performance expectations.

R7-5-504. ~~Review of Complete Audits~~ Annual Audit and Financial Performance Review

~~**A.** The Board staff shall review each audit deemed complete.~~

~~**B.** The Board shall send a letter to a charter holder after the audit is reviewed. If the Board identifies an issue in the audit, the Board shall direct the charter holder to address the issue and based on an assessment of the factors in R7-5-302(A), may require the charter holder to submit a corrective action plan.~~

~~**C.** The Board shall require that a charter holder with a serious impact finding appear before the Board for possible disciplinary action under R7-5-304.~~

A. By July 1 of each year, the Board shall make available on its web site written requirements regarding the audit each charter school is required to submit annually under A.R.S. §§ 15-183(E)(6) and 15-914.

B. Before beginning the audit, a charter holder or the audit firm shall submit for the Board's approval a copy of the audit contract the charter holder intends to execute with an audit firm.

1. Board staff shall approve the audit contract unless the Board has knowledge that one of the following is applicable:
   a. A person employed by the audit firm has been convicted under federal or state law of a crime indicating lack of business integrity or honesty;
   b. The audit firm or supervising certified public accountant is subject to a current or pending disciplinary action or a regulatory action requiring the audit firm or supervising certified public accountant to complete conditions specified by an accounting industry regulatory body;
   c. The audit firm violates or fails to meet generally accepted auditing standards or generally accepted government auditing standards as identified by an accounting industry regulatory body;
   d. The audit firm receives an opinion of "fail" during the audit firm's most recent peer review;
   e. An auditor scheduled to work on the audit fails to meet the continuing professional education requirements prescribed by generally accepted government auditing standards; or
   f. The audit firm fails to agree to adhere to the audit requirements specified in subsection (A).
2. Within 10 days after receiving a copy of an audit contract under subsection (B), the Board shall provide the charter holder and audit firm written notice whether the audit contract is approved.
3. If the Board disapproves an audit contract submitted under subsection (B), the Board shall include the reason for the disapproval in the written notice provided under subsection (B)(2). If the charter holder or audit firm provides documentation to the Board demonstrating the cause for the disapproval no longer exists, Board staff shall approve the audit contract and provide written notice to the charter holder and audit firm.

C. A charter holder or the audit firm that conducts an audit for the charter holder shall submit the annual audit to the Board for a determination whether the audit is complete. Within five days after receiving the annual audit, Board staff shall provide the charter holder and audit firm written notice whether the audit is complete.

D. Board staff shall find an audit is incomplete if it does not comply with all requirements specified under subsection (A) or if the audit is prepared by an audit firm that fails to meet the requirements under subsection (B)(1)(a)-(e). If Board staff finds an audit is incomplete, Board staff shall include the reason for the finding in the notice provided under subsection (C). If the charter holder or audit firm provides documentation to the Board demonstrating the reason for the finding no longer exists, Board staff shall find the annual audit is complete and provide written notice to the charter holder and audit firm.

E. A charter holder that fails to submit timely a complete audit may be subject to charter oversight as specified in Article 6.

F. Board staff shall review each audit deemed complete.

G. Board staff shall send notice to a charter holder after the audit is reviewed unless the Board has been notified the charter holder will not be operating during the next fiscal year. If the Board identifies an issue in the audit, Board staff shall direct the charter holder to address the issue and may require the charter holder to submit a CAP, as described in R7-5-510.

H. If Board staff identifies a serious impact finding in the audit, the charter holder shall be subject to charter oversight as specified in Article 6 unless the charter holder provides credible evidence to the Board that the charter holder's next audit will find the charter holder in compliance.

I. The Board shall annually calculate a financial performance rating for each charter holder using the Financial Performance Framework and the annual audit submitted to the Board by the charter holder. The Board shall make each charter holder's financial performance dashboard publicly available and post it on ASBCS Online.

R7-5-505. Operational Performance Review

A. Board staff shall conduct a site visit to a charter school during the charter school's first year of operation, and thereafter as specified in R7-5-502, to evaluate the charter holder's compliance with its charter, other contractual agreements with the Board, federal and state law, and this Chapter.

B. Before conducting the first-year site visit specified under subsection (A), Board staff shall ask the charter holder to identify dates within a specified time frame not conducive to an unscheduled first-year site visit. This includes dates of an early release, parent conferences, or school not being in session.

C. Board staff may conduct a compliance check of a charter holder's operational performance at any time. The Board shall conduct a compliance check when:

1. The charter holder seeks to amend the charter or makes another request of the Board; or
2. A lending institution, bond rating agency, or similar entity that has a loan or bond arrangement with the charter holder contacts Board staff to discuss the charter holder's current standing with the Board.

D. Within 10 days after completing the site visit under subsection (A), Board staff shall provide the charter holder with written notice of any compliance issues identified and, if applicable, require the charter holder to submit a CAP as described in R7-5-510.

E. Within 10 days after completing a compliance check under subsection (C), Board staff shall provide the charter holder with written notice of any compliance issues identified and specify a deadline for addressing the issues.

F. After receiving the notice provided under subsection (E), the charter holder shall provide the Board with written notice demonstrating that all identified compliance issues have been addressed by the specified deadline.

G. The Board shall require a charter holder that fails to provide the notice required under subsection (F) or fails to demonstrate that all identified compliance issues have been addressed to appear before the Board and:

1. May subject the charter holder's requests to heightened review,
2. Shall not place the charter holder's requests on a Board agenda, and
3. May subject the charter holder to charter oversight as described in Article 6.

R7-5-506. Five-year-interval Review

A. As required under A.R.S. § 15-183(I)(3), the Board shall review a charter holder at five-year intervals for:
1. Compliance with its charter, other contractual agreements with the Board, federal and state law, and this Chapter; and
2. Achievement of the minimum performance expectations specified in Article 4.

B. Board staff shall provide a charter holder with notice of a five-year-interval review. Board staff shall include in the notice:
1. The information the charter holder is required to submit to the Board,
2. The deadline by which the charter holder shall submit the required information, and
3. A request for the charter holder to identify dates within a specified time frame not conducive to an unscheduled academic-systems-review site visit. This includes dates of an early release, parent conferences, or school not being in session.

C. The Board shall require a financial performance response, as described under R7-5-509, from a charter holder that does not meet the Board's minimum financial performance expectations.

D. The Board shall require a charter holder to review and confirm information concerning the charter's mission statement, program of instruction, instructional days, school calendar, charter representative, grade levels served, enrollment cap, principals, school site, and charter holder locations and, as applicable submit requests for appropriate post-charter actions as described in Article 3.

E. A charter holder that fails to submit the information required by the deadline specified in subsection (B) shall appear before the Board and may be subject to charter oversight as described in Article 6.

F. As part of a five-year-interval review, Board staff shall conduct an unscheduled academic-systems-review site visit, in accordance with R7-5-502, to gather evidence regarding the charter holder's implementation of a comprehensive program of instruction and a method to measure pupil progress toward outcomes required in the charter. Using the information provided by the charter holder under subsection (B)(3), Board staff shall provide written notice to the charter holder of the two-week interval during which Board staff will conduct the unscheduled academic-systems-review site visit.

R7-5-507. Complaints

A. To make a complaint regarding a charter holder, a person shall submit to the Board a document through ASBCS Online that:
1. Alleges with particularity the charter holder is not in compliance with its charter, other contractual

agreements with the Board, federal or state law, or this Chapter;

2. Includes a statement of the facts on which the allegation of violation is based; and
3. Includes supporting evidence, if available.

B. Board staff shall review the complaint to determine whether the complaint is within the Board's jurisdiction.

1. If Board staff determines the complaint is not within the Board's jurisdiction but may be within the jurisdiction of another agency, Board staff shall inform the complainant of the agency that has jurisdiction and that the complainant may file the complaint with the appropriate agency; or
2. If Board staff determines the complaint is within the Board's jurisdiction, Board staff shall, within five days after receiving the complaint, send a copy to the charter holder complained against.

C. A charter holder complained against shall, within 10 days after receiving a copy of the complaint provided under subsection (B)(2), provide a written response to the Board that addresses each allegation, the statement of facts, and supporting evidence in the complaint. The charter holder may include evidence of compliance with the response. Board staff may grant the charter holder an extension to submit the written response.

D. Board staff shall review the complaint and the charter holder's response to determine whether a violation of the charter, other contractual agreements with the Board, federal or state law, or this Chapter can be substantiated. Board staff shall conduct further investigation if additional information is needed. Board staff may place the charter holder on an agenda for the Board to determine whether the charter holder is in compliance with the charter, other contractual agreements with the Board, federal and state law, and this Chapter.

E. Within 10 days after receiving the charter holder's response under subsection (C), Board staff shall send:

1. The complainant a copy of the response, and
2. The complainant and charter holder notice of the final action to be taken.

R7-5-508. Demonstration of Sufficient Progress towards Minimum Academic Performance Expectations

A. The Board shall require a charter holder to demonstrate the charter holder is making sufficient progress towards achieving the minimum academic performance expectations if:

1. The Board determines under R7-5-401(D) the charter holder does not meet the minimum academic performance expectations; or
2. A charter school operated by the charter holder is assigned a letter grade of "F" by the Department.

B. Within 30 days after issuing overall ratings, the Board shall provide the charter holder with a written notification of the charter holder's progress toward meeting the minimum academic performance expectations.

C. If a charter school operated by a charter holder receives an overall rating of "does not meet" or "falls far below" for three consecutive years, the Board shall conclude the charter holder has failed to demonstrate sufficient progress.

D. If the Board concludes a charter holder has failed to demonstrate sufficient progress, the charter holder may be subject to charter oversight as specified in Article 6.

R7-5-509. Financial Performance Response

A. The Board shall require a charter holder to prepare a financial performance response:

1. If the Board determines under R7-5-402(E) the charter holder does not meet the minimum financial performance expectations; and
2. If the charter holder does not meet the minimum financial performance expectations at the times specified in R7-5-402(A)(2)(a)-(e).

B. Board staff shall provide written notice to a charter holder that is required to submit a financial performance response. Board staff shall ensure the notice includes the following:

1. Information on how to access the charter holder's financial performance dashboard, and
2. The deadline for submitting the financial performance response to the Board.

C. For each measure for which a charter holder received a "does not meet standard" or "falls far below standard" during the most recent audited fiscal year presented in the financial performance dashboard and by the deadline specified in subsection (B)(2), the charter holder shall:

1. Explain why the charter holder failed to meet the measure's target in the audited fiscal year,
2. Explain the charter holder's effort to improve its performance so it is possible to meet the measure's target in the next fiscal year or a subsequent fiscal year, and
3. Provide evidence that supports the charter holder's explanation and analysis under subsections (C)(1) and (2).

D. Within 60 days after receiving a financial performance response or when the five-year interval review is closed out for a financial performance response submitted as part of a five-year interval review, Board staff shall provide the charter holder with written notice that the response is acceptable or not acceptable. Board staff shall find a financial performance response acceptable if it includes the explanations and evidence required under subsection (C).

E. If Board staff finds a financial performance response is not acceptable, the Board shall allow the charter holder to supplement the financial performance response if the charter holder is in a process that requires the financial performance response to be considered at a Board meeting.

F. If the Board allows a charter holder to supplement a financial performance response under subsection (E), Board staff shall:

1. Include the deadline for submitting the supplemented financial performance response in the notice provided under subsection (D); and
2. Find the supplemented financial performance response acceptable if it includes the explanations and evidence required under subsection (C).

G. Board staff shall include the supplemented financial performance response and the determination made under subsection (F)(2) in the meeting materials provided to the Board. The supplemented financial performance response and the Board's final determination shall be posted on ASBCS Online.

H. If a charter holder fails to submit or fails to submit timely a required financial performance response, the failure shall be noted in the charter holder's operational performance dashboard posted on ASBCS Online.

~~R7-5-302.~~ R7-5-510. Corrective Action Plan

A. ~~Upon receipt of information under R7-5-301(B) that a charter holder is not in compliance with the provisions of its charter or federal or state laws, the Board shall consider the following factors in determining whether a corrective action plan (CAP) is required:~~ Board staff shall require a charter holder to prepare a CAP for:

1. ~~The seriousness of the offense;~~ Any issue identified during a site visit described in R7-5-502 or R7-5-505,
2. ~~The charter holder's history of compliance with the provisions of its charter and federal and state laws;~~ An issue identified through the audit described in R7-5-504, or
3. ~~The length of time the offense has been occurring; and~~ Actions taken by the Board to withhold up to 10 percent of the charter holder's monthly state aid as described in R7-5-601 and R7-5-605.
4. ~~Any other factors relating to the charter holder's compliance with the provisions of its charter and federal or state laws~~

B. ~~If the Board requires a CAP, it shall make a written request to the charter holder for the submission of a CAP to be implemented to remedy the offense. The request shall include:~~ Board staff shall provide written notice to a charter holder required to prepare a CAP. Board staff shall ensure the written notice includes the following:

1. An explanation of why the charter holder is required to submit a CAP,

~~1.~~2. A description of the ~~offense~~ issue,

~~2.~~3. A list of the specific ~~criteria to be included~~ information required in the CAP,

~~3.~~4. ~~A~~ The deadline for ~~the submission of~~ submitting the CAP to the Board,

~~4.~~5. ~~A timeline for the implementation of~~ The time during which the charter holder is required to implement the CAP, and

~~5.~~6. The consequences ~~for failure~~ if the charter holder fails to submit or implement the CAP.

C. ~~The Board shall decide to accept the CAP based on whether the specified criteria stated in the request are included in the CAP.~~ Within 10 days after receiving the CAP, Board staff shall provide written notice to the charter holder that:

1. ~~The Board shall provide written notification to the authorized representative regarding the acceptance or rejection of the CAP.~~ A complete CAP was received and implementation is required; or
2. ~~Written notification that the Board rejected the CAP shall include the reason for the rejection, the deadline for submission of the revised CAP, and the consequences for failure to submit a CAP that meets the specified criteria.~~ Additional information is required and the deadline for submitting the additional

information to the Board.

D. ~~The~~ Board staff shall monitor, through site visits and review of documentary evidence, the charter holder's implementation of the ~~approved~~ CAP ~~to ensure~~ until the Board determines the ~~offense is rectified~~ issue has been corrected.

~~1. The charter holder shall demonstrate to the Board through documentation or a site visit that steps have been taken to correct the offense or, in the case of a serious impact finding, that the charter holder is currently in compliance.~~

~~2. The Board shall consider possible disciplinary action under R7-5-304 against the charter holder if the charter holder fails to implement the CAP and rectify the offense.~~

E. If a charter holder fails to submit a required CAP, fails to submit additional information required under subsection (C)(2), or fails to implement the CAP timely, the charter holder may be subject to charter oversight as specified in Article 6.

~~ARTICLE 3.~~ ARTICLE 6. CHARTER OVERSIGHT

~~R7-5-304.~~ R7-5-601. ~~Disciplinary Action~~ Charter Oversight: General Provisions

A. ~~The~~ Before the Board ~~may discipline~~ determines a charter holder ~~for violation of~~ is not in compliance with its charter, other contractual agreements with the Board, ~~or~~ federal or state laws, or this Chapter and decides whether to impose charter oversight, the Board shall provide notice to the charter holder.

B. The Board shall provide the charter holder with at least 72-hours' notice of the date, time, and location of the meeting at which the Board will decide whether to impose charter oversight. The Board shall include in the notice the purpose of the meeting and why the Board is considering imposing charter oversight.

C. In determining the appropriate ~~disciplinary~~ charter oversight action to take, the Board shall consider the following, as applicable:

1. Threat to the health or safety of children;
2. Whether the charter holder's historical compliance record indicates repeated or multiple breaches of the provisions of its charter, other contractual agreements with the Board, ~~or~~ federal or state laws, or this Chapter;
3. Whether the charter holder has failed to meet the minimum academic ~~needs of the children~~ performance expectations specified under R7-5-401;
4. Length of time the ~~offense~~ issue has been occurring;
5. The charter holder's compliance with and response to ~~staff~~ Board investigation ~~in~~ by providing necessary information and documentation within requested ~~time-frames~~ time frames;
6. Whether there has been a misuse of funds; and
7. Any other factor that ~~has a bearing~~ bears on the charter holder's ability and willingness to ~~operate in~~

~~compliance with the provisions~~ comply with its charter, other contractual agreements with the Board, ~~and~~ federal and state laws, and this Chapter.

~~B.~~D. ~~The Board shall take disciplinary action against a charter holder based on the Board's assessment of the factors listed in subsection (A). Disciplinary action may~~ Charter oversight actions available to the Board include, but are not limited to ~~any of~~ the following:

1. ~~Requiring a corrective action plan as described in R7-5-302~~ Imposing a civil penalty, as authorized under A.R.S. § 15-185 and described under R7-5-604;
2. Requesting the Department ~~to~~ withhold up to 10 percent of ~~the~~ a charter ~~school's~~ holder's monthly state aid ~~in accordance with~~ as authorized under A.R.S. § 15-185~~(H)~~ and described under R7-5-605 and requiring the charter holder to submit a CAP as described under R7-5-510~~. Upon proof of corrected deficiencies and that the charter holder is in compliance, the Board shall request the Department to restore the full amount of state aid payments to the charter schoo~~l;
3. Entering into a consent agreement with ~~the~~ a charter holder as described under R7-5-606; ~~for the resolution of the non-compliance. The Board shall ensure that the consent agreement:~~
   a. ~~Describes each offense;~~
   b. ~~Stipulates the facts agreed to by the Board and the charter holder;~~
   c. ~~Specifies the actions the charter holder must take to demonstrate compliance and avoid further disciplinary action;~~
   d. ~~Provides a timeline for the charter holder to complete the actions specified in the consent agreement;~~
   e. ~~Stipulates that if the charter holder fails to comply with the terms and conditions of the consent agreement, the Board may, after giving the number of days notice specified in the consent agreement, hold a hearing at which the Board receives information to determine whether evidence exists that the charter holder has failed to comply with the consent agreement. If the Board determines that the charter holder has breached the consent agreement, the Board may revoke the charter holder's charter; and~~
   f. ~~Is approved by the Board and the charter holder and signed by the Board president or designee and the authorized representative;~~
4. Issuing a notice of intent to revoke ~~the~~ a charter ~~in accordance with~~ as authorized under A.R.S. § 15-183~~(I)~~ and described under R7-5-607. ~~if the Board determines there is cause to believe that the charter holder may have breached one or more provisions of its charter~~; and
5. Revoking ~~the~~ a charter ~~in accordance with~~ as authorized under A.R.S. § 15-183~~(I)~~ and described under R7-5-607.

R7-5-602. Oversight of Charter Schools Assigned a Letter Grade of "F" by the Department

A. If the Department notifies the Board, as required under A.R.S. § 15-241, that a charter school has been assigned a letter grade of "F," the Board shall require the charter holder to appear before the Board for consideration of whether the Board will issue a notice of intent to revoke the charter under R7-5-607 or restore the charter to acceptable performance through a consent agreement under R7-5-606.

B. Upon receipt of the Department's notice under subsection (A), the Board shall provide written notice to the charter holder that the school has been designated a failing school.

C. Within 30 days after receipt of the notice provided under subsection (B), the charter holder shall:

1. As required under A.R.S. § 15-241, provide written notice to the parents or guardians of all students attending the school that the Department has assigned the school a letter grade of "F" because the school is demonstrating a failing level of performance. The charter holder shall provide to the Board a copy of the notice required under this subsection;
2. Provide the Board with a list of the names and mailing addresses of the parents or guardians of all students attending the school;
3. Ensure the charter school's public communications that make a statement concerning the charter school's academic performance, including the charter school's web site and promotional materials, accurately describe the charter school's most current annual achievement profile assigned by the Department; and
4. If notified the charter holder does not meet the minimum financial performance expectations, submit a financial performance response as described under R7-5-509.

D. If required, Board staff shall evaluate the financial performance response specified under R7-5-509.

E. The Board shall provide the charter holder with at least 72 hours' written notice of the date, time, and location of the public meeting at which the Board will consider whether to restore the charter to acceptable performance or revoke the charter. In making this decision, the Board shall consider all relevant factors including:

1. Whether the charter holder complied fully with the provisions of subsection (C);
2. Whether the charter holder failed to meet the minimum academic performance expectations based on student achievement measures specified in the Academic Performance Framework;
3. Whether the charter holder has demonstrated, under R7-5-508, sufficient progress toward achieving the minimum academic performance expectations;
4. Whether the charter holder meets the minimum financial performance expectations:
5. Whether the charter holder timely complied with Board requests for information and documents;
6. Whether the charter holder's historical compliance record indicates repeated or multiple breaches of its charter, other contractual agreements with the Board, federal or state law, or this Chapter; and

7. Any other factor the Board determines has a bearing on the charter holder's ability or willingness to comply with the provisions of its charter, other contractual agreements with the Board, federal and state law, and this Chapter.

F. If the Board decides to restore the charter to acceptable performance, the Board shall enter into a consent agreement with the charter holder as provided under R7-5-606. If the Board decides to revoke the charter, the Board shall issue a notice of intent to revoke the charter as provided under R7-5-607.

R7-5-603. Oversight of Charter Schools Assigned a Letter Grade of "D" by the Department

A. Within 30 days after the Department notifies a charter holder under A.R.S. § 15-241 that a charter school operated by the charter holder has been assigned a letter grade of "D," the charter holder shall:

1. Comply fully with A.R.S. § 15-241 by providing written notice to the parents or guardians of all students attending the school. The charter holder shall include the following in the notice:
   a. The Department has assigned the charter school a letter grade of "D;"
   b. The charter holder is required under A.R.S. § 15-241.02 to prepare an improvement plan within 90 days after the charter school was assigned a letter grade of "D;" and
   c. The charter holder is required to present the improvement plan to the Board at a public meeting;
2. Provide the Board a copy of the notice required under subsection (A)(1);
3. Provide the Board with a list of the names and mailing addresses of the parents or guardians of all students attending the school; and
4. Ensure the charter school's public communications that make a statement concerning the charter school's academic performance, including the charter school's web site and promotional materials, accurately describe the charter school's most current academic performance rating assigned by the Department.

B. The Board shall require a charter holder that fails to comply fully with subsection (A) to appear before the Board for consideration of the charter holder's noncompliance and may subject the charter holder to additional charter oversight.

C. Under A.R.S. § 15-241.02, the Board is required to revoke the charter of a charter school if the Board determines the improvement plan required under subsection (A)(1)(b) was not properly implemented.

R7-5-604. Civil Penalty for Fingerprinting Violation

A. After identifying a violation of A.R.S. §§ 15-183, 15-512 or both, Board staff shall provide the charter holder with written notice of noncompliance with statutory fingerprinting requirements and the date, time, and location of the Board meeting at which the Board will consider whether to impose a civil penalty under A.R.S. § 15-185.

B. If the Board determines a charter holder has failed to comply with the statutory fingerprinting requirements in A.R.S. §§ 15-183 or 15-512, the Board may impose a civil penalty of $1,000 per occurrence as provided

under A.R.S. § 15-185.

C. Within 30 days after a civil penalty is imposed under subsection (B), the charter holder may submit to the Board a written appeal of the civil penalty. The charter holder shall include the following information in the written appeal:

1. Name and address of the appellant;
2. Concise statement of the reason for the appeal;
3. Relief sought; and
4. If the appellant will be represented by an attorney, the attorney's name, address, and telephone number.

D. The Board shall hold a hearing to consider the appeal within 60 days after receiving the appeal.

R7-5-605. Withholding State Funds

A. Under A.R.S. § 15-185, if the Board determines at a public meeting that a charter holder is not in compliance with its charter or federal or state law, the Board may request the Department to withhold up to 10 percent of the charter holder's monthly apportionment of state aid.

B. If the Board decides to request that the Department withhold part of the charter holder's monthly apportionment of state aid, the Board shall provide written notice to the charter holder. The Board shall include the following in the notice:

1. The reason the withholding is being imposed,
2. The percentage of the charter holder's monthly apportionment of state aid to be withheld,
3. The date on which the withholding will begin, and
4. Actions required by the charter holder before the full amount of state aid is restored.

C. If a percentage of the charter holder's monthly apportionment of state aid is withheld for six months and the charter holder has not completed the actions required under subsection (B)(4), the Board shall consider the charter holder's noncompliance and may subject the charter holder to additional charter oversight including issuing a notice of intent to revoke under R7-5-607.

D. If a percentage of the charter holder's monthly apportionment of state aid is withheld for failure to submit an audit for two months, the Board shall consider the charter holder's noncompliance and may subject the charter holder to additional charter oversight including issuing a notice of intent to revoke under R7-5-607.

E. When the Board determines the charter holder is in compliance with its charter and federal and state law, the Board shall request that the Department restore the full amount of state aid to the charter holder.

R7-5-606. Consent Agreement

A. If the Board determines that a charter holder is not in compliance with its charter, other contractual agreements with the Board, federal or state law, or this Chapter, the Board may enter into a consent agreement with the charter holder to resolve the noncompliance.

B. The Board shall include the following in a consent agreement:

1. The reason for the consent agreement;
2. The facts and conditions to which the Board and charter holder agreed;
3. The actions the charter holder must take to demonstrate compliance and avoid further charter oversight;
4. The time within which the charter holder is to complete the actions specified under subsection (B)(3); and
5. After approval by both the Board and charter holder, the signatures of both the Board president and charter representative.

R7-5-607. Revocation

A. If the Board determines that a charter holder is not in compliance with its charter, federal or state law, or this Chapter, the Board may issue a written notice of intent to revoke the charter as authorized under A.R.S. § 15-183.

B. When a charter holder receives a notice of intent to revoke and notice of hearing, the charter holder shall:

1. Within 48 hours after receiving the notice of intent to revoke and notice of hearing, provide written notice that includes the following to all staff and the parents or guardians of all students attending the school:
   a. A notice of intent to revoke has been received;
   b. The notice of intent to revoke may be inspected at the charter school location; and
   c. The date, time, and location of the hearing set with the Office of Administrative Hearings; and
2. Within 20 days after receiving the notice of intent to revoke, provide the Board with:
   a. A copy of the notice required under subsection (B)(1), and
   b. A list of the names and mailing addresses of the parents or guardians of all students attending the school.

C. Both the Board and charter holder shall appear for an administrative hearing before an administrative law judge at the Office of Administrative Hearings on the date provided in the notice of intent to revoke.

D. After the administrative hearing under subsection (C) and receipt of the decision of the administrative law judge, the Board shall hold a public meeting at which the Board shall:

1. Decide whether to accept, reject, or modify the decision of the administrative law judge; and
2. Take action on the charter.

ECONOMIC, SMALL BUSINESS, AND CONSUMER IMPACT STATEMENT[1]

TITLE 7. EDUCATION

CHAPTER 5. STATE BOARD FOR CHARTER SCHOOLS

1. Identification of the rulemaking:

   The Board is amending its rules to make them consistent with statutory changes made in 2012 and 2013, to make the changes identified in a five-year-review report approved by Council on October 4, 2016, and to place in rule the Board's application of its academic, financial, and operational performance frameworks for charter holders.

   An exemption from Executive Order 2015-01 was provided for this rulemaking by Dawn Wallace, Education Policy Advisor in the Governor's office, in an e-mail dated January 6, 2016.

   a. The conduct and its frequency of occurrence that the rule is designed to change:
      Until the rulemaking is completed, the Board's rules will not include the changes identified above.
   b. The harm resulting from the conduct the rule is designed to change and the likelihood it will continue to occur if the rule is not changed:
      It is best practice to include the changes identified above.
   c. The estimated change in frequency of the targeted conduct expected from the rule change:
      When the rulemaking is completed, the changes identified above will have been made.

2. A brief summary of the information included in the economic, small business, and consumer impact statement:

   The Board believes the rulemaking will have minimal economic impact on current charter holders and applicants for a charter. The rulemaking involves no substantive change to the Board's current rules and policies.

3. The person to contact to submit or request additional data on the information included in the economic, small business, and consumer impact statement:

   Name: Andrea Leder

   Address: Arizona State Board for Charter Schools

[1] If adequate data are not reasonably available, the agency shall explain the limitations of the data, the methods used in an attempt to obtain the data, and characterize the probable impacts in qualitative terms.

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Telephone: 602-364-3106
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4. Persons who will be directly affected by, bear the costs of, or directly benefit from the rulemaking:

Applicants for a charter, charter holders, and the Board will be directly affected by, bear the costs of, and directly benefit from the rulemaking.

In Article 2, the Board clarified the procedure for applying for a charter, including putting into rule the procedure for applying for a replication charter. The substance of the rules has not changed so the Board believes the economic impact of the rules on charter applicants will be minimal. The Board recognizes, however, that procedures necessary to comply with the rules, including payment of a $6,500 application processing fee, involve cost for an applicant. During FY2016, the Board received 15 application packages for a new charter and six application packages for replication of an existing charter. One of the applicants for a new charter was denied for failure to meet statutory requirements. All applicants for a replication charter were granted a replication charter. During the last two years, seven applicants that were granted a new charter failed to execute the charter during the time required, and as a result, the Board's decision to grant a charter expired. Five of the seven were applicants for a replication charter. The Board assumes those that apply for a charter have determined the costs of doing so are outweighed by the benefits of being a charter holder.

Charter holders will be directly affected by the provisions in Articles 3 through 6. Although many of the rules are new, the substance of the rules is not new. Much of the substance of the rules was previously available on the Board's web site or in Board policy. Because the substance of the rules has not changed, the Board believes the economic impact on charter holders will be minimal. The Board recognizes, however, that procedures necessary to

(A.R.S. § 41-1055(C)).

comply with the rules involve cost for a charter holder. The Board believes having the information in rule will benefit charter holders by enabling them to find information quickly and in one place. As of July 1, 2016, the Board is the sponsor of 426 charter holders that operate 539 charter schools. There are currently more than 170,000 children enrolled in a charter school. This number has increased annually since 2006.

During the last year, post-charter actions included 1,230 charter amendments and 50 charter renewal application packages. One of the charter renewal application packages was for early renewal. All charter renewals were granted. There were no application packages for charter transfer. The only post-charter action for which there is a fee is the addition or change to an Arizona Online Instruction Program of Instruction. Only 17 of the 539 charter schools (3.2%) offer an AOI Program of Instruction. Post-charter actions are voluntarily initiated by a charter holder who has determined the post-charter action is in the best interest of the charter holder.

Article 4 provides for the application of the Board's academic, financial, and operational performance frameworks. The performance frameworks are not new. To minimize the economic impact of compliance, to the extent possible, the Board uses data gathered for other purposes in its academic and operational frameworks. The financial framework uses the statutorily required annual audit.

The Board is required to exercise general supervision over charter schools it sponsors (See A.R.S. §§ 15-182(E)(1) and 15-183(R)). The manner in which this is done is specified in Article 5. During the last year, the Board made 21 first-year site visits and conducted 81 five-year-interval reviews. Seventy-one charter holders were required to submit a financial performance response because the charter holder failed to meet the minimum financial performance expectations. Forty-one charter holders were required to prepare a corrective action plan (CAP). Five of the CAPs were required because the charter holder failed to submit the required annual audit timely. The remaining CAPs were based on issues identified in annual audits. The primary reason for requiring a CAP was failure to comply with the statutory fingerprinting requirement. Preparing a financial performance response or CAP requires time and may involve seeking outside assistance. A charter holder can avoid this economic expense by achieving the financial and operational performance expectations.

Under the rulemaking, the procedure for a charter holder to demonstrate sufficient progress toward meeting the Board's academic performance expectations is simplified. Under previous versions of the Board's academic performance framework, a charter holder that operated a school that did not meet the Board's academic performance expectations was required to submit a detailed document to demonstrate progress toward meeting the expectations. The current academic framework states, "A Charter Holder that has one or more schools that receive an Overall Rating of 'Does Not Meet Standard' or 'Falls Far below Standard' for three consecutive years has failed to demonstrate sufficient progress." Now, instead of requiring a submission from a charter holder to demonstrate sufficient progress, the Board makes the determination based on the charter holder's year-to-year academic performance.

During FY2016, the Board received 55 complaints regarding charter holders. None of the complaints alleged non-compliance with the charter, other agreements with the Board, federal or state law, or Board rules. Rather, the complaints concerned school staff, policies, employment, operations, and student discipline. All of the complaints were handled by the Board facilitating communication between the complainant and the charter holder. None resulted in disciplinary action.

The Board may also take action when the Board determines a charter holder is not in compliance with its charter, other contractual agreements with the Board, federal or state laws, or Board rules. During the last year, the Board imposed no civil penalties for fingerprinting violations, entered no consent agreements with charter holders, and revoked no charters. Ten percent of state aid was withheld from five charter holders for failing to submit timely the required audit. After the audit was submitted, the withheld funds were released to the charter holder as required under A.R.S. § 15-185(H). Being subject to charter oversight can be expensive for a charter holder until the noncompliance is corrected and may lead to charter revocation. However, a charter holder can avoid charter oversight by complying fully with the charter, other contractual agreements with the Board, federal or state laws, and Board rules.

The Board incurred the expense of making these rules and will incur the expense of implementing and enforcing them. The procedures required to implement the rules are in place.

5. Cost-benefit analysis:

a. Costs and benefits to state agencies directly affected by the rulemaking including the number of new full-time employees at the implementing agency required to implement and enforce the proposed rule:

The Board is the only state agency directly affected by the rulemaking. It will not require any new full-time employees to implement or enforce the rules.

b. Costs and benefits to political subdivisions directly affected by the rulemaking:

No political subdivisions are directly affected by the rulemaking.

c. Costs and benefits to businesses directly affected by the rulemaking:

Charter holders are businesses directly affected by the rulemaking. Their costs and benefits are discussed in item 4.

6. Impact on private and public employment:

The rules will have no impact on private or public employment.

7. Impact on small businesses[2]:

a. Identification of the small business subject to the rulemaking:

Charter holders are businesses directly affected by the rulemaking. Some of them are small businesses. Their costs and benefits are discussed in item 4.

b. Administrative and other costs required for compliance with the rulemaking:

An application package, an application processing fee, and an in-person interview are required to make application for a charter. All post-charter actions require submission of an application package or request and may require an appearance before the Board. A charter holder that fails to comply with its charter, other contractual agreements with the Board, federal or state laws, or Board rules will incur the cost of extra supervision or charter oversight.

c. Description of methods that may be used to reduce the impact on small businesses:

Charter holders are provided tax-payer monies with which to provide quality education to children. It is not possible to reduce the impact of the rules on charter holders that are small businesses and provide necessary protections to children and tax payers.

8. Cost and benefit to private persons and consumers who are directly affected by the rulemaking:

No private persons or consumers are directly affected by the rulemaking.

9. Probable effects on state revenues:

The rules will have no effect on state revenues.

10. Less intrusive or less costly alternative methods considered:

The Board believes the rules provide the least intrusive and least costly method of fulfilling its statutory responsibilities.

[2] Small business has the meaning specified in A.R.S. § 41-1001(21).

AGENDA ITEM: Compliance Matters – Annual Financial Statement and Compliance Audits

Issue

In accordance with the Board's Policy Statement on Board Notification of Six Months of Non-compliance, staff is to bring charter holders having state equalization assistance withheld for failure to timely submit their annual financial statement and compliance audits to the Board for consideration of an issuance of a Notice of Intent to Revoke the charter after two months of withholding. Pursuant to this policy, Bradley Academy of Excellence, Inc., Graysmark Schools Corporation and StrengthBuilding Partners have been placed on the agenda for the Board's consideration of the charter holders' failure to submit their fiscal year 2016 audit reporting packages ("audit").

StarShine Academy has also not yet submitted its fiscal year 2016 audit to the Board. In November, the Board found the charter holder in noncompliance with state law and its charter contract, but was unable to withhold funds because the charter holder had filed for bankruptcy protection. The bankruptcy filing does not preclude the Board from issuing a notice of intent to revoke the charter.

Bradley Academy of Excellence, Inc. ("Bradley Academy")

On November 21, 2016, the Board approved withholding 10 percent of Bradley Academy's monthly state aid apportionment for failure to submit its fiscal year 2016 audit. On November 21st, an email describing the Board's action was sent to Bradley Academy. The November 21st email also included the following: "Please note that per Board policy staff will bring charter holders having state aid withheld for failure to timely submit their audits to the Board after two months of withholding for consideration of a Notice of Intent to Revoke the Charter." Funds have been withheld from Bradley Academy's December and January payments.

On December 22, 2016, the charter representative indicated he had expected the audit to be submitted by the end of the week. However, he later found out that the auditor left town for the holiday and would not be returning until the next week.

Having reviewed the charter holder's prior compliance with submitting its audits, Board staff found Bradley Academy timely submitted its audits for fiscal years 2011 through 2014. Bradley Academy submitted its fiscal year 2015 audit about one-and-a-half months late. The Board approved withholding 10% of Bradley Academy's state equalization assistance. No funds were withheld as Bradley Academy's audit was submitted before the Arizona Department of Education's deadline to affect the charter holder's next payment.

Graysmark Schools Corporation ("Graysmark")

On November 21, 2016, the Board approved withholding 10 percent of Graysmark's monthly state aid apportionment for failure to submit its fiscal year 2016 audit. On November 21st, an email describing the Board's action was sent to Graysmark. The November 21st email also included the following: "Please note that per Board policy staff will bring charter holders having state aid withheld for failure to timely submit their audits to the Board after two months of withholding for consideration of a Notice of Intent to Revoke the Charter." Funds have been withheld from Graysmark's December and January payments.

On December 16, 2016, the auditor indicated the fiscal year 2016 audit should be completed by the end of December, barring any unforeseen issues.

Having reviewed the charter holder's prior compliance with submitting its audits, Board staff found Graysmark timely submitted its audits for fiscal years 2012 through 2015, which represents Graysmark's first four years of operation.

StarShine Academy ("StarShine")
On November 21, 2016, the Board passed a motion finding StarShine in noncompliance with state law and its charter contract for failure to submit its fiscal year 2016 audit. On November 21st, an email describing the Board's action was sent to StarShine. The November 21st email also included the following: "The motion further indicated that had the bankruptcy filing not prevented it, the Board would have withheld 10% of StarShine Academy's monthly state aid apportionment until the fiscal year 2016 audit was submitted to the Board."

On December 22, 2016, StarShine indicated that it is trying to deal with issues that relate to the bankruptcy filing that are holding up the completion of the audit. StarShine is "diligently trying to work through those issues and as soon as they are resolved we can speedily complete our audit."

Having reviewed the charter holder's prior compliance with submitting its audits, Board staff found StarShine timely submitted its audits for fiscal years 2011 through 2014. StarShine submitted its fiscal year 2015 audit about two months late. Due to the bankruptcy filing, the Board was unable to withhold funds, but the Board did make a finding of noncompliance.

StrengthBuilding Partners ("StrengthBuilding")
On November 21, 2016, the Board approved withholding 10 percent of StrengthBuilding's monthly state aid apportionment for failure to submit its fiscal year 2016 audit. On November 21st, an email describing the Board's action was sent to StrengthBuilding. The November 21st email also included the following: "Please note that per Board policy staff will bring charter holders having state aid withheld for failure to timely submit their audits to the Board after two months of withholding for consideration of a Notice of Intent to Revoke the Charter." Funds have been withheld from StrengthBuilding's December and January payments.

On December 22, 2016, the auditor and charter representative indicated the fiscal year 2016 audit should be completed by the end of the first week of January.

Having reviewed the charter holder's prior compliance with submitting its audits, Board staff found StrengthBuilding did not timely submit its audit for fiscal year 2015, which was StrengthBuilding's first year of operation. StrengthBuilding submitted its fiscal year 2015 audit about two-and-a-half months late. The Board approved withholding 10% of StrengthBuilding's state equalization assistance. Funds were withheld for three months.

Board Options
Option 1: The Board may decide to take no further action at this time and direct staff to bring this matter back to the Board at its February 2017 meeting for further consideration should the charter holders still not have submitted their fiscal year 2016 audits.[1]

[1] Under this option, the current 10 percent withholding would continue until Bradley Academy of Excellence, Inc., Graysmark Schools Corporation and StrengthBuilding Partners submit their fiscal year 2016 audits. For StarShine Academy, the Board's previous finding of noncompliance would continue to be in effect.

Option 2: The Board may vote to issue a Notice of Intent to Revoke the charter holders' charter contracts. The following language is provided for consideration: The information contained in the audit is one of the primary means the Board has to meet its statutory oversight and administrative responsibilities for the schools it sponsors. Although this is a matter that could be quickly corrected, it represents a material breach of the charter contract. Therefore, I move to issue a Notice of Intent to Revoke the charter contract of *{INSERT CHARTER HOLDER NAME(S)}* for failing to timely submit the fiscal year 2016 audit reporting package as required by A.R.S. §15-183(E)(6), A.R.S. §15-914 and the charter contract.

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

Arizona State Board for Charter Schools
Executive Director Search Subcommittee
December 8, 2016
1616 West Adams Street, Suite 170
Phoenix, Arizona 85007

MINUTES

Meeting began at 9:49 a.m.

Members Present-
Kathy Senseman, Subcommittee Chair (Telephonically)
Freddy Mendoza (Telephonically)
Matthew Mason (Telephonically)

Members Absent-

A. Roll Call - Bianca Ulibarri called roll and confirmed a quorum was present.

B. Consideration to approve Subcommittee meeting minutes for executive session on November 18, 2016 and December 6, 2016 - Kathy Senseman provided an introduction and asked if there was a motion to approve the November 18th and December 6th meeting minutes. Matthew Mason moved to approve and Freddy Mendoza seconded. Motion passed unanimously.

C. Discussion and action on next steps in the Executive Director selection process - Kathy Senseman requested to go into executive session to discuss the employment matters and asked if there was a motion. Matthew Mason motioned to proceed into Executive Session for item C for the purpose of discussion and consideration of employment matters and Freddy Mendoza seconded. Motion passed unanimously.

Board went into Executive Session at 9:52 a.m.
Board returned from Executive Session at 10:00 a.m.

Kathy Senseman announced that the Board was out of executive session and asked if there was a motion. Matthew Mason motioned to bring interviewee #2 for the Executive Director position before the full Board at the Monday, December 12, 2016 meeting and recommended interviewee #2 for hiring. Freddy Mendoza seconded. Motion passed unanimously.

Kathy Senseman asked staff for clarification on whether the full Board decided to enter into executive session when hiring the previous Executive Director. Bianca Ulibarri, Executive Assistant clarified that with the hiring of the previous Executive Director, the Board did hold a special meeting and entered into executive session.

D. Adjournment - Kathy Senseman adjourned the meeting and thanked the subcommittee members for participating in today's meeting.

Meeting ended at 10:02 a.m.

DRAFT