

Life Skills Center of Arizona, Inc.

1. Administrative Law Judge Decision
2. Arizona State Board for Charter Schools Exhibits
3. Hearing Transcripts
4. Administrative Pleadings Record

Administrative Law Judge Decision

1 **IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

2
3 Notice of Hearing on Breach of Consent
Agreement and Revocation of Charter

No. 18F-RV-001-BCS

4
5 Life Skills Center of Arizona, Inc.

**ADMINISTRATIVE LAW JUDGE
DECISION**

6 **HEARING:** January 19, 2018 with the record held open until February 5, 2018

7 **APPEARANCES:** The Arizona State Board for Charter Schools was represented
8 by Assistant Attorney General Kim Anderson. Robert Fox and D/Andrea Chapman
9 appeared on behalf of Life Skills Center of Arizona, Inc.

10 **ADMINISTRATIVE LAW JUDGE:** Tammy L. Eigenheer

11
12 **FINDINGS OF FACT**

13 1. The Arizona State Board for Charter Schools (Board) is authorized to
14 execute charter contracts for the purpose of establishing charter schools in Arizona.

15 2. Life Skills Center of Arizona, Inc. (Life Skills) operates Life Skills Center of
16 Arizona (School) pursuant to a renewal charter contract (Charter) executed on June 20,
17 2017, between Life Skills and the Board.

18 3. Pursuant to A.R.S. § 15-183 and the Charter, the Board sponsors Life Skills
19 to operate one school site to serve students in grades 9 through 12.

20 4. A.R.S. § 15-183(E)(6) and A.R.S. § 15-914 require that Life Skills
21 undergoes an annual financial and compliance audit, including the completion of a legal
22 compliance questionnaire, by an independent certified public accountant (annual audit).

23 5. Life Skills' annual audit for each fiscal year is due to the Board by November
24 15 of the following fiscal year.

25 6. Life Skills failed to timely submit its annual audit for the fiscal year ending
26 June 30, 2013, and therefore, Life Skills was not in compliance with state law or with its
27 charter.

28 7. Life Skills failed to timely submit its annual audit for the fiscal year ending
29 June 30, 2014, and therefore, Life Skills was not in compliance with state law or with its
30 charter.

1 8. Life Skills breached its charter and A.R.S. § 15-183(E)(6) and A.R.S. § 15-
2 914 when it failed to timely submit its annual audit for fiscal years 2013 and 2014.

3 9. At its public meeting held on November 21, 2014, the Board passed a
4 motion to submit a request to the Department to withhold ten percent of the monthly
5 apportionment of state aid that would otherwise be due Life Skills and to issue a notice of
6 intent to revoke Life Skills' charter.

7 10. Rather than proceeding with the charter revocation proceeding, the Board
8 and Life Skills entered into a Consent Agreement.

9 11. In the Consent Agreement, Life Skills agreed to submit its annual audit for
10 the fiscal year ending June 30, 2015, by November 15, 2015. Life Skills further agreed
11 to submit its annual audit for subsequent fiscal years by November 15 of the following
12 fiscal year.

13 12. In the Consent Agreement, Life Skills agreed that if it failed to comply with
14 the terms and conditions of the Consent Agreement, the Board may, on no less than thirty
15 calendar days' notice, hold a hearing at which time the Board will receive information to
16 determine whether evidence exists that Life Skills failed to comply with the terms and
17 conditions of the Consent Agreement.

18 13. In the Consent Agreement, Life Skills agreed that in the event that the Board
19 determined that a breach of the Consent Agreement had occurred, the Board may revoke
20 Life Skills' charter to operate the School and terminate its charter for breach of the
21 Consent Agreement and the laws identified therein.

22 14. Life Skills' annual audit for the fiscal year ending June 30, 2017, was due to
23 the Board by November 15, 2017.

24 15. At its public meeting held on November 21, 2017, the Board determined
25 that Life Skills failed to timely submit its annual audit for the fiscal year ending June 30,
26 2017. The Board passed a motion that under the terms of the Consent Agreement a
27 hearing should be held to determine whether evidence existed that Life Skills failed to
28 comply with the terms and conditions of the Consent Agreement.

29 16. The Board further passed a motion to submit a request to the Department
30 to withhold ten percent of the monthly apportionment of state aid that would otherwise be
due Life Skills until a complete fiscal year 2017 annual audit was submitted to the Board.

1 17. On November 29, 2017, the Board received Life Skills’ audit package.

2 18. At the January 16, 2018, Board meeting, the Board considered Life Skills’
3 request for reconsideration. No one from Life Skills appeared at the Board meeting to
4 speak regarding request for reconsideration. Ultimately, the Board denied the request to
5 reconsider.

6 19. At hearing Robert Fox and D’Andrea Chapman testified that the School was
7 working to put into place procedures that would prevent a delayed submission of the
8 annual audit in any future years. Mr. Fox and Ms. Chapman denied realizing the severity
9 of the past issues with the Board. Ms. Chapman also stated that they were unaware they
10 could have attended the Board meetings to present an argument as to why the Charter
11 should not be revoked.

CONCLUSIONS OF LAW

12 1. In this proceeding, the Board bears the burden to prove, by a preponderance
13 of the evidence, that grounds exist to revoke the School’s Charter and that revocation is
14 an appropriate remedy. See A.R.S. § 41-1092.07(G)(2); A.R.S. § 15-183(I)(3); and
15 A.A.C. R2-19-119.

16 2. A preponderance of the evidence is “such proof as convinces the trier of fact
17 that the contention is more probably true than not.” MORRIS K. UDALL, ARIZONA LAW OF
18 EVIDENCE § 5 (1960). “It is evidence which is of greater weight or more convincing than
19 the evidence which is offered in opposition to it; that is, evidence which as a whole shows
20 that the fact sought to be proved is more probable than not.” BLACK’S LAW DICTIONARY 1182
21 (6th ed. 1990).

22 3. A sponsor may revoke a charter at any time if the charter school breaches
23 one or more provisions of its charter. A.R.S. § 15-183(I)(3)(c).

24 4. The Charter provides that the Board may revoke the Charter “for any
25 material breach of the Charter and/or violation of state, federal or local laws, ordinances
26 or rules or regulations”

27 5. The Consent Agreement also provided that if Life Skills failed to comply with
28 the terms and conditions of the Consent Agreement, the Board may revoke the Charter
29 to operate the School.

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6. Life Skills breached the Charter, the Consent Agreement, and the provisions of A.R.S. § 15-183(E)(6) and A.R.S. § 15-914 when it failed to timely submit the annual audit for the fiscal year ending June 30, 2017.

7. The evidence of record established that the Board has the authority, pursuant to A.R.S. § 15-183(I)(3)(c), to revoke the Charter Contract for the Charter Operator’s breaches of the Charter Contract and the Consent Agreement.

RECOMMENDED ORDER

In view of the foregoing, it is recommended that the Board revoke the Charter with Life Skills to operate the School on the effective date of the Order entered in this matter.

In the event of certification of the Administrative Law Judge Decision by the Director of the Office of Administrative Hearings, the effective date of the Order shall be five days from the date of the certification.

Done this day, February 26, 2018

/s/ Tammy L. Eigenheer
Administrative Law Judge

Transmitted electronically to:
Ashley Berg, Executive Director
State Board for Charter Schools

Arizona State Board for Charter Schools
Exhibits

ARIZONA STATE BOARD FOR CHARTER SCHOOLS' EXHIBIT INDEX

No. 18F-RV-001-BCS

In the Matter of LIFE SKILLS CENTER OF ARIZONA, INC., an Arizona non-profit corporation, operating LIFE SKILLS OF ARIZONA, a charter school.

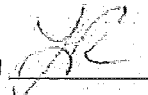
EXHIBIT	BATES #	DESCRIPTION
1	BCS 01 00001-00006	Renewal Charter Contract executed June 13, 2017
2	BCS 02 00007-00010	November 18, 2014 communication from Andrea Leder to Life Skills of Arizona regarding notice of late FY14 Audit
3	BCS 03 00011-00013	November 21, 2014 communication from Andrea Leder to Life Skills of Arizona regarding action taken by BCS due to late FY14 Audit
4	BCS 04 00014	November 24, 2014 communication from Jared Kittelson of Life Skills of Arizona to DeAnna Rowe regarding late FY 14 Audit
5	BCS 05 00015-00023	Consent Agreement with Notice of December 3, 2014 BCS meeting and minutes
6	BCS 06 00024-00026	November 16, 2016 communication from Andrea Leder to Dallen Timothy and Lisa Raderstorf regarding notice of late FY16 Audit
7	BCS 07 00027-00029	November 16, 2017 communication from Andrea Leder to Lisa Raderstorf regarding notice of late FY17 Audit
8	BCS 08 00030-00031	November 16, 2017 communication between Chris Sivak and Andrea Leder regarding FY17 audit
9	BCS 00032-00036	Life Skills' Request for Reconsideration and the Response

HB# 6761160

EXHIBIT 1

Renewal Charter Contract
Between
Arizona State Board for Charter Schools
And
Life Skills Center of Arizona, Inc.

1. **Parties:** The Arizona State Board for Charter Schools is authorized, pursuant to Arizona Revised Statutes ("A.R.S."), Title 15, Chapter 1, Article 8, to execute a Charter Contract ("Charter") for the purpose of authorizing the renewal of established charter schools to provide a learning environment to improve pupil achievement and to provide additional academic choices for parents and pupils.
 - A. This Charter is entered into between Life Skills Center of Arizona, Inc. ("Charter Holder") and the Arizona State Board for Charter Schools for the purpose of continuing the operation of a charter school as approved for renewal by the Arizona State Board for Charter Schools at the site(s) listed in Paragraph 6 of this Charter.
 - B. The person authorized to sign and act on behalf of the Arizona State Board for Charter Schools is the President of the Arizona State Board for Charter Schools or its Executive Director as the President's Designee.
 - C. The person authorized to sign on behalf of the Charter Holder is Dallen Timothy and Lisa Raderstorf ("Charter Representative").
 - D. The Charter Representative affirms as a condition of this Charter, that he/she is the above-described representative of the Charter Holder and has authority to enter into this Charter on behalf of the Charter Holder.
 - The Charter Holder must maintain a Charter Representative and provide current contact information to the Arizona State Board for Charter Schools.
 - The Arizona State Board for Charter Schools shall direct all communication with regard to this Charter to the Charter Representative.
 - The Charter Representative shall respond to written communication from the Arizona State Board for Charter Schools within the timeframe specified in the communication.
 - E. Neither party to this Charter is the employee or agent of the other party.
 - F. The Charter Representative further affirms that the Charter Holder is, and will remain, in good standing with the applicable regulatory body (e.g., for an Arizona Corporation, the Arizona Corporation Commission).
2. **Purpose:** The Charter Holder shall operate a charter school consistent with the terms of the Charter and all applicable laws; shall achieve pupil outcomes according to the educational standards established by law and this Charter; and shall be governed and managed in a financially prudent manner.
3. **Governance:**
 - A. The Charter Holder and its officers, directors, members, and partners have a duty of care for complying with the provisions of this Charter, all applicable laws, regulations, and reporting requirements.
 - B. The Charter Holder shall establish and maintain a governing body for the charter school that is responsible for the policy decisions of the charter school.



4. Operation:

- A. The Charter Holder shall be nonsectarian in its charter school programs, admission policies and employment practices and all other operations.
- B. The Charter Holder shall comply with all federal and state laws relating to the education of children with disabilities in the same manner as a school district.
- C. The Charter Holder shall comply with applicable federal, state and local rules, regulations and statutes relating to health, safety, civil rights and insurance.
- D. The Charter Holder shall maintain records to document daily pupil attendance and shall make such records available for inspection upon request of the Arizona State Board for Charter Schools and the Arizona Department of Education.
- E. The Charter Holder shall maintain student records in accordance with the Arizona State Library, Archives and Public Records Retention Schedules.
- F. If the Charter Holder receives federal grants funds, the Charter Holder shall timely submit financial and other reports required by the Arizona Department of Education for the Charter Holder's receipt of such funds.

5. Applicable Law: The material and services provided by this Charter Holder under this Charter shall comply with all applicable federal, state, and local laws and shall conform, in all respects, to the educational standards contained in its application and Charter. This Charter shall be governed and interpreted in accordance with the laws of the State of Arizona.

6. Sites: The Charter Holder shall provide educational services, including the delivery of instruction, at the following location(s):

Life Skills Center of Arizona (9th-12th)
8123 North 35th Avenue, Suite 2
Phoenix, AZ 85051

The Charter Holder shall maintain ownership, a lease, or other suitable agreement covering the use of all facilities, and shall ensure that the facilities comply with all applicable federal, state and local health and safety standards and other applicable laws, regulations and rules.

7. Term of Charter: This Charter is effective upon the signing of both parties for a term of twenty (20) years commencing on July 1, 2017 and ending on June 30, 2037, except as otherwise provided in this Charter and by law. The Charter may be renewed for successive periods of twenty (20) years pursuant to law.

8. Non-Availability of Funds: Every payment obligation of the State of Arizona under this Charter is conditioned upon the availability of funds continuing to be appropriated or allocated for the payment of such obligations. If funds are not allocated and available for the continuance of this Charter, the Arizona State Board for Charter Schools may terminate this Charter at the end of the period for which funds are available. No liability shall accrue to the Arizona State Board for Charter Schools, nor the State of Arizona, or any of its subdivisions, departments or divisions, in the event this provision is exercised, and neither the Arizona State Board for Charter Schools nor the State of Arizona shall be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.



9. **Charter Interpretation:**

- A. **Merger:** This Charter constitutes the entire agreement of the Parties. In the event of a conflict, the provisions of the Renewal Charter Contract control. Arizona Revised Statutes, Arizona State Board for Charter School policies, and administrative rules and regulations, which may be amended from time to time during the course of the Charter, are incorporated into this Charter, along with any amendments which may occur during the term of the Charter, by this reference.
- B. **Waiver:** Either party's failure to insist on strict performance of any term or condition of the Charter shall not constitute a waiver of that term or condition, even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.
- C. **Severability:** The provisions of this Charter are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Charter.
- D. **Assignment:** Neither party may assign or transfer any right or interest in this Charter unless authorized by law. No assignment, transfer or delegation of any duty of the Charter Holder shall be made without prior written permission of the Arizona State Board for Charter Schools.

10. **Amendments to the Charter and Changes to the Charter Holder:**

- A. This Charter may be amended or modified by mutual agreement, in writing, of the parties. Charter amendments and modifications requiring prior written approval by the Arizona State Board for Charter Schools shall be posted on its website as an Amendment or Notification Request. The Charter Holder shall not take action or implement the modification requested in the amendment or notification until approved by the Arizona State Board for Charter Schools. All amendment and notification requests shall be submitted pursuant to the procedures or rules formulated by the Arizona State Board for Charter Schools. Charter modifications that are not posted on the website may be implemented without the approval of the Arizona State Board for Charter Schools. A technological problem or failure that temporarily prevents the use of all or part of the website does not preclude the Charter Holder from complying with this paragraph.
- B. Any change in the ownership of the Charter Holder, change in the name of the Charter Holder, or change in officers, directors, members or partners of the Charter Holder must be submitted to the Arizona State Board for Charter Schools pursuant to the procedures or rules formulated by the Arizona State Board for Charter Schools.

11. **Insurance:** The Charter Holder shall obtain and maintain insurance in accordance with the laws of the State of Arizona.

Waiver of Rights: The Charter Holder and its insurers providing the required coverage shall waive all rights of recovery against the State of Arizona and the Arizona State Board for Charter Schools and the Department of Education, their agents, officials, assignees and employees.

12. **Indemnification and Acknowledgements:** The Charter Holder shall indemnify, defend, save and hold harmless the Arizona State Board for Charter Schools, the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents and employees ("Indemnitee") from and against any and all claims, actions, liabilities, damages, losses or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) ("Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the Charter Holder or any of its owners, officers,

directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such Charter Holder to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree that is applicable to the Charter Holder. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by the Charter Holder from and against any and all claims. It is agreed that the Charter Holder will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this Charter, the Charter Holder agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents and employees for losses arising from the work performed by the Charter Holder for the State of Arizona.


- A. The parties acknowledge that neither the Arizona State Board for Charter Schools, the State of Arizona, or its agencies, boards, commissions or divisions are liable for the debts or financial obligations of a charter school or persons or entities that operate charter schools.
- B. The parties acknowledge that, pursuant to law, the Arizona State Board for Charter Schools, its members, officers and employees are immune from personal liability for all acts done and actions taken in good faith within the scope of its authority.

13. Academic Performance Indicators and Evaluation: The Charter Holder shall:

- A. Provide a comprehensive program of instruction that aligns with the state academic standards prescribed by the Arizona State Board of Education for the grades approved for renewal by the Arizona State Board for Charter Schools.
- B. Design a method to measure pupil progress toward pupil outcomes adopted by the Arizona State Board of Education pursuant to A.R.S. §15-741.01, including participation in the State required assessments and the nationally standardized norm-referenced achievement test as designated by the Arizona State Board of Education.
- C. Meet or demonstrate sufficient progress toward the academic performance expectations set forth in the performance framework as adopted and modified periodically by the Arizona State Board for Charter Schools.

14. Financial Requirements:

- A. The Charter Holder shall comply with the same financial and electronic data submission requirements as a school district, including the Uniform System of Financial Records for Charter Schools (USFRCS) as prescribed in A.R.S. Title 15, chapter 2, article 4, procurement rules as prescribed in A.R.S. §15-213 and audit requirements as prescribed in A.R.S. §15-914 unless specifically excepted by the Arizona State Board for Charter Schools. If the Charter Holder has received an exception to the USFRCS and/or procurement rules, the Charter Holder shall, at a minimum, follow accounting policies and procedures that comply with Generally Accepted Accounting Principles (GAAP). This includes using an accounting system that provides for the proper recording and reporting of financial data and following standard internal control procedures. In addition, the Charter Holder shall contract for at least an annual financial statement audit that meets the following conditions:
 - It is conducted by an independent certified public accountant; and
 - It complies with policies adopted by the Arizona State Board for Charter Schools.
- B. The Charter Holder shall pay debts as they fall due or in the usual course of business.



- C. The Charter Holder shall not commit or engage in gross incompetence or systematic and egregious mismanagement of the school's finances or financial records.
15. **Review, Evaluation and Investigative Teams, Audits and Records:** The Charter Holder shall allow representatives from the Arizona State Board for Charter Schools, Arizona Department of Education, and/or the Arizona Auditor General to visit each school site at any reasonable time.
- The Charter Holder shall allow the representatives to conduct financial, program or compliance audits and shall hold open for inspection all records, documents and files relating to any activity or program provided by the Charter Holder relating to the charter school or by the charter school. Pursuant to A.R.S. § 35-214, all books, accounts, reports, files and other records relating to this Charter shall be subject, at all reasonable times, to inspection and audit by the State for five years after termination of the Charter.
16. **Length of School Year:** The Charter Holder shall provide instruction for no less than the minimum number of days required by statute and no less than the minimum number of hours of instruction required by statute. The Charter Holder must provide instruction as stated in this paragraph within the State of Arizona's fiscal year that begins July 1st and ends June 30th.
17. **Termination or Non-Renewal of the Charter:** The Arizona State Board for Charter Schools may revoke or not renew the Charter for any material breach of the Charter and/or violation of state, federal or local laws, ordinances or rules or regulations; for conditions which threaten the health, safety, or welfare of the students or staff of the school or of the general public; or as provided by law.
18. **Employees and Contractors:** This Charter is not an employment contract. No officer, employee, agent, or subcontractor of the Charter Holder or the School is an officer, employee, or agent of the Arizona State Board for Charter Schools or the State of Arizona.
19. **Non-Discrimination:** As a required state contract provision, the Charter Holder shall comply with State Executive Order No. 2009-09, which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable federal and state employment laws, rules and regulations, including the Americans with Disabilities Act. The Charter Holder shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.
20. **Conflict of Interest:** Pursuant to A.R.S. §38-511, the State of Arizona ("State"), its political subdivisions or any department or agency of either may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions, or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. A cancellation made pursuant to this provision shall be effective when the Charter Holder receives written notice of the cancellation unless the notice specifies a later time.
21. **Fingerprints:** The Charter Holder shall comply with the requirements of A.R.S. §15-183.
- A. The Charter Holder shall fingerprint check its charter school governing body members pursuant to A.R.S. §15-512 and submit all changes in members through the process stated in Paragraph 10. A fingerprint check must be conducted for each new governing body member.

B. The Charter Holder must maintain valid fingerprint clearance cards on all officers, directors, members, and partners of the Charter Holder and submit all changes in officers, directors, members, and partners through the process stated in Paragraph 10.

22. **Notices:** Any notice required, or permitted, under the Charter shall be in writing and shall be effective immediately upon personal delivery, upon receipt of electronic mail, or three (3) days after mailing to the following:

Charter Holder:
Dallen Timothy and Lisa Raderstorff
Life Skills Center of Arizona, Inc.
8123 North 35th Avenue, Suite 2
Phoenix, AZ 85051

Arizona State Board for Charter Schools:
Ashley Berg
Arizona State Board for Charter Schools
P.O. Box 18328
Phoenix, AZ 85009

The Arizona State Board for Charter Schools may make changes in the address of its contact person by posting the change(s) on its website.

LIFE SKILLS CENTER OF ARIZONA, INC.

Executed this 13th day of June 2017.

By Lisa Raderstorff
Dallen Timothy and/or Lisa Raderstorff, Charter Representative for Life Skills Center of Arizona, Inc.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

Executed this 20th day of June 2017.

By Ashley Berg
ARB Ashley Berg, Executive Director of the Arizona State Board for Charter Schools.

Ashley Berg

EXHIBIT 2

Andrea Leder

From: Andrea Leder
Sent: Tuesday, November 18, 2014 7:10 AM
To: 'ypena@azcorrections.gov'; 'philmcneary@msn.com'; 'david.p.roberts@asu.edu'
Subject: November Agenda - Failure to Submit FY14 Audit
Attachments: Life Skills Center of Arizona.pdf

Importance: High

Ms. Pena, Mr. McNeary and Mr. Roberts,
Please review the attached letter related to the submission of the fiscal year 2014 audit and the Board's November 21st meeting.

If you have any questions, please let me know.

Thanks,
Andrea

Andrea Leder
Arizona State Board for Charter Schools
1616 W. Adams Street, Suite 170
Phoenix, AZ 85007
P.O. Box 18328
Phoenix, AZ 85009
Phone: (602) 364-3106
Fax: (602) 364-3089
<https://asbcs.az.gov>

Arizona State Board for Charter Schools

Physical Address:
1616 West Adams Street, Suite 170
Phoenix, Arizona 85007
Phone: (602) 364-3080
Fax: (602) 364-3089



Mailing Address:
PO Box 18328
Phoenix, Arizona 85009

November 18, 2014

Yvonne Pena, Philanders McNeary and David Roberts
Life Skills Center of Arizona, Inc.
8123 N. 35th Avenue, Suite 2
Phoenix, AZ 85051

SENT VIA EMAIL: ypena@azcorrections.gov, philmcneary@msn.com and david.p.roberts@asu.edu

Dear Ms. Pena, Mr. McNeary and Mr. Roberts:

Arizona Revised Statutes (A.R.S.) § 15-914 and your charter contract with the Arizona State Board for Charter Schools ("Board") require you to submit an annual financial audit and requisite accompanying documents. The annual financial audit and requisite accompanying documents for the fiscal year ending June 30, 2014 were due November 15, 2014. To date, we have not received a complete audit package.

THIS LETTER SHALL SERVE AS WRITTEN NOTICE PURSUANT TO A.R.S. § 15-185(H) THAT THE BOARD WILL ADDRESS THIS MATTER AT ITS NEXT BOARD MEETING AND WILL DETERMINE WHETHER YOU ARE NOT IN COMPLIANCE WITH FEDERAL LAW, THE LAWS OF THIS STATE, OR WITH YOUR CHARTER, AS STATED IN THE PARAGRAPH ABOVE. IF THE BOARD DETERMINES THAT YOU ARE NOT IN COMPLIANCE, THE BOARD MAY TAKE ACTION, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING: WITHHOLD UP TO TEN PERCENT OF THE MONTHLY STATE AID APPORTIONMENT THAT WOULD OTHERWISE BE DUE YOUR CHARTER SCHOOL AND/OR ISSUE A NOTICE OF INTENT TO REVOKE YOUR CHARTER. YOU SHALL BE ALLOWED TO RESPOND TO THE ALLEGATIONS OF NON-COMPLIANCE AT THE MEETING BEFORE THE BOARD MAKES A FINAL DETERMINATION.

The next Board meeting is scheduled for Friday, November 21, 2014, and will be held in Phoenix at 1616 W. Adams Street in Suite 170. The meeting will begin at 1 p.m. The meeting materials for this agenda item are available at <https://asbcs.az.gov/board-staff-information/meeting-dates-materials> under "Regular Session – November 21, 2014". If you have any questions prior to the meeting, please contact me at (602) 364-3106.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrea Leder".

Andrea Leder
Government & Financial Services Manager

Andrea Leder

From: David Roberts <David.P.Roberts@asu.edu>
To: Andrea Leder
Sent: Tuesday, November 18, 2014 9:52 AM
Subject: Read: November Agenda - Failure to Submit FY14 Audit

Your message

To:
Subject: November Agenda - Failure to Submit FY14 Audit
Sent: Tuesday, November 18, 2014 9:52:13 AM (UTC-07:00) Arizona

was read on Tuesday, November 18, 2014 9:52:03 AM (UTC-07:00) Arizona.

Andrea Leder

From: Microsoft Outlook
To: 'ypena@azcorrections.gov'; 'philmcneary@msn.com'; 'david.p.roberts@asu.edu'
Sent: Tuesday, November 18, 2014 7:10 AM
Subject: Relayed: November Agenda - Failure to Submit FY14 Audit

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

['ypena@azcorrections.gov' \(ypena@azcorrections.gov\)](mailto:ypena@azcorrections.gov)

['philmcneary@msn.com' \(philmcneary@msn.com\)](mailto:philmcneary@msn.com)

['david.p.roberts@asu.edu' \(david.p.roberts@asu.edu\)](mailto:david.p.roberts@asu.edu)

Subject: November Agenda - Failure to Submit FY14 Audit

EXHIBIT 3

Andrea Leder

From: Andrea Leder
Sent: Friday, November 21, 2014 4:44 PM
To: 'ypena@azcorrections.gov'; 'philmcneary@msn.com'; 'david.p.roberts@asu.edu'
Subject: Board Action - November 21st Board Meeting
Attachments: Life Skills Center of Arizona.pdf

Importance: High

Yvonne Pena, Philanders McNeary and David Roberts,
Please review the attached letter regarding action taken by the Board at its November 21st meeting.

If you have any questions, please let me know.

Thanks,
Andrea

Andrea Leder
Arizona State Board for Charter Schools
1616 W. Adams Street, Suite 170
Phoenix, AZ 85007
P.O. Box 18328
Phoenix, AZ 85009
Phone: (602) 364-3106
Fax: (602) 364-3089
<https://asbcs.az.gov>

Arizona State Board for Charter Schools

Physical Address:
1616 West Adams Street, Suite 170
Phoenix, Arizona 85007
Phone: (602) 364-3080
Fax: (602) 364-3089



Mailing Address:
PO Box 18328
Phoenix, Arizona 85009

November 21, 2014

Yvonne Pena, Philanders McNeary and David Roberts
Life Skills Center of Arizona, Inc.
8123 N. 35th Avenue, Suite 2
Phoenix, AZ 85051

SENT VIA EMAIL: ypena@azcorrections.gov, philmcneary@msn.com and david.p.roberts@asu.edu

Dear Ms. Pena, Mr. McNeary and Mr. Roberts:

At the Arizona State Board for Charter Schools ("Board") meeting held on Friday, November 21, 2014, and in conjunction with passing a motion to issue a Notice of Intent to Revoke the charter of Life Skills Center of Arizona, Inc., the Board passed a motion to withhold 10% of the charter holder's monthly state aid apportionment for the charter holder's failure to timely submit the fiscal year 2014 audit reporting package. A copy of the Notice of Hearing on Intent to Revoke Charter will be forthcoming.

If the Board does not receive a complete fiscal year 2014 audit reporting package **by noon on Friday, December 19, 2014**, the Board will inform ADE to begin withholding 10% of your monthly state aid apportionment beginning with the January 2015 payment. The withholding will continue until a complete fiscal year 2014 audit reporting package is submitted to our office.

Additionally, please note that the Board's processes for five year interval reviews and charter renewal include historical financial, contractual and legal compliance. Therefore, actions taken by the Board, such as withholding 10% of a charter holder's monthly state aid apportionment, will be considered by the Board and may adversely affect the Board's decision regarding a charter holder's request for charter renewal.

If you have any questions, please don't hesitate to contact this office at (602) 364-3080.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrea Leder", is written over a horizontal line.

Andrea Leder
Government & Financial Services Manager

Andrea Leder

From: Microsoft Outlook
To: 'ypena@azcorrections.gov'; 'philmcneary@msn.com'; 'david.p.roberts@asu.edu'
Sent: Friday, November 21, 2014 4:44 PM
Subject: Relayed: Board Action - November 21st Board Meeting

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

['ypena@azcorrections.gov' \(ypena@azcorrections.gov\)](mailto:ypena@azcorrections.gov)

['philmcneary@msn.com' \(philmcneary@msn.com\)](mailto:philmcneary@msn.com)

['david.p.roberts@asu.edu' \(david.p.roberts@asu.edu\)](mailto:david.p.roberts@asu.edu)

Subject: Board Action - November 21st Board Meeting

EXHIBIT 4

Andrea Leder

From: Kittelson, Jared <Jared.Kittelson@lshsarizona.com>
Sent: Monday, November 24, 2014 7:23 AM
To: Deanna Rowe
Cc: Andrea Leder
Subject: Life Skills Centers of Arizona FY14 audits
Attachments: Legal Compliance Questionnaire FY14.pdf; Life Skills of Arizona FY14 Audited Financial Statements.pdf

Ms. Rowe,

I spoke with you early Friday evening in regards to the Board's decision to revoke our charter due to a second consecutive late year of submitting our annual audit package, as well as a lack of appearance to justify our missed deadline.

I have attached the audit package for FY14 and would like to discuss possible action steps going forward. Personally, I am embarrassed that this is the second consecutive year that this is happened. As a ten year veteran of this school, it saddens me at the thought of closing these doors for good. However, there is no excuse to not meeting the minimum requirements set forth by the Board.

Ms. Rowe, you mentioned that there may be some recourse given that an audit was submitted, up to and including a no tolerance corrective action plan. At your earliest convenience I would like to discuss the school's options going forward. I can assure you that policies and procedures will be put in place so this will never happen again.

Respectfully,

Jared S. Kittelson
Administrator
Life Skills High School
8123 N 35th Ave. Suite 2
Phoenix, AZ 85051
Phone - 602-242-6400
Cell - 602-909-0443

EXHIBIT 5

CONSENT AGREEMENT

This Consent Agreement (“Agreement”) is made by and between LIFE SKILLS CENTER OF ARIZONA, INC. (“Charter Operator”), a nonprofit corporation organized under the laws of the state of Arizona and operating LIFE SKILLS CENTER OF ARIZONA, a charter school, and the ARIZONA STATE BOARD FOR CHARTER SCHOOLS (“Board”), collectively referred to herein as the “Parties.”

JURISDICTION

The Board is charged by Arizona Revised Statutes (“A.R.S.”) §§ 15-182(E)(1) and (2) and 15-183(R) with granting charter status to qualifying applicants for charter schools and exercising general supervision over the charter schools it sponsors. A charter is effective for fifteen years. A.R.S. § 15-183(I). The Board may submit a request to the Arizona Department of Education to withhold up to ten percent of the monthly apportionment of state aid that would otherwise be due a charter school if the Board determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state or with its charter. A.R.S. § 15-185(H). The Board may revoke a charter of a school it sponsors at any time if the charter school breaches one or more provisions of its charter or if the Board determines that the charter holder has failed to comply with charter school statutes or any provision of law from which the charter school is not exempt. A.R.S. § 15-183(I)(3)(c).

RECITALS

1. The Charter Operator operates Life Skills Center of Arizona (“the School”) pursuant to a charter contract (“Charter”) executed on July 22, 2002 between the Charter Operator and the Board.
2. Pursuant to A.R.S. § 15-183 and the Charter, the Board sponsors the Charter

Operator to operate one school site to serve students in grades nine through twelve.

3. Yvonne Pena, Philanders McNeary and David Roberts are the Charter Representatives and persons authorized to execute documents on behalf of the Charter Operator.

4. The Charter of the Charter Operator and the Board requires that the Charter Operator comply with all state, federal and local laws applicable to the operation of a charter school.

5. A.R.S. §§ 15-183(E)(6) and 15-914 and the Charter of the Charter Operator and the Board require that the Charter Operator undergo an annual financial and compliance audit, including the completion of a legal compliance questionnaire, (“Annual Audit”) by an independent certified public accountant.

6. The Charter Operator’s Annual Audit for the fiscal year ending June 30, 2014 was due to the Board by November 15, 2014.

7. At its public meeting held on November 21, 2014, the Board determined that the Charter Operator, having failed to submit its Annual Audit for the fiscal year ending June 30, 2014, was not in compliance with state law and with its Charter. The Board passed a motion to submit a request to the Arizona Department of Education to withhold ten percent of the monthly apportionment of state aid that would otherwise be due the Charter Operator and to issue a notice of intent to revoke the Charter of the Charter Operator.

8. The Charter Operator breached its Charter and A.R.S. §§ 15-183(E)(6) and 15-914 when it failed to timely submit its Annual Audit for the fiscal year ending June 30, 2014.

9. The Charter Operator has a history of failure to timely submit its Annual Audit to the Board; it failed to timely submit its Annual Audit for the fiscal year ending June 30, 2013.

10. On November 24, 2014, the Charter Operator submitted its Annual Audit for the

fiscal year ending June 30, 2014.

AGREEMENT TERMS AND CONDITIONS

The Parties agree as follows:

11. Because of the Board's decision to issue a notice of intent to revoke the Charter, the Charter Operator is subject to the revocation and termination of its Charter.

12. A.R.S. §§ 15-183(Q) and 41-1092.07(F)(5) provide that informal disposition of this matter may be made by stipulation, agreed settlement, consent order or default.

13. In consideration of the Parties foregoing their option to proceed with the charter revocation proceedings and hearing, it is in the best interests of the Board and the Charter Operator to mutually resolve this matter.

14. The Charter Operator waives its right to a hearing and to provide its defense, except as set forth herein, on the Recitals set forth in this Agreement.

15. By entering into this Agreement, the Charter Operator agrees to the Recitals set forth in this Agreement and understands that it cannot contest any of the Recitals in the future.

16. This Agreement does not limit other actions the Board may take under the law if it determines that the Charter Operator is not in compliance with its Charter or with state or federal law.

17. The Charter Operator agrees to submit its Annual Audit for the fiscal year ending June 30, 2015 by November 15, 2015. The Charter Operator agrees to submit its Annual Audit for all subsequent fiscal years of its operation by November 15 of the following fiscal year.

18. If the Charter Operator fails to comply with the terms and conditions of this Agreement, the Board may, on no less than thirty (30) calendar days' notice, hold a hearing at which time the Board will receive information to determine whether evidence exists that the Charter

Operator failed to comply with the terms and conditions of this Agreement. The Charter Operator shall be entitled to present all appropriate evidence at this hearing. If the Board determines that a breach of this Agreement has occurred, the Board may revoke the Charter Operator's Charter to operate the School and terminate its Charter for breach of this Agreement and of its Charter and the state laws identified in the Recitals.

19. This Agreement is not binding on either party until both the Board and the Charter Operator's governing board accept it by the number of votes necessary to pass a measure at a public meeting. This Agreement is effective immediately upon its approval and execution by the authorized representatives of the Charter Operator and the Board.

20. If either party rejects this Agreement or any part of it, then this Agreement is null and void and not binding on the Parties and the Board may proceed with the charter revocation hearing.

21. The Charter Operator has the legal right to consult with an attorney prior to entering into this Agreement.

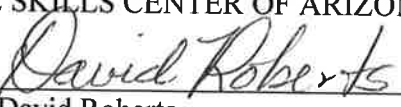
22. The Parties shall be responsible for their own attorneys' fees and costs, if any, in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS


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

Date: 1/13/15


LIFE SKILLS CENTER OF ARIZONA, INC.


By: David Roberts
Charter Representative, Life Skills Center of Arizona, Inc.

Date: 12/10/14

COPY mailed this
14th day of Jan., 201~~7~~⁵ to:

Life Skills Center of Arizona, Inc.
Attention: Yvonne Pena, Philanders McNeary and David Roberts, Charter Representatives
8123 N. 35th Avenue
Suite 2
Phoenix, AZ 85051

By 

NOTICE OF MEETING OF A PUBLIC BODY
THE LIFE SKILLS CENTER OF ARIZONA, INC.

Pursuant to A.R.S. 38-431.02, notice is hereby given to the Members of the Life Skills Center of Arizona, Inc. and the general public that the Life Skills Center of Arizona, Inc. will hold a governing board meeting open to the public on Wednesday, December 3, 2014, at 2:00 p.m. Arizona time at the School, located at 8123 35th Avenue, Suite 2, Phoenix, AZ 85051, and via a telephone conference, which can be accessed by dialing the toll free number 1-

888-394-8197, and then dialing in the pass code number 522048# to connect to the meeting. Members of the Life Skills Center of Arizona will attend either in person or by telephone conference.

The Agenda for the meeting is as follows:

- Call to Order/Roll Call
- 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] limited to 3 minutes
- Review of Agenda and Resolutions

I. Consideration to Approve New Business

- A. Arizona State Charter Board Consent agreement
- B. Approval of the Minutes for the December 3, 2014 meeting

Reminder of Next Meeting Date: February 5, 2015 at 1 p.m., (Mountain) to be held at Life Skills Center of Arizona and by teleconference.

- Adjourn

**LIFE SKILLS CENTER OF ARIZONA
BOARD OF DIRECTORS MEETING**
8123 North 35th Avenue, Suite 2, Phoenix, AZ 85051
Telephone: (602)242-6400 Facsimile: (602) 242-6823
Website: www.lifeskillshs.com

Board Meeting

Date: December 3, 2014
Time: 2:00 p.m.
Location: Life Skills Center of Arizona
and Phone#: 888-394-8197
Access Code: 522048#

MINUTES

MEETING TYPE: Regular Special Proposed Approved

A. Call to Order/Roll Call The meeting was called to order at: 1:06 p.m.

Board Member Attendance:

Dave Roberts, President (in person)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Leslie Guiley, Treasurer (via telephone)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Dr. Dallen Timothy, Vice President (in person)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
David Glynn, Secretary (via telephone)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Kent Barnes, Pending Director (in person)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent

Other Attendees:

Jared Kittelson (School Administrator, WHM), Thomas Barrett (President and CEO, WHM), via telephone: Scott Kies (Proposed Fiscal Officer, Aspire), Rodd Coker (VP Business Development, WHM), and Maggie Ford (Chief Academic Officer, WHM)

The Board notes that the public notice published at the school and its website provides information for public access to the meetings.

B. Public Comment

None

C. Review of Agenda and Proposed Resolutions

D. Consideration to Approve Standard Business

i. Minutes

After discussion about the root causes related to the late submission of the 2014 Annual Audit report and procedures to ensure future reports are submitted on time, a motion to approve the Arizona State Charter board Consent Agreement and authorize the Board President to sign the Consent Agreement was made by Dave Roberts; seconded by Dallen Timothy, and approved.

WHEREAS, the School submitted the Annual Audit Report after the November 15, 2014 deadline and the Arizona State Charter Board requests the execution of a consent agreement attesting future Audit Reports will be submitted on or before the deadline.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors approves the Arizona State Charter Board Consent Agreement and authorizes the Board President to sign the agreement.

A copy of the meeting minutes are available for public inspection at Life Skills Center of Arizona, 8123 North 35th Avenue, Suite 2, Phoenix, AZ 85051

**LIFE SKILLS CENTER OF ARIZONA
BOARD OF DIRECTORS MEETING**
8123 North 35th Avenue, Suite 2, Phoenix, AZ 85051
Telephone: (602)242-6400 Facsimile: (602) 242-6823
Website: www.lifeskillshs.com

ii. **Minutes**

After discussion, a motion to approve the Minutes from the special meeting held on December 3, 2014 was made by Dave Roberts; seconded by Dallen Timothy, and approved.

RESOLVED, that the Board of Directors approves the Minutes from the meeting held on December 3, 2014 as presented.

MINUTES CERTIFICATION

Proposed minutes respectfully submitted,



Recording Secretary, Rodd Coker

12/4/14

Date

Approved by the Life Skills Center of Arizona Board of Directors on December 3, 2014.



Secretary, David Glynn

12/04/14

Date

A copy of the meeting minutes are available for public inspection at Life Skills Center of Arizona, 8123 North 35th Avenue, Suite 2, Phoenix, AZ 85051

Arizona State Board for Charter Schools



Physical Address:
1616 West Adams Street, Suite 170
Phoenix, Arizona 85007
Phone: (602) 364-3080
Fax: (602) 364-3089

Mailing Address:
PO Box 18328
Phoenix, Arizona 85009

January 14, 2015

Life Skills Center of Arizona, Inc.
Attn: Yvonne Pena, Philanders McNeary and
David Roberts, Charter Representatives
8123 North 35th Avenue, Suite 2
Phoenix, Arizona 85051

RE: Consent Agreement

Dear Charter Representatives:

At its January 13, 2015, meeting, the Board approved the Consent Agreement for Life Skills Center of Arizona, Inc.

Enclosed, please find a copy of the agreement for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Bianca Ulibarri".

Bianca Ulibarri
Constituent Services Specialist

EXHIBIT 6

Andrea Leder

From: Andrea Leder
Sent: Wednesday, November 16, 2016 7:28 AM
To: dtimothy@asu.edu; raderpj1@aol.com
Subject: November Agenda - Failure to Submit FY16 Audit

Importance: High



Arizona State Board for Charter Schools

Physical Address:
1616 West Adams Street, Ste. 170
Phoenix, AZ 85007
(602) 364-3080

Mailing Address:
P.O. Box 18328
Phoenix, AZ 85009

November 16, 2016

Dallen Timothy and Lisa Raderstorf
Life Skills Center of Arizona, Inc.
8123 N. 35th Avenue, Suite 2
Phoenix, AZ 85051

Dear Dallen Timothy and Lisa Raderstorf:

Arizona Revised Statutes (A.R.S.) § 15-914 and your charter contract with the Arizona State Board for Charter Schools ("Board") require you to submit an annual financial audit and requisite accompanying documents. The annual financial audit and requisite accompanying documents for the fiscal year ending June 30, 2016 were due November 15, 2016. To date, we have not received a complete audit package.

THIS LETTER SHALL SERVE AS WRITTEN NOTICE PURSUANT TO A.R.S. § 15-185(H) THAT THE BOARD WILL ADDRESS THIS MATTER AT ITS NEXT BOARD MEETING AND WILL DETERMINE WHETHER YOU ARE NOT IN COMPLIANCE WITH FEDERAL LAW, THE LAWS OF THIS STATE, OR WITH YOUR CHARTER, AS STATED IN THE PARAGRAPH ABOVE. IF THE BOARD DETERMINES THAT YOU ARE NOT IN COMPLIANCE, THE BOARD MAY TAKE ACTION, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING: WITHHOLD UP TO TEN PERCENT OF THE MONTHLY STATE AID APPORTIONMENT THAT WOULD OTHERWISE BE DUE YOUR CHARTER SCHOOL AND/OR ISSUE A NOTICE OF INTENT TO REVOKE YOUR CHARTER. YOU SHALL BE ALLOWED TO RESPOND TO THE ALLEGATIONS OF NONCOMPLIANCE AT THE MEETING BEFORE THE BOARD MAKES A FINAL DETERMINATION.

The next Board meeting is scheduled for Monday, November 21, 2016, and will be held in Phoenix at 1616 W. Adams Street in Suite 170. The meeting will begin at 9 a.m. The meeting materials for this agenda item will be available at <https://asbcs.az.gov/board-staff-information/meeting-dates-materials>. If you have any questions prior to the meeting, please contact me at (602) 364-3106.

Sincerely,
Andrea Leder
Assistant Director of Operations & Finance

Andrea Leder

Arizona State Board for Charter Schools
1616 W. Adams Street, Suite 170
Phoenix, AZ 85007
P.O. Box 18328
Phoenix, AZ 85009
Phone: (602) 364-3106
Fax: (602) 364-3089
<https://asbcs.az.gov>

Andrea Leder

From: Dallen Timothy <Dallen.Timothy@asu.edu>
To: Andrea Leder
Sent: Wednesday, November 16, 2016 8:00 AM
Subject: Read: November Agenda - Failure to Submit FY16 Audit

Your message

To:
Subject: November Agenda - Failure to Submit FY16 Audit
Sent: Wednesday, November 16, 2016 2:59:48 PM (UTC+00:00) Monrovia, Reykjavik

was read on Wednesday, November 16, 2016 2:59:43 PM (UTC+00:00) Monrovia, Reykjavik.

EXHIBIT 7

Andrea Leder

From: Andrea Leder
Sent: Thursday, November 16, 2017 6:56 AM
To: 'raderpj1@aol.com'
Subject: November Agenda - Failure to Submit FY17 Audit

Importance: High



Arizona State Board for Charter Schools

Physical Address:
1616 West Adams Street, Ste. 170
Phoenix, AZ 85007
(602) 364-3080

Mailing Address:
P.O. Box 18328
Phoenix, AZ 85009

November 16, 2017

Lisa Raderstorf
Life Skills Center of Arizona, Inc.
8123 N. 35th Avenue, Suite 2
Phoenix, AZ 85051

Dear Lisa Raderstorf:

Arizona Revised Statutes (A.R.S.) § 15-914 and your charter contract with the Arizona State Board for Charter Schools ("Board") require you to submit an annual financial audit and requisite accompanying documents. The annual financial audit and requisite accompanying documents for the fiscal year ending June 30, 2017 were due November 15, 2017. To date, we have not received a complete audit package.

THIS LETTER SHALL SERVE AS WRITTEN NOTICE PURSUANT TO A.R.S. § 15-185(H) THAT THE BOARD WILL ADDRESS THIS MATTER AT ITS NEXT BOARD MEETING AND WILL DETERMINE WHETHER YOU ARE NOT IN COMPLIANCE WITH FEDERAL LAW, THE LAWS OF THIS STATE, OR WITH YOUR CHARTER, AS STATED IN THE PARAGRAPH ABOVE. IF THE BOARD DETERMINES THAT YOU ARE NOT IN COMPLIANCE, THE BOARD MAY TAKE ACTION, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING: WITHHOLD UP TO TEN PERCENT OF THE MONTHLY STATE AID APPORTIONMENT THAT WOULD OTHERWISE BE DUE YOUR CHARTER SCHOOL AND/OR ISSUE A NOTICE OF INTENT TO REVOKE YOUR CHARTER. YOU SHALL BE ALLOWED TO RESPOND TO THE ALLEGATIONS OF NONCOMPLIANCE AT THE MEETING BEFORE THE BOARD MAKES A FINAL DETERMINATION.

The next Board meeting is scheduled for **Tuesday, November 21, 2017**, and will be held in Phoenix at 1535 W. Jefferson Street (Arizona Department of Education building). The meeting will begin at 9 a.m. The meeting materials for this agenda item will be available at <https://asbcs.az.gov/board-staff-information/meeting-dates-materials>. If you have any questions prior to the meeting, please contact me at (602) 364-3106.

Sincerely,
Andrea Leder
Assistant Director of Operations & Finance

Andrea Leder

Assistant Director of Operations & Finance



Arizona State Board for Charter Schools
P.O. Box 18328, Phoenix, Arizona 85009
Phone: (602) 364-3106
Website: asbcs.az.gov

 Facebook: www.facebook.com/asbcsaz

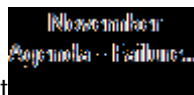
 Newsletter: <https://asbcs.az.gov/news-events>

Andrea Leder

From: Microsoft Outlook
To: 'raderpj1@aol.com'
Sent: Thursday, November 16, 2017 6:56 AM
Subject: Relayed: November Agenda - Failure to Submit FY17 Audit

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

raderpj1@aol.com (raderpj1@aol.com)



Subject: November Agenda - Failure to Submit FY17 Audit

EXHIBIT 8

Andrea Leder

From: Chris Sivak <csivak@skodaminotti.com>
Sent: Thursday, November 16, 2017 7:40 AM
To: Andrea Leder
Cc: Nick Ward
Subject: RE: November Agenda - Failure to Submit FY17 Audit

Andrea:

Yes, we are performing the audit. Unfortunately, it is not complete but we are working with the school's accountant to wrap up a few remaining items. I think we're close and we can certainly email a copy when it's complete.

Thanks

Chris

Christopher G. Sivak, CPA

3320 West Market St.

Suite 300 | Fairlawn, OH 44333

O: (330) 576-1832 | M: (330) 819-2425

[Connect with me on LinkedIn](#)



Delivering on the Promise.

From: Andrea Leder [mailto:Andrea.Leder@asbcs.az.gov]
Sent: Thursday, November 16, 2017 8:58 AM
To: Chris Sivak
Subject: FW: November Agenda - Failure to Submit FY17 Audit
Importance: High

Mr. Sivak

I don't know if your firm conducted the fiscal year 2017 audit. If it did and the audit is completed, would it be possible for you to email it to me?

Thanks,

Andrea

From: Andrea Leder
Sent: Thursday, November 16, 2017 6:56 AM
To: 'raderpj1@aol.com'
Subject: November Agenda - Failure to Submit FY17 Audit

Importance: High

Arizona State Board for Charter Schools



Physical Address: Mailing Address:

1616 West Adams Street, Ste. 170 P.O. Box 18328

Phoenix, AZ 85007 Phoenix, AZ 85009

(602) 364-3080

November 16, 2017

Lisa Raderstorf

Life Skills Center of Arizona, Inc.

8123 N. 35th Avenue, Suite 2

Phoenix, AZ 85051

Dear Lisa Raderstorf:

Arizona Revised Statutes (A.R.S.) § 15-914 and your charter contract with the Arizona State Board for Charter Schools (“Board”) require you to submit an annual financial audit and requisite accompanying documents. The annual financial audit and requisite accompanying documents for the fiscal year ending June 30, 2017 were due November 15, 2017. To date, we have not received a complete audit package.

THIS LETTER SHALL SERVE AS WRITTEN NOTICE PURSUANT TO A.R.S. § 15-185(H) THAT THE BOARD WILL ADDRESS THIS MATTER AT ITS NEXT BOARD MEETING AND WILL DETERMINE WHETHER YOU ARE NOT IN COMPLIANCE WITH FEDERAL LAW, THE LAWS OF THIS STATE, OR WITH YOUR CHARTER, AS STATED IN THE PARAGRAPH ABOVE. IF THE BOARD DETERMINES THAT YOU ARE NOT IN COMPLIANCE, THE BOARD MAY TAKE ACTION, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING: WITHHOLD UP TO TEN PERCENT OF THE MONTHLY STATE AID APPORTIONMENT THAT WOULD OTHERWISE BE DUE YOUR CHARTER SCHOOL AND/OR ISSUE A NOTICE OF INTENT TO REVOKE YOUR CHARTER. YOU SHALL BE ALLOWED TO RESPOND TO THE ALLEGATIONS OF NONCOMPLIANCE AT THE MEETING BEFORE THE BOARD MAKES A FINAL DETERMINATION.

The next Board meeting is scheduled for **Tuesday, November 21, 2017**, and will be held in Phoenix at 1535 W. Jefferson Street (Arizona Department of Education building). The meeting will begin at 9 a.m. The meeting materials for this agenda item will be available at <https://asbcs.az.gov/board-staff-information/meeting-dates-materials>. If you have any questions prior to the meeting, please contact me at (602) 364-3106.

Sincerely,

Andrea Leder

Assistant Director of Operations & Finance

Andrea Leder

Assistant Director of Operations & Finance



Arizona State Board for Charter Schools

P.O. Box 18328, Phoenix, Arizona 85009

Phone: (602) 364-3106

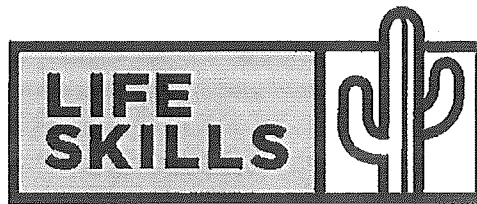
Website: asbcs.az.gov



Facebook: www.facebook.com/asbcsaz



Newsletter: <https://asbcs.az.gov/news-events>



HIGH SCHOOL ARIZONA

Life Skills High Schools • 8126 North 35th Ave. Suite 2, Phoenix AZ 85051 • 602-242-6400

Arizona State Board for Charter Schools
P.O. Box 18328
Phoenix, AZ 85009

* Via email to charterschoolboard@asbcs.az.gov *

Re: No. 18F-RV-001-BCS

Dear Board Members:

The Life Skills Center of Arizona (Life Skills) requests that the Arizona State Board for Charter Schools reconsider its decision to hold a hearing on whether to revoke Life Skills' charter. Life Skills filed its annual audit Nov. 29, 2017, two weeks after the deadline, due to the fact that the board president's wife was recently diagnosed with cancer, making it difficult for him to find time to sign the final audit.

The Life Skills' annual audit was completed on October 16, 2017; however, the audit must be signed by the Life Skills' authorized signer, Board President David Glynn. The board held a meeting on Nov. 9, 2017, but Mr. Glynn was unable to attend. He was finally able to sign the audit on Nov. 29, 2017, and Life Skills filed the audit that same day.

We appreciate your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Ann Schneider".

Mary Ann Schneider, Ph.D.
Superintendent
Life Skills Center of Arizona

Cc: Kim Anderson, kim.anderson@azag.gov

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MARK BRNOVICH
Firm State Bar No. 14000
Attorney General

Kim S. Anderson (#010584)
Assistant Attorney General
State Government Division
Education and Health Section
2005 North Central Avenue
Phoenix, Arizona 85004-1592
Telephone: (602) 364-0402
Facsimile: (602) 364-0700
Email: EducationHealth@azag.gov
kim.anderson@azag.gov
Attorneys for the Arizona State Board for Charter Schools

BEFORE THE ARIZONA STATE BOARD FOR CHARTER SCHOOLS
STATE OF ARIZONA

In the Matter of:

LIFE SKILLS CENTER OF ARIZONA, INC. a nonprofit corporation, operating **LIFE SKILLS CENTER OF ARIZONA**, a charter school

No. 18F-RV-001-BCS

RESPONSE TO LIFE SKILLS' REQUEST FOR RECONSIDERATION

The undersigned takes no position on the request of Life Skills Center of Arizona ("Life Skills") that the Arizona State Board for Charter Schools ("Board") reconsider its November 21, 2017 decision to hold a hearing on whether to revoke Life Skills' charter. For the Board's consideration, however, undersigned provides the attached email string dated November 16, 2017.

1 This matter is currently set for hearing on Life Skills' breach of consent
2 agreement and revocation of charter on January 19, 2017 at 8:00 a.m. before the Office
3 of Administrative Hearings.

4 Respectfully submitted this 15th day of December, 2017.

5
6 MARK BRNOVICH
Attorney General

7 /s/ Kim S. Anderson
8 Kim S. Anderson
9 Assistant Attorney General

10 COPY of the foregoing Response mailed
11 electronically this 15th day of December, 2017, to:

12 The Arizona State Board for Charter Schools
13 c/o Ashley Berg, Executive Director
ashley.berg@asbcs.az.gov

14 Lisa Raderstorf
15 Charter Representative
16 Life Skills Center of Arizona
raderpj1@aol.com

17 Robert L. Fox
18 Director of School and Board Relations
19 Life Skills High School of Arizona
rlfox001@lifeskillshs.com

20 By kim anderson
21 P0012017004668/6671579/ksa

Andrea Leder

From: Chris Sivak <csivak@skodaminotti.com>
Sent: Thursday, November 16, 2017 7:40 AM
To: Andrea Leder
Cc: Nick Ward
Subject: RE: November Agenda - Failure to Submit FY17 Audit

Andrea:

Yes, we are performing the audit. Unfortunately, it is not complete but we are working with the school's accountant to wrap up a few remaining items. I think we're close and we can certainly email a copy when it's complete.

Thanks

Chris

Christopher G. Sivak, CPA

3320 West Market St.

Sulte 300 | Fairlawn, OH 44333

O: (330) 576-1832 | M: (330) 819-2425

[Connect with me on LinkedIn](#)



SKODA MINOTTI
CPA, BUSINESS & FINANCIAL ADVISORS

Delivering on the Promise.

From: Andrea Leder [mailto:Andrea.Leder@asbcs.az.gov]
Sent: Thursday, November 16, 2017 8:58 AM
To: Chris Sivak
Subject: FW: November Agenda - Failure to Submit FY17 Audit
Importance: High

Mr. Sivak

I don't know if your firm conducted the fiscal year 2017 audit. If it did and the audit is completed, would it be possible for you to email it to me?

Thanks,

Andrea

From: Andrea Leder
Sent: Thursday, November 16, 2017 6:56 AM
To: 'raderpj1@aol.com'
Subject: November Agenda - Failure to Submit FY17 Audit

Importance: High



Arizona State Board for Charter Schools

Physical Address: Mailing Address:

1616 West Adams Street, Ste. 170 P.O. Box 18328

Phoenix, AZ 85007 Phoenix, AZ 85009

(602) 364-3080

November 16, 2017

Lisa Raderstorf

Life Skills Center of Arizona, Inc.

8123 N. 35th Avenue, Suite 2

Phoenix, AZ 85051

Dear Lisa Raderstorf:

Arizona Revised Statutes (A.R.S.) § 15-914 and your charter contract with the Arizona State Board for Charter Schools ("Board") require you to submit an annual financial audit and requisite accompanying documents. The annual financial audit and requisite accompanying documents for the fiscal year ending June 30, 2017 were due November 15, 2017. To date, we have not received a complete audit package.

THIS LETTER SHALL SERVE AS WRITTEN NOTICE PURSUANT TO A.R.S. § 15-185(H) THAT THE BOARD WILL ADDRESS THIS MATTER AT ITS NEXT BOARD MEETING AND WILL DETERMINE WHETHER YOU ARE NOT IN COMPLIANCE WITH FEDERAL LAW, THE LAWS OF THIS STATE, OR WITH YOUR CHARTER, AS STATED IN THE PARAGRAPH ABOVE. IF THE BOARD DETERMINES THAT YOU ARE NOT IN COMPLIANCE, THE BOARD MAY TAKE ACTION, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING: WITHHOLD UP TO TEN PERCENT OF THE MONTHLY STATE AID APPORTIONMENT THAT WOULD OTHERWISE BE DUE YOUR CHARTER SCHOOL AND/OR ISSUE A NOTICE OF INTENT TO REVOKE YOUR CHARTER. YOU SHALL BE ALLOWED TO RESPOND TO THE ALLEGATIONS OF NONCOMPLIANCE AT THE MEETING BEFORE THE BOARD MAKES A FINAL DETERMINATION.

The next Board meeting is scheduled for **Tuesday, November 21, 2017**, and will be held in Phoenix at 1535 W. Jefferson Street (Arizona Department of Education building). The meeting will begin at 9 a.m. The meeting materials for this agenda item will be available at <https://asbcs.az.gov/board-staff-information/meeting-dates-materials>. If you have any questions prior to the meeting, please contact me at (602) 364-3106.

Sincerely,

Andrea Leder

Assistant Director of Operations & Finance

Andrea Leder

Assistant Director of Operations & Finance



Arizona State Board for Charter Schools

P.O. Box 18328, Phoenix, Arizona 85009

Phone: (602) 364-3106

Website: asbcs.az.gov



Facebook: www.facebook.com/asbcsaz



Newsletter: <https://asbcs.az.gov/news-events>

Hearing Transcripts

BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS
STATE OF ARIZONA

In the Matter of:)
)
LIFE SKILLS CENTER OF)
ARIZONA, INC. A nonprofit) NO. 18F-RV-001-BCS
corporation, operating)
LIFE SKILLS CENTER OF)
ARIZONA, a charter school)
_____)

HEARING
BEFORE THE HONORABLE TAMMY EIGENHEER
(Transcript of Proceedings)

Phoenix, Arizona
January 19, 2018
8:24 a.m.

Prepared by:
HALEY D. WESTRA, RPR, CRR
Certified No. 50762

Prepared for:
SUPERIOR COURT
(Original)

BARTELT|NIX COURT REPORTERS
#R1028
111 West Monroe Street
Suite 425
Phoenix, Arizona 85003
Phone: (602) 254-4111
Fax: (602) 254-6567

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16 * * *

17 E X H I B I T S

18	EXHIBIT	DESCRIPTION	ADMITTED
19			
20	No. 1	Renewal Charter Contract executed June 13, 2017	16
21			
22	No. 2	November 18, 2014 communication from Andrea Leder to Life Skills of Arizona regarding notice of late FY14 Audit	17
23			
24			

25 (continue)

Tremp, Robert - Hearing
January 19, 2018

1	No. 3	November 21, 2014 communication from Andrea Leder to Life Skills of Arizona regarding action taken by BCS due to late FY14 Audit	18
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1 HEARING

2 Transcript of Proceedings commenced at 8:24 a.m.
3 on January 19, 2018, at the Office of Administrative
4 Hearings, 1400 West Washington, Suite 101, Phoenix,
5 Arizona, before HALEY D. WESTRA, a Certified Reporter,
6 CR No. 50762, for the State of Arizona.

7

8 APPEARANCES:

9 For the Arizona State Board For Charter Schools:
10 ASSISTANT ATTORNEY GENERAL
11 STATE GOVERNMENT DIVISION
12 EDUCATION AND HEALTH SECTION
13 BY: Kim S. Anderson
2005 North Central Avenue
14 Phoenix, Arizona 85004-1592
15 602-364-0402 (office), 602-364-0700 (fax)
16 kim.anderson@azag.gov

17 For Life Skills Center of Arizona, Inc.:
18 LIFE SKILLS CENTER OF ARIZONA, INC.
19 DIRECTOR OF OPS/SCHOOL BOARD LIASON
20 BY: Mr. Robert Fox
21 8123 North 35th Avenue, Suite 2
22 Phoenix, Arizona 85051
23 602-242-6400 (office)
24 rlfox001@lifeskillshs.com

25 For Life Skills Center of Arizona, Inc.:
LIFE SKILLS CENTER OF ARIZONA, INC.
DIRECTOR OF OPS/SCHOOL BOARD LIASON
BY: Ms. D'Andrea Chapman, Ed.S.
8123 North 35th Avenue, Suite 2
Phoenix, Arizona 85051
602-242-6400 (office)
dxchapman001@lshsarizona.com

Also Present: Ms. Ashley Berg, Executive Director
Arizona State Board For Charter Schools; Ms. Andrea
Leder, Assistant Director Operations & Finance Arizona
State Board For Charter Schools; Mr. Michael Taylor, AG
intern; Mr. Brian Yee, Board member for Life Skills

Phoenix, Arizona
January 19, 2018
8:24 a.m.

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P R O C E E D I N G S

THE COURT: This is the time set for hearing in the matter of Life Skills Center of Arizona, Inc., Docket No. 18F-RV-001-BCS.

It is January 19th, 2018, at approximately 8:24 a.m.

My name is Tammy Eigenheer. I am the administrative law judge assigned to this matter.

May I have the parties' appearances on the record.

MS. ANDERSON: Kim Anderson, assistant attorney general representing the Arizona State Board For Charter Schools.

And to my right is Ashley Berg, the executive director of the Board.

And behind me is Andrea Leder who is also with the Charter Board.

THE COURT: Okay.

MS. CHAPMAN: D'Andrea Chapman, school principal, Life Skills High School.

MR. FOX: And Robert Fox, director of

1 operations and school board liaison for Life Skills
2 High School.

3 THE COURT: Okay. The Office of
4 Administrative Hearings is an independent agency formed
5 pursuant to Arizona Revised Statutes 41-1092 authorized
6 to conduct hearings in contested matters arising out of
7 State regulation.

8 The Arizona Rules of Evidence do not apply, so
9 any relevant testimony in evidence may be admitted.

10 We'll start with brief opening statements.
11 This is not your testimony, it's just a brief summary
12 as to what brought us here today, then we'll move onto
13 the witness testimony. I'll swear in the witnesses.
14 They'll provide their testimony. And then the other
15 side will be able to ask questions.

16 I'm making a digital recording of this
17 proceeding. The microphones on the table aren't hooked
18 up in this room, so you don't need to worry about them.

19 We also have a court reporter present today.
20 I assume that the Board is asking that the transcript
21 serve as the official record?

22 MS. ANDERSON: Yes, Your Honor.

23 THE COURT: In that case, the Office of
24 Administrative Hearing needs to receive a copy of the
25 transcript at no cost. We can discuss the timing of

1 all of that at the end of the hearing.

2 For the benefit of the recording and the court
3 reporter especially, it is important that only one
4 person speak at a time.

5 Usually, where that becomes an issue, please
6 make sure the entire question is asked before you start
7 answering and the entire answer is given before you
8 start your next question.

9 Within 20 days of the conclusion of today's
10 hearing, I will make my recommendation to the Board,
11 who can either accept, reject, or modify that
12 recommendation.

13 In the event the Board takes no action, my
14 recommendation becomes the final administrative order.

15 Any questions or concerns before we get
16 started?

17 MS. ANDERSON: No, Your Honor.

18 THE COURT: Okay. Can we go ahead and have
19 somebody shut the door, sorry.

20 Okay. Opening statement?

21 MS. ANDERSON: Yes, Your Honor.

22 This case is about a charter operator that
23 repeatedly violated the law. Specifically, it failed
24 to -- on multiple occasions, to timely submit its
25 annual financial and compliance audit, including its

1 legal compliance questionnaire, in violation of Arizona
2 law in its charter contract.

3 In 2014, in order to avoid a hearing on the
4 revocation of a charter for its second consecutive year
5 of noncompliance, Life Skills signed an agreement
6 admitting that it had violated the law and promising
7 that it would timely submit its subsequent audits.

8 And Life Skill agreed that if it failed to do
9 so, that the Board may, on no less than 30 days'
10 notice, hold a hearing to determine with whether
11 evidence exists that Life Schools [sic] failed to
12 comply with the terms of the consent agreement. And if
13 a breach is found, the Board may revoke Life Skills'
14 charter.

15 You'll hear testimony and review exhibits that
16 show that Life Skills violated the terms of the
17 agreement. Life Skills failed to timely submit its
18 annual audit for fiscal year ending June 30th, 2017.

19 And at the conclusion of the hearing, we'll
20 ask that you find that Life Skills failed to comply
21 with the terms and conditions of its consent agreement
22 and that its charter be revoked.

23 Thank you.

24 THE COURT: Thank you.

25 Opening?

1 MR. FOX: So we wanted to thank the State
2 Board For Charter Schools for their leadership. And we
3 being newer to the school and having turnover in our
4 Board between all of this happening over the years, do
5 not dispute the facts of what has occurred in the past;
6 but we felt that we should bring some relevant
7 information worthy of consideration to the Board's
8 attention.

9 THE COURT: Thank you.
10 Your first witness.

11 MS. ANDERSON: Andrea Leder, please.

12 THE COURT: Please raise your right hand.
13 (Witness was sworn in.)

14 THE COURT: Would you please state your name
15 for the record, spelling it for the record.

16 MS. LEDER: Andrea Leder. It's A-N-D-R-E-A,
17 L-E-D-E-R.

18 THE COURT: Please proceed.

19

20 ANDREA LEDER,
21 a witness herein, having been first duly sworn, was
22 examined and testified as follows:

23

24

25

1 DIRECT EXAMINATION

2 BY MS. ANDERSON:

3 Q. Having stated your name for the record, can
4 you tell us where you're currently employed and your
5 position there?

6 A. I work for the Arizona State Board For Charter
7 Schools, and I'm the assistant director of operations
8 and finance.

9 Q. And what are your duties in that position?

10 A. My duties include receiving and reviewing the
11 annual audits submitted to the Board and following up
12 with schools on issues identified in those audits.

13 Q. And do your duties include monitoring charter
14 schools that are sponsored by the Board to ensure their
15 compliance with the charter contract and State laws?

16 A. They do.

17 Q. Are you familiar with Life Skills Center of
18 Arizona, Incorporated that operates a charter school by
19 the name of Life Skills Center of Arizona?

20 A. Yes, I am.

21 Q. And just so we can distinguish between the two
22 entities, because they have similar names, I will use
23 "Life Skills School" to refer to the charter school.

24 A. Okay.

25 Q. Is Life Skills School the only charter school

1 operated by Life Skills Center of Arizona?

2 A. Yes, that's correct.

3 Q. And what grades does it operate?

4 A. It is a high school serving grades 9 through
5 12.

6 Q. And does the school operate pursuant to a
7 renewal charter contract with the Arizona State Board
8 for charter schools?

9 A. Yes, it does.

10 Q. What does the term "renewal charter contract"
11 mean?

12 A. The initial contract with the Board is for
13 15 years. Under the charter law, the contract may be
14 renewed for excessive periods of 20 years.

15 Prior to the expiration of its initial
16 contract, Life Skills submitted a renewal application
17 package to the Board and was granted a renewal contract
18 for an additional 20 years.

19 Q. And when -- when we use the word "charter," is
20 that synonymous with "charter contract"?

21 A. Yes, it is.

22 Q. And where is the charter school located?

23 A. In Phoenix.

24 Q. Would you please refer to Exhibit 1 of the
25 Board's exhibits. Is this the renewal charter contract

1 under which Life Skills Center of Arizona currently
2 operates its school?

3 A. Yes, it is.

4 Q. And when I refer to the page number, I'll
5 refer you down to the bottom right-hand corner.

6 Can you please refer to page 6 of this
7 exhibit. The signatory for Life Skills Center of
8 Arizona, Incorporated, is Lisa Raderstorf; is that
9 correct?

10 A. That is correct.

11 Q. Excuse me if I've pronounced her name
12 terribly.

13 And under the signature line, it also states
14 Dallen Timothy -- well, it states "Dallen Timothy
15 and/or Lisa Raderstorf, Charter Representative for Life
16 Skills Center of Arizona, Inc."

17 What is the -- what is a charter
18 representative?

19 A. The charter representative is the person
20 appointed by the charter holder entity with the power
21 to bind the charter holder contractually. This person
22 also serves as the point of contact for the Board, for
23 communication, and for accountability to the terms and
24 conditions of the charter contract.

25 Q. And if you would please refer to page 4 of

1 this exhibit, paragraph 14A, included in the financial
2 retirements for the charter holder, the charter holder
3 is required to comply with audit requirements as
4 prescribed in A.R.S. Section 15-914 unless specifically
5 accepted by the Arizona State Board for Charter
6 Schools.

7 Does Life Skills Center of Arizona have an
8 exception from the Board to audit requirements?

9 A. No, the Board does not grant audit exceptions.

10 Q. Would you please refer to page 5 of this
11 exhibit, paragraph 17. It states that the Board "may
12 revoke or not renew the Charter for any material breach
13 of the Charter and/or violation of state, federal, or
14 local laws, ordinances or rules or regulations..."

15 Is that correct?

16 A. That is correct.

17 Q. Under charter school audit requirements, are
18 charter schools sponsored by the Charter Board required
19 to have an annual financial and compliance audit?

20 A. Yes, they are.

21 Q. And accompanying that annual and financial and
22 compliance audit, are they requested to have a legal --
23 submit a legal compliance questionnaire?

24 A. Yes.

25 Q. And what is the legal compliance

1 questionnaire?

2 A. The legal compliance questionnaire includes a
3 series of questions focusing on certain statutory and
4 contractual requirements applicable to charter
5 schools.

6 Q. And are the schools required to have the
7 annual financial and compliance audit and legal
8 compliance questionnaire conducted by an independent
9 certified public accountant?

10 A. Yes.

11 Q. What is the deadline date by which charter
12 schools sponsored by the Board must submit their annual
13 financial and compliance audit and legal compliance
14 questionnaire to the Board?

15 A. Number of -- sorry, November 15th.

16 Q. And when the charter schools submit the annual
17 audit -- and I'll just use the word "annual audit" to
18 refer to the annual financial and compliance audit and
19 legal questionnaire, I'll use the term "legal audit."

20 When a charter school submits its annual audit
21 by November 15th, what period of time does it cover?

22 A. It covers the prior fiscal year. So audits
23 submitted to the Board by November 15th, 2017, covered
24 the period of July 1, 2016, through June 30, 2017.

25 Q. And does the Charter Board use as one of its

1 tools, the charter schools annual audits in overseeing
2 the charter schools it sponsors?

3 A. Yes, it does.

4 Q. Where there fiscal years for which Life Skills
5 Center of Arizona failed to timely submit its annual
6 audit?

7 A. Life Skills did fail to timely submit its
8 audit in several fiscal years.

9 Q. And what fiscal years were those for?

10 A. Those were for the fiscal years ending
11 June 30, 2013, 2014, and 2017.

12 Q. What action, if any, was taken by the Board
13 against Life Skills Center of Arizona when it failed to
14 timely submit its fiscal year 2013 annual audit?

15 A. The Board voted to withhold 10 percent of Life
16 Skills' monthly State funding.

17 Q. And what action, if any, was taken by the
18 Board against Life Skills Center of Arizona when it
19 failed to submit its fiscal year '14 annual audit?

20 A. The Board voted to withhold 10 percent of Life
21 Skills' monthly State aid, and also voted to issue a
22 notice of intent to revoke Life Skills' charter
23 contract.

24 MS. ANDERSON: Your Honor, before I move on to
25 Exhibit 2, I would move for the admission of Exhibit 1

1 into evidence.

2 THE COURT: Any objection?

3 1 is admitted.

4 (Exhibit No. 1 was admitted into evidence.)

5 BY MS. ANDERSON:

6 Q. Would you please refer to State's Exhibit 2.
7 What is contained in this exhibit?

8 A. This exhibit, and specifically page 8 at the
9 bottom, includes a copy of the letter that was e-mailed
10 to Life Skills, notifying them that the charter holder
11 would be placed on the Board's November 21st, 2014,
12 agenda for failure to submit the fiscal year 2014
13 audit.

14 The paragraph in all capitals also identifies
15 actions that the Board may take at that meeting.

16 Q. And the -- the e-mail and the letter are
17 addressed to Yvonne Pena, Philanders McNeary, and David
18 Roberts; and who are those persons?

19 A. Those individuals were the charter
20 representatives at the time this letter was sent.

21 Q. As of the Charter Board's meeting on
22 November 21st, 2014, that's referenced in the last
23 paragraph on page 8, had Life Skills Center of Arizona
24 submitted its annual audit for fiscal year 2014 to the
25 Charter Board?

1 A. No, it had not.

2 Q. And did the Charter Board take action at that
3 meeting on November 21, 2014, against Life Skills
4 Center of Arizona?

5 A. It did.

6 Q. Did a representative from Life Skills Center
7 of Arizona appear at the Board meeting to offer an
8 explanation for the missed deadline?

9 A. No.

10 MS. ANDERSON: I would move for the admission
11 of Exhibit 2 into evidence.

12 THE COURT: Any objection?

13 MS. CHAPMAN: No.

14 THE COURT: 2 is admitted.

15 (Exhibit No. 2 was admitted into evidence.)

16 BY MS. ANDERSON:

17 Q. What action did the Board take at its meeting
18 on November 21, 2014, with regard to Life Skills Center
19 of Arizona?

20 A. The Board voted to withhold 10 percent of Life
21 Skills' monthly State funding until such time as the
22 audit was submitted to the Board.

23 The Board also voted to issue a notice of
24 intent to revoke Life Skills' charter contract.

25 Q. Would you please refer to State's Exhibit 3.

1 What is contained in this exhibit?

2 A. This exhibit, and specifically on page 12 of
3 this exhibit, this exhibit includes a copy of the
4 letter I e-mailed to Life Skills following the Board's
5 November meeting notifying them of the actions that the
6 Board took on November 21st.

7 MS. ANDERSON: Move for the admission of
8 Exhibit 3 into evidence.

9 THE COURT: Any objection?

10 MS. CHAPMAN: No.

11 THE COURT: 3 is admitted.

12 (Exhibit No. 3 was admitted into evidence.)

13 BY MS. ANDERSON:

14 Q. Would you please refer to State's Exhibit 4.
15 What is contained in this exhibit?

16 A. This exhibit includes an e-mail that Board
17 staff received from Life Skills referencing the late
18 audit and the Board's action at its November meeting.

19 This e-mail also, as an attachment, included a
20 copy of Life Skills' fiscal year 2014 audit. The audit
21 has not been included as part of this exhibit.

22 Q. And the e-mail that was sent indicates it was
23 sent to DeAnna Rowe. And who is DeAnna Rowe?

24 A. DeAnna Rowe was the Board's executive director
25 at the time of this e-mail.

1 Q. And then, the last paragraph on this exhibit
2 on page 14, it references a request for a discussion of
3 the school's options going forward; is that correct?

4 A. Yes.

5 Q. And it also states that the last statement is,
6 "I can assure you that the policies and procedures will
7 be put in place so that this will never happen again."

8 Is that correct?

9 A. That's correct.

10 Q. Was an option provided to Life Skills Center
11 of Arizona in lieu of proceeding to -- the -- in lieu
12 of the Board proceeding to a charter revocation
13 hearing?

14 A. Yes, it was.

15 Q. And what was that option?

16 A. That option was to enter into a consent
17 agreement with the Board.

18 MS. ANDERSON: I would move for the admission
19 of Exhibit 4 into evidence.

20 THE COURT: Any objection?

21 MS. CHAPMAN: No.

22 THE COURT: 4 is admitted.

23 (Exhibit No. 4 was admitted into evidence.)

24 BY MS. ANDERSON:

25 Q. If you would please refer to Exhibit 5. What

1 is contained in this exhibit?

2 A. This exhibit includes a copy of the agreement
3 executed by Life Skills and the Board to address the
4 repeated failure to timely submit the annual audit.

5 Towards the end of the exhibit, the meeting
6 materials from Life Skills' meeting where they
7 considered and subsequently -- or later approved the
8 agreement may be found as well.

9 Q. And if you can refer to page 18 of this
10 exhibit, it reflects both a signature of the charter
11 representative of Life Skills Center of Arizona,
12 incorporated, and the president of the Arizona State
13 Board for Charter Schools, correct?

14 A. That's correct.

15 Q. And was David Roberts, at the time of this
16 consent agreement, a charter representative for Life
17 Skills Center of Arizona?

18 A. Yes, he was.

19 Q. If you could refer to page 16 of this exhibit,
20 paragraph 8, it reflects the Life Skills Center of
21 Arizona's agreement that it had breached its charter
22 and State law as specified when it failed to timely
23 submit its annual audit for the fiscal year ending
24 June 30, 2014, correct?

25 A. That is correct.

1 Q. And paragraph 9 of this page, the charter
2 operator has admitted of having a history of failure to
3 timely submit its annual audit in that it had also
4 failed to timely submit its annual audit for the fiscal
5 year ending June 30, 2013; is that correct?

6 A. Yes.

7 Q. And on page 17 of this exhibit, paragraph 11,
8 it references, "Because of the Board's decision to
9 issue a notice of intent to revoke the Charter, the
10 Charter Operator is subject to revocation and
11 termination of its Charter," correct?

12 A. Yes.

13 Q. And in paragraph 17 of this exhibit, the
14 Charter Holder has agreed -- or Charter Operator.

15 Now, when we use the term "Charter Operator"
16 is that synonymous with Charter Holder?

17 A. Yes, it is.

18 Q. And in this case, Charter Operator refers to
19 Life Skills Center of Arizona, Incorporated; is that
20 correct?

21 A. That's correct. And that's identified on page
22 1 -- excuse me, page 15 of this exhibit.

23 Q. So in paragraph 17, Life Skills Center of
24 Arizona, Incorporated, has agreed to submit its annual
25 audit for the fiscal call year ending June 30, 2015, by

1 November 15, 2015; is that correct?

2 A. Yes.

3 Q. And also to submit its annual audit for
4 subsequent years of its operation by November 15th of
5 the following year; is that correct?

6 A. That is correct.

7 Q. And on page 17 of this exhibit, in paragraph
8 18, it reflects that if Life Skills fails to comply
9 with the terms and conditions of this agreement, that
10 the Board may, on no less than 30 days' calendar days'
11 notice, hold a hearing to receive information to
12 determine whether evidence exists that they failed to
13 comply with the agreement; is that correct?

14 A. That is correct.

15 MS. ANDERSON: I would move for the admission
16 of Exhibit 5 into evidence.

17 THE COURT: Any objection?

18 MS. CHAPMAN: No objection.

19 THE COURT: 5 is admitted.

20 (Exhibit No. 5 was admitted into evidence.)

21 BY MS. ANDERSON:

22 Q. And if you refer to page 21 of this exhibit,
23 Board meeting document for Life Skills, paragraph D,
24 small "I," does it reflect a discussion of the Charter
25 Holder's board of directors regarding approval of the

1 consent agreement prior to the signature by the charter
2 representative?

3 A. Yes, it does.

4 Q. Did Life Skills timely submit its annual audit
5 for the fiscal year ending June 30, 2015?

6 A. Yes, it did.

7 Q. And did Life Skills submit its annual audit
8 for fiscal year ending June 30th, 2016 by November 15,
9 2016?

10 A. No, it did not.

11 Q. Would you please refer to Exhibit 6. What is
12 contained in this exhibit?

13 A. This exhibit includes a copy of the e-mail
14 I sent to Life Skills notifying the Charter Holder that
15 it would be placed on the Board's November 21st, 2016,
16 agenda for failure to submit the fiscal year 2016
17 audit.

18 The e-mail also identifies the actions that
19 the Board may take at that meeting.

20 Q. And did the Charter Board take any of those
21 actions described in Exhibit 6 at its November 21,
22 2016, meeting?

23 A. No, it didn't. Life Skills was one of a small
24 group of Charter Holders that had data issues with the
25 Arizona Department of Education that could have limited

1 or affected their ability to get the audits submitted
2 on time.

3 So because of this, the Board did not take any
4 action against any of those charter holders.

5 Q. And did the Board continue to monitor Life
6 Skills Center of Arizona for the submission of their
7 annual audit?

8 A. Yes, it did.

9 MS. ANDERSON: I move for the admission of
10 Exhibit 6 into evidence.

11 THE COURT: Any objection?

12 MS. CHAPMAN: No.

13 THE COURT: 6 is admitted.

14 (Exhibit No. 6 was admitted into evidence.)

15 BY MS. ANDERSON:

16 Q. Would you please refer to Exhibit 7.

17 Before we get into Exhibit 7, did Life Skills
18 Center of Arizona incorporated timely submit its annual
19 audit for the fiscal year ending June 30, 2017?

20 A. No, it did not.

21 Q. Was it due to the Board by November 15, 2017?

22 A. Yes, it was.

23 Q. What is contained in Exhibit 7?

24 A. Exhibit 7 includes a copy of the e-mail that
25 I sent to Life Skills notifying the charter holder that

1 it would be placed on the Board's November 21st, 2017,
2 agenda for failure to submit the fiscal year 2017
3 audit.

4 As with the other correspondence that we've
5 discussed today, it also identified the possible
6 actions that the Board may take at the meeting.

7 MS. ANDERSON: I would move for the admission
8 of Exhibit 7 into evidence.

9 THE COURT: Any objection?

10 MS. CHAPMAN: No.

11 THE COURT: 7 is admitted.

12 (Exhibit No. 7 was admitted into evidence.)

13 BY MS. ANDERSON:

14 Q. And would you please refer to Exhibit 8. And
15 what is contained in this exhibit?

16 A. Exhibit 8 includes an e-mail exchange I had
17 with Life Skills' auditor the day after the audit
18 deadline.

19 In this e-mail, the auditor indicates that the
20 fiscal year 2017 audits is not complete but that they
21 are working with the school's accountant to wrap up a
22 few remaining items, and that he thought that they were
23 close to finishing the audit.

24 Q. As of the Board's meeting on November 21,
25 which is the date referenced in Exhibit 7 on page 27,

1 had Life Skills Center of Arizona submitted its annual
2 audit for the fiscal year ending June 30, 2017?

3 A. No, it had not.

4 Q. Did a representative from Life Skills Center
5 of Arizona, Incorporated, appear at the Board's
6 November 21, 2017, meeting to offer an explanation for
7 the missed deadline?

8 A. No.

9 MS. ANDERSON: Your Honor, I would move for
10 the admission of Exhibit 8 into evidence.

11 THE COURT: Any objection?

12 MS. CHAPMAN: No objection.

13 THE COURT: 8 is admitted.

14 (Exhibit No. 8 was admitted into evidence.)

15 BY MS. ANDERSON:

16 Q. Did the Board take action against Life Skills
17 at its November 21, 2017, meeting?

18 A. Yes, it did.

19 Q. And what action did the Board take?

20 A. The Board voted to withhold 10 percent of Life
21 Skills's monthly State funding until the audit was
22 received by the State Board.

23 And the Board also voted to hold a hearing to
24 determine whether Life Skills had failed to comply with
25 the terms of its consent agreement with the Board.

1 MS. ANDERSON: No further questions, Your
2 Honor.

3 THE COURT: Cross?
4

5 CROSS-EXAMINATION

6 BY MR. FOX:

7 Q. So the audits package was finally received.
8 Do you remember which date it was received?

9 A. Which package?

10 Q. For this fiscal year ending in 2017, this past
11 fiscal year.

12 A. It was received on November 29th, 2017.

13 Q. Do you know if any persons from your office
14 received correspondence explaining any of the -- even
15 though it was after the Board meeting on the 21st,
16 explaining the reason for the late audit package?

17 A. Yes. I do know we received correspondence.

18 THE COURT: Any other questions?

19 MR. FOX: Go ahead.

20 MS. CHAPMAN: Yes.
21

22 CROSS-EXAMINATION (CONTINUED)

23 BY MS. CHAPMAN:

24 Q. So my question is for fiscal year 2014, after
25 calling attention to Exhibit 4, you received a letter

1 from Jared Kittelson who was the principal at that time
2 who made the statement that, "As we move forward, we
3 won't be late again," if we can look at that,
4 Exhibit 4.

5 MS. ANDERSON: Your Honor, in terms of
6 procedure, I guess I just need to clarify whether --
7 whether Life Skills is going to have two persons asking
8 questions or just one. I would...

9 THE COURT: We normally limit it to one, so if
10 one of you can direct the questions.

11 MR. FOX: Do you want to?

12 MS. CHAPMAN: Okay. It will be me.

13 BY MS. CHAPMAN:

14 Q. So please call attention to page 14,
15 Exhibit 4, the letter from Jared Kittelson, which
16 states, in paragraph 3, "I would like to discuss the
17 school's options going forward." And "I can assure you
18 that policies and procedures will be put in place so
19 this will never happen again."

20 A. Yes.

21 Q. So we're looking at from fiscal year 2014, we
22 were not late for the following three years with fiscal
23 year 2016 being late; however, there were technical
24 issues and you were able to give us some leeway there
25 because of the technical issues, so within 2014 --

1 MS. ANDERSON: Objection, compound question.

2 THE COURT: You'll have the opportunity to
3 testify after I swear you in, so I just need you to
4 limit it to questions and let her answer a specific
5 question before you move on to your next point.

6 BY MS. CHAPMAN:

7 Q. So after fiscal year 2014, we were not late
8 for a three-year period; is that correct -- two years'
9 period, with one year being that we were late due to
10 technical issues?

11 A. For -- for a two-year period, the fiscal year
12 '15 audit was submitted on time, and the 2016 audit was
13 considered timely, due to the issues with the
14 department, but not for a three-year period.

15 Q. Thank you.

16 THE COURT: Any other questions?

17 MS. CHAPMAN: No.

18 THE COURT: Redirect?

19 MS. ANDERSON: Yes, Your Honor.

20

21 REDIRECT EXAMINATION

22 BY MS. ANDERSON:

23 Q. Mr. Fox referenced correspondence received by
24 the Board regarding their late fiscal year '17 audit
25 previously; is that right?

1 A. That is correct.

2 Q. Okay.

3 MS. ANDERSON: I'd like to mark as
4 Exhibit 9 -- may I approach the witness, Your Honor?

5 THE COURT: Yes. Watch out for all the cords.

6 BY MS. ANDERSON:

7 Q. Can you identify this exhibit?

8 A. Page 32 is the correspondence or communication
9 referenced by Mr. Fox. This was Life Skills' request
10 that the Board reconsider its decision to hold a
11 hearing on whether to revoke Life Skills' charter
12 contract.

13 The page 33 through 36 of this exhibit are the
14 response that was filed to Life Skills' request for
15 consideration -- reconsideration.

16 Q. And did the Board consider Life Skills'
17 request for reconsideration?

18 A. Yes, it did on January -- earlier this week on
19 January 16th.

20 Q. And did a representative from Life Skills
21 charter schools -- or Life Skills appear at the hearing
22 to argue its request or promote its request?

23 A. No.

24 Q. And what action was taken by the Board at that
25 time?

1 A. The Board denied the request and said that it
2 would proceed to hearing.

3 MS. ANDERSON: Your Honor, I would move for
4 the admission of Exhibit 9 into evidence.

5 THE COURT: Any objection?

6 MS. CHAPMAN: No.

7 THE COURT: 9 is admitted.

8 (Exhibit No. 9 was admitted into evidence.)

9 MS. ANDERSON: No further questions, Your
10 Honor.

11 THE COURT: You may be excused.

12 Next witness?

13 MS. ANDERSON: We have no further witnesses,
14 Your Honor.

15 THE COURT: Okay. Your first witness?

16 Please raise your right hand.

17 (Witness was sworn in.)

18 THE COURT: Would you please state your name,
19 spelling it for the record.

20 MR. FOX: Robert Fox, R-O-B-E-R-T, F-O-X.

21 THE COURT: Please proceed.

22 MR. FOX: I wanted to proceed in the format of
23 just doing the testimony.

24 THE COURT: That's fine.

25

1 ROBERT FOX,
2 a witness herein, having been first duly sworn, was
3 examined and testified as follows:
4

5 SELF-DIRECT EXAMINATION
6

7 MR. FOX: So as kind of talked about in our
8 opening D'Andrea and I are actually newer members to
9 the school. We are familiar recently with some of the
10 past issues of submitting the audit deadline in not a
11 timely matter; and however, this year, I know that when
12 we found out that -- through Skoda Minotti, he's our
13 auditing firm, that they couldn't get in touch with the
14 Board president because there was a few things that
15 they had to get signed off on, we began trying to get
16 in touch with Board president, which, at that time, we
17 found out that his wife was diagnosed with cancer.

18 We did not have, at that point in time, the
19 whole history and the knowledge of what would happen
20 with this. It was, "Okay, we'll get the audit done.
21 They're working on it." We employ a third-party
22 vendor. We now understand the severity in the past of
23 what went on. We're hoping to come to a solution that
24 doesn't involve closing the school.

25 Obviously, with the students being at the

1 first and foremost, obviously, in our mind, we don't
2 feel that, you know, this situation should harm them;
3 however, we do want to make sure that even though we
4 weren't physically here during the audit years of '13
5 and '14 when it was late, you know, that -- that the
6 consent agreement that was there, obviously, the Board
7 members that were signing the consent agreement and
8 agreed, and as well as the principal, are no longer
9 around.

10 We have had some turnover in Board members.
11 We are willing to do something, you know, in
12 collaboration with the State Board For Charter Schools
13 that would be amicable to them and us to make sure that
14 we can continue operations.

15 We have, in anticipation of make -- obviously,
16 us working at the school, making sure that compliance
17 is always number one.

18 The Board has made -- my duties were just
19 director of operations. I am now the Board liaison to
20 attempt mitigate any future issues by attracting new
21 community members to our school.

22 I would like to reference Mr. Taylor is here
23 and a brand-new Board member. We have another Board
24 member from the community coming on Board, because we
25 feel like there was a breakdown in communication,

1 clearly in years past with Board members getting -- you
2 know, in the school. And, obviously, we wish
3 Mr. Glen's family well wishes, but that issue, we felt,
4 hampered us from getting a lot of things signed off on
5 this year.

6 We are -- and, obviously, this is a little
7 awkward to us because we didn't know what to expect
8 being part of the school. We're not lawyers or
9 attorneys. But we have committed to hiring a full-time
10 attorney on staff for the school to make sure that from
11 a charter and contract standpoint, that this never
12 happens again, that we're always, you know, 100 percent
13 under the law.

14 I don't think that that's something that we
15 brought towards, at least from the documents that I
16 have read, brought to the State Board for
17 consideration.

18 So we're hoping that the -- the State Board
19 for Charter Schools is willing to work with us in that
20 and understand that we are 100 percent committed to
21 serving the students of the West Phoenix area by giving
22 them career certifications on top of their high school
23 diploma, which is what our school does, and it's such a
24 huge need in that area as well.

25 So that's my testimony.

1 THE COURT: Okay. Thank you.

2 Cross?

3 MS. ANDERSON: Yes, thank you.

4

5 CROSS-EXAMINATION

6 BY MS. ANDERSON:

7 Q. Mr. Fox, you --

8 A. Yes.

9 Q. -- indicated -- I believe it was your
10 testimony that there has been a change in the Board,
11 the Governing Board and --

12 A. Yes.

13 Q. -- principal since fiscal year '13 and '14?

14 A. Yes.

15 Q. Was it your testimony that you were not aware
16 of the consent agreement?

17 A. I was -- I did not ever read that consent
18 agreement until recently. And I couldn't tell you the
19 date, but it was in items that you all sent to us. And
20 that's when I was like, you know, "This is serious. We
21 got to get all this stuff done," so...

22 Q. Okay. Would you please refer to Exhibit 5.

23 A. Can I use this one?

24 Q. Yes.

25 A. Okay.

1 Q. Page 18, it reflects that a charter
2 representative of the school sign this document; is
3 that correct?

4 A. Yes.

5 Q. Okay.

6 A. And you're talking about the last page? Oh,
7 it says page 4. I got it. 18, yes.

8 And that was David Roberts who is no longer
9 with the Board.

10 Q. How long have you been employed by Life Skills
11 Center of Arizona, Incorporated?

12 A. This is my second year.

13 Q. Can you please refer to Exhibit 9.

14 A. Is that this?

15 Q. Yes. Page 32.

16 A. Yep.

17 Q. On paragraph 2, it states, "Life Skills'
18 annual audit was completed on October 16, 2017"; is
19 that correct?

20 A. That's correct.

21 Q. And if you would please refer to page 35 of
22 this exhibit, in the middle of the page is an e-mail
23 from Andrea Leder to Chris Sivak dated November 16,
24 2017, correct?

25 A. Uh-huh.

1 Q. And she's asking him if -- she says, "I don't
2 know if your firm conducted the fiscal year 2017 audit.
3 If it did and the audit is completed, would it be
4 possible for you to email it to me?"

5 Correct?

6 A. Yes.

7 Q. And then at the top of the page in his
8 response dated November 16, 2017, he states, "Yes, we
9 are performing the audit. Unfortunately, it is not
10 complete..."

11 Correct?

12 A. Yes.

13 MS. ANDERSON: No further questions, Your
14 Honor.

15 THE COURT: Did you have anything else you
16 wanted to add?

17 MR. FOX: Yes.

18 I will say that on -- there were several --
19 and I know D'Andrea and I helped with aspects of the
20 audit, so there was a list that they compiled of things
21 that the school had to do. And I know -- and I did get
22 this information from Skoda Minotti and from our
23 Board's treasurer, Mr. Scott Kies, who works for Aspire
24 Group.

25 Our list of things was done on -- on around

1 the 16th, as stated by our superintendent, because she
2 holds us accountable.

3 There were additional items. And I understand
4 that they required some of the Board members to review
5 them, which were not completed.

6 So you are correct, the firm said it was not
7 complete because we were waiting on some additional
8 items; but to the best of our knowledge, everything
9 that we got done that we were held accountable from our
10 superintendent was completed by the 16th.

11 THE COURT: Okay. You may be excused.

12 MR. FOX: Thank you.

13 THE COURT: Any other witnesses?

14 Please raise your right hand.

15 (Witness was sworn in.)

16 THE COURT: Please state your name, spelling
17 it for the record.

18 THE WITNESS: D'Andrea Chapman, D, apostrophe,
19 A-N-D-R-E-A, C-H-A-P-M-A-N.

20 THE COURT: Please proceed with your
21 testimony.

22

23 D'ANDREA CHAPMAN,
24 a witness herein, having been first duly sworn, was
25 examined and testified as follows:

1

2

SELF-DIRECT EXAMINATION

3

4

5

6

MS. CHAPMAN: Yes. I joined the school in --
for the 2016-2017 school year, and we immediately began
putting structures in place, Robert and I.

7

8

9

10

Jared Kittelson, the former principal, he left
in 2014-2015, and he had put some structures in place
in regards to the Board and things we needed to do in
order to be compliant.

11

12

13

14

So upon my arrival, Robert and I immediately
began to work in that area in regards to taking care of
some of the Board members who were no longer with us or
who needed to transition from the Board.

15

16

17

18

19

People committed to the Board, and at times,
they had been in the Board for so many years, they were
ready to leave, and they needed to know that, "It's
okay. It's okay for you to move on," even though they
wanted to continue to serve our school.

20

21

22

23

24

So as we moved forward, Robert Fox and I are
in the process of onboarding and vetting two additional
Board members. We're providing training and an
orientation to ensure that this does not happen in the
future.

25

As stated before with the prior principal, he

1 was able to say he will take responsibility for
2 ensuring that this does not happen in the future, and
3 I'm willing to say that now as well.

4 I am committed to Life Skills Center and to
5 the students there and to ensuring that we are
6 compliant.

7 We do have one of our Board members here now.
8 Michael Taylor has recently joined the Board as well,
9 and he is committed, along with Bobbi Sudberry, who is
10 another recent addition to our Board who runs a
11 nonprofit now with -- which is Katie's Way.

12 So we do have the expertise. We do have the
13 commitment level of our Board now. And it will not be
14 an issue in the future.

15 We have also added additional community
16 partners who will be assisting us, with one of them
17 also being an attorney, who will be on board for us
18 there.

19 And we have created a structure for
20 communication between the Board and the school to
21 ensure that this does not happen as we move forward.

22 THE COURT: Cross?

23 MS. ANDERSON: Yes, Your Honor.

24

25

1 CROSS-EXAMINATION

2 BY MS. ANDERSON:

3 Q. Were you employed at Life Skills Center of
4 Arizona, Incorporated, on November 21st, 2017?

5 A. Yes.

6 Q. And the information that you just provided to
7 this hearing -- in this hearing, you had the
8 opportunity to advise the Court -- to advise the Board
9 of that information at the meeting that was held on
10 November 21st, 2017; isn't that correct?

11 A. It was our understanding, as stated by
12 Mr. Fox, that we were hopeful and not clear on the
13 legal aspects, that our letter asking that revocation
14 not be considered, we were -- we were hopeful that that
15 would be the case.

16 So because we were not knowledgeable about the
17 legal aspects, that's the reason we weren't there. It
18 would -- nothing else would have held us back from
19 being there if we knew we needed to be there so...

20 Q. Okay. So if you refer to Exhibit 7, Exhibit 7
21 advises Life Skills that the annual financial audit and
22 requisite accompanying documents for fiscal year ending
23 June 30, 2017, were due November 15, 2017, correct?

24 A. Correct.

25 Q. And it states that as of the date of the

1 letter, the Board had not received a complete audit
2 package, correct?

3 A. Correct.

4 Q. And then it also, in capital letters and in
5 the middle paragraph, it indicates this letter is
6 written notice that the Board would address the matter
7 at its next Board meeting, correct?

8 A. Correct.

9 Q. And that if the Board determined you were not
10 in compliance, the Board could take action that was
11 included but not limited to withholding 10 percent of
12 your apportionment, correct?

13 A. Correct.

14 Q. As well as issue a notice of intent to revoke
15 the charter; is that correct?

16 A. Yes.

17 Q. And it also states that you shall be allowed
18 to respond to the allegations of noncompliance at the
19 meeting before the Board makes a final determination,
20 correct?

21 A. Correct.

22 Q. And it indicates, in the last paragraph, the
23 date and time of the Board meeting, which was
24 November 21st, 2017, correct?

25 A. Yes, correct.

1 Q. And you did not appear at that meeting,
2 correct?

3 A. Correct.

4 Q. And no one from Life Skills appeared at that
5 meeting, correct?

6 A. Correct.

7 Q. And if you would refer to Exhibit 9, the page
8 32, which is Life Skills' request for the Board to
9 reconsider its decision to hold the hearing on whether
10 to revoke the charter, it also does not provide any of
11 the information that you just provided in your
12 testimony, correct?

13 A. Correct.

14 Q. And this request for reconsideration was set
15 and heard by the Board at its meeting earlier this week
16 on Tuesday; is that correct?

17 A. That is correct.

18 Q. And you did not appear at that meeting; is
19 that correct?

20 A. Correct.

21 Q. And a representative from Life Skills Center
22 of Arizona did not appear at that meeting, correct?

23 A. Correct.

24 May I respond?

25 Q. No, there's no question before you.

1 A. Okay.

2 Q. And is it your testimony that moving forward,
3 that you have systems in place that will prevent the
4 audits from being late in the future?

5 A. Correct.

6 Q. Could you refer to Exhibit 4 on page 14. The
7 e-mail from Mr. Kittelson at Life Schools [sic] dated
8 November 24, 2014, the last sentence states, "I can
9 assure you that policies and procedures will be put in
10 place so this will never happen again"; is that
11 correct?

12 A. Correct.

13 Q. No further questions.

14 THE COURT: Do you have anything else to add?

15 MS. CHAPMAN: Yes. I would like to add that
16 for the November board meeting, we were unable -- for
17 November 17th board meeting, we were unable to have a
18 quorum so that we can move forward to have our audit
19 signed due to our president -- our Board president, he
20 did have major illnesses or family concerns that he was
21 unable to be present.

22 So we did a lot to try to communicate with him
23 to get him -- to make sure that we can reach out to him
24 so that he could sign the necessary documents.

25 So, at that time, we realized we needed to put

1 some additional structures in place, because he does
2 want to -- he did want to leave the Board because of
3 his family crisis, and we wanted to -- we wanted to
4 make sure that he was with us and be considerate of
5 what he was going through in his personal life;
6 however, we have reached out to him. He does
7 understand that we do need to move forward and that he
8 may not be a viable person or officer on our Board.

9 So he will not be -- as we move forward, we
10 have worked to get another for our present Board
11 members in place so that we can move forward and be
12 compliant.

13 So we did not have a quorum at that meeting
14 due to that, but as we move forward, Robert and I are
15 confident that the structures we are now putting in
16 place, the commitment of our Board members as we move
17 forward, it will not be an issue.

18 THE COURT: Anything else?

19 MS. CHAPMAN: No.

20 THE COURT: Okay. You may sit down.

21 Any other witnesses?

22 Any other witnesses?

23 MS. CHAPMAN: Mr. Taylor, would you like to
24 speak on our behalf?

25 MR. TAYLOR: No.

1 THE COURT: Any rebuttal witnesses?

2 MS. ANDERSON: No, Your Honor.

3 THE COURT: Closing?

4 MS. ANDERSON: Briefly, Your Honor.

5 As I stated in my opening, this case is about
6 a charter school operator that has repeatedly violated
7 its obligation under the law to submit its annual
8 audit. Specifically, on multiple occasion, it failed
9 to submit its annual financial compliance audit and
10 legal compliance questionnaire.

11 The school avoided revocation in 2014 when --
12 after its second year, consecutive year being late, by
13 signing a consent agreement.

14 The terms of that consent agreement are very
15 clear of the school's responsibilities with regard to
16 its having to submit its annual audit timely. And it
17 is very clear on the consequences for its failure to do
18 so.

19 The school also had multiple opportunities to
20 address the Board as to provide whatever explanation it
21 wanted to provide as to why it was late in submitting
22 its fiscal year 2017 audit.

23 It had the opportunity at the board meeting on
24 November 21, 2017. Exhibit 7 is very clear as to the
25 possible consequences to the school with regard to its

1 submitting its audit late, and that one of those
2 consequences could be revocation. A representative
3 from the school didn't appear at that meeting.

4 The school also initiated to the Board a
5 request that the Board reconsider its decision to hold
6 a hearing in this matter. That is contained in
7 Exhibit 9.

8 The Board set the matter for consideration at
9 its meeting this past Tuesday; and again, no one from
10 the school appeared.

11 It's clear from the testimony and the exhibits
12 that Life Skills violated the terms of this agreement.
13 It failed to submit its annual audit for the fiscal
14 year June 30, 2017.

15 And with that, it is the Board's position that
16 Life Skills' charter should be revoked. Thank you.

17 THE COURT: Thank you.

18 Closing?

19 MR. FOX: As we said in our opening, we do
20 acknowledge that there was issues in the past with
21 regards to late audit submissions and the severity of
22 those issues.

23 We wanted to make everyone aware that, you
24 know, the fact that we heard recently of the failure to
25 submit the audits, and because we're not attorneys, we

1 immediately reached out, as a human reaction, to the
2 State Board for Charter Schools and let them know what
3 was going on.

4 And I think that we did not clearly understand
5 about our presence at the board meeting or the
6 procedures, which is why we bring to the table an
7 alternative option for the school to employ counsel to
8 make sure we're compliant, to make sure that we have
9 new members on board that are fully committed.

10 Because these procedural issues, while they
11 are severe, we don't believe they warrant closing the
12 school for our students and serving the community in
13 which we reside.

14 And we thank the Charter School Board for
15 their continued oversight.

16 THE COURT: Thank you.

17 Any rebuttal?

18 MS. ANDERSON: Yes, Your Honor.

19 It was the testimony of Ms. Leder that the
20 Board uses, as a monitoring tool, the annual audit and
21 legal compliance questionnaire. And it's more than --
22 the requirement to submit it and submit it timely is
23 more than a procedural issue. It is an issue that
24 impacts on continuing monitoring of a charter school.

25 The school had -- the school was or should

1 have been aware of the consequences of its failure to
2 submit its audit. And it failed to timely submit its
3 audit. And it remains the Board's position that the
4 charter should be revoked.

5 THE COURT: Thank you. We'll go off the
6 record briefly.

7 (Recess was taken from 9:23 a.m. to 9:24 a.m.)

8 THE COURT: Okay. So as we discussed to allow
9 the receipt of the transcript. I will leave the record
10 open until February 5th for that sole purpose of just
11 receiving the transcript. And I will issue an order to
12 that effect later today. And so the record will close
13 as of that date.

14 If there's nothing further, that will conclude
15 today's proceedings, and we'll go off the record at
16 this time.

17 THE COURT: Thank you very much.

18 (9:24 a.m.)

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25

Tremp, Robert - Hearing
January 19, 2018

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1 STATE OF ARIZONA)
) ss.
2 COUNTY OF MARICOPA)

3
4 BE IT KNOWN that the foregoing deposition was
5 taken by me, Haley D. Westra, Certificate No. 50762, a
6 certified reporter for the state of Arizona, that prior
7 to being examined, the witness named was duly sworn to
8 testify to the whole truth, that the questions
9 propounded and the answers of the witness thereto were
10 taken down by me and thereafter reduced to computerized
11 transcription under my direction and supervision; that
12 the foregoing is a true and correct transcript of all
13 proceedings had upon the taking of said deposition, all
14 done to the best of my skill and ability. Read and
15 sign was requested by the witness.

16

17 I further certify that I am in no way related
18 to any party to said action nor in any way interested
19 in the outcome thereof.

20

21 Dated at Phoenix, Arizona, this 29th day of
22 January, 2018.

23

24

25

HALEY DAWN WESTRA, RPR, CRR
Certified No. 50762

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COURT REPORTER AND

REGISTERED REPORTING FIRM DISCLOSURE

The foregoing deposition was taken in compliance with the Arizona Code of Judicial Administration, Section 7-206(F)(3) and (J)(1)(g)(1) and (2).

HALEY D. WESTRA
Court Reporter
Certificate No. 50937

BARTELT REPORTING, LLC
Registered Reporting Firm
RRF No. R1028

Administrative Pleadings Record

INDEX OF ADMINISTRATIVE PLEADINGS RECORD

No. 18F-RV-001-BCS

In the Matter of LIFE SKILLS CENTER OF ARIZONA, INC., an Arizona non-profit corporation, operating LIFE SKILLS OF ARIZONA, a charter school.

PLEADING	DATE	DESCRIPTION
1	11/30/2017	Notice of Hearing on Breach of Consent Agreement and Revocation of Charter
2	11/30/2017	Amended Notice of Hearing on Breach of Consent Agreement and Revocation of Charter
3	12/13/2017	Notice of Change in Hearing Date
4	02/17/2018	Notice of Service
5	01/19/2018	Order Holding Record Open
6	02/02/2018	Notice of Filing of Transcript of Hearing Transcript of Hearing
7	02/26/2018	ALJ Decision

1 **BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS**

2 **STATE OF ARIZONA**

3
4 In the Matter of:

No. 18F-RV-001-BCS

5
6 **LIFE SKILLS CENTER OF**
7 **ARIZONA, INC.** a nonprofit
8 corporation, operating **LIFE SKILLS**
9 **CENTER OF ARIZONA**, a charter
10 school

NOTICE OF HEARING ON
BREACH OF CONSENT
AGREEMENT AND
REVOCAION OF CHARTER

11 **YOU ARE HEREBY NOTIFIED** that pursuant to Title 41, Chapter 6, Article
12 10, a hearing will be held in the above-captioned matter on **January 16, 2018**,
13 beginning at 8:00 a.m. **This matter is set from 8:00 a.m. to 5:00 p.m.** The hearing
14 will be held before Administrative Law Judge Velva Moses-Thompson in the Office of
15 Administrative Hearings, an independent state agency, located at 1400 West
16 Washington, Suite 101, Phoenix, Arizona 85007, (602) 542-9826.

17 This hearing is to determine whether Life Skills Center of Arizona, Inc. (“Life
18 Skills”) failed to comply with the terms and conditions of its Consent Agreement, upon
19 which the Arizona State Board for Charter Schools (“Board”) may hold a hearing and
20 revoke Life Skills’ charter to operate Life Skills Center of Arizona (“the School”) and
21 terminate its charter.

22 **I. STATEMENT OF LEGAL AUTHORITY AND JURISDICTION UNDER**
23 **WHICH THE HEARING IS TO BE HELD AND REFERENCE TO**
24 **STATUTES AND RULES INVOLVED**

25 The Board is charged by A.R.S. § 15-182(E)(1) and (2) with granting charter
26 status to qualifying applicants for charter schools and exercising general supervision
over the charter schools it sponsors. A charter is effective for fifteen years and may be
renewed for successive periods of twenty years. A.R.S. § 15-183(I), (J). The Board

1 may submit a request to the Arizona Department of Education (“the Department”) to
2 withhold up to ten percent of the monthly apportionment of state aid that would
3 otherwise be due a charter school if the Board determines at a public meeting that the
4 charter school is not in compliance with federal law, the laws of this state or with its
5 charter. A.R.S. § 15-185(H). The Board may revoke a charter of a school it sponsors at
6 any time if the charter school breaches one or more provisions of its charter or if the
7 Board determines that the charter operator has failed to comply with charter school
8 statutes or any provision of law from which the charter school is not exempt. A.R.S. §
9 15-183(I)(3)(c); A.A.C. R7-5-607. The Board may also enter into a consent agreement
10 with the charter operator to resolve the noncompliance. A.A.C. R7-5-606; A.R.S. § 41-
11 1092.07(F)(5).

12 **II. STATEMENT OF THE MATTERS ASSERTED**

13
14 1. Life Skills operates the School pursuant to a renewal charter contract
15 (“charter”) executed on June 20, 2017 between the Life Skills and the Board.

16 2. Pursuant to A.R.S. § 15-183 and the charter, the Board sponsors Life
17 Skills to operate one school site to serve students in grades 9 through 12.

18 3. Currently, Dallen Timothy and Lisa Raderstorf are the Charter
19 Representatives and persons authorized to execute documents on behalf of Life Skills.
20 Immediately prior, and at the time of the execution of the Consent Agreement
21 referenced in paragraph 9, David Roberts was the Charter Representative and person
22 authorized to execute documents on behalf of Life Skills.

23 4. Arizona Revised Statutes §§ 15-183(E)(6) and 15-914 require that the
24 Life Skills undergo an annual financial and compliance audit, including the completion
25 of a legal compliance questionnaire, by an independent certified public accountant
26 (“annual audit”).

1 5. Life Skills' annual audit for each fiscal year is due to the Board by
2 November 15 of the following fiscal year.

3 6. At its public meeting held on November 21, 2014, the Board determined
4 that Life Skills failed to timely submit its annual audit for the fiscal year ending June
5 30, 2014; Life Skills was not in compliance with state law and with its charter. This
6 was the second consecutive year that Life Skills failed to timely submit its annual audit;
7 Life Skills also failed to timely submit its annual audit for the fiscal year ending June
8 30, 2013.

9 7. Life Skills breached its charter and A.R.S. §§ 15-183(E)(6) and 15-914
10 when it failed to timely submit its annual audit for fiscal years 2013 and 2014.

11 8. At its public meeting held on November 21, 2014, the Board passed a
12 motion to submit a request to the Department to withhold ten percent of the monthly
13 apportionment of state aid that would otherwise be due Life Skills and to issue a notice
14 of intent to revoke Life Skills' charter.

15 9. In consideration of the Board and Life Skills foregoing their option to
16 proceed with the charter revocation proceedings, the Board and Life Skills entered into
17 a Consent Agreement. *See attached Consent Agreement.*

18 10. In the Consent Agreement, Life Skills agreed to submit its annual audit
19 for the fiscal year ending June 30, 2015, by November 15, 2015. Life Skills further
20 agreed to submit its annual audit for subsequent fiscal years by November 15 of the
21 following fiscal year. *See Consent Agreement at ¶ 17.*

22 11. In the Consent Agreement, Life Skills agreed that if it failed to comply
23 with the terms and conditions of the Consent Agreement, the Board may, on no less
24 than thirty (30) calendar days' notice, hold a hearing at which time the Board will
25 receive information to determine whether evidence exists that Life Skills failed to
26

1 comply with the terms and conditions of the Consent Agreement. *See Consent*
2 *Agreement at ¶ 18.*

3 12. In the Consent Agreement, Life Skills agreed that in the event that the
4 Board determines that a breach of the Consent Agreement has occurred, the Board may
5 revoke Life Skills' charter to operate the School and terminate its charter for breach of
6 the Consent Agreement and the laws identified therein. *See Consent Agreement at ¶*
7 *18.*

8 13. Life Skills' annual audit for the fiscal year ending June 30, 2017 was due
9 to the Board by November 15, 2017.

10 14. At its public meeting held on November 21, 2017, the Board determined
11 that Life Skills failed to timely submit its annual audit for the fiscal year ending June
12 30, 2017; the Board passed a motion that under the terms of the Consent Agreement a
13 hearing be held to determine whether evidence exists that Life Skills failed to comply
14 with the terms and conditions of the Consent Agreement.

15 15. The Board further passed a motion to submit a request to the Department
16 to withhold ten percent of the monthly apportionment of state aid that would otherwise
17 be due Life Skills until a complete fiscal year 2017 annual audit was submitted to the
18 Board.

20 **III. ORDER**

21 **YOU ARE HEREBY NOTIFIED** that the Office of Administrative Hearings,
22 on behalf of the Board, will conduct a hearing to determine whether the allegations in
23 the Notice are true and to determine whether grounds exist to determine that Life Skills
24 failed to comply with the terms and conditions of the Consent Agreement; upon which
25 the Board may revoke Life Skills' charter to operate the School and terminate its
26 charter for breach of the Consent Agreement and the state laws identified therein. The

1 hearing will be conducted, under the authority of, and in accordance with, Title 41,
2 Chapter 6, Article 10. After the hearing is conducted, the Administrative Law Judge
3 shall submit a written decision to the Board for review pursuant to A.R.S. § 41-
4 1092.08. The Board shall then decide whether to accept, reject, or modify the decision
5 and will issue a final administrative decision accordingly.

6 **YOU ARE FURTHER NOTIFIED** that appearance in an administrative
7 proceeding is considered the practice of law, which under most circumstances may only
8 be undertaken by an active member of the Arizona State Bar. Ariz. R. S. Ct.
9 31(a)(2)(A)(3) and (b). Under Ariz. R. S. Ct. 31(d)(11):

11 Unless otherwise specifically provided for in [Ariz. R. S.
12 Ct. 31], in proceedings before the Office of Administrative
13 Hearings . . . , a legal entity may be represented by a full-
14 time officer, partner, member or manager of a limited
15 liability company, or employee, provided that: the legal
16 entity has specifically authorized such person to represent it
17 in the particular matter, such representation is not the
18 person's primary duty to the legal entity, but secondary or
19 incidental to other duties relating to the management or
20 operation of the legal entity; and the person is not receiving
21 separate or additional compensation (other than
22 reimbursement for costs) for such representation.

20 **IT IS FURTHER ORDERED** that within forty-eight (48) hours of receipt of
21 this Notice of Hearing on Breach of Consent Agreement and Revocation of Charter,
22 Life Skills shall notify, in writing, all staff and all parents or guardians of students
23 enrolled in the School that a Notice of Hearing on Breach of Consent Agreement and
24 Revocation of Charter has been received, the School location at which a copy of the
25 Notice may, upon request, be inspected, and the date, time, and location of the hearing
26

1 set in this matter.

2 **IT IS FURTHER ORDERED** that within twenty (20) days of receipt of this
3 Notice, Life Skills shall provide to the Board copies of all correspondence and
4 communications used to comply with the preceding provision of this Order above.

5 **IT IS FURTHER ORDERED** that within twenty (20) days of receipt of this
6 Notice, Life Skills shall provide the Board with the names and mailing addresses of
7 parents or guardians of all students enrolled at the School.

8 **IT IS FURTHER ORDERED** that as part of the hearing process, pursuant to
9 A.R.S. § 41-1092.06, you have the right to request an informal settlement conference.
10 If you request an informal settlement conference, the Board must hold the conference
11 within fifteen (15) days after receiving the request. This request must be in writing and
12 must be filed no later than twenty (20) calendar days before the hearing. The request
13 for an informal settlement conference shall be in writing and mailed to:
14
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16

17 Arizona State Board for Charter Schools
18 Executive Director Ashley Berg
19 P.O. Box 18328
Phoenix, Arizona 85009

20 **YOU ARE ADVISED** that the original of all correspondence and pleadings to
21 be filed in this matter should be directed to the Office of Administrative Hearings,
22 1400 W. Washington, Suite 101, Phoenix, AZ 85007, with copies to the Board and to
23 the Assistant Attorney General at the address listed below.
24

25 Persons with a disability may request a reasonable accommodation, such as a
26 sign language interpreter, by contacting the Office of Administrative Hearings, 1400 W.

1 Washington, Suite 101, Phoenix, AZ 85007, (602) 542-9826. Requests should be made
2 as early as possible to allow time to arrange the accommodation.

3 Respectfully submitted this 30th day of November, 2017.

4
5 

6 _____
7 Ashley Berg
8 Executive Director
9 Arizona State Board for Charter Schools

9 COPY of the foregoing Notice filed
10 electronically this 30th day of November, 2017 with:

11 The Office of Administrative Hearings
12 1400 West Washington Street
13 Phoenix, AZ 85007

14 COPIES of the foregoing Notice sent via certified mail,
15 return receipt requested, this 30th day of November, 2017 to:

16 Lisa Raderstorf
17 Charter Representative
18 Dallen Timothy
19 Charter Representative
20 Life Skills Center of Arizona, Inc.
21 8123 N. 35th Avenue, Suite 2
22 Phoenix, AZ 85051

23 COPIES of the foregoing Notice sent via email
24 this 30th day of November, 2017 to:

25 Kim S. Anderson
26 Assistant Attorney General
State Government Division
Education and Health Section
2005 North Central Avenue
Phoenix, AZ 85004-1592
kim.anderson@azag.gov
Attorney for Arizona State Board for Charter Schools

1 Lisa Raderstorf
2 Charter Representative
3 raderpj1@aol.com

4 Dallen Timothy
5 Charter Representative
6 dtimothy@asu.edu

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BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS

STATE OF ARIZONA

In the Matter of:

No. 18F-RV-001-BCS

LIFE SKILLS CENTER OF ARIZONA, INC. a nonprofit corporation, operating **LIFE SKILLS CENTER OF ARIZONA**, a charter school

**AMENDED
NOTICE OF HEARING ON
BREACH OF CONSENT
AGREEMENT AND
REVOCAION OF CHARTER**

YOU ARE HEREBY NOTIFIED that pursuant to Title 41, Chapter 6, Article 10, a hearing will be held in the above-captioned matter on **January 16, 2018**, beginning at 8:00 a.m. **This matter is set from 8:00 a.m. to 5:00 p.m.** The hearing will be held before Administrative Law Judge Velva Moses-Thompson in the Office of Administrative Hearings, an independent state agency, located at 1400 West Washington, Suite 101, Phoenix, Arizona 85007, (602) 542-9826.

This hearing is to determine whether Life Skills Center of Arizona, Inc. (“Life Skills”) failed to comply with the terms and conditions of its Consent Agreement, upon which the Arizona State Board for Charter Schools (“Board”) may hold a hearing and revoke Life Skills’ charter to operate Life Skills Center of Arizona (“the School”) and terminate its charter.

I. STATEMENT OF LEGAL AUTHORITY AND JURISDICTION UNDER WHICH THE HEARING IS TO BE HELD AND REFERENCE TO STATUTES AND RULES INVOLVED

The Board is charged by A.R.S. § 15-182(E)(1) and (2) with granting charter status to qualifying applicants for charter schools and exercising general supervision over the charter schools it sponsors. A charter is effective for fifteen years and may be

1 renewed for successive periods of twenty years. A.R.S. § 15-183(I), (J). The Board
2 may submit a request to the Arizona Department of Education (“the Department”) to
3 withhold up to ten percent of the monthly apportionment of state aid that would
4 otherwise be due a charter school if the Board determines at a public meeting that the
5 charter school is not in compliance with federal law, the laws of this state or with its
6 charter. A.R.S. § 15-185(H). The Board may revoke a charter of a school it sponsors at
7 any time if the charter school breaches one or more provisions of its charter or if the
8 Board determines that the charter operator has failed to comply with charter school
9 statutes or any provision of law from which the charter school is not exempt. A.R.S. §
10 15-183(I)(3)(c); A.A.C. R7-5-607. The Board may also enter into a consent agreement
11 with the charter operator to resolve the noncompliance. A.A.C. R7-5-606; A.R.S. § 41-
12 1092.07(F)(5).

14 **II. STATEMENT OF THE MATTERS ASSERTED**

15 1. Life Skills operates the School pursuant to a renewal charter contract
16 (“charter”) executed on June 20, 2017 between the Life Skills and the Board.

17 2. Pursuant to A.R.S. § 15-183 and the charter, the Board sponsors Life
18 Skills to operate one school site to serve students in grades 9 through 12.

19 3. Currently, Dallen Timothy and Lisa Raderstorf are the Charter
20 Representatives and persons authorized to execute documents on behalf of Life Skills.
21 Immediately prior, and at the time of the execution of the Consent Agreement
22 referenced in paragraph 9, David Roberts was the Charter Representative and person
23 authorized to execute documents on behalf of Life Skills.

24 4. Arizona Revised Statutes §§ 15-183(E)(6) and 15-914 require that the
25 Life Skills undergo an annual financial and compliance audit, including the completion
26

1 of a legal compliance questionnaire, by an independent certified public accountant
2 (“annual audit”).

3 5. Life Skills’ annual audit for each fiscal year is due to the Board by
4 November 15 of the following fiscal year.

5 6. At its public meeting held on November 21, 2014, the Board determined
6 that Life Skills failed to timely submit its annual audit for the fiscal year ending June
7 30, 2014; Life Skills was not in compliance with state law and with its charter. This
8 was the second consecutive year that Life Skills failed to timely submit its annual audit;
9 Life Skills also failed to timely submit its annual audit for the fiscal year ending June
10 30, 2013.

11 7. Life Skills breached its charter and A.R.S. §§ 15-183(E)(6) and 15-914
12 when it failed to timely submit its annual audit for fiscal years 2013 and 2014.

13 8. At its public meeting held on November 21, 2014, the Board passed a
14 motion to submit a request to the Department to withhold ten percent of the monthly
15 apportionment of state aid that would otherwise be due Life Skills and to issue a notice
16 of intent to revoke Life Skills’ charter.

17 9. In consideration of the Board and Life Skills foregoing their option to
18 proceed with the charter revocation proceedings, the Board and Life Skills entered into
19 a Consent Agreement. *See attached Consent Agreement.*

20 10. In the Consent Agreement, Life Skills agreed to submit its annual audit
21 for the fiscal year ending June 30, 2015, by November 15, 2015. Life Skills further
22 agreed to submit its annual audit for subsequent fiscal years by November 15 of the
23 following fiscal year. *See Consent Agreement at ¶ 17.*

24 11. In the Consent Agreement, Life Skills agreed that if it failed to comply
25 with the terms and conditions of the Consent Agreement, the Board may, on no less
26

1 than thirty (30) calendar days' notice, hold a hearing at which time the Board will
2 receive information to determine whether evidence exists that Life Skills failed to
3 comply with the terms and conditions of the Consent Agreement. *See Consent*
4 *Agreement at ¶ 18.*

5 12. In the Consent Agreement, Life Skills agreed that in the event that the
6 Board determines that a breach of the Consent Agreement has occurred, the Board may
7 revoke Life Skills' charter to operate the School and terminate its charter for breach of
8 the Consent Agreement and the laws identified therein. *See Consent Agreement at ¶*
9 *18.*

10 13. Life Skills' annual audit for the fiscal year ending June 30, 2017 was due
11 to the Board by November 15, 2017.

12 14. At its public meeting held on November 21, 2017, the Board determined
13 that Life Skills failed to timely submit its annual audit for the fiscal year ending June
14 30, 2017; the Board passed a motion that under the terms of the Consent Agreement a
15 hearing be held to determine whether evidence exists that Life Skills failed to comply
16 with the terms and conditions of the Consent Agreement.

17 15. The Board further passed a motion to submit a request to the Department
18 to withhold ten percent of the monthly apportionment of state aid that would otherwise
19 be due Life Skills until a complete fiscal year 2017 annual audit was submitted to the
20 Board.

21
22 **III. ORDER**

23 **YOU ARE HEREBY NOTIFIED** that the Office of Administrative Hearings,
24 on behalf of the Board, will conduct a hearing to determine whether the allegations in
25 the Notice are true and to determine whether grounds exist to determine that Life Skills
26 failed to comply with the terms and conditions of the Consent Agreement; upon which

1 the Board may revoke Life Skills' charter to operate the School and terminate its
2 charter for breach of the Consent Agreement and the state laws identified therein. The
3 hearing will be conducted, under the authority of, and in accordance with, Title 41,
4 Chapter 6, Article 10. After the hearing is conducted, the Administrative Law Judge
5 shall submit a written decision to the Board for review pursuant to A.R.S. § 41-
6 1092.08. The Board shall then decide whether to accept, reject, or modify the decision
7 and will issue a final administrative decision accordingly.

8 **YOU ARE FURTHER NOTIFIED** that appearance in an administrative
9 proceeding is considered the practice of law, which under most circumstances may only
10 be undertaken by an active member of the Arizona State Bar. Ariz. R. S. Ct.
11 31(a)(2)(A)(3) and (b). Under Ariz. R. S. Ct. 31(d)(11):
12

13 Unless otherwise specifically provided for in [Ariz. R. S.
14 Ct. 31], in proceedings before the Office of Administrative
15 Hearings . . . , a legal entity may be represented by a full-
16 time officer, partner, member or manager of a limited
17 liability company, or employee, provided that: the legal
18 entity has specifically authorized such person to represent it
19 in the particular matter, such representation is not the
20 person's primary duty to the legal entity, but secondary or
21 incidental to other duties relating to the management or
22 operation of the legal entity; and the person is not receiving
23 separate or additional compensation (other than
24 reimbursement for costs) for such representation.

25 **IT IS FURTHER ORDERED** that within forty-eight (48) hours of receipt of
26 this Notice of Hearing on Breach of Consent Agreement and Revocation of Charter,
Life Skills shall notify, in writing, all staff and all parents or guardians of students
enrolled in the School that a Notice of Hearing on Breach of Consent Agreement and

1 Revocation of Charter has been received, the School location at which a copy of the
2 Notice may, upon request, be inspected, and the date, time, and location of the hearing
3 set in this matter.

4 **IT IS FURTHER ORDERED** that within twenty (20) days of receipt of this
5 Notice, Life Skills shall provide to the Board copies of all correspondence and
6 communications used to comply with the preceding provision of this Order above.
7

8 **IT IS FURTHER ORDERED** that within twenty (20) days of receipt of this
9 Notice, Life Skills shall provide the Board with the names and mailing addresses of
10 parents or guardians of all students enrolled at the School.
11

12 **IT IS FURTHER ORDERED** that as part of the hearing process, pursuant to
13 A.R.S. § 41-1092.06, you have the right to request an informal settlement conference.
14 If you request an informal settlement conference, the Board must hold the conference
15 within fifteen (15) days after receiving the request. This request must be in writing and
16 must be filed no later than twenty (20) calendar days before the hearing. The request
17 for an informal settlement conference shall be in writing and mailed to:
18

19 Arizona State Board for Charter Schools
20 Executive Director Ashley Berg
21 P.O. Box 18328
22 Phoenix, Arizona 85009

23 **YOU ARE ADVISED** that the original of all correspondence and pleadings to
24 be filed in this matter should be directed to the Office of Administrative Hearings,
25 1400 W. Washington, Suite 101, Phoenix, AZ 85007, with copies to the Board and to
26 the Assistant Attorney General at the address listed below.

1 Persons with a disability may request a reasonable accommodation, such as a
2 sign language interpreter, by contacting the Office of Administrative Hearings, 1400 W.
3 Washington, Suite 101, Phoenix, AZ 85007, (602) 542-9826. Requests should be made
4 as early as possible to allow time to arrange the accommodation.
5

6 Respectfully submitted this 30th day of November, 2017.

7  FOR

8 Ashley Berg
9 Executive Director
10 Arizona State Board for Charter Schools

11 COPY of the foregoing Amended Notice filed
12 electronically this 30th day of November, 2017 with:

13 The Office of Administrative Hearings
14 1400 West Washington Street
Phoenix, AZ 85007

15 COPIES of the foregoing Amended Notice sent via certified mail,
16 return receipt requested, this 30th day of November, 2017 to:

17 Lisa Raderstorf
18 Charter Representative
19 Life Skills Center of Arizona, Inc.
8123 N. 35th Avenue, Suite 2
Phoenix, AZ 85051

20 COPIES of the foregoing Amended Notice sent via email
21 this 30th day of November, 2017 to:

22 Kim S. Anderson
23 Assistant Attorney General
24 State Government Division
25 Education and Health Section
2005 North Central Avenue
26 Phoenix, AZ 85004-1592
kim.anderson@azag.gov
Attorney for Arizona State Board for Charter Schools

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Lisa Raderstorf
Charter Representative
raderpj1@aol.com

By 
6632939

ATTACHMENT

Consent Agreement

Notice of Meeting

Board Minutes

CONSENT AGREEMENT

This Consent Agreement ("Agreement") is made by and between LIFE SKILLS CENTER OF ARIZONA, INC. ("Charter Operator"), a nonprofit corporation organized under the laws of the state of Arizona and operating LIFE SKILLS CENTER OF ARIZONA, a charter school, and the ARIZONA STATE BOARD FOR CHARTER SCHOOLS ("Board"), collectively referred to herein as the "Parties."

JURISDICTION

The Board is charged by Arizona Revised Statutes ("A.R.S.") §§ 15-182(E)(1) and (2) and 15-183(R) with granting charter status to qualifying applicants for charter schools and exercising general supervision over the charter schools it sponsors. A charter is effective for fifteen years. A.R.S. § 15-183(I). The Board may submit a request to the Arizona Department of Education to withhold up to ten percent of the monthly apportionment of state aid that would otherwise be due a charter school if the Board determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state or with its charter. A.R.S. § 15-185(H). The Board may revoke a charter of a school it sponsors at any time if the charter school breaches one or more provisions of its charter or if the Board determines that the charter holder has failed to comply with charter school statutes or any provision of law from which the charter school is not exempt. A.R.S. § 15-183(I)(3)(c).

RECITALS

1. The Charter Operator operates Life Skills Center of Arizona ("the School") pursuant to a charter contract ("Charter") executed on July 22, 2002 between the Charter Operator and the Board.
2. Pursuant to A.R.S. § 15-183 and the Charter, the Board sponsors the Charter

Operator to operate one school site to serve students in grades nine through twelve.

3. Yvonne Pena, Philanders McNeary and David Roberts are the Charter Representatives and persons authorized to execute documents on behalf of the Charter Operator.

4. The Charter of the Charter Operator and the Board requires that the Charter Operator comply with all state, federal and local laws applicable to the operation of a charter school.

5. A.R.S. §§ 15-183(E)(6) and 15-914 and the Charter of the Charter Operator and the Board require that the Charter Operator undergo an annual financial and compliance audit, including the completion of a legal compliance questionnaire, ("Annual Audit") by an independent certified public accountant.

6. The Charter Operator's Annual Audit for the fiscal year ending June 30, 2014 was due to the Board by November 15, 2014.

7. At its public meeting held on November 21, 2014, the Board determined that the Charter Operator, having failed to submit its Annual Audit for the fiscal year ending June 30, 2014, was not in compliance with state law and with its Charter. The Board passed a motion to submit a request to the Arizona Department of Education to withhold ten percent of the monthly apportionment of state aid that would otherwise be due the Charter Operator and to issue a notice of intent to revoke the Charter of the Charter Operator.

8. The Charter Operator breached its Charter and A.R.S. §§ 15-183(E)(6) and 15-914 when it failed to timely submit its Annual Audit for the fiscal year ending June 30, 2014.

9. The Charter Operator has a history of failure to timely submit its Annual Audit to the Board; it failed to timely submit its Annual Audit for the fiscal year ending June 30, 2013.

10. On November 24, 2014, the Charter Operator submitted its Annual Audit for the

fiscal year ending June 30, 2014.

AGREEMENT TERMS AND CONDITIONS

The Parties agree as follows:

11. Because of the Board's decision to issue a notice of intent to revoke the Charter, the Charter Operator is subject to the revocation and termination of its Charter.

12. A.R.S. §§ 15-183(Q) and 41-1092.07(F)(5) provide that informal disposition of this matter may be made by stipulation, agreed settlement, consent order or default.

13. In consideration of the Parties foregoing their option to proceed with the charter revocation proceedings and hearing, it is in the best interests of the Board and the Charter Operator to mutually resolve this matter.

14. The Charter Operator waives its right to a hearing and to provide its defense, except as set forth herein, on the Recitals set forth in this Agreement.

15. By entering into this Agreement, the Charter Operator agrees to the Recitals set forth in this Agreement and understands that it cannot contest any of the Recitals in the future.

16. This Agreement does not limit other actions the Board may take under the law if it determines that the Charter Operator is not in compliance with its Charter or with state or federal law.

17. The Charter Operator agrees to submit its Annual Audit for the fiscal year ending June 30, 2015 by November 15, 2015. The Charter Operator agrees to submit its Annual Audit for all subsequent fiscal years of its operation by November 15 of the following fiscal year.

18. If the Charter Operator fails to comply with the terms and conditions of this Agreement, the Board may, on no less than thirty (30) calendar days' notice, hold a hearing at which time the Board will receive information to determine whether evidence exists that the Charter

Operator failed to comply with the terms and conditions of this Agreement. The Charter Operator shall be entitled to present all appropriate evidence at this hearing. If the Board determines that a breach of this Agreement has occurred, the Board may revoke the Charter Operator's Charter to operate the School and terminate its Charter for breach of this Agreement and of its Charter and the state laws identified in the Recitals.

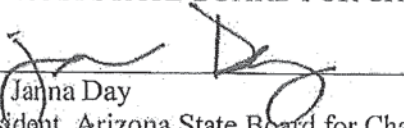
19. This Agreement is not binding on either party until both the Board and the Charter Operator's governing board accept it by the number of votes necessary to pass a measure at a public meeting. This Agreement is effective immediately upon its approval and execution by the authorized representatives of the Charter Operator and the Board.

20. If either party rejects this Agreement or any part of it, then this Agreement is null and void and not binding on the Parties and the Board may proceed with the charter revocation hearing.

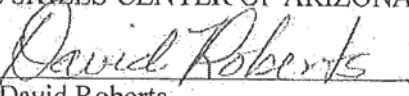
21. The Charter Operator has the legal right to consult with an attorney prior to entering into this Agreement.

22. The Parties shall be responsible for their own attorneys' fees and costs, if any, in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS


By: Janna Day
President, Arizona State Board for Charter Schools
Date: 1/13/15

LIFE SKILLS CENTER OF ARIZONA, INC.


By: David Roberts
Charter Representative, Life Skills Center of Arizona, Inc.
Date: 12/10/14

COPY mailed this
14th day of Jan., 2015 to:

Life Skills Center of Arizona, Inc.
Attention: Yvonne Pena, Philanders McNeary and David Roberts, Charter Representatives
8123 N. 35th Avenue
Suite 2
Phoenix, AZ 85051

By *Rina Altman*

NOTICE OF MEETING OF A PUBLIC BODY

THE LIFE SKILLS CENTER OF ARIZONA, INC.

Pursuant to A.R.S. 38-431.02, notice is hereby given to the Members of the Life Skills Center of Arizona, Inc. and the general public that the Life Skills Center of Arizona, Inc. will hold a governing board meeting open to the public on Wednesday, December 3, 2014, at 2:00 p.m. Arizona time at the School, located at 8123 35th Avenue, Suite 2, Phoenix, AZ 85051, and via a telephone conference, which can be accessed by dialing the toll free number 1-

888-394-8197, and then dialing in the pass code number 522048# to connect to the meeting. Members of the Life Skills Center of Arizona will attend either in person or by telephone conference.

The Agenda for the meeting is as follows:

- Call to Order/Roll Call
- 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] limited to 3 minutes
- Review of Agenda and Resolutions

I. Consideration to Approve New Business

- A. Arizona State Charter Board Consent agreement
- B. Approval of the Minutes for the December 3, 2014 meeting

Reminder of Next Meeting Date: February 5, 2015 at 1 p.m., (Mountain) to be held at Life Skills Center of Arizona and by teleconference.

- Adjourn

**LIFE SKILLS CENTER OF ARIZONA
BOARD OF DIRECTORS MEETING**
8123 North 35th Avenue, Suite 2, Phoenix, AZ 85051
-Telephone: (602)242-6400 Facsimile: (602) 242-6823
Website: www.lifeskillshs.com

Board Meeting
Date: December 3, 2014
Time: 2:00 p.m.
Location: Life Skills Center of Arizona
and Phone#: 888-394-8197
Access Code: 522048#

MINUTES

MEETING TYPE: Regular Special Proposed Approved

A. **Call to Order/Roll Call** The meeting was called to order at: 1:06 p.m.

Board Member Attendance:

Dave Roberts, President (in person)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Leslie Guiley, Treasurer (via telephone)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Dr. Dallen Timothy, Vice President (in person)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
David Glynn, Secretary (via telephone)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Kent Barnes, Pending Director (in person)	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent

Other Attendees:

Jared Kittelson (School Administrator, WHM), Thomas Barrett (President and CEO, WHM), via telephone: Scott Kies (Proposed Fiscal Officer, Aspire), Rodd Coker (VP Business Development, WHM), and Maggie Ford (Chief Academic Officer, WHM)

The Board notes that the public notice published at the school and its website provides information for public access to the meetings.

B. **Public Comment**

None

C. **Review of Agenda and Proposed Resolutions**

D. **Consideration to Approve Standard Business**

i. **Minutes**

After discussion about the root causes related to the late submission of the 2014 Annual Audit report and procedures to ensure future reports are submitted on time, a motion to approve the Arizona State Charter board Consent Agreement and authorize the Board President to sign the Consent Agreement was made by Dave Roberts; seconded by Dallen Timothy, and approved.

WHEREAS, the School submitted the Annual Audit Report after the November 15, 2014 deadline and the Arizona State Charter Board requests the execution of a consent agreement attesting future Audit Reports will be submitted on or before the deadline.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors approves the Arizona State Charter Board Consent Agreement and authorizes the Board President to sign the agreement.

A copy of the meeting minutes are available for public inspection at Life Skills Center of Arizona, 8123 North 35th Avenue, Suite 2, Phoenix, AZ 85051

**LIFE SKILLS CENTER OF ARIZONA
BOARD OF DIRECTORS MEETING**
8123 North 35th Avenue, Suite 2, Phoenix, AZ 85051
Telephone: (602)242-6400 Facsimile: (602) 242-6823
Website: www.lifeskillshs.com

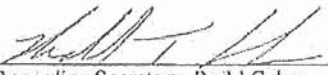
ii. Minutes

After discussion, a motion to approve the Minutes from the special meeting held on December 3, 2014 was made by DAVE ROBERTS; seconded by Dallen Timothy, and approved.

RESOLVED, that the Board of Directors approves the Minutes from the meeting held on December 3, 2014 as presented:

MINUTES CERTIFICATION

Proposed minutes respectfully submitted,



Recording Secretary, Rodd Coker

12/4/14

Date

Approved by the Life Skills Center of Arizona Board of Directors on December 3, 2014.



Secretary, David Glynn

12/04/14

Date

1 MARK BRNOVICH
2 Firm State Bar No. 14000
3 Attorney General

4 Kim S. Anderson (#010584)
5 Assistant Attorney General
6 State Government Division
7 Education and Health Section
8 2005 North Central Avenue
9 Phoenix, Arizona 85004-1592
10 Telephone: (602) 364-0402
11 Facsimile: (602) 364-0700
12 Email: EducationHealth@azag.gov
13 kim.anderson@azag.gov
14 *Attorneys for the Arizona State Board for Charter Schools*

15 **BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS**

16 **STATE OF ARIZONA**

17 In the Matter of:

18 **LIFE SKILLS CENTER OF
19 ARIZONA, INC.** a nonprofit
20 corporation, operating **LIFE SKILLS
21 CENTER OF ARIZONA**, a charter
22 school

No. 18F-RV-001-BCS

**NOTICE OF CHANGE IN
HEARING DATE**

(Honorable Dorinda M. Lang)

23 **YOU ARE HEREBY NOTIFIED** that the hearing date and hearing officer in
24 this matter have been changed. This matter is now set on **January 19, 2018**, beginning
25 at 8:00 a.m. **This matter is set from 8:00 to 5:00 p.m.** The hearing will be held
26 before Administrative Law Judge Dorinda M. Lang in the Office of Administrative
Hearings, an independent state agency, located at 1400 West Washington, Suite 101,
Phoenix, Arizona 85007, (602) 542-9826.

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Respectfully submitted this 13th day of December, 2017.

MARK BRNOVICH
Attorney General

/s/ Kim S. Anderson
Kim S. Anderson
Assistant Attorney General

COPY of the foregoing Notice filed
electronically this 13th day of December, 2017 with:

The Office of Administrative Hearings
<https://portal.azoah.com/oahmotion/>

COPY of the foregoing Notice mailed
electronically this 13th day of December, 2017, to:

Lisa Raderstorf
Charter Representative
Life Skills Center of Arizona
raderpj1@aol.com

Ashley Berg
Executive Director
Arizona State Board for Charter Schools
ashley.berg@asbcs.az.gov

COPY of the foregoing Notice mailed by regular mail
this 13th day of December, 2017, to:

Lisa Raderstorf
Charter Representative
Life Skills Center of Arizona, Inc.
8123 N. 35th Avenue, Suite 2
Phoenix, AZ 85051

By kim anderson
P0012017004668/6670229/ksa

1 MARK BRNOVICH
2 Firm State Bar No. 14000
3 Attorney General

4 Kim S. Anderson (#010584)
5 Assistant Attorney General
6 State Government Division
7 Education and Health Section
8 2005 North Central Ave.
9 Phoenix, Arizona 85004-1592
10 Telephone: (602) 364-0402
11 Facsimile: (602) 364-0700
12 Email: EducationHealth@azag.gov
13 kim.anderson@azag.gov
14 *Attorneys for the Arizona State Board for Charter Schools*

15 **BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS**

16 **STATE OF ARIZONA**

17 In the Matter of:

No. 18F-RV-001-BCS

18 **LIFE SKILLS CENTER OF
19 ARIZONA, INC. a nonprofit
20 corporation, operating LIFE SKILLS
21 CENTER OF ARIZONA, a charter
22 school**

**ARIZONA STATE BOARD FOR
23 CHARTER SCHOOLS' NOTICE
24 OF SERVICE**

(Honorable Dorinda M. Lang)

25 Undersigned counsel gives notice of service of the Arizona State Board for
26 Charter Schools' ("Board") Amended Notice of Hearing on Breach of Consent
Agreement and Revocation of Charter ("Notice") filed in this matter upon Life Skills
Center of Arizona charter school.

On November 30, 2017, a copy of the Notice was sent by certified mail, return
receipt requested to the address of Life Skills Center of Arizona charter school at:

1 Life Skills Center of Arizona, Inc.
2 Lisa Raderstorf and Dallen Timothy¹
3 8123 N. 35th Avenue, Suite 2
4 Phoenix, AZ 85051

5 The certified mail sent to this address on November 30, 2017 was, in fact, received on
6 December 11, 2017, as evidenced by the attached copy of the signed certified mail
7 receipt and USPS Tracking results. *See Exhibit 1.*

8 Paragraph 18 of the Consent Agreement that is the subject of this hearing states
9 that the Board may, on no less than thirty calendar days' notice, hold a hearing
10 regarding the terms and conditions of the Agreement. Notice of the hearing was
11 delivered by certified mail, return receipt requested, to the address of the charter school
12 on December 11, 2017. *The above referenced facts and attached Exhibit evidence
13 complete and timely service in this matter.*

14 Respectfully submitted this 17th day of January, 2018.

15 MARK BRNOVICH
16 Attorney General

17 /s/ Kim S. Anderson
18 Kim S. Anderson
19 Assistant Attorney General
20
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25 ¹ Lisa Raderstorf is the Charter Representative of Life Skills Center of Arizona, Inc. The
26 "Charter Representative" is the person authorized to act on behalf of Life Skills Center of
Arizona, Inc., and ensure compliance and accountability with regard to the operations of
its charter school. A.A.C. R7-5-101.

1 COPY of the foregoing Notice filed
electronically this 17th day of January, 2018 with:

2
3 The Office of Administrative Hearings
<https://portal.azoah.com/oahmotion/>

4 COPY of the foregoing Notice mailed
5 electronically this 17th day of January, 2018, to:

6 Lisa Raderstorf
7 Charter Representative
8 Life Skills Center of Arizona
raderpj1@aol.com

9 Ashley Berg
10 Executive Director
11 Arizona State Board for Charter Schools
ashley.berg@asbcs.az.gov

12 COPY of the foregoing Notice mailed by regular mail
13 this 17th day of January, 2018, to:

14 Lisa Raderstorf
15 Charter Representative
16 Life Skills Center of Arizona, Inc.
17 8123 N. 35th Avenue, Suite 2
Phoenix, AZ 85051

18 By: Kate Hofland
19 P0012017004668/6758634/kh

EXHIBIT 1

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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Total Postage & Fees	\$	

7010 0290 0002 7329 1737

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 City, State, ZIP+4 _____

See Reverse for Instructions

PS Form 3800, August 2005

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p><i>[Signature]</i></p> <p>B. Received by (<i>Printed Name</i>) C. Date of Delivery</p> <p><i>Latrinda Vickor</i></p> <p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p><i>Life Skills Center of Arizona, Inc. Lisa Radarstorff & Dallen Timothy 8123 North 35th Ave, Ste. 2 Phoenix, AZ 85051</i></p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number <i>(Transfer from service label)</i></p>	<p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p>
<p style="font-size: 1.2em; font-weight: bold;">7010 0290 0002 7329 1737</p>	



FAQs > (<http://faq.usps.com/?articleId=220900>)

Track Another Package +

Tracking Number: 70100290000273291737

Remove X

Your item was delivered to an individual at the address at 10:32 am on December 11, 2017 in PHOENIX, AZ 85051.

Delivered

December 11, 2017 at 10:32 am
DELIVERED, LEFT WITH INDIVIDUAL
PHOENIX, AZ 85051

Get Updates 

Text & Email Updates



Tracking History



December 11, 2017, 10:32 am

Delivered, Left with Individual
PHOENIX, AZ 85051

Your item was delivered to an individual at the address at 10:32 am on December 11, 2017 in PHOENIX, AZ 85051.

December 8, 2017

Redelivery Scheduled
PHOENIX, AZ 85051

Reminder to Schedule Redelivery of your item

December 2, 2017, 6:02 pm

Notice Left (No Authorized Recipient Available)

PHOENIX, AZ 85051

December 2, 2017, 2:57 am

Departed USPS Regional Facility

PHOENIX AZ DISTRIBUTION CENTER ANNEX

December 2, 2017, 12:29 am

Arrived at USPS Regional Facility

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Product Information



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 (<https://postalinspectors.uspis.gov/>)
 Inspector General
 (<http://www.uspsoig.gov/>)
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 (<http://pe.usps.gov/>)
 National Postal Museum
 (<http://www.postalmuseum.si.edu/>)
 Resources for Developers
 (<https://www.usps.com/webtools/webcontent/>)

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 (<http://about.usps.com/termsfuse.htm>)
 FOIA
 (<http://about.usps.com/who-we-are/foia/welcome.htm>)
 No FEAR Act EEO Data
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1 **IN THE OFFICE OF ADMINISTRATIVE HEARINGS**

2
3 Notice of Hearing on Breach of Consent
4 Agreement and Revocation of Charter

No. 18F-RV-001-BCS

5 Life Skills Center of Arizona, Inc.

ORDER HOLDING RECORD OPEN

6
7 As discussed at the hearing that was held on January 19, 2018, to allow the
8 Administrative Law Judge to have the benefit of the court reporter's transcript,

9 **IT IS ORDERED** holding the record open in this matter until **February 5, 2018**,
10 for the sole purpose of receiving said transcript.

11 Done this day, January 19, 2018.

12
13 /s/ Tammy L. Eigenheer
14 Administrative Law Judge

15
16 Transmitted by either mail, e-mail, or facsimile January 19, 2018 to:

17
18 Ashley Berg, Executive Director
19 State Board for Charter Schools
20 PO Box 18328
Phoenix, AZ 85009

21
22 Kim S. Anderson, Esq.
23 Attorney General's Office
24 Education and Health Section
2005 North Central Avenue
Phoenix, AZ 85004-1592

25
26 Lisa Raderstorf
27 Life Skills Center of Arizona, Inc.
28 Charter Representative
8123 N. 35th Avenue, Suite 2
Phoenix, AZ 85051

29 By L. Barajas

1 MARK BRNOVICH
2 Firm State Bar No. 14000
3 Attorney General

4 Kim S. Anderson (#010584)
5 Assistant Attorney General
6 State Government Division
7 Education and Health Section
8 2005 North Central Avenue
9 Phoenix, Arizona 85004-1592
10 Telephone: (602) 364-0402
11 Facsimile: (602) 364-0700
12 Email: EducationHealth@azag.gov
13 kim.anderson@azag.gov

14 *Attorneys for the Arizona State Board for Charter Schools*

15 **BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS**

16 **STATE OF ARIZONA**

17 In the Matter of:

No. 18F-RV-001-BCS

18 **LIFE SKILLS CENTER OF**
19 **ARIZONA, INC.** a nonprofit corporation,
20 operating **LIFE SKILLS CENTER OF**
21 **ARIZONA**, a charter school

ARIZONA STATE BOARD FOR
CHARTER SCHOOLS' NOTICE
OF FILING OF TRANSCRIPT OF
HEARING OF JANUARY 19, 2018

(Honorable Tammy L. Eigenheer)

22 NOTICE is hereby given of the filing of the Portable Document Format (PDF)
23 transcript of the hearing held in this matter on January 19, 2018. *See* attached transcript.
24 The record was held open in this matter until February 5, 2018, for the sole purpose of
25 receiving the hearing transcript. *See* Order Holding Record Open.

26 Respectfully submitted this 2nd day of February, 2018.

MARK BRNOVICH
Attorney General

/s/ Kim S. Anderson
Kim S. Anderson
Assistant Attorney General

1 COPY of the foregoing Notice filed
2 electronically this 2nd day of February, 2018, with:

3 The Office of Administrative Hearings
4 <https://portal.azoah.com/oahmotion/>

5 COPY of the foregoing Notice mailed
6 electronically this 2nd day of February, 2018, to:

7 Lisa Raderstorf
8 Charter Representative
9 Life Skills Center of Arizona
raderpj1@aol.com

10 Ashley Berg
11 Executive Director
12 Arizona State Board for Charter Schools
ashley.berg@asbcs.az.gov

13 COPY of the foregoing Notice mailed by regular mail
14 this 2nd day of February, 2018, to:

15 Lisa Raderstorf
16 Charter Representative
17 Life Skills Center of Arizona, Inc.
18 8123 N. 35th Avenue, Suite 2
19 Phoenix, AZ 85051

20 By Kate Hofland
21 P0012017004668/6791402/kh
22
23
24
25
26

BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS
STATE OF ARIZONA

In the Matter of:)
)
LIFE SKILLS CENTER OF)
ARIZONA, INC. A nonprofit) NO. 18F-RV-001-BCS
corporation, operating)
LIFE SKILLS CENTER OF)
ARIZONA, a charter school)
_____)

HEARING
BEFORE THE HONORABLE TAMMY EIGENHEER
(Transcript of Proceedings)

Phoenix, Arizona
January 19, 2018
8:24 a.m.

Prepared by:
HALEY D. WESTRA, RPR, CRR
Certified No. 50762

Prepared for:
SUPERIOR COURT
(Original)

BARTELT|NIX COURT REPORTERS
#R1028
111 West Monroe Street
Suite 425
Phoenix, Arizona 85003
Phone: (602) 254-4111
Fax: (602) 254-6567

1 I N D E X

2	WITNESS	PAGE
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4	ANDREA LEDER	
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13	D'ANDREA CHAPMAN	
14	SELF-DIRECT EXAMINATION BY MS. CHAPMAN	39
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16 * * *

17 E X H I B I T S

18	EXHIBIT	DESCRIPTION	ADMITTED
19			
20	No. 1	Renewal Charter Contract executed June 13, 2017	16
21			
22	No. 2	November 18, 2014 communication from Andrea Leder to Life Skills of Arizona regarding notice of late FY14 Audit	17
23			
24			

25 (continue)

Tremp, Robert - Hearing
January 19, 2018

1	No. 3	November 21, 2014 communication from Andrea Leder to Life Skills of Arizona regarding action taken by BCS due to late FY14 Audit	18
2			
3	No. 4	November 24, 2014 communication from Jared Kittelson of Life Skills of Arizona to DeAnna Rowe regarding late FY 14 Audit	19
4			
5			
6	No. 5	Consent Agreement with Notice of December 3, 2014 BCS meeting and minutes	22
7			
8	No. 6	November 16, 2016 communication from Andrea Leder to Dallen Timothy and Lisa Raderstorf regarding notice of late FY 16 Audit	24
9			
10			
11	No. 7	November 16, 2017 communication from Andrea Leder to Lisa Raderstorf regarding notice of late FY 17 Audit	25
12			
13	No. 8	November 16, 2017 communication between Chris Sivak and Andrea Leder regarding FY 17 audit	26
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15	No. 9	Life Skills letter with Response to Life Skills' Request for Reconsideration	31
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1 HEARING

2 Transcript of Proceedings commenced at 8:24 a.m.
3 on January 19, 2018, at the Office of Administrative
4 Hearings, 1400 West Washington, Suite 101, Phoenix,
5 Arizona, before HALEY D. WESTRA, a Certified Reporter,
6 CR No. 50762, for the State of Arizona.

7

8 APPEARANCES:

9 For the Arizona State Board For Charter Schools:
10 ASSISTANT ATTORNEY GENERAL
11 STATE GOVERNMENT DIVISION
12 EDUCATION AND HEALTH SECTION
13 BY: Kim S. Anderson
2005 North Central Avenue
14 Phoenix, Arizona 85004-1592
15 602-364-0402 (office), 602-364-0700 (fax)
16 kim.anderson@azag.gov

17 For Life Skills Center of Arizona, Inc.:
18 LIFE SKILLS CENTER OF ARIZONA, INC.
19 DIRECTOR OF OPS/SCHOOL BOARD LIASON
20 BY: Mr. Robert Fox
21 8123 North 35th Avenue, Suite 2
22 Phoenix, Arizona 85051
23 602-242-6400 (office)
24 rlfox001@lifeskillshs.com

25 For Life Skills Center of Arizona, Inc.:
LIFE SKILLS CENTER OF ARIZONA, INC.
DIRECTOR OF OPS/SCHOOL BOARD LIASON
BY: Ms. D'Andrea Chapman, Ed.S.
8123 North 35th Avenue, Suite 2
Phoenix, Arizona 85051
602-242-6400 (office)
dxchapman001@lshsarizona.com

Also Present: Ms. Ashley Berg, Executive Director
Arizona State Board For Charter Schools; Ms. Andrea
Leder, Assistant Director Operations & Finance Arizona
State Board For Charter Schools; Mr. Michael Taylor, AG
intern; Mr. Brian Yee, Board member for Life Skills

Phoenix, Arizona
January 19, 2018
8:24 a.m.

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P R O C E E D I N G S

THE COURT: This is the time set for hearing in the matter of Life Skills Center of Arizona, Inc., Docket No. 18F-RV-001-BCS.

It is January 19th, 2018, at approximately 8:24 a.m.

My name is Tammy Eigenheer. I am the administrative law judge assigned to this matter.

May I have the parties' appearances on the record.

MS. ANDERSON: Kim Anderson, assistant attorney general representing the Arizona State Board For Charter Schools.

And to my right is Ashley Berg, the executive director of the Board.

And behind me is Andrea Leder who is also with the Charter Board.

THE COURT: Okay.

MS. CHAPMAN: D'Andrea Chapman, school principal, Life Skills High School.

MR. FOX: And Robert Fox, director of

1 operations and school board liaison for Life Skills
2 High School.

3 THE COURT: Okay. The Office of
4 Administrative Hearings is an independent agency formed
5 pursuant to Arizona Revised Statutes 41-1092 authorized
6 to conduct hearings in contested matters arising out of
7 State regulation.

8 The Arizona Rules of Evidence do not apply, so
9 any relevant testimony in evidence may be admitted.

10 We'll start with brief opening statements.
11 This is not your testimony, it's just a brief summary
12 as to what brought us here today, then we'll move onto
13 the witness testimony. I'll swear in the witnesses.
14 They'll provide their testimony. And then the other
15 side will be able to ask questions.

16 I'm making a digital recording of this
17 proceeding. The microphones on the table aren't hooked
18 up in this room, so you don't need to worry about them.

19 We also have a court reporter present today.
20 I assume that the Board is asking that the transcript
21 serve as the official record?

22 MS. ANDERSON: Yes, Your Honor.

23 THE COURT: In that case, the Office of
24 Administrative Hearing needs to receive a copy of the
25 transcript at no cost. We can discuss the timing of

1 all of that at the end of the hearing.

2 For the benefit of the recording and the court
3 reporter especially, it is important that only one
4 person speak at a time.

5 Usually, where that becomes an issue, please
6 make sure the entire question is asked before you start
7 answering and the entire answer is given before you
8 start your next question.

9 Within 20 days of the conclusion of today's
10 hearing, I will make my recommendation to the Board,
11 who can either accept, reject, or modify that
12 recommendation.

13 In the event the Board takes no action, my
14 recommendation becomes the final administrative order.

15 Any questions or concerns before we get
16 started?

17 MS. ANDERSON: No, Your Honor.

18 THE COURT: Okay. Can we go ahead and have
19 somebody shut the door, sorry.

20 Okay. Opening statement?

21 MS. ANDERSON: Yes, Your Honor.

22 This case is about a charter operator that
23 repeatedly violated the law. Specifically, it failed
24 to -- on multiple occasions, to timely submit its
25 annual financial and compliance audit, including its

1 legal compliance questionnaire, in violation of Arizona
2 law in its charter contract.

3 In 2014, in order to avoid a hearing on the
4 revocation of a charter for its second consecutive year
5 of noncompliance, Life Skills signed an agreement
6 admitting that it had violated the law and promising
7 that it would timely submit its subsequent audits.

8 And Life Skill agreed that if it failed to do
9 so, that the Board may, on no less than 30 days'
10 notice, hold a hearing to determine with whether
11 evidence exists that Life Schools [sic] failed to
12 comply with the terms of the consent agreement. And if
13 a breach is found, the Board may revoke Life Skills'
14 charter.

15 You'll hear testimony and review exhibits that
16 show that Life Skills violated the terms of the
17 agreement. Life Skills failed to timely submit its
18 annual audit for fiscal year ending June 30th, 2017.

19 And at the conclusion of the hearing, we'll
20 ask that you find that Life Skills failed to comply
21 with the terms and conditions of its consent agreement
22 and that its charter be revoked.

23 Thank you.

24 THE COURT: Thank you.

25 Opening?

1 MR. FOX: So we wanted to thank the State
2 Board For Charter Schools for their leadership. And we
3 being newer to the school and having turnover in our
4 Board between all of this happening over the years, do
5 not dispute the facts of what has occurred in the past;
6 but we felt that we should bring some relevant
7 information worthy of consideration to the Board's
8 attention.

9 THE COURT: Thank you.
10 Your first witness.

11 MS. ANDERSON: Andrea Leder, please.

12 THE COURT: Please raise your right hand.
13 (Witness was sworn in.)

14 THE COURT: Would you please state your name
15 for the record, spelling it for the record.

16 MS. LEDER: Andrea Leder. It's A-N-D-R-E-A,
17 L-E-D-E-R.

18 THE COURT: Please proceed.

19

20 ANDREA LEDER,
21 a witness herein, having been first duly sworn, was
22 examined and testified as follows:

23

24

25

1 DIRECT EXAMINATION

2 BY MS. ANDERSON:

3 Q. Having stated your name for the record, can
4 you tell us where you're currently employed and your
5 position there?

6 A. I work for the Arizona State Board For Charter
7 Schools, and I'm the assistant director of operations
8 and finance.

9 Q. And what are your duties in that position?

10 A. My duties include receiving and reviewing the
11 annual audits submitted to the Board and following up
12 with schools on issues identified in those audits.

13 Q. And do your duties include monitoring charter
14 schools that are sponsored by the Board to ensure their
15 compliance with the charter contract and State laws?

16 A. They do.

17 Q. Are you familiar with Life Skills Center of
18 Arizona, Incorporated that operates a charter school by
19 the name of Life Skills Center of Arizona?

20 A. Yes, I am.

21 Q. And just so we can distinguish between the two
22 entities, because they have similar names, I will use
23 "Life Skills School" to refer to the charter school.

24 A. Okay.

25 Q. Is Life Skills School the only charter school

1 operated by Life Skills Center of Arizona?

2 A. Yes, that's correct.

3 Q. And what grades does it operate?

4 A. It is a high school serving grades 9 through
5 12.

6 Q. And does the school operate pursuant to a
7 renewal charter contract with the Arizona State Board
8 for charter schools?

9 A. Yes, it does.

10 Q. What does the term "renewal charter contract"
11 mean?

12 A. The initial contract with the Board is for
13 15 years. Under the charter law, the contract may be
14 renewed for excessive periods of 20 years.

15 Prior to the expiration of its initial
16 contract, Life Skills submitted a renewal application
17 package to the Board and was granted a renewal contract
18 for an additional 20 years.

19 Q. And when -- when we use the word "charter," is
20 that synonymous with "charter contract"?

21 A. Yes, it is.

22 Q. And where is the charter school located?

23 A. In Phoenix.

24 Q. Would you please refer to Exhibit 1 of the
25 Board's exhibits. Is this the renewal charter contract

1 under which Life Skills Center of Arizona currently
2 operates its school?

3 A. Yes, it is.

4 Q. And when I refer to the page number, I'll
5 refer you down to the bottom right-hand corner.

6 Can you please refer to page 6 of this
7 exhibit. The signatory for Life Skills Center of
8 Arizona, Incorporated, is Lisa Raderstorf; is that
9 correct?

10 A. That is correct.

11 Q. Excuse me if I've pronounced her name
12 terribly.

13 And under the signature line, it also states
14 Dallen Timothy -- well, it states "Dallen Timothy
15 and/or Lisa Raderstorf, Charter Representative for Life
16 Skills Center of Arizona, Inc."

17 What is the -- what is a charter
18 representative?

19 A. The charter representative is the person
20 appointed by the charter holder entity with the power
21 to bind the charter holder contractually. This person
22 also serves as the point of contact for the Board, for
23 communication, and for accountability to the terms and
24 conditions of the charter contract.

25 Q. And if you would please refer to page 4 of

1 this exhibit, paragraph 14A, included in the financial
2 retirements for the charter holder, the charter holder
3 is required to comply with audit requirements as
4 prescribed in A.R.S. Section 15-914 unless specifically
5 accepted by the Arizona State Board for Charter
6 Schools.

7 Does Life Skills Center of Arizona have an
8 exception from the Board to audit requirements?

9 A. No, the Board does not grant audit exceptions.

10 Q. Would you please refer to page 5 of this
11 exhibit, paragraph 17. It states that the Board "may
12 revoke or not renew the Charter for any material breach
13 of the Charter and/or violation of state, federal, or
14 local laws, ordinances or rules or regulations..."

15 Is that correct?

16 A. That is correct.

17 Q. Under charter school audit requirements, are
18 charter schools sponsored by the Charter Board required
19 to have an annual financial and compliance audit?

20 A. Yes, they are.

21 Q. And accompanying that annual and financial and
22 compliance audit, are they requested to have a legal --
23 submit a legal compliance questionnaire?

24 A. Yes.

25 Q. And what is the legal compliance

1 questionnaire?

2 A. The legal compliance questionnaire includes a
3 series of questions focusing on certain statutory and
4 contractual requirements applicable to charter
5 schools.

6 Q. And are the schools required to have the
7 annual financial and compliance audit and legal
8 compliance questionnaire conducted by an independent
9 certified public accountant?

10 A. Yes.

11 Q. What is the deadline date by which charter
12 schools sponsored by the Board must submit their annual
13 financial and compliance audit and legal compliance
14 questionnaire to the Board?

15 A. Number of -- sorry, November 15th.

16 Q. And when the charter schools submit the annual
17 audit -- and I'll just use the word "annual audit" to
18 refer to the annual financial and compliance audit and
19 legal questionnaire, I'll use the term "legal audit."

20 When a charter school submits its annual audit
21 by November 15th, what period of time does it cover?

22 A. It covers the prior fiscal year. So audits
23 submitted to the Board by November 15th, 2017, covered
24 the period of July 1, 2016, through June 30, 2017.

25 Q. And does the Charter Board use as one of its

1 tools, the charter schools annual audits in overseeing
2 the charter schools it sponsors?

3 A. Yes, it does.

4 Q. Where there fiscal years for which Life Skills
5 Center of Arizona failed to timely submit its annual
6 audit?

7 A. Life Skills did fail to timely submit its
8 audit in several fiscal years.

9 Q. And what fiscal years were those for?

10 A. Those were for the fiscal years ending
11 June 30, 2013, 2014, and 2017.

12 Q. What action, if any, was taken by the Board
13 against Life Skills Center of Arizona when it failed to
14 timely submit its fiscal year 2013 annual audit?

15 A. The Board voted to withhold 10 percent of Life
16 Skills' monthly State funding.

17 Q. And what action, if any, was taken by the
18 Board against Life Skills Center of Arizona when it
19 failed to submit its fiscal year '14 annual audit?

20 A. The Board voted to withhold 10 percent of Life
21 Skills' monthly State aid, and also voted to issue a
22 notice of intent to revoke Life Skills' charter
23 contract.

24 MS. ANDERSON: Your Honor, before I move on to
25 Exhibit 2, I would move for the admission of Exhibit 1

1 into evidence.

2 THE COURT: Any objection?

3 1 is admitted.

4 (Exhibit No. 1 was admitted into evidence.)

5 BY MS. ANDERSON:

6 Q. Would you please refer to State's Exhibit 2.
7 What is contained in this exhibit?

8 A. This exhibit, and specifically page 8 at the
9 bottom, includes a copy of the letter that was e-mailed
10 to Life Skills, notifying them that the charter holder
11 would be placed on the Board's November 21st, 2014,
12 agenda for failure to submit the fiscal year 2014
13 audit.

14 The paragraph in all capitals also identifies
15 actions that the Board may take at that meeting.

16 Q. And the -- the e-mail and the letter are
17 addressed to Yvonne Pena, Philanders McNeary, and David
18 Roberts; and who are those persons?

19 A. Those individuals were the charter
20 representatives at the time this letter was sent.

21 Q. As of the Charter Board's meeting on
22 November 21st, 2014, that's referenced in the last
23 paragraph on page 8, had Life Skills Center of Arizona
24 submitted its annual audit for fiscal year 2014 to the
25 Charter Board?

1 A. No, it had not.

2 Q. And did the Charter Board take action at that
3 meeting on November 21, 2014, against Life Skills
4 Center of Arizona?

5 A. It did.

6 Q. Did a representative from Life Skills Center
7 of Arizona appear at the Board meeting to offer an
8 explanation for the missed deadline?

9 A. No.

10 MS. ANDERSON: I would move for the admission
11 of Exhibit 2 into evidence.

12 THE COURT: Any objection?

13 MS. CHAPMAN: No.

14 THE COURT: 2 is admitted.

15 (Exhibit No. 2 was admitted into evidence.)

16 BY MS. ANDERSON:

17 Q. What action did the Board take at its meeting
18 on November 21, 2014, with regard to Life Skills Center
19 of Arizona?

20 A. The Board voted to withhold 10 percent of Life
21 Skills' monthly State funding until such time as the
22 audit was submitted to the Board.

23 The Board also voted to issue a notice of
24 intent to revoke Life Skills' charter contract.

25 Q. Would you please refer to State's Exhibit 3.

1 What is contained in this exhibit?

2 A. This exhibit, and specifically on page 12 of
3 this exhibit, this exhibit includes a copy of the
4 letter I e-mailed to Life Skills following the Board's
5 November meeting notifying them of the actions that the
6 Board took on November 21st.

7 MS. ANDERSON: Move for the admission of
8 Exhibit 3 into evidence.

9 THE COURT: Any objection?

10 MS. CHAPMAN: No.

11 THE COURT: 3 is admitted.

12 (Exhibit No. 3 was admitted into evidence.)

13 BY MS. ANDERSON:

14 Q. Would you please refer to State's Exhibit 4.
15 What is contained in this exhibit?

16 A. This exhibit includes an e-mail that Board
17 staff received from Life Skills referencing the late
18 audit and the Board's action at its November meeting.

19 This e-mail also, as an attachment, included a
20 copy of Life Skills' fiscal year 2014 audit. The audit
21 has not been included as part of this exhibit.

22 Q. And the e-mail that was sent indicates it was
23 sent to DeAnna Rowe. And who is DeAnna Rowe?

24 A. DeAnna Rowe was the Board's executive director
25 at the time of this e-mail.

1 Q. And then, the last paragraph on this exhibit
2 on page 14, it references a request for a discussion of
3 the school's options going forward; is that correct?

4 A. Yes.

5 Q. And it also states that the last statement is,
6 "I can assure you that the policies and procedures will
7 be put in place so that this will never happen again."

8 Is that correct?

9 A. That's correct.

10 Q. Was an option provided to Life Skills Center
11 of Arizona in lieu of proceeding to -- the -- in lieu
12 of the Board proceeding to a charter revocation
13 hearing?

14 A. Yes, it was.

15 Q. And what was that option?

16 A. That option was to enter into a consent
17 agreement with the Board.

18 MS. ANDERSON: I would move for the admission
19 of Exhibit 4 into evidence.

20 THE COURT: Any objection?

21 MS. CHAPMAN: No.

22 THE COURT: 4 is admitted.

23 (Exhibit No. 4 was admitted into evidence.)

24 BY MS. ANDERSON:

25 Q. If you would please refer to Exhibit 5. What

1 is contained in this exhibit?

2 A. This exhibit includes a copy of the agreement
3 executed by Life Skills and the Board to address the
4 repeated failure to timely submit the annual audit.

5 Towards the end of the exhibit, the meeting
6 materials from Life Skills' meeting where they
7 considered and subsequently -- or later approved the
8 agreement may be found as well.

9 Q. And if you can refer to page 18 of this
10 exhibit, it reflects both a signature of the charter
11 representative of Life Skills Center of Arizona,
12 incorporated, and the president of the Arizona State
13 Board for Charter Schools, correct?

14 A. That's correct.

15 Q. And was David Roberts, at the time of this
16 consent agreement, a charter representative for Life
17 Skills Center of Arizona?

18 A. Yes, he was.

19 Q. If you could refer to page 16 of this exhibit,
20 paragraph 8, it reflects the Life Skills Center of
21 Arizona's agreement that it had breached its charter
22 and State law as specified when it failed to timely
23 submit its annual audit for the fiscal year ending
24 June 30, 2014, correct?

25 A. That is correct.

1 Q. And paragraph 9 of this page, the charter
2 operator has admitted of having a history of failure to
3 timely submit its annual audit in that it had also
4 failed to timely submit its annual audit for the fiscal
5 year ending June 30, 2013; is that correct?

6 A. Yes.

7 Q. And on page 17 of this exhibit, paragraph 11,
8 it references, "Because of the Board's decision to
9 issue a notice of intent to revoke the Charter, the
10 Charter Operator is subject to revocation and
11 termination of its Charter," correct?

12 A. Yes.

13 Q. And in paragraph 17 of this exhibit, the
14 Charter Holder has agreed -- or Charter Operator.

15 Now, when we use the term "Charter Operator"
16 is that synonymous with Charter Holder?

17 A. Yes, it is.

18 Q. And in this case, Charter Operator refers to
19 Life Skills Center of Arizona, Incorporated; is that
20 correct?

21 A. That's correct. And that's identified on page
22 1 -- excuse me, page 15 of this exhibit.

23 Q. So in paragraph 17, Life Skills Center of
24 Arizona, Incorporated, has agreed to submit its annual
25 audit for the fiscal call year ending June 30, 2015, by

1 November 15, 2015; is that correct?

2 A. Yes.

3 Q. And also to submit its annual audit for
4 subsequent years of its operation by November 15th of
5 the following year; is that correct?

6 A. That is correct.

7 Q. And on page 17 of this exhibit, in paragraph
8 18, it reflects that if Life Skills fails to comply
9 with the terms and conditions of this agreement, that
10 the Board may, on no less than 30 days' calendar days'
11 notice, hold a hearing to receive information to
12 determine whether evidence exists that they failed to
13 comply with the agreement; is that correct?

14 A. That is correct.

15 MS. ANDERSON: I would move for the admission
16 of Exhibit 5 into evidence.

17 THE COURT: Any objection?

18 MS. CHAPMAN: No objection.

19 THE COURT: 5 is admitted.

20 (Exhibit No. 5 was admitted into evidence.)

21 BY MS. ANDERSON:

22 Q. And if you refer to page 21 of this exhibit,
23 Board meeting document for Life Skills, paragraph D,
24 small "I," does it reflect a discussion of the Charter
25 Holder's board of directors regarding approval of the

1 consent agreement prior to the signature by the charter
2 representative?

3 A. Yes, it does.

4 Q. Did Life Skills timely submit its annual audit
5 for the fiscal year ending June 30, 2015?

6 A. Yes, it did.

7 Q. And did Life Skills submit its annual audit
8 for fiscal year ending June 30th, 2016 by November 15,
9 2016?

10 A. No, it did not.

11 Q. Would you please refer to Exhibit 6. What is
12 contained in this exhibit?

13 A. This exhibit includes a copy of the e-mail
14 I sent to Life Skills notifying the Charter Holder that
15 it would be placed on the Board's November 21st, 2016,
16 agenda for failure to submit the fiscal year 2016
17 audit.

18 The e-mail also identifies the actions that
19 the Board may take at that meeting.

20 Q. And did the Charter Board take any of those
21 actions described in Exhibit 6 at its November 21,
22 2016, meeting?

23 A. No, it didn't. Life Skills was one of a small
24 group of Charter Holders that had data issues with the
25 Arizona Department of Education that could have limited

1 or affected their ability to get the audits submitted
2 on time.

3 So because of this, the Board did not take any
4 action against any of those charter holders.

5 Q. And did the Board continue to monitor Life
6 Skills Center of Arizona for the submission of their
7 annual audit?

8 A. Yes, it did.

9 MS. ANDERSON: I move for the admission of
10 Exhibit 6 into evidence.

11 THE COURT: Any objection?

12 MS. CHAPMAN: No.

13 THE COURT: 6 is admitted.

14 (Exhibit No. 6 was admitted into evidence.)

15 BY MS. ANDERSON:

16 Q. Would you please refer to Exhibit 7.

17 Before we get into Exhibit 7, did Life Skills
18 Center of Arizona incorporated timely submit its annual
19 audit for the fiscal year ending June 30, 2017?

20 A. No, it did not.

21 Q. Was it due to the Board by November 15, 2017?

22 A. Yes, it was.

23 Q. What is contained in Exhibit 7?

24 A. Exhibit 7 includes a copy of the e-mail that
25 I sent to Life Skills notifying the charter holder that

1 it would be placed on the Board's November 21st, 2017,
2 agenda for failure to submit the fiscal year 2017
3 audit.

4 As with the other correspondence that we've
5 discussed today, it also identified the possible
6 actions that the Board may take at the meeting.

7 MS. ANDERSON: I would move for the admission
8 of Exhibit 7 into evidence.

9 THE COURT: Any objection?

10 MS. CHAPMAN: No.

11 THE COURT: 7 is admitted.

12 (Exhibit No. 7 was admitted into evidence.)

13 BY MS. ANDERSON:

14 Q. And would you please refer to Exhibit 8. And
15 what is contained in this exhibit?

16 A. Exhibit 8 includes an e-mail exchange I had
17 with Life Skills' auditor the day after the audit
18 deadline.

19 In this e-mail, the auditor indicates that the
20 fiscal year 2017 audits is not complete but that they
21 are working with the school's accountant to wrap up a
22 few remaining items, and that he thought that they were
23 close to finishing the audit.

24 Q. As of the Board's meeting on November 21,
25 which is the date referenced in Exhibit 7 on page 27,

1 had Life Skills Center of Arizona submitted its annual
2 audit for the fiscal year ending June 30, 2017?

3 A. No, it had not.

4 Q. Did a representative from Life Skills Center
5 of Arizona, Incorporated, appear at the Board's
6 November 21, 2017, meeting to offer an explanation for
7 the missed deadline?

8 A. No.

9 MS. ANDERSON: Your Honor, I would move for
10 the admission of Exhibit 8 into evidence.

11 THE COURT: Any objection?

12 MS. CHAPMAN: No objection.

13 THE COURT: 8 is admitted.

14 (Exhibit No. 8 was admitted into evidence.)

15 BY MS. ANDERSON:

16 Q. Did the Board take action against Life Skills
17 at its November 21, 2017, meeting?

18 A. Yes, it did.

19 Q. And what action did the Board take?

20 A. The Board voted to withhold 10 percent of Life
21 Skills's monthly State funding until the audit was
22 received by the State Board.

23 And the Board also voted to hold a hearing to
24 determine whether Life Skills had failed to comply with
25 the terms of its consent agreement with the Board.

1 MS. ANDERSON: No further questions, Your
2 Honor.

3 THE COURT: Cross?
4

5 CROSS-EXAMINATION

6 BY MR. FOX:

7 Q. So the audits package was finally received.
8 Do you remember which date it was received?

9 A. Which package?

10 Q. For this fiscal year ending in 2017, this past
11 fiscal year.

12 A. It was received on November 29th, 2017.

13 Q. Do you know if any persons from your office
14 received correspondence explaining any of the -- even
15 though it was after the Board meeting on the 21st,
16 explaining the reason for the late audit package?

17 A. Yes. I do know we received correspondence.

18 THE COURT: Any other questions?

19 MR. FOX: Go ahead.

20 MS. CHAPMAN: Yes.
21

22 CROSS-EXAMINATION (CONTINUED)

23 BY MS. CHAPMAN:

24 Q. So my question is for fiscal year 2014, after
25 calling attention to Exhibit 4, you received a letter

1 from Jared Kittelson who was the principal at that time
2 who made the statement that, "As we move forward, we
3 won't be late again," if we can look at that,
4 Exhibit 4.

5 MS. ANDERSON: Your Honor, in terms of
6 procedure, I guess I just need to clarify whether --
7 whether Life Skills is going to have two persons asking
8 questions or just one. I would...

9 THE COURT: We normally limit it to one, so if
10 one of you can direct the questions.

11 MR. FOX: Do you want to?

12 MS. CHAPMAN: Okay. It will be me.

13 BY MS. CHAPMAN:

14 Q. So please call attention to page 14,
15 Exhibit 4, the letter from Jared Kittelson, which
16 states, in paragraph 3, "I would like to discuss the
17 school's options going forward." And "I can assure you
18 that policies and procedures will be put in place so
19 this will never happen again."

20 A. Yes.

21 Q. So we're looking at from fiscal year 2014, we
22 were not late for the following three years with fiscal
23 year 2016 being late; however, there were technical
24 issues and you were able to give us some leeway there
25 because of the technical issues, so within 2014 --

1 MS. ANDERSON: Objection, compound question.

2 THE COURT: You'll have the opportunity to
3 testify after I swear you in, so I just need you to
4 limit it to questions and let her answer a specific
5 question before you move on to your next point.

6 BY MS. CHAPMAN:

7 Q. So after fiscal year 2014, we were not late
8 for a three-year period; is that correct -- two years'
9 period, with one year being that we were late due to
10 technical issues?

11 A. For -- for a two-year period, the fiscal year
12 '15 audit was submitted on time, and the 2016 audit was
13 considered timely, due to the issues with the
14 department, but not for a three-year period.

15 Q. Thank you.

16 THE COURT: Any other questions?

17 MS. CHAPMAN: No.

18 THE COURT: Redirect?

19 MS. ANDERSON: Yes, Your Honor.

20

21 REDIRECT EXAMINATION

22 BY MS. ANDERSON:

23 Q. Mr. Fox referenced correspondence received by
24 the Board regarding their late fiscal year '17 audit
25 previously; is that right?

1 A. That is correct.

2 Q. Okay.

3 MS. ANDERSON: I'd like to mark as
4 Exhibit 9 -- may I approach the witness, Your Honor?

5 THE COURT: Yes. Watch out for all the cords.

6 BY MS. ANDERSON:

7 Q. Can you identify this exhibit?

8 A. Page 32 is the correspondence or communication
9 referenced by Mr. Fox. This was Life Skills' request
10 that the Board reconsider its decision to hold a
11 hearing on whether to revoke Life Skills' charter
12 contract.

13 The page 33 through 36 of this exhibit are the
14 response that was filed to Life Skills' request for
15 consideration -- reconsideration.

16 Q. And did the Board consider Life Skills'
17 request for reconsideration?

18 A. Yes, it did on January -- earlier this week on
19 January 16th.

20 Q. And did a representative from Life Skills
21 charter schools -- or Life Skills appear at the hearing
22 to argue its request or promote its request?

23 A. No.

24 Q. And what action was taken by the Board at that
25 time?

1 A. The Board denied the request and said that it
2 would proceed to hearing.

3 MS. ANDERSON: Your Honor, I would move for
4 the admission of Exhibit 9 into evidence.

5 THE COURT: Any objection?

6 MS. CHAPMAN: No.

7 THE COURT: 9 is admitted.

8 (Exhibit No. 9 was admitted into evidence.)

9 MS. ANDERSON: No further questions, Your
10 Honor.

11 THE COURT: You may be excused.

12 Next witness?

13 MS. ANDERSON: We have no further witnesses,
14 Your Honor.

15 THE COURT: Okay. Your first witness?

16 Please raise your right hand.

17 (Witness was sworn in.)

18 THE COURT: Would you please state your name,
19 spelling it for the record.

20 MR. FOX: Robert Fox, R-O-B-E-R-T, F-O-X.

21 THE COURT: Please proceed.

22 MR. FOX: I wanted to proceed in the format of
23 just doing the testimony.

24 THE COURT: That's fine.

25

1 ROBERT FOX,
2 a witness herein, having been first duly sworn, was
3 examined and testified as follows:

4

5 SELF-DIRECT EXAMINATION

6

7 MR. FOX: So as kind of talked about in our
8 opening D'Andrea and I are actually newer members to
9 the school. We are familiar recently with some of the
10 past issues of submitting the audit deadline in not a
11 timely matter; and however, this year, I know that when
12 we found out that -- through Skoda Minotti, he's our
13 auditing firm, that they couldn't get in touch with the
14 Board president because there was a few things that
15 they had to get signed off on, we began trying to get
16 in touch with Board president, which, at that time, we
17 found out that his wife was diagnosed with cancer.

18 We did not have, at that point in time, the
19 whole history and the knowledge of what would happen
20 with this. It was, "Okay, we'll get the audit done.
21 They're working on it." We employ a third-party
22 vendor. We now understand the severity in the past of
23 what went on. We're hoping to come to a solution that
24 doesn't involve closing the school.

25 Obviously, with the students being at the

1 first and foremost, obviously, in our mind, we don't
2 feel that, you know, this situation should harm them;
3 however, we do want to make sure that even though we
4 weren't physically here during the audit years of '13
5 and '14 when it was late, you know, that -- that the
6 consent agreement that was there, obviously, the Board
7 members that were signing the consent agreement and
8 agreed, and as well as the principal, are no longer
9 around.

10 We have had some turnover in Board members.
11 We are willing to do something, you know, in
12 collaboration with the State Board For Charter Schools
13 that would be amicable to them and us to make sure that
14 we can continue operations.

15 We have, in anticipation of make -- obviously,
16 us working at the school, making sure that compliance
17 is always number one.

18 The Board has made -- my duties were just
19 director of operations. I am now the Board liaison to
20 attempt mitigate any future issues by attracting new
21 community members to our school.

22 I would like to reference Mr. Taylor is here
23 and a brand-new Board member. We have another Board
24 member from the community coming on Board, because we
25 feel like there was a breakdown in communication,

1 clearly in years past with Board members getting -- you
2 know, in the school. And, obviously, we wish
3 Mr. Glen's family well wishes, but that issue, we felt,
4 hampered us from getting a lot of things signed off on
5 this year.

6 We are -- and, obviously, this is a little
7 awkward to us because we didn't know what to expect
8 being part of the school. We're not lawyers or
9 attorneys. But we have committed to hiring a full-time
10 attorney on staff for the school to make sure that from
11 a charter and contract standpoint, that this never
12 happens again, that we're always, you know, 100 percent
13 under the law.

14 I don't think that that's something that we
15 brought towards, at least from the documents that I
16 have read, brought to the State Board for
17 consideration.

18 So we're hoping that the -- the State Board
19 for Charter Schools is willing to work with us in that
20 and understand that we are 100 percent committed to
21 serving the students of the West Phoenix area by giving
22 them career certifications on top of their high school
23 diploma, which is what our school does, and it's such a
24 huge need in that area as well.

25 So that's my testimony.

1 THE COURT: Okay. Thank you.

2 Cross?

3 MS. ANDERSON: Yes, thank you.

4

5 CROSS-EXAMINATION

6 BY MS. ANDERSON:

7 Q. Mr. Fox, you --

8 A. Yes.

9 Q. -- indicated -- I believe it was your
10 testimony that there has been a change in the Board,
11 the Governing Board and --

12 A. Yes.

13 Q. -- principal since fiscal year '13 and '14?

14 A. Yes.

15 Q. Was it your testimony that you were not aware
16 of the consent agreement?

17 A. I was -- I did not ever read that consent
18 agreement until recently. And I couldn't tell you the
19 date, but it was in items that you all sent to us. And
20 that's when I was like, you know, "This is serious. We
21 got to get all this stuff done," so...

22 Q. Okay. Would you please refer to Exhibit 5.

23 A. Can I use this one?

24 Q. Yes.

25 A. Okay.

1 Q. Page 18, it reflects that a charter
2 representative of the school sign this document; is
3 that correct?

4 A. Yes.

5 Q. Okay.

6 A. And you're talking about the last page? Oh,
7 it says page 4. I got it. 18, yes.

8 And that was David Roberts who is no longer
9 with the Board.

10 Q. How long have you been employed by Life Skills
11 Center of Arizona, Incorporated?

12 A. This is my second year.

13 Q. Can you please refer to Exhibit 9.

14 A. Is that this?

15 Q. Yes. Page 32.

16 A. Yep.

17 Q. On paragraph 2, it states, "Life Skills'
18 annual audit was completed on October 16, 2017"; is
19 that correct?

20 A. That's correct.

21 Q. And if you would please refer to page 35 of
22 this exhibit, in the middle of the page is an e-mail
23 from Andrea Leder to Chris Sivak dated November 16,
24 2017, correct?

25 A. Uh-huh.

1 Q. And she's asking him if -- she says, "I don't
2 know if your firm conducted the fiscal year 2017 audit.
3 If it did and the audit is completed, would it be
4 possible for you to email it to me?"

5 Correct?

6 A. Yes.

7 Q. And then at the top of the page in his
8 response dated November 16, 2017, he states, "Yes, we
9 are performing the audit. Unfortunately, it is not
10 complete..."

11 Correct?

12 A. Yes.

13 MS. ANDERSON: No further questions, Your
14 Honor.

15 THE COURT: Did you have anything else you
16 wanted to add?

17 MR. FOX: Yes.

18 I will say that on -- there were several --
19 and I know D'Andrea and I helped with aspects of the
20 audit, so there was a list that they compiled of things
21 that the school had to do. And I know -- and I did get
22 this information from Skoda Minotti and from our
23 Board's treasurer, Mr. Scott Kies, who works for Aspire
24 Group.

25 Our list of things was done on -- on around

1 the 16th, as stated by our superintendent, because she
2 holds us accountable.

3 There were additional items. And I understand
4 that they required some of the Board members to review
5 them, which were not completed.

6 So you are correct, the firm said it was not
7 complete because we were waiting on some additional
8 items; but to the best of our knowledge, everything
9 that we got done that we were held accountable from our
10 superintendent was completed by the 16th.

11 THE COURT: Okay. You may be excused.

12 MR. FOX: Thank you.

13 THE COURT: Any other witnesses?

14 Please raise your right hand.

15 (Witness was sworn in.)

16 THE COURT: Please state your name, spelling
17 it for the record.

18 THE WITNESS: D'Andrea Chapman, D, apostrophe,
19 A-N-D-R-E-A, C-H-A-P-M-A-N.

20 THE COURT: Please proceed with your
21 testimony.

22

23 D'ANDREA CHAPMAN,
24 a witness herein, having been first duly sworn, was
25 examined and testified as follows:

1

2

SELF-DIRECT EXAMINATION

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6

MS. CHAPMAN: Yes. I joined the school in --
for the 2016-2017 school year, and we immediately began
putting structures in place, Robert and I.

7

8

9

10

Jared Kittelson, the former principal, he left
in 2014-2015, and he had put some structures in place
in regards to the Board and things we needed to do in
order to be compliant.

11

12

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14

So upon my arrival, Robert and I immediately
began to work in that area in regards to taking care of
some of the Board members who were no longer with us or
who needed to transition from the Board.

15

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19

People committed to the Board, and at times,
they had been in the Board for so many years, they were
ready to leave, and they needed to know that, "It's
okay. It's okay for you to move on," even though they
wanted to continue to serve our school.

20

21

22

23

24

So as we moved forward, Robert Fox and I are
in the process of onboarding and vetting two additional
Board members. We're providing training and an
orientation to ensure that this does not happen in the
future.

25

As stated before with the prior principal, he

1 was able to say he will take responsibility for
2 ensuring that this does not happen in the future, and
3 I'm willing to say that now as well.

4 I am committed to Life Skills Center and to
5 the students there and to ensuring that we are
6 compliant.

7 We do have one of our Board members here now.
8 Michael Taylor has recently joined the Board as well,
9 and he is committed, along with Bobbi Sudberry, who is
10 another recent addition to our Board who runs a
11 nonprofit now with -- which is Katie's Way.

12 So we do have the expertise. We do have the
13 commitment level of our Board now. And it will not be
14 an issue in the future.

15 We have also added additional community
16 partners who will be assisting us, with one of them
17 also being an attorney, who will be on board for us
18 there.

19 And we have created a structure for
20 communication between the Board and the school to
21 ensure that this does not happen as we move forward.

22 THE COURT: Cross?

23 MS. ANDERSON: Yes, Your Honor.

24

25

1 CROSS-EXAMINATION

2 BY MS. ANDERSON:

3 Q. Were you employed at Life Skills Center of
4 Arizona, Incorporated, on November 21st, 2017?

5 A. Yes.

6 Q. And the information that you just provided to
7 this hearing -- in this hearing, you had the
8 opportunity to advise the Court -- to advise the Board
9 of that information at the meeting that was held on
10 November 21st, 2017; isn't that correct?

11 A. It was our understanding, as stated by
12 Mr. Fox, that we were hopeful and not clear on the
13 legal aspects, that our letter asking that revocation
14 not be considered, we were -- we were hopeful that that
15 would be the case.

16 So because we were not knowledgeable about the
17 legal aspects, that's the reason we weren't there. It
18 would -- nothing else would have held us back from
19 being there if we knew we needed to be there so...

20 Q. Okay. So if you refer to Exhibit 7, Exhibit 7
21 advises Life Skills that the annual financial audit and
22 requisite accompanying documents for fiscal year ending
23 June 30, 2017, were due November 15, 2017, correct?

24 A. Correct.

25 Q. And it states that as of the date of the

1 letter, the Board had not received a complete audit
2 package, correct?

3 A. Correct.

4 Q. And then it also, in capital letters and in
5 the middle paragraph, it indicates this letter is
6 written notice that the Board would address the matter
7 at its next Board meeting, correct?

8 A. Correct.

9 Q. And that if the Board determined you were not
10 in compliance, the Board could take action that was
11 included but not limited to withholding 10 percent of
12 your apportionment, correct?

13 A. Correct.

14 Q. As well as issue a notice of intent to revoke
15 the charter; is that correct?

16 A. Yes.

17 Q. And it also states that you shall be allowed
18 to respond to the allegations of noncompliance at the
19 meeting before the Board makes a final determination,
20 correct?

21 A. Correct.

22 Q. And it indicates, in the last paragraph, the
23 date and time of the Board meeting, which was
24 November 21st, 2017, correct?

25 A. Yes, correct.

1 Q. And you did not appear at that meeting,
2 correct?

3 A. Correct.

4 Q. And no one from Life Skills appeared at that
5 meeting, correct?

6 A. Correct.

7 Q. And if you would refer to Exhibit 9, the page
8 32, which is Life Skills' request for the Board to
9 reconsider its decision to hold the hearing on whether
10 to revoke the charter, it also does not provide any of
11 the information that you just provided in your
12 testimony, correct?

13 A. Correct.

14 Q. And this request for reconsideration was set
15 and heard by the Board at its meeting earlier this week
16 on Tuesday; is that correct?

17 A. That is correct.

18 Q. And you did not appear at that meeting; is
19 that correct?

20 A. Correct.

21 Q. And a representative from Life Skills Center
22 of Arizona did not appear at that meeting, correct?

23 A. Correct.

24 May I respond?

25 Q. No, there's no question before you.

1 A. Okay.

2 Q. And is it your testimony that moving forward,
3 that you have systems in place that will prevent the
4 audits from being late in the future?

5 A. Correct.

6 Q. Could you refer to Exhibit 4 on page 14. The
7 e-mail from Mr. Kittelson at Life Schools [sic] dated
8 November 24, 2014, the last sentence states, "I can
9 assure you that policies and procedures will be put in
10 place so this will never happen again"; is that
11 correct?

12 A. Correct.

13 Q. No further questions.

14 THE COURT: Do you have anything else to add?

15 MS. CHAPMAN: Yes. I would like to add that
16 for the November board meeting, we were unable -- for
17 November 17th board meeting, we were unable to have a
18 quorum so that we can move forward to have our audit
19 signed due to our president -- our Board president, he
20 did have major illnesses or family concerns that he was
21 unable to be present.

22 So we did a lot to try to communicate with him
23 to get him -- to make sure that we can reach out to him
24 so that he could sign the necessary documents.

25 So, at that time, we realized we needed to put

1 some additional structures in place, because he does
2 want to -- he did want to leave the Board because of
3 his family crisis, and we wanted to -- we wanted to
4 make sure that he was with us and be considerate of
5 what he was going through in his personal life;
6 however, we have reached out to him. He does
7 understand that we do need to move forward and that he
8 may not be a viable person or officer on our Board.

9 So he will not be -- as we move forward, we
10 have worked to get another for our present Board
11 members in place so that we can move forward and be
12 compliant.

13 So we did not have a quorum at that meeting
14 due to that, but as we move forward, Robert and I are
15 confident that the structures we are now putting in
16 place, the commitment of our Board members as we move
17 forward, it will not be an issue.

18 THE COURT: Anything else?

19 MS. CHAPMAN: No.

20 THE COURT: Okay. You may sit down.

21 Any other witnesses?

22 Any other witnesses?

23 MS. CHAPMAN: Mr. Taylor, would you like to
24 speak on our behalf?

25 MR. TAYLOR: No.

1 THE COURT: Any rebuttal witnesses?

2 MS. ANDERSON: No, Your Honor.

3 THE COURT: Closing?

4 MS. ANDERSON: Briefly, Your Honor.

5 As I stated in my opening, this case is about
6 a charter school operator that has repeatedly violated
7 its obligation under the law to submit its annual
8 audit. Specifically, on multiple occasion, it failed
9 to submit its annual financial compliance audit and
10 legal compliance questionnaire.

11 The school avoided revocation in 2014 when --
12 after its second year, consecutive year being late, by
13 signing a consent agreement.

14 The terms of that consent agreement are very
15 clear of the school's responsibilities with regard to
16 its having to submit its annual audit timely. And it
17 is very clear on the consequences for its failure to do
18 so.

19 The school also had multiple opportunities to
20 address the Board as to provide whatever explanation it
21 wanted to provide as to why it was late in submitting
22 its fiscal year 2017 audit.

23 It had the opportunity at the board meeting on
24 November 21, 2017. Exhibit 7 is very clear as to the
25 possible consequences to the school with regard to its

1 submitting its audit late, and that one of those
2 consequences could be revocation. A representative
3 from the school didn't appear at that meeting.

4 The school also initiated to the Board a
5 request that the Board reconsider its decision to hold
6 a hearing in this matter. That is contained in
7 Exhibit 9.

8 The Board set the matter for consideration at
9 its meeting this past Tuesday; and again, no one from
10 the school appeared.

11 It's clear from the testimony and the exhibits
12 that Life Skills violated the terms of this agreement.
13 It failed to submit its annual audit for the fiscal
14 year June 30, 2017.

15 And with that, it is the Board's position that
16 Life Skills' charter should be revoked. Thank you.

17 THE COURT: Thank you.

18 Closing?

19 MR. FOX: As we said in our opening, we do
20 acknowledge that there was issues in the past with
21 regards to late audit submissions and the severity of
22 those issues.

23 We wanted to make everyone aware that, you
24 know, the fact that we heard recently of the failure to
25 submit the audits, and because we're not attorneys, we

1 immediately reached out, as a human reaction, to the
2 State Board for Charter Schools and let them know what
3 was going on.

4 And I think that we did not clearly understand
5 about our presence at the board meeting or the
6 procedures, which is why we bring to the table an
7 alternative option for the school to employ counsel to
8 make sure we're compliant, to make sure that we have
9 new members on board that are fully committed.

10 Because these procedural issues, while they
11 are severe, we don't believe they warrant closing the
12 school for our students and serving the community in
13 which we reside.

14 And we thank the Charter School Board for
15 their continued oversight.

16 THE COURT: Thank you.

17 Any rebuttal?

18 MS. ANDERSON: Yes, Your Honor.

19 It was the testimony of Ms. Leder that the
20 Board uses, as a monitoring tool, the annual audit and
21 legal compliance questionnaire. And it's more than --
22 the requirement to submit it and submit it timely is
23 more than a procedural issue. It is an issue that
24 impacts on continuing monitoring of a charter school.

25 The school had -- the school was or should

1 have been aware of the consequences of its failure to
2 submit its audit. And it failed to timely submit its
3 audit. And it remains the Board's position that the
4 charter should be revoked.

5 THE COURT: Thank you. We'll go off the
6 record briefly.

7 (Recess was taken from 9:23 a.m. to 9:24 a.m.)

8 THE COURT: Okay. So as we discussed to allow
9 the receipt of the transcript. I will leave the record
10 open until February 5th for that sole purpose of just
11 receiving the transcript. And I will issue an order to
12 that effect later today. And so the record will close
13 as of that date.

14 If there's nothing further, that will conclude
15 today's proceedings, and we'll go off the record at
16 this time.

17 THE COURT: Thank you very much.

18 (9:24 a.m.)

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1 STATE OF ARIZONA)
) ss.
2 COUNTY OF MARICOPA)

3
4 BE IT KNOWN that the foregoing deposition was
5 taken by me, Haley D. Westra, Certificate No. 50762, a
6 certified reporter for the state of Arizona, that prior
7 to being examined, the witness named was duly sworn to
8 testify to the whole truth, that the questions
9 propounded and the answers of the witness thereto were
10 taken down by me and thereafter reduced to computerized
11 transcription under my direction and supervision; that
12 the foregoing is a true and correct transcript of all
13 proceedings had upon the taking of said deposition, all
14 done to the best of my skill and ability. Read and
15 sign was requested by the witness.

16
17 I further certify that I am in no way related
18 to any party to said action nor in any way interested
19 in the outcome thereof.

20
21 Dated at Phoenix, Arizona, this 29th day of
22 January, 2018.

23
24 _____
25 HALEY DAWN WESTRA, RPR, CRR
Certified No. 50762

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REGISTERED REPORTING FIRM DISCLOSURE

The foregoing deposition was taken in compliance with
the Arizona Code of Judicial Administration, Section
7-206(F)(3) and (J)(1)(g)(1) and (2).

HALEY D. WESTRA
Court Reporter
Certificate No. 50937

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