

BEFORE THE ARIZONA STATE BOARD
FOR CHARTER SCHOOLS

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JUN 15 2012

In the matter of:

Opportunities for Youth, Inc. (a non-profit corporation)

and

Leading Edge Prep Vista (a charter school)

**CONSENT AGREEMENT FOR
VOLUNTARY SURRENDER AND
TERMINATION OF THE
CHARTER CONTRACT**

This Agreement is entered into by Opportunities for Youth, Inc., by and through its authorized agent, and the Arizona State Board for Charter Schools, by and through its authorized representatives, and provides the following terms and agreement:

1. Leading Edge Prep Vista ("School") is a charter school established pursuant to Arizona Revised Statutes ("A.R.S.") § 15-181 *et seq.* and sponsored by the Arizona State Board for Charter Schools ("Board").
2. The School operates pursuant to a Charter Contract between Opportunities for Youth, Inc. ("Charter Operator"), a non-profit corporation, organized under the laws of the state of Arizona and the Board.
3. The charter contract was signed by Jill Gaitens, as Charter Representative and the person authorized to sign for the Charter Operator.
4. Pursuant to A.R.S. § 15-183 and the Charter Contract, the Board sponsors the Charter Operator to operate one School site to serve students in grades seven, eight and nine.
5. The Charter Contract was executed on April 22, 2009.
6. On December 10, 2010, the Charter Contract was amended, adding Delmer Geesey as an additional Charter Representative.
7. The Charter Operator voluntarily tenders and surrenders its Charter Contract to its sponsor, the Board, with the intent to voluntarily terminate its Charter Contract effective June 30, 2012 for the purpose of further performance due to lack of enrollment.

8. The Charter Operator shall mail a complete copy of each student's educational record to the student's parent or legal guardian.

9. The Charter Operator shall notify the Board of the location of the student records of the School no later than July 13, 2012.

10. The Charter Operator agrees that all necessary student level data has been submitted to the Arizona Department of Education through the Student Accountability Information System ("SAIS").

11. The Charter Operator is entitled to receive state equalization assistance funds for the 2011-2012 school year to which it is entitled under the school funding formula provided in Arizona law, but no more.

12. The Charter Operator is entitled to receive Classroom Site Funds for the 2011-2012 school year to which it is entitled under the provisions of Arizona law, but no more.

13. The Charter Operator agrees to refund any overpayment of state equalization assistance funds in the amount determined by the Arizona Department of Education in the manner directed by the Arizona Department of Education.

14. The Charter Operator agrees to refund any overpayment of Classroom Site Funds monies in the amount determined by the Arizona Department of Education in the manner directed by the Arizona Department of Education.

15. The Charter Operator agrees to submit any outstanding grant reports and to refund any outstanding grant monies or allocation of education funds to the Arizona Department of Education in the manner directed by the Arizona Department of Education.

16. The Charter Operator shall expend the Classroom Site Funds in a manner consistent with its intent as specified in A.R.S. § 15-977.

17. The Charter Operator shall expend the Instructional Improvement Funds in a manner consistent with its intent as specified in A.R.S. § 15-979.

18. The Board accepts the surrender of the Charter Contract of Opportunities for Youth, Inc. for the operation of Leading Edge Prep Vista.

19. The Charter Contract between the Board and Opportunities for Youth, Inc. for the operation of Leading Edge Prep Vista is terminated effective June 30, 2012 for the purposes of further performance.

20. This Agreement is not binding on either party until both the Board and the Charter Operator's Governing Board accept it by a majority vote at a public meeting. This

Agreement is effective immediately upon its approval and execution by the authorized representatives of the Board for Opportunities for Youth, Inc. and the Board.

21. If the Board rejects this Agreement or any part of it, then this Agreement is null and void, and not binding on the Charter Operator or the Board.

22. Opportunities for Youth, Inc. understands that it has the legal right to consult with an attorney prior to entering into this Agreement.

23. Each party shall be responsible for its own attorneys' fees and costs in this matter.

DATED: This 11 day of June, 2012.
Opportunities for Youth, Inc.

By Jill Gaitens
Jill Gaitens or Delmer Geesey, as Charter Representative and authorized signer for Opportunities for Youth, Inc.

DATED: This _____ day of _____, 2012.
The Arizona State Board for Charter Schools

By _____
Jake Logan, President of the Arizona State Board for Charter Schools

Minutes
Opportunities for Youth, Inc./Leading Edge Prep Vista
Board Meeting of the Governing & Corporate Board of Directors
633 E. Ray Road, Ste 132, Gilbert, AZ 85296
May 16, 2012

CALL TO ORDER at 8:15 AM

ROLL CALL: Jill Gaitens, Delmer Geesey, Jonathan Johnson
Also Present: Ron Body, Candy Body (recorder)

GENERAL SESSION

1. Approval of Minutes dated October 13, 2011

Delmer motioned to accept the October 13, 2011 Minutes, as presented. Jill seconded. Motion carried 3-0.

2. Directors report

No new business to report, other than items listed on the Agenda.

3. Discussion and possible acceptance of the Financial Reports

a. June 30, 2011 Audit: Discussion about the annual audit included comments on page nine, note nine, where it was stated, "Net assets of the school have decreased substantially during the past two years" and "if the school cannot increase in size or negotiate its debt to more favorable terms, long-term operations of the school will be jeopardized." Additionally, the auditor's letter to the Board stated a similar concern.

Delmer motioned to accept the June 30, 2011 Annual Audit, as presented. Jonathan seconded. Motion carried 3-0.

b. April 2012 Balance Statement and Profit & Loss Statement was discussed.

Review of the April 2012 financials reveal that OFY has approximately \$178K in liabilities, \$13K in the bank, and \$85K in property/equipment assets (mostly equipment). It was noted there is estimated to be significantly more equipment value, perhaps double that amount, and that the \$85K is only the amount that was booked as Assets and not expensed off. Currently, OFY has only been able to meet monthly bill obligations by not staying current on approximately \$105.8K due to LEAD, LES, and ACS for rent, speech, IT and management contracts. It was also noted that there is a \$69.7K balloon note due in July 2012. Summary: OFY has a negative cash flow, with no foreseeable credit lines and a large note payable July 2012. (Discussion moved from this Agenda item 3.b. to Agenda items 6-9, then returned back to 3.b.-5 and 10.)

4. Discussion and possible action on the amendment to the Articles of Incorporation originally voted on June 30, 2011 (Agenda #6)

The amendment stated that the corporation will have a single member, that single member being Arizona Charter Solutions currently located at 459 N Gilbert Road, Ste. A140, Gilbert, Arizona, 85234. This has not, yet, been filed.

The delay in filing was due to the fact that Arizona Charter Solutions was not formed as quickly as anticipated when the amendment was voted on, and the Corporate Board for ACS was only recently formed. If the amendment is rescinded and not filed, the Corporate Board remains as is.

Jonathan motioned to rescind the decision to file the aforementioned amendment. Jill seconded. Motioned carried 3-0.

5. Discussion and possible action on the future operations of the Leading Edge Prep Vista Charter, including the possible action to surrender the Charter back to the State. (Agenda #7)

Based on the auditor comments, current financial state, and continued low enrollment, options for Leading Edge Prep Vista were discussed, including not continuing to operate after this year. Jill relayed a conversation she had with Deanna Rowe, Executive Director for Arizona State Board for Charter Schools, that a Contract to Surrender Charter would be accepted with no ramifications or penalties, if filed, as OFY is in compliance and has no outstanding issues. Ms. Rowe further communicated that, if the charter were surrendered, a copy of the student's records should be provided to the parents, and the State would need to be notified where the original student files will be stored. A copy of the contract to surrender was reviewed and further discussion of ideas and options took place.

Jill motioned to voluntarily surrender and terminate the charter contract with the State for Leading Edge Prep Vista at the end of this school year. Jonathan seconded. Motioned carried 3-0.

6. Depending on previous action, discussion and possible approval of a School Closure Notification request for Leading Edge Prep Vista. (Agenda #8)

Due to surrender of charter, discussion resulted in a decision to close the site.

Delmer motioned to file a School Closure Notification Request for Leading Edge Prep Vista. Jill seconded. Motion carried 3-0.

7. Discussion of and possible action concerning Vista's Leadership High School Fall 2012 opening (Agenda #9)

Extension to delay opening until August 2012 was approved last year. Current options: 1. Open August 2012, 2. Notify State we do not intend to open and will surrender Charter.

In consideration of previous decisions to surrender the charter and close the site, it was decided not to pursue a Fall 2012 opening of Vista's Leadership High School, by the vote below:

Delmer motioned to notify the State that we do not intend to open in the Fall of 2012 and will surrender the charter, confirmed by a letter being sent to State Board for Charter Schools. Jonathan seconded. Motioned carried 3-0.

8. Financial Reports (continued) (After discussion of Agenda items 6-9)

Jill motioned to accept the April 2012 financial reports as presented. Jonathan seconded. Motion carried 3-0.

(Agenda #3c). Review 2011 990 (July 2010 – June 2011)

The 2011 990 was reviewed. This is the IRS report that asks similar financial data as the Annual Audit and many organizational questions. There were no questions or comments.

Delmer motioned to accept the 2011 990, as presented.

Jill seconded. Motion carried 3-0.

9. Review and Possible Ratification of ACS Management Contract. (Agenda #4)

Management contract effective October 1, 2011 was reviewed. It reflects a ten percent charge for all inclusive management and operational services.

Jonathan motioned to ratify the ACS Management Contract. Jill seconded. Motion carried 3-0.

10. Review and Possible Ratification Leading Edge Solutions Service Contracts (Agenda #5)

- a. Response to Intervention (RtI)
- b. Speech Services
- c. Information Technology (IT) Support

Service contracts with Leading Edge Solutions (LES) effective August 1, 2011 were reviewed, along with several comparative contracts/costs for IT and Speech services. (There were no comparable services for RtI to comp, as the program uses a unique system and facilitation. The RtI contract is relatively small at \$1,600 annually.)

Delmer disclosed that he has a minority interest in LES and, after making himself available to answer questions, recused himself from discussion and voting on this issue per conflict of interest guidelines.

Jonathan motioned to ratify the Leading Edge Solutions Service Contracts for RtI, Speech, and IT.

Jill seconded. Motion carried 2-0

11. Discussion and possible action regarding the Corporation's financial state. (Agenda #10)

Based on the surrender of the charter and site closure, there is no foreseeable income stream or way to pay current debts.

Delmer motioned to prepare the corporation for possible dissolution and empower ACS to liquidate the assets to pay debts, as best as possible. Jonathan seconded. Motion carried 3-0.

Informal Question and Answer Session (if need and time exists). No questions or further comments.

Adjournment: Delmer motioned to adjourn the meeting at 9:03 AM. Jonathan seconded. Motion carried 3-0.

Attachments:

1. October 13, 2011 Minutes
2. June 30, 2011 Audit
3. Balance Sheet/Profit & Loss Statement for April 2012
4. 2011 990
5. Management Agreement with ACS
6. Leading Edge Solutions Service Agreements for IT, Speech, and RtI