June 18, 2026

Via Email

State Board of Education
1430 N Street, Room 5111
Sacramento, California 95814

c/o Ric Reyes, Director
California Department of Education
Director, Charter Schools Division
1430 N Street
Sacramento, CA 95814-5901
charters@cde.ca.gov

Re: Twin Rivers Unified School District Notice of Appeal to the State Board of Education - Highlands Community Charter School Revocation

Dear Members of the State Board of Education:

On January 30, 2026, the Twin Rivers Unified School District Board of Trustees unanimously voted to revoke the charter for the Highlands Community Charter School ("HCCS"), a charter school operated by Highlands Community Charter and Technical Schools ("HCCTS"). HCCS and HCCTS submitted their appeal of the District's revocation decision regarding HCCS to the Sacramento County Board of Education, pursuant to California Education Code section 47607 and applicable regulation.

The Sacramento County Board of Education ("SCBOE") held a public hearing on May 19, 2026, to review and consider the HCCS revocation appeal. Following the public hearing, the SCBOE took action by a vote of 4-3 to adopt Resolution No. 26-17B reversing the District Board's decision to revoke the HCCS Charter. The District received a copy of the SCBOE's written decision/Resolution by correspondence dated May 21, 2026.

At its meeting on June 16, 2026, the District Board adopted Resolution 1649 (enclosed) approving submission of the District's appeal of the SCBOE's decision overturning the revocation of HCCS, to the State Board of Education, and authorizing and directing the District Superintendent or designee to submit written Notice of Appeal to the SBE in accordance with Education Code section 47607, and Title 5, Calif. Code of Regulations, section 11968.5.5.

Therefore, the District hereby submits this Notice of Appeal to the State Board of Education (c/o the California Department of Education, Charter Schools Division), by which the District is appealing the SCBOE's decision overturning the District Board's decision to revoke the HCCS Charter.

We are enclosing with this Notice of Appeal the District's written arguments in support of our position that the SCBOE errored in its decision along with the Administrative Record and other items required by Section 11968.5.5 and respectfully requests that the State Board of Education reverse the Sacramento County Board of Education's decision overturning the revocation of the HCCS Charter.

Sincerely,

Signed by:

Superintendent Martinez

59531F8F605145E...

Steve Martinez, Ed.D.
Superintendent, Twin Rivers Unified

Cc: Sacramento County Board of Education
(c/o Dr. David Gordon, Sacramento County Superintendent of Schools)
Highlands Community Charter and Technical Schools/Highlands Community Charter School

Enclosures:

District Board Resolution 1649
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Administrative Record *(Via ShareFile upload link sent via email only)*

McClellan Park, California

RESOLUTION NO. 1649

RESOLUTION OF THE BOARD OF TRUSTEES OF THE TWIN RIVERS UNIFIED SCHOOL DISTRICT APPROVING THE APPEAL OF THE SACRAMENTO COUNTY BOARD OF EDUCATION'S DECISION REGARDING THE REVOCATION OF HIGHLANDS COMMUNITY CHARTER SCHOOL AND CALIFORNIA INNOVATIVE CAREER ACADEMY TO THE STATE BOARD OF EDUCATION

WHEREAS, the Twin Rivers Unified School District ("District") is the chartering authority of Highlands Community Charter School ("HCCS") and California Innovative Career Academy ("CICA"). HCCS and CICA are operated and governed independently by Highlands Community Charter and Technical Schools ("HCCTS") and its Board of Directors;

WHEREAS, as the chartering authority the District is responsible for overseeing HCCS and CICA under Education Code 47604.32, which includes monitoring whether HCCS and CICA are operating in compliance with the conditions, standards, or procedures set forth in its Charter and MOU, meeting or pursuing the pupil outcomes identified in its Charter, failing to meet generally accepted accounting principles, or engaging in fiscal mismanagement, and complying with the law (Education Code section 47607(f));

WHEREAS, on June 17, 2025, the District Board unanimously approved issuance of a Notice of Violation ("NOV") to both HCCS and CICA pursuant to Education Code section 47607 based on findings that HCCS and CICA materially violated the conditions, standards, and procedures of their Charters, failed to meet generally accepted accounting principles or engaged in fiscal mismanagement, and violated the law;

WHEREAS, with the NOV the Board provided the Charter Schools with a reasonable opportunity until September 26, 2025, to provide a written response to the NOV with supporting evidence addressing each identified violation, and placed HCCS and CICA on notice that if the violations were not addressed, the District may pursue further steps towards revocation of the Charter;

WHEREAS, at the conclusion of the remedy period, on September 26, 2025, HCCS and CICA provided their response to the NOV, but the supporting evidence was not provided to the District until September 29, 2025;

WHEREAS, District Staff evaluated the response from HCCS and CICA and all documentation produced with the response, and after conducting a thorough, objective, and data-driven review, District Staff determined that HCCS and CICA failed to refute to the District's satisfaction, or remedy all of the violations identified in the NOV, and that significant violations continued to exist, including material violations of the conditions, standards, or procedures of its charter, and violations of law;

WHEREAS, based upon the substantial evidence demonstrating that HCCS and CICA failed to refute and/or remedy multiple violations identified in the NOV, District Staff recommended that the Board approve issuance of the a Notice of Intent to Revoke and notice of facts in support of revocation ("Notice of Intent to Revoke") to HCCS and CICA pursuant to Education Code section 47607 and California Code of Regulations, title 5, section 11968.5.2, and the Board approved issuance of the Notices of Intent to Revoke at its meeting on November 4, 2025, supported by substantial evidence presented therewith, and further scheduled a public hearing on the issue of whether substantial evidence existed to revoke the Charter;

WHEREAS, on December 2, 2025, the District Board held a public hearing in compliance with Education Code section 47607, and took testimony from HCCS/CICA representatives and the public on the issue of whether substantial evidence existed to revoke the HCCS and CICA Charters based on the facts and conclusions in the Notices of Intent to Revoke;

WHEREAS, during a special District Board meeting on January 27, 2026, District Staff presented their analysis of the measures taken by HCCTS to refute and/or remedy the violations identified in the Notice of Revocation, and while the Board thoughtfully considered Staff's analysis and recommendation regarding revocation, it ultimately did not accept Staff's recommendation and no action was effectively taken regarding the HCCS or CICA revocations;

WHEREAS, on January 30, 2026, the District Board convened at a special meeting and adopted the findings of fact contained in the Notice of Intent to Revoke and its exhibits, as initially set forth in the Notice of Violation (NOV), as its written factual findings, supported by substantial evidence specific to HCCS and CICA, and unanimously approved the issuance of a Final Decision to Revoke the HCCS and CICA Charters, effective immediately;

WHEREAS, on February 27, 2026, HCCTS timely submitted a Notice of Appeal of the HCCS and CICA revocation decisions to the Sacramento County Board of Education ("County Board") pursuant to Education Code section 47607 and California Code of Regulations, title 5, section 11968.5.4;

WHEREAS, on May 19, 2026, the County Board, by a vote of 4-3, reversed the District Board's Decision to revoke the HCCS and CICA Charters; and

WHEREAS, pursuant to California Code of Regulations, title 5, section 11968.5.5 ("Section 11968.5.5") the District Board may elect to appeal the County Board's decision to the State Board of Education ("SBE") within 30 calendar days of receiving the County Board's decision;

[Continued on next page.]

NOW, THEREFORE, BE IT RESOLVED AND ORDERED AS FOLLOWS:

1. Board finds the above-listed recitals to be true and correct and incorporates them herein by this reference.

2. The Board approves the District's appeal of the County Board's decision on May 19, 2026, overturing the revocations of HCCS and CICA, to the SBE pursuant to Education Code section 47607, and Section 11968.5.5.

3. The Superintendent or designee is hereby authorized and directed to submit written Notice of Appeal to the SBE for both HCCS and CICA in accordance with Section 11968.5.5, and to take any such other actions needed to effectuate the purpose of this Resolution.

PASSED AND ADOPTED by the Board of Trustees of the Twin Rivers Unified School District on the 16th day of June 2026 by the following vote.

AYES: 7
NOES: 0
ABSTAIN: 0
ABSENT: 0

ATTEST:

Christine Jefferson

Christine Jefferson, President
Twin Rivers Board of Trustees

Sascha Vogt, Clerk
Twin Rivers Board of Trustees

Twin Rivers Unified School District
Written Argument in Support of Appeal to the State Board of Education
Highlands Community Charter School Revocation

A. Introduction

Pursuant to Title 5, Calif. Code Regs., section 11968.5.5, the Twin Rivers Unified School District ("District" or "TRUSD") submits this written argument with its Notice of Appeal to the State Board of Education ("SBE") by which the District is appealing the decision by the Sacramento County Board of Education ("SCBOE") overturning the District Board's decision to revoke the Charter of Highlands Community Charter School ("HCCS" or "Charter School"). The District respectfully urges the SBE to find that the SCBOE errored when it reversed the District Board's decision to revoke HCCS' Charter and uphold the revocation on appeal.

B. Procedural History

The District Board of Trustees ("Board") initially approved the petition for the establishment of HCCS in 2014 for a term running through June 30, 2019. On or about March 5, 2019, the Board conditionally approved the petition to renew HCCS' Charter for a five-year term from July 1, 2019, through June 30, 2024 ("Charter"). Pursuant to Education Code section 47607.4, HCCS' Charter was automatically extended through June 30, 2027, by operation of law.

On or about May 19, 2019, the District and HCCS entered into a Memorandum of Understanding ("MOU") to document the arrangement and agreement between the parties regarding HCCS' program, operation, structure, and obligations. Subsequent amendments to the MOU approved by the Board extended its term through June 30, 2027. On or about January 23, 2024, the District and HCCS agreed to Amendment No. 3 of the MOU ("MOU Amendment No. 3"), which among other things, confirmed the District's authorization of specified locations HCCS had established for its operations and made other clarifications regarding the process for approval of any new facility locations, facility safety expectations, and supervisorial oversight.

MOU Amendment No. 3 provides in part:

> "The terms of the MOU are intended by the District and Charter School to become part of the standards and procedures set forth in the Charter School's Charter approved by the District ("Charter"). Along with the Charter, this MOU will govern the relationship between the District and the Charter School regarding the operation of the Charter School. To the extent the terms of the MOU is/are inconsistent with any terms of the Charter, the MOU shall control. In addition, if the Charter is silent on an issue addressed by the MOU, the MOU shall control. <u>As such, any violation of MOU by Charter School that also constitutes grounds for revocation per Education Code section 47607 will be treated and enforced by the District in the same manner, subject to Education Code Section 47607 and applicable implementing regulations, as it would any other violation constituting a ground for revocation</u>."[1] (Emphasis added.)

[1] "Charter School" as used in the MOU Amendment No. 3 collectively refers to Highlands Community Charter and Technical Schools and HCCS.

HCCS is operated and governed independently by Highlands Community Charter and Technical Schools ("HCCTS"), a California nonprofit public benefit corporation, and its Board of Directors.

Following multiple and varying requests for information and notices of concern over a twelve-month period, the District determined that HCCTS either failed to remedy multiple areas of concern despite its receipt of multiple information requests and notices of concern from the District or makes promises of future improvements without offering viable plans that either have been implemented or are capable of being implemented by HCCTS. As a result, and since the District viewed HCCS' material violations of the conditions, standards, or procedures of its Charter and MOU, violations of law, engagement in fiscal mismanagement, as grounds for revocation, the District determined that the point has been reached where it was necessary to initiate the first step in the formal revocation process, with the issuance of a Notice of Violation per Education Code section 47607(g) ("Section 47607") and Title 5, Cal. Code of Regulations, section 11968.5.2 ("Section 11968.5.2").

On June 17, 2025, the District's Board of Trustees unanimously approved the issuance of a Notice of Violation to HCCS. On June 18, 2025, the District delivered the Notice of Violation to HCCTS specifying a reasonable remedy period of up to and including September 26, 2025, for HCCS to provide a written response to the Notice of Violation with supporting evidence addressing each identified violation. (HCCS AR – 1-1201.)

At the conclusion of the remedy period, on September 26, 2025, HCCS provided a partial response to the Notice of Violation ("HCCS Response"), which excluded the exhibits and a complete Material Revision Request. The HCCS Response exhibits were provided to the District on September 29, 2025. (HCCS AR - 6469-8101.)

District Staff evaluated the HCCS Response and all documentation produced by HCCS. After conducting a thorough, objective, and data-driven review, District Staff determined that HCCS sufficiently addressed one of the violations, but failed to refute to the District's satisfaction, or remedy all of the violations identified in the Notice of Violation, and found that significant violations continue to exist.

Consequently, on November 4, 2025, after the expiration of the remedy period District Staff recommended that the Board issue a Notice of Intent to Revoke and notice of facts in support of revocation to HCCS ("Notice of Intent to Revoke") pursuant to Section 47607 and Section 11968.5.2. Based on the findings and recommendation of District Staff, on November 4, 2025, the District's Board unanimously approved the issuance of the Notice of Intent to Revoke based upon its determination that HCCS failed to refute, take remedial action, or propose remedial action specific to each of the alleged violations constituting the following grounds for revocation: (1) HCCS committed a material violation of the conditions, standards, or procedures set forth in its Charter; (2) HCCS violated any law; and (3) HCCS engaged in fiscal mismanagement. (HCCS AR - 1202-1234.) A summary of the District's November 4, 2025 evaluation of whether HCCS remedied the violations identified in the Notice of Violation is provided in SCOE's Analysis of the HCCS Charter Revocation Appeal. (HCCS AR – 8240-8243, SCOE analysis, pp. 8-11)

In accordance with Section 47607(h), a Public Hearing was held on December 2, 2025, on the issue of whether substantial evidence existed to revoke HCCS' Charter. As part of the Public Hearing, HCCS was given the opportunity to present to the Board, and public comments were heard. (HCCS AR – 8155-8163)

During a special District Board meeting on January 27, 2026, District Staff presented their analysis of the measures taken by HCCTS/ HCCS to refute and/or remedy the violations identified in the Notice of Revocation as of that date. While the Board thoughtfully considered District Staff's analysis and recommendation regarding revocation, it ultimately did not accept Staff's recommendation and no action was effectively taken regarding HCCS' revocation at that meeting.

The District Board subsequently convened on January 30, 2026, to consider whether to approve the issuance of a Final Decision to Revoke HCCS' Charter and unanimously approved issuance of a Final Decision to Revoke HCCS' Charter effectively immediately. In support of its Final Decision to Revoke HCCS' Charter, the Board adopted the findings of fact contained in the Notice of Intent to Revoke and its exhibits, as initially set forth in the Notice of Violation ("NOV"), and as stated in the Board adopted Resolution, as its written factual findings, supported by substantial evidence specific to HCCS, and incorporated such findings into this Resolution as though set forth fully therein. In support of its decision to issue a Final Decision to Revoke HCCS' Charter, the District Board found that:

(A) Substantial evidence demonstrates that the violations initially identified in the NOV, and demonstrated in the Notice of Intent to Revoke and exhibits thereto, and as further stated herein, have in fact occurred;

(B) HCCS failed to refute, remedy, or propose remedial action sufficient to remedy all of the violations identified in the NOV;

(C) The violations set forth in the NOV and Notice of Intent to Revoke, have not been sufficiently remedied by HCCS, and attempts at further corrective actions taken by HCCS, although considered by the Board, failed to sufficiently remedy the violations identified in the NOV and substantiated in the Notice of Intent to Revoke, and/or promised unsubstantiated and unreliable future performance and resulting uncertainty regarding future compliance.

The District Board authorized and directed the Superintendent or designee to notify the Sacramento County Board of Education and California Department of Education regarding the revocation approval and to take any such other actions needed to effectuate the purpose of the Resolution and notice of the revocation was provided to the SCBOE via SCOE and California Department of Education with correspondence January 30, 2026. (HCCS AR 1235-1328.)

HCCTS submitted a Notice of Appeal regarding the Revocation of HCCS' Charter by the District Board on January 30, 2026, to the SCBOE c/o the Sacramento County Office of Education ("SCOE") on February 27, 2026. By correspondence dated March 30, 2026, SCOE confirmed timely submission of HCCS' charter revocation appeal documents in both paper and electronic formats. (HCCS AR 8185-8230.)

SCOE further notified the District and HCCS that the public hearing for consideration of HCCS' appeal will be scheduled for the SCBOE's regular meeting on May 19, 2026, at 6:30 p.m., and following the public hearing, the SCBOE may take action on the appeal. In considering HCCS' revocation appeal, the SCBOE will determine whether substantial evidence in the record supports TRUSD's revocation findings.

In the March 30, 2026, correspondence, SCOE also indicated that by April 20, 2026, HCCS and TRUSD may submit written arguments no longer than 25 pages, with page citations to the appeal documents, as to whether the charter revocation met the substantial evidence standards required by Education Code Section 47607. By email correspondence dated April 14, 2026, SCOE extended this deadline and confirmed that HCCS and TRUSD have until the end of the day on April 21, 2026, to submit written arguments regarding the HCCS charter revocation appeal.

While the submission of "written arguments" is not a part of the county level charter revocation appeal process outlined in Title 5, Calif. Code Regs., section 11968.5.4, and it is unclear whether SCOE had the authority to impose step and corresponding deadline as part of the revocation appeal process, by correspondence dates April 21, 2026, the District submitted its response to HCCS' appeal in conformity with the parameters specified by SCOE. (HCCS AR 8211-8230.)

The SCBOE held a public hearing on May 19, 2026, to review and consider the HCCS revocation appeal. The SCOE submitted its Analysis of the HCCS Charter Revocation Appeal ("SCOE Analysis") and SCOE's General Counsel presented to the SCBOE regarding the SCOE Analysis at the 19, 2026, meeting. (HCCS AR 8231-8258; HCCS AR 8259-8268.)

The SCOE Analysis found that the "evidence in the appeal record shows that the District provided the notices and procedures required by Education Code section 47607, subdivision (h) before revoking the Charter Schools." (HCCS AR 8234, SCOE Analysis p. 2.)

Following the public hearing and review and consideration of the HCCS appeal and the SCOE Analysis, the SCBOE took action regarding HCCS' charter revocation appeal. Specifically, by a vote of 4-3 the SCBOE adopted Resolution No. 26-17B Reversing the District Board's Decision to Revoke the HCCS Charter. (HCCS AR 8432-8433.)

C. SCBOE's Decision was Inconsistent with the Substantial Evidence Scope of Review and Exceeded its Authority

Pursuant to Section 11968.5.4, the SCBOE was required within ninety (90) calendar days of receiving HCCS' Notice of Appeal, to issue a written decision that explains whether the District's factual findings were supported by substantial evidence and the District's decision regarding revocation is upheld, pending any further appeal.

In determining whether the District Board's factual findings were supported by substantial evidence, the SCBOE was required to consider:

- Whether the Distrct provided the charter school's governing body a Notice of Violation, a reasonable opportunity to remedy the identified violation(s), a Notice of Intent to Revoke, a public hearing, and Final Decision, pursuant to Articles 2 and 2.5 and Education Code sections 47607(f) through (h), inclusive.

- Whether the charter school complied with the procedures set forth in Section 11968.5.2(c) in response to the Notice of Violation
- Whether an alleged procedural deficiency negatively impacted the charter school's ability to refute or remedy the alleged violation or the District's ability to comply with its procedural obligations or authorizing duties.[2]

Pursuant to Section 47607, a charter may be revoked by its chartering authority if the chartering authority finds, through a showing of substantial evidence, that the charter school did **any** of the following:

(1) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.

(2) Failed to meet or pursue any of the pupil outcomes identified in the charter.

(3) Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.

(4) Violated any law.

The District Board revoked HCCS' Charter on the following grounds: (1) HCCS committed a material violation of any of the conditions, standards, or procedures set forth in its Charter; (2) HCCS engaged in fiscal mismanagement; and (3) HCCS violated any law.

Therefore, the SCBOE's first charge was to determine whether substantial evidence exists in the record that HCCS violated the law, violated material terms of its Charter, and engaged in fiscal mismanagement. "Substantial evidence" has been defined by the courts as "'relevant evidence that a reasonable mind might accept as adequate to support a conclusion....'" (*Hosford v. State Personnel Bd*. (1977) 74 Cal.App.3d 302, 307, quoting *Gubser v. Department of Employment* (1969) 271 Cal.App.2d 240, 245) Under this standard, the SCBOE was required to "view the evidence in the light most favorable to the board's findings and indulge all reasonable inferences in support thereof." (*Hosford v. State Personnel Bd*., at p. 307.)

SCOE in its Analysis recognized that "substantial evidence" is a deferential standard and advised the SCBOE that:

> "Under the substantial evidence standard, the County Board does not decide the appeal based upon whether it would have revoked the charter if it were in the place of the District under the same facts and circumstances. Rather, the County Board may only reverse it if it concludes that the revocation was not supported by substantial evidence." (Emphasis added.) (HCCS AR 8250, SCOE Analysis p. 18.)[3]

[2] The SCOE Analysis found that the District complied with all requirements of the revocation process that that there were no procedural deficiencies that negatively impacted the Charter School's ability to refute or remedy the alleged violations. (HCCS AR 8253, 8256, SCOE Analysis pp. 19, 21, 24.)

[3] This deferential standard was recognized by SCBOE Trustee Fong during the May 19 meeting. (HCCS AR 8417-8418, Transcript pp. 149:16-150:1-22.)

Furtehrmore, SCOE in its Analysis also acknowledged and advised the SCBOE that:

> The courts have recognized that an inherent part of the "substantial evidence" standard is the presumption in favor of the lower tribunal's decision. In *Napa Valley Unified School District v. State Bd. of Education* (2025) 110 Cal. App.5th 609, 625 the court explained:
>
>> Under the substantial evidence test, our review begins and ends with a determination of whether there is substantial evidence, contradicted or uncontradicted, to support the findings. <u>We do not reweigh the evidence and are bound to indulge all presumptions and resolve all conflicts in favor of the administrative decision</u>. Substantial evidence is relevant evidence that a reasonable mind might accept as adequate to support a conclusion. (Emphasis added.) (HCCS AR – 8250-8251, SCOE analysis pp. 18-19)

As part of SCOE's presentation to the SCBOE, SCOE's General Counsel, Tracy Stinson, described the legal definition of "substantial evidence" as follows:

- Relevant evidence that a reasonable mind might accept as adequate to support a conclusion
- Relevant evidence, contradicted or uncontradicted, to support the findings
- Reviewing entity may not reweigh the evidence or substitute its judgment for that of the deciding entity
- Indulge all presumptions and resolve all conflicts in favor of district's decision
- Uphold decision unless it is arbitrary, capricious, lacking in evidentiary support, or made without due regard for petitioner's rights

(HCCS AR 8265, Slide 7.)

SCBOE's <u>second charge</u> was to determine whether substantial evidence in the record exists to demonstrate that HCCS remedied the violations at issue in the Notice of Violation by the close of the remedy period.

The District issued a Notice of Violation on June 17, 2025 which afforded HCCS until September 26, 2025 (over 3 months) to remedy the violations. Following review of the evidence submitted to the District in HCCS' Response to the Notice of Violation, District Staff determined that the violations had not been remedied.[4] The District Board thereafter approved issuance of a Notice of Intent to Revoke on November 4, 2025. (HCCS AR 1202-1234.)

In accordance with Section 11968.5.2, the Notice of Intent to Revoke was not issued until after the District determined HCCS failed to successfully remedy the violations within the reasonable time period it was allotted to do so. In other words, the District Board already concluded by approval of the issuance of the Notice of Intent to Revoke, that HCCS failed to sufficiently remedy all of the violations identified in the Notice to Violation by the expiration of the remedy period.

[4] District Staff found that only one of the violations in the Notice of Violation (the one regarding credential requirements) had been remedied.

Although HCCS submitted additional materials between September 26, 2025 and January 9, 2026, after expiration of the remedy period, which HCCS asserted are additional remedial actions the District was obligated to consider, the relevant inquiry is whether the violations were remedied by the expiration of the established remedy period (See Section 11968.5.2).

SCOE's own BP 2400 cited by HCCS in its appeal of its revocation to the SCBOE concurs with this conclusion stating:

2. "Substantial evidence," within the meaning of Education Code section 47607, shall be evidence that:
   a. Demonstrates that the violation was material.
   b. Supports revocation when viewed as a whole, in light of all relevant information.
   c. Demonstrates that the violation actually occurred.
   d. **Was not cured by the charter school during its reasonable opportunity to remedy the violation**. (Emphasis added.) (HCCS AR 8192.)

Should we accept HCCS' contrary position that the District Board was obligated to consider the remedial actions taken by HCCS after the expiration of the remedy period, doing so would result in making the revocation process unworkable. If a chartering authority were required to consider every action taken in response to a NOV after the expiration of the remedy period, it would essentially force the chartering authority to restart the process, and a charter school could prevent revocation indefinitely by producing new evidence or arguments during the post-remedy period deadline and then insist that the authorizer may not evaluate them without restarting revocation proceeding. This untenable option was suggested by a SCBOE Trustee during the SCBOE meeting on May 19, 2026. (HCCS AR 8269-8431.) Nothing in Education Code section 47607 or Section 11968.5.2, requires such a result or process.

Even if the District were required to consider actions taken by HCCTS after the September 26, 2025, remedy period deadline, these actions largely consisted of revised plans, evolving explanations, and assurances of future compliance, but did not demonstrate that the violations had actually been remedied.

Applicable law does not provide a standard through which the success of remedial actions should be judged nor did it require the District Board to consider remedial efforts taken after the reasonable opportunity to remedy period expired. SCOE in its analysis recognized that the Education Code and regulations do not include a requirement to allow remedies after the close of the remedy period and "While District staff recommended accepting the post deadline remedies, the District Board was not required to accept this recommendation." (HCCS AR 8254, SCOE Analysis p. 22.) During the May 19th meeting SCOE's General Counsel explained to the SCBOE that the statute did not require the District Board to give more time to remedy past the remedy period. (HCCS AR 8390, Transcript p. 122:14-20.)

The Analysis submitted to the SCBOE by SCOE aligns with the District's position confirming three key points:

- The [District] Board was not required to allow remedies after the deadline.

- The NIRs contain substantial evidence to support the revocations.

- Even if District Board was required to consider corrective actions taken after the remedy period, <u>the record contains relevant evidence to support the Board's finding that all alleged violations were not sufficiently remedied by January 30, 2026</u> (Emphasis added.)

(HCCS AR 8266, Slide 8.)

Furthermore, SCOE found and advised the SCBOE that if the SCBOE "finds that the District Board was not required to consider remedies implemented after the September 26, 2025 remedy deadline, <u>then the District Board's January 30, 2026 revocation resolution, which was based on the November 4, 2025 Notice of Intent to Revoke, contained substantial evidence to support revocation</u>." (Emphasis added.) (HCCS AR 8258; SCOE Analysis p. 26; HCCS AR 8387-838, Transcript pp. 119:24-120:2)

Alternatively, SCOE found and advised that if the SCBOE "determines that the District Board's dissatisfaction with the Charter Schools' remedies as of January 30, 2026 was not supported by substantial evidence in the appeal record, then it may overturn the District's revocation decision <u>**if it also finds**</u> <u>that the District Board was required to consider remedies implemented between the September 26 remedy deadline and its January 30, 2026 revocation decision</u>." (Emphasis added.) (HCCS AR 8258, SCOE Analysis p. 26.)

Therefore, SCOE expressly advised in its Analysis that the SCBOE may overturn the District's revocation decision if it "determines that the District Board's dissatisfaction with the Charter Schools' remedies as of January 30, 2026 was not supported by substantial evidence in the appeal record" <u>**and**</u> finds that "the District Board was required to consider remedies implemented between the September 26 remedy deadline and its January 30, 2026 revocation decision." (HCCS AR 8258, SCOE Analysis p. 26.)

This aspect of SCOE's analysis was reiterated in SCOE's presentation to the SCBOE during which SCOE advised the SCBOE that they may determine that substantial evidence does not support the revocation and may reverse the revocation <u>if</u> the SCBOE determines <u>both</u> of the following:

- District Board was required to consider remedies after the September 26, 2025, remedy deadline;
  AND
- The record does not contain relevant evidence to support the District Board's January 30, 2026, findings that the Charter Schools' violations had occurred, and that violation(s) had not been sufficiently remedied.

(HCCS AR 8267, Slide 9; See also HCCS AR 8276-8277, Transcript pp. 8:25-9:11.)

While the SCBOE by adopting Resolution No. 26-178 found "that the findings made by the Twin Rivers Unified School District Board of Trustee's to revoke the Highlands Community Charter School are not supported by substantial evidence"; <u>it did not also find that the District Board was required to consider remedies implemented between the September 26 remedy deadline</u>.

The failure of the SCBOE to make this finding was not for lack of being made aware of the issue. SCOE General Counsel clarified that this was the SCBOE's decision to make. (HCCS AR 8407-8408, Transcript, pp. 139:20-140:4.) Although the issue was brought up during discussion at the SCBOE meeting and it was recognized and acknowledged as something the SCBOE needed to decide, admittedly there was no consensus reflected in the verbal record of the May 19 hearing or in the written decision/Resolution. For example, one SCBOE Trustee expressed her confusion during the May 19 meeting about why the SCBOE was not coming to some consensus about the "fundamental issue" of whether an extension to attempt further remedial action past the remedy period deadline was required since the answer would impact the SCBOE's consideration of the evidence. (HCCS AR, Transcript p. 139:11-17.)

Since the SCBOE did not find that the District Board was required to consider remedies implemented by the Charter School after the conclusion of the remedy period, then it <u>could not</u> overturn the District Board's decision to revoke since the District Board's January 30, 2026 decision to revoke was based the November 4, 2025 Notice of Intent to Revoke, which contained substantial evidence to support revocation.

The issue that was before the SCBOE was therefore narrow and well-defined. The question was not whether HCCS made efforts toward compliance, nor whether alternative conclusions could be drawn. The question was and is whether substantial evidence in the record supports the District's findings that HCCS failed to remedy the violations and fiscal mismanagement findings identified in the Notice of Violation.

Across multiple violations, the evidence reflects a consistent pattern: HCCS acknowledged noncompliance, proposed plans contingent on future approvals or future actions, and, in several instances, continued the very conduct that gave rise to the violations. While District Staff, in some instances, recommended that progress toward compliance could support a determination that the violation was remedied, the District Board, consistent with its statutory authority, determined that actual, demonstrable remediation had not been achieved.

Under Education Code Section 47607, that determination is the legally operative one. The District Board is not required to accept assurances of future compliance in place of evidence of actual remediation. Rather, it must determine whether the violations were, in fact, remedied. The District Board reasonably concluded based on substantial evidence that they were not.

D. Grounds for Revocation are Supported by Substantial Evidence

1. Removal and Replacement of Board Members and Executive Leadership in itself Did Not Constitute a Cure or Remedy

For all of the violations at issue, HCCTS asserts that the removal of all its prior Board of Directors members constitutes a cure or remedy. It should first be noted that HCCTS failed to secure an entirely new Board of Directors. Additionally, that assertion is fundamentally flawed because changes in governance structure, standing alone, do not correct the underlying operational, fiscal, and compliance failures that gave rise to the violations. While replacing the HCCTS Board may constitute a forward-looking governance change, it does not retroactively remedy prior decision-making failures, remedy deficient internal controls, or restore missing documentation and accountability.

Indeed, replacing the HCCTS Board of Directors does not address the absence of effective operational oversight, the lack of transparency in prior decision-making, or the failure to ensure compliance with HCCS' Charter and applicable legal requirements. Nor does it remedy the fact that unauthorized, unsupported, or unreasonable expenditures were made.

Furthermore, the wholesale replacement of the HCCTS Board introduces additional concerns regarding institutional capacity and continuity of oversight. Newly seated HCCTS Board members necessarily require significant time to become familiar with the organization's operations, fiscal systems, legal obligations, and compliance framework. Effective governance is developed through sustained onboarding, training, and experience, and cannot be immediately assumed upon appointment. As a result, the asserted "remedy" not only fails to correct past violations, but also creates a period of heightened risk in which the organization may lack the experienced oversight necessary to ensure compliance. At best, this approach is speculative as a corrective measure; at worst, it introduces additional instability and oversight risk at a time when heightened accountability is required.

HCCTS similarly asserts that the appointment of new executive leadership effectively cures or remedies the identified violations. That assertion is equally unavailing. While changes in executive leadership may be appropriate as a prospective governance measure, they do not negate the organization's responsibility for ensuring that violations are corrected within the applicable remedy period, nor do they erase the underlying noncompliance that occurred under prior administration.

The statutory cure framework requires HCCS, not any individual administrator, to demonstrate that identified violations have been remedied with verifiable evidence of compliance. Accordingly, the replacement of executive leadership does not establish that fiscal mismanagement has been corrected, or that required internal controls have been implemented and operationalized, or that deficient oversight practices have been remedied. Furthermore, it does not provide evidence that past noncompliance has been reconciled, reviewed, or brought into conformity with HCCS' Charter and appliable legal requirements.

To the contrary, new leadership inherits both the obligations and the deficiencies of the organization at the time of transition. While new administrators may be positioned to implement corrective action moving forward, their appointment does not retroactively cure violations that occurred during prior years, nor does it substitute for documentation demonstrating that remedial actions were actually implemented and effective within the required remedy period.

Moreover, reliance on leadership turnover as a "cure" improperly shifts the focus away from the central inquiry under Education Code section 47607, whether HCCS itself remedied the violations within the prescribed remedy period. Allowing leadership changes to serve as a substitute for demonstrated compliance would undermine the purpose of the statutory accountability framework and permit ongoing noncompliance to be excused through personnel changes alone.

Accordingly, HCCTS' reliance on starting over with a new Board of Directors and appointment of new executive leadership as a purported remedy is insufficient and inconsistent with the purpose of the statutory remedy process, which requires demonstrable correction of identified violations, not merely structural change without evidence of actual remedial action. The District's findings remain grounded in whether the violations were actually remedied, not whether new personnel were installed after the fact.

2. Violation of Charter – Grade Level Changes

The District was not required to consider materials submitted after the September 26, 2025, remedy period had lapsed, and Staff findings adopted by the District Board in support of revocation are set forth in the Notice of Intent to Revoke. (HCCS AR 1223.) Even if considered, HCCS' additional submissions further substantiated those findings and confirmed that the violation was not remedied and was continuing.

Substantial evidence in the record supported the District's finding that HCCS committed a material violation of the Charter by expanding grade levels without obtaining an approved material revision. Substantial evidence in the record also supports the fact that the violation was not remedied.

HCCTS expressly acknowledged the violation, stating it would "…take responsibility for not following the proper procedures." (HCCS AR 6472.) This admission alone constituted substantial evidence supporting the District's finding.

The record further reflects that HCCTS was aware of the need to address the violation as early as June 2024. (HCCS AR 6472.) The District issued a Notice of Violation on June 17, 2025, and required submission of all materials, responses, and evidence by September 26, 2025. The Notice of Violation was issued approximately two months before HCCS's first day of school (August 14, 2025). HCCS had ample time before the start of the 2025-26 year to comply with the terms of its Charter. Instead, HCCS chose to perpetuate the violation by enrolling students into 9th and 10th grade as evidenced in multiple citations, including, but not limited to the Instructional Requirements Report that outlined instructional minutes for 9th -12th grade. (HCCS AR 7526.) HCCS made the decision to submit a remedy plan that would require an approved material revision rather than complying with the terms of its Charter.

Between September 26, 2025 and January 2, 2026 HCCS submitted three (3) material revision requests. The first material revision request was submitted on September 29, 2025, although an incomplete submission was received on September 26, 2025. (HCCS AR 6528.); the second submitted on October 10, 2025 (HCCS AR 7748.); and the third submitted on January 2, 2026 (HCCS AR 5266).

The material revision requests submitted on September 29 and October 10 constituted essentially entirely new petitions (HCCS AR 7747), as it left very little of the original Charter content intact. HCCTS actually submitted two material revision requests on October 10, one for CICA and another for HCCS. While HCCTS has indicated that the District requested they withdraw the October 10 Material Revision requests, the decision to withdraw a Material Revision request lies solely with the charter. Although not required, on December 16 and 18 the District met with HCCTS staff to inform them of multiple errors and issues that would prevent a staff recommendation for approval. Notably, the petition failed to include metrics that were measurable and achievable, failed to include the required Physical Fitness Assessment for 9th grade, and failed to show that the program was likely to be successfully implemented. Once informed of these failures, HCCTS elected to withdraw the request. The late submission of these requests after the conclusion of the remedy period had expired, did not allow sufficient time for the entire material revision process, which required the District to conduct a full petition review, provide feedback through redline versions, and conduct a second review of the updates, before a determination regarding the violation would be made in January 2026. Outlined below are the dates and activities/actions completed for the review of the material revision requests submitted on October 10.

Date	Activity/Action
October 10	HCCTS re-submitted material revision requests for both schools (CICA and HCCS)
October 10 – October 15 (3 work-days)	TRUSD legal counsel and staff reviewed petitions to ensure they were complete.
October 16 to November 19 (23 work-days)	TRUSD staff and legal counsel conducted the initial review of both material revisions and sent redline versions to HCCTS for edits (November 19).
November 20 – December 2 (12 business-days)	HCCTS edited and returned the material revision requests asserting that all required changes were included.
December 3 – December 15 (9 work-days)	TRUSD staff and legal counsel conducted a second review to ensure all required changes were included. This review found that both petitions failed to address all required changes including, but not limited to compliance with physical fitness assessment (HCCS Response p 5985). In this instance, HCCS specifically stated they would not implement the required assessment.
December 16 and 18	HCCS and TRUSD met via zoom on both days to discuss the changes that HCCTS failed to make in the petitions.
December 19	HCCTS formally withdrew both petitions and stated intent to re-submit material revision requests that only addressed the violation of locations.

Valuable time was lost during this time because HCCS waited until December 19, 2025, to pivot from the material revision to identifying actual steps toward compliance. As outlined below, the record reflects that HCCTS proposed multiple grade-level transition plans between December 2, 2025 and January 2, 2026. However, these plans did not bring HCCS into compliance with its Charter. HCCS continues to serve students in 9th and 10th grade to date.

In the first transition plan, presented on December 12, 2025 (HCCS AR 5010), HCCTS proposed mass moving all students currently enrolled in 9th and 10th grades into 12th grade. However, this plan would have constituted another material violation because it ignored the process described in the Charter for moving students into grade 12. The Charter outlines a structured, data-driven process for student progression into high school (i.e., 12th grade) and includes specific assessment criteria for the transition. (HCCS AR 1282, under header "Re-designation".) The proposed transition plan did not reflect the described process but instead contemplated placements inconsistent with the Charter. This demonstrates that the proposed plan did not align with the Charter requirements and therefore was not remedied.

In the second transition plan submitted on January 2, 2026, HCCS proposed an alternative approach in which returning students would be enrolled into 9th and 10th grade. This proposal would have perpetuated the violation. Specifically, HCCTS' plan stated, "…students of Highlands who were previously placed in grades 9 or 10 and are now on the waitlist seeking to return would be placed in the appropriate high school grade level (e.g., in grade 9 if they started but had not yet completed 9th grade, or in 10th grade if they previously completed 9th grade or in 12th grade if they have transitioned from 9th and 10th grades)." (HCCS AR 5252.) This proposal contemplated continuing to enroll students in grade levels not authorized under HCCS' Charter and therefore also demonstrated that the violation was not remedied.

The District received a third grade-level transition plan, submitted on January 9, 2026. (HCCS AR 5248-5249.) In this third plan, HCCTS proposed to postpone full compliance with the Charter until "July 1, 2026." While this third plan asserted future compliance, the District had previously notified HCCTS in the Notice of Intent to Revoke (HCCS AR 1223) that assertions without evidence did not demonstrate compliance.

HCCTS asserts that the District's revocation findings are not supported by substantial evidence because District staff indicated during the January 27, 2026, Board meeting that this violation could be considered remedied. However, the record reflects that despite Staff's recommendation related to this violation, the District Board did not accept this recommendation and ultimately determined that substantial evidence supporting the Board's conclusion that the violation was not remedied.

Taken together, HCCTS' admission, the sequence of proposals, revisions, and withdrawals; timelines reflecting delayed and incomplete action; and the transition plans that did not align with the Charter, constitute substantial evidence supporting the District Board's finding that HCCS committed a material violation and the violation was not remedied. Regardless of whether the material revision request submitted to the District related to this Charter violation was denied by the Board, the fact remains that this violation had not been remedied by the time the remedy period had lapsed and District Staff and the Board found that HCCS' proposed remedial action did not sufficiently address this violation.

As stated in the Notice of Intent to Revoke, "The HCCS Response failed to provide any evidence or information as to how the Charter School will transition to approved grades in order to ensure compliance with the current Charter or to add 11th grade (should the material revision be approved). The HCCS Response failed to provide any plans, timelines, or actions that will be taken in order to transition from the current structure to the approved grade levels." (HCCS AR 1206, HCCS.)

3. Violation of Charter – Location Changes

As stated above, the District was under no obligation to consider evidence submitted after the September 26, 2025, remedy period had lapsed, and Staff findings adopted by the Board in support of revocation are set forth in the Notice of Intent to Revoke. (HCCS AR 1224-1225.) Even so, a review of HCCS' additional submissions further substantiates those findings and confirms that the violation was not remedied.

Substantial evidence in the record supports the District's finding that HCCS committed a material violation of the Charter and MOU Amendment No. 3 by expanding operations to additional locations and/or relocating existing locations, including satellite facilities or resource centers, without obtaining an approved material revision. Substantial evidence also supports the District's finding that this violation was not remedied.

HCCTS expressly acknowledged the violation, stating: "Highlands acknowledges that in the past, locations were opened or relocated without first completing the formal material revision process required by the MOU. This was a failure of compliance, and we take responsibility for it." (HCCS AR 6473.) This admission alone constitutes substantial evidence supporting the District's finding.

The record further reflects that HCCTS was aware of the need to address the violation as early as June 2024. (HCCS AR 6472.) The District issued a Notice of Violation on June 17, 2025, and required submission of all materials, responses, and evidence by September 26, 2025. Since the Notice of Violation was issued before the first day of school for the 2025-26 year (August 14, 2025), HCCS had nearly two months to identify student-serving locations that complied with the terms of the approved petition and MOU. Instead, HCCTS chose to perpetuate the violation by utilizing locations that were not approved. HCCS made the decision to submit a remedy plan that would require an approved material revision rather than complying with the terms of the approved Charter.

During the December 2, 2025, District Board meeting, HCCTS representatives confirmed that HCCS was still operating at unapproved locations, making commitments to return to the approved sites if the proposed material revision request was denied. HCCTS representatives further indicated that future location decisions could be made from among any approved sites. HCCTS did not provide actionable plans or information as to which sites they were referencing. (HCSS AR 8435, December 2, 2025, Board Meeting Video, Minute Marker 0:58:00–1:01:24.) This evidence reflects that HCCS continued operating at unapproved locations and openly refused to identify the sites they intended to return to, if the material revision were denied.

As stated above regarding the grade-level violation, HCCTS submitted three (3) material revision requests between September 26, 2025 and January 2, 2026. The first material revision request was submitted on September 29, 2025, although an incomplete submission was received on September 26, 2025 (HCCS AR – 6528, HCCS Appeal, p. 6564); the second on October 10, 2025 (HCCS AR 7748); and the third submitted on January 2, 2026 (HCCS AR 5266). These submissions show a clear pattern in which HCCS expended significant time and energy trying to get approval for violations, rather than taking action to ensure compliance.

The third, and final proposed material revision request was not submitted until January 2, 2026, and was denied on January 13, 2026. In this final request, HCCS proposed, through a material revision, to operate at 17 locations (14 student serving locations and 3 administrative locations). HCCS provided verbal commitments to return to approved locations if the revision request was denied. (HCCS AR 5004.) The record reflects that HCCS was occupying all fourteen (14) student serving locations. Of these 14 locations, HCCS was approved to operate at thirteen (13). The only location that HCCS needed to vacate in order to be compliant with MOU Amendment No. 3 was 10013 Folsom Blvd, Sacramento, CA 95827 (see table below).

*Approved	Address
YES	33rd St. 2520 33rd St, Sacramento, CA 95817
YES	37th Ave. 3301 37th Avenue, Sacramento, CA 95824
YES	Boxwood St. 2260 Boxwood Street, Sacramento, CA 95815
YES	Center Pkwy. 7839 Center Parkway, Sacramento, CA 95823
YES	College Oak Dr. 4545 College Oak Drive, Sacramento, CA 95841
NO	Folsom Blvd. 10013 Folsom Blvd, Sacramento, CA 95827
YES	Franklin Blvd. 5961 Franklin Blvd, Sacramento, CA 95824
YES	1333 Grand Avenue, Sacramento, CA 95838
YES	Howe Ave. 1111 Howe Avenue, Sacramento, CA 95825
YES	Industrial Pkwy. 8180 Industrial Parkway, Sacramento, CA 95824
YES	Marconi Ave. 3727 Marconi Ave, Sacramento, CA 95821
YES	Old Auburn Rd. 7817 Old Auburn Road, Citrus Heights, CA 95610
YES	800 Todhunter Ave., West Sacramento, CA 95605

**Approved locations are listed in MOU Amendment No. 3 is at HCCS AR 318-319.*

After the material revision request was denied on January 13 and during a presentation to the TRUSD Board on January 27, 2026, HCCTS provided two conflicting statements regarding the location violation:

a. HCCTS asserted it had submitted plans that, once implemented would cure the violation. Specifically, HCCTS represented that, "HCCS has submitted formal plans to cure alternatively" as noted at the bottom of the presentation slide for grade-level and location violations (HCCS AR 5234.)

b. HCCTS also represented that HCCS had "…returned to the locations approved in MOU Amendment No. 3" (HCCS AR 5236.)

However, District Staff noted that rather than confirming that HCCS had vacated from the 10013 Folsom Blvd. location, HCCTS assured that HCCS was in the process of "moving to locations that are approved." (HCCS AR 2481.) The record does not include a termination agreement for the 10013 Folsom Blvd location or even communications between HCCS and the landlord (Buzz Oates Management Services) to indicate the site has even been vacated. Evidence that HCCS had vacated from the location was absolutely necessary to ensure compliance, especially with assertions made by HCCTS on January 13, 2026, that they would move from unapproved locations.

Taken together, HCCTS' admission, its continued operation at the unapproved location, and the absence of a defined and implemented plan to return to approved sites within the time provided, constituted substantial evidence supporting the District's finding that HCCS committed a material violation of its Charter and failed to remedy that violation.

4. Violation of Law – Failure to Submit Annual Independent Audit Report

While the remedy period lapsed on September 26, 2025, and the District's operative findings regarding this violation are those contained in the Notice of Intent to Revoke (HCCS AR 1226), the following also addresses HCCS' post-remedy period submissions. As shown below, those additional submissions do not alter, and in fact further support the conclusion that the violation was not remedied.

Substantial evidence in the record supports the District's finding that HCCS committed a violation of law for failure to submit the independent audit report. Substantial evidence also supports the District's finding that this violation was not remedied.

HCCTS expressly acknowledged the violation, stating: "Highlands acknowledges that the 2023–24 audit has not yet been submitted to TRUSD and that multiple deadlines were missed. (HCCS AR 6475.) This admission alone constitutes substantial evidence supporting the District's finding.

The District's decision to proceed with revocation of HCCS' Charter is supported by substantial evidence demonstrating that HCCS failed to remedy the violation of law - the requirement to submit a valid independent financial audit. Although the Charter School ultimately submitted a 2023–24 report on January 2, 2026, the report did not result in an unqualified or even qualified opinion. Instead, the auditor (Eide Baily) issued a disclaimer of opinion, indicating an inability to obtain sufficient appropriate evidence to form any conclusion regarding the reliability of the financial statements.

Eide Bailly provided a letter dated December 31, 2025 (HCCS AR 5628-5629) in which the auditor clearly indicated that the 2023-24 report does not constitute a compliant audit and confirms the absence of any reliable financial review. In the auditor's letter to the HCCTS Board of Directors, Eide Bailly stated:

> "Our responsibility is to conduct an audit in accordance with auditing standards generally accepted in the United States of America and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements." (HCCS AR 5629.)

An audit, by definition, culminates in an opinion supported by sufficient and appropriate evidence. Here, the auditor explicitly disclaimed that HCCS did not provide such evidence and, therefore, no opinion could be rendered. As a result, the report provides no assurance as to the accuracy, completeness, or reliability of the HCCS's financial statements.

In effect, the report submitted is equivalent to not completing an audit at all. The auditor did not validate the financial records, did not reach any conclusions regarding their fairness, and did not provide the fundamental assurance required under law. Instead, the report affirmatively establishes that the auditor could not perform the core function of an audit. Under these circumstances, the District reasonably concluded that HCCS failed to meet its statutory obligation to submit the 2023-24 independent audit conducted in accordance with generally accepted auditing standards.

Compounding these concerns, the audit expressly conveyed the auditor's "substantial doubt" about the organization's "ability to continue as a going concern." (HCCS AR 5628.) These findings reflect a fundamental breakdown in fiscal management and internal controls, leaving the District without any reliable basis to assess the Charter School's financial condition. Education Code section 47607 requires that revocation decisions be supported by substantial evidence, defined as evidence that is reasonable, credible, and of solid value. Here, the record contains substantial evidence that HCCS did not satisfy its legal obligation.

While HCCTS' remedy plan included a commitment for timely submission of the audit report in the future, HCCS has failed to follow-through with this commitment. As of the date of this Appeal to the SBE, HCCTS has not submitted their 2024-25 audit, which was due December 15, 2025. This fact was shared with the SCBOE in response to an inquiry by SCBOE Trustee Keefer about the status of the audit the May 19 meeting. (HCCS AR 8413, Transcript p. 145:13-21.) It was also clarified to the SCBOE in response to an inquiry by Trustee Lefkovitz during the May 19 meeting, that it was not enough for HCCTS to "submit" an audit report – the obligation is to submit a valid audit that met all the requirements of an audit, and the report submitted by HCCTS did not meet the requirements since an opinion was not expressed. (HCCS AR 8410, Transcript p. 142:17-20.)

This fact clearly illustrates that the TRUSD Board appropriately found that HCCS failed to sufficiently remedy this violation of law. As identified by District Board President Jefferson during the November 4, 2025, Board meeting, "There has to be a process where we can get Highlands Charter into compliance because this has been ongoing for more than a year." (HCCS AR 8434, November 4, 2025, Board Meeting Video, Minute Marker 2:13:01.)

Furthermore, should the SCBOE conclude that substantial evidence in the record supports the District's findings as any one of the grounds for revocation, that determination compels the SCBOE to affirm/uphold the District's revocation decision. Since the record incontrovertibly reflects that to date HCCS remains in violation of the legal requirement to submit the independent audit report for 2024-25, the SCBOE should have affirmed/upheld the District Board's decision to revoke HCCS' Charter for violation of law.

Accordingly, the District has determined that HCCS failed to refute this violation to the satisfaction of the District or remedy this violation. Moreover, the District acted within its oversight authority and duty to protect public funds and ensure compliance with applicable law. Accepting a no-opinion audit as sufficient would be inconsistent with legal requirements and impair our ability as authorizer to conduct meaningful fiscal oversight.

5. **Violation of Law – Failure to Track Minimum Instructional Minutes**

In making its decision to revoke HCCS' Charter based upon this violation of law, the District Board incorporated the findings set forth in the Notice of Intent to Revoke, which reflect the District's final determination at the close of the remedy period. Those findings are supported by substantial evidence in the record and are reproduced below for SCBOE's reference and consideration:

While HCCS in its Response to the NOV references a pending decision from the Education Audit Appeal Panel regarding the State Auditor's Report, the District notes that the NOV neither cited nor relied upon any findings from the Auditor's Report. (HCCS AR 8222-8224.) As outlined in the NOV, the District's conclusions were based on direct observations made during site visits and corroborating evidence identified in the District commissioned Attendance Audit finalized in January 2025.

> In Exhibit AI of the HCCS Response, HCCS included a student calendar for the 2025-26 school year. Many of the teacher work days and student minimum days were missing from the calendar. On October 8, 2025 the District sought clarification regarding the discrepancies. HCCTS apologized for the confusion and provided a second calendar, stating that the updated version was correct. A subsequent communication from HCCTS on October 13, 2025 provided a third calendar. HCCTS indicated that they had made another error and they were intending to bring the most recent (October 13) calendar to the HCCTS Board the following week. To-date, HCCTS has not provided the District with the final, HCCTS Board approved student calendar.
>
> The HCCS Response indicates that the Charter School is partially relying on the decision made by the Education Audit Appeal Panel to fully cure and/or remedy this violation. Therefore, the District cannot make the determination that this violation has been remedied or cured without the final determination regarding the EAAP appeal.
>
> Although the District acknowledges the level of detail in the HCCS Response and the reported efforts to increase student engagement, the core issue remains unresolved: students cannot be required to attend at least 80% of the time when classroom capacity does not accommodate all students listed on a teacher's roster. The HCCS Response failed to include documentation verifying classroom capacity, student-to teacher ratios, or teacher rosters/records necessary to confirm that enrollment does not exceed facility limitations.
>
> The NOV further cited observations of students being sent home with packets and others arriving and leaving intermittently without remaining for instruction. HCCS provided no evidence that these practices have been corrected, communicated to staff, or are being actively monitored for compliance. The District finds that the submission of revised Board Policies, absent corresponding evidence of implementation or oversight, is insufficient to demonstrate that corrective actions have occurred.
>
> Accordingly, HCCS's assertions remain unsupported by verifiable evidence. Therefore, the District has determined that HCCS failed to refute or remedy this violation to the satisfaction of the District.

(HCCS AR 1227-1228.)

6. Violation of Law – Violation of WIOA Exclusive Partnership Agreement

The District Board's final decision to revoke for violation of the WIOA exclusive partnership agreement is grounded in Staff's findings contained in the Notice of Intent to Revoke, which documents the District's findings as of the close of the remedy period and were incorporated by the District Board in support of its decision. These findings constitute the evidentiary basis for the District's action. The pertinent Notice of Intent to Revoke language is provided below for the SCBOE's reference and consideration.

> The HCCS Response acknowledges that prior practices violated the requirements of WIOA, which mandates that instruction be provided exclusively in partnership with WIOA programs. In the HCCS Response, HCCTS restated actions taken prior to the issuance of the NOV and asserted a commitment to correcting past errors and ensuring future compliance. However, the three (3) exhibits submitted were identical to those previously provided to the District and did not offer any new or substantive evidence to refute or remedy the violation.
>
> Due to the absence of additional supporting documentation, the District finds that this violation remains unremedied. Furthermore, the District notes material inconsistencies between statements provided by the CTE Instructor and representations made in the HCCS Response. Accordingly, the District has determined that HCCS failed to refute or remedy this violation to the satisfaction of the District.

(HCCS AR 1231.)

7. Engaged in Fiscal Mismanagement – San Diego Administrative Location

While the remedy period lapsed on September 26, 2025, and the District's operative findings regarding this violation are those contained in the Notice of Intent to Revoke (HCCS AR 1232), HCCS' post-remedy period submissions further demonstration that the violation was not remedied.

Substantial evidence in the record supports the District's finding that HCCS engaged in fiscal mismanagement by securing a site at 406 9th Avenue, Suite 310, San Diego, CA 92101 ("San Diego site"), which constituted a significant and inappropriate expenditure of public funds. The location is advertised as a 1,068 square foot condominium that "Includes a dedicated balcony with unparalleled views of Petco Park", a Major League Baseball stadium. This facility was located nowhere near HCCS students. (HCCS AR 4634-4636.)

HCCTS expressly acknowledged the violation by stating that the decision "was a misstep that does not align with our mission or our responsibility to ensure all expenditures directly benefit students." (HCCS AR 4854.) This admission alone constitutes substantial evidence supporting the District's finding.

The record further reflects that the District Board articulated concerns regarding both the nature of the expenditure and the lack of a plan to address this misuse of public funds. During the December 2, 2025, Board meeting, District Board Trustee Elkarra stated: "I understand it was to expand into the San Diego region, but my understanding is that this was, like, a penthouse, like, overseeing the baseball stadium. It was a very expensive suite, you know, why not just rent an office space somewhere in San Diego? Why, you know, spend so much money…" (HCSS AR 8435, December 2, 2025, Board Meeting Video, Minute Marker 2:43:29.)

Separately, District Board Trustee Baker directly raised the issue of financial remediation, asking "How the taxpayers are going to get that money back…", and further stating that this was an essential question he was "...going to need to be addressed." (HCSS AR 8435, December 2, 2025, Board Meeting Video, Minute Marker 1:31:42.) In response to Trustee Baker's question regarding recovery of funds, HCCTS legal counsel stated: “They're not. They're not gonna get it back.” (HCSS AR 8435, December 2, 2025, Board Meeting Video, Minute Marker 1:32:07.) This response demonstrates that HCCTS declined to pursue or even consider a path to possibly recoup the improperly expended public funds. As a result, HCCTS failed to identify a remedy reasonably calculated to address the fiscal violation.

Although HCCTS leadership asserted that they could not “go back in time” to address past expenditures, the record shows that HCCTS has taken a dramatically different position in similar circumstances involving expenditures it later determined to be improper. HCCTS has openly declared that it has sought repayment from individuals who participated in travel and Professional Development opportunities, that had originally been approved by HCCTS, but was later determined to have been inappropriate. HCCTS acknowledged taking such steps in other contexts, stating:

> “I can tell you, though, that with regard to some expenses, the school has sent letters. Asking for money to be **<u>returned to the school</u>**. And specifically, that relates to the trip to Hawaii and the trip to Paris that occurred. Jonathan personally sent the letters to the individuals who went on those trips, **<u>demanding they return</u>** **<u>that money.</u>**” (HCSS AR 8435, HCCS Appeal HCCS2501, December 2, 2025, Board Meeting Video, Minute Marker 1:34:04.)

These efforts to recover past spent funds for expenditures that were previously approved by HCCTS, demonstrate an understanding that improper expenditures may require affirmative corrective measures beyond simply discontinuing the underlying activity. These actions undermine HCCTS's assertion that remedying fiscal mismanagement is impossible because funds have already been spent or because they are cannot “go back in time”. Although these actions demonstrate HCCTS recognized that seeking repayment is a viable means of addressing improper expenditures, HCCTS leadership did not propose or pursue a comparable remedy to address the funds expended on the San Diego site.

The District informed HCCS of its failure to remedy the violation as described in the November 4, 2025 Notice of Intent to Revoke: “The District notes that considerable public funds were expended on a facility that has not been used to serve HCCTS students, and no evidence has been provided to demonstrate that these expenditures have been appropriately addressed, mitigated, or remedied. Although the District recognizes the actions taken to reduce ongoing costs, this violation remains unresolved.” (HCCS AR 1232.)

On January 2, 2026, HCCS provided a remedy plan with an explanation of the evidence they had submitted to address the violation. (HCCS AR 5874-5876.) The remedy plan focused exclusively on the San Diego lease agreement and promises of future compliance through updates to HCCTS board policies. HCCS did not present corrective actions directed at restoring misused public funds or otherwise mitigating the fiscal impact.

Recent evidence supports that this remedial measure was not effective in addressing the violation. In fact, the District has recently observed that during HCCTS’ March 26, 2026, meeting, it bypassed one of those newly adopted board policies altogether. Specifically, the agenda said that they were waiving Board Policy 3310 for three (3) contracts. BP 3310 is the Purchasing and Vendor Selection Policy that HCCTS submitted as part of its remedy plan promising future compliance. Together, those three (3) contracts equated to more than $272,000. Here, about two months after the revocation process ended, HCCTS is circumventing their own internal policies, which were intended as a fiscal safeguard to remedy the ground for revocation. (HCCS AR 8301-8302, Transcript pp. 33:17-34:4.)

During the January 27, 2026, District Board meeting, District Staff presented its findings and recommendation regarding this fiscal mismanagement basis to revoke. (HCCS AR 2482.) The presentation shows that staff found that HCCS had terminated or bought out the lease (addressing the cessation of future expenses), adopted or revised board policies (which included requirements already outlined in law), and updated the fiscal policies and procedures manual (promises of future compliance). District Staff represented that they believed the violation could be considered remedied because HCCTS addressed the issue of ongoing expenditures and promised to comply with law moving forward. However, Staff did not find that HCCS had addressed the misspent funds. The District Board ultimately disagreed with Staff's recommendation related to this fiscal mismanagement ground to revoke, concluding that the fiscal harm had not been addressed, and that HCCS failed to remedy the violation as no attempt was made to return the misused public funds.

HCCTS's chosen course of action was limited to a two-month early lease termination which failed to address the core issue identified by the District - the improper expenditure of public funds and the absence of accountability for those funds. HCCTS' failure to explore any potential avenue for restitution or mitigation substantially supports the Board's determination that the violation remained not sufficiently remedied. Accordingly, the District Board's determination to revoke HCCS' Charter is supported by substantial evidence and reflects a rational and appropriate exercise of its oversight responsibility to ensure fiscal accountability and protect against the inappropriate use of public funds.

8. Engaged in Fiscal Mismanagement – Marysville 2 Baseball Field

As stated above, the District was under no obligation to consider evidence submitted after the September 26, 2025, remedy period had lapsed, and Staff findings adopted by the Board in support of revocation are set forth in the Notice of Intent to Revoke. (HCCS AR 1233.) Even so, a review of HCCS' additional submissions after the remedy period had lapsed, further substantiates those findings and confirms that the violation was not remedied.

Substantial evidence in the record supports the District's finding that HCCS engaged in fiscal mismanagement and misuse of public funds related to the Marysville baseball field location. Substantial evidence also supports the District's finding that the violation was not remedied.

HCCTS expressly acknowledged the violation, stating that the decision was "unsound and did not reflect appropriate planning or stewardship of public resources." HCCTS further admitted that "Entering into the lease and purchasing equipment were poor decisions that created the appearance - and in practice, the reality - of fiscal mismanagement." (HCCS AR 4855.) This admission alone constitutes substantial evidence supporting the District's finding.

The record reflects that HCCS and the City of Marysville entered into a questionable agreement. (HCCS AR 7660-7661.) This agreement obligated HCCS to make monthly rent payments starting at $2,000 per month but did not provide HCCS with access to the baseball field. Instead, it obligated HCCTS to assume extensive financial and operational responsibilities. The only access to the facility as described in the agreement was limited to "Other Reserved Events." There is no other provision that described any other access to the facility for HCCS students and/or staff.

Specifically, the agreement states "Lessee shall have the right to book, promote, sponsor and/or stage Other Reserved Events on condition that Lessee provide City a **minimum of 60 days advance notice** of Lessee's proposed Other Reserved Event and obtains the City's consent to same, which consent will not be unreasonably withheld." (HCCS AR 7659.)

While the language restricted access to the facility, it also imposed broad financial obligations on HCCS, including responsibility for capital repairs and major systems: "Lessee is Responsible for all Aspects of Maintenance and Repair…These maintenance obligations are ongoing. Lessee shall be responsible for all aspects of maintenance and repairs to include without limitation any capital repairs and major maintenance of the Property and all City owned capital facilities therein." (HCCS AR 7660-7661.) These obligations included, but were not limited to:

- **Regular Maintenance -** "…be responsible for regular maintenance… seats, public lavatories and restroom facilities, regular and routine maintenance of the HVAC, plumbing, electrical, water, sewage and onsite drainage systems." (HCCS AR 7660-7661.)
- **No "Wear and Tear" Considerations** - The facilities must be "…in at least as good or better condition at the end of this Agreement…Lessee's obligations of maintenance, replacement and repair shall not take into consideration 'reasonable wear and tear'. To the contrary, Lessee's obligations require Lessee to maintain and repair the Property and all City-owned capital facilities at all times so as to negate the effects of 'ordinary wear and tear'." (HCCS AR 7661.)
- **Structural Repairs, Plumbing, and Electrical -** "Lessee is responsible for capital replacement and repairs of the structure, structural members, foundations, footings, roof, balconies, floors, columns, steps, ramps, doors, windows, walls, fixed stadium seats and seating areas, fixed concession areas, water and plumbing systems, electrical systems and electrical lights (including light standards and field lighting/ballasts), pipes and mains, sidewalks, fencing, parking surfaces, the scoreboard and all integral components of the foregoing and all fences and fencing. Such major maintenance and repair responsibilities Lessee apply whether the major maintenance or repair is ordinary or extraordinary, foreseen or unforeseen, necessitated by wear and tear, obsolescence, or any other cause." (HCCS AR 7661.)
- **Taxes/Levies -** "Lessee shall pay any possessory interest tax levied against the Property by the Assessor of Yuba County. Any taxes owing as a result of the private or commercial use of the Property are the sole expense of Lessee, including any subsequent taxes, levies or increases to existing taxes to which Lessee or its affiliates would be subject." (HCCS AR 7767.)

The record reflects (HCCS AR 4690-4695) that between May 2023 and January 2025, HCCS expended approximately $228,305 in public funds related to the baseball field.

- 99,276.95 in maintenance and repairs
- $21,050.00 in OSHA-related corrections
- $23,206.25 in utilities

- $30,477.66 in field use fees (this in addition to monthly rent)
- $44,087.81 in rent.

The record further reflects inappropriate transactions associated with the facility, including a $25,000 donation characterized as a "sponsorship" (HCCS AR 1027); a termination agreement requiring payments exceeding $33,000 through April 30, 2026; and the transfer of publicly funded equipment valued at more than $52,000 to the City of Marysville for $1 (HCCS AR 4604-4606). This evidence further supports the District's finding that public resources were used in a manner inconsistent with prudent fiscal management and that considerations for a method to make the taxpayers whole was never a consideration for HCCTS.

With respect to its asserted remedy to address this ground to revoke, HCCS points to the termination agreement that required lease through April 30, 2026, the adoption of new HCCTS board policies, and implementing leadership changes.

The termination agreement HCCTS entered into with the City stated, "City shall continue to receive payment equal lease payments from Lessee from December 1, 2024, through April 30, 2026, in the amount of $33,639.80. (HCCS AR 4604.) By signing this agreement, HCCS committed itself to continued financial obligations through the end of April 2026.

While HCCTS has adopted policies related to this violation, the addition of HCCTS authored policies does not provide evidence of achieved compliance and does not address recovery of expended funds or demonstrate implementation of enhanced fiscal controls sufficient to prevent similar expenditures in the future.

The record reflects that HCCS did not take action or make any attempt to recover or reimburse the public funds expended under the agreement. As referenced above, the District Board expressed significant concern with the misuse of public funds and inquired about how HCCTS would address these expenditures (HCSS AR 8435, December 2, 2025, Board Meeting Video, Minute marker 1:31:42.) By declaring that the taxpayers are "not going to get it back" (HCSS AR 8435, December 2, 2025, Board Meeting Video, Minute Marker 1:32:07), HCCTS discarded the concerns expressed by the District Board, opting for a remedy plan that essentially consisted of promises of future compliance.

Taken together, HCCS's admission, the terms of the facility agreement imposing substantial financial obligations with limited educational access or benefit, the waste of significant public funds, the transfer of publicly funded assets for nominal value, and the failure to make any attempts at making taxpayers whole, constitutes substantial evidence supporting the District's determination that HCCS failed to remedy this failure to remedy this engagement in fiscal mismanagement ground to revoke.

E. Conclusion

The record before the SCBOE contains substantial evidence supporting the District's findings in support of revocation. For each violation, there is substantial evidence on the record that HCCS violated the law, its Charter/MOU, and engaged in fiscal mismanagement, and failed to remedy those violations within the required remedy period (June 17, 2025 – September 26, 2025). In multiple instances, HCCS continued to operate out of compliance, failed to provide required documentation, and relied on assurances of future compliance rather than demonstrating that compliance had been achieved and violations remedied.

HCCS' assertions that progress, intent, or future plans should be deemed sufficient to find that its violations have been remedied is inconsistent with the statutory framework. Education Code section 47607 requires that violations be remedied, not merely addressed through proposed actions or deferred commitments. The District Board properly applied this standard and concluded that based upon substantial evidence HCCS violated the law, its Charter, and engaged in fiscal mismanagement, and that HCCS failed to sufficiently remedy these violations.

While District Staff identified areas of improvement and, with some of the violations recommended that progress made by HCCS could support a finding that the violation had been remedied, the District Board did not accept Staff's recommendation and ultimately determined that the violations were not remedied. That determination and final decision to revoke was within the District Board's lawful authority and discretion and is supported by substantial evidence in the record.

Even when viewed individually, the violations provide substantial evidence supporting revocation. Taken together, the violations demonstrate a broader pattern of noncompliance, including:

- Expanding grade levels without an approved material revision
- Continued operation at unapproved locations;
- Failure to produce a valid independent audit;
- Misuse of public funds without meaningful corrective action; and
- Failure to establish or document compliance with instructional minute requirements.

These are not technical or minor deficiencies, but fundamental failures affecting fiscal integrity, legal compliance, and the District's ability to provide effective oversight.

HCCS was afforded both notice and ample opportunity to remedy these violations. Rather than demonstrating compliance within the remedy period, HCCS elected to pursue alternative strategies, seeking approval after the fact, revising plans, and offering assurances of future compliance. In doing so, HCCS assumed the risk that such efforts would not be sufficient for the District Board to decline to revoke HCCS' Charter, which the District Board ultimately concluded that it did not based on substantial evidence.

The SCBOEs decision to overturn the Districts decision to revoke the HCCS Charter on appeal was in error and must be set aside.

Not only did the SCBOE fail to acknowledge the existence of substantial evidence in support of the Notice of Intent to Revoke which the District Board incorporated in support of its decision to revoke, but given that there was substantial evidence on the record in support of the Notice of Intent to Revoke which was incorporated into the District's decision to revoke, SCBOE failed to make any decision/findings about whether a chartering authority is required to consider post expiration of the remedy period when making a decision whether to revoke.

The record on appeal also indicates that individual SCBOE members, who ultimately voted in favor of overturning the revocation, substituted their judgment for that of the District Board and/or reweighed the evidence in contravention of the substantial evidence standard. For example, one SCBOE Trustee seemingly ignores the guidance provided both verbally and in writing regarding the applicable substantial evidence standard of review stating, "a reasonable person would definitely not take away the ability of Highlands to do their job." (HCCS AR 8419, Transcript p. 151:8-12.) Additionally, another SCBOE Trustee, also appears to ignore guidance, basing her decision on reasons beyond the limits of the substantial evidence standard of review, including her stated interest of not wanting to get in the way of innovation, because she believes the Charter School is serving students that no one else is serving, and to give the Charter School another chance since it "seems like things are turning around." (HCCS AR 8415-8416, Transcript pp. 147:17-25; 148:7-12.)

Therefore, the District respectfully urges the State Board of Education to find that the SCBOE errored when it reversed the District Board's decision to revoke HCCS' Charter and uphold the revocation on appeal.

TWIN RIVERS UNIFIED SCHOOL DISTRICT NOTICE OF APPEAL TO SBE

HIGHLANDS COMMUNITY CHARTER SCHOOL ("HCCS") REVOCATION

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