

**Minutes of the
North Carolina Charter School Advisory Board
Education Building
301 N. Wilmington Street
Raleigh, NC 27601-2825
March 7, 2016**

Attendance/NCCSAB	Alan Hawkes Joseph Maimone (absent) Phyllis Gibbs Sherry Reeves Mike McLaughlin Cheryl Turner Hilda Parlér	Alex Quigley Eric Sanchez Tammi Sutton Becky Taylor Tony Helton Steven Walker
Attendance/SBE/DPI	<i>Office of Charter Schools</i> Adam Levinson, Interim Director Lisa Swinson, Consultant Deanna Townsend-Smith, Lead Consultant Kebbler Williams, Consultant Cande Honeycutt, Consultant	<i>Attorney General's Office</i> Laura Crumpler <i>SBE</i> Martez Hill Katie Cornetto

CALL TO ORDER

The North Carolina Charter School Advisory Board (CSAB) meeting was called to order at 8:30 am by the Chair, Mr. Alex Quigley, who then read the Ethics Statement and CSAB Mission Statement. Mr. Steven Walker led the Pledge of Allegiance. Ms. Hilda Parlér recused herself from any discussion related to Rolesville Charter Academy.

Mr. Walker requested an amendment to the February minutes to reflect a 9-0 vote for Johnston Academy instead of 9-1. He made a motion to approve the February meeting minutes. Ms. Cheryl Turner seconded. **The motion carried unanimously.**

PERFORMANCE COMMITTEE

NC Charter School Application

Dr. Deanna Townsend Smith provided an overview of the application process and then proposed changes to the application. She stated that the application review was the most important phase in the application process and was the start of quality. She noted that 7 out of 14 schools had closed since 2014 which included two relinquishments and five in the first year of operation. She added that a spreadsheet with the school's name, reason for closure and closure dates were listed on the Office of Charter School's website.

- Ms. Turner asked for clarification on challenges to the application review process. Dr. Townsend-Smith explained that there was an application group that thought there were some inconsistencies with how the application was rated. Offline comments about the decision conflicted with the rating which challenged the process.
- Mr. Hawkes stated that staff needed to be more consumer friendly to applicants. Dr. Townsend-Smith replied that all correspondences to applicants were timely and all electronic communications were saved in case they needed to be referenced in the future. Mr. Quigley added there were outlines and deadlines to the process and it was important for applicants to meet those expectations.
- Mr. Adam Levinson commented that there was nothing wrong with the review process but the weight of a decision to approve an application was huge. Once a school is approved, it is almost impossible to close it.
- Mr. Sanchez suggested that there be a more comprehensive process for making a determination about whether an interview receives a pass or fail and using a scoring method that gives detail.
- Mr. Helton suggested gathering information from other states and comparing it to how NC conducts its application process. Dr. Townsend-Smith informed the board that she did research with other states and focused on Arizona as it was similar to NC.
- Mr. Walker stated that the goal section of the application could be slimmed down but not taken out. He also suggested that applicants be given a word limit when they submit clarification. Ms. Turner added further suggestion that the applicant groups choose the questions that will clarify.
- Dr. Townsend-Smith explained that although the interview was a quality measure, it hadn't been receiving the same weight as the application.
- Ms. Parlér suggested that there be a delay after the interview before making a decision so that CSAB members would have some time to process before making a decision. Mr. Helton added that he would like to score the interview but is not sure of how the information would be used.

Mr. Quigley responded that a score would help the CSAB make smarter decisions and there would be data.

- Mr. Sanchez stated that there need to be more science behind the decisions that are made.
- Ms. Parlér commented about her experience with the interview process and she felt informed when her application was reviewed by a subcommittee. Mr. Levinson stated that subcommittees feel less transparent and he cautioned the CSAB from taking it from the spot light of a full board review. He cautioned the group from complicating the process because there is not a lot of staff and the committees may not have proper support.
- Mr. Quigley noted that the Performance Committee would meet prior to the April meeting to discuss amendments recommendations to the full CSAB.

POLICY COMMITTEE

Mr. Walker led a discussion about charter schools gaining access to a reporting system to be able to accurately report economically disadvantaged student information.

- Mr. Levinson informed the CSAB that Mr. Carl Pond had been in conversation with The Department of Health and Human Services in regards to gaining access to the reporting system. A verbal agreement was established.
- **Mr. Walker made a motion to recommend that the SBE include in its legislature agenda an item that would amend 115C-218.5E (grade expansion and enrollment increase legislature) to allow SBE for good cause to waive any of the five requirements for enrollment increase. Ms. Reeves seconded. The motion carried unanimously.**

INFORMATION AGENDA

- Mr. Quigley introduced Ms. Shaunda Cooper, a newly hired education consultant in the Office of Charter Schools.
- Dr. Townsend-Smith provided an overview of the March SBE meeting.
- Mr. Tony Helton inquired about the Charter School Start-up Grant. Mr. Levinson replied that the next step was to set-up a meeting to discuss the logistics. Then, CSAB would provide input to include in the grant program. The plan is to submit an application by June.

CHARTER APPLICATION PROCESS UPDATE

Dr. Townsend-Smith provided an update of the charter application process. She explained that the CSAB had recommended nine applications, not recommended eight application, one was undecided and one withdrew.

Ms. Tammi Sutton joined the meeting at 12:20 pm.

CHARTER APPLICATION INTERVIEWS

Forsyth Preparatory Academy

Ms. Reeves stated that the educational model lacked clarity as numerous buzz words were used and there was no clarity provided during the interview. Ms. Tammy Sutton added that there was a lack of vision and that was concerning with the large enrollment numbers that the school was projecting. Mr. Sanchez outlined that the context given for the goals were concerning and stating that the school would be “lucky” if it did not have a high number of economically disadvantaged students was somewhat offensive. **Mr. Sanchez made a motion to recommend that the SBE not forward the application to Ready to Open Status. Ms. Sutton seconded.** Mr. Hawkes questioned the reasons for not moving the applicant group forward. Mr. Sanchez provided a broad overview from all comments offered by the CSAB members. Mr. Quigley outlined that the education plan was not clear and the interview did not provide clarity. Mr. Mike McLaughlin stated that the primary reasons charters fail are due to finances and the financial plan in the application was concerning. Mr. Sanchez questioned Mr. Hawkes on what was compelling about the application. No response was given. **The motion carried 9-1 with Mr. Hawkes dissenting.**

Francis Classical School

Ms. Donna Rascoe, attorney representing Francis Classical School, explained that the members of the board were not present because they identified a conflict of interest with Les Stein, an external reviewer. Ms. Rascoe stated that members of the board identified Mr. Stein as being a disgruntled employee.

At 1:50 pm, Mr. Quigley made a motion to go into closed session to consult with the lawyers on attorney-client privileged matters. Mr. Walker seconded. The motion was unanimously approved. At 2:05 pm, Mr. Walker made a motion to go out of closed session. Ms. Hawkes seconded. The motion carried unanimously.

Mr. Quigley stated that there were many areas of the application that had received fails from all except from one external reviewer, Mr. Stein. Mr. McLaughlin noted that the attendance goals outlined in the application were concerning. Mr. Walker expressed that there was adequate notice given to the applicants and the decision on the application would be based on the application. **Mr. Walker made a motion to recommend that the SBE not to move forward Francis Classical School to the Ready to Open process. Ms. Gibbs seconded. The motion carried unanimously.**

Rolesville Charter Academy

Mr. Walker highlighted the applicant's transportation plan. He additionally supported the need for the school given the expanding population in the Rolesville area. Mr. Sanchez stated the demographics of some subgroups in some The National Heritage Academies schools was concerning especially if there is no true intent to market to particular groups. **Ms. Gibbs made a motion to recommend that the SBE forward Rolesville Charter Academy to the Ready to Open process. Ms. Reeves seconded. The motion carried unanimously. The motion carried 9-0 with Ms. Parler abstaining.**

The meeting adjourned at 3:36 pm.

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March 8, 2016**

Attendance/NCCSAB	Alan Hawkes Joseph Maimone (Call-in) Phyllis Gibbs Sherry Reeves Mike McLaughlin Cheryl Turner Hilda Parlér	Alex Quigley Eric Sanchez Tammi Sutton Becky Taylor Tony Helton Steven Walker
Attendance/SBE/DPI	<i>Office of Charter Schools</i> Adam Levinson, Interim Director Lisa Swinson, Consultant Deanna Townsend-Smith, Lead Consultant Kebbler Williams, Consultant Cande Honeycutt, Consultant	<i>Attorney General's Office</i> Laura Crumpler <i>SBE</i> Martez Hill Katie Cornetto

CALL TO ORDER

The North Carolina Charter School Advisory Board (CSAB) meeting was called to order at 8:30 am by the Chair, Mr. Alex Quigley, who then read the Ethics Statement and CSAB Mission Statement. Mr. Hawkes led the Pledge of Allegiance.

Mr. Quigley reminded the CSAB members needed to file an Annual Statement of Economic Interest with the North Carolina Ethics Commission by April 15, 2016.

CHARTER COMPLIANCE UPDATES

Guilford Preparatory Academy

- Ms. Alexis Schauss explained that Guilford Preparatory Academy was placed on Disciplinary Status in 2013 due to a sudden and severe negative financial change that was reported in their financial statements. A three year plan was developed with SBE with stipulations that the school

had to meet. Although the school reduced their deficit by 80%, they fell short of the SBE stipulations and now receive monthly allotments.

- Mr. Hawkes inquired about the school's current enrollment. Ms. Robin Buckrham, principal of Guilford Preparatory, replied that there were currently 245 students enrolled and the school was presently in the positive \$51,000.
- Mr. Walker inquired about the number of board members and reminded the board that they should not go into closed session to discuss the budget. He encouraged them to add additional board members so that they would be at five.
- Mr. Sanchez asked what lessons had the board learned throughout the process of working through the SBE plan. Mr. Alton Woods, board chair, replied that the school was top heavy and the board realized that the funds should have been focused on the teachers and classrooms. He further added that the school was a year behind meeting the stipulations and requested that they be amended.
- Mr. Maimone replied that it looked as if the board was close to meeting the stipulation and that they should continue to press really hard to get to the figure outlined in the stipulations.
- Mr. Quigley stated it was a firm recommendation that the board increase to five members and that they should continue to work towards meeting the stipulations. No formal recommendation was made.

Invest Collegiate

- Ms. Schauss explained that Invest Collegiate had a negative fund balance and their expenditures exceeded revenue. Student enrolment dropped from 792 to 614.
- Dr. Thomas Miller explained that the school was approved to serve grades K-12 but the board decided not to add the high school and enrollment decreased. The school has a unique calendar and many student from grades K-2 left during the winter break. Marketing was ramped and the school gained 200 students. The goal for the school's finances is to only spend money that will results in student achievement and to have 825 students enrolled for the upcoming school year.
- Mr. Sanchez inquired about the lease. Dr. Miller replied that the lease was \$96,000 per month and the board was in the process of negotiating the terms of the lease, as well as, the monthly lease payment.
- **Ms. Turner made a recommendation that Invest Collegiate appear before the CSAB in October with their preliminary audit. Ms. Parlér seconded. The motion carried unanimously.**
- Mr. Quigley noted that the CSAB had recently approved two schools that the former board chair of Invest Collegiate authored. Mr. Hawkes added the CSAB should have done more research on the schools before approving them.

ZECA School of the Arts and Technology

- Ms. Schauss explained that ZECA was placed on disciplinary status due to the financial concerns reported in their financial audit. The audit showed a going concern and a fund balance deficit of \$41,093. The school has a 23% withdrawal rate.
- Mr. Walker asked the executive director, Ms. Stacey Howard, to provide an explanation of the school's finances. Ms. Howard replied that during the first year of the school's operation they were on track to have adequate facilities but it fell through two months before school opened. Currently, the school is located in two buildings which are approximately 15-20 minutes apart. The lease amount at the church is large and the board is in the process of negotiating a new lease agreement which would include additional classrooms to accommodate an increase in enrollment. The board is anticipating a positive fund balance at the end of the school year.
- Ms. Sutton asked for more details related to facilities. Ms. Howard replied that the plan was to work with the church so that they could follow through with the city requirements for using the building. The city manager has suggested another church that was previously a private K-12. However, this church is not located near the current facility.
- Mr. Helton suggested that the school return in April to present and discuss its full budget. Mr. Quigley added that they should present a detailed plan to increase enrollment and student achievement. This information should be submitted to OCS by April 4. No formal recommendation was made.

Children's Village

- Ms. Schauss explained that Children's Village was operating under a three year financial plan that was approved by the SBE. In May 2014, School Business moved Children's Village from Disciplinary status to Cautionary status. In January 2015, they were elevated back to disciplinary status and monthly allotments because of a negative fund balance and a decrease in average daily membership. A review in January 2016 evidences that the school's financial situation has improved. However, the school did not meet the SBE stipulation to have a minimum of 220 Average Daily Membership (ADM).
- Ms. Evelyn McLawhorn, board chair, explained that the board made reductions to increase the fund balance.
- Mr. Quigley stated that since the school is currently in their renewal cycle, a recommendation would be determined during the renewal discussion. No formal recommendation was made.

Success Institute

- Dr. Lynn Harvey explained that Success Institute chose to enter with a third party vendor that her office did not recommend. Once this issue was communicated to the school, the concern was addressed and resolved in February 2016.

- Ms. Schauss explained that the school relocated and had low student enrollment.
- Ms. Teena Williams, principal, explained that the charter was written for the enrollment maximum to be 100 students.
- Mr. Quigley recommended that the school board focus on their budget and continue to work on enrollment. No formal recommendation was made.

Charlotte Choice

- Ms. Schauss explained that Charlotte Choice's audited financial statements for the fiscal year ended June 30, 2015 and included a significant deficiency finding because the school's tax-exempt status was revoked during the year because IRS Form 990 had not been filed. The school was placed on probationary status until evidence was provided of reinstatement of its tax-exempt status.
- Ms. Linda Cruz, board chair, stated that the school experienced an enrollment decline because of parent dissatisfaction. The principal had been on leave because of personal reasons and the board was awaiting a resignation or he would be terminated by March 9. The school was late filing its IRS Form 990 because the board was not aware that it needed to be filed. The auditors filed the forms late the last three years. Mr. Walker requested that the board provide the CSAB with a copy of the filed 990s. Ms. Cruz responded that the documentation would be sent to OCS. The board is currently interviewing for a new auditing firm.
- Ms. Turner asked who would be running the school in the absence of the principal. Ms. Cruz replied that she was going to fill that position so that the board could find a qualified administrator at the conclusion of the school year.
- Mr. Quigley stated the school has had declining enrollment, issues with its 501C3 status and leadership transition. He requested that the school provide a written plan for school leadership and evidence that the 990s were submitted and appear before the CSAB in April.

Charlotte Learning Academy

- Ms. Schauss explained that the school had a going concern, a fund deficit of \$188,577 and a negative capital balance of approximately \$220,000. The school had 55 withdrawals during the school year and has an ADM of 216.
- Mr. Bruce Edwards, vice chairman, stated that the board attended the DPI trainings and met regularly to discuss student enrollment. The investor who stated he would finance the facility walked out at the last minute. The board parted ways with its consultant, Prestige. The staff reduced salaries and decided to focus on its students.
- Mr. Quigley asked for an explanation of the school's budget. The school currently has 190 students and there was a large number of withdrawals throughout the school year because of the school's culture. The budget reflects a \$290,000 surplus. The loan and debt from Prestige are

not reflected because Arcadia stated they could not be included on the budget sheet. The school expects an \$125,000 surplus that pays off all debt from the previous school year. The school currently has \$180,000 in the bank.

- Ms. Schauss added that the debts that they have to pay is concerning for a school their size. It is also concerning that the school has a going concern. She predicted that it would be hard to see how they could get out of the financial situation within a year without damaging the academics.
- Mr. Quigley stated that the CSAB would review the school's audit in the Fall.

PROPOSED APPLICATION REVISIONS

- Mr. Quigley stated that the CSAB proposed the following application changes:
 - Update the timeline and process.
 - Update the criminal background checks.
 - Add weighted lottery in which the applicants would explain their process for conducting a weighted lottery.
 - Adjust the clarification process in being more direct in what applicant will respond to no more than two questions with a limit of 150 words. The applicants will choose the questions that they will respond to.
 - Add an alternative school designation.
 - Add a checkbox in which the applicants acknowledge that they must complete the Ready to Open process. A more formal letter will be provided for all board members will sign after SBE approval.
 - Evaluations can begin immediately and the completeness check will be apart of initial review.
 - The application rounds will be combined.
- Mr. Quigley stated that the Performance Subcommittee would meet from 10:00 am-12:00 pm on April 11 prior to the full CSAB meeting for a work session to discuss additional application revisions. Mr. Levinson suggested that the subcommittee begin working prior to the meeting. Mr. Maimone stated that he would like to have a shared document prior to the meeting.
- **Mr. Quigley made a motion to accept the changes to the application. Mr. Walker seconded. The motion carried unanimously.**

PLANNING FOR APRIL

- Mr. Quigley stated that on the morning of April 11 the Performance Subcommittee will be meeting to discuss changes to the application and in the afternoon committee discussions and school compliance interviews would occur. On April 12, the last round of application interviews would be held.
- Mr. Sanchez requested that OCS provide a one-page data summary for schools when they appear before the CSAB.