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September 30, 2019

VIA EMAIL, HAND-DELIVERY, AND U.S. POSTAL SERVICE:

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RE: Impact Statement and Concerns Regarding Lighthouse Charter School of the Arts Application

Dear Mr. Machado and Members of the Charter School Advisory Board:

Please accept this letter on behalf of the Greene County Board of Education as an Impact Statement regarding the pending application of the Lighthouse Charter School of the Arts (“Lighthouse”). The Greene County Board of Education has a number of very serious concerns about this application and its proposal to operate a charter school located in Greene County. Those concerns are as follows:

I. The Capacity of the Lighthouse Charter Board

As you know, one of the most significant characteristics that affect the success or failure of a charter school is the strength of its board of directors, including the experience and expertise possessed by the board members who intend to govern and oversee operations. In this application, only five members are described. None of the five has ever served “on a board of a school district, another charter school, a non-public school or any not-for-profit corporation.” (see Application, Appendix H). No board member has experience or expertise in the field of education. (see Application, Appendix H). No board member has any experience or expertise in finance or business. (see Application, Appendix H). No board member has any experience or expertise in special education. (see Application, Appendix H). No board member has any experience or expertise in personnel or human resources. (see Application, Appendix H). The board members, while possessing good intentions, simply do not possess the capacity to govern a charter school with the multitude of issues that charter schools must confront, from educational to financial to personnel. Furthermore, having never sat on a governing board of any kind, it is unlikely the board members will be knowledgeable or skilled in boardsmanship, board operations, Roberts Rules of Order, Open Meetings Laws, and the ability to recognize and address conflicts of interest.

II. Torchlight Academy Schools, L.L.C. – Educational Management Organization (“EMO”)

It appears from the application that the board here will depend heavily on the EMO it has selected to manage the school, Torchlight Academy Schools, L.L.C.

Torchlight Academy Schools, L.L.C. (“T.A.S.”), however, is a fairly recently formed Educational Management Organization (created 2014) and is one of several corporations created by Donnie McQueen. Among others are Torchlight Global, Inc., and Global Education Resources, L.L.C. T.A.S. is listed as the registered agent for Lighthouse Charter Academy in the latter’s Articles of Incorporation on file with the Secretary of State’s office. Of the six applications currently pending review by the CSAB, four of the proposed charter schools likewise have T.A.S. listed as their registered agent: Beam Academy; New Generation Charter Academy; Lighthouse; and North Davidson Charter Academy. In all of these schools’ filings with the Secretary of State, the specified “principal office” for the corporation is 105 Star Street, Raleigh, North Carolina, the exact principal office listed in the Articles of Incorporation for T.A.S. While there is nothing inherently illegal or wrong in multiple filings of corporate documents such as these, the apparent active role that T.A.S. is having in the creation and filing of the corporate documents indicates an active interest on the part of T.A.S. to encourage these charter applicants and perhaps induce and incent communities to move toward charter schools based upon a strong reliance on the capabilities of this management company. Query whether these are charter school boards seeking a management company, or a management company seeking new charter schools to operate.

This year, there are 14 applications that have been submitted and six of these applications have a management relationship with T.A.S. Last year, likewise, T.A.S. was associated with several applications. T.A.S. currently operates Torchlight Academy in Raleigh and while it has realized some success in that operation, it does not otherwise appear to have any real track record. Given the fairly obvious weaknesses of the proposed board of Lighthouse Charter, it would be extremely risky to entrust the management of the school to an entity with an unknown track record.

In addition, as this Advisory Board is aware, the efforts of T.A.S. to manage the Essie MaeKiser Foxx Charter School (“Essie Mae”) were not successful, resulting in that Charter School’s decision to terminate its relationship with T.A.S. According to the documents submitted to the State Board of Education, Essie Mae Charter School was “not pleased with the quality of the management services” and cited “numerous contract breaches.” The documents noted the following issues with T.A.S.:

- Failure to account for expenditures or pay operating costs pursuant to established budget;
- Failure to follow agreed-upon procedures, rules, regulations, and policies;
- Failure to adhere to the curriculum adopted by the governing board; and
- General non-performance as agreed upon.

As a result of T.A.S.'s poor performance, Essie Mae Charter School faced a \$50,000 deficit that its governing board now has to rectify upon the termination of its management contract with T.A.S. The Charter School board is also suddenly faced with having to manage the school on its own and fill in significant gaps left by the loss of the management services on which it had relied. Notably, Essie Mae's enrollment has declined and its 2018-19 performance score was 31.

According to T.A.S.'s management agreement with Lighthouse, which agreement is almost identical to that between T.A.S. and Essie Mae, T.A.S. is to perform the following services on behalf of the Lighthouse Charter School:

1. Student recruitment and student admissions;
2. Student assessments, including testing, promotion, and retention;
3. The acquisition of instructional materials, equipment and supplies, and the administration of any and all extra-curricular and co-curricular activities and programs included in the Budget;
4. Employment of personnel working at the school and management of all personnel functions, as set forth herein;
5. All aspects of the School's business administration;
6. All aspects of the School's accounting operation, including general ledger management, financial and audit reporting, employee benefits, payroll, and tax compliance;
7. All aspects of food services;
8. All aspects of facilities acquisition, administration and maintenance; and
9. Student behavior management and discipline.

(See Appendix A4.1, EMO Contract). This list is consistent with the Organizational Chart found in Appendix G where T.A.S.'s duties include:

- Financial Services
- Federal Program Administration
- Facilities Management
- Transportation Services
- Child Nutrition Services
- Testing and Accountability
- Student Information
- Technology Support
- Human Resources

While the application recognizes and echoes the strict rule that it is the ultimate responsibility of the board of directors to operate the Charter School, it is also apparent that, here, the management company is to be entrusted with essentially all the primary functions and duties involved in the operation of the school - from financial and personnel to facility

management to the education and discipline of students. However, T.A.S. does not as of this time have a track record of successful management of a charter school (other than the original charter school started under Donnie and Cynthia McQueen's leadership: Torchlight Academy in Raleigh). To the contrary, T.A.S. was unsuccessful in its relationship with operating Essie Mae, which resulted in a large deficit and a charter board scrambling to fill huge gaps left when T.A.S. was no longer in the picture.

By stark contrast, in this case, the board members of Lighthouse, as demonstrated above, lack the experience and expertise necessary to effectively and successfully manage a charter school and will be largely, if not totally, dependent on the management company to operate the school. Dire consequences would ensue if T.A.S. cannot fulfill its contractual obligations and Lighthouse is forced to run the school on its own. The potential impact of a school in demise, students in limbo, and other possible failings, could seriously harm Greene County Schools and its educational efforts.

Yet another concern regarding T.A.S. is its seeming over-confidence in pursuing so many charter opportunities at one time. As mentioned earlier, T.A.S. appears to be an active, if not eager, participant in establishing the non-profit corporations behind four of the current charter applications. Yet nothing in these applications attempts to demonstrate the capacity of T.A.S. Other than Donnie and Cynthia McQueen, no staff are mentioned; nor is there mention of how these two individuals, who already run one charter school, intend to enlist the expertise of others to assist in the massive task associated with operating six additional charters. There is no reference in any of the applications to the actual means by which T.A.S. plans to perform the multitude of tasks it has agreed to undertake: finance, personnel, testing, extra-curricular activities, transportation, food services, student discipline, reporting, benefits, and payroll. Notably, no website exists for Torchlight Academy Schools, L.L.C., and hence no link on the Internet that allows one to assess its capacity, its services, its staffing. Thus, while the charter application is replete with inquiries and answers relevant to the Charter School's capacities, nothing exists anywhere to assess the capability of this management company in order to determine if it can perform the duties required of it.

The children, parents, and taxpayers of Greene County, and the State as a whole, deserve a thorough vetting of any entity proposing to operate a public charter school, including the proposed charter board and any management company agreeing to operate the school and make a profit at the same time.

Finally, there is one other instance where T.A.S. has involvement, albeit indirectly, in the operation of a charter school. Donnie McQueen, the founder and principal of T.A.S. is also now registered as a company official and registered agent of Global Education Resources, L.L.C. Global Education Resources, L.L.C. was chosen in June 2018 to assume the charter previously held by Heritage Collegiate Leadership Academy. As part of that assumption, Global Education Resources agreed to establish a new 501(c)(3) non-profit corporation to hold the charter and operate the assumed school, albeit with the assistance of

Global Education Resources as the EMO. That new charter school, Three Rivers Charter Academy, is currently a recurring low-performing charter school and suffers from decreased enrollment, notwithstanding the intervention of Global Education Resources and its principal member, Donnie McQueen.

It would seem prudent, if not necessary, to await further and successful results from charter schools that have management relationships with Torchlight Academy Schools, L.L.C. before approving this charter application.

III. Deficiencies in the Charter Application

A. Lack of Community Connections

As pointed out earlier, the capacity of the board seems lacking, but additionally, the board membership does not represent or reflect the Greene County community. As this Advisory Board is aware, an application was submitted last year that sought a charter school, also called “Lighthouse” and that application was submitted by a board similar to the one described in the current application. However, since it was noted during last year’s interview that not a single board member resided in Greene County, this application’s board has sought to remedy that deficiency by including one Greene County resident on the board in this cycle. Only one. Yet the application asserts on page 26 that “Our board’s strength is in its connections to the community. We are community-oriented people who grew up in or have lived in this area and have lifelong relationships among our community.”

Accordingly, we continue to have concerns about whether the proposed board truly represents the community in Greene County and can truly govern with an eye towards the needs of the community and its children. A five-member board with only one member who is a resident simply does not portend the sort of community connections and relationships that would allow a charter school to thrive.

Additionally, throughout the application, there are inconsistencies regarding whether the proposed school intends to draw students from Greene County alone; from Greene County, and Pitt and Wayne counties; or from Greene County and Pitt, Wayne, Lenoir, and Wilson Counties. The source of the school’s student population bears heavily on the ultimate impact this school will have on Greene County. For example, during the first year of operation, it proposes a student population of 220 in grades kindergarten through four. On page 8 of the application, the School notes “three targeted counties”- Greene, Pitt and Wayne. Again, on pages 19 and 20, these three counties are mentioned. On page 25, however, the application notes it will also draw from Wilson and Lenoir counties. While it is impossible to predict the exact source of all the students, the applicant is not even clear as to which counties it will target. Assuming all 220 students come from Greene County, Greene County Schools would suffer a very major and very negative impact.

B. No Evidence of Demand for Arts Education

There are numerous areas of the application lacking in substance and information. First, the application asserts on page 8 that, “[o]ur preliminary research indicates the demand for a school of the arts exceeds our capacity.” However, nowhere in the application is there any specific description of this so-called “research.” The Appendix contains one parent survey, date unknown, which simply asks whether the individual responding believed a charter school would expand choice and whether that individual supported the opening of a charter school. There is no reference to or mention of “the arts.” Greene County Schools already provides a full and flourishing arts curriculum and multiple arts offerings to its students. As is discussed in Section IV, the opening of a charter school devoted to the arts is hardly necessary in light of the availability of robust options currently to parents and children in Greene County.

C. Vague Transportation Plan

The transportation plan set forth in the application is vague and does not describe at all which students will have access to transportation and whether transportation will be available to students residing outside of Greene County. Transportation, especially in rural areas, can be a major obstacle to being able to attend a charter school. The application touts “free transportation” to “serve all students” on page 67, but the description on page 73 of the transportation plan is unclear as to whether transportation will be by bus, by carpool, or by both. Additionally, the plan does not specify whether all children have access to “free transportation.”

D. Unclear and Incomplete Student Discipline Policies

The student discipline section is likewise unclear and incomplete. The application requires the applicant to include “[a] preliminary list and definitions of the offenses which may result in suspension or expulsion of students.” Such a list is absent from this section of the application and the Appendix contains no Student Handbook, no Student Code of Conduct, and no Parent Handbook. This deficiency in the application would indicate a lack of anticipation and adequate planning in a very important area of charter school operations, especially in this age of bullying, harassment, inappropriate social media use, vaping, drug use, and school violence.

Perhaps even more important, at least to interested parents, is whether the School intends to utilize corporal punishment as a discipline tactic. There is reliable information in existence that Torchlight Academy in Raleigh does utilize corporal punishment as discipline, notwithstanding the growing aversion to and potential danger arising from that form of punishment. Certainly, interested parents, the community, and the public in general should be made aware if that particular disciplinary tactic is to be utilized at this proposed charter school.

E. No Evidence of Meaningful Consideration of Other Education Management Organizations

Yet another application response found lacking was the response to the question “What other EMO/CMOs were pursued and why did the applicant select this one?” While the applicant

claims to have “examined” the academic performance of charter schools managed by KIPP and National Heritage, there is no evidence that this Charter Board ever “considered” other management companies, no record of any correspondence with other companies, no record of this charter board having discussed other options, and no minutes referencing that the charter board has ever held a meeting. Given the fairly obvious participation of T.A.S. in setting up the non-profit corporation to run this charter school, it would seem highly unlikely that this Board considered any management company other than T.A.S.

F. Lack of Information about Facilities

Finally, the application is not very forthcoming about its proposed facility. While there is a basic description of the square footage, nothing is attached in the Appendix to describe the location, the layout or floorplan, or the areas surrounding the facility. Furthermore, there is nothing explaining the relationship between Kevan Sheppard, board chair, and “Sheppard Ministries,” although it appears from public records that Kevan Sheppard is the son of Zebedee Shepperd, president of Shepperd Ministries, Inc. The address given for the Charter School is 1458 US-258, Snow Hill, NC 28580, which is also the address of the “Victory & Dominion World Outreach Center,” a church, described as “a new-millennium ministry.” The minister of the church is “Apostle Zebedee Sheppard.” The church owns a new Family Life Center which is the site of the proposed Lighthouse School of the Arts.

Two issues stand out as a result of the proposed facility. The first issue concerns the use of a religious facility. The statutes permit such use, but very clearly state:

If a charter school leases space from a sectarian organization, the charter school classes and students shall be physically separated from any parochial students, and there shall be no religious artifacts, symbols, iconography, or materials on display in the charter school’s entrance, classrooms, or hallways. Furthermore, if a charter school leases space from a sectarian organization, the charter school shall not use the name of that organization in the name of the charter school.

N.C.G.S. 115C-218.35(a). This application’s vagueness concerning the actual facility it proposes to use prevents this Advisory Board from asking pertinent questions about the actual classrooms and other spaces being used for the Charter School. Interestingly, no pictures were included in the Appendix other than pictures of the gymnasium. This Advisory Board needs to have sufficient information to vet the applicant’s planned use of this religious facility, and needs to be assured that the applicant is aware of and will adhere to the statutory requirements.

The second issue regarding this particular facility is the failure of the application to reveal the relationship between the Board Chair of the proposed Charter School, Kevan Sheppard, and the President of Sheppard Ministries, Inc., Zebedee Sheppard, who is also the minister of the church that owns the facility and who happens to be his father. There are potential conflicts of interest involved in the rental of the proposed facility in this case and this Advisory Board needs sufficient information to allow it to ask pertinent questions of this applicant.

The lack of transparency about the facility to be used raises questions about the intentions of the applicant and whether the vagueness is deliberate or simply an oversight. In any event, questions need to be asked and answered in order that all transactions of the charter board will be beyond reproach.

The application here is deficient, vague, and sometimes misleading in its effort to paint a picture of capacity and competence. In the end, however, words will not create or maintain a successful charter school. This application is missing a number of key pieces and it is obvious that neither the board nor the EMO has done the background work or research, nor demonstrated the experience, track record, or expertise to open and operate a successful charter school.

IV. Impact on Greene County Schools

In explaining the educational program, Lighthouse Charter School asserts that it will “infuse” the arts and will utilize project-based learning. Since 2011, project-based, hands-on inquiry learning has been a cornerstone of teaching and learning in Greene County Schools (GCS). Lighthouse Charter will break no new ground in the area of project-based learning. Further, Greene County Schools currently enjoys robust arts curriculum in all of its schools and students of every age have access to music and visual arts. A community drama group (Kids Stage) also provides the opportunity for school-aged youth to participate in plays, musicals, and stage production.

Greene County Schools excels in many areas of innovation, teaching and pedagogy besides project-based learning. For example, in researching effective instructional models as part of the Leandro case, the Friday Institute for Educational Innovation has recognized Greene County Schools’ elementary literacy instruction as an effective model to be replicated. In addition, GCS hosts teacher academies during the summer to train teachers statewide on how to replicate our STEM instructional model. In August 2018, Greene County Schools was named one of the 25 most innovative school districts in the United States by the American Association of School Administrators (AASA), the Successful Practices Network (SPN), and Houghton Mifflin Harcourt (HMH). Regional employers continue to applaud GCS for student preparation and career readiness. In 2018, Greene County Middle School joined Greene Central High School by earning recognition by the NC State Board of Education as a STEM Model School of Distinction. Less than 30 NC schools statewide have earned this recognition since its inception in 2015. Former Governor McCrory, current Lt. Governor Forest, and current First Lady Kristen Cooper have visited and promoted GCMS and GCS as models for future-ready teaching and learning as have teams from other school districts, teams from NCDPI, and teams from the Friday Institute for Educational Innovation. Tremendous work has taken place to provide GCS students a high quality, relevant, educational experience that prepares them for success. GCS has a proven instructional model to deliver the NC Standard Course of Study. Greene County Schools’ model is anchored in evidence-based practices and supported by ongoing professional development and coaching. Teachers and district leaders collaborate to design and implement lessons that meet district criteria for success.

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The projected enrollment of 342 students in Year 5 represents 11.65% of Greene County Schools' enrollment. Using \$9,075.92 as the per pupil expenditure (\$8,513.18 state and \$1,192.74 local), 342 students would create a negative financial impact of \$3,319,424.64 - approximately 11.68% of GCS's annual budget. This impact would be devastating, particularly in a small, poor, rural school system. The resulting impact on programs and personnel would impact and undercut all programs and services to students and the community.

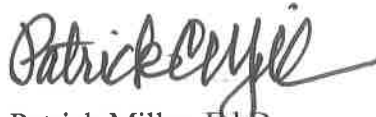
V. Conclusion

Greene County is a small, rural, low-wealth district with already declining enrollment. The opening of this, or any charter school, would have a significant negative impact on the school system's budget and its ability to adequately serve its students and provide a quality learning experience. In addition, the weaknesses of this proposed charter board of directors coupled with the unpredictable partnership with an unproven management company render the success of this Charter School unlikely. Charter schools that open and then are forced to close inflict serious consequences on the community and on the students whose education gets disrupted or even interrupted, as well as the school system which would lose and then have to re-absorb those students. Finally, this application has numerous inconsistencies and deficiencies, again demonstrating the lack of capacity of this board as well as the EMO.

There are too many unknowns in this application, and the knowns that are present do not point to success for this charter applicant, or for the Greene County community as a whole.

The Greene County Board of Education urges this Advisory Board to deny this application. Please feel free to contact me with any further questions or concerns.

Sincerely yours,

A handwritten signature in black ink that reads "Patrick Miller". The signature is written in a cursive style with a long horizontal stroke at the end.

Patrick Miller, Ed.D.
Superintendent Greene County Schools

PM/scb