

**BEFORE THE ARIZONA STATE  
BOARD CHARTER SCHOOLS**

In the matter of:

**LUZ ACADEMY OF TUCSON,  
INC.** (a nonprofit corporation)

and

**LUZ-GUERRERO EARLY  
COLLEGE HIGH SCHOOL** (a  
charter school).

No. 12F-RV-004-BCS

**SETTLEMENT AGREEMENT**

This Agreement is entered into by Luz Academy of Tucson, Inc., a nonprofit corporation operating Luz-Guerrero Early College High School, a charter school, and the Arizona State Board for Charter Schools, by and through its authorized representatives, and provides the following terms and agreement:

**FINDINGS OF FACT**

1. Luz-Guerrero Early College High School (“the School”) is a charter school established pursuant to Arizona Revised Statutes (“A.R.S.”) § 15-181 *et seq.*
2. The School operates pursuant to a Charter Contract (“Charter”) between Luz Academy of Tucson, Inc., a nonprofit corporation organized under the laws of the state of Arizona (“the Charter Operator”), and the Board.
3. Pepe Barron is the Charter Representative and the person authorized to sign for the Charter Operator.
4. Pursuant to A.R.S. § 15-183 and the Charter, the Arizona State Board for Charter Schools (the “Board”) sponsors the Charter Operator to operate one school site to serve students in grades 9 through 12.

5. The Charter was executed in August 1997 by the Charter Operator and the Board. In July, 2011, the Board granted the Charter Operator's request for the renewal of its charter.

6. 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.

7. The Charter Operator's single audit reporting package for the fiscal year ending June 30, 2011("FY 2011 Audit") was due to the Board by March 31, 2012.

8. Pursuant to A.R.S. § 15-185(H), at its meeting on April 9, 2012, the Board determined that the Charter Operator was not in compliance with state law and its charter as a result of the non-submission of its FY2011 Audit. The Board subsequently submitted 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. The Board also voted to issue a notice of intent to revoke the charter of the Charter Operator.

9. The Charter Operator has a history of failure to timely submit its annual audit reporting package to the Board.

10. The Charter Operator submitted its FY 2011 Audit to the Board on July 3, 2012. The state aid apportionment withheld from the Charter Operator was released.

### **CONCLUSIONS OF LAW**

11. A.R.S. § 15-183(R) provides that the Board has oversight and administrative responsibility for the charter schools that it sponsors.

12. A.R.S. § 15-183(I)(3) provides that the Board may revoke a charter at any time if the charter school breaches one or more provisions of its charter.

13. The Charter of the Charter Operator and the Board provides that the Board may revoke the Charter for any violation of the Charter, state, federal or local laws, ordinances or rules or regulations.

14. A.R.S. §§ 15-183(E)(6) and -914 and the Charter of the Charter Operator and the Board require that the Charter Operator undergo an annual financial and compliance audit by an independent certified public accountant.

15. The Charter Operator breached its Charter and A.R.S. §§ 15-183(E)(6) and -914 when it failed to timely submit its FY2011 audit.

### **CONSENT TERMS AND ORDER**

16. The Board and the Charter Operator agree that because of the Board's decision to issue a Notice of Hearing on Intent to Revoke Charter, the Charter Operator is subject to the termination of its Charter and the revocation of its Charter.

17. The Board and the Charter Operator agree that 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.

18. In consideration of the Board foregoing its option to proceed with the revocation proceedings and to hold a hearing, and the Charter Operator waiving its right to a hearing and providing its defense, except as set forth herein, it is in the best interests of the Board and the Charter Operator to mutually resolve this matter.

19. By entering into this Agreement, the Charter Operator agrees to the factual findings and conclusions of law set forth in this Agreement, and understands that it cannot contest any of these findings or conclusions in the future.

20. The Charter Operator agrees to submit a complete single audit reporting package for the fiscal year ending June 30, 2012 by March 31, 2013 if it continues to qualify for a single audit otherwise the Charter Operator agrees to submit a complete financial statement audit reporting package for the fiscal year ending June 30, 2012, by November 15, 2012. The Charter Operator agrees to submit a complete annual single audit reporting package or financial statement audit reporting package for all subsequent fiscal years of its operation by the applicable deadline, which would either be March 31 or November 15 of the following fiscal year, respectively.

21. The Board and the Charter Operator agree that 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 contract for breach of this Agreement.

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

23. If the Charter Operator rejects this Agreement or any part of it, then this Agreement is null and void and not binding on the parties and the Board is free to proceed with the charter revocation hearing.

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

25. Each party is responsible for its own attorney's fees and costs in this matter.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2012 for  
ARIZONA STATE BOARD FOR CHARTER SCHOOLS

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By: Jake Logan  
President  
Arizona State Board for Charter Schools

Signed this \_\_\_\_ day of \_\_\_\_\_, 2012 for  
LUZ ACADEMY OF TUCSON, INC.  
LUZ-GUERRERO EARLY COLLEGE HIGH SCHOOL

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By: Pepe Barron  
Charter Representative  
LUZ ACADEMY OF TUCSON, INC.

COPIES mailed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2012 to:

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By\_\_\_\_\_