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Katrina M. Johantgen

March 16, 2018

Dustin Kerns, Business Manager
Imagine Schools at Imperial Valley
1150 N. Imperial Avenue
El Centro, CA 92243

Dear Dustin Kerns:

Thank you for your interest in the Charter School Facility Grant Program (Program). Representatives from El Centro Elementary provided certification stating that Imagine Schools at Imperial Valley (CDS 13631230121855) is not in good standing. For this reason, Imagine Schools at Imperial Valley is ineligible to receive the 2017-18 2nd and True-up apportionments – see attached form for your reference.

Pursuant to Section 10170.3(f) of Program regulations, a charter school is eligible for a grant if the charter school is in "good standing with its chartering authority and is in compliance with the terms of its charter at the time of application submission, and without interruption throughout the term of the grant."

The school shall have 30 days in which to cure this status with your chartering authority. CSFA is unable to intervene with any issues between charter schools and their chartering authorities. If Imagine Schools at Imperial Valley is able to restore its status to good standing, it will once again be eligible to receive the 2017-18 2nd and True-up apportionments provided it meets all other eligibility requirements.

Should you have any questions or need additional information, please feel free to contact Ian Davis at (916) 651-7712 or Anne Osborne at (916) 651-7716.

Sincerely,


Katrina Johantgen



June 25, 2018

California School Finance Authority
Ms. Katrina Johantgen
915 Capitol Mall, Ste. 101
Sacramento CA 95814

Dear Ms. Johantgen:

We are writing to request your help in releasing funds through the Charter School Facility Grant Program. Here is some background:

- Imagine Schools applied for funding through the Program from the California School Finance Authority (CSFA) in June 2017 and received the first installment in December 2017.
- Our charter school was up for a 5-year renewal for 2018-2023 term and we had submitted our application for renewal to the El Centro Elementary School District (ECESD) in October 2017.
- At that time, and through today, we are in compliance and in good standing with ECESD, and have not been notified of any change of status.

We were informed by your letter in March that we were no longer eligible to receive funding. Superintendent Jon LeDoux had indicated that ISIV was non-compliant and not in good standing and provided "board denied renewal petition" as the explanation.

ECESD has never contacted ISIV to tell them they are not in compliance or not in good standing. The reason they listed (denial of renewal) pertain to the coming year and does not reflect our current school year.

We contacted Ian Davis, as directed in the letter, to clarify our concern and he instructed us to reach out to the District, explaining that this is a common misunderstanding by districts. Per CSFA, non-renewal of charter does not affect the current year's standing, unless non-compliance or not being in good standing are the grounds for denial of renewal. In this case, they are not.

Imagine Schools at Imperial Valley
1150 Imperial Ave., El Centro, CA 92243
Ph. 760-592-7250 Fx. 760-592-7251

We attempted to clear up this misunderstanding. Monte Lange sent an email to Superintendent LeDoux on April 12. Mr. LeDoux responded by claiming that he filled out the form the way he was instructed to by CSFA and that he would look into it and get back to us soon. (Please see attached email.)

Unfortunately, subsequent attempts to work with the District were unsuccessful. We have asked to see any indication that we are not in compliance or not in good standing and no one has responded to our request. Mr. LeDoux refuses to return phone calls.

We recently contacted Ian again to confirm ECESD's unwillingness to correct the form and asked what else we could do; we were instructed to send an appeal letter.

After denying our charter renewal, without any notification or follow up questions, or indicating in any way that our school was not fulfilling its charter, the ECESD Superintendent is continuing to be spiteful. This is a petty malicious attempt to further damage Imagine Schools by cutting off the state funding which is critical to staying open during the summer and securing the school site for the Fall while we are going through the appeal process with the State board.

We are asking for you to look into this matter further, to request that ECESD prove their claim on non-compliance or "not in good standing" instead of just taking the form's content at face value. Please help us receive fairness in this matter, and complete the funding that we budgeted for, and qualified for, this past year.

I am happy to answer any questions you may have. Please feel free to call me at (760) 222-2413.

Sincerely,



Dr. Grace Jimenez
Principal

Imagine Schools at Imperial Valley
1150 Imperial Ave., El Centro, CA 92243
Ph. 760-592-7250 Fx. 760-592-7251

El Centro Elementary School District



*Reaching For
Excellence*

GOVERNING BOARD: PATRICIA DUNNAM CHUCK FISHER GEORGE McFADDIN MICHAEL MINNIX FRANCES A. TERRAZAS

DISTRICT ADMINISTRATION: JON LeDOUX, SUPERINTENDENT RUBEN CASTRO, ASSOCIATE SUPERINTENDENT KRISTY CURRY, ASSISTANT SUPERINTENDENT

July 27, 2018

Linda Sawin
California School Finance Authority
300 S. Spring Street, Suite 8500
Los Angeles, CA 90013

Re: Imagine Schools at Imperial Valley
Certification of Good Standing

Dear Ms. Sawin:

We send this correspondence to provide your office with further information as to Imagine Schools at Imperial Valley's ("ISIV") standing with its authorizer, the El Centro Elementary School District ("District"). The District continues to believe it accurately responded to the inquiry from your office regarding ISIV's standing, and ISIV remains not in good standing with the District to date. ISIV also no longer has an active charter, as it was not renewed by the District's governing board and expired by its own terms of June 30, 2018. Finally, and as explained further herein, the facilities arrangement for which ISIV is now seeking Public Charter School Grant funding is one of the bases for denial.

On January 31, 2018, the District denied ISIV's renewal petition because it had not complied with the Charter Schools Act over the prior term, and neither did its renewal petition. The District Board's findings were grave and substantial, and included:

- ISIV did not meet academic performance criteria necessary for renewal.
- Petitioners operated ISIV in a state of operational chaos with high turnover.
- ISIV does not currently employ teachers with credentials required by law to serve English Learners.
- ISIV contracts with Imagine School's parent company in Virginia under grossly inflated contracts that are fraught with conflicts of interest, including the facilities arrangement characterized as a "lease" and entered into by financially interested parties.

(See District Staff Report, dated January 31, 2018, attached as **Exhibit 1.**)

ISIV appealed the District's decision to the Imperial County Board of Education ("ICBOE"), and the ICBOE did not take action on the appeal. ISIV subsequently appealed to the State Board of Education ("SBE"), and the SBE will hear the appeal on September 6-7, 2018.

On April 18, 2018, the Imperial County Office of Education and the Fiscal Crisis Management Assistance Team ("FCMAT") entered into an agreement for FCMAT to perform an extraordinary audit of ISIV, based on belief that fraud, misappropriation of funds, or other illegal fiscal practices may have occurred at ISIV that merit examination. The extraordinary audit is currently pending and we expect FCMAT to publish its findings soon. (See FCMAT Agreement, dated April 18, 2018, attached as **Exhibit 2.**)

ISIV's existing charter expired on June 30, 2018. Prior to its expiration, on May 3, 2018, the Charter Schools Division of the California Department of Education ("CDE") informed ISIV, by email, of the following:

The Imagine Schools at Imperial Valley is not authorized to provide instructional services for the 2018-2019 school year, since the charter term will be expiring as of June 30, 2018. The Imagine Schools at Imperial Valley will need to begin closure procedures.

On May 7, 2018, the District sent ISIV a letter requesting ISIV to initiate closure procedures as requested by the CDE. ISIV has not done so to date and, instead, actively solicits students to enroll for the 2018-2019 school year, despite not currently having a charter to lawfully provide educational services. ISIV's actions include:

- ISIV currently displays a large sign outside of its facility stating, "NOW ENROLLING."
- ISIV's website provides an enrollment process and states on its homepage, "2018-2019 School Year, Start the Enrollment Process Today!"
- On May 1, 2018, ISIV changed its cover photo on Facebook to state, "Pre-enroll now for the 2018-2019 school year." The cover photo remains published on the ISIV Facebook page today.
- On May 21, 2018, ISIV posted on its Facebook page: "Attention Families! Our Kindergarten teachers will be available to offer school tours, as well as program and Kinder curriculum information on these dates. These Kindergarten Round-Ups are for parents interested in learning more about our school who have children that will enroll in Kindergarten next school year. We encourage you to attend and become a part of our Imagine family! Please share!"
- On June 5, 2018, ISIV sent a letter to ISIV Parents and Families describing the SBE appeal and stated, "We have more than 70% enrollment for the 2018-2019 school year."

(See ISIV Continuing Enrollment Evidence, attached as **Exhibit 3.**)

Recipient charter schools may only receive Charter School Facility Grant Program disbursements, if they are in good standing with their chartering authority and operate in compliance with the terms of the charter and the Charter Schools Act. ISIV is not in good standing with its authorizer for the reasons stated herein, and it does not have an active charter to lawfully provide educational services or obtain education grant funding.

Linda Sawin – July 27, 2018 – Page 3

If you have any further questions, please do not hesitate to contact me.

Sincerely,



Jon LeDoux
Superintendent
El Centro Elementary School District

Enclosures:

Exhibit 1 - District Staff Report, dated January 31, 2018

Exhibit 2 - FCMAT Agreement, dated April 18, 2018

Exhibit 3 - ISIV Continuing Enrollment Evidence

EXHIBIT 1

El Centro Elementary School District

January 31, 2018

STAFF REPORT

Petition to Renew Imagine School at Imperial Valley

I. BACKGROUND

Imagine Schools at Imperial Valley ("ISIV" or "Charter School") submitted a renewal petition ("Petition") to the El Centro Elementary School District ("District") to renew its charter for a five year term. The Petition was formally accepted by the District Board at its November 14, 2017 meeting. Pursuant to Education Code section 47605, subdivision (b), on December 12, 2017, within 30 days of receiving the Petition, the Board held a public hearing on the provisions of the charter, at which time the Board "consider[ed] the level of support for the petition by teachers employed by the district, other employees of the district, and parents." Education Code section 47605, subdivision (b) requires the Board to "either grant or deny the charter within 60 days of the receipt of the petition" or obtain a 30 day extension in writing. On Wednesday, November 8, 2017, the District requested a 30 day extension of the review timeline in writing and ISIV agreed so long as the District Board decided the Petition on or before January 31, 2018. The District's board meeting to decide whether to approve or deny the charter petition is on January 31, 2018.

If the District grants the Petition, the Charter School is renewed for a five year term from July 1, 2018 through June 30, 2023 and the District remains its oversight authority. If the District denies the Petition, Petitioners may appeal the denial to the Imperial County Board of Education ("ICBOE"). (Ed. Code, §§ 47607, subd. (a)(2), 47605, subd. (j)(1). If ICBOE grants the Petition, ICBOE becomes the authorizer and supervisory agency over the Charter School. If ICBOE denies the Petition, then Petitioners may appeal to the State Board of Education ("SBE"). (Ed. Code, § 47605, subd. (j)(1).) If SBE denies the Petition, the District's decision becomes final and is subject to judicial review. (*Ibid.*)

II. STANDARD FOR REVIEW OF CHARTER PETITION

Education Code section 47605, subdivision (b), sets forth the following guidelines for governing boards to consider in reviewing charter petitions:

- The chartering authority shall be guided by the intent of the Legislature that charter schools are, and should become, an integral part of the California educational system and that establishment of charter schools should be encouraged.
- A school district governing board shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice.
- The governing board of the school district shall not deny a petition for the establishment of a charter school unless it makes written factual findings, specific to the particular petition, setting forth specific facts to support one or more of the following findings:

- (1) *The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.*
- (2) *The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.*
- (3) *The petition does not contain the number of signatures required by statute.*
- (4) *The petition does not contain an affirmation of each of the conditions required by statute.*
- (5) *The petition does not contain reasonably comprehensive descriptions of the required elements of a charter petition.*
- (6) *The petition does not contain a declaration of whether or not the charter school shall be deemed the exclusive public employer of the employees of the charter school for purposes of Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code.*

In addition to the above considerations, the review and analysis of the Petition was also guided by the regulations promulgated by the SBE for the SBE's evaluation of charter petitions (Cal. Code Regs, tit. 5, § 11967.5, et seq. ("Regulations").

Education Code section 47607 sets for the standards for renewal. It provides to be renewed:

The entity that granted the charter determines that the academic performance of the charter school is at least equal to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school. (Ed. Code, § 47607.)

Petitioners must demonstrate this finding through documented and clear and convincing pupil assessment data from assessments for demographically similar pupil populations in the comparison schools. (Ed. Code, § 47607, subd. (b)(4)(B).)

The regulations governing renewals, in relevant part, provide:

When considering a petition for renewal, the district governing board shall consider the past performance of the schools academics, finances, and operation in evaluating the likelihood of future success, along with future plans for improvement if any.

The district governing board may deny a petition for renewal of a charter school only if the district governing board makes written factual findings, specific to the particular petition, setting forth specific facts to support one or more of the grounds for denial set forth in Education Code section 47605(b) or facts to support a failure to meet one of the criteria set forth in Education Code section 47607(b).

Accordingly, unless the Board acts to deny the Petition, it will automatically be renewed. The Board must also consider increases in pupil academic achievement for all groups of pupils served by the charter school as the most important factor in determining whether to grant a charter renewal. (Ed. Code, § 47607, subd. (a)(3)(A).)

III. REVIEW TEAM

The Petition was thoroughly reviewed by a team of District staff members and District legal counsel who each reviewed the Petition, or sections thereof, as relevant to their area of expertise ("Review Team"). The Review Team also requested additional documentation and information from Petitioners throughout the review process as many parts of the renewal petition were incomplete or unclear in material ways. While Petitioners made efforts to be responsive, at the time of finalizing this report they were not able to provide complete information responsive to the requests and questions regarding governance and teacher credentialing and assignment, budget and fiscal issues. This lack of responsive information hindered staff's ability to make findings and ensure accuracy. The Review Team notes at the outset any inaccuracy herein is due to such confusion and lack of clarity among the renewal petition and its attachments, other information not provided or not clarified, and inconsistencies with the Petition.

IV. RECOMMENDATION

The options before the Board with regard to the Petition are as follows: (1) Approve the Petition subject to conditions; (2) approve the Petition as is; or (3) deny the Petition. Staff does not recommend any form of approval whether conditioned or not. This recommendation is based on the very poor academic performance of the charter school, as well as serious violations of law and its current charter with regard to governance and operations generally. The charter school has demonstrated a difficulty in the last term in operating in compliance with its approved charter and applicable laws, and in providing information about its operations necessary for oversight to the District. Such information should be readily available and easily provided.

Based upon a comprehensive review and analysis of the Petition by the Review Team, **DENIAL** of the Petition is recommended.

The recommendation of denial is based on the following conclusions:

- **The Petition does not meet the academic renewal criteria required for renewal petitions.**
- **The Petitioners are demonstrably unlikely to successfully implement the program presented in the Petition.**
- **The Petition fails to provide a reasonably comprehensive description of all required elements of a charter petition.**
- **The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.**

Should the Board wish to consider a conditional approval, it should only approve the Petition subject to Petitioners entering into a revised MOU to address the violations and concerns identified by staff in this Review. Should Petitioners not address the concerns to Staff's

satisfaction prior to the start of the next term, this Report should be adopted as findings in support of denial should Petitioners fail to meet any conditions of approval.

For purposes of this Staff Report, note that factual findings regarding the most significant areas of concern with the Petition are described below. This Report *does not exhaustively list every concern, error, omission or deficiency in the Petition*, but focuses on those believed to most greatly impact the Board's decision on whether to grant or deny the Petition. Each finding in the Report, on its own, is sufficient for denial of the ISIV Petition, yet each finding need not be adopted in order to warrant denial of the Petition. Should the Board take action to conditionally renew the Petition, it may adopt these findings as required conditions for amendment to the Petition, along with any conditions it imposes during its vote to conditionally approve the Petition. Should the Board take action to deny the Petition, it shall adopt this Report as the written factual findings required to support its denial of the Petition.

V. FINDINGS IN SUPPORT OF DENIAL

Review and analysis of the Petition resulted in the following findings:

A. The Petition Does Not Meet the Academic Renewal Criteria. (Ed. Code, § 47607 subd. (b).)

The Review Team recommends that the Petition be denied on the grounds that the Petition does not meet the renewal criteria of Education Code section 47607, subdivision (b). Increases in pupil academic achievement for all groups of pupils served by the charter school is the most important factor the Board must consider in determining whether to grant a charter renewal. (Ed. Code, § 47607, subd. (c)(2).) Only one remains applicable since the change to federal and state accountability systems, the one ISIV proposes it meets. Charter schools must satisfy one of the following:

The entity that granted the charter determines that the academic performance of the charter school is at least equal to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school. (Ed. Code, § 47607.)

Petitioners must demonstrate this finding through documented and clear and convincing pupil assessment data from assessments for demographically similar pupil populations in the comparison schools. (Ed. Code, § 47607, subd. (b)(4)(B).) Petitioners have not met academic performance levels, and ISIV is not eligible for renewal due to such failure.

ISIV is not performing equally or better than the public schools its students would otherwise attend. ISIV scored below a vast majority of comparable public schools in Imperial County on the California Assessment of Student Performance and Progress (CAASPP) in every year since it has been administered in California. Last year, approximately 75% of ISIV students did not meet English Language Arts standards and 88% did not meet Mathematics standards. In the El Centro Elementary School District, 15.5% more students met standards in English Language Arts and 19.1% more met standards in Mathematics in 2017. The year prior, 81% of ISIV students did not meet English Language Arts standards and 86% of students attending did not meet Mathematics standards. In the El Centro Elementary School District in 2016, 23% more students met English Language Arts standards and 7% more students met standards in Mathematics. The District's other charter school, Ballington Academy for the Arts and Sciences, also far exceeded ISIV's performance.

Additionally, ISIV is not improving on the CAASPP year to year in rates commensurate with meeting the renewal criteria. ISIV improved only 8% in ELA passing scores since the 2014-2015 school year and has not improved in Math. To this day 75% of students in ELA and 88% of students in Math are not at grade level. Below we provide the CAASPP scores for Imagine Schools, the District, and Ballington Academy El Centro to show ISIV does not meet criteria sufficient for renewal:

<u>2016-2017 CAASPP Scores</u>								
	<u>English Language Arts/Literacy</u>				<u>Mathematics</u>			
	<u>Exceeded</u>	<u>Met</u>	<u>Nearly Met</u>	<u>Not Met</u>	<u>Exceeded</u>	<u>Met</u>	<u>Nearly Met</u>	<u>Not Met</u>
El Centro Elementary School District	12.13%	28.77%	26.15%	32.95%	10.88%	20.11%	32.28%	36.74%
Ballington El Centro	10.66%	34.43%	24.59%	30.33%	11.20%	24.80%	30.40%	33.60%
Imagine Schools at Imperial Valley	5.14%	20.19%	20.95%	53.71%	2.96%	8.87%	27.73%	60.44%

<u>2015-2016 CAASPP Scores</u>								
	<u>English Language Arts/Literacy</u>				<u>Mathematics</u>			
	<u>Exceeded</u>	<u>Met</u>	<u>Nearly Met</u>	<u>Not Met</u>	<u>Exceeded</u>	<u>Met</u>	<u>Nearly Met</u>	<u>Not Met</u>
El Centro Elementary School District	10%	27%	28%	34%	8%	18%	32%	41%
Ballington El Centro	12%	28%	28%	33%	9%	17%	33%	41%
Imagine Schools at Imperial Valley	4%	15%	21%	60%	3%	11%	29%	58%

2014-2015 CAASPP Scores

	<u>English Language Arts/Literacy</u>				<u>Mathematics</u>			
	<u>Exceeded</u>	<u>Met</u>	<u>Nearly Met</u>	<u>Not Met</u>	<u>Exceeded</u>	<u>Met</u>	<u>Nearly Met</u>	<u>Not Met</u>
El Centro Elementary School District	7%	24%	29%	40%	6%	15%	31%	48%
Ballington El Centro	9%	22%	29%	40%	4%	29%	26%	41%
Imagine Schools at Imperial Valley	4%	13%	22%	61%	2%	10%	27%	61%

In the Spring 2017 Report of the California School Dashboard, ISIV scored in the category of "Low" in Mathematics and Very Low in English Language Arts on average for all statistically significant pupil subgroups. In the Fall 2017 Report, ISIV improved slightly, but still fell in the category of "Low" in both English Language Arts and Mathematics on average. Between Spring 2017 and Fall 2017, the California School Dashboard showed limited to no improvement for students who are socioeconomically disadvantaged, have disabilities, or are English Learners. Petitioners cannot shield this lack of performance by citing to their dual immersion program, as that is an illegitimate and unsound justification. Additionally, during site visits the Review Team did not observe much, if any, instruction occurring in Spanish, much less in the formulaic manner required for a Dual Immersion program claimed in the Petition.

Accordingly, ISIV does not meet the renewal criteria necessary for approval, and is not increasing pupil outcomes and therefore should be denied.

B. The Petitioners are Demonstrably Unlikely to Successfully Implement the Program. (Ed. Code, § 47605, subd. (b)(2).)

The Review Team further recommends that the Petition be denied on the grounds that the Petitioners are demonstrably unlikely to successfully implement the program described in the Petition. In determining whether Petitioners are demonstrably unlikely to succeed in implementing their educational program, the Regulations require consideration of:

- Whether the Petitioners have a past unsuccessful history of involvement in charter schools or other education agencies.
- Whether Petitioners are unfamiliar with the content of the Petition or the requirements of law that would apply to the proposed Charter School.

- Whether the petitioners personally have the necessary background in areas critical to the charter school's success or a plan to secure the services of individuals who have the necessary background in these areas.
- Whether Petitioners have presented an unrealistic financial and operational plan for the proposed Charter School, including:
 - An administrative services structure that reflects an understanding of school business practices and expertise to carry out the necessary administrative services, or a reasonable plan and time line to develop and assemble such practices and expertise.
 - The adequacy and reasonableness of the operational budget, start-up costs, and cash flow, and financial projections for the first three years, including reasonable estimates of all anticipated revenues and expenditures necessary to operate the school, including, but not limited to, special education, based, when possible, on historical data from schools or school districts of a similar type, size, and location.
 - A budget that in its totality appears viable and over a period of no less than two years of operations provides for the amassing of a reserve equivalent to that required by law for a school district of similar size to the proposed Charter School.
 - In the area of facilities, a description of the types and potential locations of facilities needed to operate the size and scope of the educational program proposed in the charter, including evidence of the type and projected cost of the facilities that may be available in the location of the proposed Charter School, as well as reasonable costs for the acquisition or leasing of facilities to house the Charter School, taking into account the facilities the Charter School may be allocated under the provisions of Education Code section 47614.

The Petitioners are demonstrably unlikely to succeed in implementing their proposed program, based on the following findings:

1. The Petition Estimates to Spend Significant Amounts of Funding on Contracted Services with Related Parties and Without Adequate Disclosures or Compliance with Conflict of Interest Laws.

The Petition estimates that ISIV will spend \$3,825,897 in contracts and services by related contractors per year, amounting to 38% of the Charter School's anticipated revenue. The cash flow projections also indicate ISIV will spend upwards of \$350,000 per month on contracted administrative services from undisclosed "professional service providers" that ISIV has no participation in deciding, and are selected and provided at undisclosed amounts from privately selected providers. The Petition and Budget provide no further detail about these costs, only that the charter school will contract with Imagine Schools Non Profit ("ISNP"), which is one of several undisclosed corporate entities operating Imagine Schools nationally from its headquarters in Virginia. The Petition does not "describe criteria for the selection of a contractor or contractors that demonstrate necessary expertise and the procedure for selection of the contractor or contractors." (Cal. Code Regs., tit. 5, § 11967.5.1, subd. (c)(3)(A)(2.)) It also does not provide sufficient detail to notify the District of ISIV's "reasonable estimates of all anticipated ... expenditures necessary to operate the school." (Cal. Code Regs., tit. 5, § 11967.5.1, subd. (c)(3)(B)(2.)) In light of the poor governance

practices ISIV has demonstrated over the last term, violating the Brown Act and attempting to meet and act without quorum, this is particularly concerning. It is unclear how, where and by whom decisions regarding contractor selection are made. These decisions should be transparent given the substantial resources flowing to ISIV.

The Petition indicates ISIV currently contracts with ISNP for administrative services including providing support and assistance in the development of:

- Monthly District Reports
- Monthly Budget vs. Actual
- Monthly Trail Balance
- Monthly General Ledger Detail
- Monthly Balance Sheet
- Assist the school site financial task force in the preparation of budgets
- Coordinate pre-audit compliance
- Assist auditors at school sites during year-end audits
- Approval all journal entries.

(Pet. Pg. 121.)

The Petition also provides that ISNP is charged with:

- Providing a campus for ISIV to operate
 - Orienting and education Charter School personnel about sound financial practices
 - Financial training, including creating budgets, using accounting systems, and processing payroll
 - Providing legal counsel
 - Developing curriculum
 - Providing professional development
 - Administrative expertise
 - Recruitment and marketing
 - Compliance with state and federal laws training and oversight.
- [Pet. Pg. 72.]

These administrative costs are not otherwise accounted for or justified to the tune of 38% of the charter school's revenue, and these services do not appear to justify the costs that are budgeted for them. It is unclear why ISIV does not hire employees to perform most of these functions locally, rather than outsourcing to a company outside of California.

The MOU between ISIV and ISNP does not provide further justification for these costs and generally leaves the amounts up to the discretion of ISNP and where mentioned, at rates and amounts exceeding market value for the service rendered. Under the MOU, ISIV is required to reimburse ISNP for:

- Costs and expenses incurred by ISNP for "Loaned Employees as may be assigned to the [ISIV] ... including, without limitation, wages, salaries, bonuses, taxes, and overtime payments... not include[ing] the salary and benefit costs and expenses incurred by [ISNP] in connection with its regional and national managerial and support staff." The MOU does not provide any details for what costs these could be, and leaves it up to ISNP to invoice ISIV for said costs, however no invoices have been provided from ISNP.

- “[Fair share of the cost ... of providing ... support services and benefits.” Similar to reimbursement for costs and expenses above, the MOU does not provide what the cost will be, but provides that the cost of providing these services has historically been 12%.
- Loss Mitigation fees at 2-3% of total apportionment funding to protect ISIV “in the event that the actual per-pupil funding provided by state and local governments for the immediately preceding fiscal year as reflected in the Charter School’s annual audit reflects a shortfall. Loss Mitigation fees seem to be an unnecessary and conflicted fee to protect Imagine National against losses if ISIV does not obtain enough ADA, even though Imagine National is otherwise in control of most of the things ISIV would need to do in order to recruit students.

ISIV is informed what it will receive, who will provide it and for what price without negotiating power. Excess rents and loss mitigation fees are examples of this, though not described in this manner in the Petition. News publications have written extensively on the subject, all with a common element: Imagine National purchases a property that is run down at a huge discount, and through a complicated series of leases and subleases, charges the charter school it operates, rents grossly over the assessed value of the property. (See e.g. *Charter school families find they have little say over company* Las Vegas Sun, April 2, 2010; *Charter school rent stirs debate* Toledo Blade, Oct. 14, 2014; *Imagine schools' real estate deals fuel company growth* St. Louis Post-Dispatch, October 31, 2011.)

The transfer of public funds to “rent” a facility that is owned by a related corporation at non-market rates raises concerns with conflicts of interest, fiscal mismanagement, and unconstitutional gifts of public funds. Charter schools are deemed “public school districts” for purposes of allocation of public funds and the California Constitution specifically prohibits the appropriation of public money for “any school not under the exclusive control of the officers of the public schools.” (Ed. Code, §§ 47612, 47615; Cal. Const., art. IX, § 8.) Transferring significant funds to outside entities to fund its property acquisition, removing it from the public trust and without regard to market value, justifies nonrenewal.

2. Mass Resignations and Material Revisions Without Approval Last Term

The District learned, through the renewal petition, that not only did Imagine School at Imperial Valley lose half of its teaching staff last term, it also materially revised its operations to comply with Imagine National’s demands. This was all completed without the approval of its authorizer, as required. The fact that the Charter School made such drastic changes mid-term based on the direction of a corporation outside of California and without notifying or seeking approval of its authorizer requires nonrenewal.

The Petition included ISIV’s WASC accreditation application which states that ISIV “underwent a huge transition [in 2016] of over 50% of the school teachers resigning ... and leaving to nearby school districts due to higher pay and better health benefits.” (Appendix A.) It remains unclear why this occurred, but it is clear under an objective standard, ISIV does not pay its teachers competitively, and does not make decisions locally, impeding its ability to attract and retain quality teachers. ISIV has failed to attract and retain quality teachers over the last term, and most of its teachers are not currently appropriately credentialed or highly qualified, or otherwise appear to be misassigned.

The Petition also indicates that in 2013, after three years of operating, Imagine National determined that ISIV was not meeting its academic goals and needed to improve. Imagine

National implemented a restructuring plan which included a change of the school leader, as well as the restructuring of some of its administrative systems. (See Appendix C.) These changes were done without material revision as required by law, as further discussed below. Imagine National implemented a variety of changes generally focused on improving professional development and relations with ISIV teachers to ensure they engage students and started to make progress towards meeting required academic outcomes. Besides the concerns arising from Imagine National's unilateral authority to dictate the restructuring, and despite these changes, ISIV still failed to obtain the academic performance measures of District programs or nearby charter schools and did not improve much from year to year. Now with 50% of teachers at ISIV being new to its program, it appears that ISIV is in need of restructuring a third time.

ISIV also currently has a vacant position on its Board. The position was vacant when the ISIV Petition was submitted for renewal in 2012. In five years, ISIV has not been able to recruit a Board member. As further discussed below, the Petition proposes a governance structure in which the ISIV Board has little actual power. Decisions seem to be made by a Virginia based corporation ultimately, following a slew of complicated corporate layers. The corporations that actually appear to be making decisions do not meet in California and are not knowledgeable of local educational needs.

3. Unlawful Credentialing

Teachers of all core subjects employed by charter schools must hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. (Ed. Code, § 47605, subd. (l).) The CSA requires charter schools to maintain all credentialing documents on file for periodic inspection by the chartering authority. (Ed. Code, § 47605, subd. (l).) On January 18, 2018, the District conducted its annual visit to ISIV and requested to verify credentials for ISIV teachers. The determination was made that ISIV is out of compliance with teacher credentialing.

According to the California School Dashboard, 69.1% of ISIV students are classified as English Learners, but several of the teachers assigned to these students are not properly credentialed. Any teacher assigned to provide instruction to EL students, must hold an English Learner authorization from the California Commission on Teacher Credentialing. (Ed. Code, § 44253.1.) The authorization is based on the rights and needs of the students to an appropriate education. (*Ibid.*) Many teachers at ISIV do not currently have Bilingual authorizations despite ISIV is operating, and still proposes to operate, a dual immersion program where instruction is in both Spanish and English. Teachers who may teach even a single student classified as an English Learner must provide specialized instruction to EL students and have the authorization to do so from the CTC. (See English Learner Authorization, Commission on Teacher Credentialing, available at <https://www.ctc.ca.gov/educator-prep/ela>.) Without qualified teachers providing instruction, ISIV is demonstrably unlikely to implement a dual immersion program and will not be able to meet the specialized needs of its student body. If approved, it could potentially subject the charter to immediate revocation based on the severe and imminent threat to the health or safety of the pupils and would need to be addressed in any case given the severity of such legal violation. (Ed. Code, § 47607, subd. (c), (d).)

4. ISNP Lacks Capacity to Operate Public Schools in California.

Imagine National does not have a track record of successful operation of public schools in California. This is relevant to the Review Team's determination that Petitioners are unlikely to successfully implement the program as proposed. Imagine Schools at Imperial Valley and

Imagine Schools Riverside County share a principal and all other operational components. Decisions at both schools are made commonly despite different authorizers. ISIV is also to have a full time principal, but the ISIV principal is also the principal of the Imagine School in Riverside, making that impossible.

Imagine Schools at Imperial Valley suffers from the same operational concerns its other authorizer raised during the last term. On October 14, 2015, the Riverside County Office of Education submitted a Notice of Violation for non-compliance with its charter regarding economic stability, adhering to generally accepted accounting procedures, and collecting pupil fees. Also, like ISIV, Imagine Riverside County has very low CAASPP scores:

<u>Imagine Riverside County CAASPP Scores</u>								
<u>School Year</u>	<u>English Language Arts/Literacy</u>				<u>Mathematics</u>			
	<u>Exceeded</u>	<u>Met</u>	<u>Nearly Met</u>	<u>Not Met</u>	<u>Exceeded</u>	<u>Met</u>	<u>Nearly Met</u>	<u>Not Met</u>
<u>2016-2017</u>	4.9%	19.91%	25.49%	50%	4.9%	18.63%	38.24%	38.24%
<u>2015-2016</u>	6%	9%	13%	72%	6%	21%	43%	30%

ISIV and Imagine Riverside County are not producing academic results, and “increases in pupil academic achievement for all groups of pupils served by the charter school as the most important factor in determining whether to grant a charter renewal.” (Ed. Code, § 47607, subd. (a)(3)(A).) There is nothing in the renewal petition that recognizes this, much less plans for changes to the operations to ensure academic achievement is actually improved over the next term. Instead, ISIV claims it meets academic renewal criteria and attempts to blame the students for its failure.

5. Unilateral Changes Without Seeking a Material Revision

Appendix C attached to the Petition includes information about the restructuring plan imposed to address low academic performance. To comply with the plan last term, ISIV made significant material changes to its operations without notifying the District, or obtaining approval of the many material changes it required. “A material revision of the provisions of a charter petition may be made only with the approval of the authority that granted the charter.” (Ed. Code, § 47607.) ISIV never submitted a material revision to its charter to make such changes and, as such, is currently operating in violation of its charter. The restructuring also did not result in improvement in academic performance.

6. Failure to Comply with MOU; Respond to Request for Information

ISIV has not adhered to the Memorandum of Understanding (“MOU”) between the District and ISIV during the last term. The MOU requires that ISIV provide the District, prior to August 1 of each year:

- An approved calendar, showing student days, holidays, non-student days, and minimum days, if any, and the daily operational/teaching schedule.
- Provide a preliminary list of students expected to be enrolled in the Charter School with addresses and school last attended for each student.
- Provide the District with a copy of the policies and procedures relating to the provision of special education services.

The MOU also required ISIV to adhere to the Brown Act, which it failed to do. We are also concerned ISIV failed to adhere to the Political Reform Act and Government Code section 1090, as required (see below).

The District also requested ISIV provide documents detailing its governance arrangements with Imagine National and it did not respond to the satisfaction of the District.

7. Petitioners Did Not Update the Petition.

The Petition is forward looking similar to a petition to start a charter school despite the fact that ISIV has been operating since the 2010-2011 school year. The Petition routinely identifies actions it will take in the future, but does not recognize its prior performance, especially in the areas of academic performance.

C. The Petition Fails to Set Forth Reasonably Comprehensive Descriptions of All Required Charter Elements. (Ed. Code, § 47605, subd. (b)(5).)

Education Code section 47605, subdivision (b)(5)(A)-(O), requires a charter petition to include "reasonably comprehensive" descriptions of fifteen elements of the proposed charter school. The Regulations require the "reasonably comprehensive" descriptions required by Education Code section 47605(b)(5) to include, but not be limited to, information that:

Is substantive and is not, for example, a listing of topics with little elaboration.

For elements that have multiple aspects, addresses essentially all aspects of the elements, not just selected aspects.

Is specific to the charter petition being proposed, not to charter schools or charter petitions generally.

Describes, as applicable among the different elements, how the charter school will:

- Improve pupil learning.
- Increase learning opportunities for its pupils, particularly pupils who have been identified as academically low achieving.
- Provide parents, guardians, and pupils with expanded educational opportunities.
- Hold itself accountable for measurable, performance-based pupil outcomes.

- Provide vigorous competition with other public school options available to parents, guardians, and students. (5 C.C.R., § 11967.5.1(g).)

The Petition fails to provide reasonably comprehensive descriptions of the following elements as described below.

Element 2 – Measurable Pupil Outcomes
<p>The Statute and Regulations provide for a charter petition to identify the measurable pupil outcome identified for use by the charter school. Pupil outcomes means the extent to which all pupils of the school demonstrate that they have attained the skills, knowledge, and attitudes specified as goals in the school’s educational program. (Ed. Code, § 47605, subd. (b)(5)(B).) Pupil outcomes shall include outcomes that address increases in pupil academic achievement both schoolwide and for all groups of pupils served by the charter school. (<i>Ibid.</i>) The pupil outcomes shall align with the state priorities, as described in Education Code section 52060 subdivision (d), that apply for the grade levels served, or the nature of the program operated, by the charter school. (<i>Ibid.</i>) Measurable pupil outcomes at a minimum must specify skills, knowledge, and attitudes that reflect the school’s educational objectives and can be assessed, at a minimum, by objective means that are frequent and sufficiently detailed enough to determine whether pupils are making satisfactory progress. (Cal Code Regs., tit. 5, § 11967.5.1, subd. (f)(2).) The frequency of such measures varies according to the grade level, subject matter, outcome of previous objective measurements, and information collected from anecdotal sources (<i>Ibid.</i>) To be sufficiently detailed, objective means of measuring pupil outcomes must be capable of being used readily to evaluate the effectiveness of and to modify instruction for individual students and for groups of students. (<i>Ibid.</i>)</p>

1. The Petition Does Not Provide Measurable Outcomes Individually Tailored to the Eight State Priorities

The Petition attaches its LCAP as its measurable pupil outcomes, and does not include them in the Petition. The Petition does not demonstrate an understanding of the state priorities or the requirements for charter petitions in California. It appears the Petition was drafted by someone outside of California without knowledge regarding current state requirements. Charter petitions themselves must contain a reasonably comprehensive description of the measurable pupil outcomes aligned with the state priorities. (Ed. Code, § 47605, subd. (b)(5)(B).)

The LCAP changes from year to year, while the measurable pupil outcomes in the Petition last the term of the charter and are an accountability measure for the authorizer. The Petition provides no pupil outcome goals for several of the measurable pupil outcomes including Priority 1—access to credentialed teachers and standards based textbooks, Priority 3—parental engagement, Priority 5—pupil engagement, and Priority 6—school climate. Particularly in light of the poor academic performance, this section of the Petition must be reasonably comprehensively described and is missing key elements essential for renewal and monitoring of academic performance next term.

Element 4 – Governance
<p>The Statute and Regulations provide for a charter petition to identify the governance structure of the Charter School, including, but not limited to, the process to be followed by the Charter School to ensure parental involvement. This includes at a minimum</p>

(1) evidence of the Charter School's incorporation as a non-profit public benefit corporation; (2) evidence that the organizational and technical designs of the governance structure reflect a seriousness of purpose necessary to ensure that the Charter School will become and remain a viable enterprise; and (3) evidence there will be active and effective representation of interested parties, including parents. (Ed. Code, § 47605(b)(5)(D); 5 C.C.R., § 11967.5.1.)

1. Delegation of Administrative Control to Outside Entities

The Petition provides no meaningful role to the governing board of ISIV, Imagine Schools California ("ISC") compared to ISNP. ISC is clearly not in control of decisions made for the school about its educational program, staffing, administrative services, other services, facilities, or spending otherwise. ISC is charged with essentially, and only, rubberstamping decisions already made elsewhere about the budget, reviewing requests for out of state or overnight fieldtrips, and approving general and dictated policies provided to the charter school from a national central location. (Pet. Pg. 70.) ISNP, by comparison, is tasked with serving as "an advisor, service provider, resource provider, and a monitor of implementation of ISNP's operating principles." (Pg. 69.) ISNP will provide the following:

- Monthly District Reports
- Monthly Budget vs. Actual
- Monthly Trail Balance
- Monthly General Ledger Detail
- Monthly Balance Sheet
- Assist the school site financial task force in the preparation of budgets
- Coordinate pre-audit compliance
- Assist auditors at school sites during year-end audits
- Approval all journal entries
[Pet. Pg 120]
- Providing a campus for ISIV to operate
- Orienting and education Charter School personnel about sound financial practices
- Financial training, including creating budgets, using accounting systems, and processing payroll
- Providing legal counsel
- Developing curriculum
- Providing professional development
- Administrative expertise
- Recruitment and marketing
- Compliance with state and federal laws training and oversight.
[Pet. Pg. 72.]

The delegation of essential functions of governance and administration of the Charter School to ISNP and the other out of state corporations that control it, means the governance is not accessible to ISIV stakeholders, much less in compliance with the Brown Act, or the charter being proposed. The multiplication of corporate layers and illusion of local control that has resulted is a grave concern that makes oversight by the District's Board impossible. We are aware of the existence of the following related entities, most of which are incorporated outside the state of California and do not operate locally in El Centro:

- Imagine School, Inc.
- ISNP Holding Company Inc.,

- Schoolhouse Finance, LLC
- Imagine 26 Partners, LLC
- Puente Del Sol, LLC
- Imagine Schools Nonprofit, Inc.

The way by which these corporations participate in the governance and operations of Imagine at Imperial Valley is not described in the charter and is unclear, and even undisclosed. This lack of transparency is of grave concern.

Given the local corporation does not control decisions regarding the Charter School or seem to operate functionally over the last term, it is concerning that Petitioner's attempt to give themselves the authority of a locally elected school board. The Petition also attempts to adopt the permissive statute of the Education Code, section 35160, as well as delegate practically any governance function of ISIV to ISNP, stating:

The Board of Directors may execute any powers delegated by law to it and shall discharge any duty imposed by law upon it and may delegate to an employee of ISNP or the Charter School any of those duties with the exception of budget approval or revision, approval of the fiscal and performance audits, and the adoption of Board policies.

Education Code section 35160 is not applicable to charter schools and, as the case law holds, charter schools are creatures of statute and the Legislature has plotted all aspects of their existence. The permissive code is expressly inapplicable to charter schools. (See, Ed. Code, § 47610 [charter schools are exempt from the laws governing school districts unless expressly stated]; *Wilson v. State Bd. of Ed.* (2000) 75 Cal.App.4th 1125.) ISNP also serves as sole statutory member for Imagine Schools California, ISIV's governing board. As SSM, ISNP has power to add or remove any board members of ISIV at will and has sole authority to appoint members to the board. (Cal. Corp. Code, § 5066.) It also can dissolve the corporation and establish a new corporation as the governing board for ISIV. (*Ibid.*) As currently proposed, the District only has oversight authority over ISIV and cannot reach higher corporate layers like ISNP. It cannot for example, "monitor the fiscal condition of [the] charter school" as is required by law because such significant aspects of the fiscal condition of the school exist outside of California. Charter schools cannot grant such broad delegations of power to entities who are not subject to oversight, as charter schools are only constitutionally permitted if they are under the oversight of public officials. (*Wilson v. State Bd. of Ed.* (2000) 75 Cal.App.4th 1125.)

With such administrative and operational control going to other corporations, and 38% of the budget going towards contracted services, the District and ISIV stakeholders have little opportunity to understand, much less participate in, the governance of ISIV. Additionally, the District's governing board cannot effectively provide oversight.

2. Conflicts of Interest

There are no assurances in the Petition, Bylaws, or Conflict of Interest Policy that the Charter School and those legislative bodies governing it, and operating with California taxpayer dollars, will comply with the provisions of Government Code section 1090, or common law conflicts of interest. While the Charter School's proposed structure, as described, may be permissible pursuant to the rules governing non-profit public benefit corporations, ISIV is not being governed or operated locally by the corporation described in the charter, nor in the manner described in the charter. Charter schools are public entities, part of the public school system, and operate on public funds, yet Imagine Schools at Imperial Valley is operated by a corporation in Virginia. The lack of disclosure of the related corporations and contractual

relationships and compositions of management organizations and others participating in contracting with public funds prevents analysis of potential conflicts. It is clear the Petition does not agree to comply with Government Code section 1090, and common law principles of conflicts of interest, and it must. The Review Team could not analyze the existing conflicts under any of the applicable conflict of interest provisions in California because the Petition does not disclose the corporations actually operating, the composition of their board, or control group of administrators.

Element 6 – Health and Safety

The Statute requires the Petition to identify the procedures that the Charter School will follow to ensure the health and safety of students and staff. (Ed. Code, § 47605(b)(5)(F).) The Regulations provide the procedures should, at a minimum, require that each employee of the school provide a criminal records summary as described in Education Code section 44237, include the examination of faculty and staff for tuberculosis as described in Education Code section 49406, require immunization of students as a condition of school attendance to the same extent as would apply if the students attended a non-charter public school, and provide for the screening of students' vision and hearing and the screening of students for scoliosis to the same extent as would be required if the students attended a non-charter public school. (Regulations, § 11967.5(f)(6).)

1. Concussions

The WASC application at pages 22-23 states:

Imagine Schools at Imperial Valley offers many opportunities for students to participate in extracurricular activities ... 6th-8th grade students can participate in sports such as, softball, basketball, soccer, and volleyball. They practice after school and they play against other middle schools in the surrounding area.

Charter school renewals are required to "include[e] a reasonably comprehensive description of how the charter school has met all new charter school requirements enacted into law after the charter was originally granted or last renewed. (Cal. Code Regs., tit.5, § 11967.5.1, subd. (a)(2).) Education Code Sections 35179.5 and 49475, enacted in 2015 create limitations on public school athletic programs, including charter schools, regarding number and length of practices and concussions. Education Code Section 49475 also requires charter schools that offer athletics programs to follow concussion protocols and prepare an annual concussion and head injury sheet to be signed by the athlete and athlete's parent. The Petition does not include a reasonably comprehensive description of these requirements.

2. Food Services

The Petition states ISIV has "contracted with an independent contractor to provide its own food services program, which meets all applicable state and federal nutrition standards." (Pet. Pg. 123.) The Petition nor operating budget does not provide any other details regarding the costs of such services, and the means in which ISIV will ensure its food is safe for its students. It is not clear how the vendor is selected or who the vendor is, which is concerning considering the school is currently providing such services.

Element 8 – Admissions Requirements

The Statute and Regulations provide for the charter petition to identify admission requirements that are in compliance with applicable law. (Ed. Code, § 47605(b)(5)(H);

Regulations, § 11967.5.1(f)(8).) Charter schools are required to admit all pupils who wish to attend subject to capacity. (Ed. Code, § 47605, subd. (d).) If the number of pupils who wish to attend the charter school exceeds the charter school's capacity, attendance, except for existing pupils of the charter school, shall be determined by a public random drawing. Preference shall be extended to pupils currently attending the charter school and pupils who reside in the school district. (*Ibid.*) AB 1360, which is effective January 1, 2018, added additional requirements for the operation of charter schools and the content of charter petitions regarding admissions. Under AB 1360, admissions preferences, including, but not limited to, siblings of pupils admitted or attending the charter school and children of the charter school's teachers, staff, and founders identified in the initial charter may be permitted by the chartering authority on an individual charter school basis, so long as priority order for any preference is 1) approved by the authorizer at a public hearing, 2) consistent with federal law, the California Constitution, and Section 200, and 3) does not result in limiting enrollment access for pupils with disabilities, academically low-achieving pupils, English learners, neglected or delinquent pupils, homeless pupils, or pupils who are economically disadvantaged, as determined by eligibility for any free or reduced-price meal program, foster youth, or pupils based on nationality, race, ethnicity, or sexual orientation. (Ed. Code, § 47605(b)(5)(H).) The charter school may also not require mandatory parental volunteer hours as a criterion for admission or continued enrollment. (*Ibid.*)

1. No Description of Lottery Procedures

The Petition's section on admission policies and procedures is very short, and it does not adequately describe any process or procedures required. (Pet. Pg. 91.) The description does not identify its lottery procedures if enrollment requests exceeds capacity. The school does not identify what its capacity is. The ISIV website also provides no additional information regarding admissions.

Element 9 – Audit Procedures

The Statute and Regulations require charter petitions to describe the manner in which annual, independent financial audits shall be conducted, which shall employ generally accepted accounting principles, and the manner in which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority. (Ed. Code, § 47605, subd. (b)(5)(I).) Petitions must at minimum, specify who is responsible for contracting and overseeing the independent audit, specify that the auditor will have experience in education finance, outline the process of providing audit reports to the authorizer, and indicate the process the charter school will use to address audit findings. (Cal. Code Regs., tit. 5, § 11967.5.1, subd. (f)(9))

1. Independent Audit

Charter Petitions must "specify who is responsible for contracting and overseeing the independent audit." (Cal. Code Regs., tit. 5, § 11967.5.1, subd. (f)(9)(C).) The Petition states "The Charter School" will select an independent auditor through "a request for proposal format." This statement does not specify who is responsible for overseeing the audit, and the person responsible for the audit cannot be the entity that is audited. The Petition needs to describe a specific position at ISIV. Again, considering its history of operation, it is concerning that the Petition does not identify the auditor, or party responsible, for its selection and completion.

2. ISNP Not Included in Annual Audit

The Petition also does not provide that ISNP, or any related corporations, will be part of its annual audit. This requirement is necessary for proper review of financial expenditures and health in light of ISNP's substantial and near complete control over the Charter School's operations. As discussed above, ISIV operates 38% of its revenue through contracted parties, and also has complete control over its Board members. An audit without entities actually determining and expending the public funds may not provide any valuable information regarding the financial status of the school.

Element 10 - Student Suspension and Expulsion Procedures

The Statute and Regulations require the Petition to describe the procedures by which students can be suspended or expelled from the charter school for disciplinary reasons or otherwise involuntarily removed from the charter school for any reason. The procedures should provide evidence that Petitioners reviewed the list of offenses that apply to students attending non charter public schools and provide minimum due process under federal and state law. (Ed. Code, § 47605(b)(5)(J); Cal. Code Regs., tit. 5, § 11967.5.1 (f)(10).) This element was revised by AB 1360.¹

Effective January 1, 2018, AB 1360 amended the Charter Schools Act to include new operational and due process requirements regarding student discipline, expulsion and withdrawal. The Petition does not evidence awareness of these requirements, and is out of compliance with them.

The Petition also does not contain a clear statement that no pupil shall be involuntarily removed by the charter school for any reason, unless the parent or guardian of the pupil has been provided written notice of intent to remove the pupil no less than five school days before the effective date of the action and the notice is 1) in the native language of the pupil or the pupil's parent or guardian, and 2) inform him or her of the right to initiate a hearing in front of a neutral hearing officer.

The Petition does not meet the minimum due process requirements of AB 1360, or even those that existed prior to the amendment. While AB 1360 was not in effect at the time of submission, the law was signed by the Governor and chaptered. Additionally, the topic has received much attention in advance of the Legislature's action this year, including by many who believed the law already required this.

Element 14 - Dispute Resolution Procedures

¹ Assembly Bill No. 1360 requires: 1) for suspensions or removals of fewer than 10 days, the charter school must provide oral or written notice of the charges against the pupil and, if the pupil denies the charges, an explanation of the evidence that supports the charges and an opportunity for the pupil to present his or her side of the story; 2) for suspensions of 10 days or more and all other expulsions for disciplinary reasons or involuntary removals, the charter school must provide, timely written notice of the charges against the pupil and an explanation of the pupil's basic rights, and a hearing adjudicated by a neutral officer within a reasonable number of days, at which the pupil has a fair opportunity to present testimony, evidence, and witnesses and confront and cross-examine adverse witnesses, and at which the pupil has the right to being legal counsel or an advocate. (Ed. Code, § 47605(b)(5)(J).) AB 1360 also requires charter petitions contain a clear statement that no pupil shall be involuntarily removed for any reason, unless the parent or guardian of the pupil has been provided written notice of intent to remove the pupil no less than five school days before the effective date of the action and the notice is 1) in the native language of the pupil or the pupil's parent or guardian, and 2) informs the student and their parents of the right to initiate a hearing in front of a neutral hearing officer.

The Statute and Regulations require the Petition to describe the procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to provisions of the charter. (Ed. Code, § 47605, subd. (b)(5)(N).) The procedures shall, at a minimum, 1) describe how the costs of the dispute resolution process will be funded, 2) recognize that the dispute is a matter that could result in taking appropriate action, including, but not limited to, revocation of the charter, the matter will be addressed by the authorizer in accordance with that provision of law and any regulations pertaining thereto. (Cal. Code Regs., tit. 5, § 11967.5.1, subd. (f)(14).)

1. Arduous Dispute Resolution Procedure

The Petition includes a dispute resolution process that involves many steps and is unnecessarily burdensome, expensive, and confines the process to such that the dispute is unlikely to be brought or resolved. Specifically:

- The District must format the dispute into a written formal dispute statement.
- The Executive Director and the Superintendent must informally meet and confer to resolve the dispute within 5 business days.
- If not resolved, two Board Members of the District and the Charter School must meet to resolve the dispute within 15 business days.
- The Superintendent and Charter Director must meet to identify a third party neutral mediator to engage in mediation.
- Within 60 days of the dispute statement, the parties must meet in mediation, the costs of which are split by the parties.
- If mediation does not resolve the issue, the parties may pursue any remedy available under law.

(Pet., Pg. 115.)

The provisions are overly burdensome and do not create accountability from ISIV to the District, but instead attempt to put them on equal footing. The provisions create significant administrative roadblocks to resolving disputes and effectively serve to block oversight activities, impeding the District's ability to meet them. The provisions also do not detail how the costs of the dispute resolution process will be funded, and requires the District to split potentially very expensive private mediation without its approval. (See Cal. Code Regs., tit. 5, § 11967.5.1, subd. (f)(14).) The Petition also says these procedures will be a prerequisite for revocation, but there is no description of how this provision would be applied in case of revocation.

Element 15- Closure Procedures

The Statute and Regulations require the Petition to describe the procedures to be used if the Charter School closes. The procedures shall ensure a final audit of the Charter School to determine the disposition of all assets and liabilities of the Charter School, including plans for disposing of any net assets and for the maintenance and transfer of pupil records. Procedures means, at a minimum: (1) Designation of a responsible entity for closure-related activities; (2) notifications of closure to stakeholders; (3) transfer and maintenance of pupil and personnel records to the proper authorities; (4) completion of an independent

audit within six months of closure; (5) disposal of net assets remaining after all liabilities have been paid; (6) filing of any required annual reports; and (7) assuring adequate funding for closure activities. (See Ed. Code, § 47605(b)(5)(O); 5 C.C.R. § 11962.)

The Petition does not contain a sufficient description of the procedures to be used if the Charter School closes, based on the following findings:

1. Responsible Entity for Closure Related Activities

The Petition does not designate an entity or individual who is responsible for closure-related activities. Title 5 of the California Code of Regulation at section 11962 makes clear that charter petitions must “[d]esignat[e] . . . a responsible entity to conduct closure-related activities.” The Petitioners cannot defer delegation of closure-related activities to another time, especially to the time of closure. The Charter Schools Act and its implementing regulations recognize that, to create a charter school, Petitioners must have a plan in the event of school closure to ensure the Charter School’s students will efficiently transition into another placement.

D. The charter school presents an unsound educational program for the pupils to be enrolled in the charter school. (Ed. Code, § 47607 subd. (b)(1).)

The regulations provide that a charter petition shall be an unsound educational program if it is either:

- A program that involves activities that the authorizer determines would present the likelihood of physical, educational, or psychological harm to the affected pupils
- A program that the authorizer determines not to be likely to be of educational benefit to the pupils who attend.

The Review Team thus concludes that the Petition presents an unsound educational program because ISIV students are subjected to educational harm by virtue of attending. ISIV students perform far below students at comparable schools, are taught by teachers who are inexperienced and not properly credentialed, and serve under the direction of business entities outside of California. The local control funding formula distributed funds to the Charter School on a per pupil basis with the expectation that ISIV will expend such funds on its pupils rather than transferring these funds to out of state business entities in the form of inflated administrative fees and rents. The Petition proposes to continue the status quo at ISIV, and accordingly, the Petition presents an unsound educational program.

VI. CONCLUSION

For the reasons stated above, the Petition, as submitted, does not meet the renewal criteria required for renewal petitions and does not demonstrate increases in pupil academic achievement which the District considers the most important factor in reviewing the Petition. The Petition also suggests that the Petitioners are demonstrably unlikely to successfully implement the program described, that the Petition fails to include all of the affirmations required by law, and fails to provide a reasonably comprehensive description of several essential charter elements. Accordingly, **DENIAL** of the Petition by the Board is

recommended and the adoption of this Staff Report as the written factual findings required to support its denial of the Petition, as described.

EXHIBIT 2

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM AB139 STUDY AGREEMENT April 18, 2018

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Imperial County Office of Education, hereinafter referred to as the COE, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local educational agencies (LEAs). Pursuant to the provisions of Education Code (EC) Section 1241.5 (c), a county superintendent of schools may review or audit the expenditures and internal controls of any charter in his or her county if he or she has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The extraordinary audits conducted by the county superintendent shall be focused on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner.

All work shall be performed in accordance with the terms and conditions of this agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The COE has requested FCMAT to assign professionals to conduct an AB 139 Extraordinary Audit. This audit will be conducted pursuant to Education Code Section 1241.5 (c). The COE has received information regarding possible fraud, misappropriation of funds or other illegal practices at the Imagine Schools at Imperial Valley and is requesting that FCMAT review the following:

1. Determine whether the charter school engaged in related-party transactions and, if so, whether those transactions were conducted in accordance with established national and state policies, standards and procedures and were transparent.
 - a. To the extent reasonably possible, identify related parties.
 - b. Review the charter petition and articles of incorporation and bylaws.
 - c. Review contracts, purchase orders and memoranda of understanding, for fiscal years 2015-16 through 2017-18 to date.

- d. Review financial transactions of the charter school and any related party for fiscal years 2015-16 through 2017-18.
 - e. Review any charter property or assets transferred to any related party for fiscal years 2015-16 through 2017-18.
 - f. Review the annual independent audits for fiscal years ending June 30, 2014; June 30, 2015; June 30, 2016; and June 30, 2017.
2. Determine if expenditures made by the charter school are for legitimate educational purposes and in accordance with approved contracts, purchase orders and memoranda of understanding.
 3. Determine whether any conflict of interest standards may have been violated by any of the charter school's local public officials, designated employees, or any "consultant to the organization who makes, participates in making, or acts in a staff capacity for making governmental decisions" as defined in the Political Reform Act (PRA) of 1974 (Government Code Sections 81000 – 91014).
 - a. Review applicable PRA Form 700 filings from 2013 through 2018.
 - b. Review applicable board meeting minutes and other documents.

The main focus of this review is to determine, based on the sample testing performed and auditor's judgment, whether (1) the charter was involved in any related-party transactions that were in conflict with state and federal policies and standards, or that violated conflict of interest laws, and whether the charter was involved in financial transactions that were not for legitimate educational purposes; and (2) based on that assessment, determine whether fraud, misappropriation of funds or other illegal fiscal practices may have occurred.

The team will review and test recorded transactions for fiscal years 2015-16 through 2017-18 to date to determine if fraud, misappropriation of funds or other illegal activities may have occurred. Testing for this review will be based on a sample of transactions and records for this period. Testing and review results are intended to provide reasonable but not absolute certainty about whether the charter's financial transactions and activity were sufficiently accurate.

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the charter to brief management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review - The team will conduct an on-site review at the district office and at charter sites if necessary; and will continue to review pertinent documents off-site.
3. Progress Reports - The team will inform the COE of material issues as the review is performed.

4. Exit Meeting – The team will hold an exit meeting at the conclusion of the on-site review to inform the COE of any significant findings to that point.
5. Draft Report – When appropriate, electronic copies of a preliminary draft report will be delivered to the COE’s administration for review and comment on a schedule determined by the team.
6. Final Report - Electronic copies of the final report will be delivered to the COE following completion of the review. Printed copies are available from the FCMAT office upon request.
7. Follow-Up Support – If requested, the team will meet with the COE and/or charter to discuss the findings and recommendations of the report.

3. **PROJECT PERSONNEL**

The FCMAT study team may also include:

- A. *To Be Determined FCMAT Staff*
- B. *To Be Determined FCMAT Consultant*

Other equally qualified staff or consultants will be substituted in the event one of the above individuals is unable to participate in the study.

4. **PROJECT COSTS**

The cost for studies requested pursuant to EC 42127.8 (d) (1) shall be:

- A. \$1,100 per day for each staff team member while on site, conducting fieldwork at other locations, presenting reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.
- B. All out-of-pocket expenses, including travel, meals and lodging.

Based on the elements noted in Section 2A, the total estimated cost of the study will be \$36, 200.

- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services may be reimbursed from funds pursuant to EC 1241.5 set aside for this purpose. Other payments, when deemed necessary, are payable to Kern County Superintendent of Schools - Administrative Agent, located at 1300 17th Street, City Centre, Bakersfield, CA 93301.

5. **RESPONSIBILITIES OF THE COE AND/OR CHARTER**

- A. Provide office and conference room space during on-site reviews.
- B. Provide the following if requested:
 - 1. Policies, regulations and prior reports addressing the study request
 - 2. Current or proposed organizational charts
 - 3. Current and two prior years' audit reports
 - 4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the charter and sent to FCMAT in an electronic format
 - 5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository where the charter shall upload all requested documents.
- C. The COE's administration will review a preliminary draft copy of the report. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The charter shall take appropriate steps to comply with EC 45125.1(c).

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for different phases of the study and will be established upon the receipt of a signed study agreement:

<i>Orientation:</i>	<i>To be determined</i>
<i>Staff Interviews:</i>	<i>To be determined</i>
<i>Exit Meeting:</i>	<i>To be determined</i>
<i>Preliminary Report Submitted:</i>	<i>To be determined</i>
<i>Final Report Submitted:</i>	<i>To be determined</i>

7. **COMMENCEMENT, TERMINATION AND COMPLETION OF WORK**

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the charter and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a preliminary draft report and a final report. Prior to completion of fieldwork, the COE may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the COE does

not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the COE will be responsible for the full costs. The COE understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the COE shall not request that it do so.

8. **INDEPENDENT CONTRACTOR**

FCMAT is an independent contractor and is not an employee or engaged in any manner with the COE. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the COE in any manner without prior express written authorization from an officer of the COE.

9. **INSURANCE**



During the term of this agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the COE, automobile liability insurance in the amount required under California state law, and workers compensation as required under California state law. FCMAT shall provide certificates of insurance, with Imperial County Office of Education named as additional insured, indicating applicable insurance coverages upon request.

10. **HOLD HARMLESS**

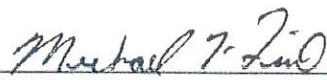
FCMAT shall hold the COE, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement. Conversely, the COE shall hold FCMAT, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement.

11. **CONTACT PERSON**

Contact: Todd Finnell, County Superintendent
Telephone: (760) 312-6440
E-mail Address: todd.finnell@icoe.org

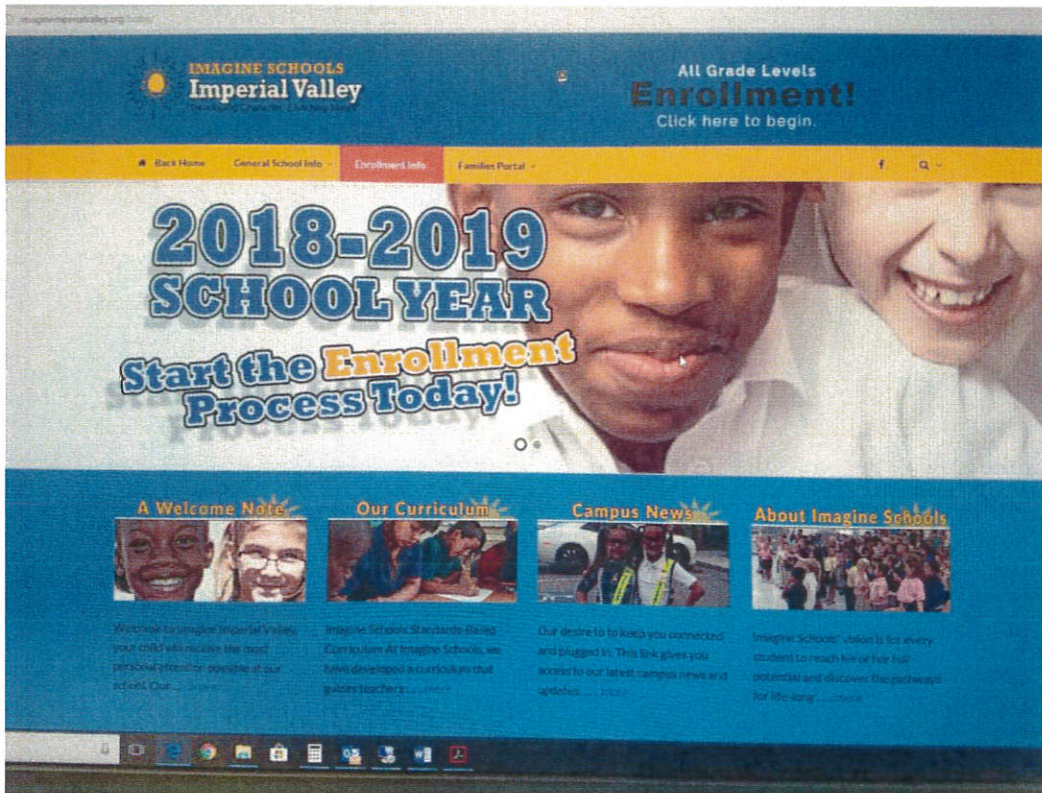
 

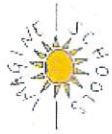
Todd Finnell, County Superintendent Date
Imperial County Office of Education

 April 18, 2018

Michael H. Fine Date
Chief Executive Officer
Fiscal Crisis & Management Assistance Team

EXHIBIT 3





Imagine Schools at Imperial Valley ...
updated their cover photo.

May 1 at 11:44am •



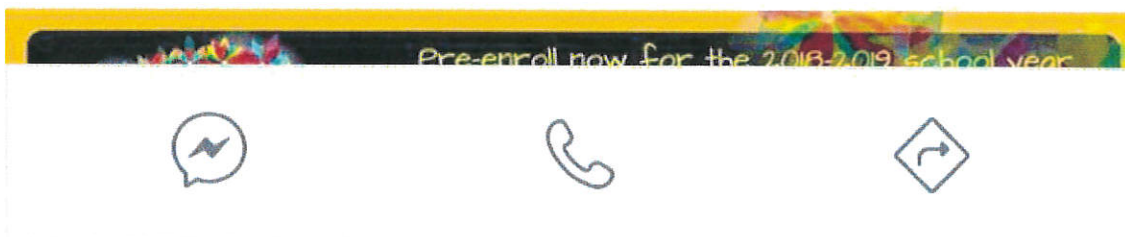
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1 Share



Imagine Schools at Imperial Valley ...
updated their cover photo.

May 1 at 11:40am •



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Monday. The head coach from the University of California, Berkeley was traveling with her fiancé, Patrick Martin, the boy's father, who is black.

to match the last name of a child and guardian for domestic flights. "We have reached out to Ms. Gottlieb directly to address her concerns

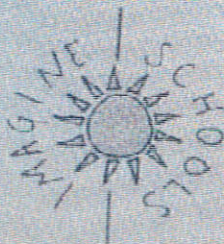
or may not look — are treated with dignity and respect." Gottlieb, Martin and their child were eventually allowed to board.

FOR IMMEDIATE RELEASE

Imagine Schools at Imperial Valley announces the sponsorship of the Seamless summer options for children. Meals will be provided to all children, ages 18 and under, without charge and are the same for all children regardless of race, color, national origin, sex, are or disability, and there will be no discrimination in the course of the meal service. Meals will be provided **June 18, 2018 through July 6, 2018 Monday-Friday**. Breakfast will be served from 7:30-7:59 am and lunch will be served from 11:15-11:45 am. Meal service will be provided at 1150 North Imperial Ave. El Centro, CA 92243-1740

If you wish to file a civil complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at: http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or write a letter addressed to USDA containing all of the information requested in the form. Send your completed complaint form or letter to us by mail U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; fax: (202) 690-7442; or email: program.intake@usda.gov.

This institution is an equal opportunity provider.



Christian Miranda
Imagine Schools, Riverside County
(760) 391-9220 • Christian.miranda@imageschools.org

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OUR NEWS

A3 NEWS

A4 LOCAL & REGION

A6 OPINION

A8 AUTOMOTIVE

B1 S



Renewal Update

19. HAVENS SCHOOLS AT HESPERUS VALLEY FRIDAY, APRIL 21, 2012 01

Dear Parents,

I know we are all disappointed at the decision or non-decision from the ICDE board. I am disappointed as well. I would like to provide an overview of the events that happened and next steps. ICDE did a presentation of their findings to the board and presented two options. Option 1 included approval of the charter petition and implementation of the resolution. Option 2 was a denial of the charter. The board is composed of five members and in order for an action to be approved the majority must vote. The majority in this case is three members and they must have the same vote. Yesterday only three board members were present with one board member voting for Imagine's petition to be approved and the two ladies, Mrs. Armenta and Mrs. Anderholt, voted to not approve the petition. The fact that they didn't have three votes for either option resulted in a "no vote" which essentially is the same as a denial.

Please know that we are working diligently on our next steps. We will need to submit our application to the state, the deadline is May 29th, but we are already in the process of getting all documents together so we can submit as soon as possible. We will then have to attend/present at the state level early June. We are currently investigating the timeline for the state's response and action. We will be providing updates on a weekly basis.

We have also scheduled a donut with principal meeting for next week on Tuesday, May 1st, 8:30-10:30 in the school cafeteria to provide an opportunity to answer any questions.

It is important for all parents to complete re-enrollment forms and submit them. I am aware that as parents you are concerned about the upcoming school year and your child's enrollment. Your concerns are valid and know that you want your child to continue to attend Imagine. We do encourage you to submit your re-enrollment form and also register at your school of residence. This will alleviate any anxiety in regards to your child's future school, but we are confident that our school will continue to be open for many years to come and your child can continue to attend Imagine.

In the meantime, **we need your help to ensure your child does his/her best on the state test.** All students in 3rd-8th grade will be taking the state test starting next week. Please help your child do the CAASPP practice test online by going to www.CAASPP.org practice test; log in to your child's grade and have them practice at home. This will help your child become familiar with the state test questions and to do much better on the test. We will need to show improvement on the test. Your child's results are very important for the renewal of our petition.

Thank you for all your support during the meetings and throughout the difficult times. We are a great school and don't forget the scores that were showcased at the ICDE board meeting reflected our great achievements in reading. We will continue to focus on improving both reading and math.

We remain strong!!! We will prevail!!

Dr. Jiminez,

Principal

Charter Renewal Update

IMAGINE SCHOOLS AT IMPERIAL VALLEY WEDNESDAY JUNE 6, 2018

June 5, 2018

Dear Imagine Parents and Families,

As you are aware, we are continuing our efforts to appeal our charter's renewal all the way to the State of California's Board of Education. After being denied by the El Centro Elementary School District, our own County Board of Education was unable to come to a consensus on accepting or denying our appeal. This leaves us with one option and very little time to make it happen.

As it stands, we have petitioned the State Board to be heard before the next school year begins. Our hope was to present our case in June and for them to render an official decision in July. However, due to the high volume of charter appeals being heard at the State level - currently eight - we may need to follow the original timeline of August 14, 2018, which is a presentation to the State Advisory Commission on Charter Schools (ACCS) with a decision from the State Board of Education at their next board meeting scheduled for September 7.

While this is not an ideal timeline, we are at the mercy of the State Board. We are doing everything we can to expedite the process and ensure our students and their families have options should we not receive the response we are hoping for. We have more than 70% re-enrollment for the 2018-2019 school year. We thank you for supporting Imagine and believing in our program.

Rest assured, we continue the fight to secure your choice and convey the passion and commitment our parents and students have to the school and to one another. We are sharing this, as well as the academic progress being made at Imagine toward a successful future for all of our students, with the decision makers.

As more information becomes available, we will share it with you to keep you up-to-date on our progress and about how you may be able to help. Your voice has been strong and will continue to be our greatest asset in the mission to keep your school open. Together we are developing and empowering our students to become global citizens. We will send you another update at the end of June with information on the schedule to travel to Sacramento with us.

Between now and the date of the State Board hearing, you are invited to submit a letter to your State Assemblyman, Eduardo Garcia and/or State Senator, Ben Hueso to request their support in this important endeavor. A sample letter was sent home with the students today.

Once again, thank you for choosing Imagine and for your continued support and patience.

Sincerely,

Dr. Grace Jiminez

Principal, Imagine Schools at Imperial Valley

1150 N. Imperial Avenue, El Centro, CA 92243 Telephone: 760-592-7250 Fax: 760-592-7251



CALIFORNIA SCHOOL FINANCE AUTHORITY

300 S. Spring St. Suite 8500
Los Angeles, CA 90013
p (213) 620-4467
f (213) 620-6309

CSFA@treasurer.ca.gov
www.treasurer.ca.gov/CSFA

MEMBERS

JOHN CHIANG, CHAIRMAN
State Treasurer

TOM TORLAKSON
State Superintendent of
Public Instruction

MICHAEL COHEN
Director of Finance

EXECUTIVE DIRECTOR
Katrina M. Johantgen

August 6, 2018

Dr. Grace Jimenez, Principal
Imagine Schools at Imperial Valley
1150 N. Imperial Avenue
El Centro, CA 92243

RE: Ineligibility Appeal

Dear Dr. Jimenez,

On March 7, 2018, the California School Finance Authority (Authority) received notification from El Centro Elementary School District (ECESD) that Imagine Schools at Imperial Valley (ISIV) (CDS 13631230121855) is not in good standing with its chartering authority nor in compliance with the terms of its charter. As a result of the notice from ECESD, ISIV was found ineligible for the remainder of its 2017-18 Charter School Facility Grant (Program) Award (Second and Third Award Appropriations), and an ineligibility letter was sent to the school on March 17, 2018. In addition to notifying the school of its eligibility, the ineligibility letter informed the ISIV that the school had 30 calendar days to appeal its ineligibility determination.

On July 29, 2018, ECESD submitted a second notification stating that ISIV is not in good standing with its chartering authority nor in compliance with the terms of its charter. Additionally, ISIV's appeal was received by the Authority on June 25, 2018, exceeding the 30-day deadline of April 17, 2018, as required under regulations Section 10170.10(b). Pursuant to program regulations Section 10170.10 (g), if the appeal is not resolved by the deadlines provided in Section 10170.10, the Authority shall deny the appeal based on a failure to comply with Program regulations.

For these reasons, ISIV remains ineligible for the remainder of its 2017-18 Program Award. Pursuant to Section 10170.10 (g) this decision is considered final and is not subject to an additional appeal. Should you have any questions or need additional information, please feel free to contact me at (213) 620-2305.

Sincerely,


Katrina Johantgen

Includes attachment



August 28, 2018

The Honorable Chairman John Chiang
California School Finance Authority
915 Capitol Mall, Ste. 101
Sacramento CA 95814

Dear Mr. Chiang:

We are writing to appeal the board's denial to release the balance of the SB 740 funds to our school due to an inaccurate report by El Centro Elementary School District, leading to an ineligibility determination by the CSFA board.

As the school has done every year since 2011, Imagine Schools applied for and received funding through the program from the California School Finance Authority (CSFA) in June of 2017 and received the first installment in December of 2017.

The charter renewal petition for Imagine Schools' 2018-2023 term is currently pending before the State Board of Education. While Imagine Schools submitted the application for renewal to the El Centro Elementary School District (ECESD) in October 2017, we did not receive a Notice of Concern or Notice of Violation from the District during the 2017-2018 school year, nor did the District otherwise inform Imagine that it was out of compliance with its then-current charter petition during the 2017-2018 school year.

On March 7, 2018, the District stated on a mid-year CSFA form that Imagine was not in good standing for the 2017-2018 funding round and was not in compliance with the terms of its charter based simply on the grounds that "Board denied renewal petition." This was the only time during the 2017-2018 school year that the District indicated Imagine was not in good standing under the charter petition that was effective during 2017-2018. Moreover, Imagine Schools continued to operate and serve students through the entire 2017-2018 school year.

When we received the letter from CSFA on March 16th telling us that we were ineligible based on ECESD's entry on the midyear form, we immediately began contacting both the district and CSFA. Our initial understanding through conversations with staff was that this is a common misunderstanding by districts, and as directed by the March 16th letter, we were to cure the situation directly with the district.

Imagine Schools at Imperial Valley
1150 Imperial Ave., El Centro, CA 92243
Ph. 760-592-7250 Fx. 760-592-7251

On April 12, 2018, Imagine sent the District Superintendent an email attempting to resolve this apparent misunderstanding related to Imagine's standing during the 2017-2018 school year. Superintendent LeDoux responded by claiming that he filled out the form based on direction from CSFA and that he would look into it and get back to Imagine soon. Unfortunately, Imagine's subsequent attempts to work with the District were unsuccessful. Imagine asked Superintendent LeDoux to provide evidence or documentation establishing that Imagine was not in compliance or in good standing during the 2017-2018 school year but the District did not respond to Imagine's request, and Superintendent LeDoux did not return Imagine's telephone calls. Instead, Mr. LeDoux's lawyer directed Imagine to cease communications and appeal directly to CSFA.

4 CCR § 10170.3(f) provides that to be eligible to receive SB 740 funds, among other things, the charter school must be "in good standing with its chartering authority and is in compliance with the terms of its charter at the time of application submission, and without interruption throughout the term of the grant." 4 CCR § 10170.3(f) further provides, "The Authority will rely on information from the chartering authority regarding the school's good standing and compliance with the terms of its charter. Charter schools may appeal any response by the chartering authority's staff directly to the chartering authority's governing board. It shall be the charter school's responsibility, and not the Authority's, to ensure that the good standing and compliance response letter is received by the stated deadline."

Although the Regulations do not define "good standing," it is clear that the relevant timeframe within which the charter must be in "good standing" with its authorizer is the term of the grant (here the 2017-18 grant), not any future school years. Thus, the District's denial of Imagine's charter renewal, which would take effect after its then-current charter expires, and be in place for the 2018-19 school year and forward, cannot rationally support a certification that Imagine was not in good standing or in compliance with the terms of the charter in effect for 2017-18.

This position is further supported by the fact that when Imagine requested clarification from the District, the District did not claim that its failure to confirm the school's good standing was based on issues relating to Imagine's charter petition in effect in 2017-2018. Instead, the District Superintendent claimed he simply filled out the form the way CSFA instructed him to do so

As the District's notification of Imagine's standing was made in error and in a manner inconsistent with the intent and language of the Regulations, and there is no evidence to support the District's statement that Imagine is not in good standing under its current charter through the 2017-2018 school year, we believe Imagine remains eligible for SB 740 funds for the 2017-2018 school year under Education Code Section 47614.5.

Imagine Schools at Imperial Valley
1150 Imperial Ave., El Centro, CA 92243
Ph. 760-592-7250 Fx. 760-592-7251



We would respectfully request that CSFA exercise its broad authority to grant an exception to our appeal given the unique circumstances in this case. The ineligibility determination, if sustained, would result in a loss of approximately \$400,000 in funding to Imagine for the current school year that has already concluded. Denying funds that were already budgeted for would have a significant impact on the school.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dr. Grace Jimenez", is written over a horizontal line.

Dr. Grace Jimenez
Principal

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