

AGENDA ITEM: Surrender Agreement – Sierra Vista Charter School, Inc.

Issue

Sierra Vista Charter School, Inc. has submitted a Consent Agreement for the Voluntary Surrender and Termination of the Charter Contract (“Surrender Agreement”) for the operation of Imagine Sierra Vista.

Background

On February 24, 2014, the Charter Representative of Sierra Vista Charter School, Inc. notified the Board that Imagine Sierra Vista is ceasing its operations and provision of instruction to students effective May 23, 2014 due to low enrollment.

A signed copy of the agreement was received on April 29, 2013 for the closure of the school and the surrender of the charter effective June 30, 2014.

Suggested Motion

I move that the Board adopt the Consent Agreement for the Voluntary Surrender and Termination of the Charter Contract for Sierra Vista Charter School, Inc. for the operation of Imagine Sierra Vista as presented.

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

This Consent Agreement for the Voluntary Surrender and Termination of the Charter Contract (“Agreement”) is made by and between Sierra Vista Charter School, Inc. (“Charter Operator”), a nonprofit corporation organized under the laws of the state of Arizona and operating Imagine Sierra Vista, 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. An approved plan to establish a charter school is effective for fifteen years. A.R.S. § 15-183(I). The charter may be amended at the request of the governing body of the charter school and on approval of the Board. A.R.S. § 15-183(G). 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. A.R.S. § 15-183(I)(3). The charter may be renewed for successive period of twenty years. A.R.S. § 15-183(I)(1).

RECITALS

1. The Charter Operator operates Imagine Sierra Vista (“the School”), a charter school established pursuant to A.R.S. § 15-181 *et seq.*
2. The School operates pursuant to a charter contract (“Charter”) executed on May 28, 2002 between the Charter Operator and the Board.
3. 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 Kindergarten through eight.

4. Monte Lange and Bradford Uchacz are the Charter Representatives and persons authorized to execute documents on behalf of the Charter Operator.

5. On February 24, 2014, the Charter Operator notified the Board that, due to low enrollment, the School will cease its operations and provision of instruction to students effective May 23, 2014.

AGREEMENT

The Parties agree as follows:

1. The Charter Operator voluntarily tenders and surrenders the Charter to its sponsor, the Board, with the intent to voluntarily terminate its Charter effective June 30, 2014 for the purpose of further performance.

2. The Board accepts the surrender of the Charter for the operation of the School.

3. The Charter between the Charter Operator and the Board for the operation of the School is terminated effective June 30, 2014 for the purpose of further performance.

4. This Agreement is not binding on the Parties 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.

5. 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.

6. The Charter Operator shall provide a complete copy of each student's educational record to the student's parent or legal guardian for each student enrolled in the School in the 2013-2014 school year.

7. The Charter Operator shall notify the Board of the location of the School's student

records no later than June 6, 2014.

8. The Charter Operator shall submit all requisite student level data for its receipt of state equalization funding for the 2013-2014 school year to the Arizona Department of Education through the Student Accountability Information System (“SAIS”) by May 30, 2014.

9. The Charter Operator is entitled to receive state equalization assistance funds for the 2013-2014 school year to which it is entitled under the school funding formula provided in Arizona law, but no more.

10. The Charter Operator shall refund any overpayment of state equalization assistance funds in the amount determined by the Arizona Department of Education (“Department”) in the manner directed by the Department.

11. The Charter Operator is entitled to receive Classroom Site Funds for the 2013-2014 school year to which it is entitled under the provisions of Arizona law, but no more. The Charter Operator shall expend the Classroom Site Funds in a manner consistent with its intent as specified in A.R.S. § 15-977.

12. The Charter Operator shall refund any overpayment of Classroom Site Funds in the amount determined by the Department in the manner directed by the Department.

13. The Charter Operator shall submit any outstanding grant reports and shall refund any outstanding grant monies or allocation of education funds in the amount determined by the Department in the manner directed by the Department.

14. The Charter Operator shall expend the Instructional Improvement Funds for the 2013-2014 school year to which it is entitled under the provisions of Arizona law, but no more. The Charter Operator shall expend the Instructional Improvement Funds in a manner consistent with its intent as specified in A.R.S. § 15-979.

15. The execution of this agreement by both parties prior to the fiscal year 2014 audit deadline shall waive the requirement for the submission of a fiscal year 2014 audit reporting package by the Charter Operator.

16. Nothing in this Agreement is intended to prevent the Charter Operator from exercising its rights under statutes or regulations to contest amounts determined by the Department to be owed by the Charter Operator.


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

18. The Parties shall be responsible for their own attorneys' fees and costs in this matter.

ARIZONA STATE BOARD FOR CHARTER SCHOOLS

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

SIERRA VISTA CHARTER SCHOOL, INC.



By: Monte Lange or Bradford Uchacz
Charter Representatives, Sierra Vista Charter School, Inc.
Date: 4-1-14

COPY mailed this
_____ day of _____, 2014 to:

Sierra Vista Charter School, Inc.
Attention: Monte Lange and Bradford Uchacz, Charter Representatives
18052 North Black Canyon Hwy
Phoenix, AZ 85053

By _____

**MINUTES OF THE FEBRUARY 19, 2014 SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
SIERRA VISTA CHARTER SCHOOL, INC.**

Pursuant to the notice of special public meeting, a meeting of the Board of Directors (the "Board") of Sierra Vista Charter School, Inc. (the "School") was held at Imagine Charter School at Sierra Vista ("Imagine Schools") located at 1000 Wilcox Drive, Sierra Vista, Arizona 85635 at approximately 8:00 a.m. PST, on the 19th day of February, 2014

The following directors of the School were present by telephone:

Dr. Leonora Ketyer
Stacie Streeter-Hansen
Robert Allen

The following others were present (at the school):

Marie Wurth – Business Administrator
Mary Higgins – Principal
Allison Vann – Apprentice Leader
Kevin Beaman – Instructional Coach
Darrin Anderson – Regional Director
Heidi Lindsay – Regional Director
Heather Kelley – HR Coordinator
Latoya Engler - Teacher
Maribel Gonzalez – Teacher

The following others were present by telephone:

Monte Lange – Executive Vice President
Veronica Cramer – Executive Project Coordinator
Jason Archuleta – Regional Director
Marian Zapata-Rossa, Esq. – Quarles & Brady LLP

Dr. Leonora Ketyer called the meeting to order and took roll of the governing Board members. Dr. Leonora Ketyer served as Chairman of the meeting, Veronica Cramer tape recorded the meeting, and Marian Zapata-Rossa recorded the minutes.

The Chairman stated that the first item of business was the discussion, and possible action, with respect to the status of Imagine Sierra Vista for the fiscal school year 2014-2015,

which may include a motion to continue operations in fiscal 2014-2015 or cease operations at the close of the current 2013-2014 fiscal school year. In order to afford members of the public an opportunity to be heard before the Board took any action on this agenda item, the Chairman issued the call to public. Monte Lange read the Board's policy concerning the 3-minute time limit per speaker and requested that speakers provide their names and addresses for the record. Attorney Zapata-Rossa advised that per Arizona open meeting law, Board members may not respond to any public comments concerning items not properly noticed on the meeting agenda, but they may respond to criticism and direct that items be reviewed or placed on the agenda for a future meeting. The following members of the public were heard:

Dr. Patricia Hoffman, 3614 Pinnacle Court, Sierra Vista, Arizona 85650, requested the call to the public be issued after the agenda item because the public did not know what was going on and thus could not adequately comment. The Chairman stated the call to the public was being issued first to provide any members who wished to be heard with an opportunity to speak before the Board conducted its business. Dr. Hoffman inquired if the School was closing and why the return to work forms were issued if the School was closing.

Latoya Engler, address not reported, a Teacher at Sierra Vista inquired if the closing was related to budget reasons and discussed student grades and AIMS scores.

Barbara (Last name inaudible), 1274 Sunflower Way, Sierra Vista, Arizona, a foster parent with 6 children enrolled at the School, expressed her concerns with closing the school because of the location.

No other members of the public wished to be heard at this time. The Chairman stated the next item of business was the discussion, and possible action, with respect to the status of Imagine Sierra Vista for the fiscal school year 2014-2015, which may include a motion to

continue operations in fiscal 2014-2015 or cease operations at the close of the current 2013-2014 fiscal school year. A summary report was presented by Monte Lange. Mr. Lange discussed Imagine's history and efforts to expand in Southern Arizona. With the economic downturn, however, Imagine had to rescind several charter applications. Sierra Vista continued to see a decline in enrollment. Enrollment 3 years ago was reported at 450-460; enrollment today is down to 276. It was reported that it will be another 3 years before we see large populations changes. Mr. Lange further reported that over the last 2 years, the School has accumulated a \$1 million deficit. He reported on the challenges faced to operate the school and recruit teachers under these circumstances. Finally, Mr. Lange reported that the building lease is coming up for renewal for another 10-15 year term.

Lots of deliberation has been done to assess how to keep the school open and cut costs while continuing to serve the population as best as possible. Mr. Lange reported, however, that considering the many challenges, after much deliberation, the recommendation is to close the campus. Mr. Lange met with the Arizona Charter School Board for input regarding the recommended course of action. The Charter Board is supportive of the recommendation and is prepared to work with the School in this process.

The Board discussed Mr. Lange's report at length. Robert Allen requested confirmation of the enrollment numbers for the 2011-2012, and 2013-2013 school years. The enrollment numbers were confirmed. Mr. Lange also confirmed that enrollment continues to decline. Mr. Allen also requested confirmation of the reported budget deficit for last year and the projected deficit for the current fiscal year. The \$1 million deficit was confirmed. Mr. Lange responded that Imagine will cover the expenses, but is concerned with how to increase enrollment in the short-term. Mr. Allen inquired what enrollment activities were done in the last 2 years.

Principal Mary Higgins reported on the enrollment activities, which include pursuing lots of positive public relations coverage, marketing on Facebook, conducting community fundraisers, and promoting the school at community festivals and carnivals, among a number of other efforts. Mr. Lange reported that their consultant likewise recommended they considering closing the school.

Stacie Streeter-Hansen questioned if the loss of enrollment was in upper grade-level enrollment. Heidi Lindsay confirmed the enrollment decreases. Ms. Streeter-Hansen also inquired if the losses were the result of a lack of students and loss of revenue on tax credits. Mr. Lange responded that they were. The School was not funded like a public school. Unlike a public school, the School receives \$1,3000 less per pupil and receives no transportation funds. Additionally, federal revenue has decreased based on the drop in enrollment.

Dr. Ketyer stated that the Board's decision was based on its fiduciary duty concerning liability for funds. She reported that Imagine had been very generous to the School along the way. Mr. Lange reported that the School will be subjected to additional liability if it renews a 10-15 year lease for the facility. Mr. Lange further reported that the proposal is to close at the end of the academic year. Imagine remains committed to offering top programs through the end of the academic year.

Mr. Allen further inquired about discussions with the Sierra Vista Public Schools regarding their ability to absorb students. Mr. Lange reported that those discussions are in the timeline pending the Board's decision.

There being no further discussion, upon motion of Dr. Ketyer duly made and seconded by Stacie Streeter-Hansen, the following resolution was unanimously adopted:

RESOLVED, that based on the information reported, the recommendation to cease operations of Imagine Sierra Vista at the

end of the 2013-2014 fiscal school year be, and hereby is, accepted and approved by the Board, with the understanding that plans be put in place to take care of students and families, close the lease, and conduct all other necessary due diligence.

The Chairman then re-issued the call to the public for issues.

Dr. Patricia Hoffman, 3614 Pinnacle Court, Sierra Vista, Arizona 85650, stated that research was not fully conducted concerning Ft. Huachuca. She also raised concerns that the School was not advertised to the people. She recommended additional advertising and cost cutting ideas, including seeking additional resources for Medicare services and reaching out to surrounding areas, e.g., Tombstone and Huachuca City. She also inquired if any grant writing was done and complained they needed more parent involvement. Finally, she raised concerns regarding comparison to non-transient Imagine schools, the fact that AIMS scores had improved, and about how this decision would affect children who do not fit into regular schools. She requested the Board reconsider its vote. Mr. Lange reiterated Imagine's commitment to the students.

Patricia (Last name inaudible), address not reported, is the Vice President and 1 of the 2 parents on the PTO. She complained about the need for budgeting and that the remaining schools in Sierra Vista will not be able to accommodate the students.

Kevin Beaman, address unknown, an Instructional Coach, espoused concerns regarding not being provided with complete information, misinformation concerning drops in enrollment, and poor decision-making concerning personnel issues and management of travel costs.

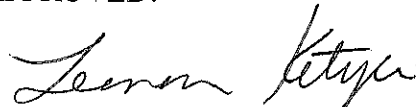
Virginia (Last name inaudible), address not reported, a parent, raised concerns over how parents would deliver the news of the school closing to their children.

Jason Patterson, address not reported, stated that the decision to close the school is selfish.

The Chairman thanked the Board and all speakers who provided input. Mr. Allen stated that the Board's decision was not taken lightly and was not made in collusion. The Board is comprised of voluntary members who are all highly vested in doing what is best for children. The Chairman stated the next regularly scheduled meeting will be held in March.

There being no further business to come before the meeting, the meeting was adjourned at approximately 9:16 a.m.

APPROVED:



Secretary

Sierra Vista Charter School, Inc.

**MINUTES OF THE MARCH 31, 2014 MEETING
OF THE BOARD OF DIRECTORS OF
SIERRA VISTA CHARTER SCHOOL, INC.**

Pursuant to the notice of public meeting, a meeting of the Board of Directors (the "Board") of Sierra Vista Charter School, Inc. (the "School") was held at Imagine Charter School at Sierra Vista ("Imagine Schools") located at 1000 Wilcox Drive, Sierra Vista, Arizona 85635 at approximately 4:00 p.m. PST, on the 31st day of March, 2014.

The following directors of the School were present by telephone:

Dr. Leonora Ketyer
Stacie Streeter-Hansen
Robert Allen

The following others were present (at the school):

Marie Worth – Business Administrator
Allison Vann – Assistant Principal
Heidi Lindsay – Regional Director

The following others were present by telephone:

Brandon Dahl – Regional Finance Director
Veronica Cramer – Executive Project Coordinator
MaryAnn Stackhouse – Regional Finance Director
Ellen Poultridge – Regional Finance Director
Monte Lange – Executive Vice President
Brad Uchacz – Executive Vice President
Darrin Anderson – Regional Director
Marian Zapata-Rossa, Esq. – Quarles & Brady LLP

Ms. Streeter-Hansen called the meeting to order and took roll of the governing Board members. Ms. Streeter-Hansen served as Chairman of the meeting, Veronica Cramer tape recorded the meeting, and Marian Zapata-Rossa recorded the minutes.

The Chairman stated that the first item of business was the review and approval of the minutes of the meeting of the Board of Directors held on December 9, 2013. There being no

further discussion, upon motion of Mr. Allen duly made and seconded by Dr. Ketyer, the following resolution was adopted:

RESOLVED, that the minutes of the meeting of the Board of the Directors held December 9, 2013 be, and hereby are, accepted and approved by the Board.

The Chairman stated that the next item of business was the review and approval of the minutes of the special meeting of the Board of Directors held on February 19, 2014. There being no further discussion, upon motion of Dr. Ketyer duly made and seconded by Mr. Allen, the following resolution was adopted:

RESOLVED, that the minutes of the special meeting of the Board of the Directors held February 19, 2014 be, and hereby are, accepted and approved by the Board.

The Chairman stated that the next item of business was the report, review, and possible action regarding the quarterly financial reports for the quarter ending December 31, 2013. A report summary was presented and discussed for the School. There being no further discussion, upon motion of Dr. Ketyer duly made and seconded by Ms. Streeter-Hansen, the following resolution was unanimously adopted:

RESOLVED, that the quarterly financial report of the statement of operations (unaudited) for the quarter ending December 31, 2013 be, and hereby is, accepted and received by the Board.

The Chairman stated that the next item of business was the report, review, and possible action regarding approval of the Consent Agreement for the Voluntary Surrender and Termination of the Charter Contract. Monte Lange gave a summary report. There being no further discussion, upon motion of Dr. Ketyer duly made and seconded by Mr. Allen, the following resolutions were unanimously adopted:

RESOLVED, that the Consent Agreement for the Voluntary Surrender and Termination of the Charter Contract by and between

the School and the Arizona State Board for Charter Schools be, and hereby is, accepted and approved by the Board.

The Chairman stated that the next item of business was the report, review, and possible action regarding approval of Monte Lange, as charter representative of the School, to sign the Consent Agreement for the Voluntary Surrender and Termination of the Charter Contract. There being no further discussion, upon motion of Dr. Ketyer duly made and seconded by Ms. Streeter-Hansen, the following resolution was unanimously adopted:

RESOLVED, that Monte Lange, as charter representative of the School, be, and hereby is, authorized by the Board to sign the Consent Agreement for the Voluntary Surrender and Termination of the Charter Contract by and between the School and the Arizona State Board for Charter Schools and any other documents required by the Arizona State Board for Charter Schools, which implement the actions authorized by this Board.

The Chairman stated that the next item of business was the report, review, and possible action regarding authority for Monte Lange to coordinate strategies with other personnel and conduct due diligence as necessary to assist in the transition with students and staff. There being no further discussion, upon motion of Dr. Ketyer duly made and seconded by Mr. Allen, the following resolutions were unanimously adopted:

RESOLVED, that Monte Lange be, and hereby is, authorized by the Board to coordinate strategies with other personnel and conduct due diligence as necessary to assist in the transition with students and staff to implement the actions authorized by this Board.

The Chairman stated that the next item of business was the report and review of the Imagine Schools Academic Excellence Framework for the School. Heidi Lindsay reported on the Academic Excellence Framework. This was informational only; therefore, no action was required.

The Chairman stated that the next item of business was the report and review from the Regional Directors. Ms. Lindsay gave a summary report for the School. This was informational only; therefore, no action was required.

The Chairman stated that the next item of business was the report and review from the School Leader. Allison Vann gave a summary report. This was informational only; therefore, no action was required.

The Chairman then issued a call to the public for issues and there were none.

Veronica Cramer stated the date of the next meeting will be Monday, May 5, 2014.

There being no further business to come before the meeting, the meeting was adjourned at approximately 4:22 p.m.

APPROVED:

Secretary

Sierra Vista Charter School, Inc.