



WASHINGTON STATE  
*Charter School Commission*  
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March 31, 2015

Board of Directors  
First Place  
172 20<sup>th</sup> Street  
Seattle, WA 98112

RE: Letter of Concern

Dear Board Members:

This letter places First Place, a Washington State based public benefit nonprofit (First Place), on notice that the Washington State Charter School Commission (Commission) has reason to believe that First Place has committed material and substantial violations of material provisions of governing law and First Place's contractual obligations.

If these concerns are founded, First Place has deprived students of: (1) their constitutional right to a basic education, (2) their rights under federal law, and (3) the quality program that was authorized by the Commission and that First Place promised to provide to the educationally vulnerable children in its care. These newly identified concerns have occurred throughout the school year, including while First Place has been on probation and subject to corrective action for, among other things, failing to provide special education services to its students. Because these possible deficiencies directly impact the students at First Place and, if founded, indicate that they are not receiving the education to which they are legally entitled, the Commission has reached out to a number of entities that are poised to provide First Place with resources that will help it provide its students with the education to which they are entitled. The Commission strongly encourages First Place to immediately take advantage of the support and resources that are available to you.

In an effort to ensure that the Commission's ultimate decision regarding these perceived problems is based on accurate information, First Place has an opportunity to supplement the information previously provided to the Commission. Below, the Commission provides First Place with a detailed discussion of the perceived problem and identifies explicit information that it requires to render its decision. This is done in service of First Place and will help to ensure that any decision is based on an accurate understanding of the facts.

First Place has 10 working days within which to respond, in writing, to the perceived problems identified in this letter. See WAC 108-40-030(4)(b).



Failure to provide this information, or any other information requested related to this investigation, will force the Commission to render a decision about the continued operation of First Place on the limited record presented and the information/documentation made available within the established timeline.

**Background**

On November 15, 2013, First Place submitted an application to operate a charter school. The application included a Statement of Assurances signed by Sheri Day, acting as a duly authorized representative of First Place. After the application was approved, First Place and the Commission negotiated a contract that was executed on April 24, 2014, and became effective on September 3, 2014, after First Place informed the Commission that it had satisfied all of the conditions precedent to opening.

On December 16, 2014, First Place was placed on probation, resulting in increased monitoring and the requirement that First Place successfully satisfy its obligations under the Corrective Action Plan. There were several deficiencies that First Place was required to address in the Corrective Action Plan, including First Place's lack of a qualified special education employee or contractor and its failure to provide its students with special education services required by law. The Commission hired a consultant to assist First Place identify students who had not received legally required special education services and develop a plan to provide compensatory services.

First Place submitted a draft compensatory education plan to the Commission on January 30, 2015. The Commission continues to work with First Place to finalize the terms and conditions of the Corrective Action Plan. Furthermore, the Commission continues to monitor First Place to ensure its compliance with its ongoing obligation to enroll and serve all special education students and provide a "free and appropriate education" as required under the charter contract, state and federal law. *See* Charter Contract, Provision 4.4.9 (establishing school must comply with the Individuals with Disabilities Act and Section 504 of the Rehabilitation Act of 1973); *see also* Charter Contract, Provision 4.9.1 (establishing school's enrollment policy cannot discriminate based on special education needs).

The Commission acknowledges the efforts taken by First Place to rectify its prior special education noncompliance; nevertheless, the Commission continues to evaluate First Place's capacity to appropriately serve students with disabilities during the rest of this school year and going forward.

Unfortunately, the Commission became aware of additional concerns beyond those



related to special education enrollment and services. As a result the Commission sent a Letter of Inquiry to First Place on February 2, 2015, requesting information and/or documentation regarding new allegations concerning:

- Deficiencies in services being provided to English Language Learners (ELL).
- Failure to adhere to the essential design elements of First Place’s education program, or, more clearly, failure to satisfy material terms of its education model as First Place detailed and committed to in its charter contract.
- The unlikely financial viability of the school, threatening the school’s ability to continue its operation during this school year and future school years.
- Organizational and governance deficits underscoring First Place’s board’s failure to support/oversee the school in an effective, contractually- and legally-compliant manner.

Making matters worse, the Commission understands First Place knew of these new deficiencies and failures on December 10, 2014, when it received a report issued by SchoolWorks alerting First Place to multiple examples of its contractual and legal noncompliance. Not only did First Place fail to share this third-party report with the Commission, but First Place also disregarded its duty to notify the Commission of the failures documented in the SchoolWorks report—a violation, in and of itself, of explicit provisions of First Place’s charter contract. *See* Charter Contract, Provision 4.7.12 (requiring immediate notification of any known condition that causes First Place’s operations to vary from the terms of the contract, federal and state law).

First Place’s failure to inform the Commission of these documented deficiencies has begun to erode the Commission’s confidence in First Place’s capacity to identify, acknowledge, and remedy its noncompliance. Furthermore, in most instances First Place’s response to the Commission’s February 2, 2015 Letter of Inquiry validated and amplified the Commission’s concerns about the school’s performance and legal compliance.

This Letter of Concern provides First Place one final opportunity to respond to the concerns that have been identified. In an effort to help First Place provide the Commission with the necessary information, the Commission has set forth specific information First Place must provide in response, without limiting First Place’s ability to provide any additional information it believes relevant.

#### *Academic and Educational Program Deficits*

The possible academic and educational program deficits identified below give rise to significant concern for the educational welfare of the students attending First Place. This school serves at-risk youth; many of whom require and are legally entitled to specific



interventions and services in order to ensure their growth and academic success.

The deficits, if confirmed, place these at-risk students at even further disadvantage, deprive them of the education to which they are lawfully entitled, and illustrate First Place's failure to offer key components of the educational program it was authorized to operate. These perceived deficits are particularly troubling given that First Place currently is on probation (and has been since December 2014) and is subject to corrective action for failing to satisfy its contractual, legal, and educational obligations to serve students with disabilities.

**Perceived Problems:**

- **Failure to comply with federal and state law concerning ELL.**
- **Failure to satisfy contractual obligations concerning ELL.**
- **Failure to implement ELL program components established in its charter school application.**

Washington State charter schools: (1) cannot discriminate based on national origin, (2) are required to provide students with a basic education, (3) comply with state and federal laws governing English Language Learners (ELL) education, and (4) "provide resources and support to English language learners to enable them to acquire sufficient English language proficiency to participate in the mainstream English language instructional program." *See* Charter Contract, Provision 4.9.1, Provision 4.4.2(a) and Provision 4.4.8. Charter schools also are required to "employ and train teachers to provide appropriate services to English language learners." Charter Contract, Provision 4.4.8.

ELL students have the right to meaningfully participate in their educational programs and services under both federal and state law. *See* Title VI of the Civil Rights Act of 1964; Equal Educational Opportunities Act of 1974; RCW 28A.150.220(3)(e). ELL students who require transitional bilingual instruction also possess rights as part of Washington's constitutionally mandated right to basic education. *See* Const. art. IX, § 1, 2; and RCW 28A.150.220(3)(e).

Accordingly, charter schools must identify ELL students in need of assistance in a timely manner, provide language assistance services that give ELL students an equal opportunity to meaningfully and equally participate in their education, and have sufficient staff and resources to effectively implement ELL programs.

First Place was aware of its legal obligations when it submitted its application to open a charter school, it expressed an understanding of what ELL students need to achieve academic success, and identified with specificity its methods for identifying and meeting the needs of ELL students who enrolled in First Place.



The Home Language Survey is the first step in identifying ELL. In its application First Place identified the following components of its program for ELL identification, instruction, monitoring, and evaluation:

- A home language survey conducted during “intake, before the child starts school.”
- Obtain records from the child’s previous schools.
- Parent interviews when the home language survey indicates that a child may be an ELL student.
- Administration of the Washington English Language Proficiency Assessment (WELPA).
- Creation of an individualized Student Learning Plan for each student that includes an English Language Acquisition Plan (ELAP).
- Employment of an ELL-endorsed teacher and staff who work directly with the student.
- Review of the ELAP by the Collective Care Team at least yearly.

First Place also represented the following with regard to staffing and training:

- It had one teacher with an ELL endorsement.
- Classroom teachers will be required to include ELL training in their professional development.
- The school’s lead teacher has received training in Guided Language Acquisition and Development (GLAD).
- Classroom teachers will regularly use authentic assessments to monitor and evaluate the progress and success of ELL students.
- The results of these assessments will be addressed each trimester as the Student Learning Plans are updated.

The Commission requested ELL student assessment results in its February 2, 2015 Letter of Inquiry. Until the Commission made this request, First Place had not informed the Commission of its failure to satisfy its contractual and legal obligations to serve and support ELL.

First Place provided no assessment results in response and stated “[t]o date there has been no evidence of any calculation completed to illustrate the capacity of our ELL students in our school.” The response was dated February 2015; school has been in session since September 3, 2014. Therefore, it appears First Place did not implement the components of the ELL program pledged in its application, and has failed entirely to satisfy its obligations under its charter school contract as well as state and federal law.

Moreover, during the six months of operation which ELL students were not identified or served, First Place chose not to notify the Commission of its known failure to comply with



its contract and with state and federal law, once again violating its contractual notification obligations. *See* Charter Contract, Provision 4.7.12(b) (requiring immediate notification of any known condition that cause First Place’s operations to vary from the terms of the contract, federal and state law).

Equally troubling, during its planning phase First Place projected 14.7% of its students would be ELL and 4.9% would qualify as transitional bilingual. Accordingly, First Place has been receiving funding based on these assumptions. However, by First Place’s own admission, these funds have not been allocated to serving ELL students.

The financial documentation supplied by First Place itself underscores the gravity of this perceived problem. As revealed by the financial documents First Place submitted in response to the Commission’s February 2, 2015 Letter of Inquiry (facts which were subsequently confirmed by the Office of Superintendent of Public Instruction), First Place has been receiving and spending its transitional bilingual apportionment dollars since September 2014; but admits it has not provided services to those students to date and only just began identifying students who should have been identified at the start of the school year. It is unclear how these transitional bilingual funds have been spent, and it is of grave concern to the Commission that such funds have been received and potentially misallocated.

First Place’s failure to serve another group of highly vulnerable students (and failure to notify the Commission of such), after being placed on probation for, among other things, the school’s failure to serve special education students, significantly increases the Commission’s growing concern and vastly diminishes the Commission’s confidence that First Place can comply with its contractual and legal obligations to provide all students with the basic education components to which they are entitled. It greatly troubles the Commission that a pattern of noncompliance with respect to serving all students, especially educationally vulnerable populations, may be emerging at First Place.

**First Place is required to respond in writing to this perceived problem within 10 days.**

First Place’s response should provide complete information, documentation, and explanations regarding the services it has, or has not, provided to ELL students since September 3, 2014, and the monies spent to provide such services.

Specifically, First Place must answer each of the following questions and provide documentation and information that supports the answer. The following questions link directly to program components described by First Place in its charter application:

- Did First Place give any students a home language survey as part of its pre-opening intake?



- Did First Place ever request or obtain records concerning ELL from the students' previous schools, and if yes, when were they requested/obtained and how were they used by First Place?
- Has First Place conducted parent interviews when the home language survey indicated a child may be an ELL, and if yes, when?
- Has First Place administered the Washington English Language Proficiency Assessment (WELPA), and if yes, when?
- Has First Place created of an individualized Student Learning Plan for each student that includes an English Language Acquisition Plan (ELAP), and if yes, when and was it implemented with fidelity?
- Does First Place contract with or employ an ELL-endorsed teacher and/or staff who work directly with students? (List each individual and dates of employment or contract.)
- Did First Place have a teacher with an ELL endorsement from the time of it began operations as a public school (September 3, 2014) to present? (List each individual and dates of employment or contract.)
- Have classroom teachers been required to include ELL training in their professional development and/or received such training, and if yes, when?
- Did/does the school's lead teacher receive training in Guided Language Acquisition and Development (GLAD), and if yes, when?
- Why didn't First Place communicate its failure to identify and serve ELL students to the Commission?
- How did First Place spend the funds it received to serve ELL students?

#### **Perceived Problems:**

- **Failure to implement assessments designed to monitor and improve student performance.**
- **Failure to discharge essential design elements of the approved educational program.**

Monitoring and assessment is an essential design component of the educational program detailed in First Place's charter school application and the resulting contract. First Place pledged to conduct ongoing progress monitoring and assessment to measure both academic and social-emotional growth. Moreover, the monitoring and assessment was of particular importance to First Place's educational program because it would have enabled First Place to adjust scope and sequence to better meet the needs of its targeted students—those who have experienced multiple traumas. The education program designed and committed to by First Place requires enrollment, weekly, monthly, periodic, and quarterly assessments in order to meet students' needs and deliver the educational program



outlined in its application and incorporated into the charter contract.

In its February 2, 2015 Letter of Inquiry, the Commission requested confirmation and evidence proving First Place was meeting the following monitoring and assessment obligations, which were created in its application and agreed to in its contract:

- Enrollment assessments.
- Weekly monitoring of academic growth to demonstrate acceleration of each student's academic performance.
- Interim reading and math assessments.
- Quarterly assessment of social-emotional growth.
- Meeting minutes indicating intervention strategies were developed and implemented using information obtained from the assessments.

In response to the Commission's request, First Place did not provide adequate, meaningful documentation or information to allow the Commission to confirm each student's academic performance and social-emotional well-being has been monitored as required by the charter contract. Instead, First Place provided documentation that was inconsistent, incomplete and, in many instances, void of information that would support a finding that First Place has been meeting its obligations. In the documentation that was provided, First Place often provided summary information that was insufficient to enable the Commission to ascertain whether its specific legal obligations have been/will be satisfied. More specifically:

- With regard to math assessments, First Place only provided "placement tests" results with the date range for the assessment being February 6-12; no evidence of interim assessments was provided.
- With regard to reading assessments, First Place provided no copies of student interim reading assessment results. First Place provided copies of myLexia Auto Placement reports for students in grades K-5. The reports contain student results for reading as a content area; specifically word recognition and comprehension.
- No documentation was provided regarding student enrollment assessment results in any other content areas.
- The number of students for whom the reports were provided does not align with the school's September enrollment; therefore, it is unclear if enrollment assessments were administered for all students.
- No documentation was provided regarding quarterly student assessment results. Instead, First Place provided trimester report cards. Report cards and student assessment data have a different purpose and there is no data regarding student assessments.



- The trimester report cards reveal inconsistent reporting from teacher to teacher and there were fewer report cards provided than there are students who are purportedly attending First Place.
- Finally, there is a lack of consistency regarding the Social-Emotional Reports teachers are providing students and families.

Absent this monitoring and assessment, First Place cannot create interventions designed to meet the needs of the educationally vulnerable students who it sought, and was approved, to serve. It cannot adjust the scope and sequence of instruction nor can it use data to drive differentiated teaching and learning to ensure its students are progressing academically. Not only does the information provided to date suggest First Place is in clear violation of its commitments and obligations under its charter contract, but by failing to perform the monitoring and assessments set forth in its charter application and contract, the school is also failing the very students it recognizes may be at-risk for academic failure, students who First Place knows (because of its extensive and longstanding work in the Seattle community) need additional support and tailored, individualized educational services.

As a result, the school is being notified that a perceived problem exists at First Place regarding satisfaction of its obligations under the specific provisions of its charter contract that require monitoring and assessment as critical facets of its educational program. *See* Charter Contract, Provision 4.4.1b and Provision 4.4.1c (setting out the school's goals and objectives, which were drawn directly from First Place's application.) Moreover, as discussed previously, First Place also carries the affirmative duty to notify the Commission of any failure to perform a material term of its contract. *See* Charter Contract, Provision 4.7.12(b) (requiring immediate notification of any known condition that causes First Place's operations to vary from the terms of the contract, federal and state law). Therefore, once again, not only has First Place failed to satisfy its contractual and legal obligations, but it has also failed to notify the Commission about its failure, ultimately further eroding the Commission's confidence in First Place's capacity to remedy its growing pattern of noncompliance.

**First Place is required to respond in writing to this perceived problem within 10 days.** First Place's response should provide complete information, documentation, and explanations regarding the monitoring and assessment that has, or has not, occurred beginning with enrollment to the present.

The following questions and requests link directly to the goals and objectives First Place described in its charter application and committed to in its contract. First Place must respond to each item and provide documentation and information that supports the answer:



- Whether enrollment assessments occurred for every student, the dates on which they occurred, and copies of the assessment results.
- Whether weekly monitoring of student academic growth is occurring, when it began, whether it has occurred every week, how it is documented, and how it is used.
- What systems and processes have been implemented since the beginning of school to facilitate teachers' efforts to monitor student academic growth? Information provided should include an explanation of how teachers are assessing the impact of their instruction on student learning and how their instruction is changing as a result of weekly student monitoring.
- Whether First Place has been monitoring progress of students' social-emotional growth through a Social-Emotional Report, how often it has occurred, and how it is used and documented.
- Identify the dates and times that academic progress was reviewed and the school developed or implemented intervention strategies using information obtained from the assessments.
- Copies of all student exit forms.

### *Financial Deficits Implicating the School's Financial Viability*

The possible financial deficits identified below give rise to significant concern about the financial viability of First Place. The importance of financial viability cannot be overstated. If the school lacks financial viability, the school risks abruptly closing, leaving its educationally vulnerable, at-risk students, who already have experienced multiple traumas, in the even more vulnerable position of scrambling to find another school where they can complete their school year. Moreover, as a steward of public funds the school must be fiscally responsible and comply with generally accepted accounting principles, as well as its own internal accounting procedures. *See* RCW 28A.710.040(2)(e); Charter Contract, Provision 4.12 (School Finance); Provision 4.2.8 (Non-comingling and accounting for public funds and assets); and Provision 4.13 (Annual Budget requirements including a prohibition on expenditures and inter-fund transfers in excess of available revenues and beginning fund balances). Therefore, the school must concretely demonstrate financial viability, in part, by demonstrating adherence to appropriate and applicable accounting practices.

In its February 2, 2015 Letter of Inquiry, the Commission requested information to ascertain whether First Place is financially viable. Specifically, the Commission requested information about the significant decrease in enrollment, current financial status reports, and First Place's most recent bank account statements. The Commission also requested assurances that First Place is financially viable.



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The information provided reveals that the school's current budget does not align with the budget that was submitted as a preopening condition on July 31, 2014. In addition, the current financial status report projects a year-end deficit of \$280,230 and includes a \$750,000 fundraising goal of which only \$6,477 has been realized. First Place also has experienced significant loss of student enrollment. As a result, in addition to the contemplated year end deficit identified above, First Place will be obligated to reconcile with the Office of Superintendent of Public Instruction for approximately \$266,964 in allocation overpayment. Additionally, the Commission has information that First Place has not paid, or is more than 60 days past due on payments, to a number of vendors.

Although the Commission recognizes the first year of operation may present cash-flow challenges to any school, the Commission also expects every school to demonstrate financial responsibility and creativity to find and secure additional funds as needed. With respect to First Place, the Commission was told (in the school's charter application) the school would have access to two substantial pools of resources to ease any financial strain encountered through the school's early years of operation: (1) a \$3.2 million endowment with approximately \$100,000 in annual earned interest, and (2) \$9 million in building assets owned free and clear by First Place. See Charter Contract, Section 3, Budget Narrative, p. 371-72.

These assets were pledged to support the school's operation. The Commission considered and approved First Place's charter application based on this representation; in fact, it was the commitment of these extra resources by the charter-holder that provided the Commission additional assurance that First Place would be able to accommodate any financial struggles experienced in the school's early years. Now, given that such financial struggles have arrived, the Commission is concerned that these abundant, previously-pledged assets seem to no longer be available to the school or are now characterized as an expense (e.g., lease between First Place and the newly created First Place Scholars Charter School).

Additionally, in response to the Commission's February 2, 2015 Letter of Inquiry, First Place provided only a recent bank account statement for a Wells Fargo bank account in the name of First Place Scholars Charter School. However, two other bank accounts are referenced in board meeting minutes provided to the Commission in response to the February 2, 2015 Letter of Inquiry. The August 12, 2014 board meeting minutes reference an interest bearing savings account, but no information was provided by First Place regarding this account in its recent response to the February 2, 2015 Letter of Inquiry. In addition, the October 28, 2014 board meeting minutes reference a Bank of America bank account and "other financial accounts owned by First Place, First Place Scholars and First



Place Family Services,” but no information was provided by First Place regarding these accounts in response to the February 2, 2015 Letter of Inquiry. First Place must provide current bank statements for all of its accounts.

Finally, in response to the Commission’s request for assurances that First Place has the financial capacity to operate the school as required under the charter contract, and meet its financial and legal obligations for the remainder of the school year, or, alternatively, a statement confirming that First Place lacks such capacity, First Place provided a document containing a conclusory statement asserting the school has the financial capacity to meet its financial and legal obligations for the remainder of the school year.

First Place identified the following funding streams without linking them to concrete numbers to demonstrate its financial health or viability:

- State apportionment dollars
- Special education reimbursement
- Title I reimbursement
- USDOE grant
- Transportation
- Donations - First Place Scholars receives donations from First Place Incorporated which has a substantial endowment

This information is insufficient. Conclusory statements and vague descriptions of potential revenue streams do not provide adequate evidence of First Place’s financial viability. Rather, it is quite the opposite. The lack of information and documentation heighten the Commission’s concern about First Place’s financial health and viability, and raise substantial doubt about First Place’s ability to satisfy its financial and legal obligations under state statute and its charter contract.

With such limited information, the Commission is not able to verify the representation that First Place has adequate funds to keep the school open for the remainder of the school year. Additionally, based upon the updated budget First Place submitted per the February 2, 2015 Letter of Inquiry and the unabated possibility that First Place may run out of money before the end of the school year, there is grave concern that First Place will not be able to meet its legal obligations for the remainder of the school year. To illustrate the potential risk and harm ahead, a sampling of the legal obligations that may be unsatisfied by First Place due to its dwindling budget include:

- Inability to pay its teachers and staff.
- Inability to maintain all required insurance.



- Inability to pay student transportation costs.
- Inability to meet its legal obligations under McKinney Vento and IDEA.

And notably, this list is by no means an exhaustive one.

Furthermore, with First Place developing and implementing a Special Education Compensatory Service Plan as required by its Corrective Action Plan, it has obligations to provide substantial special education services that could be costly; calling into further question the school's ability to meet its financial and legal obligations for the remainder of the school year.

Moreover, it has come to the Commission's attention that First Place never purchased the performance bond required by its charter contract. *See* Charter Contract, Provision 4.5.1(e)(2). The purpose of this performance bond was to safeguard the public funds received by First Place in the event that First Place failed to meet its material obligations under the charter contract. This failure is particularly troubling given that First Place has already been found to have breached the material obligation of providing special education services to its students, which must be remedied at significant cost, and now First Place is subject to scrutiny for several other material violations.

Based on the foregoing, the Commission doubts the ability of First Place to successfully reach and maintain compliance with its financial and legal obligations. Moreover, the Commission has no evidence to demonstrate that First Place will have the financial ability to remain open until the end of the school year or beyond. Accordingly, the Commission issues this notice of perceived problem.

**First Place is required to respond in writing to this perceived problem within 10 days.** First Place's response should provide complete information, documentation, and explanations specific to its current financial status.

First Place also must provide the following:

- A full staffing plan of the school both at the time the original budget was created and currently.
- Current balance sheet.
- Current accounts receivable and accounts payable reports for each vendor.
- The most recent bank account statements for all accounts associated with the Washington nonprofit corporation First Place.
- Confirmation that First Place obtained and is maintaining the insurance and bonds as required by its contract; any performance bond must be retroactive and cover



First Place's pending and previous breaches.

- Projected expenses associated with First Place's special education compensatory service plan and planned Summer Scholars Program.
- A detailed response with supporting documentation regarding how First Place plans to balance its budget, remain open for the remainder of the school year, and reconcile with OSPI the overpayment it received during its first year of operation based on its original projected enrollment, without negatively impacting students who currently attend First Place.
- Identify individuals with knowledge or documentation regarding the bank accounts associated with the Washington nonprofit corporation First Place with whom the Commission may follow up.
- Details for each funding stream listed with projected revenues, current funds received, and projected revenues for the remaining months of the school year.
- Information and documentation showing that projected revenues are not merely speculative.
- For the endowment that is referenced, First Place must provide a detailed report regarding the endowment's current balance and the amount that is accessible and available to be used for the school.
- Identify individuals with knowledge or documentation regarding the history and current status of First Place's endowment with whom the Commission may follow up.
- Identify individuals with knowledge or documentation regarding First Place's financial capacity.
- List all outstanding bills or debts, when they were incurred, when payment is due, and to whom payment is owed.

### Organizational Deficits

The importance of Board governance already has been demonstrated during this school year. The Board has final authority for the academic, financial, and organizational performance of First Place. The Board ultimately, and in the eyes of the law, carries full responsibility for ensuring compliance with the charter contract. *See* RCW 28A.710.030; Charter Contract, Section 4.2, Governance.

The items detailed in this notice raise concerns about First Place's organizational capacity to satisfy its legal obligations. Additionally, it appears that First Place may be changing its structure or affiliations in a way that materially impacts its financial status and reflects a departure for the structure that existed at the time of application. First Place is the nonprofit corporation that submitted an application to the Commission and qualified as a public benefit nonprofit entity under the Charter Schools Act. *See* RCW 28A.710.010(1); Charter Contract, Appendix 2. First Place is the charter holder and First Place's assets and



funding sources were identified in the application as available to the school, including a specific statement that there would be no lease payments because the school already owned its building. Charter Contract, Appendix 9, Application, pp. 66-71 and Application Attachments 21 and 24. Yet, First Place now submits a backdated lease between itself and a newly created nonprofit corporation known as First Place Scholars Charter School. Additionally, First Place has demonstrated a pattern of noncompliance with its legal obligations and, possibly, a lack of financial oversight consistent with its own policies as well as its contractual obligations. This directly implicates the organizational capacity of First Place.

**First Place is required to respond in writing to these perceived problems within 10 days.** First Place's response should provide complete information, documentation, and explanations as follows:

- Explanation of the purpose and role of the newly created nonprofit "First Place Scholars Charter School," a list of that nonprofit's board members and that nonprofit board's governance policies.
- Minutes from the meetings in which it was decided to lease a facility not owned by the Washington public benefit corporation/nonprofit First Place.

### Looking Forward

The Commission appreciates your immediate attention to the perceived problems detailed herein and will consider your response, and any other available information and evidence, to determine what steps are necessary to remedy these issues. Given the grave nature of these identified deficiencies, if they are confirmed, the Commission will have no choice but to take action, which could include revocation of First Place's charter contract. See RCW 28A.710.200.

As these concerns are vetted, the Commission cannot ignore the risk to the educationally vulnerable students at First Place, some of whom have already been deprived of special education services, and more whom may have been deprived of the services and educational program in the manner outlined above. We are confident you will agree that these students' needs are paramount.

Please contact me directly if you have any questions or concerns.

Sincerely,

Joshua Halsey, Executive Director, Washington State Charter School Commission



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