

**BYLAWS  
OF  
NOVA MERIDIAN ACADEMY**

**A CALIFORNIA PUBLIC BENEFIT CORPORATION**

**ARTICLE 1  
OFFICES**

**SECTION 1. PRINCIPAL OFFICE**

The principal office of the corporation for the transaction of its business is located on 850 Via Lata, Suite 105, Colton, CA 92324 in San Bernardino County California.

**SECTION 2. CHANGE OF ADDRESS**

The county of the corporation's principal office can be changed only by amendment of these bylaws and not otherwise. The board of directors may, however, change the principal office from one location to another within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these bylaws.

_____	Dated: _____
_____	Dated: _____
_____	Dated: _____

**SECTION 3. OTHER OFFICES**

The corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the board of directors may, from time to time, designate.

**ARTICLE 2  
PURPOSES**

**SECTION 1. OBJECTIVES AND PURPOSES**

The primary objectives and purposes of this corporation shall be to create and establish the Nova Meridian Academy (hereinafter "NMA") which will operate as a California Public Charter High School. Its purpose is to serve as an alternative educational pathway for students. NMA envisions the creation of a positive student-centered learning environment and a culture of new excellence. This will be accomplished by

providing opportunities for all students to become successful self-motivated lifelong learners and leaders in education through:

- (a) Traditional educational instruction (ie. Math, English, Science, History).
- (b) Leadership Training.
- (c) Mentorship.
- (d) College preparation programs.
- (e) After school programs such as tutoring and community service involvement.

### **ARTICLE 3 MEMBERS**

#### **SECTION 1. MEMBERSHIP**

The corporation has no members. The rights which would otherwise vest in the members vest in the directors of the corporation of NMA. Actions which would otherwise require approval by a majority of all members or approval by the members require only approval of a majority of all Directors.

### **ARTICLE 4 ASSURANCES**

#### **SECTION 1. FEDERAL LAWS AND STATE CODES**

NMA declares the following assurances that it will comply with all laws relating to public agencies in general, all federal laws and regulations and state codes. The school will:

- (a) Be nonsectarian in its programs, admissions policies, employment practices, and all other operations. [Ref. California Education Code §47605(d)(1)]
- (b) Not charge tuition. [Ref. California Education Code §47605(d)(1)]
- (c) Not discriminate against any student on the basis of ethnic background, national origin, gender, or disability. [Ref. California Education Code §47605(d)(1)]
- (d) Not enroll pupils over 19 years of age unless continuously enrolled in public school and making satisfactory progress toward high school diploma requirements.
- (e) Not require any child to attend a charter school or any employee to work at a charter school.

## ARTICLE 5 DIRECTORS

### SECTION 1. NUMBER

The corporation shall have not less than five (5) nor more than seven (7) directors, with the exact number to be fixed within these limits by approval of the Board of Directors.

### SECTION 2. POWERS

Subject to the provisions of the California Nonprofit Public Benefit Corporation law and any limitations in the articles of incorporation and bylaws relating to action required or permitted to be taken or approved by the members, if any, of this corporation, the activities and affairs of this corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board of directors.

### SECTION 3. DUTIES

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the articles of incorporation of this corporation, or by these bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents, and employees of the corporation;
- (c) Supervise all officers, agents, and employees of the corporation to assure that their duties are performed properly;
- (d) Meet at such times and places as required by these bylaws;
- (e) Register their addresses with the secretary of the corporation and notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.

### SECTION 4. TERMS OF OFFICE

Each director shall hold office until the next annual meeting for election of the board of directors as specified in these bylaws, and until his or her successor is elected and qualifies.

### SECTION 5. COMPENSATION

Directors shall serve without compensation except that they shall be allowed and paid \$25.00 for attendance of regular meetings. In addition, they shall be allowed reasonable

advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 3 of this Article. Directors may not be compensated for rendering services to the corporation in any capacity other than director unless such other compensation is reasonable and is allowable under the provisions of Section 6 of this Article.

## **SECTION 6. RESTRICTION REGARDING INTERESTED DIRECTORS**

Notwithstanding any other provision of these bylaws, not more than forty-nine percent (49%) of the persons serving on the board may be interested persons. For purposes of this Section, "interested persons" means either:

- (a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or
- (b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

## **SECTION 7. CONFLICT OF INTEREST**

Any director, officer, key employee, or committee member having an interest in a contract, other transaction or program presented to or discussed by the Board or Board Committee for authorization, approval, or ratification shall make a prompt, full and frank disclosure of his or her interest to the Board or committee prior to its acting on such contract or transaction. Such disclosure shall include all relevant and material facts known to such person about the contract or transaction which might reasonably be construed to be adverse to the corporation's interest. The body to which such disclosure is made shall thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person shall not vote on, nor use his or her personal influence on, nor be present during in the discussion or deliberations with respect to, such contract or transaction (other than to present factual information or to respond to questions prior to the discussion). The minutes of the meeting shall reflect the disclosure made, the vote thereon and, where applicable, the abstention from voting and participation. The Board may adopt conflict of interest policies requiring:

- (a) Regular annual statements from directors, officers, key employees to disclose existing and potential conflict in interest; and,
- (b) Corrective and disciplinary actions with respect to transgressions of such policies.

For the purpose of this section, a person shall be deemed to have an "interest" in a contract or other transaction if he or she is the party (or one of the parties) contracting or dealing with the corporation, or is a director, officer of, or has a significant financial or influential interest in the entity contracting or dealing with the corporation.

## **SECTION 8. VACANCIES**

Vacancies on the board of directors shall exist (1) on the death, resignation, or removal of any director, and (2) whenever the number of authorized directors is increased.

The board of directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Public Benefit Corporation Law.

Directors may be removed without cause by a majority of the directors then in office.

Any director may resign effective upon giving written notice to the chairperson of the board, the president, the secretary, or the board of directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the attorney general.

Vacancies on the board may be filled by approval of the board or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with this Article of these bylaws, or (3) a sole remaining director. If this corporation has members, however, vacancies created by the removal of a director may be filled only by the approval of the members. The members, if any, of this corporation may elect a director at any time to fill any vacancy not filled by the directors.

A person elected to fill a vacancy as provided by this Section shall hold office until the next annual election of the board of directors or until his or her death, resignation, or removal from office.

## **SECTION 9. NONLIABILITY OF DIRECTORS**

The directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

## **SECTION 10. STANDARDS OF CARE**

### Performance of Duties

Each Director shall perform all duties of a Director, including duties on any Board Committee, in good faith, in a manner the Director believes to be in the corporation's best interest and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

### Reliance on Others

In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, presented or prepared by:

- (a) One or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matters presented;
- (b) Legal counsel, independent accountants or other persons as to matters that the Director believes are within that person's professional or expert competence; or
- (c) A Board Committee on which the Director does not serve, as to matters within its designated authority, provided the Director believes the Committee merits confidence and the Director acts in good faith, after reasonable inquiry when the need is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

### Investments

In investing and dealing with all assets held by the corporation for investment, the Board shall exercise the standard of care described above and avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the corporation's capital. The Board may delegate its investment powers to others, provided that those powers are exercised within the ultimate direction of the Board. No investment violates this section where it conforms to provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to the corporation.

## **SECTION 11. INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS**

To the extent that a person who is, or was, a director, officer, employee, or other agent of this corporation has been successful on the merits in defense of any civil, criminal, administrative, or investigative proceeding brought to procure a judgment against such

person by reason of the fact that he or she is, or was, an agent of the corporation, or has been successful in defense of any claim, issue, or matter, therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding.

If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements, and other amounts reasonably incurred in connection with such proceedings shall be provided by this corporation but only to the extent allowed by, and in accordance with the requirements of, Section 5238 of the California Nonprofit Public Benefit Corporation Law.

## **SECTION 12. INSURANCE FOR CORPORATE AGENTS**

The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, officer, employee, or other agent of the corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

## **SECTION 13. SELF-DEALING TRANSACTIONS**

NMA shall not engage in any self-dealing transactions, except as approved by the Board of Directors. "Self-dealing transaction" means a transaction to which the corporation is a party in which one or more of the Directors has a material financial interest. Notwithstanding this definition, the following transactions are not self-dealing transactions, and are subject to the following standards:

- (a) The Board of Director's action of fixing a Directors compensation as NMA Prinicipal, a Director or Corporate Officer; or
- (b) A Transaction which is part of a public or charitable program of the corporation, if the transaction (a) is approved or authorized by the Board in good faith and without unjustified favoritism, and (b) results in a benefit to one or more Directors or their families because they are in a class of persons intended to be benefited by the program.
- (c) A transaction of which the interested Directors have no actual knowledge, and which does not exceed the lesser of one percent (1%) of the corporation's gross receipts for the fiscal year immediately preceding the year in which such transaction occurs or One Hundred Thousand Dollars (\$100,000).

## **SECTION 14. INTERESTED DIRECTOR'S VOTE**

In determining whether the Board validly met to authorize or approve a self-dealing transaction, interested Directors may be counted to determine the presence of a quorum, but an interested Director's vote may not be counted toward the required majority for such authorization, approval or ratification.

## **ARTICLE 6 MEETINGS**

### **SECTION 1. PLACE OF MEETINGS**

Regular and special meetings of the Board of Directors shall be held at any place that may be designed by the Board of Directors in accordance with Section 54954(b) of the California Government Code and other applicable laws. Unless otherwise specified, the meetings shall be held at the principal office of the corporation designated in Article I, Section 1 of these Bylaws. Any meeting, regular or special, may be held by teleconference so long as such meeting is held in accordance with Section 54953(b) of the California Government Code and other applicable laws.

### **SECTION 2. REGULAR AND ANNUAL MEETINGS**

Regular meetings of directors shall be held on the first Monday of each month at 6:00 PM, unless such day falls on a legal holiday, in which event the regular meeting shall be held at the same hour and place on the second Monday of the month.

At the annual meeting of directors held in the month of July, officers shall be elected by the board of directors in accordance with this section. Cumulative voting by directors for the election of directors shall not be permitted. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Each director shall cast one vote, with voting being by ballot only.

### **SECTION 3. SPECIAL MEETINGS**

Special meetings of the Board of Directors may be called by any one or more officers or directors in accordance with Section 5211 of the California Nonprofit Corporation Law, as may be limited by the California Government Code Sections 54954, *et seq.*

### **SECTION 4. NOTICE OF MEETINGS**

Regular meetings of the Board of Directors may be held at the times specified in Section 2, without the requirement of additional notice, except to the extent required by the Brown Act or other applicable laws or regulations. Special meetings of the Board

may be held upon three (3) days notice, delivered to each director by electronic mail, personally, or by telephone, provided that three days' public notice is also provided, in accordance with the Brown Act or other applicable laws and regulations. Individual notice to directors may also be sent via first-class mail or telegraph, provided that 5 days notice is provided to those recipients, with such notice deemed to be delivered on its deposit in the mails or on its delivery to the telegraph company. Such notices shall be addressed to each director at his or her address as shown on the books of the corporation. Public notice shall be deemed to have been delivered at the time of posting in at least two public places that are in accordance with Section 54954, *et seq.* of the California Government Code and other applicable laws, including one generally accessible physical bulletin Board and/or e-mail forum. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than four (4) hours from the time of the original meeting, provided that such adjournment is consistent with the Brown Act or other applicable laws and regulations. Notice shall be given of any adjourned regular or special meeting to directors absent from the original meeting if the adjourned meeting is held more than four (4) hours from the time of the original meeting.

## **SECTION 5. CONTENTS OF NOTICE**

Notice of meetings not herein dispensed with shall specify the place, day and hour of the meeting. The purpose of any Board meeting need not be specified in the notice, except that specific topics requiring Board action shall be listed in an enclosed agenda, to the extent required by the Brown Act or other applicable laws and regulations. The Board may set time limits for discussion of each or any agenda item contained in the notice.

## **SECTION 6. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS**

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. The remainder of this section notwithstanding, such waivers of notice and proceedings shall be valid only to the extent to which the meeting was nonetheless held in compliance with the Brown Act and all other applicable laws and regulations..

## **SECTION 7. QUORUM FOR MEETINGS**

A quorum shall consist of three (3) Directors.

Except as otherwise provided in these bylaws or in the articles of incorporation of this corporation, or by law, no business shall be considered by the board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn. However, a majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the board.

When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 10 of this Article.

The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the articles of incorporation or bylaws of this corporation.

#### **SECTION 8. MAJORITY; BOARD ACTION**

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board of directors, unless the articles of incorporation or bylaws of this corporation, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a director has a material financial interest (Section 5233) and indemnification of directors (Section 5238e), require a greater percentage or different voting rules for approval of a matter by the board.

Each person present at a meeting of the Board of Directors may speak briefly regarding the agenda items. The Chair of the meeting may set a time limit for each speaker, as well as a cumulative time limit for all speakers. The chair may waive or extend the time limit for any speaker(s) or any agenda items without prejudice to enforcing the time limits for any other speaker(s) or agenda items.

#### **SECTION 9. CONDUCT OF MEETINGS**

Meetings of the board of directors shall be presided over by the chairperson of the board, or, if no such person has been so designated or, in his or her absence, the president of the corporation or, in his or her absence, by a chairperson chosen by a majority of the directors present at the meeting. The secretary of the corporation shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

The NMA Board of Director Meetings shall be Brown Act compliant and will be governed by Roberts Rule of Order, as such rules may be revised from time to time, insofar as

such-rules are not inconsistent with or in conflict with these bylaws, with the articles of incorporation of this corporation, or with provisions of law.

## **SECTION 10. ACTION BY THE DIRECTORS**

No action shall be taken (as defined in Section 54952.6 of the Brown Act) by the Board of Directors in violation of the Brown Act or other applicable laws and regulations, including but not limited to the right of the public to public notice of meetings (as defined in Section 54952.2 of the Brown Act), and attendance at Board meetings other than those sessions which are closed in accordance with the Brown Act and other applicable laws.

## **ARTICLE 7 OFFICERS**

### **SECTION 1. NUMBER OF OFFICERS**

The officers of the corporation shall be a president, a secretary, and a chief financial officer who shall be designated the treasurer. The corporation may also have, as determined by the board of directors, a chairperson of the board, one or more vice presidents, assistant secretaries, assistant treasurers, or other officers. Any number of offices may be held by the same person except that neither the secretary nor the treasurer may serve as the president or chairperson of the board.

### **SECTION 2. QUALIFICATION, ELECTION, AND TERM OF OFFICE**

Any person may serve as an officer of this corporation. Officers shall be elected by the board of directors, at any time, and each officer shall hold office until he or she resigns, is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

### **SECTION 3. SUBORDINATE OFFICERS**

The board of directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the board of directors.

### **SECTION 4. REMOVAL AND RESIGNATION**

Any officer may be removed, either with or without cause, by the board of directors, at any time. Any officer may resign at any time by giving written notice to the board of directors or to the president or secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be

superseded by any conflicting terms of a contract which has been approved or ratified by the board of directors relating to the employment of any officer of the corporation.

## **SECTION 5. VACANCIES**

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the board of directors. In the event of a vacancy in any office other than that of president, such vacancy may be filled temporarily by appointment by the president until such time as the board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine.

## **SECTION 6. DUTIES OF PRESIDENT**

The President of NMA shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the board of directors. Unless another person is specifically appointed as chairperson of the board of directors, he or she shall preside at all meetings of the board of directors. If applicable, the president shall preside at all meetings of the members. Except as otherwise expressly provided by law, by the articles of incorporation, or by these bylaws, he or she shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the board of directors.

## **SECTION 7. DUTIES OF SECRETARY**

The Secretary of NMA shall:

Certify and keep at the principal office of the corporation the original, or a copy of these bylaws as amended or otherwise altered to date.

Keep at the principal office of the corporation or at such other place as the board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.

Be custodian of the records and of the seal of the corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these bylaws.

Keep at the principal office of the corporation a membership book containing the name and address of each and any member, and, in the case where any membership has been terminated, the secretary shall record such fact in the membership book together with the date on which such membership ceased.

Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefor, the bylaws, the membership book, and the minutes of the proceedings of the directors of the corporation.

In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

## **SECTION 8. DUTIES OF TREASURER**

Subject to the provisions of these bylaws relating to the "Execution of Instruments, Deposits, and Funds," the treasurer shall:

Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the board of directors.

Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever.

Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements.

Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.

Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request thereof.

Render to the president and directors, whenever requested, an account of any or all of his or her transactions as treasurer and of the financial condition of the corporation.

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the office of treasurer and such other duties as may be required by law, by the articles of incorporation of the corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

## **SECTION 9. COMPENSATION**

The salaries of the officers, if any, shall be fixed from time to time by resolution of the board of directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation, provided, however, that such compensation paid a director for serving as an officer of this corporation shall only be allowed if permitted under the provisions of Article 3, Section 6 of these bylaws. In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered for the corporation which relate to the performance of the charitable or public purposes of this corporation.

## **ARTICLE 8 COMMITTEES**

### **SECTION 1. EXECUTIVE COMMITTEE OF THE BOARD**

The board of directors may, by a majority vote of directors, designate two (2) or more of its board members (who may also be serving as officers of this corporation) to constitute an executive committee of the board and delegate to such committee any of the powers and authority of the board in the management of the business and affairs of the corporation, except with respect to:

- (a) The approval of any action which, under law or the provisions of these bylaws, requires the approval of the members or of a majority of all of the members.
- (b) The filling of vacancies on the board or on any committee that has the authority of the board.
- (c) The fixing of compensation of the directors for serving on the board or on any committee.
- (d) The amendment or repeal of bylaws or the adoption of new bylaws.
- (e) The amendment or repeal or any resolution of the board which by its express terms is not so amendable or repealable.
- (f) The appointment of committees of the board or the members thereof.
- (g) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.
- (h) The approval of any transaction to which this corporation is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

By a majority vote of its members then in office, the board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the board. The committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the board from time to time as the board may require.

## **SECTION 2. OTHER COMMITTEES**

The corporation shall have such other committees as may from time to time be designated by resolution of the board of directors. Such other committees may consist of persons who are not also members of the board. These additional committees shall act in an advisory capacity only to the board and shall be clearly titled as "advisory" committees.

## **SECTION 3. MEETINGS AND ACTION OF COMMITTEES**

Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these bylaws concerning meetings of the board of directors, with such changes in the context of such bylaw provisions as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular meetings of committees may be fixed by resolution of the board of directors or by the committee. The time for special meetings of committees may also be fixed by the board of directors. The board of directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these bylaws. In particular, the Board may determine whether the meetings of any particular advisory committee shall be exempted from the public notice provisions of these Bylaws, so long as such exemption is not in violation of the Brown Act or other applicable laws or regulations. Such committees shall operate in accordance with the applicable provisions of the Brown Act.

# **ARTICLE 9**

## ***EXECUTION OF INSTRUMENTS, DEPOSITS, AND FUNDS***

### **SECTION 1. EXECUTION OF INSTRUMENTS**

The board of directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

## **SECTION 2. CHECKS AND NOTES**

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the treasurer and countersigned by the president of the corporation.

## **SECTION 3. DEPOSITS**

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may select.

## **SECTION 4. GIFTS**

The board of directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.

# **ARTICLE 10**

## ***CORPORATE RECORDS, REPORTS, AND SEAL***

### **SECTION 1. MAINTENANCE OF CORPORATE RECORDS**

The corporation shall keep at its principal office in the State of California:

- (a) Minutes of all meetings of directors, committees of the board and, if this corporation has members, of all meetings of members, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- (b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses;
- (c) A copy of the corporation's articles of incorporation and bylaws as amended to date, which shall be open to inspection by the members, if any, of the corporation at all reasonable times during office hours.

### **SECTION 2. CORPORATE SEAL**

The board of directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

### **SECTION 3. DIRECTORS' INSPECTION RIGHTS**

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation and shall have such other rights to inspect the books, records and properties of this corporation as may be required under the Articles of Incorporation, other provisions of these Bylaws, and provisions of law.

### **SECTION 4. RIGHTS TO COPY AND MAKE EXTRACTS**

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection shall include the right to copy and make extracts.

### **SECTION 5. ANNUAL REPORT**

The board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation and, if this corporation has members, to any member who requests it in writing, which report shall contain the following information in appropriate detail:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year;
- (d) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year;

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

### **SECTION 6. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS**

The annual statement required by Section 6322 of the California Nonprofit Public Benefit Corporation Law shall be furnished to the Directors for any fiscal year in which a transaction or indemnification of the kind described in a. or b. below took place:

- (a) A transaction in which the corporation or a parent or subsidiary was a party and one or more Directors or officers of the corporation or a parent or subsidiary or a holder of more than ten percent (10%) of the voting power of the corporation

or a parent or subsidiary had a direct or indirect material financial interest and which involved Fifty Thousand Dollars (\$50,000) or more, or which was one of a number of such transaction which involved the same interested person(s) and which amounted in the aggregate to Fifty Thousand Dollars (\$50,000) or more; or

- (b) Any indemnification or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer or Director of the corporation or a parent or subsidiary.

Such statement shall be mailed or delivered to the Directors within one hundred twenty (120) days after the close of the corporation's fiscal year.

## ARTICLE 11 *FISCAL YEAR*

### **SECTION 1. FISCAL YEAR OF THE CORPORATION**

The fiscal year of the corporation shall begin on July 1 and end on June 30 in each year.

## ARTICLE 12 *AMENDMENTS*

### **SECTION 1. AMENDMENT OF BY LAWS**

These Bylaws will be reviewed at least once every two (2) years and shall be documented as to the date of such review. New Bylaws may be adopted or these Bylaw may be amended or repealed by a majority vote of the Board.

## ARTICLE 13 *PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS*

### **SECTION 1. PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

No director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these bylaws and is fixed by

resolution of the board of directors; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation. All members, if any, of the corporation shall be deemed to have expressly consented and agreed that on such dissolution or winding up of the affairs of the corporation, whether voluntarily or involuntarily, the assets of the corporation, after all debts have been satisfied, shall be distributed as required by the articles of incorporation of this corporation and not otherwise.

## WRITTEN CONSENT OF DIRECTORS ADOPTING BYLAWS

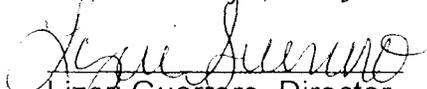
We, the undersigned, are all of the persons named as the initial directors in the articles of incorporation of Nova Meridian Academy, a California nonprofit corporation, and, pursuant to the authority granted to the directors by these bylaws to take action by unanimous written consent without a meeting, consent to, and hereby do, adopt the foregoing bylaws, consisting of (19) pages, as the bylaws of this corporation.

Dated: October 5, 2005

  
David S Tellyer, Director

  
Eddie J Campa, Director

  
Michael Arroyo, Director

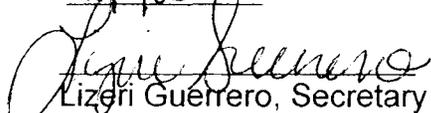
  
Lizeri Guerrero, Director

  
Nertha Arroyo, Director

## CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the bylaws of the corporation named in the title thereto and that such bylaws were duly adopted by the board of directors of said corporation on the date set forth below.

Dated: 10/5/05

  
Lizeri Guerrero, Secretary

# Appendix O: By Laws

**BYLAWS  
OF  
NOVA MERIDIAN ACADEMY**

**A CALIFORNIA PUBLIC BENEFIT CORPORATION**

**ARTICLE 1  
OFFICES**

**SECTION 1. PRINCIPAL OFFICE**

The principal office of the corporation for the transaction of its business is located on 850 Via Lata, Suite 105, Colton, CA 92324 in San Bernardino County California.

**SECTION 2. CHANGE OF ADDRESS**

The county of the corporation's principal office can be changed only by amendment of these bylaws and not otherwise. The board of directors may, however, change the principal office from one location to another within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these bylaws.

_____	Dated: _____
_____	Dated: _____
_____	Dated: _____

**SECTION 3. OTHER OFFICES**

The corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the board of directors may, from time to time, designate.

**ARTICLE 2  
PURPOSES**

**SECTION 1. OBJECTIVES AND PURPOSES**

The primary objectives and purposes of this corporation shall be to create and establish the Nova Meridian Academy (hereinafter "NMA") which will operate as a California Public Charter High School. Its purpose is to serve as an alternative educational pathway for students. NMA envisions the creation of a positive student-centered learning environment and a culture of new excellence. This will be accomplished by

providing opportunities for all students to become successful self-motivated lifelong learners and leaders in education through:

- (a) Traditional educational instruction (ie. Math, English, Science, History).
- (b) Leadership Training.
- (c) Mentorship.
- (d) College preparation programs.
- (e) After school programs such as tutoring and community service involvement.

### **ARTICLE 3 MEMBERS**

#### **SECTION 1. MEMBERSHIP**

The corporation has no members. The rights which would otherwise vest in the members vest in the directors of the corporation of NMA. Actions which would otherwise require approval by a majority of all members or approval by the members require only approval of a majority of all Directors.

### **ARTICLE 4 ASSURANCES**

#### **SECTION 1. FEDERAL LAWS AND STATE CODES**

NMA declares the following assurances that it will comply with all laws relating to public agencies in general, all federal laws and regulations and state codes. The school will:

- (a) Be nonsectarian in its programs, admissions policies, employment practices, and all other operations. [Ref. California Education Code §47605(d)(1)]
- (b) Not charge tuition. [Ref. California Education Code §47605(d)(1)]
- (c) Not discriminate against any student on the basis of ethnic background, national origin, gender, or disability. [Ref. California Education Code §47605(d)(1)]
- (d) Not enroll pupils over 19 years of age unless continuously enrolled in public school and making satisfactory progress toward high school diploma requirements.
- (e) Not require any child to attend a charter school or any employee to work at a charter school.

## ARTICLE 5 DIRECTORS

### SECTION 1. NUMBER

The corporation shall have not less than five (5) nor more than seven (7) directors, with the exact number to be fixed within these limits by approval of the Board of Directors.

### SECTION 2. POWERS

Subject to the provisions of the California Nonprofit Public Benefit Corporation law and any limitations in the articles of incorporation and bylaws relating to action required or permitted to be taken or approved by the members, if any, of this corporation, the activities and affairs of this corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the board of directors.

### SECTION 3. DUTIES

It shall be the duty of the directors to:

- (a) Perform any and all duties imposed on them collectively or individually by law, by the articles of incorporation of this corporation, or by these bylaws;
- (b) Appoint and remove, employ and discharge, and, except as otherwise provided in these bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents, and employees of the corporation;
- (c) Supervise all officers, agents, and employees of the corporation to assure that their duties are performed properly;
- (d) Meet at such times and places as required by these bylaws;
- (e) Register their addresses with the secretary of the corporation and notices of meetings mailed or telegraphed to them at such addresses shall be valid notices thereof.

### SECTION 4. TERMS OF OFFICE

Each director shall hold office until the next annual meeting for election of the board of directors as specified in these bylaws, and until his or her successor is elected and qualifies.

### SECTION 5. COMPENSATION

Directors shall serve without compensation except that they shall be allowed and paid \$25.00 for attendance of regular meetings. In addition, they shall be allowed reasonable

advancement or reimbursement of expenses incurred in the performance of their regular duties as specified in Section 3 of this Article. Directors may not be compensated for rendering services to the corporation in any capacity other than director unless such other compensation is reasonable and is allowable under the provisions of Section 6 of this Article.

## **SECTION 6. RESTRICTION REGARDING INTERESTED DIRECTORS**

Notwithstanding any other provision of these bylaws, not more than forty-nine percent (49%) of the persons serving on the board may be interested persons. For purposes of this Section, "interested persons" means either:

- (a) Any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or
- (b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

## **SECTION 7. VACANCIES**

Vacancies on the board of directors shall exist (1) on the death, resignation, or removal of any director, and (2) whenever the number of authorized directors is increased.

The board of directors may declare vacant the office of a director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Public Benefit Corporation Law.

Directors may be removed without cause by a majority of the directors then in office.

Any director may resign effective upon giving written notice to the chairperson of the board, the president, the secretary, or the board of directors, unless the notice specifies a later time for the effectiveness of such resignation. No director may resign if the corporation would then be left without a duly elected director or directors in charge of its affairs, except upon notice to the attorney general.

Vacancies on the board may be filled by approval of the board or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with this Article of these bylaws, or (3) a sole remaining director. If this corporation has members, however, vacancies created by the removal of a director may be filled only by the approval of the members. The members, if any, of this corporation may elect a director at any time to fill any vacancy not filled by the directors.

A person elected to fill a vacancy as provided by this Section shall hold office until the next annual election of the board of directors or until his or her death, resignation, or removal from office.

## **SECTION 8. NONLIABILITY OF DIRECTORS**

The directors shall not be personally liable for the debts, liabilities, or other obligations of the corporation.

## **SECTION 9. STANDARDS OF CARE**

### Performance of Duties

Each Director shall perform all duties of a Director, including duties on any Board Committee, in good faith, in a manner the Director believes to be in the corporation's best interest and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

### Reliance on Others

In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, presented or prepared by:

- (a) One or more officers or employees of the corporation whom the Director believes to be reliable and competent in the matters presented;
- (b) Legal counsel, independent accountants or other persons as to matters that the Director believes are within that person's professional or expert competence; or
- (c) A Board Committee on which the Director does not serve, as to matters within its designated authority, provided the Director believes the Committee merits confidence and the Director acts in good faith, after reasonable inquiry when the need is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

### Investments

In investing and dealing with all assets held by the corporation for investment, the Board shall exercise the standard of care described above and avoid speculation, looking instead to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the corporation's capital. The Board may delegate its investment powers to others, provided that those powers are exercised within the ultimate direction of the Board. No investment violates this section where it conforms to

provisions authorizing such investment contained in an instrument or agreement pursuant to which the assets were contributed to the corporation.

## **SECTION 10. INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS**

To the extent that a person who is, or was, a director, officer, employee, or other agent of this corporation has been successful on the merits in defense of any civil, criminal, administrative, or investigative proceeding brought to procure a judgment against such person by reason of the fact that he or she is, or was, an agent of the corporation, or has been successful in defense of any claim, issue, or matter, therein, such person shall be indemnified against expenses actually and reasonably incurred by the person in connection with such proceeding.

If such person either settles any such claim or sustains a judgment against him or her, then indemnification against expenses, judgments, fines, settlements, and other amounts reasonably incurred in connection with such proceedings shall be provided by this corporation but only to the extent allowed by, and in accordance with the requirements of, Section 5238 of the California Nonprofit Public Benefit Corporation Law.

## **SECTION 11. INSURANCE FOR CORPORATE AGENTS**

The board of directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, officer, employee, or other agent of the corporation) against any liability other than for violating provisions of law relating to self-dealing (Section 5233 of the California Nonprofit Public Benefit Corporation Law) asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of Section 5238 of the California Nonprofit Public Benefit Corporation Law.

## **ARTICLE 6 MEETINGS**

### **SECTION 1. PLACE OF MEETINGS**

Regular and special meetings of the Board of Directors shall be held at any place that may be designed by the Board of Directors in accordance with Section 54954(b) of the California Government Code and other applicable laws. Unless otherwise specified, the meetings shall be held at the principal office of the corporation designated in Article I, Section 1 of these Bylaws. Any meeting, regular or special, may be held by teleconference so long as such meeting is held in accordance with Section 54953(b) of the California Government Code and other applicable laws.

## **SECTION 2. REGULAR AND ANNUAL MEETINGS**

Regular meetings of directors shall be held on the first Monday of each month at 6:00 PM, unless such day falls on a legal holiday, in which event the regular meeting shall be held at the same hour and place on the second Monday of the month.

At the annual meeting of directors held in the month of July, officers shall be elected by the board of directors in accordance with this section. Cumulative voting by directors for the election of directors shall not be permitted. The candidates receiving the highest number of votes up to the number of directors to be elected shall be elected. Each director shall cast one vote, with voting being by ballot only.

## **SECTION 3. SPECIAL MEETINGS**

Special meetings of the Board of Directors may be called by any one or more officers or directors in accordance with Section 5211 of the California Nonprofit Corporation Law, as may be limited by the California Government Code Sections 54954, *et seq.*

## **SECTION 4. NOTICE OF MEETINGS**

Regular meetings of the Board of Directors may be held at the times specified in Section 2, without the requirement of additional notice, except to the extent required by the Brown Act or other applicable laws or regulations. Special meetings of the Board may be held upon three (3) days notice, delivered to each director by electronic mail, personally, or by telephone, provided that three days' public notice is also provided, in accordance with the Brown Act or other applicable laws and regulations. Individual notice to directors may also be sent via first-class mail or telegraph, provided that 5 days notice is provided to those recipients, with such notice deemed to be delivered on its deposit in the mails or on its delivery to the telegraph company. Such notices shall be addressed to each director at his or her address as shown on the books of the corporation. Public notice shall be deemed to have been delivered at the time of posting in at least two public places that are in accordance with Section 54954, *et seq.* of the California Government Code and other applicable laws, including one generally accessible physical bulletin Board and/or e-mail forum. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than four (4) hours from the time of the original meeting, provided that such adjournment is consistent with the Brown Act or other applicable laws and regulations. Notice shall be given of any adjourned regular or special meeting to directors absent from the original meeting if the adjourned meeting is held more than four (4) hours from the time of the original meeting.

## **SECTION 5. CONTENTS OF NOTICE**

Notice of meetings not herein dispensed with shall specify the place, day and hour of the meeting. The purpose of any Board meeting need not be specified in the notice, except that specific topics requiring Board action shall be listed in an enclosed agenda, to the extent required by the Brown Act or other applicable laws and regulations. The Board may set time limits for discussion of each or any agenda item contained in the notice.

## **SECTION 6. WAIVER OF NOTICE AND CONSENT TO HOLDING MEETINGS**

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that either before or after the meeting each director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. The remainder of this section notwithstanding, such waivers of notice and proceedings shall be valid only to the extent to which the meeting was nonetheless held in compliance with the Brown Act and all other applicable laws and regulations..

## **SECTION 7. QUORUM FOR MEETINGS**

A quorum shall consist of three (3) Directors.

Except as otherwise provided in these bylaws or in the articles of incorporation of this corporation, or by law, no business shall be considered by the board at any meeting at which a quorum, as hereinafter defined, is not present, and the only motion which the Chair shall entertain at such meeting is a motion to adjourn. However, a majority of the directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the board.

When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 10 of this Article.

The directors present at a duly called and held meeting at which a quorum is initially present may continue to do business notwithstanding the loss of a quorum at the meeting due to a withdrawal of directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the articles of incorporation or bylaws of this corporation.

## **SECTION 8. MAJORITY; BOARD ACTION**

Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the board of directors, unless the articles of incorporation or bylaws of this corporation, or provisions of the California Nonprofit Public Benefit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a director has a material financial interest (Section 5233) and indemnification of directors (Section 5238e), require a greater percentage or different voting rules for approval of a matter by the board.

Each person present at a meeting of the Board of Directors may speak briefly regarding the agenda items. The Chair of the meeting may set a time limit for each speaker, as well as a cumulative time limit for all speakers. The chair may waive or extend the time limit for any speaker(s) or any agenda items without prejudice to enforcing the time limits for any other speaker(s) or agenda items.

## **SECTION 9. CONDUCT OF MEETINGS**

Meetings of the board of directors shall be presided over by the chairperson of the board, or, if no such person has been so designated or, in his or her absence, the president of the corporation or, in his or her absence, by a chairperson chosen by a majority of the directors present at the meeting. The secretary of the corporation shall act as secretary of all meetings of the board, provided that, in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

The NMA Board of Director Meetings shall be Brown Act compliant and will be governed by Roberts Rule of Order, as such rules may be revised from time to time, insofar as such rules are not inconsistent with or in conflict with these bylaws, with the articles of incorporation of this corporation, or with provisions of law.

## **SECTION 10. ACTION BY THE DIRECTORS**

No action shall be taken (as defined in Section 54952.6 of the Brown Act) by the Board of Directors in violation of the Brown Act or other applicable laws and regulations, including but not limited to the right of the public to public notice of meetings (as defined in Section 54952.2 of the Brown Act), and attendance at Board meetings other than those sessions which are closed in accordance with the Brown Act and other applicable laws.

## ARTICLE 7 OFFICERS

### SECTION 1. NUMBER OF OFFICERS

The officers of the corporation shall be a president, a secretary, and a chief financial officer who shall be designated the treasurer. The corporation may also have, as determined by the board of directors, a chairperson of the board, one or more vice presidents, assistant secretaries, assistant treasurers, or other officers. Any number of offices may be held by the same person except that neither the secretary nor the treasurer may serve as the president or chairperson of the board.

### SECTION 2. QUALIFICATION, ELECTION, AND TERM OF OFFICE

Any person may serve as an officer of this corporation. Officers shall be elected by the board of directors, at any time, and each officer shall hold office until he or she resigns, is removed or is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

### SECTION 3. SUBORDINATE OFFICERS

The board of directors may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the board of directors.

### SECTION 4. REMOVAL AND RESIGNATION

Any officer may be removed, either with or without cause, by the board of directors, at any time. Any officer may resign at any time by giving written notice to the board of directors or to the president or secretary of the corporation. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The above provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the board of directors relating to the employment of any officer of the corporation.

### SECTION 5. VACANCIES

Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by the board of directors. In the event of a vacancy in any office other than that of president, such vacancy may be filled temporarily by appointment by the president until such time as the board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the board may or may not be filled as the board shall determine.

## **SECTION 6. DUTIES OF PRESIDENT**

The President of NMA shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, supervise and control the affairs of the corporation and the activities of the officers. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these bylaws, or which may be prescribed from time to time by the board of directors. Unless another person is specifically appointed as chairperson of the board of directors, he or she shall preside at all meetings of the board of directors. If applicable, the president shall preside at all meetings of the members. Except as otherwise expressly provided by law, by the articles of incorporation, or by these bylaws, he or she shall, in the name of the corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the board of directors.

## **SECTION 7. DUTIES OF SECRETARY**

The Secretary of NMA shall:

Certify and keep at the principal office of the corporation the original, or a copy of these bylaws as amended or otherwise altered to date.

Keep at the principal office of the corporation or at such other place as the board may determine, a book of minutes of all meetings of the directors, and, if applicable, meetings of committees of directors and of members, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

See that all notices are duly given in accordance with the provisions of these bylaws or as required by law.

Be custodian of the records and of the seal of the corporation and see that the seal is affixed to all duly executed documents, the execution of which on behalf of the corporation under its seal is authorized by law or these bylaws.

Keep at the principal office of the corporation a membership book containing the name and address of each and any member, and, in the case where any membership has been terminated, the secretary shall record such fact in the membership book together with the date on which such membership ceased.

Exhibit at all reasonable times to any director of the corporation, or to his or her agent or attorney, on request therefore, the bylaws, the membership book, and the minutes of the proceedings of the directors of the corporation.

In general, perform all duties incident to the office of secretary and such other duties as may be required by law, by the articles of incorporation of this corporation, or by these

bylaws, or which may be assigned to him or her from time to time by the board of directors.

## **SECTION 8. DUTIES OF TREASURER**

Subject to the provisions of these bylaws relating to the "Execution of Instruments, Deposits, and Funds," the treasurer shall:

Have charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the board of directors.

Receive, and give receipt for, monies due and payable to the corporation from any source whatsoever.

Disburse, or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for such disbursements.

Keep and maintain adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.

Exhibit at all reasonable times the books of account and financial records to any director of the corporation, or to his or her agent or attorney, on request thereof.

Render to the president and directors, whenever requested, an account of any or all of his or her transactions as treasurer and of the financial condition of the corporation.

Prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

In general, perform all duties incident to the office of treasurer and such other duties as may be required by law, by the articles of incorporation of the corporation, or by these bylaws, or which may be assigned to him or her from time to time by the board of directors.

## **SECTION 9. COMPENSATION**

The salaries of the officers, if any, shall be fixed from time to time by resolution of the board of directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation, provided, however, that such compensation paid a director for serving as an officer of this corporation shall only be allowed if permitted under the provisions of Article 5, Section 5, of these bylaws. In all cases, any salaries received by officers of this corporation shall be reasonable and given in return for services actually rendered for the corporation which relate to the performance of the charitable or public purposes of this corporation. All officer salaries

shall be approved in advance in accordance with this corporation's conflict of interest policy, as set forth in Article 9 of these bylaws.

## ARTICLE 8 **COMMITTEES**

### **SECTION 1. EXECUTIVE COMMITTEE OF THE BOARD**

The board of directors may, by a majority vote of directors, designate two (2) or more of its board members (who may also be serving as officers of this corporation) to constitute an executive committee of the board and delegate to such committee any of the powers and authority of the board in the management of the business and affairs of the corporation, except with respect to:

- (a) The approval of any action which, under law or the provisions of these bylaws, requires the approval of the members or of a majority of all of the members.
- (b) The filling of vacancies on the board or on any committee that has the authority of the board.
- (c) The fixing of compensation of the directors for serving on the board or on any committee.
- (d) The amendment or repeal of bylaws or the adoption of new bylaws.
- (e) The amendment or repeal or any resolution of the board which by its express terms is not so amendable or repealable.
- (f) The appointment of committees of the board or the members thereof.
- (g) The expenditure of corporate funds to support a nominee for director after there are more people nominated for director than can be elected.
- (h) The approval of any transaction to which this corporation is a party and in which one or more of the directors has a material financial interest, except as expressly provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

By a majority vote of its members then in office, the board may at any time revoke or modify any or all of the authority so delegated, increase or decrease but not below two (2) the number of its members, and fill vacancies therein from the members of the board. The committee shall keep regular minutes of its proceedings, cause them to be filed with the corporate records, and report the same to the board from time to time as the board may require.

## **SECTION 2. OTHER COMMITTEES**

The corporation shall have such other committees as may from time to time be designated by resolution of the board of directors. Such other committees may consist of persons who are not also members of the board. These additional committees shall act in an advisory capacity only to the board and shall be clearly titled as "advisory" committees.

## **SECTION 3. MEETINGS AND ACTION OF COMMITTEES**

Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these bylaws concerning meetings of the board of directors, with such changes in the context of such bylaw provisions as are necessary to substitute the committee and its members for the board of directors and its members, except that the time for regular meetings of committees may be fixed by resolution of the board of directors or by the committee. The time for special meetings of committees may also be fixed by the board of directors. The board of directors may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these bylaws. In particular, the Board may determine whether the meetings of any particular advisory committee shall be exempted from the public notice provisions of these Bylaws, so long as such exemption is not in violation of the Brown Act or other applicable laws or regulations. Such committees shall operate in accordance with the applicable provisions of the Brown Act.

### **ARTICLE 9**

## **CONFLICT OF INTEREST AND COMPENSATION APPROVAL POLICIES**

### **SECTION 1. PURPOSE OF CONFLICT OF INTEREST POLICY**

The purpose of this conflict of interest policy is to protect this tax-exempt corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the corporation or any "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations and which might result in a possible "excess benefit transaction" as defined in Section 4958(c)(1)(A) of the Internal Revenue Code and as amplified by Section 53.4958 of the IRS Regulations. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### **SECTION 2. DEFINITIONS**

(a) Interested Person.

Any director, principal officer, member of a committee with governing board delegated powers, or any other person who is a "disqualified person" as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the

IRS Regulations, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest.

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- (1) an ownership or investment interest in any entity with which the corporation has a transaction or arrangement,
- (2) a compensation arrangement with the corporation or with any entity or individual with which the corporation has a transaction or arrangement, or
- (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 3, paragraph B, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### **SECTION 3. CONFLICT OF INTEREST AVOIDANCE PRODEDURES**

(a) Duty to Disclose.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

(b) Determining Whether a Conflict of Interest Exists.

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest.

An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the governing board or committee shall determine whether the corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

(d) Violations of the Conflicts of Interest Policy.

If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### **SECTION 4. RECORDS OF BOARD AND BOARD COMMITTEE PROCEEDINGS**

The minutes of meetings of the governing board and all committees with board delegated powers shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## SECTION 5. COMPENSATION APPROVAL POLICIES

A voting member of the governing board who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation for services is precluded from voting on matters pertaining to that member's compensation.

No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

When approving compensation for directors, officers and employees, contractors, and any other compensation contract or arrangement, in addition to complying with the conflict of interest requirements and policies contained in the preceding and following sections of this article as well as the preceding paragraphs of this section of this article, the board or a duly constituted compensation committee of the board shall also comply with the following additional requirements and procedures:

- (a) the terms of compensation shall be approved by the board or compensation committee prior to the first payment of compensation.
- (b) all members of the board or compensation committee who approve compensation arrangements must not have a conflict of interest with respect to the compensation arrangement as specified in IRS Regulation Section 53.4958-6(c)(iii), which generally requires that each board member or committee member approving a compensation arrangement between this organization and a "disqualified person" (as defined in Section 4958(f)(1) of the Internal Revenue Code and as amplified by Section 53.4958-3 of the IRS Regulations):
  1. is not the person who is the subject of compensation arrangement, or a family member of such person;
  2. is not in an employment relationship subject to the direction or control of the person who is the subject of compensation arrangement
  3. does not receive compensation or other payments subject to approval by the person who is the subject of compensation arrangement
  4. has no material financial interest affected by the compensation arrangement; and
  5. does not approve a transaction providing economic benefits to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

(c) the board or compensation committee shall obtain and rely upon appropriate data as to comparability prior to approving the terms of compensation. Appropriate data may include the following:

1. compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions. "Similarly situated" organizations are those of a similar size and purpose and with similar resources
2. the availability of similar services in the geographic area of this organization
3. current compensation surveys compiled by independent firms
4. actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement.

As allowed by IRS Regulation 4958-6, if this organization has average annual gross receipts (including contributions) for its three prior tax years of less than \$1 million, the board or compensation committee will have obtained and relied upon appropriate data as to comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

(d) the terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date it was approved
2. the members of the board or compensation committee who were present during debate on the transaction, those who voted on it, and the votes cast by each board or committee member
3. the comparability data obtained and relied upon and how the data was obtained.
4. If the board or compensation committee determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record in the minutes of the meeting the basis for its determination.
5. If the board or committee makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the board or committee meeting.
6. any actions taken with respect to determining if a board or committee member had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of

conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and a taking of the votes to approve the arrangement).

7. The minutes of board or committee meetings at which compensation arrangements are approved must be prepared before the later of the date of the next board or committee meeting or 60 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes must be reviewed and approved by the board and committee as reasonable, accurate, and complete within a reasonable period thereafter, normally prior to or at the next board or committee meeting following final action on the arrangement by the board or committee.

## **SECTION 6. ANNUAL STATEMENTS**

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- (a) has received a copy of the conflicts of interest policy,
- (b) has read and understands the policy,
- (c) has agreed to comply with the policy, and
- (d) understands the corporation is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## **SECTION 7. PERIODIC REVIEWS**

To ensure the corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

## **SECTION 8. USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Section 7, the corporation may, but need not, use outside advisors. If outside experts are used, their use shall not

relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

## ARTICLE 10 *EXECUTION OF INSTRUMENTS, DEPOSITS, AND FUNDS*

### SECTION 1. EXECUTION OF INSTRUMENTS

The board of directors, except as otherwise provided in these bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

### SECTION 2. CHECKS AND NOTES

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the treasurer and countersigned by the president of the corporation.

### SECTION 3. DEPOSITS

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the board of directors may select.

### SECTION 4. GIFTS

The board of directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the charitable or public purposes of this corporation.

## ARTICLE 11 *CORPORATE RECORDS, REPORTS, AND SEAL*

### SECTION 1. MAINTENANCE OF CORPORATE RECORDS

The corporation shall keep at its principal office in the State of California:

- (a) Minutes of all meetings of directors, committees of the board and, if this corporation has members, of all meetings of members, indicating the time and

place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;

- (b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses;
- (c) A copy of the corporation's articles of incorporation and bylaws as amended to date, which shall be open to inspection by the members, if any, of the corporation at all reasonable times during office hours.

## **SECTION 2. CORPORATE SEAL**

The board of directors may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

## **SECTION 3. DIRECTORS' INSPECTION RIGHTS**

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation and shall have such other rights to inspect the books, records and properties of this corporation as may be required under the Articles of Incorporation, other provisions of these Bylaws, and provisions of law.

## **SECTION 4. RIGHTS TO COPY AND MAKE EXTRACTS**

Any inspection under the provisions of this Article may be made in person or by agent or attorney and the right to inspection shall include the right to copy and make extracts.

## **SECTION 5. ANNUAL REPORT**

The board shall cause an annual report to be furnished not later than one hundred and twenty (120) days after the close of the corporation's fiscal year to all directors of the corporation and, if this corporation has members, to any member who requests it in writing, which report shall contain the following information in appropriate detail:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

- (d) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year;

The annual report shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

## **SECTION 6. ANNUAL STATEMENT OF CERTAIN TRANSACTIONS**

The annual statement required by Section 6322 of the California Nonprofit Public Benefit Corporation Law shall be furnished to the Directors for any fiscal year in which a transaction or indemnification of the kind described in a. or b. below took place:

- (a) A transaction in which the corporation or a parent or subsidiary was a party and one or more Directors or officers of the corporation or a parent or subsidiary or a holder of more than ten percent (10%) of the voting power of the corporation or a parent or subsidiary had a direct or indirect material financial interest and which involved Fifty Thousand Dollars (\$50,000) or more, or which was one of a number of such transaction which involved the same interested person(s) and which amounted in the aggregate to Fifty Thousand Dollars (\$50,000) or more; or
- (b) Any indemnification or advances aggregating more than Ten Thousand Dollars (\$10,000) paid during the fiscal year to any officer of Director of the corporation or a parent or subsidiary.

Such statement shall be mailed or delivered to the Directors within one hundred twenty (120) days after the close of the corporation's fiscal year.

## **ARTICLE 12 FISCAL YEAR**

### **SECTION 1. FISCAL YEAR OF THE CORPORATION**

The fiscal year of the corporation shall begin on July 1 and end on June 30 in each year.

## **ARTICLE 13 AMENDMENTS**

### **SECTION 1. AMENDMENT OF BY LAWS**

These Bylaws will be reviewed at least once every two (2) years and shall be documented as to the date of such review. New Bylaws may be adopted or these Bylaw may be amended or repealed by a majority vote of the Board.

## **ARTICLE 14 PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

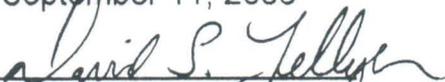
### **SECTION 1. PROHIBITION AGAINST SHARING CORPORATE PROFITS AND ASSETS**

No director, officer, employee, or other person connected with this corporation, or any private individual, shall receive at any time any of the net earnings or pecuniary profit from the operations of the corporation, provided, however, that this provision shall not prevent payment to any such person of reasonable compensation for services performed for the corporation in effecting any of its public or charitable purposes, provided that such compensation is otherwise permitted by these bylaws and is fixed by resolution of the board of directors; and no such person or persons shall be entitled to share in the distribution of, and shall not receive, any of the corporate assets on dissolution of the corporation. All members, if any, of the corporation shall be deemed to have expressly consented and agreed that on such dissolution or winding up of the affairs of the corporation, whether voluntarily or involuntarily, the assets of the corporation, after all debts have been satisfied, shall be distributed as required by the articles of incorporation of this corporation and not otherwise.

## WRITTEN CONSENT OF DIRECTORS ADOPTING BYLAWS

We, the undersigned, are all of the persons named as the initial directors in the articles of incorporation of Nova Meridian Academy, a California nonprofit corporation, and, pursuant to the authority granted to the directors by these bylaws to take action by unanimous written consent without a meeting, consent to, and hereby do, adopt the foregoing bylaws, consisting of (19) pages, as the bylaws of this corporation.

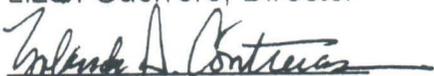
Dated: September 11, 2006

  
David S Tellyer, Director

  
Eddie J Campa, Director

  
Michael Arroyo, Director

  
Lizer Guerrero, Director

  
Yolanda Contreras, Director

## CERTIFICATE

This is to certify that the foregoing is a true and correct copy of the bylaws of the corporation named in the title thereto and that such bylaws were duly adopted by the board of directors of said corporation on the date set forth below.

Dated: 9/11/06  
  
Lizer Guerrero, Secretary

# **Appendix D: Articles of Incorporation**

2795507

**State of California**  
Secretary of State



I, BRUCE McPHERSON, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

AUG 5 2005

A handwritten signature in cursive script, appearing to read "Bruce McPherson".

BRUCE McPHERSON  
Secretary of State

2795507

**ENDORSED - FILED**  
in the office of the Secretary of State  
of the State of California

JUL 21 2005

**ARTICLES OF INCORPORATION  
OF  
NOVA MERIDIAN ACADEMY**

**A CALIFORNIA PUBLIC BENEFIT CORPORATION**

- I. The name of this corporation is Nova Meridian Academy.
- II. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes. The specific purpose for which this corporation is organized is to establish and maintain a California Public Charter High School that will provide traditional classroom instruction, mentorship and leadership training.
- III. The name and address in the State of California of this corporation's initial agent for service of process is:

Eddie J Campa, Director  
850 Via Lata, Suite 105  
Colton, CA 92324

- IV. (a) This corporation is organized and operated exclusively for educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.
- (b) Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code or (2) by a corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.
- (c) No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.
- V. The names and addresses of the persons appointed to act as the initial directors of this corporation are:

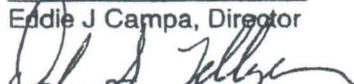
<u>Name</u>	<u>Address</u>
Eddie J Campa	850 Via Lata, STE 105, Colton, CA 92324
David S Tellyer	850 Via Lata, STE 105, Colton, CA 92324
Michael Arroyo	850 Via Lata, STE 105, Colton, CA 92324
Lizeri Guerrero	850 Via Lata, STE 105, Colton, CA 92324
Nertha Arroyo	850 Via Lata, STE 105, Colton, CA 92324

- VI. The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of the organization shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person.

On the dissolution or winding up of the corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation, shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

Date: July 15, 2005

  
Eddie J Campa, Director

  
David S Tellyer, Director

  
Michael Arroyo, Director

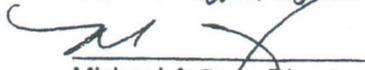
  
Lizeri Guerrero, Director

  
Nertha Arroyo, Director

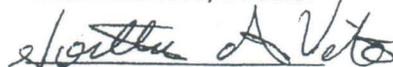
We, the above-mentioned initial directors of this corporation, hereby declare that we are the persons who executed the foregoing Articles of Incorporation, which execution is our act and deed.

  
Eddie J Campa, Director

  
David S Tellyer, Director

  
Michael Arroyo, Director

  
Lizeri Guerrero, Director

  
Nertha Arroyo, Director





## Colton Joint Unified School District

### Charter School Renewal Rubric

(A rubric using the system required elements will be evaluated based on reasonably comprehensive descriptions. (EC Section 47605 (b) (5) CA-P) (Outside Source)

#### Scoring Rubric

4 points: Excellent	3 points: Good	2 points: Fair	1 point: Inadequate/Unsatisfactory
Very likely to lead to the development of a high quality charter school	Strengths outweigh weaknesses. There are weaknesses but they are not likely to adversely impact the development and operation of a high quality charter school	Some strengths, but weaknesses are likely to adversely impact the development and operation of a high quality charter school [A score of 2 in any area renders the application ineligible for funding]	Contains a number of weaknesses that are likely to adversely impact the development and operation of a high quality charter school [A score of 1 in any area renders the application ineligible for funding]

#### Descriptions

#### Comments

1. The description of the high school charter comprehensively describes the process of how the school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements.	3	<p>NMA submitted course descriptions which adequately cover California content standards in the core areas. Course syllabi provided demonstrate communication of course requirements. NMA has begun process of WASC accreditation and UC approval of courses for transferability.</p> <p>There is no evidence that parents are informed that NMA is in WASC candidacy or that courses do not yet meet UC A-G requirements for submission/approval. Charter states it is done at conferences and in student handbook but the handbook, a written document does not have it included. Approval is pending at this time for courses in several A-G areas including mathematics, lab sciences, and Visual and Performing Arts. There is no reason to think that NMA will not be able to attain approval by their students' junior year.</p> <p>School performance data reports were requested including "value added" measurements on student CST since enrolling in NMA, but were not provided in charter renewal application, or in the updated resubmission.</p>
2. The description of the high school charter comprehensively describes the process for measuring pupil outcomes and how these outcomes will be used by the school.	3	<p>NMA has an assessment schedule that ensures students are assessed every four weeks and these assessments are created from the California Content Standards and textbooks. According to the plan, teachers will analyze the assessment results and modify instruction based on the results. Evidence of this practice and results should be included. Also, they have assessments to monitor individuals, "Value-added" measurements. Results of these measurements are needed and were requested in resubmission but not provided.</p> <p>There are weak indicators as to whether NMA has met their previous charter goals, or how they plan to meet them if there are shortfalls. This area was still commonly disregarded in the resubmission.</p> <p>In reporting requirements to the district in this section, NMA has been habitually late or provided incomplete information.</p>

<p>3. The description of the high school charter comprehensively describes the method by which pupil progress is measured and how pupil outcomes are to be measured.</p>	<p>2</p>	<p>The plan acknowledges the necessity of reviewing pupil progress and collaboration about pupil progress in order to increase performance and differentiate instruction as a result.</p> <p>To ensure this happens efficiently and effectively, a recommendation would be to develop a process that will guide teacher collaboration as they review and analyze data.</p> <p>No Specific Data is provided in this section that has been analyzed previously by the staff, nor action plans based on their analysis.</p>
<p>4. The description of the high school charter comprehensively describes the schools governance structure, including parental involvement.</p>	<p>2</p>	<p>While it is not necessary for a Charter administrator to hold an administrative credential, current NMA administration does not appear to have the necessary knowledge/ background experience in personnel oversight, educational law, fiscal management or curriculum development to manage daily operations effectively.</p> <p>Fiscal management issues continue and some copies of contracts provided are ending soon, already expired.</p> <p>Concerns regarding NMA Board Brown Act violation and training in that area should be addressed. There is no evidence of board policies that have been developed, particularly relating to curriculum, adoption of courses. Board powers need additional definition as well as powers delegated by the board to staff. There is evidence that the parental involvement piece has been implemented with a modicum of success.</p> <p>Auditing issues are a concern as well as NMA procedures to address these. The 2007-08 Unaudited Actuals Report and the General Ledger of NMA do not agree.</p>
<p>5. The description of the high school charter comprehensively describes the qualifications to be met by individuals employed by the school.</p>	<p>1</p>	<p>There was a duration of time when one teacher was inappropriately assigned to a math classroom and did not meet NCLB requirements. This issue was resolved as of March, 2009.</p> <p>We have evidence that four of five classified employees received finger print clearance from the Department of Justice in addition to medical clearance for tuberculosis. We have absolutely no information on one classified staff member.</p> <p>Charter renewal application includes requirement to provide CJUSD with documentation showing all staff have received fingerprint clearance and TB screening.</p>
<p>6. The description of the high school charter comprehensively describes the procedures to ensure health and safety of pupils and staff</p>	<p>1</p>	<p>1 paragraph narrative did not provide comprehensive explanation of any procedures or documentation to ensure requirements are met. Charter did not include the requirement that NMA maintained liability insurance or worker's comp.</p> <p>**NO UPDATE RECEIVED ON RESUBMISSION INFORMATION</p>

<p>7. The description of the high school charter comprehensively describes the means by which the school will achieve racial and ethnic balance among its pupils, reflective of the general population residing in the district.</p>	<p>3</p>	<p>NMA states they essentially match district demographics. There are plans to address ensuring the availability of the program to a wide variety of students</p>
<p>8. The description of the high school charter comprehensively describes the admission requirements, if applicable.</p>	<p>4</p>	<p>This area meets requirements.</p>
<p>9. The description of the high school charter comprehensively describes the manner in which annual financial audits will be conducted, and the manner in which audit exceptions and deficiencies will be resolved.</p>	<p>2</p>	<p>The Academy currently subcontracts out all its non-instructional administrative services (accounting, budgeting, payroll, personnel, purchasing, benefits, &amp; consulting) to Edtec, a charter school business support contractor. The contractor will update the NMA Board on an ongoing basis. It is not clear whether the Academy will have an onsite business office or an on-site person available to make the daily business decisions of an educational organization.        A copy of NMA contract with Edtec is provided, however the contract ends 6/30/09</p> <p>Audit report of June 30, 2008 included fourteen findings including five significant deficiencies in internal controls, which were addressed by the NMA in a letter to the District:</p> <ul style="list-style-type: none"> <li>• Lack of detailed inventory – The NMA indicates an inventory has been completed and a list is maintained on ongoing basis (the District is not provided with the list).</li> <li>• Lack of cash receipt system and procedure. The NMA indicates a cash receipt system has been implemented and system adopted by the NMA Board (the District is not given any evidence of this).</li> <li>• Purchase orders issue after the fact – The NMA indicates a progress has been made, however they do not use purchase requisition system for many several types of expenditures (the District is not given a written policy).</li> <li>• Insufficient supporting documentation for disbursements – The NMA indicates they have made strides (the District is not given a written policy or procedure hand-book).</li> <li>• Disagreement between the 2007-08 Unaudited Actuals Report and the General Ledger – The NMA indicates the Unaudited Actuals Report will be submitted after adjustments have been made to the General Ledger (the District is not provided with a year-end calendar outlining steps to be taken for year-end closing processes - the Unaudited Actuals Report is due to the District on or before September 1<sup>st</sup> per charter Implementation Agreement).</li> </ul> <p>Budget assumptions were provided and budget has been verified.        There is no information on how they selected their consulting firm.        Contracts included in this sections typically end in 2009 with some expiring in 2008.</p>

<p>10. The description of the high school charter comprehensively describes the procedures by which pupils may be suspended or expelled.</p>	<p>2</p>	<p>There needs to be a provision allowing a parent to appeal the Governing Board's recommendation for expulsion, including an appeal to the County Board. Currently the charter states that a decision to expel cannot be appealed. (according to SBCSS- against the law- parent has this right). NMA did not include this provision in the resubmission as required by the District.</p>
<p>11. The description of the high school charter comprehensively describes the provisions for employee coverage under the State Teachers Retirement System, the Public Employees Retirement System, or federal social security.</p>	<p>2</p>	<p>Nova Meridian retains the right to create its own retirement system within the parameters allowed by law, as outlined in the NMA board approved policies, identified in their employee handbook. There is evidence/ information (MOU) of their current retirement system (STRS) via contract with San Bernardino County Schools through June 30, 2008. No evidence was included of a current STRS contract.</p>
<p>12. The description of the high school charter comprehensively describes the public school alternatives for pupils residing within the district who choose not to attend charter schools.</p>	<p>3</p>	<p>The application meets the minimum requirement prescribed in Education Code 47605(b).</p>
<p>13. The description of the high school charter comprehensively describes the description of the rights of any employee of the school district upon leaving the employment of the school district to work in a charter school, and of any rights of return to the school district after employment at a charter school.</p>	<p>4</p>	<p>The employee rights are clearly identified as required by California Education Code Section 47605 (b) (555) (M).</p>
<p>14. The description of the high school charter comprehensively describes the dispute resolution process.</p>	<p>4</p>	<p>The dispute resolution process is comprehensively described for all parties and does not preclude the District from proceeding with a charter revocation in accordance with Education Code 47607.</p>

15. The description of the high school charter comprehensively describes the declaration whether or not the charter school will be the exclusive public school employer of the charter school employees.	4	There is evidence that employee labor relations rights identified in the California Education Code Section 47605 (b) (5) (O) have been identified by Nova Meridian Academy.
16. The description of the high school charter comprehensively describes the procedures to be used if the charter school closes.	3	Specific language was included to provide official transcripts to students and CJUSD. There is no policy to address credits/ partial credits if school closes mid-semester. Clarification of roles and parent notification need to be included in this section- it notes "action by Board of Directors" but not whether that is CJUSD or NMA Board who takes the action and is responsible for the notification of individual persons.

Format Developed 3/2009 ~Educational Services Division

goals and timelines. Board members Taylor and Ibarra inquired about assessment, placement and support at the middle and high school levels for advanced math classes, and what plan is in place to ensure success.

4. Agenda Item B-18: Nova Meridian Academy Charter School—Petition for Renewal: The following persons spoke in support of the Charter School:
  - a) Principal Nyesha Williams -- reviewed accomplishments,, API score, CAHSEE results, WASC candidacy, the AVID program and recruitment plans for next year;
  - b) Dorothy Lee, Client Manager at Ed-Tech, – reviewed financial statements;
  - c) Lisa Corr, Esq., Middleton, Young & Minney, LLP, reviewed audit findings, suggested a compromise as an option instead of a five-year renewal;
  - d) Ileana Guzman – student, shared her accomplishments through one-on-one opportunities;
  - e) Marlene Dorame, parent, shared her daughter’s accomplishments and the impact with the smaller educational environment.

Curriculum Director Julia Nichols introduced Ms. Sukhbinder Sandhu, representative from Atkinson Andelson, Loya, Romo & Ruud, who reviewed the timeline over the past two years and the findings, resulting in the District’s position to deny the petition due to financial issues. Questions from Board members Ibarra and Taylor included liability/debt issues if an extension for one year was granted and Board member Armenta mentioned that California law states that approval cannot be granted if standards are not met.

5. Public Hearing: Agenda Item B-17: At 6:44 p.m., Board President Mendoza-Ware opened the Public Hearing: Adoption of Resolution 09-25, *Authorizing the Dedication of Easement to the County of San Bernardino for the Bloomington Middle School Slover Avenue Development Project*. No one spoke to the item. The Public Hearing was closed at 6:45 p.m.
6. Public Input: Specific Consent, Action, Study and Information or Closed Session Items  
Agenda Item B-18: Adoption of Resolution 08/09-2787, Denying the Petition for Renewal of the Nova Meridian Academy (NMA) Charter School

The following persons expressed *opposition* to the proposal, spoke in support of the Nova Meridian Charter Academy and shared individual thoughts:

- a) Veronica Brooks and CeCe Salsido (NMA students) -- read a statement from a program supporter regarding the curriculum;
- b) CeCe Salido (NMA student) -- addressed and dispelled rumors regarding lack of a quality education;
- c) Sahil Bawa (NMA student) – educational experiences due to a smaller campus and class sizes;
- d) Michael Arroyo, Colton resident, stated that the District would not be held liable for debt issues;
- e) Katelyn Dwight (NMA student) –personal growth;
- f) Natalie Pech (NMA student) – preparation for advanced classes, AVID, CAHSEE;
- g) Nicole Lawrence (NMA student and Moreno Valley resident) – AVID program experiences, sacrifices made;
- h) Augustine Benitez (Grand Terrace resident) -- personal experiences;
- i) Delores Sedano (parent of a NMA student) – supports the motivation displayed by students and staff;
- j) Trish Campa, NMA teacher, did not address the Board but gestured “in support” of Nova Meridian Academy;

In support of Charter Denial: Colton JUSD teacher Crystal James expressed her thoughts and stated that NMA lacked “sound business practices.”

7. Public Input: Items Not on the Agenda

- a) Christine Irish-Rey, Colton resident, shared suggestions regarding budget-cutting measures including staff input, the need for parental assistance with dress-code enforcement, and she thanked Colton High School Principal Verdi for his support.

By Board consensus, item B-18 was brought forward for consideration.

Resolution 08/09-2787 #128 (B-18) It was moved by Mr. Taylor to amend the motion by replacing the words “*denying*” the petition renewal” with *extending* the charter for one year. Because no one seconded the motion, the motion *failed*, as presented.

Motion to Amend  
*Petition for Renewal of the Nova Meridian Academy Charter School*

Motion Carried  
Charter Denied #129 It was moved by Mr. Albiso and seconded by Mr. Armenta to adopt Resolution 08/09-2787, *Denying the Petition for Renewal of the Nova Meridian Academy Charter School*, as presented.

Prior to action taken, Board member Albiso thanked the students for attending the meeting, sharing concerns, and supporting the charter. The motion passed on a 4-3 vote. Deficiencies/concerns in 7 of the 16 areas in the revised petition for renewal were noted:

- Measurement of Pupil Progress and Outcomes
- Governance Structure
- Employment Qualifications and Requirements
- Pupil-Personnel Health and Safety
- Financial Auditing Process and Results
- Pupil Discipline- Due Process
- Employee Retirement Coverage

Ayes: Albiso, Armenta, Mendoza-Ware, Zamora  
Noes: Taylor, Haro, Ibarra

Board President Mendoza-Ware stated that it is the District’s fiduciary responsibility to ensure that a strong budget system is in place.

Board member Excused: At 7:09 p.m., Board member Ibarra was excused from the meeting prior to action taken (prior commitment).

The Board recessed at 7:09 p.m. and reconvened at 7:18 p.m.

Consent Items #130 On a motion by Mr. Taylor, seconded by Mrs. Haro and carried on a 6-0 vote (Ibarra absent), the Board approved Consent Items #A-1 through #A-13 as presented.

Minutes #130.1 (A-1) The Board approved the Minutes of Board of Education Meetings, as presented:  
Special Meeting: 5-12-09 May 12, 2009 -- Special Meeting (Certificated Layoffs)  
Regular Meeting: 5-14-09 May 14, 2009 -- Regular Meeting

Field Trips #130.2 (A-2) The Board approved the field trips and authorized the expenditure of funds: *See Exhibit “A”*



1           **WHEREAS**, in reviewing the Petition for the renewal of this Charter, the Governing  
2 Board has been cognizant of the intent of the Legislature that charter schools are and should  
3 become an integral part of the California educational system and that establishment of charter  
4 schools should be encouraged;

5           **WHEREAS**, the District staff has reviewed and analyzed all information received with  
6 respect to the Petition, including information related to the operation and potential effects of  
7 NMA, and has spoken to and met with NMA representatives relative to this renewal request;

8           **WHEREAS**, the CJUSD Governing Board has fully considered NMA's renewal request;

9           **NOW, THEREFORE, BE IT RESOLVED AND ORDERED** that the CJUSD  
10 Governing Board finds the above recitals to be true and correct and incorporates them herein by  
11 this reference;

12           **BE IT FURTHER RESOLVED AND ORDERED** that the CJUSD Governing Board,  
13 having fully considered and evaluated the Petition for the renewal of the Nova Meridian Academy  
14 Charter School, hereby denies the Petition pursuant to Education Code Sections 47605 and 47607  
15 as not consistent with sound educational practice based upon the following findings:

16           A.     The Petition does not contain a reasonably comprehensive description of all of the  
17 required elements. [Education Code Section 47605(b)(5)]

18           B.     The Petitioners are demonstrably unlikely to successfully implement the program  
19 set forth in the Petition. [Education Code Section 47605(b)(2)]

20           **BE IT FURTHER RESOLVED AND ORDERED** that the CJUSD Governing Board  
21 hereby determines the foregoing findings are supported by the following specific facts:

22           **I.     THE PETITION DOES NOT CONTAIN A REASONABLY COMPREHENSIVE**  
23           **DESCRIPTION OF ALL OF THE REQUIRED ELEMENTS [Education Code**  
24           **Section 47605(b)(5)]**

25           The Petitioners are required to set forth in the Petition reasonably comprehensive  
26 descriptions of sixteen elements as described in Education Code Section 47605. Although the  
27 Petitioners have been provided guidance and counsel by the District staff regarding the contents of  
28 the Charter and the District allowed the Petitioners to submit a revised Charter, the CJUSD

1 Governing Board finds that there continue to be serious deficiencies/concerns in 7 of the 16  
2 required areas addressed in the revised Petition for renewal. These deficient areas are:

- 3 • Measurement of Pupil Progress and Outcomes
- 4 • Governance Structure
- 5 • Employment Qualifications and Requirements
- 6 • Pupil-Personnel Health and Safety
- 7 • Financial Auditing Process and Results
- 8 • Pupil Discipline- Due Process
- 9 • Employee Retirement Coverage

10  
11 By way of example, NMA's renewal Petition must describe the governance structure of the  
12 school, including, but not limited to, the process to be followed by the school to ensure parental  
13 involvement. Since the time that the charter was approved in July 2006, there have been numerous  
14 problems identified by District staff with regard to the governance of the school. There is little  
15 evidence that the NMA Board regularly meets to review and consider the operations of the School.  
16 Indeed, the high turnover of the Board has resulted in many meetings not taking place and the  
17 audit report identified Brown Act violations as well. Additionally, members of the Governing  
18 Board have failed to file the necessary conflict of interest forms, and there is no evidence to  
19 suggest that the NMA Governing Board has adopted the appropriate policies and procedures to  
20 ensure that such violations of the Brown Act and conflict of interest provisions do not occur in the  
21 future.

22 **II. THE PETITIONERS ARE DEMONSTRABLY UNLIKELY TO SUCCESSFULLY**  
23 **IMPLEMENT THE PROGRAM SET FORTH IN THE PETITION. [Education**  
24 **Code Section 47605(b)(2)]**

25 A. During the first two years of operation of the Charter, NMA has failed to meet its  
26 enrollment projections and has had difficulty retaining students. As a result of  
27 these failures, NMA has experienced great financial difficulty and has on two  
28 occasions been forced to obtain loan proceeds in order to remain operational. The

1 budgetary documents submitted with the Petition for renewal do not satisfactorily  
2 demonstrate how these loans will be repaid or explain how NMA will become  
3 financially viable if these issues are not remedied.

4 B. Additionally, the projections for the upcoming year are based on enrollment figures  
5 that are not supportable. When the Charter was initially submitted to the District,  
6 the Petitioners expected an enrollment of 150 students. Despite the fact that there  
7 were not sufficient students who expressed interest in enrolling in NMA, the  
8 Petitioners nevertheless based their budgets and staffing on 150 ADA. NMA's first  
9 year ADA was approximately 64 and for the current academic year it has been 94,  
10 yet without any rational explanation, the Petitioners have submitted a budget for  
11 2009-2010 based on a projected ADA of 181. Using such an insupportably high  
12 number for its projections demonstrates that the Petitioners are continuing to be  
13 unrealistic in their planning and to make poor fiscal decisions, which will  
14 negatively impact NMA's financial viability.

15 C. The July 2008 audit report include fourteen findings, including five significant  
16 findings in internal financial controls, such as lack of detailed inventory, lack of a  
17 cash receipt system and procedure, purchase orders issued after the fact, and  
18 insufficient supporting documentation given for disbursements. Although NMA  
19 addressed these deficiencies in correspondence to the District, NMA failed to  
20 address these satisfactorily and thus they remain unresolved.

21 **BE IT FURTHER RESOLVED AND ORDERED** that the terms of this Resolution are  
22 severable. Should it be determined that one or more of the findings and/or the factual  
23 determinations supporting the findings is invalid, the remaining findings and/or factual  
24 determinations and the denial of the Charter renewal shall remain in full force and effect. In this  
25 regard, the CJUSD Governing Board specifically finds that each factual determination, in and of  
26 itself, is a sufficient basis for the finding it supports, and each such finding, in and of itself, is a  
27 sufficient basis for denial.  
28

1 The foregoing resolution was considered, passed, and adopted by this Board at its regular  
2 meeting of May 28, 2009.

3  
4 DENYING THE RENEWAL OF THE CHARTER SCHOOL  
PETITION FOR NMA MERIDIAN CHARTER SCHOOL

5  
6 By  \_\_\_\_\_  
7 President of the Board of Education of the  
8 Colton Joint Unified School District

9 STATE OF CALIFORNIA )  
10 )ss.  
11 COUNTY OF SAN BERNARDINO )

12  
13 I, DAVID R. ZAMORA Clerk of the Board of Education of the Colton Joint  
14 Unified School District, do hereby certify that the foregoing Resolution was duly passed,  
15 approved and adopted by the Board of Education of the Colton Joint Unified School District at a  
16 regular meeting of said Board held on the 28<sup>th</sup> day of May, 2009

17  
18  \_\_\_\_\_  
19 Clerk of the Board of Education of the  
20 Colton Joint Unified School District,  
21 State of California  
22  
23  
24  
25  
26  
27  
28

# Nova Meridian Academy

*Appeal to the San Bernardino County Board of Education  
of a Charter Non-Renewal by Colton Joint Unified*

## Report of Findings and Recommendations

San Bernardino County Superintendent of Schools Charter School Advisory Committee  
Presented: August 3, 2009



Gary S. Thomas, Ed.D., Superintendent

San Bernardino County Superintendent of Schools

## Nova Meridian Academy

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### SBCSS Charter School Advisory Committee Members

Dennis Mobley, Governance Liaison and Committee Chair  
Jean Aldrete, Business Advisory Services  
Mike Ammermon, Business Consultant  
Sharon Bölle, Assistant Superintendent, Student Services Division  
Margaret A. Chidester, Attorney at Law  
Denise Danne, Assistant Superintendent, Human Resources Division  
Sherman Garnett, Child Welfare and Attendance Coordinator  
Beth Higbee, Assistant Superintendent, Education Support Services Division  
Ron Powell, Administrator, Desert/Mountain SELPA  
Dave Reck, Facilities Planning and Construction Manager  
Jenny Teresi, Senior Manager, Credential Services

## Nova Meridian Academy

### Executive Summary

Nova Meridian Academy (NMA) submitted its appeal (complete petition) to the San Bernardino County Board of Education on June 10, 2009. NMA had been in operation for three years, but did not receive a five-year renewal from Colton Joint Unified School District. Prior to submission of its appeal, San Bernardino County Superintendent of Schools (SBCSS) staff met with lead petitioners to ensure the completeness of the petition documents. The basis for this review and analysis is the completed petition as submitted. On July 6, 2009 the San Bernardino County Board of Education conducted a public hearing, as required by California law.

This report is a review of the charter petition and supporting documents with findings and recommendations for consideration by the County Board of Education in making its decision to approve, approve with conditions, or deny the petition.

Nova Meridian Academy is a 9-12 charter approved in 2006 for three years by the Colton Joint Unified School District. NMA used its first year for planning and offered classes first to ninth graders and then tenth graders. NMA's educational program is based on Advancement Via Individual Determination (AVID). The AVID model is successfully used in middle and high schools throughout the Inland Empire. One of the unique features of Nova Meridian Academy is that it is an all-AVID school.

On June 30, 2009, the charter agreement with Colton Joint Unified expired and the charter was not granted a renewal. In its adopted findings of fact for denial, Colton Joint Unified states that the petition does not contain a reasonably comprehensive description of all of the required elements and that the petitioners are demonstrably unlikely to successfully implement the program set forth in the petition. The district found seven of the 16 required elements to have deficiencies. Regarding "demonstrably unlikely to successfully implement the program set forth in the petition," the district cited concerns over the charter's ability to remain solvent. The district also cited concerns in the charter's governance structure.

Although the San Bernardino County Board of Education has considered charter appeals in the past, this is the first appeal of a non-renewal. What this means is that the NMA had been a functioning charter school for the initial term of its charter, but failed to win district approval for a renewal. Therefore, the SBCSS Charter School Advisory Committee not only had the opportunity to review what the charter said it would do but also what the charter had accomplished in the early years of its existence.

The San Bernardino County Superintendent of Schools Charter Schools Advisory Committee wishes to commend the staff of NMA for its passion to serve students with a program that not only helps them to be successful in high school but academically prepared for college or university admission. In meetings with the petitioners and in reviewing the petition, SBCSS staff members were impressed with many aspects of the program and with the high goals of NMA staff.

Nova Meridian Academy submitted more than 800 pages in its appeal, much of it in the form of evidence to support the work being done. Material presented was generally well written. Many portions of the petition showed a high level understanding of charter law.

What the committee found was an academic program with promise, but uneven in its success—a comparably good API score coupled with a relatively poor performance in math. There were trouble spots in how NMA supported special education students, especially if the charter were to be approved by the

## Nova Meridian Academy

county. More importantly, committee also found ongoing challenges in the financial aspects of the school and in the manner in which the charter governed itself.

Except where specifically required, charter schools are generally exempt from California State laws in the Education Code governing school districts. Some of the laws with which charter schools must comply are:

- State and Federal constitutions
- The California Charter Schools Act (Education Code Section 47600 et. seq.)
- All federal laws (for example, special education law (IDEA), Americans with Disabilities Act, and the Rehabilitation Act)
- Laws that generally apply to governmental entities but not specifically to school districts (for example, open meeting laws, employment laws, contracting laws)
- All laws that are specifically a condition of funding for a specific program for which the charter school chooses to participate (e.g., K-3 class size reduction)
- Laws establishing minimum age for school attendance
- Laws governing independent study programs (whether defined as home schooling, distance learning, or otherwise)
- Educational Employees Relations Act (Government Code Section 3540 et. seq.)
- State pupil testing requirements (e.g. API, PSAA, STAR, CAHSEE)
- Specific provisions of law related to teacher's retirement and employee relations

With freedom from many of the laws and regulations that bind regular public schools, a properly written charter school petition is crucial because the chartering agency is held accountable for oversight. To pass muster, the petition must spell out the specifics of who does what, where, when, and how. The education program must be innovative and likely to improve student achievement. The business operations must be well managed and financially sound. The required elements in a petition must be addressed in a reasonably comprehensive manner. At stake is a multi-million dollar agreement that uses public funds for the five-year renewal of the charter. Students served by the charter also must be considered because the quality of their education affects them for a lifetime.

Since Nova Meridian Academy has been a functioning charter for three years, SBCSS requested additional documents from the charter in a meeting to review the completeness of the petition. Without objection, Nova Meridian Academy submitted following information in addition to the normal documents of a petition appeal:

- 1) The most recent financial audit
- 2) Agendas (requested, but not received) and minutes of charter board meetings for the last 12 months
- 3) Conflict of Interest Form 700 documents for the board and administrator
- 4) The current Memorandum of Understanding (MOU) between the Nova Meridian Academy and Colton Joint Unified
- 5) Copies of credentials for the current teaching staff

As to whether or not the governing board should approve a charter, the Education Code requires the board to answer five “yes-no” questions regarding charter petitions:

- 1) Is the proposal educationally unsound?
- 2) Are the petitioners demonstrably unlikely to successfully implement the program set forth in the petition?
- 3) Does the petition fail to meet signature requirements?
- 4) Does the petition fail to affirm that it is nonsectarian, will not charge tuition, and will not discriminate?

Appeal of Charter Non-Renewal by Colton Joint Unified School District to County Board of Education—August 2009

## Nova Meridian Academy

- 5) Does the petition fail to provide a reasonably comprehensive description of 16 required elements?

If the board answers “yes” to *any* of these questions, the petition may be denied.

Three options are open to the County Board regarding the charter appeal by Nova Meridian Academy. The County Board may:

1. Approve as submitted.
2. Approve with conditions.
3. Deny the charter appeal and make written factual findings.

Upon review of the Nova Meridian Academy’s appeal of a non-renewal to the San Bernardino County Board of Education, the SBCSS Charter School Advisory Committee found that charter failed two of the five questions listed above. The committee concluded that the petitioners were demonstrably unlikely to successfully implement the program set forth in the petition. Based on an extensive analysis of the charter’s budget and finances and on the material nature of the omissions and lack of reasonable assumptions, the Nova Meridian Academy charter school budget summary report does not present a realist financial and operational plan.

Secondly, the petition does not contain a reasonably comprehensive description of all 16 required elements. Of the 16, the committee found that Elements A (i), B, D, H, J, K, L, and N either failed to have reasonably comprehensive descriptions or had flaws in the execution of these elements as a functioning charter. The committee was particularly concerned with the governance structure (Element D), a protracted dispute resolution process (Element N), and with programs and service support for special education students.

Although each finding may not carry the same weight in the seriousness of its deficiency, the committee uncovered a large number of troublesome concerns. Should it be determined that one or more of the findings of this committee is not valid, the remaining findings would still provide a sufficient basis for the committee’s overall recommendation.

Therefore, the SBCSS Charter School Advisory Committee recommends that the San Bernardino County Board of Education **deny** Nova Meridian Academy’s appeal of the non-renewal by Colton Joint Unified School District.

## Nova Meridian Academy

### Required Element A: Description of the School's Educational Program

Education Code 47605 (b) (5) (A) (i) "A description of the educational program of the school, designed, among other things, to identify those whom the school is attempting to educate, what it means to be an "educated person" in the 21<sup>st</sup> century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners."

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy has evidence to support that it understands whom it attempts to educate and what it means to be an "educated person"

#### Not Sufficient

- Nova Meridian Academy falls short of addressing the academic support and budget resources for special needs students
- Nova Meridian Academy assumes home-based physical education is adequate

### Committee Comments

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In the broad sense, Nova Meridian Academy's educational program is sufficiently comprehensive for students to achieve the status of an educated person in the 21<sup>st</sup> century. The focus includes not only academic goals, but also those for character, and for participation in the local and global community.

The petition lists instructional technology goals, but it is unclear if the charter has the computers and equipment to meet their goals. The petition on page 36 states that they "need to pursue business and educational partnerships and grants that can support our technology equipment and resource needs."

Health class is listed as a goal on page 38; however, it states, "students will need to take a health class at the local community college." Is it practical to expect that all NMA students will also enroll in community college?

Physical Education (page 40) is described as a home based program. No PE instruction is included during the school day. Is it permissible for high school graduation credit for physical education to be based solely on a home-based program?

Special education services under this charter appeal are to be provided by SBCSS (page 55). As SBCSS receives special education funding in a different manner than local districts (fee for service model), SBCSS does not have the personnel or funding to support the special education needs at the charter school. School districts receive a dollar allocation for every enrolled student in the district from the SELPA. County offices do not receive this allocation.

The language at the top of page 56 appears to be a material change to the petition as it states, "the Charter School recognizes that a County Office of Education may not receive funding for special education

**Appeal of Charter Non-Renewal by Colton Joint Unified School District to County Board of Education—August 2009**

**Nova Meridian Academy**

students in the same manner as other local education agencies. ...Accordingly, the Charter School agrees that any language within the charter regarding special education is subject to revision through a mutually agreed upon MOU between the County and the Charter School.”

It is accurate that SBCSS receives funding for special education in a different manner than that of a school district. The committee agrees that it would take a different agreement to arrange for special education needs, however, this is a material change.

Also, from the Budget Review Analysis and Report in the Appendix of this report, the petition renewal appeal on page 57 states: “NMA will be responsible for a pro rata share of the County wide encroachment for special education.” Throughout pages 34 to 57 of the renewal petition appeal, special education needs and services are discussed; however, no Special Education Revenue or expenditures are budgeted. This analysis assumes that it is likely there will be special education needs students attending the charter school. Because the NMA petition renewal states that NMA will be responsible for a pro rata share of the countywide encroachment for special education, special education revenue and costs should have been budgeted even if those costs were pass through costs. Without providing any budget notes or assumptions regarding special education revenue and expenditures, the budget is unrealistic.

Furthermore, SBCSS is funded differently than a school district and encroachment is a different concept at the county level due to fee for service agreements with the SELPAs. The current language is not feasible within a County Office of Education structure.

**Conclusion**

Nova Meridian Academy **does not** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (A) (i).

## Nova Meridian Academy

### Required Element A: Description of the School’s Educational Program (continued)

Education Code 47605 (b) (5) (A) (ii) “If the proposed school will serve high school pupils, a description of how the charter school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements. Courses offered by the charter school that are accredited by the Western Association of Schools and Colleges may be considered transferable and courses approved by the University of California or the California State University as creditable under the “A” to “G” admissions criteria may be considered to meet college entrance requirements.”

### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy is making progress toward approval of its a-g requirements
- Nova Meridian Academy is making progress on its WASC accreditation
- Teaching strategies are outlined

#### Not Sufficient

- None significant

### Committee Comments

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For most students, this element is adequately comprehensive. The school appears on the way to having its a-g requirements approved, its Advanced Placement courses in place, and is working with the Western Association of Schools and Colleges (WASC) to establish its status. According to the petition, NMA has currently been accepted for candidacy.

Teaching strategies are outlined and there is an emphasis on Bloom’s Taxonomy, direct instruction, applications of learning in real life settings (problem-based learning), and additional aspects of character education. There are clear attempts to address what the school will do when students do not understand the materials, although this should be developed further.

It is recommended that NMA continue to work quickly toward these goals, as it means a great deal to students who hope to continue any kind of program beyond high school—an increasing necessity in the 21<sup>st</sup> century. It is also suggested the school’s actions and approach to retentions be carefully further developed, because of the significant problems that may arise for students who are retained. Effective first instruction and then powerful remediation helps students avoid the highly detrimental consequences that retention may lead to without significant change in teaching approaches. This is particularly true at the higher grades.

### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (A) (ii).

## Nova Meridian Academy

### Required Element B: Measurable Pupil Outcomes

Education Code 47605 (b) (5) (B) “The measurable pupil outcomes identified for use by the charter school. ‘Pupil outcomes,’ for purposes of this part, 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.”

### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy has made a clear effort to address the differing types of pupil outcomes it describes

#### Not Sufficient

- Nova Meridian Academy’s math achievement is extremely below its own target for proficiency and lags behind other high schools at Colton Joint Unified

### Committee Comments

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The school has made a clear effort to address the differing types of pupil outcomes it describes, including both standardized tests and performance measures. It will be critical that the performance based measures are judged against clear criteria and that all charts reflect the expectations, in addition to describing the performances in which students will participate.

Math achievement is low (page 61 data of California Standards Test [CST] scores shows 3 percent achieving at the level of proficient and above, which is lower than the Colton Joint Unified’s district average of 4 percent at Colton High School, 8 percent at Bloomington High School, and below the Nova target of 50 percent). The petition acknowledges on page 62 that the charter needs to strengthen the math program. It should be noted that the holder of the mathematics credential does not meet the subject matter competence requirement as described in Element 5 of the Employee Qualifications on page 102-103 of the petition.

Since this Education Code section focuses on “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,” the committee is concerned that Nova Meridian Academy has not had higher math achievement.

### Conclusion

Nova Meridian Academy **does not** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (B).

## Nova Meridian Academy

### Required Element C: Methods to Assess Pupil Progress Toward Outcomes

Education Code 47605 (b) (5) (C) “The method by which pupil progress in meeting those pupil outcomes is to be measured.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy will use multiple methods of determining pupil progress including state, local school and classroom measures

#### Not Sufficient

- Nova Meridian Academy would benefit from a formal, technology-based reporting system

### Committee Comments

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Multiple measures, including state measures, local school and classroom measures will be used. They will be used with regularity, including monthly benchmarks, and data will be examined for impact on instruction on a weekly basis. Performance-based measures, including community service activities, will be produced by students.

While there are regular summations of measurement data by the team on Fridays, there should be a movement as soon as possible to purchase a formal, technology-based reporting system so that special focus of human efforts may be placed in the priority areas, while the data management software carry out needed data aggregations and disaggregation reports for subgroups. It will also be important to deepen evaluation and multi-measure strategies to gauge the progress of English learners.

On page 59, the petition states that the school did not meet the Adequate Yearly Progress (AYP) graduation rate, but there this is a “flaw” in the calculation. The school may not agree with the logic of how graduation rate is calculated for a school that does not yet have seniors, but the state guidelines were followed in determining that the school did not meet the AYP criteria for graduation.

### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (C).

## Nova Meridian Academy

### Required Element D: Governance Structure

Education Code 47605 (b) (5) (D) “The governance structure of the school, including, but not limited to, the process to be followed by the school to ensure parental involvement.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy established itself as a California Public Benefit Corporation pursuant to California law
- Duties of the Board are described including conducting meetings and special meetings, the general responsibilities and authority of the Board, and professional conduct

#### Not Sufficient

- It is doubtful that a parent advisory coordinator constitutes “effective representation” of parents in the charter school governance process, particularly when the non-profit’s Board serves as the charter school’s appointed (not elected) governing board
- Nova Meridian Academy demonstrated lack of understanding of conflict of interest regulations and failed to file timely reports conflict of interest statements by its officers and administrators
- Nova Meridian Academy failed to hold and conduct all meetings of the Board in accordance with the terms and provisions of the Brown Act

### Committee Comments

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For ease of reference by the Board, petitioners, and the committee, these items are addressed in the page order set forth in the petition, commencing with the unnumbered June 4, 2009 letter from Petitioners to Mr. Mobley. Topics that address various portions of the governance element are highlighted in bold type.

1. The June 4, 2009 correspondence on its second page, item 2, states, “NMA’s bylaws set out its **conflict of interest** policy. Please review pages 4-5 of NMA’s bylaws for the **conflict of interest provisions**, which apply to NMA’s Board.”

Although the petition does not specifically state that the Board of Directors of the “Nova Meridian Academy, a California Public Benefit Corporation” shall also serve as the governing board of the Nova Meridian Academy Charter School, a thorough reading of the petition appears to treat these as references to an identical body. While the bylaws of the corporation at Article 9 (Pages 552-554) set out “Purpose of Conflict of Interest Policy,” with specific reference to protecting the tax-exempt corporation’s interest under federal law, nowhere do the bylaws or the charter petition specifically state that the school, directors, officers, and employees will comply with all provisions of California conflict of interest laws, commencing at Government Code section 1090 et. seq., and Government Code section 87000, The Political Reform Act.

2. County Board of Education policy 603-1.c requires that the petition, “...specify that the charter school will be subject to ... the Conflict of Interest provisions which also apply to members of a Charter

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Board of Education...” The NMA Bylaws at Article 9, (page 552) state in part, “This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.” Given the reluctance in some sections of the charter community to acknowledge that charter schools are California public entities expressly subject to both Government Code section 1090 and Government Code section 87000, the reference in the petition to compliance with “applicable” law governing conflicts of interest is insufficient.

Strict compliance with conflict of interest laws is not excused by the megawaiver found at Education Code section 47610. The conflict of interest laws of the State of California govern all public entities. Charter schools are not exempt.

3. Petitioners’ June 4, 2009 correspondence addressed to Mr. Mobley on page 3, at item 5 states, “Policy # 603, 1.p.: NMA acknowledges the County’s preference for charter school **closure procedures** which include a provision whereby residual assets of the charter school will accrue to the benefit of programs operated by the San Bernardino County Superintendent of Schools. We did not change our closure procedures to be in line with this preference in preparation for this renewal appeal, because we believe such a change would have been a material revision. However, NMA would consider such a revision in a mutually agreed upon memorandum of understanding between NMA and the county.”

This offer is insufficient, inasmuch as NMA’s Articles of Incorporation specify to the contrary (page 538), specifically at section VI: “On the dissolution or winding up of the corporation, its assets remaining after payment of or provision for payment of, all debts and liabilities of this corporation, shall be distributed to a non-profit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.” The corporation has not amended its Articles of Incorporation to address the County’s preference. Further, a memorandum of understanding is not legally sufficient to modify the terms of the Articles of Incorporation.

4. The assurances at page 13 of the petition that the school, “[w]ill follow any and all other federal, state, and local laws and regulations that apply to Nova Meridian Academy including but not limited to...” are insufficient. Missing from this list is the specific assurance that the school will comply with **California conflict of interest statutes**. The petition also contains a “certification of compliance with applicable law and affirmation of San Mateo [sic] County policy,” which does not comply with County Board of Education Policy 603-1h. Because signed assurances specific to San Bernardino County are contained at pages 13 and 14 of the petition, this error is not addressed further.

5. At page 47 of the petition, it is stated that NMA “Help[s] give a voice to parents by creating a committee called the Parent Leadership Organization that will be a part of the governance of the school (please see Element 4 in the petition that is referred to as Element D in this review). When the State Board of Education examines charters for the governance element, it requires that charters demonstrate that, “There will be active and effective representation of interested parties, including but not limited to parents (guardians).” 5 CCR 11967.5.1(f)(4)(B)2. The reference at Element 4 (pages 97-98 of the petition) provides, “The Governing Board has formed a parent advisory committee to the school’s governing board. Nova Meridian Academy will endeavor to work with parents to develop and adopt a set of parental involvement policies and strategies. Parents will be encouraged to give 20 hours a year to NMA. Because some parents may not be able to volunteer as much as 20 hours, this is not a requirement. Parents will be encouraged to assist in the following areas, but not limited to the below listing:...”

Under “Parent Advisory Council” it is stated that a **parent** advisory council consisting of a governing board member and two parents will provide a forum for parents and guardians to voice opinions,

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suggestions, and comments and provide information on how parents can volunteer. A parent serving as the “parent advisory coordinator” is to serve as the liaison between the governing board and the parents or guardians of students. (page 97) It is doubtful that this constitutes “effective representation” of parents in the charter school governance process, particularly when the non-profit’s Board serves as the charter school’s appointed (not elected) governing board.

6. The petition at pages 87-90 provides, “All meetings of the Board will be held and conducted in accordance with the terms and provisions of the **Ralph M. Brown Act**, California Government Code sections 54950 et seq. as said chapter may be modified by subsequent legislation.

“The Board will abide by the following Brown Act compliant policies regarding conduct of meetings....” A number of the policies that follow are not, however, Brown Act compliant. For example, at page 88 of the charter under “Meetings Open to the Public”, subsection C, “Oral Communications”, it is stated, “Citizens may address the Board on any item not listed on the Board meeting agenda.” In fact, Government Code section 54954.3, subsection (a) only allows such comment on items, “...within the subject matter jurisdiction of a legislative body....”

At page 89 of the petition it is provided, “Any person who willfully disturbs any Board meeting will be asked to leave immediately and may be guilty of a misdemeanor punishable by law.” In fact, Government Code section 54957.9 provides for removal only when a meeting, “is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible....”

On page 89 of the NMA petition, subsection E provides, “Prior to the beginning of the meeting, citizens seeking to address the Board on an item on the agenda or during time allocated for oral communications shall complete the card, ‘Request to Address the Board’ (located in the Board meeting room), and give it to the school board President.” Although this item specifically addresses speaking, rather than attendance, Government Code section 54953.3 states in relevant part, “A member of the public shall not be required, as a condition to attendance at a meeting of a legislative body of a local agency, to register his or her name, to provide other information ... if an attendance list or other similar document is posted at or near the entrance to the room where the meeting is to be held...it shall state clearly that the signing, registering, or completion of the document is voluntary and that all persons may attend the meeting regardless of whether a person signs...” While a local public agency may request that speakers identify themselves, it should not require them to do so.

At page 90 of the NMA petition, under “Quorum Requirements”, it is stated “A majority of the voting members of the Board shall constitute a quorum of board which is necessary for the Board to transact business. All motions, in order to pass, need positive action by at least a majority of the Board. Should there by [sic] fewer than a majority of the Board present at any meeting, the meeting shall be adjourned.”

While this provision is consistent with the provisions of Government Code section 54952.6 which states in relevant part, “‘action taken’ means a collective decision made by a majority of the members of a legislative body...”, it contradicts the corporation’s bylaws at Article 6, “Meetings”, section 7, “Quorum for Meetings”, page 546. The bylaws provide at section 1, “The corporation shall have not less than five (nor more than seven) directors with the exact number to be fixed within these limits by approval of the Board of Directors.” To the extent that the corporation ever determines to increase the present five member body, the requirements under section 7, “Quorum for Meetings”, that, “A quorum shall consist of three directors” violates the Brown Act, since a majority of members must be present to conduct a meeting, and a majority of all directors authorized must vote in the affirmative to take action. In addition, the Bylaws at section 7, page 546, paragraph 4 state in relevant part, “The directors present at a duly held and called meeting at which a quorum is initially present may continue to do business, notwithstanding a

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loss of a quorum of the meeting due to a withdrawal of directors at the meeting, *provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting* or such greater percentage as may be required by law or the Articles of Incorporation or bylaws of this corporation.” (Emphasis added) Thus, if three directors are present and one departs during the meeting, a quorum is lost. Even if both of the remaining directors vote on the affirmative, two members of a five member board may not authorize an action on behalf of the Board.

7. The petition at page 93 under “Code of Ethics of Governing Board”, “Honor and Conduct”, does not expressly require Board members to abide by California law concerning **conflicts of interest**.

8. The corporation’s bylaws at Article 6, “Restriction Regarding Interest of Directors”, appear to allow an employee or officer of the school to simultaneously serve as a director. Section 6 provides in relevant part: “Notwithstanding any other provision of these bylaws, not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons. For purposes of this section, ‘interested persons’ means either: (a) any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee....” In addition, page 86 of the petition, entitled “NMA Governing Board”, suggests that NMA employees or officers may also be members of the Board of Directors: “The governing board consists of five to seven members who will serve one-year terms. The panel selected will be drawn from among the following constituencies: ‘Administrators from NMA....’”

Service on the Board of Directors by officers or employees of the school would violate the prohibition of Government Code section 1099 on **simultaneous occupation of incompatible public offices**. This section states, in relevant part:

“A public officer, including, but not limited to, an appointed or elected member of a governmental board, commission, committee or other body shall not simultaneously hold two public offices that are incompatible. Offices are incompatible when any of the following circumstances are present, unless simultaneous holding of the particular offices is compelled or expressly authorized by law:

- (1) Either of the offices may audit, overrule, remove members of, dismiss employees of, or exercise supervisory powers over the other office or body.
- (2) Based on the powers and jurisdiction of the offices, there is a possibility of a significant clash of duties or loyalties between the offices.
- (3) Public policy considerations make it improper for one person to hold both offices....”

The Board of Directors hires, fires, and supervises school employees. It is inappropriate to allow a situation whereby an employee could simultaneously serve on the same board that has the power to evaluate discipline or terminate the employee.

9. The bylaws at Article 6, section 8, “Majority; Board Action”, state in relevant part, “Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors unless the Articles of Incorporation or bylaws of this corporation or provisions of the California Non-Profit Public Benefit Corporation Law ... require a greater percentage or differing voting rules....” (page 547). This contradicts the provision at section 7, “Quorum for Meetings”, which allows a board to continue to do business once a quorum has been established even after the departure of sufficient directors to constitute a quorum.

10. Article 6, section 10, “Action by the Directors”, is also inconsistent with provisions allowing action by less than a majority of members. It provides, “No action shall be taken ... by the Board of

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Directors in violation of the Brown Act or other applicable laws and regulations....” (Page 547). The Bylaws cannot contain a provision which allows the Board to take action by a vote of less than a majority of its membership.

11. The bylaws at section 9, “Compensation”, page 550, acknowledge that an officer may simultaneously serve as a director by the statement, “...no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation....” As stated above, simultaneous service as an officer (employee) and a director of the corporation violates the prohibition of Government Code section 1099 on incompatible public offices.

12. The bylaws at Article 9, section 1, provide a “Purpose of Conflict of Interest Policy,” and state in relevant part, “This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organizations.” Notwithstanding this statement, neither the bylaws nor other documents submitted explicitly agree to be bound by all provisions of California law with respect to **conflict of interest**, e.g., Government Code section 1090 et. seq. and section 87000 et. seq.

13. The bylaws at Article 9, section 6, “Annual Statements”, require each director or principal officer to annually sign a statement affirming receipt of a copy of the **conflict of interest policy** and agreement to comply. This section does not explicitly require compliance with state law concerning conflicts of interest (Page 557).

14. The conflict of interest forms included with the petition raise issues of compliance with state law. After the appeal in this matter was filed, SBCSS requested petitioners to provide their conflict of interest Form 700 required by California law. These were provided, including one signed the day before NMA’s June 11, 2009 submission to SBCSS that reported assumption of office on October 1, 2008. All appear to have been signed many months after the appropriate date for initial filing. At Appendix X, page 706A of the petition materials, the principal on June 10, 2009 signed a “assuming office/initial” statement for the assumption of office on October 1, 2008. Board President Michael Arroyo on April 20, 2009, signed an “assuming office” initial statement” for his assumption of office on July 2, 2008. Similar issues of untimely preparation of Form 700 are presented by other statements, that of Yolanda Contreras, signed April 20, 2009 for the period from January 1 through December 31, 2008, that of Lizeri Guerrero with the same dates, that of Eddie Campa, filed on April 20, 2009 after leaving office on July 1, 2008, the annual statement of Gregory Pounds, signed October 28, 2008 for the annual period ending December 31, 2007, and the April 20, 2009 statement of Gregory Pounds for the period ending December 31, 2008, which fails to check which schedules of disclosable interests apply at section 4, “Schedule Summary”, or, in the alternative, to check the box, “No reportable interest on any schedule.”

15. The petition at page 615 contains certain employment policies for school employees. Section 2.06 entitled “**Conflict of Interest**” requires that “All employees must avoid situations involving actual or potential conflicts of interest.” While this requirement is necessary, it does not require employees to comply with all conflict of interest provisions of California law at Government Code section 1090 et seq., and 87000, concerning specific statutory prohibitions on conflicts of interest.

16. The Resolution of the Colton Joint Unified School District, contained at Tab 2 of the charter materials and dated May 28, 2009, stated at page 3 of the Resolution that the District had identified numerous problems with governance at the school, stating:

“There is little evidence that the NMA Board regularly meets to review and consider the operations of the school. Indeed, the high turnover of the Board has resulted in many

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meetings not taking place, and the audit report identified **Brown Act** violations as well. Additionally, members of the governing board have failed to file the necessary conflict of interest forms, and there is no evidence to suggest that the NMA governing board has adopted appropriate policies and procedures to ensure that such violations of the **Brown Act** and **conflict of interest** provisions do not occur in the future.”

The Resolution does not contain specific examples of such reported violations. Upon request of SBCSS, the petitioners provided exemplars of minutes of meetings of the governing board (See petition, pages 648 through 682). Agendas were requested, but were not provided, thus, it is not possible to determine whether the actions reported in the minutes accurately track the agendas, or whether matters were properly agendized for Board consideration. In addition, the minutes of the Board meetings, in some cases, were not signed.

Within the Board minutes provided, several irregularities were apparent. For example: (1) From the draft minutes of the August 22, 2008 meeting (petition, page 650), it is apparent that the Board expressed doubt whether it was required to comply with the basic disclosure requirements for public officers of California law concerning conflict of interest statements and other conflict of interest requirements. The Board asked whether it was necessary to file a conflict of interest form “... when the bylaws have a conflict of interest policy already established.” As previously discussed, the conflict of interest provision in the bylaws does not require compliance with California law on conflicts of interest.

Further minutes are contained in the petition submission at pages 706B. Some irregularities were observed in these minutes; for example, the minutes of the Special Board Meeting on March 27, 2008 do not show a vote to adjourn the meeting, and the minutes are not signed. The minutes of the April 28, 2008 report on page 3, “Board requested to have the closed session included in the agenda”, suggesting that the Board may not previously have agendized closed sessions. The minutes of the meeting of May 19, 2008 do not provide an opportunity for public comment prior to the Board action, a violation of Government Code section 54954.3(a). The report of the closed session states in relevant part, “Eddie Campa reported to the public that David Tellyer was seeking counsel regarding personnel matters for the next school year. The Board made recommendations to have professional development done during the summer months.” If this reference is to retaining counsel for the NMA for this purpose, it is not an appropriate closed session item. Employment of counsel, unless as an employee, rather than an independent contractor or consultant, is not an appropriate topic of closed session pursuant to Government Code section 54957, nor is the scheduling of professional development. The minutes of this meeting show adjournment, but do not show a motion, second, and a vote to adjourn, nor are they signed.

The minutes of the July 21, 2008 meeting are unsigned. The minutes of the August 18, 2008 meeting show the presence of two voting directors, with two directors absent. Notwithstanding the fact that a quorum, e.g., three of the five voting Board members, was not present, the Board proceeded to hear reports of a parent, the principal, and the auditor. In addition, after stating, “There was no quorum and so no action was taken” concerning the “action session”, the Board apparently held a closed session, reporting, “Discussion took place concerning the contract with employee 5770. This closed session item will be put on the next agenda.” Conducting a meeting without a quorum present violates the Brown Act. The minutes of the Special Meeting of August 22, 2008 show action, to approve “conflict of interest policy form 700.” The Board tabled the item, further evidence of non-compliance with California law concerning conflicts of interest. The minutes of the September 2, 2008 meeting, at page 2, reflect the report of a consultant of the school that state law, “does state public entities are required, which charter schools would fall under this title” referring to compliance with conflict of interest laws. The minutes of this meeting are unsigned.

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The unsigned minutes of the October 20, 2008 meeting provide a report of closed session action, “Michael Arroyo reported the outcome of the closed session. All the items that were in the agenda were approved.” This report does not meet the requirements of Government Code section 54957.3, which states, “The legislative body of any local agency shall publicly report any action taken in closed session and the vote or abstention on that action of every member present ....”

The minutes of the November 17, 2008 meeting show two Board members as present, and under action session state, “No action was taken due to a quorum in the Board being presented [sic].” Instead of adjourning the meeting, the Board took public comment, heard the report of a parent, the report of the principal, the financial report, and discussed “school uniform jacket discussion.”

The minutes of the December 15, 2008 meeting are unsigned. The Minutes of the March 5, 2009 meeting appear to suggest that no meeting had been held in over two and one-half months. The minutes do not reflect the motion, second or vote for adjournment, and are not signed. The minutes of the March 16, 2009 meeting are unsigned. The minutes of the April 20, 2009 meeting are unsigned, and still in draft. No meeting minutes for subsequent dates were provided notwithstanding the fact that the School was authorized to operate through June 30, 2009.

17. At pages 136-137 of the petition, the procedures for closure of the charter school does not incorporate the preference of SBCOE policy 603-1 p whereby residual assets accrue to the benefit of the programs operated by the SBC Superintendent of Schools.

### Conclusion

Nova Meridian Academy **does not** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (D).

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### Required Element E: Employee Qualifications

Education Code 47605 (b) (5) (E) “The qualifications to be met by individuals to be employed by the school.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy provided teaching credential information for its staff
- The petition generally provides for reasonably comprehensive descriptions of individuals employed by the school

#### Not Sufficient

- As stated in the charter’s mission statement, “employing AVID methods, processes, and philosophies” is a focus of the school’s mission; as such, training in the program should be mentioned as a goal of teacher and administrator competency
- The mathematics credential does not meet the subject matter competence requirement

### Committee Comments

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Nova Meridian Academy demonstrates knowledge of the key elements associated with teacher and administrator competency. The addition of required training for administrators and teachers in AVID Program methodology would appropriately align the school’s mission with this required element.

Detailed credentials for teaching staff was reviewed in the petition (Appendix Z):

1. Credentials presented in the following areas: English (2), Foreign Language-Spanish (1), Math (1), Science (1), Social Science (2).
2. All teachers are authorized to serve English Learners.
3. The mathematics credential is a Provisional Internship Permit (PIP). There is an employing agency restriction on the credential that should be changed to NMA. This requires an application, half fee, and supporting documentation be submitted to the Commission on Teacher Credentialing (CTC).
4. The mathematics credential does not meet the subject matter competence requirement as described in Element Five of the Employee Qualifications on pages 102-103.
5. The Science credential is a university Internship. There is an employing agency restriction on the credential that should be changed to NMA if acceptable to the university. This application must be processed through the university and submitted to CTC.
6. During the presentation, Ms. Williams made mention of special education students enrolled at NMA. No special education teachers were contained in the materials.

### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (E).

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### Required Element F: Health and Safety Procedures

Education Code 47605 (b) (5) (F) “The procedures that the school will follow to ensure the health and safety of pupils and staff. These procedures shall include the requirement that each employee of the school furnish the school with a criminal record summary as described in Section 44237.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- The NMA charter petition described fingerprinting and clearance procedures, emergency preparedness, TB testing, immunizations, medication in school, vision/ hearing/scoliosis screening, diabetes, blood borne pathogens, drug free/alcohol free/smoke free environment, facility safety and sexual harassment policies

#### Not Sufficient

- None significant

#### Committee Comments

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It is recommended that a comprehensive **School Safety Plan** be jointly developed by a group of stakeholders consistent with Senate Bill 98.

#### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (F).

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### Required Element G: Means to Achieve a Reflective Racial and Ethnic Balance

Education Code 47605 (b) (5) (G) “The means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district to which the charter petition is submitted.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy applied strategies to draw students to the school reflective of ethnic balance within Colton Joint Unified

#### Not Sufficient

- None significant

#### Committee Comments

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The charter lists initial comprehensive activities to promote the school in San Bernardino County including strategies that detail in the methodology of a racial and ethnic balance that is reflective of the community in which the proposed school would be located.

Nova Meridian’s current school population is reflective of the community’s racial and ethnic demographic.

Although optional, the charter school does not list methods of transporting students to and from School or means available to assist families that desire to attend the school but are unable to afford transportation.

#### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (G).

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### Required Element H: Applicable Admission Requirements

Education Code 47605 (b) (5) (H) “Admission requirements, if applicable.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Admission to Nova Meridian Academy is open to all school age students in the state of California
- A complete application procedure process is fully detailed in the petition

#### Not Sufficient

- The charter’s enrollment practices includes an interview and parental commitment to volunteer hours that could be construed as discriminatory in nature

#### Committee Comments

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Admission requirements are described on pages 110-112. Although reasonably comprehensive, the committee is concerned that no evidence in the petition is stated regarding strategies utilized to enroll a population of students to be considered for admission without regard to student’s disability, status as a juvenile offender, or expelled students.

Students that apply for admission are not guaranteed enrollment, but rather via an extensive interview and admission process that includes an interview, group orientation and parent commitment of a number of volunteer hours to support the school. This process suggests that the enrollment practices could be construed discriminatory in nature.

Additionally, students that have been expelled from another school district are not guaranteed admission to NMA unless consent is obtained via a recommendation from the charter school principal and the charter governing board.

Per the petition, the governing board can decline to accept the student who has been expelled from another district.

#### Conclusion

Nova Meridian Academy **does not** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (H).

## Nova Meridian Academy

### Required Element I: Financial Audits

Education Code 47605 (b) (5) (I) “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.”

### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- The charter states that the audit shall be conducted in accordance with applicable provisions within the California Code of Regulations governing audits of charter schools as published in the State Controllers Guide
- The charter describes how the auditor is selected from an approved list by the State Controller and that the auditor must have a CPA and educational institution audit experience
- The petition describes timelines and other pertinent information

#### Not Sufficient

- Although NMA had a memorandum of understanding with the district, it incorrectly states it has one with the County Superintendent of Schools (page 114)

### Committee Comments

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Nova Meridian Academy describes its financial and programmatic audit on pages 113-114. Although the committee has grave concerns over the financial health of the charter, covered in detail beginning on page 38, the narrative for this required element appeared to be reasonably comprehensive.

### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (I).

## Nova Meridian Academy

### Required Element J: Student Suspensions and Expulsions

Education Code 47605 (b) (5) (J) “The procedures by which pupils can be suspended or expelled.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- NMA devotes 12 pages of its petition to describe its pupil suspension and expulsion procedures

#### Not Sufficient

- The charter’s procedures has missing components or allows practices in conflict with state law

### Committee Comments

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There are missing elements of California Education Code related to student suspension/expulsion.  
Education Code 48900 (r) (t)

The charter school principal can extend a suspension pending a decision of the charter school governing board (violation of California Education Code).

Students who were previously expelled from other public schools may only be accepted with the permission of the principal of the charter and the governing board (violation of California Education Code).

Students have no opportunity to appeal a decision of the governing board of NMA relative to student suspension/expulsion.

Charter Schools are required to describe their suspension and expulsion procedures. The charter procedures mirror education code with an exception in the following areas:

- A. The charter does not list California Education Code sections 48915 (a) 1-5
- B. The charter does not list California Education Code sections 48915 (c) 1-5
- C. The charter does not list California Education Code sections 48900 (r) (t)
- D. Readmission procedures are not consistent with California Education Code 48916
- E. The charter school does not authorize the San Bernardino County Board of Education to hear appeals of student expulsion from the charter school. (Note: The Education Code is silent on this matter. Due to the fact that the proposed charter would be a charter granted by the San Bernardino County Board of Education, it is imperative that California Education Code procedures be completely followed which include appeals to the San Bernardino County Board of Education as the education code authorizes each County Board of Education to hear expulsion appeals if the proposed charter is granted.)

### Conclusion

Nova Meridian Academy **does not** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (J)

## Nova Meridian Academy

### Required Element K: Retirement Systems

Education Code 47605 (b) (5) (K) “The manner by which staff members of the charter schools will be covered by the State Teachers’ Retirement System, the Public Employees’ Retirement System, or federal social security.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Inadequate

#### Not Sufficient

- Petition language is not specific as to the retirement system that will be given to each classification of employee or how the selection will occur
- Nova Meridian Academy assumes authority to grant flexibility in selecting retirement systems it does not have

#### Committee Comments

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NMA uses just two paragraphs (page 128) to address this required element. The charter references the “employee policies and handbook” (Appendix T) to describe retirement system options.

The charter does state options for a retirement system for employees, however they are giving certificated employees an option to chose either STRS or another retirement plan. Petition language must be specific as to the retirement system that will be given to each classification of employee or how the selection will occur.

For the fiscal year 2008-09, the Charter did retain a contract for STRS with San Bernardino County Superintendent of Schools, but that contract expired June 30, 2009. The Charter appears to have elected STRS, but the petition must state clearly that they have elected STRS and that is the only option available to full-time certificated employees. These employees may not chose an alternative.

#### Conclusion

Nova Meridian Academy **does not** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (K).

## Nova Meridian Academy

### Required Element L: Attendance Alternatives

Education Code 47605 (b) (5) (L) “The public school attendance alternatives for pupils residing within the school district who choose not to attend charter schools.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- See comments below

#### Not Sufficient

- Nova Meridian Academy fails to identify how parents will be notified of charter school attendance alternatives

#### Committee Comments

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The proposed charter does not offer solutions or procedures for students who exhibit poor attendance or other problems related to school attendance.

Matriculation procedures and assistance back to the chartering district including notification of the student’s district of residence is not addressed in accordance with legislation effective January 1, 2006.

#### Conclusion

Nova Meridian Academy **does not** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (L).

## Nova Meridian Academy

### Required Element M: Description of rights and return rights of district employees

Education Code 47605 (b) (5) (M) “A description of the rights of any employee of the school district upon leaving the employment of the school district to work in a charter school, and of any rights of return to the school district after employment at a charter school.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- The petition contains a reasonably comprehensive description of this required element

#### Not Sufficient

- None significant

#### Committee Comments

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This element is also interpreted by 5 CCR 11967.5.1f(13). It provides that a petition will state any rights upon leaving the employment of a local education agency to work in the charter school that are specified by the local agency, any rights of return to employment of the local education agency after employment in the charter school, and any other rights upon leaving employment to work in the charter school and any rights to return determined to be reasonable and not in conflict with applicable provisions of law.

The statement at page 130 of the petition provides for no automatic leaves or reemployment rights, no transfer of accrued sick leave, years of service, or vacation from the county to the charter school, and provides that all employees of the charter school are exclusive employees of the charter school and not of the County.

#### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (M).

## Nova Meridian Academy

### Required Element N: Dispute Resolution

Education Code 47605 (b) (5) (N) “The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to provisions of the charter.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy’s Dispute Resolution process includes procedures for staff, parent, and students disputes

#### Not Sufficient

- Nova Meridian Academy does not provide a process for prompt and efficient resolution of issues that affect the governance and operations of the charter

### Committee Comments

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The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to the provisions of the charter are not sufficient.

A process that does not provide a reliable mechanism for prompt resolution of differences between a chartering entity and the charter school may contribute to a failure in governance and an inability of the school to resolve a problem that ultimately contributes to the closure of the school, including closure by nonrenewal or revocation.

At pages 131 through 132 of the petition, the process outlined to resolve the dispute from the time of placement of the issue in writing can last over 80 business days, e.g., four months of the school year, and does not set forth a process for prompt and efficient resolution of issues between the county and the charter school.

### Conclusion

Nova Meridian Academy **does not** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (N).

## Nova Meridian Academy

### Required Element O: Status of Charter as Exclusive Public School Employer

Education Code 47605 (b) (5) (O) “A declaration whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for the purposes of Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code.”

#### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy provides a reasonably comprehensive description of its intent to comply with the Labor Relations section of Title I regulation of the Government Code.

#### Not Sufficient

- None noted

#### Committee Comments

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The charter states, “NMA employees have the right to join organization of their choice, to be represented by such organization in their professional and employment relationships with public school employers, to select one employee organization as the exclusive representative of the employees in an appropriate unit, and to afford certificated employees a voice in the formulation of educational policy.”

#### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (O).

## Nova Meridian Academy

### Required Element P: Description of Procedures for Closing the Charter School

Education Code 47605 (b) (5) (P) “A description of the procedures to be used if the charter school closes. The procedures shall ensure a final audit of the 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.”

### Standard for Review

Does Nova Meridian Academy provide a reasonably comprehensive description of the required element?

#### Reasonably Comprehensive

- Nova Meridian Academy’s closing protocol outlines a reasonably comprehensive notification process with contact information and timelines
- The charter describes procedures for transferring student records to the charter authorizing entity
- Nova Meridian Academy will file any annual reports required by charter law including and independent audit completed within six month after closure
- A description of the disposition of assets is provided

#### Not Sufficient

- Nova Meridian Academy stated that closing costs would be paid for out of the charter’s reserve fund, but does not describe how the charter will cover those costs if the reserve fund is depleted

### Committee Comments

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The timing of Nova Meridian Academy’s appeal of a non-renewal by Colton Joint Unified School District is a difficult one. The charter submitted a “complete petition” to the San Bernardino County Superintendent of Schools on June 10, less than three weeks before the charter agreement with Colton Joint Unified expired on June 30. The San Bernardino County Board of Education conducted a public hearing at its July 6 meeting and is prepared to consider action at its August 3 meeting, all within the required timelines of California charter law.

It is the understanding of this review committee that Colton Joint Unified initiated action to obtain student records and did so prior to the end of the 2008-09 fiscal year. It is unknown if Nova Meridian Academy has initiated any of its other closing procedures or if it is awaiting action by the San Bernardino County Board of Education that would avert the school’s closing.

### Conclusion

Nova Meridian Academy **does** provide a reasonably comprehensive description of this element as required in Education Code 47605 (b) (5) (P).

## Nova Meridian Academy

### SBCSS Charter Advisory Committee Findings

#### 1. EDUCATIONAL PROGRAM

Education Code Section 47605(b)(1) “The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.”

##### Committee Comments

Nova Meridian Academy describes itself as an all-AVID school. AVID stands for Advancement Via Individual Determination and the program has been available to California middle and high schools for decades. The San Bernardino County Superintendent of Schools is highly supportive of the concepts and strategies of AVID. A central feature of AVID is to prepare students for and gain acceptance into four-year colleges and universities. Nova Meridian Academy has attempted to adapt these proven strategies to a small charter high school and has done so with some successes accompanied by some shortcomings.

With only one year of state testing data, Nova Meridian Academy attained the highest API score of high schools in the immediate area. In contrast, performance in math was lower than the other comprehensive high schools in the Colton Joint Unified School District and far below NMA’s own target. State testing results are typically not released until late August, so the committee is unable to gauge the school’s academic improvement or lack thereof. All things considered, the committee sees that the charter school’s educational program for regular education students shows promise.

Support and services for special education students is another matter. In a review of teaching staff at the school, none has certification for working with students with special needs. Furthermore, there are fundamental differences in service models and funding for county-operated special education programs versus district run programs. A simple word replacement from district to county ignores the complexities of these differences. This is a common problem with all charter appeals to the county and SBCSS staff disclosed this information to the charter petitions prior to receiving the completed petition for analysis.

In the opinion of the committee, any consideration by the County Board of Education to approve the five-year renewal of the Nova Meridian Academy would need to be with conditions that adequately address the special education concerns of the educational program and budget assumptions. (See comments under Fiscal Management.)

##### Committee Finding

Except for special education services and programs, Nova Meridian Academy **does** provide a reasonably sound educational plan that adequately addresses the continuum of student needs for the grade levels it wishes to offer.

#### 2. FISCAL MANAGEMENT

Education Code Section 47605(b)(2) “The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.”

##### Committee Comments

Nova Meridian Academy does not comply with Education Code Section 47605(b)(2) and is demonstrably unlikely to successfully implement the program set forth in their petition because its petition does not provide a detailed, complete and fully annotated operational budget. The petitioner’s budget did not provide cash flows for the first three years of operation, and did not provide precise salary and benefits

## Nova Meridian Academy

paid and to be paid. Nova Meridian’s budget is also deficient because it does not provide “Current” financial statements for the charter school and does not include a detailed balance sheet and statements of income.

To review the complete analysis supporting the conclusion that Nova Meridian does not comply with Education Code Section 47605(b)(2) and is demonstrably unlikely to successfully implement the program set forth in their petition, please refer to the attached Budget Analysis report prepared by Michael W. Ammermon, CPA.

Additionally, the language at the top of page 56 appears to be a material change to the petition as it states, “the Charter School recognizes that a County Office of Education may not receive funding for special education students in the same manner as other local education agencies. ...Accordingly, the Charter School agrees that any language within the charter regarding special education is subject to revision through a mutually agreed upon MOU between the County and the Charter School.”

It is accurate that SBCSS receives funding for special education in a different manner than that of a school district. The committee agrees that it would take a different agreement to arrange for special education needs, however, this is a material change.

Also, from the Budget Review Analysis and Report in the Appendix of this report, the petition renewal appeal on page 57 states: “NMA will be responsible for a pro rata share of the County wide encroachment for special education.” Throughout pages 34 to 57 of the renewal petition appeal, special education needs and services are discussed; however, no Special Education Revenue or expenditures are budgeted. This analysis assumes that it is likely there will be special education needs students attending the charter school. Because the NMA petition renewal states that NMA will be responsible for a pro rata share of the countywide encroachment for special education, special education revenue and costs should have been budgeted even if those costs were pass through costs. Without providing any budget notes or assumptions regarding special education revenue and expenditures, the budget is unrealistic.

### Committee Finding

Nova Meridian Academy **does not** provide a reasonably comprehensive business plan that adequately addresses the timing and amount of revenue apportionments, understates expenses, has no plan for managing cash flow, and lacks specificity in accounting procedures.

### 3. REQUIRED SIGNATURES

Education Code Section 47605(b)(3) “The petition does not contain the number of signatures required by subdivision (a).”

### Committee Comments

Nova Meridian Academy submitted signatures of teachers meaningfully interested in teaching at the school as part of Appendices L and M (pages 518-535) including resumes and credential information.

### Committee Finding

Nova Meridian Academy **does** provide a sufficient number of signatures of teachers meaningfully interested in teaching at the charter school.

## Nova Meridian Academy

### 4. AFFIRMATIONS

Education Code Section 47605(b)(4) “The petition does not contain an affirmation of each of the conditions described in subdivision (d).”

Education Code Section 47605(d) (1) “In addition to any other requirement imposed under this part, a charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations, shall not charge tuition, and shall not discriminate against any pupil, on the basis of ethnicity, national origin, gender, or disability. Except as provided in paragraph (2), admission to a charter school shall not be determined according to the place of residence of the pupil, or of his or her parent or guardian, within this state, except that any existing public school converting partially or entirely to a charter school under this part shall adopt and maintain a policy giving admission preference to pupils who reside within the former attendance area of that public school.”

Education Code Section 47605(d) (2) (A) “A charter school shall admit all pupils who wish to attend the school.

(B) However, if the number of pupils who wish to attend the charter school exceeds the 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 district except as provided for in Section 47614.5 Other preferences may be permitted by the chartering authority on an individual school basis and only if consistent with the law.

(C) In the event of a drawing, the chartering authority shall make reasonable efforts to accommodate the growth of the charter school and, in no event, shall take any action to impede the charter school from expanding enrollment to meet pupil demand.

### Committee Comments

On pages 12-14 of the petition, Nova Meridian Academy appears to provide reasonable assurances of the affirmation requirements of this section.

### Committee Finding

Nova Meridian Academy **does** provide reasonable assurances to the areas outlined in Education Code Section 47605(d).

### 5. REQUIRED ELEMENTS A-P

Education Code Section 47605(b)(5) “The petition does not contain reasonably comprehensive descriptions of all of the following: (A-P).”

### Committee Comments

Of the 16 required elements, the committee found that Elements A (i), B, D, H, J, K, L, and N either failed to have reasonably comprehensive descriptions or had flaws in the execution of these elements as a functioning charter. The committee was particularly concerned with the governance structure (Element D), a protracted dispute resolution process (Element N), and with programs and service support for special education students. The committee provides an item-by-item analysis of each of the required elements in the body of this report.

Appeal of Charter Non-Renewal by Colton Joint Unified School District to County Board of Education—August 2009

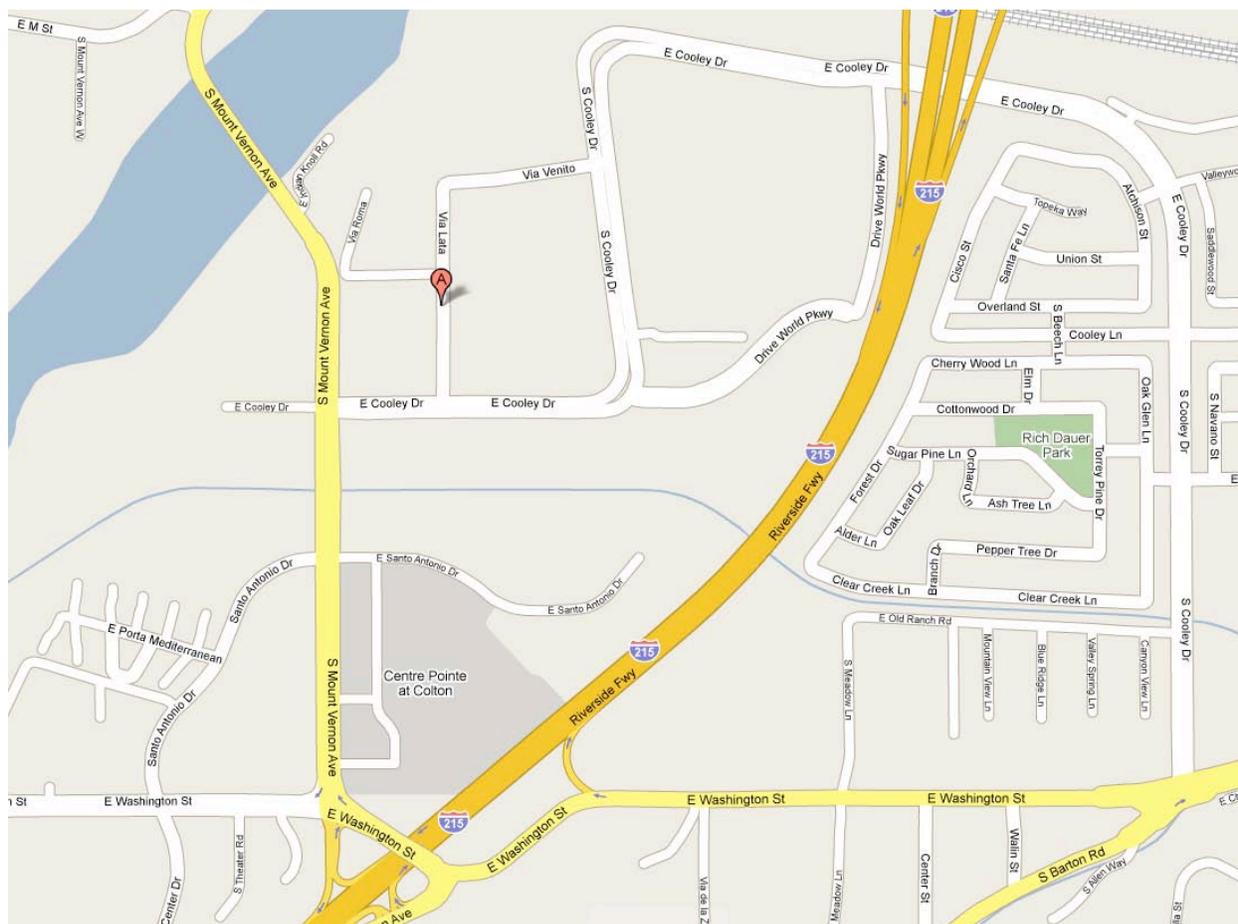
## Nova Meridian Academy

### Committee Finding

Nova Meridian Academy **does not** provide a reasonably comprehensive description for each of the Required Elements A-P.

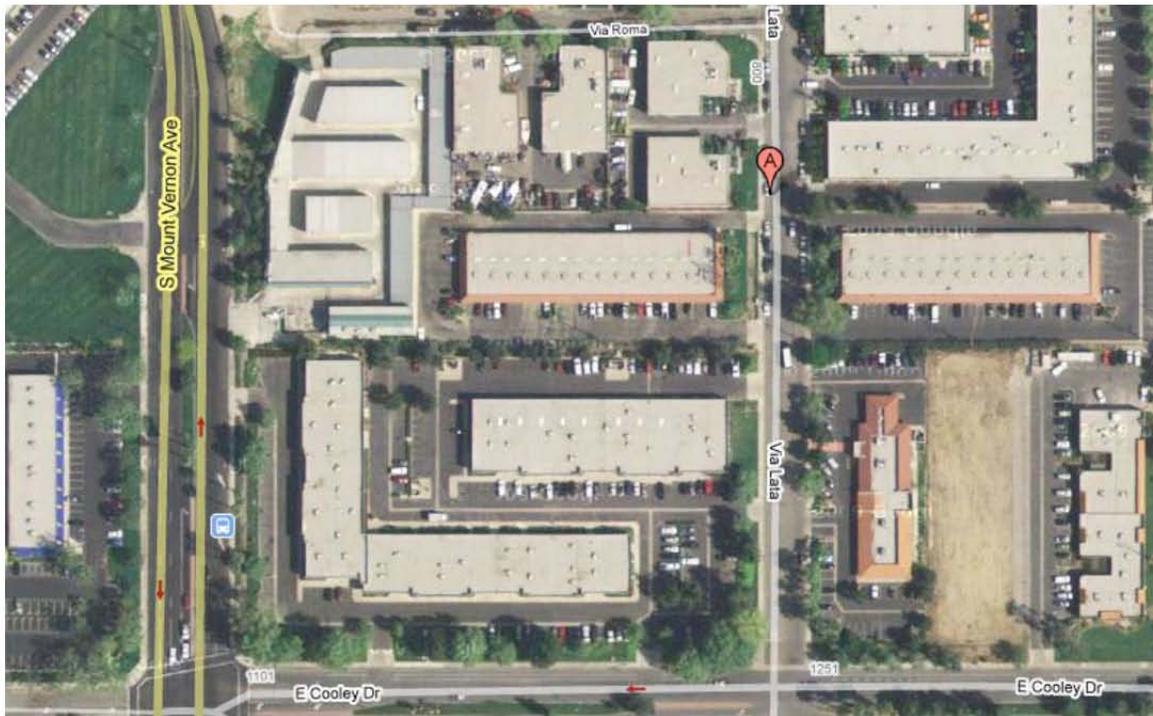
### OTHER COMMITTEE COMMENTS

Nova Meridian Academy has a leased facility at 850 Via Lata Suite 105, Colton, CA 92324. The facility is about a mile from the San Bernardino County Superintendent of Schools Cooley Ranch complex that houses Business Services Division and Student Services Division staff. The current lease expires August 31, 2009. According to page 5 of the petition, NMA plans to secure additional office space within the complex as grades 11 and 12 are phased in during the next two years. The building is typical tilt-up construction. There are no outside recreational facilities. CalTrans is a major neighboring tenant in the complex.



Appeal of Charter Non-Renewal by Colton Joint Unified School District to County Board of Education—August 2009

# Nova Meridian Academy



Appeal of Charter Non-Renewal by Colton Joint Unified School District to County Board of Education—August 2009

**Nova Meridian Academy**



Appeal of Charter Non-Renewal by Colton Joint Unified School District to County Board of Education—August 2009

**Nova Meridian Academy**



**COMMITTEE RECOMMENDATION**

After a comprehensive review of the charter petition and as a result of its findings, the committee recommends that the County Board **deny** the renewal charter petition for Nova Meridian Academy at its regular meeting on August 3, 2009.

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August 3, 2009

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REF. OUR FILE  
SBCS-82.2

**VIA ELECTRONIC MAIL**

San Bernardino County Board of Education  
Roy C. Hill Education Center  
601 North "E" Street  
San Bernardino, California 92410-3093

Re: Legal and Contract Issues Concerning  
Appeal to County Board of Education  
From the Denial of the Petition to  
Renew the Charter of the Nova Meridian  
Academy

Dear Members of the Board of Education:

By correspondence of June 4, 2009, petitioner Michael Arroyo appealed the Colton Joint Unified School District's denial of the petition to renew the charter of the Nova Meridian Academy ("NMA").

The purpose of this letter is to provide a review of legal and contract issues pertaining to the appeal to the SBCBOE.

In addition, we have provided our recommended findings, as requested, on the following elements of the Petition:

1. Required Element D: Governance Structure. Education Code section 47605(b)(5)(D) "The governance structure of the school, including, but not limited to, the process to be followed by the school to ensure parental involvement."

2. Required Element M: Description of rights and return rights of District employees. Education Code section 47605(b)(5)(M) "A description of the rights of any employee of the school district upon leaving the employment of the school district to work in a charter school, and of any rights of return to the school district after employment at a charter school."

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3. Requirement Element N: Dispute resolution. Education Code section 47605(b)(5)(N) "The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to the provisions of the charter."

**I. Standard of Review**

Title 5, California Code of Regulations ("5 CCR"), section 11967, "Appeals on Charter Petitions That Have Been Denied" provides in relevant part:

"(a) A charter school petition that has been previously denied by the governing board of a school district must be received by the county board of education not later than one hundred eighty calendar days after the denial....

\* \* \*

"(c) The county board of education or State Board of Education shall deny a petition for the establishment of a charter school only if that 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)(1)-(5).

\* \* \*

"(f) In considering charter petitions that have been previously denied, the county board of education or State Board of Education are not limited to a review based solely on the reasons for denial stated by the school district, but must review the charter school petition pursuant to Education Code section 47605(b)."

San Bernardino County Board of Education Policy 603 sets forth requirements for charter school petitions that track the Education Code and Title 5 requirements for approval of charter schools.

With respect to Element D, "Governance", Regulation 603.1c requires that the petition include:

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"[t]he Bylaws, Articles of Incorporation and other management documents, as applicable, governing or proposing to govern the charter school. The information in this section should specify that the charter school will be subject to the Brown Act, the Public Records Act, as well as the Conflict of Interest provisions which also apply to members of a Charter Board of Education. The county board of education will give preference to proposals that specify that the charter school will be operated as, or be operated by, a non-profit public benefit corporation."

Other portions of Board Policy 603 that touch on governance include section M, which requires that the petition contain, among other things, "A summary of the administrative structure and organization of the school...".

Also pertaining to governance is subsection P:

"Education Code section 47605(b)(5)(P) calls for a description of the procedure to be used if the charter school closes. The Board of Education expresses a preference for procedures which include a provision whereby residual assets of the charter school will accrue to the benefit of the programs operated by the San Bernardino County Superintendent of Schools."

Finally, Board Policy section 603 1f requires that the petition contain a "...reasonably comprehensive description of those elements of school philosophy, curriculum and practice as called for in section 47605(b)(5)(A) through 47605(b)(5)(P)." These sections contain the criteria for Elements M, "Description of Return Rights of Employees", and N, "Dispute Resolution", the other two factors you have asked us to address.

## **II. Observations and Recommendations as a Matter of Contract**

### **1. Edtec Contract**

The petition states that Edtec renders certain administrative and financial services to the School. The minutes of meetings of the School's governing Board demonstrate the consideration by the School of establishing a "line of credit" with Edtec, in effect, a loan. At page 706b, page 2 of the NMA April 21, 2008 Board minutes under the agenda item, "Edtec

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Financial Report", it is stated, "Planning for next year will require additional lending. Nova will likely need the revolving loan fund for June or the Edtec line of credit is also available as an option..." In the NMA May 19, 2008 Board minutes, page 3 under "Edtec Financial Report", the minutes state "The Edtec line of credit is available if necessary."

At page 507 of the petition, in Edtec's amended and restated statement of work with Nova, it is stated:

"In addition to these direct services, Edtec will extend the School a line of credit equivalent to one month's payroll to help fund monthly cash flow needs. This line of credit is intended to ensure that you do not miss a payroll because of minor delays in receiving funding, it is not intended for long-term borrowing."

Notwithstanding the short-term nature of this loan, it is inappropriate for a vendor and consultant that is responsible for the accuracy of financial records of the School to also be a lender to the School. Placing Edtec in the position of a lender could compromise the organization's obligation to render unbiased financial advice and services to the School.

Other aspects of the contractual relationship between Edtec and Nova warrant comment. At page 498 of the petition materials, the Edtec "Amended and Restated Statement of Work #3" provides:

"December 5, 2006 to June 30, 2008 (the initial term). This Statement of Work shall *automatically renew* for consecutive additional one (1) year terms unless either party provides written notice of nonrenewal to the other at least one hundred twenty (120) days prior to the expiration of the then-current term..." (Emphasis added.)

It is inappropriate for a contract with a consultant, whether for legal, audit or accounting services, to automatically renew. A contract with a consultant or vendor of services, such as financial, legal, auditing or accounting services should be terminable upon the provision of thirty days' written notice, without the necessity of cause, to allow the School maximum flexibility in managing its financial resources. Vendors and

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consultants should serve at the pleasure of the Board. Instead, page 507 of the NMA petition materials states:

"Termination: ***This Statement of work may only be terminated for material breach, with cause,*** after written notice, with full payment of work completed and a thirty (30) day opportunity to cure. ***Edtec may terminate immediately,*** with written notification, if Nova violates any of the 'school obligations' above." (Emphasis added.)

At page 506 of the NMA petition materials, the Edtec contract provides:

"School Compensation: We charge a higher percentage rate for your first 200 students (ADA) and then a lower rate on additional students because of our economies of scale in servicing larger schools. Our rate for your first 0-200 students is 7.5%."

This is a considerable amount of the School's income, because "Government Revenues" according to the Edtec contract, "include all attendance-driven government funding, plus government grants, but exclude Special Education funding." (Page 506)

2. Lack of Clarity of Special Education Contractual Obligations

Another significant concern is the undefined extent of special education services the School seeks to have provided by the chartering entity. Notwithstanding a blanket statement that, "The charter school seeks services from the San Bernardino County Office of Education for special education students enrolled in the charter school in the same manner as is provided to students in other County schools," no exemplar or proposed memorandum of understanding spelling out the services that the County is expected to provide was supplied with the charter petition.

The petition at page 55 provides, "the charter school shall comply with the Memorandum of Understanding ("MOU") with the County of which spells out in detail the responsibilities for provision of special education services and the manner in which

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special education funding will flow to the students of the charter school." Concerning the contents of this MOU, the petition states only:

"A summary of the relationship follows the language and intent of Education Code section 47646 and 20 U.S.C. 1413 as follows:

- County retains the special education funds for the students of the Charter School (in 2007-2008 approximately \$150,000);
- County provides services to the students of the Charter School in the same manner as other students of the district [sic]"

Numerous references to the special education relationship between NMA and the chartering entity on pages 52-56 cite the responsibilities and rights of "the district", suggesting that the petitioners have not adequately thought through the rights, obligations, and legal relationship of the proposed charter school with the County.

Instead of addressing specific issues, the petition states:

"The charter school recognizes that a County Office of Education may not receive funding for special education students in the same manner as other local educational agencies in the SELPA and may not traditionally serve a full range of special education students in the same manner as a school district. Accordingly, the charter school agrees that any language within the charter regarding special education is subject to subsequent revision through mutually agreed upon MOU between the County and the charter school." (Page 56)

Such a summary statement of responsibilities, without any explanation or detail of the mutual rights and obligations of the parties, is imprudent management and demonstrates that petitioners are unfamiliar with the requirements of law that would apply to the proposed charter school. The petitioners therefore have presented an unrealistic financial and operational plan with respect to contractual services for special education.

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3. STRS Contract Issues

Element 11 of the petition at page 128, and pages 859-866 in the NMA petition materials suggest that petitioners are unfamiliar with laws that apply to the proposed charter school. Element 11 suggests that certificated employee participation in STRS is optional at the choice of the employee: "All full-time certificated employees of NMA **may** participate in the STRS system ... Certificated staff may elect to continue with STRS or may opt to utilize the retirement plan sponsored by NMA." (Emphasis added.)

According to March 5, 2009 correspondence from the County Office of Education to Nova Meridian Academy, the school had neglected to make STRS contributions for not only the 2008-2009 school year, but also the prior school year. Interest on late remittances and penalties on late reports incurred by Nova Meridian totaled \$4,4447.48 for failure to timely report STRS participation and make employer and employee contributions. At the request of Dr. Thomas, County Superintendent, STRS agreed to reduce this penalty somewhat, but it still required petitioners to pay a significant amount of penalties and interest. (See pages 859-866 of the petition.)

Inexplicably, petitioners, notwithstanding their financial difficulties, agreed to pay **both** the employer contribution (approximately 8 ½% of each certificated employee's salary) **and** the employee's mandatory 8% of salary contribution to STRS (page 568), a benefit not provided in the contract of employment (pages 514-517).

4. Individual Employment Contracts

As a matter of contract, the employment agreement provided at pages 514-517 is incomplete with the copy provided beginning at "11. TERMINATION", thus it is not possible for the proposed chartering agency to review a proposed exemplar of the employment agreement.

Section 13 of the incomplete employer contract addresses "tenure" stating, "The employee shall not acquire or accrue tenure or any employment rights or benefits with the Colton Joint Unified School District." This fails to address the employees' rights as to the County or the charter school, which should be

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expressly reiterated as having no expectation of permanency, based upon the statement in section 11 that, "This contract is for 'at-will employment'."

5. Lack of Information Regarding Proposed Lease for 2009-2010

Another contract issue which warrants the examination of the County Board of Education is that of the lease agreement for school facilities. The petition materials at pages 563-578 include a "commercial sublease agreement" for facilities at Community Temple at 850 Via Lata, Suite 105, Colton, California. The lease provides for use of the facility through August 31, 2009. Petitioners provided no information as to whether they have given notice on this lease, renewed the lease on the same or different terms, or have entered into any discussions with the lessors as to their intentions. (For more comments related to the existing lease, please see III, below).

**III. Observations and Recommendations Regarding Legal Issues Aside From Elements D, M, and N**

Although Element "D" regarding governance sets out the majority of legal issues presented by the petition, a specific legal issue concerning the potential conflict of interest of an individual involved in the governance of the charter is provided here for the consideration of the County Board of Education.

According to various documents contained within and in support of the petition, Mr. Eddie Campa has been active with the Nova Meridian Academy Charter in various roles. Mr. Campa filed a "leaving office" statement as a NMA Board member for the period concluding July 1, 2008. This statement was filed on April 20, 2009 with Mr. Campa checking, "no reportable interests" on the disclosure categories. At page 867 of the petition, as of December 30, 2008, Mr. Campa is addressed in correspondence from the Colton Joint Unified School District as, "Mr. Eddie Campa, Business Manager, Nova Meridian Academy." Mr. Campa's biography/curriculum vitae contained at page 535 of the petition materials lists him as, "Business Manager/CFO Nova Meridian Academy, Colton, California (10/2004-2/2009), a period including his Board of Directors service, when, as a Board member, he would have participated in the evaluation and compensation decisions of positions such as his own position as Business Manager/CFO. The fact that Mr. Campa served simultaneously as a director and

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employee, and sat on a Board that had the ability to evaluate, terminate and provide salary increases for officers such as himself, suggests that he simultaneously held incompatible public offices in violation of Government Code section 1099.

Mr. Campa is identified as having "secured lease agreements for facilities and equipment and contracts..." and "Ran business operations of the School ..." among other experience and expertise listed. Mr. Campa served simultaneously as an officer of the School, and as director, having executed the bylaws as a named director on September 11, 2006. (See page 562 of the petition)

Supporting documents contained at pages 724 and 725 of the petition include a news article from the The Inland News entitled, "Colton Approves Charter School" wherein a caption of a photo of Mr. Campa states, "Eddie Campa, pastor at Community Temple and Chief Financial Officer for Nova Meridian Academy, looks over building preparations for the charter school..."

Mr. Campa's biography, if accurate, states that he was the individual primarily responsible for negotiating the lease agreement between the School of which he was both a director and the CFO with the church of which he is a pastor. Mr. Campa appears to have held simultaneously incompatible public offices, e.g. that of director and of an officer of the corporation. In one capacity or the other, he apparently negotiated a lease agreement on behalf of the School with the church at which he is a pastor, calling into question whether his loyalties could truly be undivided in representing the School and negotiating the lease with the church that employs him as a pastor. The website for Community Temple Church in Colton, California, under the heading "Meet Our Pastor" contains a feature as of July 20, 2009, entitled "Q&A with Pastor Eddie", referring to Mr. Campa. Posted on the website of the Community Temple under "Frequently Asked Visitor Questions", at the question, "Where are you located?", the website states:

"Community Temple is conveniently located in a 9,000 square foot commercial building in the City of Colton. We are just north of Wal-Mart at 850 Via Lata, Suite 100b, Colton, California 92324. Via Lata Street is right off Cooley Drive behind the Kaiser Permanente clinic.

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Community Temple Church shares the building with Nova Meridian Academy which uses the classrooms and fellowship hall during the week. ***Nova Meridian Academy is not a Christian school, however, it is a charter high school that is endorsed by the church.***

The 8,640 square foot size of the facilities leased for an ADA of less than 100 students calls into question whether the facilities were significantly larger than were required by the anticipated or actual enrollment of Nova Meridian Academy. As set forth in the resolution of the Colton Joint Unified School District at page 4, petitioners initially expected 150 students, and, notwithstanding this estimate, had average daily attendance for their first year of operation of 64 students and average daily attendance for 2008-2009 of 94 students. Nevertheless, the petition at page 569 shows the school as leasing approximately 8,640 square feet, with the 2008-2009 rent for the facility of \$7,640 per month or \$91,680.00 per year. It is questionable whether ADA of 94 students required the use of 8,640 square feet, and thus, whether the School paid unnecessarily high rent to the Community Temple.

**IV. Legal Issues Pertaining to Required Element M Description of Rights and Return Rights of District Employees**

As addressed in the recommendations we provided for "committee comment", Nova Meridian Academy does provide a reasonably comprehensive description of this Element.

**V. Legal Considerations Pertaining to Required Element D, Governance**

An examination of this required Element found significant concerns with the sufficiency of Conflict of Interest policies and assurances, the potential for simultaneous incompatible public offices, and meeting provisions that do not comply with the Brown Act.

Indemnification provisions extend only to the members of the NMA Board of Directors and corporation employees, but do not extend to the proposed chartering entity, the San Bernardino County Board of Education, the County Superintendent, or their respective officers, employees, or agents (page 544).

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The Bylaws provide for insurance coverage for corporate agents, but do not name the chartering entity as an additional insured (page 544). The NMA petition includes a summary of liability and property coverage that does not name the chartering entity as an additional insured and contains no exemplar policy for 2009-2010 naming the County as an additional insured (pages 683-687).

Given the serious potential conflict of interest issues discussed above, and taking all of these concerns into account, we respectfully conclude that Nova Meridian Academy does not provide a reasonably comprehensive description of this Element as required in Education Code section 47605(b)(5)(M).

Our specific concerns with respect to governance are set in our committee comments and are incorporated below as follows:

"For ease of reference by the Board, petitioners, and the committee, these items are addressed in the page order set forth in the petition, commencing with the unnumbered June 4, 2009 letter from Petitioners to Mr. Mobley. Topics that address various portions of the governance Element are highlighted in bold type.

- The June 4, 2009 correspondence on its second page, item 2, states, "NMA's bylaws set out its **conflict of interest** policy. Please review pages 4-5 of NMA's bylaws for the **conflict of interest provisions**, which apply to NMA's Board."

Although the petition does not specifically state that the Board of Directors of the "Nova Meridian Academy, a California Public Benefit Corporation" shall also serve as the governing board of the Nova Meridian Academy Charter School, a thorough reading of the petition appears to treat these as references to an identical body. While the bylaws of the corporation at Article 9 (Pages 552-554) set out "Purpose of Conflict of Interest Policy," with specific reference to protecting the tax-exempt corporation's interest under federal law, nowhere do the bylaws or the charter petition specifically state that the School, directors, officers, and employees will comply with all provisions of California conflict of interest laws, commencing at Government Code section 1090 et. seq. SBCBOE

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policy 603-1.c and Government Code section 87000, "The Political Reform Act" require that the petition, "...specify that the charter school will be subject to ... the Conflict of Interest provisions which also apply to members of a Charter Board of Education..." The NMA Bylaws at Article 9, (page 552) state in part, "This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations." Given the reluctance in some sections of the charter community to acknowledge that charter schools are California public entities expressly subject to both Government Code section 1090 and Government Code section 87000, the reference in the petition to compliance with "applicable" law governing conflicts of interest is insufficient.

Strict compliance with conflict of interest laws is not excused by the megawaiver found at Education Code section 47610. The conflict of interest laws of the State of California govern all public entities. Charter schools are not exempt.

- Petitioners' June 4, 2009 correspondence addressed to Mr. Mobley on page 3, at item 5 states, "Policy # 603, 1.p.: NMA acknowledges the County's preference for charter school **closure procedures** which include a provision whereby residual assets of the charter school will accrue to the benefit of programs operated by the San Bernardino County Superintendent of Schools. We did not change our closure procedures to be in line with this preference in preparation for this renewal appeal, because we believe such a change would have been a material revision. However, NMA would consider such a revision in a mutually agreed upon memorandum of understanding between NMA and the county."

This offer is insufficient, inasmuch as NMA's Articles of Incorporation specify to the contrary (page 538), specifically at section VI: "On the dissolution or winding up of the corporation, its assets remaining after payment of or provision for payment of, all debts and liabilities of this corporation, shall be distributed to a non-profit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501(c)(3) of

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the Internal Revenue Code." The corporation has not amended its Articles of Incorporation to address the County's preference. Further, a memorandum of understanding is not legally sufficient to modify the terms of the Articles of Incorporation.

- The assurances at page 13 of the petition that the school, "[w]ill follow any and all other federal, state, and local laws and regulations that apply to Nova Meridian Academy including but not limited to..." are insufficient. Missing from this list is the specific assurance that the School will comply with **California conflict of interest statutes**. The petition also contains a "certification of compliance with applicable law and affirmation of San Mateo [sic] County policy," which does not comply with SBCOE Policy 603-1h. Because signed assurances specific to San Bernardino County are contained at pages 13 and 14 of the petition, this error is not addressed further.
- At page 47 of the petition, it is stated that NMA "Help[s] give a voice to parents by creating a committee called the Parent Leadership Organization that will be a part of the governance of the School (please see Element 4). When the State Board of Education examines charters for the governance Element, it requires that charters demonstrate that, "There will be active and effective representation of interested parties, including but not limited to parents (guardians)." 5 CCR 11967.5.1(f)(4)(B)2. The reference at Element 4 (pages 97-98 of the petition) provides, "The Governing Board has formed a parent advisory committee to the School's governing board. Nova Meridian Academy will endeavor to work with parents to develop and adopt a set of parental involvement policies and strategies. Parents will be encouraged to give 20 hours a year to NMA. Because some parents may not be able to volunteer as much as 20 hours, this is not a requirement. Parents will be encouraged to assist in the following areas, but not limited to the below listing:..."
- Under "Parent Advisory Council" it is stated that a **parent** advisory council consisting of a governing board member and two parents will provide a forum for parents and guardians to voice opinions, suggestions, and comments and provide information on how parents can volunteer. A parent serving

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as the "parent advisory coordinator" is to serve as the liaison between the governing board and the parents or guardians of students. (page 97) It is doubtful that this constitutes "effective representation" of parents in the charter school governance process, particularly when the non-profit's Board serves as the charter school's appointed (not elected) governing board.

- The petition at pages 87-90 provides, "All meetings of the Board will be held and conducted in accordance with the terms and provisions of the **Ralph M. Brown Act**, California Government Code sections 54950 et seq. as said chapter may be modified by subsequent legislation.

"The Board will abide by the following Brown Act compliant policies regarding conduct of meetings..." A number of the policies that follow are not, however, Brown Act compliant. For example, at page 88 of the charter under "Meetings Open to the Public", subsection C, "Oral Communications", it is stated, "Citizens may address the Board on any item not listed on the Board meeting agenda." In fact, Government Code section 54954.3, subsection (a) only allows such comment on items, "...within the subject matter jurisdiction of a legislative body..."

At page 89 of the petition it is provided, "Any person who willfully disturbs any Board meeting will be asked to leave immediately and may be guilty of a misdemeanor punishable by law." In fact, Government Code section 54957.9 provides for removal only when a meeting, "is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible..."

On page 89 of the NMA petition, subsection E provides, "Prior to the beginning of the meeting, citizens seeking to address the Board on an item on the agenda or during time allocated for oral communications shall complete the card, 'Request to Address the Board' (located in the Board meeting room), and give it to the school board President." Although this item specifically addresses speaking, rather than attendance, Government Code section 54953.3 states in relevant part, "A member of the public shall not be required, as a condition to attendance at a meeting of a legislative body of a local agency, to register his or her

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name, to provide other information ... if an attendance list or other similar document is posted at or near the entrance to the room where the meeting is to be held ... it shall state clearly that the signing, registering, or completion of the document is voluntary and that all persons may attend the meeting regardless of whether a person signs..." While a local public agency may request that speakers identify themselves, it should not require them to do so.

- At page 90 of the NMA petition, under "Quorum Requirements", it is stated "A majority of the voting members of the Board shall constitute a quorum of board which is necessary for the Board to transact business. All motions, in order to pass, need positive action by at least a majority of the Board. Should there be [sic] fewer than a majority of the Board present at any meeting, the meeting shall be adjourned."

While this provision is consistent with the provisions of Government Code section 54952.6 which states in relevant part, "'action taken' means a collective decision made by a majority of the members of a legislative body...", it contradicts the corporation's Bylaws at Article 6, "Meetings", section 7, "Quorum for Meetings", page 546. The Bylaws provide at section 1, "The corporation shall have not less than five (nor more than seven) directors with the exact number to be fixed within these limits by approval of the Board of Directors." To the extent that the corporation ever determines to increase the present five member body, the requirements under section 7, "Quorum for Meetings", that, "A quorum shall consist of three directors" violates the Brown Act, since a majority of members must be present to conduct a meeting, and a majority of all directors authorized must vote in the affirmative to take action. In addition, the Bylaws at section 7, page 546, paragraph 4 state in relevant part, "The directors present at a duly held and called meeting at which a quorum is initially present may continue to do business, notwithstanding a loss of a quorum of the meeting due to a withdrawal of directors at the meeting, *provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law or the Articles of Incorporation or bylaws of this corporation.*" (Emphasis added.) Thus, if three

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directors are present and one departs during the meeting, a quorum is lost. Even if both of the remaining directors vote on the affirmative, two members of a five member board may not authorize an action on behalf of the Board.

- The petition at page 93 under "Code of Ethics of Governing Board", "Honor and Conduct", does not expressly require Board members to abide by California law concerning **conflicts of interest**.
- The corporation's Bylaws at Article 6, "Restriction Regarding Interest of Directors", appear to allow an employee or officer of the school to simultaneously serve as a director. Section 6 provides in relevant part: "Notwithstanding any other provision of these Bylaws, not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons. For purposes of this section, 'interested persons' means either: (a) any person currently being compensated by the corporation for services rendered it within the previous twelve (12) months, whether as a full- or part-time officer or other employee..." In addition, page 86 of the petition, entitled "NMA Governing Board", suggests that NMA employees or officers may also be members of the Board of Directors: "The governing board consists of five to seven members who will serve one-year terms. The panel selected will be drawn from among the following constituencies: 'Administrators from NMA...'"

Service on the Board of Directors by officers or employees of the school would violate the prohibition of Government Code section 1099 on **simultaneous occupation of incompatible public offices**. This section states, in relevant part:

"A public officer, including, but not limited to, an appointed or elected member of a governmental board, commission, committee or other body shall not simultaneously hold two public offices that are incompatible. Offices are incompatible when any of the following circumstances are present, unless simultaneous holding of the particular offices is compelled or expressly authorized by law:

- (1) Either of the offices may audit, overrule, remove members of, dismiss employees of, or exercise

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supervisory powers over the other office or body.

(2) Based on the powers and jurisdiction of the offices, there is a possibility of a significant clash of duties or loyalties between the offices.

(3) Public policy considerations make it improper for one person to hold both offices...."

The Board of Directors hires, fires, and supervises school employees. It is inappropriate to allow a situation whereby an employee could simultaneously serve on the same board that has the power to evaluate discipline or terminate the employee.

- The Bylaws at Article 6, section 8, "Majority; Board Action", state in relevant part, "Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors unless the Articles of Incorporation or Bylaws of this corporation or provisions of the California Non-Profit Public Benefit Corporation Law ... require a greater percentage or differing voting rules..." (page 547) This contradicts the provision at section 7, "Quorum for Meetings", which allows a board to continue to do business once a quorum has been established even after the departure of sufficient directors to constitute a quorum.

Article 6, section 10, "Action by the Directors", is also inconsistent with provisions allowing action by less than a majority of members. It provides, "No action shall be taken ... by the Board of Directors in violation of the Brown Act or other applicable laws and regulations..." (Page 547). The Bylaws cannot contain a provision which allows the Board to take action by a vote of less than a majority of its membership.

- The Bylaws at section 9, "Compensation", page 550, acknowledge that an officer may simultaneously serve as a director by the statement, "...no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation..." As stated above, simultaneous service as an officer (employee) and a

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director of the corporation violates the prohibition of Government Code section 1099 on incompatible public offices.

- The Bylaws at Article 9, section 1, provide a: "Purpose of Conflict of Interest Policy", and state in relevant part, "This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to non-profit and charitable organizations." Notwithstanding this statement, neither the bylaws nor other documents submitted explicitly agree to be bound by all provisions of California law with respect to **conflict of interest**, e.g., Government Code section 1090 et. seq. and section 87000 et. seq.
- The Bylaws at Article 9, section 6, "Annual Statements", require each director or principal officer to annually sign a statement affirming receipt of a copy of the **conflicts of interest policy** and agreement to comply. This section does not explicitly require compliance with state law concerning conflicts of interest (Page 557).

The conflict of interest forms included with the petition raise issues of compliance with state law. After the appeal in this matter was filed, the SBCOE requested petitioners to provide their conflict of interest Form 700 required by California law. These were provided, including one signed the day before NMA's June 11, 2009 submission to SBCOE that reported assumption of office on October 1, 2008. All appear to have been signed many months after the appropriate date for initial filing. At Appendix X, page 706A of the petition materials, the principal on June 10, 2009 signed a "assuming office/initial" statement for the assumption of office on October 1, 2008. Board President Michael Arroyo on April 20, 2009, signed an "assuming office" initial statement" for his assumption of office on July 2, 2008. Similar issues of untimely preparation of Form 700 are presented by other statements, that of Yolanda Contreras, signed April 20, 2009 for the period from January 1 through December 31, 2008, that of Lizeri Guerrero with the same dates, that of Eddie Campa, filed on April 20, 2009 after leaving office on July 1, 2008, the annual statement of Gregory Pounds, signed October 28, 2008 for the annual period ending December 31, 2007, and the April 20, 2009 statement of Gregory Pounds for the period ending December

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31, 2008, which fails to check which schedules of disclosable interests apply at section 4, "Schedule Summary", or, in the alternative, to check the box, "No reportable interest on any schedule."

- The petition at page 615 contains certain employment policies for School employees. Section 2.06 entitled "**Conflict of Interest**" requires that "All employees must avoid situations involving actual or potential conflicts of interest." While this requirement is necessary, it does not require employees to comply with all conflict of interest provisions of California law at Government Code section 1090 et seq., and 87000, concerning specific statutory prohibitions on conflicts of interest.

The Resolution of the Colton Joint Unified School District, contained at Tab 2 of the charter materials and dated May 28, 2009, stated at page 3 of the Resolution that the District had identified numerous problems with governance at the school, stating:

"There is little evidence that the NMA Board regularly meets to review and consider the operations of the school. Indeed, the high turnover of the Board has resulted in many meetings not taking place, and the audit report identified **Brown Act** violations as well. Additionally, members of the governing board have failed to file the necessary conflict of interest forms, and there is no evidence to suggest that the NMA governing board has adopted appropriate policies and procedures to ensure that such violations of the **Brown Act** and **conflict of interest** provisions do not occur in the future."

The Resolution does not contain specific examples of such reported violations. Upon request of SBCOE, the petitioners provided exemplars of minutes of meetings of the governing board (See petition, pages 648 through 682). Agendas were requested, but were not provided, thus, it is not possible to determine whether the actions reported in the minutes

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accurately track the agendas, or whether matters were properly agendized for Board consideration. In addition, the minutes of the Board meetings, in some cases, were not signed.

Within the Board minutes provided, several irregularities were apparent. For example: (1) From the draft minutes of the August 22, 2008 meeting (petition, page 650), it is apparent that the Board expressed doubt whether it was required to comply with the basic disclosure requirements for public officers of California law concerning conflict of interest statements and other conflict of interest requirements. The Board asked whether it was necessary to file a conflict of interest form "... when the Bylaws have a conflict of interest policy already established." As previously discussed, the conflict of interest provision in the Bylaws does not require compliance with California law on conflicts of interest.

Further minutes are contained in the petition submission at pages 706B. Some irregularities were observed in these minutes; for example, the minutes of the Special Board Meeting on March 27, 2008 do not show a vote to adjourn the meeting, and the minutes are not signed. The minutes of the April 28, 2008 report on page 3, "Board requested to have the closed session included in the agenda", suggesting that the Board may not previously have agendized closed sessions. The minutes of the meeting of May 19, 2008 do not provide an opportunity for public comment prior to the Board action, a violation of Government Code section 54954.3(a). The report of the closed session states in relevant part, "Eddie Campa reported to the public that David Tellyer was seeking counsel regarding personnel matters for the next school year. The Board made recommendations to have professional development done during the summer months." If this reference is to retaining counsel for the NMA for this purpose, it not an appropriate closed session item. Employment of counsel, unless as an employee, rather than an independent contractor or consultant, is not an appropriate topic of closed session pursuant to Government Code section 54957, nor is the scheduling of professional development. The minutes of this meeting show adjournment, but do not show a motion, second, and a vote to adjourn, nor are they signed.

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The minutes of the July 21, 2008 meeting are unsigned. The minutes of the August 18, 2008 meeting show the presence of two voting directors, with two directors absent. Notwithstanding the fact that a quorum, e.g., three of the five voting Board members, was not present, the Board proceeded to hear reports of a parent, the principal, and the auditor. In addition, after stating, "There was no quorum and so no action was taken" concerning the "action session", the Board apparently held a closed session, reporting, "Discussion took place concerning the contract with employee 5770. This closed session item will be put on the next agenda." Conducting a meeting without a quorum present violates the Brown Act. The minutes of the Special Meeting of August 22, 2008 show action, to approve "conflict of interest policy form 700." The Board tabled the item, further evidence of non-compliance with California law concerning conflicts of interest. The minutes of the September 2, 2008 meeting, at page 2, reflect the report of a consultant of the School that state law, "does state public entities are required, which charter schools would fall under this title" referring to compliance with conflict of interest laws. The minutes of this meeting are unsigned.

The unsigned minutes of the October 20, 2008 meeting provide a report of closed session action, "Michael Arroyo reported the outcome of the closed session. All the items that were in the agenda were approved." This report does not meet the requirements of Government Code section 54957.3, which states, "The legislative body of any local agency shall publicly report any action taken in closed session and the vote or abstention on that action of every member present ..."

The minutes of the November 17, 2008 meeting show two Board members as present, and under action session state, "No action was taken due to a quorum in the Board being presented [sic]." Instead of adjourning the meeting, the Board took public comment, heard the report of a parent, the report of the principal, the financial report, and discussed "school uniform jacket discussion".

The minutes of the December 15, 2008 meeting are unsigned. The minutes of the March 5, 2009 meeting appear to suggest that no meeting had been held in over two and one-half months. The minutes do not reflect the motion, second or

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vote for adjournment, and are not signed. The minutes of the March 16, 2009 meeting are unsigned. The minutes of the April 20, 2009 meeting are unsigned, and still in draft. No meeting minutes for subsequent dates were provided notwithstanding the fact that the School was authorized to operate through June 30, 2009.

At pages 136-137 of the petition, the procedures for closure of the charter school does not incorporate the preference of SBCOE policy 603-1 p whereby residual assets accrue to the benefit of the programs operated by the SBC Superintendent of Schools.

**VI. Legal Considerations Pertaining to Required Element N  
Dispute Resolution**

In order to maintain clear communications and a trusting and productive working relationship, a charter school and its chartering authority must have an efficient method to resolve serious disputes. The dispute resolution procedure contained in the charter petition is ambiguous, confusing, cumbersome, and would allow a significant dispute to go unresolved under the terms of the process, for nearly six months, thus considerably increasing the potential for a failure of governance that could result in closure of the School, or revocation of the charter.

The specifics of our concerns regarding the dispute resolution process are set forth in our committee comments, and are incorporated below as follows:

- At pages 131 through 132 of the petition, the process outlined to resolve the dispute from the time of placement of the issue in writing can last over 80 business days, e.g., four months of the school year, and does not set forth a process for prompt and efficient resolution of issues between the county and the charter school.

**VII. Legal Issues Pertaining to Other Elements**

As the other members of the committee are addressing their respective areas of expertise in the remaining elements, except for the issue of contracting, we have reserved comment in these areas. However, should you have questions or other specific areas you would like us to address, we would be pleased to do so.

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**CONCLUSION**

Thank you for this opportunity to assist the County Board of Education. We look forward to providing explanation and responding to questions at the August 3rd Board meeting concerning approval or denial of the Nova Meridian Academy petition.

Very truly yours,



Margaret A. Chidester

MAC:ss

**CERTIFICATE OF MINUTES  
COUNTY BOARD OF EDUCATION**

**San Bernardino County, California**

**The Board met in regular session on the 3<sup>rd</sup> of August 2009, at 601 North E Street. The president called the meeting to order at 1 p.m.**

Members present: Members Navarro, Ritchie, Stine, Sumpter, and Tahan

Members absent: None

**The following motion was made by member Richie, seconded by member Tahan:**

BE IT RESOLVED that the County Board of Education, after conducting the required public hearing and in meeting the timelines for a decision as required by California's Charter School Law, hereby denies the charter petition appeal by Nova Meridian Academy.

**A vote being taken was carried as follows:**

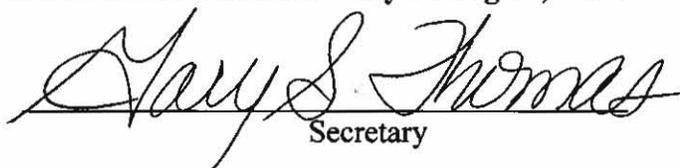
Ayes: Members Ritchie, Stine, and Tahan

Noes: Member Sumpter

Recusal: Member Navarro

**I, Gary S. Thomas, Secretary to the County Board of Education of San Bernardino County, California, hereby certify that the foregoing is a true and correct copy of a motion made, carried and entered on the minutes of said Board on the 3<sup>rd</sup> day of August, 2009.**

Dated: August 5, 2009

  
Secretary

LAW OFFICES OF  
**MARGARET A. CHIDESTER & ASSOCIATES**

17762 COWAN, FIRST FLOOR  
IRVINE, CALIFORNIA 92614-6096

MARGARET A. CHIDESTER\*  
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August 11, 2009

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\*A PROFESSIONAL CORPORATION

REF. OUR FILE

SBCS-82.2

**VIA ELECTRONIC MAIL ONLY**

Nova Meridian Academy  
c/o Middleton, Young & Miney, LLP  
701 University Avenue, Suite 150  
Sacramento, California 95825

Attention: Lisa Corr

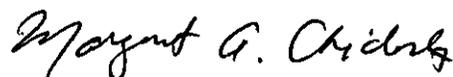
Re: Nova Meridian Academy

Dear Ms. Corr:

This office is special counsel to the San Bernardino County Board of Education in the matter of Nova Meridian Academy's appeal of the decision by the Colton Joint Unified School District not to renew the charter.

As requested, this will confirm that the County Board held a public hearing in accordance with the requirements of Education Code section 47605(j)(1) on July 6, 2009. On August 3, 2009, the County Board voted to deny Nova Meridian's appeal, and directed staff and counsel to prepare findings consistent with the Board's direction. The findings will be presented to the Board for consideration and adoption at the next regularly-scheduled meeting, September 8, 2009.

Very truly yours,



Margaret A. Chidester

MAC:dg

cc: Dennis Mobley, APR  
SBCSS Governance Liaison/Legislative Analyst



LAW OFFICES OF MIDDLETON, YOUNG & MINNEY, LLP

AUGUST 12, 2009

Via U.S. Mail

PAUL C. MINNEY  
JAMES E. YOUNG  
MICHAEL S. MIDDLETON  
LISA A. CORR  
AMANDA J. MCKECHNIE

Gary Thomas, Superintendent  
San Bernardino County Office of Education  
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JESSICA ADAMS ROBISON  
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ANDREA C. SEXTON  
SARAH J. KOLLMAN  
JANELLE A. RULEY  
ANDREW G. MINNEY

**Re: Report of Findings and Recommendations on Nova Meridian  
Academy Charter Petition Appeal**

Dear Dr. Thomas:

This office represents Nova Meridian Academy (“NMA” or the “Charter School”) in its appeal of its charter renewal petition to the San Bernardino County Board of Education (“SBCBOE”). Colton Joint Unified School District (the “District”), NMA’s authorizer, denied the Charter School’s renewal petition on May 28, 2009. The SBCBOE held a public hearing on NMA’s appeal of the District’s decision on July 6, 2009 and on August 3, 2009, it voted to deny the renewal petition.

This letter serves as the Charter School’s response to the Report of Findings and Recommendations (“Staff Report”) prepared by the San Bernardino County Office of Education (“SBCOE”) for the SBCBOE. NMA received the Staff Report days before the SBCBOE meeting and could only respond to it verbally, during the meeting. This letter addresses each of the SBCOE’s areas of concern, as detailed in the Staff Report.

**INSTRUCTIONAL TECHNOLOGY GOALS (ELEMENT A)**

The Staff Report questioned whether NMA has computers and equipment to meet its instructional technology goals. The Charter School currently has a mobile Apple computer lab which has a class set of laptops and a printer. Each teacher also has his or her own laptop computer, desktop computer, and LCD projector. NMA has the computers and equipment necessary to meet its instructional technology goals.

**HEALTH CLASS (ELEMENT A)**

The Staff Report questioned whether all NMA students must enroll in local community college classes in order to take health classes. The Charter School cannot require that students enroll in the community college without paying registration and course fees for each student. Consequently, NMA will offer its own health class if it determines that such is an important addition to the curriculum.

*Gary Thomas, Superintendent*

*Re: Report of Findings and Recommendations on Nova Meridian Academy Charter Petition Appeal*

*August 12, 2009*

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## **PHYSICAL EDUCATION (ELEMENT A)**

The Staff Report questioned whether it is permissible for high school graduation credit to be offered for physical education (“PE”) which is solely a home-based program. NMA offers a rigorous at-home PE curriculum. Students receive credit for their PE work done at home. Students must complete 40 minutes of a physical activity five days a week for a total of 200 minutes per week. At the beginning of each month, the student receives a PE log from their Advancement Via Individual Determination (“AVID”) teacher. Students then choose the activities they will complete for the month, choose 3 fitness goals, and seek approval of their plans from their AVID teachers. As they complete each physical activity each day, their parents sign off that the student completed the activity. Each week, the student writes a reflection evaluating the strengths and weaknesses of his or her activity. At the end of the month the student turns in the signed and completed PE log to his or her AVID teacher.

As part of meeting the National Association for Sport and Physical Education (“NASPE”) standards, students will complete the following two projects before the end of first and second semester: (1) students will create a video presentation of the physical activity that demonstrates health, enjoyment, and self-expression. The video presentation will be five minutes in duration and may be presented in a group effort. The student or students will present a video that depicts the physical discipline that best expresses them and that also shows how their selected discipline promotes good health. (2) Students will also write a one-page research paper or create a brochure that demonstrates their knowledge of motor skills and movement patterns needed to perform a variety of physical activities. All teaches will participate during professional growth hours in the evaluation of videos and research papers/brochures.

## **SPECIAL EDUCATION (ELEMENT A)**

The Staff Report takes issue with changes made to NMA’s charter in preparation for appeal to SBCBOE. The Staff Report first agrees with NMA that the SBCOE does not receive special education funding and/or serve special education students in the same manner as school district, but then argues that the charter petition cannot be changed to reflect that understanding as it would be an impermissible “material change” of the charter.

Title 5, California Code of Regulations Section 11967(b)(4), not only allows for, but affirmatively requires the Charter School to describe the changes to the charter petition that are necessary to reflect SBCBOE as the authorizer. For every appeal our office has made at every level and in every jurisdiction in this state, including those approved by the State Board of Education, one of the major changes necessary to the petition on appeal in order for it to reflect the new authorizer is in the area of special education. Following the logic in the Staff Report, no charter could be approved by any county on appeal, unless the charter was already a local educational agency for special education purposes. This status is very rare among California charter schools. Following the logic of the Staff Report leads charter petitioners in a circle: the relationship between a charter school and school district for the purpose of serving special

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education students cannot be replicated by SBCOE...but the charter petition also cannot be revised to reflect the new relationship.

In fact, Education Code Section 47641(b) states that charter schools that do not provide verifiable, written assurances that they will participate as a local educational agency, “shall be deemed a public school of the local educational agency that granted the charter.” In this situation, that means that NMA would fall under SBCOE’s status as a local educational agency. This office represents myriad charter schools approved by county authorizers, and we have successfully negotiated Memorandums of Understanding (“MOU”) for special education with all of the counties.

Finally, Education Code Section 47605.7 states that a charter petition cannot be denied based on the actual or potential costs of serving individuals with exceptional needs. The Staff Report expresses a concern with the payment of an encroachment by NMA to the SBCOE. This is an impermissible consideration in the approval process of a charter petition.

For these reasons, the findings related to special education are not a valid basis for denial of the renewal.

#### **MATH CST SCORES (ELEMENT B)**

The Staff Report highlighted NMA’s relatively low scores on the math portion of the California Standards Test (“CST”). The Charter School, too, is concerned about these scores. NMA will be conducting an internal review of the math program based on benchmark and CST scores to see how it can upgrade and improve this area. The Charter School’s current math teacher is awaiting the results of her subject-matter competency exams. Should enrollment increase or should the current math teacher not achieve subject matter competency, the Charter School has a pool of qualified candidates from which it can hire another math teacher.

#### **FORMAL, TECHNOLOGY-BASED REPORTING SYSTEM (ELEMENT C)**

The Staff Report suggests that NMA purchase a formal, technology-based reporting system to relieve staff time spent on data management. The Charter School is currently looking into purchasing ZOOM! Data Source which: (1) brings together information from multiple student assessments, including state summative and locally created formative assessments, into one place; (2) has a user-friendly, visual web interface; (3) helps quickly identify individual student, classroom and school trends; and (4) helps communicate the school’s results with authorizers and other stakeholders using easy to understand graphs.

#### **CONFLICTS OF INTEREST (ELEMENT D)**

The Staff Report describes multiple concerns regarding the governance section of NMA’s charter petition, which are primarily related to whether the Charter School complies with the Brown Act and applicable conflict of interest laws. Without discounting the legitimate and important need for complete transparency and public accountability, it is important to note that it



*Gary Thomas, Superintendent*

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has *never* been clear in law which conflict of interest laws do and do not apply to charter schools, but such has been the subject of intense debate for years.

It is our legal opinion that Government Code Section 1090 does not apply to charter schools. We believe SBCOE has reached this conclusion based upon an erroneous interpretation of the relevant law.

Pursuant to Education Code Section 47610, charter schools are exempt from “the laws governing school districts,” with only a few minor exceptions, not applicable here. This Section is known as the “mega-waiver.” School districts themselves are not directly governed by Government Code Section 1090. Absent Education Code Section 35233, which directs school district governing boards to comply with Government Code Section 1090, the provisions of Section 1090 would not apply to school districts.

As it is only through Education Code Section 35233 that Government Code Section 1090 applies to school districts, charter schools are necessarily exempt from Section 1090 by virtue of the “mega-waiver” described above. Since Education Code Section 35233, by its terms, does not apply to charter schools, and no other California statute states that Section 1090 applies to charter schools, there is no statute that applies Government Code Section 1090 to charter schools. The Legislature is presumed to have been aware of Education Code Section 35233 when it enacted the Charter Schools Act. It made no exception in the “mega-waiver” for Section 1090 when it adopted Education Code Section 47610, although it expressly made a number of other exceptions. Thus, Section 1090 is not applicable to charter schools.

Further, the Legislature attempted to make the substantive requirements of Section 1090 applicable to charter schools by voting to approve Assembly Bill 2115 in the most recent legislative session. However, the Governor vetoed Assembly Bill 2115. The Governor noted in his veto message, “the measures runs counter to the intent of charter schools, which were created to be free from many of the laws governing school districts.” Had it been the case that Government Code Section 1090 clearly applied to charter schools, then the Legislature would not have drafted or passed AB 2115. We believe it is even clearer now, after the veto of AB 2115, that Section 1090 does not apply to charter schools.

Currently, the Legislature is considering a bill that applies the Political Reform Act to charter schools but leaves out any application of Government Code Section 1090. This bill has passed the assembly and is currently on its third reading at the Senate. Clearly, this remains an unanswered legal question.

Notwithstanding the above, the Charter School would agree to compliance with Government Code Section 1090, but wishes to point out that it had not been required to confirm such compliance at the District level. Additionally, as a charter school attorney, I acknowledge that many charter schools (and school districts) struggle with the technical compliance requirements of the Brown Act and applicable conflicts laws. Our office would agree to conduct an annual training pro-bono for the Nova Board of Directors on these topics.



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#### **PARENT ADVISORY COUNCIL (ELEMENT D)**

The Staff Report questions whether NMA's current parent involvement structure is sufficient to allow for effective representation. The Charter School recognizes that there should be parent representation on the board. NMA will work with the parent committee to promote openings on the board to recruit a prospective parent or parents to have representation.

#### **CLOSURE PROCEDURES (ADDRESSED IN ELEMENT D)**

The Staff Report faults the Charter School for not drafting the charter to reflect the SBCOE's *preference* that residual assets of NMA, on closure, accrue to the benefit of programs operated by the San Bernardino County Superintendent of Schools. The Staff Report deems insufficient an affirmation by NMA to come to an agreement on the accrual of residual assets because of the extant Articles of Incorporation.

As the SBCOE surely knows, and intimated in the Staff Report, NMA was facing a very short timeline to submit its charter renewal petition appeal documentation. Given that material changes could not be made to the charter (as the Staff Report strenuously points out in the special education section), and an amendment of NMA's Articles of Incorporation could not be achieved immediately, the Charter School promised to take the SBCOE's preference into consideration and offered to formalize an agreement in a Memorandum of Understanding. There was little else NMA could do during the appeal process.

Regardless of NMA's process for making an affirmation regarding the accrual of residual assets, and irrespective of a stated preference of the SBCOE, the law contains no requirement as to how a charter school's assets are distributed on closure. Title 5, California Code of Regulations Sections 11962 and 11962.1 detail a number of requirements for charter school closure procedures. None of those requirements include how any remaining assets must be distributed. Accordingly, the Staff Report's findings in this area are merely a preference of the SBCOE and have no basis in law.

#### **BROWN ACT COMPLIANCE AND BYLAWS (ADDRESSED IN ELEMENT D)**

The Staff Report has gone to great lengths to conduct an exhaustive review of NMA's policies and meeting agendas and minutes. Following this review, the Staff Report expressed concerns regarding compliance with the Brown Act and the contents of NMA's bylaws. The Charter School will use this helpful "audit" to clean up its policies and bylaws to be in compliance with legal requirements and to be internally consistent.

NMA recognizes that it has struggled in complying with the Brown Act in its early years of operations. The Charter School is willing to take steps to receive thorough training in Brown Act. NMA has agendas of the board meetings and it was an oversight on the Charter School's part to not turn them in with the minutes upon request. NMA meets once a month as a board. There were some occasions when the board was not able to meet as a result of a lack of a quorum



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or holidays; however, the board has made, and will continue to make, every effort to achieve consistency in its meeting schedule.

NMA also recognizes that there appears to be a conflict with its bylaws in terms officers being compensated and serving as board members. Upon approval of the charter with conditions, the Charter School will amend its bylaws and restructure its board in which officers and board members are separate. NMA's board and its officers are not paid and serve as volunteers. Because of the size of the Charter School and its limited resources, board members play dual roles in being officers and board members. The Charter School understands that the governing structure is not clear and would like to address this issue in the near future by creating a new organization structure in which there would be officers to oversee the operations of the Charter School, separate from the board of directors. The board officers would consist of the Executive Director and a Chief Business Officer. The board of directors would consist of five to seven board members in which one member would serve as the board president, another as the vice president, and the third member serving as the board clerk.

The Staff Report also deems the signing of Statements of Economic Interest forms to be untimely. NMA will ensure timely compliance in the future.

Accordingly, this finding is not a legal basis for denial of the charter petition.

#### **EMPLOYEE QUALIFICATION (ELEMENT E)**

The Staff Report made a number of findings in this section. Those relevant to NMA's operation are addressed below, as follows:

*The mathematics credential is a Provisional Internship Permit (PIP). There is an employing agency restriction on the credential that should be changed to NMA. This requires an application, half fee, and supporting documentation be submitted to the Commission on Teacher Credentialing (CTC).*

In February, the Charter School submitted to the CTC the appropriate documents and fees for the teacher in question. The PIP now should have NMA listed as the employing agency.

*The mathematics credential does not meet the subject matter competence requirements described in Element Five of the Employee Qualifications on pages 102-103.*

As stated above, the current math teacher has taken the California Subject Examinations for Teachers and will know her results in about two weeks. Should the current math teacher not achieve subject matter competency, the Charter School has a pool of qualified candidates from which it can hire another math teacher.

*The Science credential is a university Internship. There is an employing agency restriction on the credential that should be changed to NMA if acceptable to the*



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Re: Report of Findings and Recommendations on Nova Meridian Academy Charter Petition Appeal

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*university. This application must be processed through the university and submitted to CTC.*

NMA has made the proper arrangements to be listed as the employing agency on the biology teacher's internship credential.

*During the presentation, Ms. Williams made mention of special education students enrolled at NMA. No special education teachers were contained in the materials.*

NMA does not employ any special education teachers. As stated in the charter petition, NMA is a school of the District for purposes of special education. The District provided all special education and related services.

#### **ADMISSIONS (ELEMENT H)**

The Staff Report is concerned that the interview process and parent commitment process described in the admissions requirement section could be construed in discriminatory manner. However, the Staff Report fails to provide a factual basis for denial. As under Education Code Section 47605(b), the denial of a charter must be based upon facts specific to the particular charter petition. The findings for denial may not lawfully be based on conjecture. There is nothing illegal about the interview and commitment process laid out in the charter; the possibility that this process could be "construed" as discriminatory is not a fact and thus can not be utilized by SBCBOE as a basis for denial of the NMA renewal petition.

#### **SUSPENSION AND EXPULSION (ELEMENT J)**

The Staff Report raises concerns with NMA's suspension and expulsion policy as articulated in the renewal petition, arguing that it does not align with the Education Code. Yet the Staff Report neglects to mention the fact that charter schools have no legal obligation whatsoever to follow the Education Code with regard to suspension and expulsion.

Education Code Section 47610 specifically exempts a charter school from all laws applicable to school districts with few exceptions which are not applicable here. In fact, 5 CCR 11967.5.1, which set forth criteria for the review and approval of charter school petitions by the State Board of Education ask a charter school to explain its suspension and expulsion policy to the extent it differs from the Education Code. This detail provides further proof that a charter school is not bound to the suspension and expulsion requirements of the Education Code.

Accordingly, the Charter School is permitted to create its own suspension and expulsion policy as long as it ensures that each student is provided with due process prior to expulsion. The policy created by NMA is similar to those utilized by charter schools throughout the state. The Charter School would agree to utilize the Education Code regarding suspension and expulsion as a condition of its approval, but its failure to do so in the charter petition is not a legal basis for denial of the appeal of the renewal petition.

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## **RETIREMENT SYSTEM (ELEMENT K)**

The Staff Report states that the charter petition must make clear that certificated employees, if offered participation in the California State Teachers' Retirement System ("STRS"), may only participate in STRS and not another retirement option.

In practice, all NMA certificated teachers participate in STRS and no certificated teachers participate in any other retirement system. NMA does not employ any full-time, non-certificated staff. Consequently, it does not offer those employees a retirement system.

## **PUBLIC SCHOOL ATTENDANCE ALTERNATIVES (ELEMENT L)**

The Staff Report deems the attendance alternatives section in the NMA charter as lacking in comprehensiveness because the petition fails to identify how parents will be notified of attendance alternatives and because the petition does not offer solutions or procedures for students with poor attendance.

This conclusion belies a lack of understanding of the required elements in a charter. Education Code Section 47605(b)(5)(L) does not ask charter petitioners to specify how parents will be notified. It does not ask how the charter school will cure attendance problems. Rather, it simply requires a charter petition to list public school attendance alternatives. The plain meaning of this requirement is that charter petitioners must describe the options, besides the charter school, that students have for attending a public school. There are provisions in the Charter Schools Act where the law specifically requires a charter petition or a charter school to identify how parents will be notified of a particular occurrence or item. Yet there is no such requirement in Education Code Section 47605(b)(5)(L). Accordingly, this is not a legal basis for denial.

## **DISPUTE RESOLUTION (ELEMENT N)**

Our office is consistently surprised when the dispute resolution section of a charter is utilized as a basis for denial or nonrenewal by an authorizer. Clearly, a charter school cannot bind its authorizer to a dispute resolution process without agreement of its authorizer. As such, almost all dispute resolution sections, including the one proposed by NMA includes an explicit provision to allow the Charter School and the authorizer to agree to alternative procedures and timelines for dispute resolution. Accordingly, the charter allows SBCOE and the Charter School to agree to an alternative process and timeline. Therefore, any denial based on this section blatantly ignores the specific language of the charter.

## **FISCAL MANAGEMENT/BUDGET REVIEW ANALYSIS AND REPORT**

The Budget Narrative and Budget Summary review conducted by Michael Ammermon concluded that the NMA Budget Summary Report is missing many key assumptions and that it has not clearly described the material assumptions necessary to support its budget figures. The following language, set off by quotation marks, has been prepared by EdTec, the Charter



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School's financial services provider. We have included this language in this response to the Staff Report for ease of review.

“As a general response, the budget Nova Meridian Academy (NMA) provided to San Bernardino County Superintendent of Schools (SBCSS) was the revised petition renewal budget submitted to the district to address the district's concerns, and had the most up-to-date assumptions as were available at the time of submission (the budget was adjusted using the February rates). Any questions could have been addressed if directed to the school in advance of the finalization of the report. However, as the concerns were not addressed to the school in advance of the findings, please accept the following in response to the County's findings. Further, for purposes of the State Appeal, a revised budget is attached reflecting the most up-to-date assumptions possible at the time of submittal.

“General concerns noted in petition denial:

*Page 7 – Throughout pages 34 to 57 of the renewal petition appeal, special education needs and services are discussed; however, no special education revenue or expenditures are budgeted. This analysis assumes that it is likely there will be special education needs students attending the charter school. Because the NMA petition renewal states that NMA will be responsible for a pro rata share of the countywide encroachment for special education, special education revenue and costs should have been budgeted even if those costs were pass through costs. Without providing any budget notes or assumptions regarding special education revenues and expenditures, the budget is unrealistic.*

*“Furthermore, SBCSS is funded differently than a school district and encroachment is a different concept at the county level due to fee for service agreements with the SELPAs. The current language is not feasible within a County Office of Education structure.*

**“Response:** As discussed above, the petition appeal budget was the same one prepared for the renewal petition. NMA had a Memo of Understanding with Colton Joint Unified School District for Special Education Services. NMA did not pay an encroachment fee to Colton historically, and all Special Education revenues were received by the district directly. Given that no MOU has been negotiated with the county regarding SPED and that many county SPED arrangements do not include an encroachment, we felt that leaving the budget as is in this category made the most sense.

“For purposes of the state appeal, the budget has been revised assuming that the school will operate as a member of a SELPA. As such, Special Education revenues equal to \$500 per ADA have been added to the budget, based on a conservative estimate of historical averages, as well as expenses equal to those revenues and a \$300 encroachment (based on the encroachment estimated by San Bernardino City Unified School district since Colton has not provided an encroachment estimate) to cover additional expenses above the revenues received.

*“Page 30 – “Nova Meridian Academy does not comply with Education Code Section 47605 (b)(2) and is demonstrably unlikely to successfully implement the program set forth in their petition because its petition does not provide a detailed, complete and fully annotated*



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*operational budget. The petitioner's budget did not provide cash flows for the first three years of operation, and did not provide precise salary and benefits paid and to be paid. Nova Meridian's budget is also deficient because it does not provide "Current" financial statements for the charter school and does not included a detailed balance sheet and statements of income.*

"The school and EdTec prepared complete financial statements, including three years of cash flow, current financial statements and a balance sheet, but due to an administrative oversight a few of those documents were inadvertently omitted from the information provided to the county. We have included them with the appeal. If they had been requested, they easily could have been provided. Regarding the annotations to the budget, the petitioners are of the opinion that they did provide a detailed, complete and annotated operational budget, especially given that the school is an entity with a track record of two years and therefore has a historical basis for its expenses. If there were aspects for which the county would have liked more detail, it could have easily been addressed in advance of the finalized report if these requests for detail had been communicated to the petitioners. Below are detailed responses to many of the concerns.

"Detailed concerns noted in budget reviewer's report (beginning on page 37 of the county report):

#### **"Revenues projections**

- State revenue projections have been a moving target this year (much more than most years). The budget submitted to the county included State Aid and Categorical Block Grant rates that were based on the revised state budget enacted in February, as interpreted by the Charter Schools Development Center. The reviewer's rates were based on a governor's revision in May that came after the revised charter budget that was submitted to the district (and then subsequently submitted to the county). It is an unfortunate necessity of the chartering process that the charter budget needs to be submitted based on the best available information, but that the state budget may change in the intervening time between submittal and review. Interestingly, even the reviewers analysis and assumptions which were made relatively recently are flawed because the May budget upon which it was based was never enacted into law and proved inaccurate based on current expectations. The revised attached budget for State Appeal is based on the state budget package approved in July 2009, as interpreted by CSDC in their July 28<sup>th</sup> report.
- Arts & Music Block Grant: This is a very common grant received by all charter schools and did not seem to require additional explanation. \$3,564 was the minimum 2008/09 allocation for schools with greater than 20 students, so it was used for outgoing years as well in the revised budget. In practice, these funds will be rolled into the so-called mega block grant categorical, but for clarity purposes we have broken it out in the revenues.
- Supplemental Hourly Revenue: Revised budget assumes 2007/08 payment in all out years. The calculations for the county budget submittal are:



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- 2009/10: Core Academic- \$4.08 for 1,422 hours capped at \$4,768 (30 students at 1.19 hours per week for 40 weeks); Remedial Instruction- \$4.08 for 3,085 hours uncapped totaling \$12,586 (30 students at 2.5 hours per week for 40 weeks).
- 2010-11: Core Academic- \$4.08 for 1,422 hours capped at \$4,768 (30 students at 1.19 hours per week for 40 weeks); Remedial Instruction- \$4.08 for 4,967 hours uncapped totaling \$20,268 (50 students at 2.5 hours per week for 40 weeks).
- 2011-12: Core Academic- \$4.08 for 1,422 hours capped at \$4,768 (30 students at 1.19 hours per week for 40 weeks); Remedial Instruction- \$4.08 for 5,090 hours uncapped totaling \$20,769 (45 students at 2.8 hours per week for 40 weeks).
- Middle and High School Supplemental Counseling: This is a common grant received by many charter schools serving secondary school students. Attached budget has been matched to 2008/09 entitlement in all subsequent years.
- State Lottery – was calculated at \$131 per ADA based on CDE projections. The restricted and unrestricted nature is not disputed – the budget model does not separate between the two, but the delineation is known. The assumed split is \$16 restricted and \$115 unrestricted. The restricted portion is de minimis for small schools. New assumption based on revised expectations is \$122 per ADA, assumed to be \$12 restricted and \$110 unrestricted.
- For 2009-10 enrollment is based on 60 students per grade in grades 9-11; Years 2010-11 and 2011-12 estimate 64 students per grade in grades 9-12. Current CBEDS enrollment is 38 in grade 9 and 69 in grade 10.

#### **“Loans**

- The Charter Schools Revolving Loan Fund loan letter is attached.
- The Charter Schools Revolving Loan Fund loan is a common loan taken by charter schools to smooth cash flow and purchase items before the school reaches scale. Nova doubled in size in 08-09 and needed the up-front funds to accommodate growth and make instructional purchases. The school would not be funded for its current enrollment until February; from July-January, the school would be funded based on its prior year’s enrollment. Particularly in the current economic climate, with frequent deferrals of state payments, this loan has been helpful to the school in managing that uncertainty. Having low cost working capital is not a sign of potential financial problems rather, it is a sign that NMA is carefully planning for its future and taking into account the current economic climate.
- \$250,000 principal
- 5 year payback period
- Monthly payments deducted from State Aid apportionment from September-February



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- PMIA interest rate of 2.79%
- EdTec did not loan this money – this is a loan provided by the California Department of Education. EdTec does provide a pass-through line of credit to clients when necessary for short term borrowing. EdTec does not charge interest above what the bank offering the line of credit (Wells Fargo) charges.

**“Expenses:**

- Teachers detail attached.
- Substitute teachers were budgeted at \$70 daily rate in year 1, assuming 5% absence rate over 175 days. This is consistent with Nova’s historical spending.
- Certificated stipends: Teacher stipends are based on the number of teachers
  - 2009-10: \$1,555 per teacher
  - 2010-11 and 2011-12: \$1,666 per teacher
- Classified Administration Salaries: The 2009/10 budget assumed a clerk, paid \$17,996 annually, and a part-time Assistant Director, paid \$11,477 annually. See attached detail. During 2008/09, the part-time Assistant Director was paid at a higher rate, but the school has deemed it cannot afford to pay a similar salary in 2009/10 given budget cuts.
- Classified instructors detail attached
- Classified Food Service Salaries: NMA does not offer food service. The line item referenced – “Other Food” – is for incidental food expenses (such as staff lunches during training).
- Benefits: the attached salaries detail explains which benefits each employee is eligible for. Health insurance costs are based on 2008/09 actual expenses growing at 14%.
- Educational Software and Computers: assumption based on typical expenses and historical purchases. NMA is estimating \$45 per laptop for licensing fees.
- Textbooks & Core Materials and Books and Other Reference materials: the per pupil expense is decreasing, but the school is growing in pupil numbers – hence the total cost continues to increase.
- To Balance: accidental hidden rows. Though as discussed by the reviewer it is not a material difference, the additional expenses are PE Supplies, Prof Development and Uniforms
- Insurance details: CCSA JPA. Coverage includes Property, General Liability, School Board Misc Liability, Auto Liability, Excess Liability, Crime, Domestic Terrorism

*Gary Thomas, Superintendent*

*Re: Report of Findings and Recommendations on Nova Meridian Academy Charter Petition Appeal*

*August 12, 2009*

*Page 13 of 14*

Liability, Student Accident and Worker's Compensation Insurance. 1 year policy. Carriers include Travelers Property Casualty Company of America, Lloyds of London, Insurance Company of the State of PA, Republic Indemnity Company of America, Markel Insurance Company. See attached policy.

- **Building Leases:** We believe the reviewer has misinterpreted the State Board guidelines. The additional detail requested in those regs is for schools that do not have a facility and is used to determine if the budget assumptions are reasonable (and not understated). Since the school is already in a facility that works for them, providing the actual rent seems more than adequate. Building rent is based on the current rental rate of \$0.88/square foot. NMA's facility includes six classrooms, lecture hall, kitchen, four bathrooms, storage room and two offices. The school is located in an office complex rather than a residential neighborhood. In our experience and research, this lease rate is very competitive.
- **Janitorial Services:** The level of detail requested is well beyond what is typically requested from other authorizing entities. The service provider is Anna Vasquez, an independent contractor (1099)
- **Student Transportation:** the detail requested on vehicles for Student transportation is more than what is typically requested from other authorizing entities. This item is for bus rentals for field trips; one bus rental is approximately \$800, which seats 50-70 students. Assumption used in 2009/10 for example is six field trips (2 trips, one per semester, per class) requiring buses at \$781.43 per trip."

## **CURRENT TEST SCORES**

NMA has valid and legally defensible responses to the findings of SBCOE which are contained in its Staff Report. What's more, the Charter School's academic methods have once again been affirmed by its results on standardized tests. Using the California Department of Education's Academic Performance Index ("API") calculator, the Charter School input its raw test data and determined that its API score for 2008-2009 school year is 781. This score is a 46 point increase from the previous year score of 735. Official scores will be released in late August, however, this is a strong affirmation of NMA's continued success serving its student population. NMA is a strong school that has the potential to only grow stronger.

\* \* \*



*Gary Thomas, Superintendent*

*Re: Report of Findings and Recommendations on Nova Meridian Academy Charter Petition Appeal*

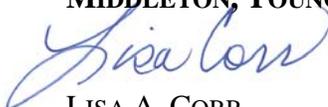
*August 12, 2009*

*Page 14 of 14*

Despite the above, Nova Meridian Academy appreciates the SBCOE's willingness to hear and review the charter renewal petition appeal in a timely manner. Should you have any questions about the contents of this letter, please do not hesitate to contact me.

Sincerely,

**LAW OFFICES OF  
MIDDLETON, YOUNG & MINNEY, LLP**



LISA A. CORR  
ATTORNEY AT LAW

Cc: Nyesha Williams, Nova Meridian Academy  
Charter Schools Division, California Department of Education



## Contents

1. EdTec Response to County Findings
2. Budget Narrative
3. 2009-12 Budget
4. 2009-12 Cash Flows
5. Payroll Detail
6. CDE Revolving Loan Payment Schedule
7. CCSA JPA Insurance Policy
8. 2008/09 Attendance
9. 2007/08 Attendance
10. June 30 Financials (accruals not yet made)
11. June 30 Cash Flow
12. June 30 Balance Sheet

As a general response, the budget Nova Meridian Academy (NMA) provided to San Bernardino County Superintendent of Schools (SBCSS) was the revised petition renewal budget submitted to the district to address the district's concerns, and had the most up-to-date assumptions as were available at the time of submission (the budget was adjusted using the February rates). Any questions could have been addressed if directed to the school in advance of the finalization of the report. However, as the concerns were not addressed to the school in advance of the findings, please accept the following in response to the County's findings. Further, for purposes of the State Appeal, a revised budget is attached reflecting the most up-to-date assumptions possible at the time of submittal.

General concerns noted in petition denial:

*Page 7 – “Throughout pages 34 to 57 of the renewal petition appeal, special education needs and services are discussed; however, no special education revenue or expenditures are budgeted. This analysis assumes that it is likely there will be special education needs students attending the charter school. Because the NMA petition renewal states that NMA will be responsible for a pro rata share of the countywide encroachment for special education, special education revenue and costs should have been budgeted even if those costs were pass through costs. Without providing any budget notes or assumptions regarding special education revenues and expenditures, the budget is unrealistic.*

*Furthermore, SBCSS is funded differently than a school district and encroachment is a different concept at the county level due to fee for service agreements with the SELPAs. The current language is not feasible within a County Office of Education structure.”*

Response: As discussed above, the petition appeal budget was the same one prepared for the renewal petition. NMA had a Memo of Understanding with Colton Joint Unified School District for Special Education Services. NMA did not pay an encroachment fee to Colton historically, and all Special Education revenues were received by the district directly. Given that no MOU has been negotiated with the county regarding SPED and that many county SPED arrangements do not include an encroachment, we felt that leaving the budget as is in this category made the most sense.

For purposes of the state appeal, the budget has been revised assuming that the school will operate as a member of a SELPA. As such, Special Education revenues equal to \$500 per ADA have been added to the budget, based on a conservative estimate of historical averages, as well as expenses equal to those revenues and a \$300 encroachment (based on the encroachment estimated by San Bernardino City Unified School district since Colton has not provided an encroachment estimate) to cover additional expenses above the revenues received.

*Page 30 – “Nova Meridian Academy does not comply with Education Code Section 47605 (b)(2) and is demonstrably unlikely to successfully implement the program set forth in their petition because its petition does not provide a detailed, complete and fully annotated operational budget. The petitioner's budget did not provide cash flows for the first three years of operation, and did not provide precise salary and benefits paid and to be paid. Nova Meridian's budget is also deficient because it does not provide “Current” financial statements for the charter school and does not included a detailed balance sheet and statements of income.*

The school and EdTec prepared complete financial statements, including three years of cash flow, current financial statements and a balance sheet, but due to an administrative oversight a few of those documents were inadvertently omitted from the information provided to the county. We have included them with the appeal. If they had been requested, they easily could have been provided. Regarding the annotations to the budget, the petitioners are of the opinion that they did provide a detailed, complete and annotated operational budget, especially given that the school is an entity with a track record of two years and therefore has a historical basis for its expenses. If there were aspects for which the county would have liked more detail, it could have easily been addressed in advance of the finalized report if these requests for detail had been communicated to the petitioners. Below are detailed responses to many of the concerns.

Detailed concerns noted in budget reviewer's report (beginning on page 37 of the county report):

### **Revenues projections**

- State revenue projections have been a moving target this year (much more than most years). The budget submitted to the county included State Aid and Categorical Block Grant rates that were based on the revised state budget enacted in February, as interpreted by the Charter Schools Development Center. The reviewer's rates were based on a governor's revision in May that came after the revised charter budget that was submitted to the district (and then subsequently submitted to the county). It is an unfortunate necessity of the chartering process that the charter budget needs to be submitted based on the best available information, but that the state budget may change in the intervening time between submittal and review. Interestingly, even the reviewers analysis and assumptions which were made relatively recently are flawed because the May budget upon which it was based was never enacted into law and proved inaccurate based on current expectations. The revised attached budget for State Appeal is based on the state budget package approved in July 2009, as interpreted by CSDC in their July 28<sup>th</sup> report.
- Arts & Music Block Grant: This is a very common grant received by all charter schools and did not seem to require additional explanation. \$3,564 was the minimum 2008/09 allocation for schools with greater than 20 students, so it was used for outgoing years as well in the revised budget. In practice, these funds will be rolled into the so-called mega block grant categorical, but for clarity purposes we have broken it out in the revenues.
- Supplemental Hourly Revenue: Revised budget assumes 2007/08 payment in all out years. The calculations for the county budget submittal are:
  - 2009/10: Core Academic- \$4.08 for 1,422 hours capped at \$4,768 (30 students at 1.19 hours per week for 40 weeks); Remedial Instruction- \$4.08 for 3,085 hours uncapped totaling \$12,586 (30 students at 2.5 hours per week for 40 weeks).
  - 2010-11: Core Academic- \$4.08 for 1,422 hours capped at \$4,768 (30 students at 1.19 hours per week for 40 weeks); Remedial Instruction- \$4.08 for 4,967 hours uncapped totaling \$20,268 (50 students at 2.5 hours per week for 40 weeks).

- 2011-12: Core Academic- \$4.08 for 1,422 hours capped at \$4,768 (30 students at 1.19 hours per week for 40 weeks); Remedial Instruction- \$4.08 for 5,090 hours uncapped totaling \$20,769 (45 students at 2.8 hours per week for 40 weeks).
- Middle and High School Supplemental Counseling: This is a common grant received by many charter schools serving secondary school students. Attached budget has been matched to 2008/09 entitlement in all subsequent years.
- State Lottery – was calculated at \$131 per ADA based on CDE projections. The restricted and unrestricted nature is not disputed – the budget model does not separate between the two, but the delineation is known. The assumed split is \$16 restricted and \$115 unrestricted. The restricted portion is de minimis for small schools. New assumption based on revised expectations is \$122 per ADA, assumed to be \$12 restricted and \$110 unrestricted.
- For 2009-10 enrollment is based on 60 students per grade in grades 9-11; Years 2010-11 and 2011-12 estimate 64 students per grade in grades 9-12. Current CBEDS enrollment is 38 in grade 9 and 69 in grade 10.

### **Loans**

- The Charter Schools Revolving Loan Fund loan letter is attached.
- The Charter Schools Revolving Loan Fund loan is a common loan taken by charter schools to smooth cash flow and purchase items before the school reaches scale. Nova doubled in size in 08-09 and needed the up-front funds to accommodate growth and make instructional purchases. The school would not be funded for its current enrollment until February; from July-January, the school would be funded based on its prior year's enrollment. Particularly in the current economic climate, with frequent deferrals of state payments, this loan has been helpful to the school in managing that uncertainty. Having low cost working capital is not a sign of potential financial problems rather, it is a sign that NMA is carefully planning for its future and taking into account the current economic climate.
- \$250,000 principal
- 5 year payback period
- Monthly payments deducted from State Aid apportionment from September-February
- PMIA interest rate of 2.79%
- EdTec did not loan this money – this is a loan provided by the California Department of Education. EdTec does provide a pass-through line of credit to clients when necessary for short term borrowing. EdTec does not charge interest above what the bank offering the line of credit (Wells Fargo) charges.

### **Expenses:**

- Teachers detail attached.
- Substitute teachers were budgeted at \$70 daily rate in year 1, assuming 5% absence rate over 175 days. This is consistent with Nova's historical spending.
- Certificated stipends: Teacher stipends are based on the number of teachers
  - 2009-10: \$1,555 per teacher

- 2010-11 and 2011-12: \$1,666 per teacher
- Classified Administration Salaries: The 2009/10 budget assumed a clerk, paid \$17,996 annually, and a part-time Assistant Director, paid \$11,477 annually. See attached detail. During 2008/09, the part-time Assistant Director was paid at a higher rate, but the school has deemed it cannot afford to pay a similar salary in 2009/10 given budget cuts.
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- Student Transportation: the detail requested on vehicles for Student transportation is more than what is typically requested from other authorizing entities. This item is for bus rentals for field trips; one bus rental is approximately \$800, which seats 50-70 students. Assumption used in 2009/10 for example is six field trips (2 trips, one per semester, per class) requiring buses at \$781.43 per trip.

**Nova Meridian Academy  
Budget Narrative for Charter Renewal  
August 12, 2009**

**Summary**

The attached budget and cash flow projections are based on conservative estimates of the actual costs to renew Nova Meridian Academy's charter. Cost estimates are based on the historical costs of Nova Meridian Academy, which is in its second year of operation and will financially operate similarly to the way it has in the past two years.

The budget includes three years of financial projections: 2009/10, 2010/11, and 2011/12.

**Enrollment Projections**

The charter school has nearly two years of historical enrollment and ADA data to pull from. In 2008/9 P2 ADA was reported at 101.19 in Grades 9 and 10. School leadership projects enrolling a total of 181 students in 2009/10 (approximately 60 students per grade in Grades 9-11) and 256 students in 2010/11 and 2011/12 (64 students per grade in Grades 9-12).

**Revenue**

Revenue projections for the first year (2009/10) were based on the state budget package approved in July 2009 with rates estimated by the Charter School Development Center (CSDC). The funding rate for the General Block Grant is estimated at \$5,815 per ADA and the rate for the categorical block grant is \$404 per ADA. Those rates were kept flat to be conservative over two additional years given the current state budget crisis. It is possible that Nova will receive a COLA restoration or ADA funding increases in the upcoming three years which would increase revenue substantially, but because we want to remain conservative in our estimates, we have assumed no COLA restoration or ADA funding increases.

In addition to the general and categorical block grant funding, the school will receive:

- Lottery Funding: the school will receive approximately \$122 per ADA per year for state lottery revenue (\$16 restricted, \$115 unrestricted).
- Supplemental Hourly Revenue: Assumes 2007/08 payment (\$5,345) based on July 2009 state budget.
- Arts and Music Block Grant: The school will also receive \$3,564 per year for the Arts and Music Block Grant, which has been established as a recurring grant. \$3,564 was the minimum 2008/09 allocation for schools with greater than 20 students.
- School Facilities (SB740): While this grant is dependent on state funds, growth for 2010/11 and 2011/12 is based on current award calculations (\$750 per ADA or 75% of rent, whichever is the lesser of the two). 2009/10 includes the 2008/09 reimbursement and 2009/10 grant.
- Middle and High School Counseling: Assumes 2008/09 payment (\$4,158) based on July 2009 state budget.

- Additional funds for field trips, fundraising and private donations were kept relatively flat based on actual receipts for 2008/9.

### **Expenses**

Expenses have been conservatively estimated by EdTec based on Nova Meridian Academy's two years of operational experience and EdTec's experience working with a number of charter schools in California. Below is a summary of the major expense categories and their underlying assumptions.

**Staffing and benefits:** Nova plans to add a full-time Principal, three FTE teachers and part-time Counselor in 2009/10. In 2010/11, Nova will add an additional part-time Counselor, three FTE teachers and a part-time AVID tutor. No additional hires are planned for 2011/12. Teacher stipends are included: \$1,555 per teacher in 2009/10 and \$1,666 per teacher 2010-12. Substitute teachers were budgeted at a daily rate of \$70 in year 1 assuming an absence rate of 5% over 175 days. This is consistent with Nova's historical teacher absence rate.

Nova plans to continue to outsource its business services, so it will not expand its central office staff beyond the administrative positions listed above. Temporary administrative help is included in the budget under Consultants-Other.

Nova currently covers the costs of health insurance for its employees. Budget projections are based on actual 2008/09 costs per employee and assume 14% per year increase in health costs.

School offers STRS for its certificated employees and Social Security for non-certificated employees. Worker's Comp insurance is included at 2.2% of total salaries based on current JPA rates offered by the CA Charter Schools Association (CCSA).

**Books and Supplies:** Nova plans to purchase new textbooks and core materials, books and other reference materials, instructional materials, classroom furniture and equipment, computers and office furniture and equipment to accommodate the additional students, teachers and staff. The school estimates \$266 per new student for textbooks and core materials and \$53 per new student for books and other reference materials for 2009-11. Instructional materials are based on historical expenses, decreasing annually as the school grows to scale - \$95 per student in 2009/10, \$67 per student in 2010/11, and \$56 per student in 2011/12. Classroom and office furniture equipment are based on number of new students and staff and replacement costs. As for computers, Nova estimates purchasing 36 computers in 2009/10 at \$500 each; 40 computers in 2010/11 and 30 in 2011/12.

**Services and Operating Expenditures:** The school has budgeted 1% of the general and categorical block grant for oversight fees payable to the State.

Facilities are budgeted based on its current rental rate of \$0.88/square foot. The school plans to lease out additional space in its current building with plans to move to a different

space in 2010. Additional facilities related expenses include budgeted janitorial services of \$15,600 and utilities of \$15,600 in 2009-10.

The school budgets \$10,000 in 2009/10 for other consultants based on 2008/09 attendance consulting and temporary office administration employees. Marketing and student recruiting is also based on actual 2008/09 expenses (\$15,000) decreasing in out years. In 2009/10, Nova begins to repay the Revolving Loan with interest payments of \$11,038. The California Department of Education payment schedule has been attached.

The school has budgeted to contract with a back office business provider to manage the school's business office in partnership with the Principal. These services include accounts payable, payroll, financial reporting, budgeting and attendance tracking.

**Capital Outlay:** In 2009/10 the school plans minimal capital expenditures of \$5,000 for the construction of a wall to create two separate classrooms. \$10,000 is budgeted for out years based on expected build out and customization of building space.

**Cash Flow:**

In 2009/10, the cash flow does not include general block grant funds for July and August since the school is not in operation. It has also been updated to reflect the changes in State Aid disbursements.

Revolving Loan repayments of \$8,333 are to be paid each month from September through February. The CCSA Growth Loan was added to 2010/11 to aid the school in its growth of a grade. Repayments are also included in the 2010/11 cash flow.

**Contingencies and Reserves:**

Nova is estimated to start the 2009/10 fiscal year with a fund balance of \$165k. This fund balance exceeds the three percent recommended reserve. The school projects to end 2009/10 with a fund balance of nearly \$209k; \$224k in 2010/11 and \$251k in 2011/12.

**Nova Meridian Academy**  
 Budget Summary

	<b>2009/10</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	Budget - Forecast	Notes	Budget - Forecast	Budget - Forecast
<b>SUMMARY</b>				
<b>Revenue</b>				
General Block Grant	1,078,033		1,520,407	1,556,689
Federal Income	85,975		121,600	121,600
Other State Income	222,123		204,494	208,994
Other Local Revenue	5,824		5,824	5,824
Fundraising and Grants	2,505		2,505	2,505
<b>Total Revenue</b>	<b>1,394,460</b>		<b>1,854,830</b>	<b>1,895,612</b>
<b>Expenses</b>				
Compensation and Benefits	696,531		988,333	999,067
Books & Supplies	98,427		98,427	73,927
Services & Operating Exp.	554,297		749,563	790,267
Capital Outlay	5,000		10,000	10,000
<b>Total Expenses</b>	<b>1,354,255</b>		<b>1,846,323</b>	<b>1,873,261</b>
<b>Operating Income (excluding Depreciation)</b>	<b>40,205</b>		<b>8,508</b>	<b>22,351</b>
<i>Operating Income (including Depreciation)</i>	<i>43,913</i>		<i>15,216</i>	<i>27,060</i>
<b>Fund Balance</b>				
Beginning Balance (Unaudited)	164,862		208,775	223,991
Audit Adjustment				
Beginning Balance (Audited)				
Operating Income (including Depreciation)	43,913		15,216	27,060
<b>Ending Fund Balance (including Depreciation)</b>	<b>208,775</b>		<b>223,991</b>	<b>251,050</b>
CDE Recommended Reserve (3% of Expenses)	40,628		55,390	56,198

**Nova Meridian Academy**  
 Budget Summary

		2009/10	2009/10	2010/11	2011/12
		Budget - Forecast	Notes	Budget - Forecast	Budget - Forecast
<b>DETAIL</b>					
<b>Enrollment</b>					
9 to 12	181	2009/10: 60 in grades 9-10, 61 in grade 11. 2010-12: 64 in each grade 9-12		256	256
Total Enrollment	181			256	256
<b>Attendance Rates</b>					
9 to 12	95.0%			95.0%	95.0%
Average	95.0%			95.0%	95.0%
<b>ADA</b>					
9 to 12	172			243	243
Total ADA	172			243	243
Economically Disadvantaged	9			14	14
Free Lunch	7			13	13
Reduced Lunch	20			25	25
English Language Learners	-			-	-
<b>Revenue</b>					
General Purpose Block Grant (9 - 12)	999,889	\$5815 per ADA per CSDC; grown by 2.4% in 2011/12		1,414,208	1,448,149
Subtotal General Purpose Block Grant	999,889	Rates provided by CSDC		1,414,208	1,448,149
8015 State Aid	999,889	Assumes State approved charter funding model		1,414,208	1,448,149
8780 Property Tax	-			-	-
8480 Charter Schools Categorical Block Grant	78,144	\$404 per ADA per CSDC, grown 2.4% in 2011/12 includes \$317 per ED & ELL student at a minimum of \$8676 for in-lieu EIA funding		106,199	108,540
Subtotal - General Block Grant	1,078,033			1,520,407	1,556,689
8182 Special Education Reimbursement	85,975	Assumes \$500 per ADA in all years		121,600	121,600
Subtotal - Federal Income	85,975			121,600	121,600
8545 School Facilities (SB740)	188,250	Includes both prior year reimbursement and current year payment in 2009/10; current year payments in 2010-12. Lesser of \$750 per ADA or 75% of lease expenses.		162,000	166,500
8560 State Lottery Revenue	20,806	\$121 per ADA per CDE		29,427	29,427
8591 Supplemental Hourly Revenue	5,345	Based on 2007/08 entitlement		5,345	5,345
0000 Arts & Music Block Grant	3,564	Based on 2008/09 entitlement		3,564	3,564

**Nova Meridian Academy**  
 Budget Summary

		2009/10	2009/10	2010/11	2011/12
		Budget - Forecast	Notes	Budget - Forecast	Budget - Forecast
0000	Middle and High School Counseling	4,158	Based on 2008/09 entitlement	4,158	4,158
	Subtotal - Other State Income	222,123		204,494	208,994
8693	Field Trips	2,353	Based on historical	2,353	2,353
8699	Other Local Revenue	3,471	Based on historical	3,471	3,471
	Subtotal - Local Revenues	5,824		5,824	5,824
8694	Fundraising	2,505	Based on historical	2,505	2,505
8692	Donations - Private	-		-	-
	Subtotal - Fundraising and Grants	2,505		2,505	2,505
	<b>TOTAL REVENUE</b>	<b>1,394,460</b>		<b>1,854,830</b>	<b>1,895,612</b>
<b>Expenses</b>					
<b>1000 Certificated Employees</b>					
	Administration (Cert)	63,654	1 FTE	65,564	65,564
	Teachers (Cert)	397,752	9 FTE 2009/10, 12 FTE 2010-12	549,723	549,723
	Substitutes (Cert)	6,738	Assumes 5% absence rate and \$70 daily rate, growing in subsequent years to \$80 daily rate in 2010/11 and 85\$ rate in 2011/12	14,000	14,875
	Counselors	41,200	1 FTE 2009/10, 2 FTE 2010-12	90,177	90,177
	Stipend	14,000	\$1,555 per teacher in 2009/10; \$1667 per teacher in 2010-12	20,000	20,000
	<b>SUBTOTAL</b>	<b>523,343</b>		<b>739,463</b>	<b>740,338</b>
<b>2000 Classified Employees</b>					
	Administration (Class)	29,817	1.5 FTE	30,712	30,712
	Instruction (Class)	29,767	3 FTE in 2009/10; 4 FTE in 2010-12	43,921	43,921
	<b>SUBTOTAL</b>	<b>59,584</b>		<b>74,633</b>	<b>74,633</b>

**Nova Meridian Academy**  
 Budget Summary

	2009/10	2009/10	2010/11	2011/12
	Budget - Forecast	Notes	Budget - Forecast	Budget - Forecast
<b>3000 Employee Benefits</b>				
3401 Health Insurance	41,040	\$4560 per FTE per year. Growing at 14% per year.	72,778	82,966
3301 Social Security/Medicare/ETT	12,376	6.2% OASDI and 1.45% Medicare	16,954	17,008
3501 Unemployment Insurance - State	4,275	3.4% State Unemployment Tax on first \$7,000 of income	5,712	5,236
3101 STRS	43,176	8.25% of Certificated Salaries	61,006	61,078
3601 Worker's Comp	12,737	2.2% of Gross Pay	17,788	17,807
<b>SUBTOTAL</b>	<b>113,604</b>		<b>174,237</b>	<b>184,095</b>
<b>4000 Books and Supplies</b>				
4100 Textbooks and Core Materials	20,000	\$266 per new student (75 students) in Years 1 & 2, assumes replacement books in Y3	20,000	15,000
4200 Books and Other Reference Materials	4,000	\$53 per new student (75 students) in years 1 & 2; assumes replacement books in Y3	4,000	4,000
4315 Custodial Supplies	3,500	Based on historical expenses - \$292 per month; grown in out years due to growth in students	4,500	5,000
4320 Educational Software	1,000	Assumes software licensing fees at \$45 for 22 student laptops	1,000	1,000
4325 Instructional Materials	17,238	Based on historical expenses, decreasing annually as the school grows to scale - \$95 per student in 2009/10, \$67 per student in 2010/11, and \$56 per student in 2011/12	17,238	14,238
4330 Office Supplies	7,000	Based on historical use - \$583 monthly	7,000	7,000
4335 PE Supplies	1,500	Based on historical	1,500	1,500
4340 Professional Development Materials	53	Based on historical	53	53
4345 Non Instructional Supplies	46	Based on historical	46	46
4410 Classroom Furniture and Equipment	10,000	Assumes \$133 per new student in Y1; \$200 per new student in Y2; and \$5000 for replacement equipment in Y3	15,000	5,000
4420 Computers	18,000	Assumes 36 new computers at \$500 each in Y1; 40 in Y2 and 30 in Y3	20,000	15,000
4430 Office Furniture and Equipment	15,000	Assumes \$2k per new teacher/counselor in Y1 plus replacement purchases for current admin and teachers; \$1,750 per new teacher/counselor in Y2 and replacement purchases in Y3	7,000	5,000
4350 Uniforms	310	Based on historical	310	310
4720 Other Food	780	Based on historical	780	780
<b>SUBTOTAL</b>	<b>98,427</b>		<b>98,427</b>	<b>73,927</b>

**Nova Meridian Academy**  
 Budget Summary

		2009/10	2009/10	2010/11	2011/12
		Budget - Forecast	Notes	Budget - Forecast	Budget - Forecast
<b>5000 Services and Other Operating Expenditures</b>					
5803	Accounting Fees	7,300	Based on current contract with Hosaka, Nagel & Co.	7,300	7,300
5809	Banking Fees	600	Based on historical	600	600
5812	Business Services	97,512	Back office services including Accounts Payable, Accounts Receivable, financial forecasting, payroll services, and attendance reporting assistance	129,368	132,426
5910	Communications - Internet / Website Fees	1,800	Based on historical - \$150 monthly	1,800	1,800
5920	Communications - Telephone & Fax	3,500	Based on historical - \$292 monthly	3,500	3,500
5210	Conference Fees	2,265	Based on historical	7,000	9,000
5854	Consultants - Other	10,000	Based on historical for attendance consulting and temporary administrative employees	20,000	20,000
5824	Oversight Fees	10,694	1.0% of General & Categorical Block Grants	15,117	15,480
5305	Dues & Membership	1,545	Based on historical - CCSA membership	1,545	1,545
5310	Dues & Membership - Subscriptions	200	Based on historical	200	200
5605	Equipment Leases	3,600	Copier lease - \$300 monthly	7,200	10,800
5830	Field Trips	1,700	Based on historical - \$425 quarterly	1,500	2,000
5833	Fines and Penalties	1,700	Based on historical	1,700	1,700
5836	Fingerprinting	47	Based on historical	47	47
5839	Fundraising	561	Based on historical	561	561
5450	Insurance - Other	7,877	Based on CCSA JPA quotation; increased in subsequent years based on student population growth and 3% inflation	11,475	11,819
5844	Interest Expense	11,038	Based on Revolving Loan Fund payment schedule; Includes CCSA Growth Loan in Y2 - \$100k principal with 9% interest	8,152	3,891
5515	Janitorial Services	15,600	Based on historical - \$1300 monthly	18,000	24,000
5845	Legal Fees	5,000	Based on historical	5,000	5,000
5851	Marketing and Student Recruiting	15,000	Based on historical in 09/10; decreased in subsequent years	10,000	10,000
5899	Miscellaneous Operating Expenses	3,000	Based on historical	4,000	4,500
5857	Payroll Fees	4,800	\$400 monthly in 2009/10, increased in out years for growth in employees	6,000	6,600
5915	Postage and Delivery	2,896	\$16 per student; based on historical	4,096	4,096
5860	Printing and Reproduction	4,500	Based on historical; increased with growth in student population	5,000	6,000
5863	Professional Development	7,000	Based on historical; increased with growth in employees	10,000	13,000

**Nova Meridian Academy**  
 Budget Summary

		2009/10	2009/10	2010/11	2011/12
		Budget - Forecast	Notes	Budget - Forecast	Budget - Forecast
5875	Recruiting - Staff	3,000	Based on historical; increased with growth in employees	5,000	6,000
5610	Rent	150,000	Assumes current lease rate of .88 cents / sq ft monthly in Y1 increased for inflation & student growth (roughly 80 sq ft per student with 3% inflation in years 2 and 3)	216,000	222,000
5615	Repairs and Maintenance - Building	4,500	Based on historical; \$375 monthly	4,500	4,500
5616	Repairs and Maintenance - Computers	500	Based on historical; increased with growth in student population	1,000	1,500
5617	Repairs and Maintenance - Other Equipment	525	Based on historical	525	525
5699	Rentals, Leases & Repairs - Other	624	Based on historical; increased with growth in student population	1,000	1,500
5869	Special Education Contract Instructors	85,975	Assumed equivalent to Special Education Revenues	121,600	121,600
5872	Special Education Encroachment	51,585	\$300 per ADA as estimated by San Bernardino City Unified School District	72,960	72,960
5625	Storage	280	Based on historical	280	280
5878	Student Assessment	2,000	Based on historical	2,000	2,000
5881	Student Information System	2,775	Based on historical; increased with growth in student population	4,000	5,000
5887	Technology Services	7,536	Based on historical	7,536	7,536
5893	Transportation - Student	5,363	Based on historical; increased with growth in student population	6,000	7,000
5225	Travel - Meals & Entertainment	1,000	Based on historical; increased with growth in student population	2,000	3,000
5215	Travel - Mileage, Parking, Tolls	1,000	Based on historical; increased with growth in student population	2,000	3,000
5220	Travel and Lodging	2,300	Based on historical; increased with growth in student population	6,000	7,000
5510	Utilities - Gas and Electric	15,600	Based on historical; increased with growth in size of building	18,000	24,000
<b>SUBTOTAL</b>		<b>554,297</b>		<b>749,563</b>	<b>790,267</b>
<b>6000 Capital Outlay</b>					
6200	Buildings & Improvement of Buildings	5,000	Addition of classroom wall in Y1; Y2-3 include buildout investments for new building	10,000	10,000
<b>SUBTOTAL</b>		<b>5,000</b>		<b>10,000</b>	<b>10,000</b>
<b>TOTAL EXPENSES</b>		<b>1,354,255</b>		<b>1,846,323</b>	<b>1,873,261</b>
<b>Depreciation - Prior Years</b>		292		1,292	3,292
<b>Depreciation - Current Year</b>		1,000		2,000	2,000
<b>SUBTOTAL - Depreciation</b>		<b>1,292</b>		<b>3,292</b>	<b>5,292</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>1,350,547</b>		<b>1,839,615</b>	<b>1,868,552</b>

**Nova Meridian Academy**  
 Cash Forecast

2009/10

	Jul Projected	Aug Projected	Sep Projected	Oct Projected	Nov Projected	Dec Projected	Jan Projected	Feb Projected	Mar Projected	Apr Projected	May Projected	Jun Projected
<b>BEGINNING CASH</b>	199,110	326,203	287,408	170,184	172,524	161,871	79,558	53,761	35,654	136,997	166,515	184,683
<b>INCOME</b>												
Subtotal - General Block Grant	-	853	2,410	64,212	101,921	33,589	91,160	94,835	134,943	138,528	138,528	138,528
Subtotal - Federal Income	-	-	8,598	8,598	8,598	8,598	8,598	8,598	8,598	8,598	8,598	8,598
Subtotal - Other State Income	-	-	-	56,813	5,683	750	241	2,475	80,818	636	636	19,128
Subtotal - Fundraising and Grants	-	-	251	251	251	251	251	251	251	251	251	251
<b>TOTAL INCOME</b>	-	853	11,605	130,720	117,798	43,535	101,096	106,858	224,957	148,359	148,359	166,850
<b>EXPENSES</b>												
1000-3000 Compensation & Benefits	10,300	12,061	67,742	67,527	67,099	67,099	67,740	67,313	67,185	67,142	67,142	67,142
4000 Books & Supplies	-	-	9,843	9,843	9,843	9,843	9,843	9,843	9,843	9,843	9,843	9,843
5000 Services & Other Operating Expenses	22,569	25,588	48,954	48,954	49,454	48,504	47,254	45,754	52,864	48,134	59,484	56,784
6000 Capital Outlay	-	2,000	2,000	111	111	111	111	111	111	111	111	111
<b>TOTAL EXPENSES</b>	32,869	39,648	128,539	126,434	126,507	125,557	124,948	123,021	130,002	125,230	136,580	133,880
<b>NET OPERATING CASH INFLOW (OUTFLOW)</b>	(32,869)	(38,796)	(116,933)	4,285	(8,709)	(82,022)	(23,853)	(16,163)	94,954	23,129	11,779	32,970
Prior Year Revenue	180,095	-	1,654	-	-	1,654	-	-	-	-	-	-
Prior Year Expenses	(20,133)	-	-	-	-	-	-	-	-	-	-	-
Change in Accounts Receivable (current yr)												
Change in Accounts Payable (current yr)												
Summerholdback for Teachers		-	6,389	6,389	6,389	6,389	6,389	6,389	6,389	6,389	6,389	6,389
Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Loan Payments	-	-	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	-	-	-	-
Other Balance Sheet Changes (prepaids etc)												
<b>ENDING CASH</b>	326,203	287,408	170,184	172,524	161,871	79,558	53,761	35,654	136,997	166,515	184,683	224,042

**Nova Meridian Academy**  
 Cash Forecast

2010/11

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Projected											
<b>BEGINNING CASH</b>	224,042	254,351	283,036	236,487	175,671	197,783	147,629	96,650	49,537	290,728	248,468	202,301
<b>INCOME</b>												
Subtotal - General Block Grant	-	53,902	53,902	97,023	97,023	97,023	97,023	97,023	309,163	154,582	154,582	154,582
Subtotal - Federal Income	-	-	12,160	12,160	12,160	12,160	12,160	12,160	12,160	12,160	12,160	12,160
Subtotal - Other State Income	-	267	267	481	7,838	481	481	2,263	88,573	216	216	9,355
Subtotal - Fundraising and Grants	-	-	251	251	251	251	251	251	251	251	251	251
<b>TOTAL INCOME</b>	-	54,169	67,162	110,497	117,854	110,497	110,497	112,279	410,729	167,791	167,791	176,930
<b>EXPENSES</b>												
1000-3000 Compensation & Benefits	12,700	14,514	96,514	96,228	95,657	95,657	96,514	95,942	95,771	95,714	95,714	95,714
4000 Books & Supplies	-	-	9,843	9,843	9,843	9,843	8,119	8,119	13,290	9,843	9,843	9,843
5000 Services & Other Operating Expenses	31,424	35,969	66,787	65,823	65,823	58,333	57,424	55,912	69,392	84,408	88,316	75,697
6000 Capital Outlay	-	-	-	-	-	-	-	-	-	4,000	4,000	2,000
<b>TOTAL EXPENSES</b>	44,124	50,483	173,143	171,894	171,323	163,833	162,057	159,974	178,453	193,965	197,872	183,254
<b>NET OPERATING CASH INFLOW (OUTFLOW)</b>	(44,124)	3,686	(105,981)	(61,397)	(53,469)	(53,336)	(51,560)	(47,695)	232,276	(26,174)	(30,081)	(6,324)
Prior Year Revenue	139,370	-	58,851	-	-	2,601	-	-	-	-	-	-
Prior Year Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Change in Accounts Receivable (current yr)												
Change in Accounts Payable (current yr)												
Summerholdback for Teachers	(64,938)	-	8,915	8,915	8,915	8,915	8,915	8,915	8,915	8,915	8,915	8,915
Loan Proceeds	-	25,000	-	-	75,000	-	-	-	-	-	-	-
Loan Payments	-	-	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	-	(25,000)	(25,000)	(50,000)
Other Balance Sheet Changes (prepaids etc)												
<b>ENDING CASH</b>	254,351	283,036	236,487	175,671	197,783	147,629	96,650	49,537	290,728	248,468	202,301	154,892

**Nova Meridian Academy**  
 Cash Forecast

2011/12

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Projected											
<b>BEGINNING CASH</b>	154,892	264,970	283,102	192,380	170,272	152,858	131,274	105,226	81,483	258,137	199,343	140,556
<b>INCOME</b>												
Subtotal - General Block Grant	-	76,020	76,020	136,837	136,837	136,837	136,837	136,837	240,155	120,077	120,077	120,077
Subtotal - Federal Income	-	-	12,160	12,160	12,160	12,160	12,160	12,160	12,160	12,160	12,160	12,160
Subtotal - Other State Income	-	123	347	428	8,276	428	428	2,210	90,798	374	382	9,520
Subtotal - Fundraising and Grants	-	-	251	251	251	251	251	251	251	251	251	251
<b>TOTAL INCOME</b>	-	76,143	89,361	150,257	158,106	150,257	150,257	152,039	343,945	133,445	133,452	142,591
<b>EXPENSES</b>												
1000-3000 Compensation & Benefits	13,549	15,363	97,365	97,104	96,580	96,580	97,365	96,842	96,685	96,632	96,632	96,632
4000 Books & Supplies	-	-	7,393	7,393	7,393	7,393	7,393	7,393	7,393	7,393	7,393	7,393
5000 Services & Other Operating Expenses	32,558	38,648	71,906	71,906	71,906	71,906	71,906	71,906	71,906	71,906	71,906	71,906
6000 Capital Outlay	-	4,000	4,000	222	222	222	222	222	222	222	222	222
<b>TOTAL EXPENSES</b>	46,107	58,011	180,664	176,625	176,101	176,101	176,886	176,363	176,206	176,153	176,153	176,153
<b>NET OPERATING CASH INFLOW (OUTFLOW)</b>	(46,107)	18,132	(91,303)	(26,367)	(17,995)	(25,844)	(26,629)	(24,324)	167,740	(42,709)	(42,701)	(33,563)
Prior Year Revenue	241,279	-	-	3,678	-	3,678	-	-	-	-	-	-
Prior Year Expenses	5,747	-	-	-	-	-	-	-	-	-	-	-
Change in Accounts Receivable (current yr)												
Change in Accounts Payable (current yr)												
Summerholdback for Teachers	(90,841)	-	8,915	8,915	8,915	8,915	8,915	8,915	8,915	8,915	8,915	8,915
Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Loan Payments	-	-	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	-	(25,000)	(25,000)	(50,000)
Other Balance Sheet Changes (prepaids etc)												
<b>ENDING CASH</b>	264,970	283,102	192,380	170,272	152,858	131,274	105,226	81,483	258,137	199,343	140,556	65,908

	Salary			Stipend			Total Pay			Health & Welfare Benefits			STRS			Other Payroll Taxes (OASDI, Medicare, SUI)			Total			
	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	
<b>Certificated Administration</b>																						
Principal	63,654	65,564	65,564				63,654	65,564	65,564	4,560	5,198	5,926	5,251	5,409	5,409	1,168	1,196	1,196	74,633	77,366	78,094	
<b>Certificated Teachers</b>																						
Teacher 1	51,912	53,469	53,469	1,556	1,667	1,667	53,468	55,136	55,136	4,560	5,198	5,926	4,411	4,549	4,549	998	1,020	1,020	63,437	65,903	66,631	
Teacher 2	31,724	32,676	32,676	1,556	1,667	1,667	33,280	34,342	34,342	4,560	5,198	5,926	2,746	2,833	2,833	705	719	719	41,290	43,092	43,820	
Teacher 3	45,320	46,680	46,680	1,556	1,667	1,667	46,876	48,346	48,346	4,560	5,198	5,926	3,867	3,989	3,989	902	922	922	56,205	58,455	59,183	
Teacher 4	45,320	46,680	46,680	1,556	1,667	1,667	46,876	48,346	48,346				3,867	3,989	3,989	902	922	922	51,645	53,257	53,257	
Teacher 5	55,929	57,607	57,607	1,556	1,667	1,667	57,485	59,274	59,274	4,560	5,198	5,926	4,742	4,890	4,890	1,056	1,080	1,080	67,843	70,442	71,170	
Teacher 6	31,587	32,534	32,534	1,556	1,667	1,667	33,142	34,201	34,201	4,560	5,198	5,926	2,734	2,822	2,822	703	717	717	41,139	42,937	43,665	
Teacher 7	45,320	46,680	46,680	1,556	1,667	1,667	46,876	48,346	48,346	4,560	5,198	5,926	3,867	3,989	3,989	902	922	922	56,205	58,455	59,183	
Teacher 8	45,320	46,680	46,680	1,556	1,667	1,667	46,876	48,346	48,346	4,560	5,198	5,926	3,867	3,989	3,989	902	922	922	56,205	58,455	59,183	
Teacher 9	45,320	46,680	46,680	1,556	1,667	1,667	46,876	48,346	48,346	4,560	5,198	5,926	3,867	3,989	3,989	902	922	922	56,205	58,455	59,183	
Teacher 10		46,680	46,680		1,667	1,667	-	48,346	48,346		5,198	5,926	-	3,989	3,989		922	922	-	58,455	59,183	
Teacher 11		46,680	46,680		1,667	1,667	-	48,346	48,346		5,198	5,926	-	3,989	3,989		922	922	-	58,455	59,183	
Teacher 12		46,680	46,680		1,667	1,667	-	48,346	48,346		5,198	5,926	-	3,989	3,989		922	922	-	58,455	59,183	
<b>Total</b>	<b>397,752</b>	<b>549,723</b>	<b>549,723</b>	<b>14,000</b>	<b>20,000</b>	<b>20,000</b>	<b>411,752</b>	<b>569,723</b>	<b>569,723</b>	<b>36,480</b>	<b>57,178</b>	<b>65,186</b>	<b>33,970</b>	<b>47,002</b>	<b>47,002</b>	<b>7,972</b>	<b>10,911</b>	<b>10,911</b>	<b>434,232</b>	<b>606,901</b>	<b>614,909</b>	
<b>Substitutes</b>																						
Estimate based on % of Teacher's absence and daily rate	6,738	14,000	14,875				6,738	14,000	14,875				556	1,155	1,227	647	1,106	1,160	7,940	16,261	17,262	
5% teacher absences- 8.75 days per year																						
Daily Substitute Rate	\$ 70.00	\$ 80.00	\$ 85.00																			
<b>Counselors</b>																						
Counselor 1	41,200	42,436	42,436				41,200	42,436	42,436		5,198	5,926	3,399	3,501	3,501	1,080	937	937	45,679	52,072	52,800	
Counselor 2		47,741	47,741				-	47,741	47,741		5,198	5,926	-	3,939	3,939		1,098	860	-	57,975	58,466	
<b>Total</b>	<b>41,200</b>	<b>90,177</b>	<b>90,177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,200</b>	<b>90,177</b>	<b>90,177</b>	<b>-</b>	<b>10,396</b>	<b>11,852</b>	<b>3,399</b>	<b>7,440</b>	<b>7,440</b>	<b>1,080</b>	<b>2,035</b>	<b>1,798</b>	<b>45,679</b>	<b>110,047</b>	<b>111,266</b>	
<b>TOTAL CERTIFICATED</b>	<b>509,343</b>	<b>719,463</b>	<b>720,339</b>	<b>14,000</b>	<b>20,000</b>	<b>20,000</b>	<b>523,343</b>	<b>739,463</b>	<b>740,339</b>	<b>41,040</b>	<b>72,772</b>	<b>82,964</b>	<b>43,176</b>	<b>61,006</b>	<b>61,078</b>	<b>10,867</b>	<b>15,248</b>	<b>15,064</b>	<b>562,484</b>	<b>810,576</b>	<b>821,532</b>	
<b>Classified Administration</b>																						
Administrative Assistant	17,996	18,536	18,536													1,622	1,663	1,663	17,996	18,536	18,536	
Part Time Office Manager	11,821	12,176	12,176													1,149	1,176	1,176	11,821	12,176	12,176	
<b>Total</b>	<b>29,817</b>	<b>30,712</b>	<b>30,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,771</b>	<b>2,839</b>	<b>2,839</b>	<b>29,817</b>	<b>30,712</b>	<b>30,712</b>	
<b>Classified Instruction</b>																						
AVID Tutor 1	9,734	10,026	10,026													990	1,012	1,012	10,724	11,038	11,038	
AVID Tutor 2	9,734	10,026	10,026													990	1,012	1,012	10,724	11,038	11,038	
AVID Tutor 3	10,300	10,609	10,609													1,033	1,057	1,057	11,333	11,666	11,666	
AVID Tutor 4		13,261	13,261														1,497	1,259	-	14,758	14,520	
<b>Total</b>	<b>29,768</b>	<b>43,922</b>	<b>43,922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,012</b>	<b>4,578</b>	<b>4,340</b>	<b>32,780</b>	<b>48,500</b>	<b>48,262</b>	
<b>TOTAL CLASSIFIED</b>	<b>59,585</b>	<b>74,634</b>	<b>74,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,783</b>	<b>7,417</b>	<b>7,179</b>	<b>62,597</b>	<b>79,212</b>	<b>78,974</b>	

## Charter School Revolving Loan Program Loan Repayment Schedule

**Charter School Name:** Nova Meridian Academy

**Charter Number:** 860

**Authorizing Entity:** Colton USD

**Loan Amount:** \$250,000

**Repayment Period:** 5 Years

**Date of Disbursement:** 7/7/2008

**PMIA Interest Rate:** 2.79%

Repayment Year/ Fiscal Year	Year 1 2009-10	Year 2 2010-11	Year 3 2011-12	Year 4 2012-13	Year 5 2013-14
<b>Loan Balance</b>	\$250,000	\$ 200,000	\$ 150,000	\$ 100,000	\$ 50,000
<b>Principal Payment</b>	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
<b>Interest Payment</b>	11,038	5,286	3,891	2,496	1,101
<b>Total Repayment *</b>	\$ 61,038	\$ 55,286	\$ 53,891	\$ 52,496	\$ 51,101

Amounts to be deducted annually from September-February



## 2009-2010 INSURANCE PROPOSAL

**Created For:** Nova Meridian Academy

**Prepared By:** Jennifer L. Chu  
Manager, Insurance & Risk Management Services  
California Charter Schools Association JPA  
200 Pine Street, Suite 800  
San Francisco, CA 94104  
Phone: (415) 356-1200 x 401  
Fax: (530) 236-9569  
Web site:  
<http://www.insurance.charterassociation.org>  
Email: [jenniferc@charterassociation.org](mailto:jenniferc@charterassociation.org)

**Important Notice:** This proposal is an outline of the coverages proposed by the Insurers, based on the information provided by your school. It does not include all of the terms, coverages, exclusions, limitations and conditions of the actual contract language. The policies themselves must be read for those details. Policy forms for your reference will be made available upon the school's request to the California Charter Schools Association Joint Powers Authority.

## Nova Meridian Academy

### PROPOSAL SUMMARY & ACCEPTANCE FORM 2009-2010

This Insurance Proposal includes the following Coverages:

- Property
- General Liability
- School Board Miscellaneous Liability (SBL)
  - Errors & Omissions (E&O)
  - Employment Practice Liability (EPL)
  - Sexual Harassment Liability
  - Sexual Abuse Liability
- Excess Liability
- Auto Liability
- Auto Physical Damage (If Reporting Vehicles)
- Crime
- Workers' Compensation and Employers' Liability
- Domestic Terrorism Liability
- Student Accident

<b>Packaged Program:</b>	<b>\$ 7,877.00</b>
<b>Workers' Compensation and Employers' Liability:</b>	<b>\$12,736.97</b>
<b>Estimated Annual Premium:</b>	<b>\$20,613.97</b>
<b>Surplus Line Taxes &amp; Fees:</b>	<b>\$ 504.83</b>
<b>Total Estimated Annual Premium:</b>	<b>\$21,118.80</b>

**Payment Options:** (Choose one option.)

- Payment in Full: \$20,907.61**  
**Due Date:** Due Now (Savings: \$ 211.19)
- OR
- Finance**  
**Deposit (25%): \$ 5,279.70**  
**Due Date:** Due Now
- Monthly Installment: \$ 1,759.90**  
**First Installment Due: 8/1/2009**  
**8 Additional Installments Due The First of Every Month**

**Policy Acceptance:**

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Name & Signature	Title	Date
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## INVOICE

### INSURANCE PREMIUM

<b>INSURED: Nova Meridian Academy</b> <b>NAME:</b> Shanelle Hunt <b>ADDRESS:</b> 850 Via Lata, Suite 105 Colton, CA 92324		<b>DATE:</b> June 1, 2009	
<b>Description:</b>		<b>Amount:</b>	<b>Due Date:</b>
<b>Insurance Premium Payment for Policy Year 2009-2010</b> (Choose one option.)			
<input type="checkbox"/> <b>Payment in Full:</b>  <b>OR</b>		<b>\$20,907.61</b>	<b>Due Now</b>
<input type="checkbox"/> <b>Finance:</b> <u><b>Deposit (25%)</b></u> <u><b>Monthly Installment</b></u> \$ 5,279.70            \$ 1,759.90  <b>First Installment Due</b> <b>8/1/2009</b>  <b>8 Additional Installments</b> <b>Due The First of Every</b> <b>Month</b>		<b>\$ 5,279.70</b>	<b>Due Now</b>

**Please Remit All Payments To:** California Charter Schools Association  
 Joint Powers Authority  
 250 E. 1<sup>st</sup> Street, Suite 1000  
 Los Angeles, CA 90012

**Questions/Comments:** Jennifer L. Chu  
 Manager, Insurance & Risk Management Services  
 Phone: (415) 356-1200 x 401  
 Email: [jennifer@charterassociation.org](mailto:jennifer@charterassociation.org)

## PROPERTY

<b>Carrier:</b>	Travelers Property Casualty Company of America
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Coverage Includes:</b>	All Risk of Direct Physical Loss
<b>Valuation:</b>	Replacement Cost
<b>Deductible:</b>	\$1,000 per occurrence
<b>Scheduled Locations:</b>	Nova Meridian Academy 850 Via Lata, Suite 105 & 116 Colton, CA 92324
<b>Building Value if Owned/Required by Lease:</b>	Leased
<b>Contents Value:</b>	\$100,000.00
<b>Electronic Data Processing Equipment and Computer Value:</b>	\$35,000.00
<b>Total Insured Value:</b>	\$135,000.00
<b>Limits:</b>	
• <b>All Risk</b>	\$100,000,000 annual aggregate for all JPA members combined
<b>Sublimits:</b>	
• <b>Newly Constructed or Acquired Property</b>	\$ 5,000,000 per building (120 days reporting clause)
• <b>Builders Risk:</b>	\$ 2,500,000 per occurrence
• <b>Ordinance or Law:</b> (Loss to undamaged portion)	\$ 2,500,000 per occurrence
Demolition and Increased cost of construction are included in limits shown	
• <b>Errors &amp; Omission:</b>	\$ 1,000,000 per occurrence
• <b>Covered Property in Transit:</b>	\$ 1,000,000 per occurrence
• <b>Outdoor Property including Debris Removal:</b>	\$ 1,000,000 per occurrence
• <b>Electronic Data Processing Equipment, Data and Media:</b>	\$ 1,000,000 per occurrence
• <b>Extra Expense:</b>	\$ 1,000,000 per occurrence

- **Covered Property at Undescribed Premises:** \$ 1,000,000 per occurrence
- **Valuable Papers:** \$ 1,000,000 per occurrence
- **Accounts Receivables:** \$ 1,000,000 per occurrence
- **Utility Services Direct Damage, including Boiler and Machinery:** \$ 250,000 per occurrence
- **Personal Effects of Officers and Employees of the Insured:** \$ 250,000 per occurrence
- **Pollutant Cleanup and Removal** \$ 100,000 per occurrence
- **Claim Data Expense:** \$ 25,000 per occurrence

**Exclusions:**

**(including but not limited to)**

- Earth Movement, including Earthquake
- Flood and Surface Water
- Governmental Action
- Nuclear Hazard
- War and Military Action
- Computer Virus
- Programming Errors & Omissions
- Off Premise Utility Services
- Collapse of Buildings
- Terrorism
- Pathogenic or Poisonous Biological or Chemical Material Exclusion
- Virus or Bacteria

## GENERAL LIABILITY

<b>Carrier:</b>	Lloyds of London
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Coverage Includes:</b>	<ul style="list-style-type: none"><li>• Comprehensive General Liability<ul style="list-style-type: none"><li>○ Personal Injury</li><li>○ Bodily Injury</li><li>○ Property Damage</li></ul></li><li>• Employee Benefit Liability<ul style="list-style-type: none"><li>○ Negligent Act</li><li>○ Error or Omission</li></ul></li><li>• Premises Medical Payments</li></ul>
<b>Deductibles:</b>	\$0
<b>Exposure Base:</b>	172 Student Enrollment
<b>Limits:</b>	
• <b>Bodily Injury, Property Damage:</b>	\$1,000,000 per occurrence
• <b>Employee Benefit Liability (EBL):</b>	\$1,000,000 per occurrence
• <b>Medical Payments</b>	\$ 10,000 per person \$ 50,000 per occurrence
<b>Exclusions: (including but not limited to)</b>	<ul style="list-style-type: none"><li>• Asbestos Liability</li><li>• Pollution Liability EXCEPT smoke resulting from hostile fire</li><li>• Lead Liability</li><li>• Aircraft and Aircraft Products Liability</li><li>• Watercraft Liability</li><li>• War and Nuclear War or Attack</li></ul>

## SCHOOL BOARD MICELLANEOUS LIABILITY

<b>Carrier:</b>	Lloyds of London
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Deductible:</b>	\$ 5,000 per occurrence
<b>Coverage Includes:</b>	<ul style="list-style-type: none"><li>• Errors &amp; Omissions (E&amp;O)</li><li>• Employment Practices Liability (EPL)</li><li>• Sexual Harassment Liability</li><li>• Sexual Abuse Liability</li></ul>
<b>Limits:</b>	\$1,000,000 per occurrence
<b>Coverage Extensions:</b>	
<ul style="list-style-type: none"><li>• <b>Sexual Abuse:</b></li><li>• <b>Sexual Harassment:</b></li></ul>	<ul style="list-style-type: none"><li>\$1,000,000 annual aggregate</li><li>\$1,000,000 annual aggregate</li></ul>
<b>Retroactive Date (Sexual Abuse):</b>	
<b>Claims Made Policy Definition:</b>	A term describing an insurance policy that covers claims first made (reported or filed) during the year the policy is in force for any incidents that occur that year or during any previous period during which the insured was covered under a "claims-made" contract. This form of coverage is in contrast to the occurrence policy, which covers an incident occurring while the policy is in force regardless of when the claim arising out of that incident is filed—1 or more years later.
<b>Definition of Claim:</b>	Claim means all notices or suits demanding payment of money based on, or arising out the same wrongful act or a series of related wrongful acts by one or more assureds
<b>Extended Reporting Period:</b>	A Basic Extended Reporting Period is automatically provided without additional charge. This period starts with the end of the Period of Insurance, and lasts for sixty (60) days.

## AUTO LIABILITY

<b>Carrier:</b>	Lloyds of London
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Deductible:</b>	\$0 Comprehensive \$0 Collision
<b>Vehicle Description:</b>	None Reported
<b>Vehicle Values:</b>	\$ 0.00
<b>Limits:</b>	
• <b>Automobile Liability (Bodily Injury and Property Damage):</b>	\$ 1,000,000 per occurrence
• <b>Uninsured/Underinsured Motorist:</b>	\$ 1,000,000 per occurrence
• <b>Non-Owned Automobile Liability:</b>	\$ 1,000,000 per occurrence
• <b>Hired Automobile Liability:</b>	\$ 1,000,000 per occurrence
• <b>Medical Payments:</b>	\$ 10,000 per person \$ 50,000 per occurrence
<b>Exclusions: (including but not limited to)</b>	• Workers' Compensation • Pollution Liability • Professional or Organized Racing or Demolition Contest

## EXCESS LIABILITY

<b>Carrier:</b>	Insurance Company of the State of PA
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Coverage Includes:</b>	Special Excess Liability for Public Entities and attached endorsements
<b>Limits:</b>	\$ 24,000,000 per occurrence excess of \$1,000,000 underlying coverage
<b>JPA Aggregate Limits:</b>	\$ 24,000,000 annual aggregate excess of \$1,000,000 underlying coverage
	\$ 24,000,000 Products-Completed Operations Hazard Aggregate excess of \$1,000,000 underlying coverage
	\$ 24,000,000 Wrongful Act Aggregate excess of \$1,000,000 underlying coverage
	\$ 24,000,000 Employee Benefits Liability Aggregate excess of \$1,000,000 underlying coverage
<ul style="list-style-type: none"><li>• <b>Public Response:</b><ul style="list-style-type: none"><li>○ <b>Public Response Costs:</b> \$ 250,000 Each Crisis Management Event and Aggregate</li><li>○ <b>Crisis Communications Management:</b> \$ 50,000 Each Crisis Management Event and Aggregate</li></ul></li><li>• <b>Defense Costs:</b> Policy Limit and Retention are inclusive of Loss Adjustment Expenses and Costs</li></ul>	
<b>Exclusions: (including but not limited to)</b>	<ul style="list-style-type: none"><li>• Violation of Communication and Information Law Exclusion</li><li>• No Fault, UM/UIM Motorist Exclusion</li><li>• Economic or Trade Sanctions violations</li><li>• Terrorism Exclusion</li></ul>
<b>Remarks:</b>	New prospective members will be given an <b>indication</b> based on the rate, subject to complete underwriting submission to underwriter for approval <b>PRIOR</b> to binding new member.

## CRIME

<b>Carrier:</b>	Lloyds of London
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Coverage Includes:</b>	<ul style="list-style-type: none"><li>• Theft</li><li>• Disappearance</li><li>• Destruction</li><li>• Burglary</li><li>• Robbery</li><li>• Computer Theft</li></ul>
<b>Deductible:</b>	\$0
<b>Exposure Base:</b>	17 Employees
<b>Limits:</b>	
• <b>Money and Securities:</b>	\$ 300,000 per occurrence
• <b>Forgery or Alteration:</b>	\$ 300,000 per occurrence
• <b>Employee Dishonestly:</b>	\$ 300,000 per occurrence
<b>Exclusions: (including but not limited to)</b>	<ul style="list-style-type: none"><li>• Surrendering of Property</li><li>• Accounting or Arithmetical Errors or Omissions</li></ul>

## DOMESTIC TERRORISM LIABILITY

<b>Carrier:</b>	Lloyds of London
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Coverage Includes:</b>	For the purpose of this Insurance, an Act of Terrorism means an act, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in the connection with any organization(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
<b>Deductible:</b>	\$0
<b>Limits:</b>	\$ 5,000,000 Per Claim/JPA Aggregate (*Claims Made Policy)
<b>**Claims Made Policy:</b>	A term describing an insurance policy that covers claims first made (reported or filed) during the year the policy is in force for any incidents that occur that year or during any previous period during which the insured was covered under a "claims-made" contract. This form of coverage is in contrast to the occurrence policy, which covers an incident occurring while the policy is in force regardless of when the claim arising out of that incident is filed –1 or more years later.
<b>Definition of Claim:</b>	The word "claim", wherever used in this policy, shall mean that part of each written demand received by the Insured for monetary damages covered by the policy, including the service of suit or institution of arbitration proceedings. The term "claim" shall not include a demand for an injunction or any other non-monetary relief.
<b>Exclusions: (including but not limited to)</b>	<ul style="list-style-type: none"><li>• Nuclear/Chemical/Biological/Radiological/Cyber Events</li><li>• Hoax(es) and Threat(s)</li><li>• Warranted No Losses or Threats</li></ul>
<b>Reporting:</b>	Must be reported to Underwriter within 90 day after policy expiration.

## WORKERS' COMPENSATION

<b>Carrier:</b>	Republic Indemnity Company of America
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Coverage Includes:</b>	<ul style="list-style-type: none"><li>• Workers' Compensation</li><li>• Employers' Liability</li></ul>
<b>Deductible:</b>	\$0
<b>Exposure Base:</b>	All School Personnel Included in CA SIC: (8875)
<b>Estimated Payroll:</b>	\$592,417.00
<b>Limits – Workers' Compensation</b>	Statutory
<b>Limits – Employers' Liability:</b>	\$ 1,000,000 Bodily Injury Each Accident \$ 1,000,000 Bodily Injury by Disease Each Employee \$ 1,000,000 Bodily Injury by Disease Policy Limit
<b>Terms &amp; Conditions:</b>	<ul style="list-style-type: none"><li>• New Members Subject to Underwriting Approval</li><li>• Subject to Complete Concentration of Risk Underwriting</li><li>• Subject to Updated Loss Data</li></ul>
<b>Audible:</b>	<b>The estimated payroll figure will be audited at the end of each coverage period. The CCSA JPA will request copies of the 941 Federal Quarterly Reporting Forms to verify the payroll figure. If the estimated payroll figure has been over estimated, a refund will be issued. If the estimated payroll figure has been under-estimated, an invoice for the additional amount due will be issued.</b>
<b>Exclusions: (including but not limited to)</b>	<ul style="list-style-type: none"><li>• Escalation Exclusion</li><li>• Owned Aircraft</li></ul>

## STUDENT ACCIDENT

<b>Carrier:</b>	Markel Insurance Company
<b>Policy Period:</b>	7/1/2009 to 6/30/2010
<b>Deductible:</b>	\$0
<b>Exposure Base:</b>	172 Student Enrollment
<b>Limits:</b>	\$ 25,000 Aggregate Maximum Limit 52 Week Benefits Period \$ 250,000 Aggregate Limit of Indemnity – Per Location \$ 5,000 Accidental Death & Dismemberment Benefit

**Maximum Accident Medical:** Accident medical benefits are paid for expenses incurred within 52 weeks from the date of injury provided the first doctor's visit occurs within 60 days from the date of injury. Expenses incurred after 52 weeks from the date of injury are not covered, even though the service is a continuing one or one that is necessarily delayed beyond one year from the date of injury.

The company will pay 100% of the Usual and Customary Charges incurred for necessary medical, dental, or hospital care within 52 weeks from the date of injury up to \$25,000 for any one injury.

- Terms & Conditions:**
- Claims are adjusted on the Usual and Customary Basis
  - Coverage is provided on an Excess Basis (Co-insurance is covered at 100%)
  - Optional Around the Clock 24 Hour Accident Medical Coverage will be offered to parents, on a voluntary basis. The parent has 3 benefits levels to choose from. Brochures for distribution will be sent directly to school before new school year.

**Exclusions:  
(including but not limited to)**

- Expenses for treatment on or to teeth
- Services normally provided without charge by you or your employees
- Eyeglasses, hearing aids, and examination for the prescription or fitting thereof
- Suicide, attempted suicide or intentionally self-inflicted injury
- Injury due to participation in riot
- Cosmetic surgery
- Loss resulting from air travel
- Injury or sickness resulting from any declared or undeclared war
- Injury or sickness within the armed forces of any country
- Injury or sickness covered by any workers' compensation or occupational disease law
- Treatment provided in a governmental hospital
- Infections except pyogenic or bacterial infections caused wholly by a covered injury or sickness
- Hernia
- Insured's being intoxicated or under the influence of any narcotic unless administered on the advice of a physician
- Claims occurring while parachuting or hang-gliding
- Injury sustained while traveling in or on any two or three-wheeled motor vehicle operated by a person who does not hold a valid operator's license
- Pre-existing conditions

**Optional Student Accident  
Catastrophic Coverage:**

If interested in obtaining higher limits up to \$5,000,000 with or without sports included, please contact:

Tom Boobar MBA, MS, CSP, REHS  
Area Vice President  
Public Entity & Scholastic Division  
Arthur J. Gallagher Risk Management Services  
Arthur J. Gallagher & Co. Insurance Brokers of  
California, Inc  
15 Enterprise, Suite #200  
Aliso Viejo, CA 92656  
(949) 349-9871 Office  
(949) 349-9971 Fax  
tom\_boobar@ajg.com  
License # 0726293

## PROPOSED CARRIER RATINGS AND ADMITTED STATUS

Ratings As Of May 1, 2009

Proposed Carriers	A.M. Best's Rating	Admitted/Non-Admitted
The Travelers Property Casualty Company of America	A+; XV	Admitted
Lloyds of London	A; XV	Non-Admitted
Insurance Company of the State of PA	A; XV	Admitted
Republic Indemnity Company of America	A; IX	Admitted
Markel Insurance Company	A; XI	Admitted

If the above indicates coverage is placed with a Non-admitted Carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations, which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

### Guide to Best Ratings Rating Levels and Categories

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation
				S	Rating Suspended

### Financial Size Categories

(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I	Up to	1,000	FSC IX	250,000	to	500,000	
FSC II	1,000	to	2,000	FSC X	500,000	to	750,000
FSC III	2,000	to	5,000	FSC XI	750,000	to	1,000,000
FSC IV	5,000	to	10,000	FSC XII	1,000,000	to	1,250,000
FSC V	10,000	to	25,000	FSC XIII	1,250,000	to	1,500,000
FSC VI	25,000	to	50,000	FSC XIV	1,500,000	to	2,000,000
FSC VII	50,000	to	100,000	FSC XV	2,000,000	or more	
FSC VIII	100,000	to	250,000				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

Copies of the Best's Insurance Reports on the insurance companies are available upon your request.

The California Charter School Association JPA uses A.M. Best & Co.'s rating services to evaluate the financial condition of insurers whose policies we propose to deliver. The rating of the carrier and the year of publication of that rating are indicated. The California Charter Schools Association JPA makes no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier, which may change.

**IMPORTANT: THIS PROPOSAL IS AN OUTLINE OF THE COVERAGES PROPOSED BY THE INSURERS, BASED ON THE INFORMATION PROVIDED BY YOUR SCHOOL. IT DOES NOT INCLUDE ALL OF THE TERMS, COVERAGES, EXCLUSIONS, LIMITATIONS, AND CONDITIONS OF THE ACTUAL CONTRACT LANGUAGE. THE POLICIES THEMSELVES MUST BE READ FOR THOSE DETAILS. POLICY FORMS FOR YOUR REFERENCE WILL BE MADE AVAILABLE UPON REQUEST.**

#### REVIEW OF CONTRACTS, LEASES & OTHER LEGAL DOCUMENTS

ANY CORRESPONDENCE RELATING TO A REVIEW OF A LEGAL DOCUMENT IS ONLY AN INSURANCE/RISK MANAGEMENT PROSPECTIVE AND IS NOT LEGAL ADVICE. WE DO NOT PROVIDE LEGAL ADVICE AS WE ARE NOT QUALIFIED TO DO SO. WE HIGHLY RECOMMEND THAT YOU SEEK THE ADVICE OF LEGAL COUNSEL IN ORDER TO BECOME FULLY APPRISED ON ANY LEGAL IMPLICATIONS RELATED TO THESE ISSUES.

**2008-09 Nova Meridian Academy Total**

School Month	Grade Level	Days Taught	Beginning Enrollment	A-43 Cumulative Gains	Total	Losses	Ending Enrollment	Total Days	Days NE	Absences	Actual Days	A-9, A-10, A-41, A-42 ADA	Total Days-NE	% Apportionment
Month 1	9	19	0	40	40	4	36	760	100	33	627	33.00	660	95.00%
	10	19	0	70	70	4	66	1330	131	23	1176	61.89	1199	98.08%
	11	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	19	0	110		8		2090	231	56	1803	94.89	1859	96.99%
Month 2	9	19	36	6	42	1	41	798	52	25	721	37.95	746	96.65%
	10	19	66	3	69	2	67	1311	30	27	1254	66.00	1281	97.89%
	11	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	19	102	9	3			2109	82	52	1975	103.95	2027	97.43%
Month 3	9	19	41	1	42	1	41	798	18	24	756	39.79	780	96.92%
	10	19	67	2	69	0	69	1311	20	45	1246	65.58	1291	96.51%
	11	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	19	108	3	1			2109	38	69	2002	105.37	2071	96.67%
Month 4	9	15	41	0	41	0	41	615	0	41	574	38.27	615	93.33%
	10	15	69	0	69	3	66	1035	38	60	937	62.47	997	93.98%
	11	15	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	15	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	15	110	0	3			1650	38	101	1511	100.73	1612	93.73%
Month 5	9	5	41	0	41	0	41	205	0	7	198	39.60	205	96.59%
	10	5	66	1	67	4	63	335	16	27	292	58.40	319	91.54%
	11	5	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	5	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	5	107	1	4			540	16	34	490	98.00	524	93.51%
Month 6	9	18	41	5	46	4	42	828	85	47	696	38.67	743	93.67%
	10	18	63	2	65	1	64	1170	37	39	1094	60.78	1133	96.56%
	11	18	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	18	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	18	104	7	5			1998	122	86	1790	99.44	1876	95.42%
Month 7	9	19	42	3	45	0	45	855	2	52	801	42.16	853	93.90%
	10	19	64	1	65	2	63	1235	18	41	1176	61.89	1217	96.63%
	11	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	19	106	4	2			2090	20	93	1977	104.05	2070	95.51%
Month 8	9	20	45	0	45	0	45	900	0	44	856	42.80	900	95.11%
	10	20	63	0	63	4	59	1260	23	81	1156	57.80	1237	93.45%
	11	20	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	20	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	20	108	0	4			2160	23	125	2012	100.60	2137	94.15%
Month 9	9	15	45	0	45	2	43	675	13	43	619	41.27	662	93.50%
	10	15	59	0	59	2	57	885	28	32	825	55.00	857	96.27%
	11	15	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	15	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	15	104	0	4			1560	41	75	1444	96.27	1519	95.06%
Month 10	9	19	43	0	43	0	43	817	0	59	758	39.89	817	92.78%
	10	19	57	0	57	0	57	1083	0	31	1052	55.37	1083	97.14%
	11	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	19	100	0	0			1900	0	90	1810	95.26	1900	95.26%
Month 11	9	12	43	0	43	1	42	516	8	40	468	39.00	508	92.13%
	10	12	57	0	57	0	57	684	0	24	660	55.00	684	96.49%
	11	12	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	12	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Total	12	100	0	1			1200	8	64	1128	94.00	1192	94.63%

P1 "cutoff" month (enter digit)

P1	9	72	118	47	165	6	159	2971	170	123	2678	37.19	2801	96%
	10	72	202	75	277	9	268	4987	219	155	4613	64.07	4768	97%
	11	72	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	72	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Totals	72	320	122	15			7958	389	278	7291	101.26	7569	96%

P2 "cutoff" month (enter digit)

P2	9	134	287	55	342	10	332	5759	257	273	5229	39.02	5502	95%
	10	134	458	79	537	20	517	8987	313	343	8331	62.17	8674	96%
	11	134	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	134	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Totals	134	745	134	30			14746	570	616	13560	101.19	14176	96%

PA will include Months 1-10 (or through 11 if applicable)

PAnnual	9	180	418	55	473	13	460	7767	278	415	7074	39.30	7489	94%
	10	180	631	79	710	22	688	11639	341	430	10868	60.38	11298	96%
	11	180	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	180	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	Totals	180	1049	134	35			19406	619	845	17942	99.68	18787	96%

2007-08 NOVA Meridian Academy Total														
School Month	Grade Level	Days Taught	Beginning Enrollment	A-43 Cumulative Gains	Total	Losses	Ending Enrollment	Total Days	Days NE	Absences	Actual Days	A-9, A-10, A-41, A-42 ADA	Total Days-NE	% Apportionment
Month 1	9	19	0	67	67	5	62	1273	83	57	1133	59.63	1190	0.95210084
	10	19	0	13	13	1	12	247	8	13	226	11.89	239	0.945606695
	11	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		19	0	80	67	6	62	1520	91	70	1359	71.53	1429	95%
Month 2	9	20	62	2	64	3	61	1280	47	66	1167	58.35	1233	95%
	10	20	12	0	12	1	11	240	3	27	210	10.50	237	89%
	11	20	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	20	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		20	74	2	64	4	61	1520	50	93	1377	68.85	1470	94%
Month 3	9	17	61	2	63	1	62	1071	17	67	987	58.06	1054	94%
	10	17	11	0	11	1	10	187	14	13	160	9.41	173	92%
	11	17	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	17	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		17	72	2	63	2	62	1258	31	80	1147	67.47	1227	93%
Month 4	9	15	62	0	62	1	61	930	2	73	855	57.00	928	92%
	10	15	10	6	16	0	16	240	27	10	203	13.53	213	95%
	11	15	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	15	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		15	72	6	62	1	61	1170	29	83	1058	70.53	1141	93%
Month 5	9	5	61	1	62	2	60	310	8	29	273	54.60	302	90%
	10	5	16	0	16	1	15	80	4	6	70	14.00	76	92%
	11	5	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	5	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		5	77	1	62	3	60	390	12	35	343	68.60	378	91%
Month 6	9	17	60	3	63	5	58	1071	57	77	937	55.12	1014	92%
	10	17	15	3	18	2	16	306	42	22	242	14.24	264	92%
	11	17	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	17	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		17	75	6	63	7	58	1377	99	99	1179	69.35	1278	92%
Month 7	9	19	58	1	59	7	52	1121	59	68	994	52.32	1062	94%
	10	19	16	1	17	2	15	323	33	24	266	14.00	290	92%
	11	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		19	74	2	59	9	52	1444	92	92	1260	66.32	1352	93%
Month 8	9	20	52	1	53	0	53	1060	6	84	970	48.50	1054	92%
	10	20	15	0	15	1	14	300	1	48	251	12.55	299	84%
	11	20	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	20	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		20	67	1	53	1	53	1360	7	132	1221	61.05	1353	90%
Month 9	9	15	53	0	53	3	50	795	24	56	715	47.67	771	93%
	10	15	14	0	14	0	14	210	0	19	191	12.73	210	91%
	11	15	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	15	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		15	67	0	53	3	50	1005	24	75	906	60.40	981	92%
Month 10	9	19	50	0	50	3	47	950	44	45	861	45.32	906	95%
	10	19	14	0	14	1	13	266	18	21	227	11.95	248	92%
	11	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	19	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		19	64	0	50	4	47	1216	62	66	1088	57.26	1154	94%
Month 11	9	12	47	0	47	0	47	564	0	16	548	45.67	564	97%
	10	12	13	0	13	0	13	156	0	9	147	12.25	156	94%
	11	12	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	12	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
<b>Total</b>		12	60	0	47	0	47	720	0	25	695	57.92	720	97%

P1 "cutoff" month (enter digit)

P1	9	71	185	71	256	10	246	4554	149	263	4142	58.34	4405	94%
	10	71	33	19	52	3	49	914	52	63	799	11.25	862	93%
	11	71	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	71	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	<b>Totals</b>		71	218	90	256	13	246	5468	201	326	4941	69.59	5267

P2 "cutoff" month (enter digit)

P2	9	132	416	77	493	24	469	8116	279	521	7316	55.42	7837	93%
	10	132	95	23	118	9	109	1923	132	163	1628	12.33	1791	91%
	11	132	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	132	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	<b>Totals</b>		132	511	100	493	33	469	10039	411	684	8944	67.76	9628

PA will include Months 1-10 (or through 11 if applicable)

PAnnual	9	178	566	77	643	30	613	10425	347	638	9440	53.03	10078	94%
	10	178	136	23	159	10	149	2555	150	212	2193	12.32	2405	91%
	11	178	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	12	178	0	0	0	0	0	0	0	0	0	0.00	0	#DIV/0!
	<b>Totals</b>		178	702	100	643	40	613	12980	497	850	11633	65.35	12483

**Nova Meridian Academy**  
 Budget vs Actuals

	Actual			Budget vs. Actual			Budget					
	Apr	May	Jun	Actual YTD	Budget YTD	Variance	Budget - Approved 08/22/08	Budget - Approved 12/15/08	Forecast	Variance	Budget Remaining	Forecast Remaining
<b>SUMMARY</b>												
<b>Revenue</b>												
General Block Grant	57,437	68,197	68,197	561,734	628,513	(66,779)	696,098	696,098	718,706	22,608	134,364	156,972
Federal Income	-	-	-	157,500	157,500	-	157,500	157,500	157,500	-	-	-
Other State Income	(431)	52,562	31,293	97,496	68,879	28,616	75,036	75,036	121,724	46,688	(22,460)	24,228
Other Local Revenue	-	1,455	13	8,439	5,824	2,615	5,824	5,824	7,334	1,510	(2,615)	(1,105)
Fundraising and Grants	(18)	20	-	5,130	2,008	3,122	2,008	2,008	5,130	3,122	(3,122)	0
<b>Total Revenue</b>	<b>56,988</b>	<b>122,234</b>	<b>99,503</b>	<b>830,298</b>	<b>862,724</b>	<b>(32,426)</b>	<b>936,466</b>	<b>936,466</b>	<b>1,010,394</b>	<b>73,928</b>	<b>106,167</b>	<b>180,095</b>
<b>Expenses</b>												
Compensation and Benefits	39,529	40,465	37,118	426,899	432,350	5,451	418,482	432,350	426,899	5,451	5,451	-
Books & Supplies	209	837	4,663	105,974	94,800	(11,174)	94,800	94,800	105,975	(11,175)	(11,174)	1
Services & Operating Exp.	22,413	27,563	19,990	328,776	313,558	(15,219)	313,558	313,558	348,909	(35,351)	(15,219)	20,133
Capital Outlay	-	-	-	1,459	5,000	3,541	5,000	5,000	1,459	3,541	3,541	-
<b>Total Expenses</b>	<b>62,150</b>	<b>68,865</b>	<b>61,771</b>	<b>863,109</b>	<b>845,708</b>	<b>(17,401)</b>	<b>831,840</b>	<b>845,708</b>	<b>883,242</b>	<b>(37,535)</b>	<b>(17,401)</b>	<b>20,133</b>
<b>Operating Income (no Depreciation)</b>	<b>(5,162)</b>	<b>53,369</b>	<b>37,732</b>	<b>(32,810)</b>	<b>17,016</b>	<b>(49,827)</b>	<b>104,626</b>	<b>90,758</b>	<b>127,152</b>	<b>36,394</b>	<b>123,568</b>	<b>159,962</b>
<b>Fund Balance</b>												
Beginning Balance (Unaudited)	(119,829)	(124,991)	(71,622)	(2,539)	(2,539)		10,007	(2,539)	(2,539)			
Operating Income with depreciation	(5,162)	53,369	37,732	(31,351)	22,016		98,609	84,741	118,302			
<b>Ending Fund Balance</b>	<b>(124,991)</b>	<b>(71,622)</b>	<b>(33,890)</b>	<b>(33,890)</b>	<b>19,478</b>		<b>108,616</b>	<b>82,203</b>	<b>115,763</b>			

**Nova Meridian Academy**  
 Budget vs Actuals

	Actual			Budget vs. Actual			Budget						
	Apr	May	Jun	Actual YTD	Budget YTD	Variance	Budget - Approved 08/22/08	Budget - Approved 12/15/08	Forecast	Variance	Budget Remaining	Forecast Remaining	
<b>DETAIL</b>													
<b>Enrollment</b>													
K to 3							-	-	-	-			
4 to 6							-	-	-	-			
7 to 8							-	-	-	-			
9 to 12							100	100	106	(6)			
Total Enrollment							100	100	106	(6)			
<b>ADA</b>													
K to 3							-	-	-	-			
4 to 6							-	-	-	-			
7 to 8							-	-	-	-			
9 to 12							94	94	101	(7)			
Total ADA							94	94	101	(7)			
Economically Disadvantaged							5	5	4	1			
Free Lunch							5	5	5	-			
Reduced Lunch							15	15	15				
English Language Learners							25	25	25				
<b>Revenue</b>													
8015	State Aid (All grades)	55,838	63,228	63,228	501,407	547,019	(45,612)	606,092	606,092	631,918	25,826	104,685	130,511
8780	Property Tax		1,601	1,601	21,265	30,984	(9,719)	34,330	34,330	35,793	1,463	13,065	14,528
8480	Charter Schools Categorical Block Grant	1,599	3,368	3,368	39,062	50,510	(11,448)	55,676	55,676	50,995	(4,681)	16,614	11,933
	Subtotal - General Block Grant	57,437	68,197	68,197	561,734	628,513	(66,779)	696,098	696,098	718,706	22,608	134,364	156,972
8292	PCSGP				157,500	157,500	-	157,500	157,500	157,500	-	-	-
	Subtotal - Federal Income	-	-	-	157,500	157,500	-	157,500	157,500	157,500	-	-	-
8434	Class Size Reduction, Grades K-3				-	-	-	-	-	-	-	-	-
8545	School Facilities (SB740)		50,813		50,813	38,964	11,849	38,964	38,964	50,813	(11,849)	(11,849)	-
8560	State Lottery Revenue		2,035		4,141	6,157	(2,016)	12,314	12,314	13,231	917	8,173	9,090
8591	Supplemental Hourly Revenue	(431)	(454)	(454)	1,310	9,400	(8,090)	9,400	9,400	1,276	8,124	8,090	(34)
0000	Arts & Music Block Grant				5,782	8,000	(2,218)	8,000	8,000	7,016	(984)	2,218	1,234
0000	Middle and High School Counseling				-	6,359	(6,359)	6,358	6,358	4,158	2,200	6,358	4,158
0000	State Fiscal Stabilization Fund- General			31,690	31,690	-	31,690	-	-	31,690	(31,690)	(31,690)	-
0000	State Fiscal Stabilization Fund- Categorical				-	-	-	-	-	9,780	(9,780)	-	9,780
8019	Prior Year Revenue		168	57	3,760	-	3,760	-	-	3,760	(3,760)	(3,760)	0
8590	All Other State Revenue				-	-	-	-	-	-	-	-	-
	Subtotal - Other State Income	(431)	52,562	31,293	97,496	68,879	28,616	75,036	75,036	121,724	46,688	(22,460)	24,228
8693	Field Trips		160		2,518	2,353	165	2,353	2,353	2,518	(165)	(165)	-
8699	Other Local Revenue		190	13	4,816	3,471	1,345	3,471	3,471	4,816	(1,345)	(1,345)	0
8999	Uncategorized Revenue		1,105		1,105	-	1,105	-	-	-	-	(1,105)	(1,105)
	Subtotal - Local Revenues	-	1,455	13	8,439	5,824	2,615	5,824	5,824	7,334	1,510	(2,615)	(1,105)
8694	Fundraising	(18)	20		5,030	1,908	3,122	1,908	1,908	5,030	(3,122)	(3,122)	0
8692	Donations - Private				100	100	-	100	100	100	-	-	-
	Subtotal - Fundraising and Grants	(18)	20	-	5,130	2,008	3,122	2,008	2,008	5,130	(3,122)	(3,122)	0
	<b>TOTAL REVENUE</b>	<b>56,988</b>	<b>122,234</b>	<b>99,503</b>	<b>830,298</b>	<b>862,724</b>	<b>(32,426)</b>	<b>936,466</b>	<b>936,466</b>	<b>1,010,394</b>	<b>73,928</b>	<b>106,167</b>	<b>180,095</b>

**Nova Meridian Academy**  
 Budget vs Actuals

	Actual			Budget vs. Actual			Budget					
	Apr	May	Jun	Actual YTD	Budget YTD	Variance	Budget - Approved 08/22/08	Budget - Approved 12/15/08	Forecast	Variance	Budget Remaining	Forecast Remaining
<b>Expenses</b>												
<b>1000 Certificated Employees</b>												
1300 Administration (Cert)				11,786	11,742	(44)	10,506	11,742	11,786	(44)	(44)	-
1100 Teachers (Cert)	28,570	28,570	29,095	274,102	269,892	(4,210)	262,212	269,892	274,102	(4,210)	(4,210)	-
1300 Substitutes (Cert)		750		5,813	7,553	1,740	7,553	7,553	5,813	1,740	1,740	-
0000 Stipend				6,975	6,125	(850)	6,125	6,125	6,975	(850)	(850)	-
<b>SUBTOTAL</b>	<b>28,570</b>	<b>29,320</b>	<b>29,095</b>	<b>298,675</b>	<b>295,312</b>	<b>(3,364)</b>	<b>286,396</b>	<b>295,312</b>	<b>298,675</b>	<b>(3,364)</b>	<b>(3,364)</b>	<b>-</b>
<b>2000 Classified Employees</b>												
2300 Administration (Class)	1,872	2,028	1,320	33,314	36,472	3,158	31,872	36,472	33,314	3,158	3,158	-
2100 Instruction (Class)	3,425	3,957	3,040	34,678	20,900	(13,778)	20,900	20,900	34,678	(13,778)	(13,778)	-
<b>SUBTOTAL</b>	<b>5,297</b>	<b>5,985</b>	<b>4,360</b>	<b>67,992</b>	<b>57,372</b>	<b>(10,620)</b>	<b>52,772</b>	<b>57,372</b>	<b>67,992</b>	<b>(10,620)</b>	<b>(10,620)</b>	<b>-</b>
<b>3000 Employee Benefits</b>												
3401-2 Health Insurance	1,551	1,919		15,814	36,000	20,186	36,000	36,000	15,814	20,186	20,186	-
3301-2 Social Security/Medicare/ETT	771	818	1,227	9,822	11,007	1,185	10,655	11,007	9,822	1,185	1,185	-
3501-2 Unemployment Insurance - State	258	67	35	4,164	5,413	1,249	5,413	5,413	4,164	1,249	1,249	-
3501-2 Unemployment Insurance - Federal (FUTA)				-	28	28	28	28	-	28	28	-
3101 STRS	2,357	2,357	2,400	23,909	20,694	(3,215)	20,694	20,694	23,909	(3,215)	(3,215)	-
3601-2 Worker's Comp	725			6,523	6,525	2	6,525	6,525	6,523	2	2	-
<b>SUBTOTAL</b>	<b>5,661</b>	<b>5,160</b>	<b>3,663</b>	<b>60,231</b>	<b>79,666</b>	<b>19,435</b>	<b>79,314</b>	<b>79,666</b>	<b>60,231</b>	<b>19,435</b>	<b>19,435</b>	<b>-</b>
<b>4000 Books and Supplies</b>												
4100 Textbooks and Core Materials				19,797	19,500	(297)	19,500	19,500	19,797	(297)	(297)	(0)
4200 Books and Other Reference Materials			3,274	8,341	2,500	(5,841)	2,500	2,500	8,341	(5,841)	(5,841)	0
4315 Custodial Supplies		522	361	1,586	2,000	414	2,000	2,000	1,586	414	414	(0)
4320 Educational Software				886	-	(886)	-	-	886	(886)	(886)	0
4325 Instructional Materials	(41)	10	30	17,300	17,000	(300)	17,000	17,000	17,300	(300)	(300)	0
4330 Office Supplies		304	998	10,614	6,300	(4,314)	6,300	6,300	10,614	(4,314)	(4,314)	(0)
4335 PE Supplies	250			1,546	1,000	(546)	1,000	1,000	1,546	(546)	(546)	0
4340 Professional Development Materials				53	1,700	1,647	1,700	1,700	53	1,647	1,647	0
4345 Non Instructional Supplies				46	-	(46)	-	-	46	(46)	(46)	0
4410 Classroom Furniture and Equipment				7,530	9,300	1,770	9,300	9,300	7,530	1,770	1,770	(0)
4420 Computers				26,000	23,900	(2,100)	23,900	23,900	26,000	(2,100)	(2,100)	0
4430 Office Furniture and Equipment				11,225	11,000	(225)	11,000	11,000	11,225	(225)	(225)	(0)
4350 Uniforms				310	-	(310)	-	-	310	(310)	(310)	(0)
4720 Other Food				741	600	(141)	600	600	741	(141)	(141)	0
<b>SUBTOTAL</b>	<b>209</b>	<b>837</b>	<b>4,663</b>	<b>105,974</b>	<b>94,800</b>	<b>(11,174)</b>	<b>94,800</b>	<b>94,800</b>	<b>105,975</b>	<b>(11,175)</b>	<b>(11,174)</b>	<b>1</b>

**Nova Meridian Academy**  
 Budget vs Actuals

	Actual			Budget vs. Actual			Budget					
	Apr	May	Jun	Actual YTD	Budget YTD	Variance	Budget - Approved 08/22/08	Budget - Approved 12/15/08	Forecast	Variance	Budget Remaining	Forecast Remaining
<b>5000 Services and Other Operating Expenditures</b>												
5803 Accounting Fees				2,414	7,300	4,886	7,300	7,300	7,300	-	4,886	4,886
5809 Banking Fees	5			58	600	542	600	600	58	542	-	-
5812 Business Services	6,194	6,194	6,194	67,913	69,648	1,735	69,648	69,648	74,845	(5,197)	1,735	6,932
5910 Communications - Internet / Website Fees	125	250	70	1,667	1,800	133	1,800	1,800	1,800	-	133	133
5920 Communications - Telephone & Fax	336	660	74	4,273	4,200	(73)	4,200	4,200	4,500	(300)	(73)	227
5210 Conference Fees	450			2,715	1,000	(1,715)	1,000	1,000	2,715	(1,715)	(1,715)	-
5854 Consultants - Other		4,318	4,835	22,426	5,000	(17,426)	5,000	5,000	22,426	(17,426)	(17,426)	0
5824 District Oversight Fees				-	6,874	6,874	6,874	6,874	7,100	(226)	6,874	7,100
5305 Dues & Membership				1,545	1,150	(395)	1,150	1,150	1,545	(395)	(395)	-
5310 Dues & Membership - Subscriptions				-	200	200	200	200	-	200	200	-
5605 Equipment Leases	267	267		3,334	3,600	266	3,600	3,600	3,334	266	266	0
5830 Field Trips	263	(374)		1,594	667	(927)	667	667	1,594	(927)	(927)	-
5833 Fines and Penalties		2,578	59	7,126	-	(7,126)	-	-	7,126	(7,126)	(7,126)	0
5836 Fingerprinting				47	-	(47)	-	-	47	(47)	(47)	-
5839 Fundraising		100		1,861	-	(1,861)	-	-	1,861	(1,861)	(1,861)	(0)
5450 Insurance - Other	498			4,483	8,168	3,685	8,168	8,168	4,483	3,685	3,685	(0)
5844 Interest Expense				-	-	-	-	-	-	-	-	-
5515 Janitorial Services	1,040	1,040	228	11,948	12,000	52	12,000	12,000	12,800	(800)	52	852
5845 Legal Fees			5,838	6,004	5,000	(1,004)	5,000	5,000	6,004	(1,004)	(1,004)	(0)
5848 Licenses and Other Fees				1,208	-	(1,208)	-	-	1,208	(1,208)	(1,208)	0
5851 Marketing and Student Recruiting		105	(1,500)	13,434	15,000	1,566	15,000	15,000	14,934	66	1,566	1,500
5899 Miscellaneous Operating Expenses	150		150	2,531	3,000	469	3,000	3,000	2,531	469	469	0
5857 Payroll Fees	254	250	290	3,434	3,600	166	3,600	3,600	3,434	166	166	0
5915 Postage and Delivery	99	307	124	1,381	1,600	219	1,600	1,600	1,382	218	219	1
5860 Printing and Reproduction	372	383	424	2,984	4,500	1,516	4,500	4,500	2,984	1,516	1,516	(0)
5863 Professional Development	220	(50)		1,810	3,500	1,690	3,500	3,500	310	3,190	1,690	(1,500)
5875 Recruiting - Staff				600	1,000	400	1,000	1,000	600	400	400	-
5610 Rent	9,948	9,948		118,512	119,376	864	119,376	119,376	118,512	864	864	-
5615 Repairs and Maintenance - Building	356		161	3,954	4,500	546	4,500	4,500	3,954	546	546	0
5616 Repairs and Maintenance - Computers				-	500	500	500	500	-	500	500	-
5617 Repairs and Maintenance - Other Equipment				578	-	(578)	-	-	578	(578)	(578)	(0)
5699 Rentals, Leases & Repairs - Other	216			840	500	(340)	500	500	840	(340)	(340)	0
5625 Storage				280	-	(280)	-	-	280	(280)	(280)	-
5878 Student Assessment		30		1,775	2,000	225	2,000	2,000	1,775	225	225	0
5881 Student Information System				2,775	1,775	(1,000)	1,775	1,775	2,775	(1,000)	(1,000)	-
5884 Substitutes	675		(250)	5,363	-	(5,363)	-	-	5,363	(5,363)	(5,363)	1
5887 Technology Services				628	-	(628)	-	-	628	(628)	(628)	(0)
5893 Transportation - Student				5,363	4,600	(763)	4,600	4,600	5,363	(763)	(763)	(0)
5225 Travel - Meals & Entertainment			78	1,086	1,500	414	1,500	1,500	1,086	414	414	0
5215 Travel - Mileage, Parking, Tolls				1,240	1,000	(240)	1,000	1,000	1,240	(240)	(240)	0
5220 Travel and Lodging			200	3,385	4,000	615	4,000	4,000	3,385	615	615	(0)
5510 Utilities - Gas and Electric	945	1,557	3,016	16,209	14,400	(1,809)	14,400	14,400	16,209	(1,809)	(1,809)	0
<b>SUBTOTAL</b>	<b>22,413</b>	<b>27,563</b>	<b>19,990</b>	<b>328,776</b>	<b>313,558</b>	<b>(15,219)</b>	<b>313,558</b>	<b>313,558</b>	<b>348,909</b>	<b>(35,351)</b>	<b>(15,219)</b>	<b>20,133</b>

**Nova Meridian Academy**  
 Budget vs Actuals

		Actual			Budget vs. Actual			Budget					
		Apr	May	Jun	Actual YTD	Budget YTD	Variance	Budget - Approved 08/22/08	Budget - Approved 12/15/08	Forecast	Variance	Budget Remaining	Forecast Remaining
<b>6000 Capital Outlay</b>													
6200	Buildings & Improvement of Buildings				1,459	5,000	3,541	5,000	5,000	1,459	3,541	3,541	-
<b>SUBTOTAL</b>		-	-	-	<b>1,459</b>	<b>5,000</b>	<b>3,541</b>	<b>5,000</b>	<b>5,000</b>	<b>1,459</b>	<b>3,541</b>	<b>3,541</b>	<b>-</b>
<b>TOTAL EXPENSES</b>		<b>62,150</b>	<b>68,865</b>	<b>61,771</b>	<b>863,109</b>	<b>845,708</b>	<b>(17,401)</b>	<b>831,840</b>	<b>845,708</b>	<b>883,242</b>	<b>(37,535)</b>	<b>(17,401)</b>	<b>20,133</b>

**Nova Meridian Academy**  
 Cash Forecast

2008/09

	Jul Actual	Aug Actual	Sep Actual	Oct Actual	Nov Actual	Dec Actual	Jan Actual	Feb Actual	Mar Actual	Apr Actual	May Actual	Jun Actual
<b>BEGINNING CASH</b>	10,007	241,829	142,939	29,394	30,724	17,895	7,615	148,081	124,735	134,176	133,443	193,076
<b>INCOME</b>												
Subtotal - General Block Grant	-	4,115	54,872	65,847	43,989	43,811	40,153	38,324	76,792	57,437	68,197	68,197
Subtotal - Federal Income	-	-	-	-	-	-	157,500	-	-	-	-	-
Subtotal - Other State Income	-	-	-	-	1,817	428	10,069	428	1,330	(431)	52,562	31,293
Subtotal - Fundraising and Grants	-	50	-	1,958	-	597	-	-	2,523	(18)	20	-
<b>TOTAL INCOME</b>	-	6,865	55,083	70,718	45,820	44,851	207,722	39,869	80,645	56,988	122,234	99,503
<b>EXPENSES</b>												
1000-3000 Compensation & Benefits	12,350	19,839	43,140	35,912	37,797	37,693	39,082	43,703	40,271	39,529	40,465	37,118
4000 Books & Supplies	123	863	85,734	4,088	452	474	2,211	4,301	2,019	209	837	4,663
5000 Services & Other Operating Expenses	9,263	35,905	40,560	27,247	35,827	24,465	33,092	24,951	27,500	22,413	27,563	19,990
6000 Capital Outlay	-	1,459	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	21,736	58,066	169,435	67,247	74,076	62,632	74,385	72,955	69,790	62,150	68,865	61,771
<b>NET OPERATING CASH INFLOW (OUTFLOW)</b>	(21,736)	(51,201)	(114,351)	3,471	(28,256)	(17,781)	133,337	(33,085)	10,854	(5,162)	53,369	37,732
Prior Year Revenue	\$25,553.80	-	-	\$17.50	-	-	-	-	-	-	-	-
Change in Accounts Receivable (current yr)		\$0.00	-	-	-	\$0.04	\$8,875.00	-	\$154.00	\$146.00	\$154.00	\$154.00
Change in Accounts Payable (current yr)	(\$10,314.33)	(\$35,716.97)	(\$9,007.44)	(\$8,297.54)	\$13,915.64	\$5,607.31	(\$5,607.31)	\$5,877.25	(\$5,429.25)	\$422.00	\$1,780.31	\$15,881.83
Summerholdback for Teachers		(\$10,097.14)	\$3,833.42	(\$1,436.61)	\$1,511.70	\$3,861.75	\$3,861.75	\$3,861.75	\$3,861.76	\$3,861.76	\$3,861.76	(\$32,505.77)
Loan Proceeds	\$250,000.00	-	-	-	-	-	-	-	-	-	-	-
Loan Payments	-	-	-	-	-	-	-	-	-	-	-	-
Other Balance Sheet Changes (prepaids etc)	(\$11,681.38)	(\$1,874.29)	\$5,979.66	\$7,576.00	-	(\$1,967.98)	-	-	-	-	\$467.25	(\$15,227.70)
<b>ENDING CASH</b>	241,829	142,939	29,394	30,724	17,895	7,615	148,081	124,735	134,176	133,443	193,076	199,110

EdTec Network  
 EdTec Network : Nova Meridian Academy  
 Balance Sheet  
 End of Jun 2009

Financial Row	June
<b>ASSETS</b>	
Current Assets	
Bank	
9120-NOVA - Cash in Bank - NOVA	
9121-3657 - Cash in Bank - NOVA: Checking	\$10,810.86
Total - 9120-NOVA - Cash in Bank - NOVA	\$10,810.86
9122-9264 - Cash in Bank - NOVA: Checking (new)	\$188,299.45
Total Bank	\$199,110.31
Accounts Receivable	
9200 - Accounts Receivable	
9212 - AR - Title II	\$788.00
9215 - AR - Title V	\$1,080.00
9231 - AR - Categorical	\$1.00
9236 - AR - Supplemental Hourly Revenue	\$315.00
Total - 9200 - Accounts Receivable	\$2,184.00
Total Accounts Receivable	\$2,184.00
Other Current Asset	
9330 - Prepaid Expenditures (Expenses)	\$19,419.13
Total Other Current Asset	\$19,419.13
Total Current Assets	\$220,713.44
Fixed Assets	
9420 - Land Improvements	\$50,083.56
9425 - Accumulated Depreciation - Land Improvements	(\$9,946.75)
Total Fixed Assets	\$40,136.81
Other Assets	
9360 - Other Asset - Deposits	\$10,635.27
Total Other Assets	\$10,635.27
Total ASSETS	\$271,485.52
<b>LIABILITIES &amp; EQUITY</b>	
Current Liabilities	
Accounts Payable	
9500 - Accounts Payable	
9500 - Accounts Payable	\$16,990.83
9512 - AP - District Prior Year Prop Tax Adjustment	\$1,541.31
Total - 9500 - Accounts Payable	\$18,532.14
Total Accounts Payable	\$18,532.14
Other Current Liability	
9540 - Payroll Liability - Federal	(\$1,540.72)
9571 - Wages Payable (July & August)	\$0.02
9648 - Notes Payable	(\$2.75)
Total Other Current Liability	(\$1,543.45)
Total Current Liabilities	\$16,988.69
Long Term Liabilities	
9660 - Long Term Liabilities	
9670 - CDE Loan	\$250,000.00
Total - 9660 - Long Term Liabilities	\$250,000.00
Total Long Term Liabilities	\$250,000.00
Equity	
Retained Earnings	\$37,710.76
Net Income	(\$33,213.93)
Total Equity	\$4,496.83
Total LIABILITIES & EQUITY	\$271,485.52