

AMEND BOARD REPORT 08-0602-EX6
**APPROVE THE RENEWAL OF THE CHARTER SCHOOL AGREEMENT WITH
PASSAGES CHARTER SCHOOL**

THE CHIEF EXECUTIVE OFFICER RECOMMENDS THE FOLLOWING:

Approve the renewal of the Charter School Agreement with Asian Human Services, the charter holder of Passages Charter School (the "Charter School"), for a two (2) year period, subject to contingencies or, in the event certain conditions as set forth below are satisfied, for a five (5) year period, subject to contingencies. A new Charter School Agreement applicable to this renewal term will be negotiated. The authority granted herein shall automatically rescind in the event a written Charter School Agreement is not executed by the Board and the charter school's governing board within 120 days of the date of this Board Report. The agreement authorized herein will only take effect upon certification by the Illinois State Board of Education. Information pertinent to this renewal is stated below.

This July 2008 amendment is necessary to authorize Asian Human Services to (a) relocate the Passages Charter School to 1643 West Bryn Mawr Avenue by the start of the 2008 – 2009 school year, (b) reflect the change in the education management organization from Victory Schools, Inc. to American Quality Schools ("AQS"), (c) increase the maximum student enrollment to 300 in grades K through 5, and (d) clarify the relationship of any pre-kindergarten program to the charter school. The authority granted herein shall automatically rescind in the event a written Charter School Agreement is not executed by the Board and the charter school's governing board within 120 days of the date of this amended Board Report. The agreement authorized herein will only take effect upon certification by the Illinois State Board of Education. Information pertinent to this renewal is stated below.

CHARTER SCHOOL: Passages Charter School
Charter Holder: Asian Human Services
4753 N Broadway
Chicago, IL 60640
Phone: (773) 728-2235
Contact Person: Abha Pandya, CEO of AHS

OVERSIGHT: Office of New Schools
125 S. Clark, 5th Floor
Chicago, IL 60603
(773) 553-1530
Contact Person: Josh Edelman, Executive Officer

ORIGINAL AGREEMENT: The original Charter School Agreement (authorized by Board Report 03-0527-EX7) was for a term commencing July 1, 2003 and ending June 30, 2008 and authorized the operation of a charter school serving no more than 230 students in grades Pre K – 5. The school currently is located at 1447 W. Montrose Avenue. The agreement incorporates an accountability plan where the school is evaluated by the Board each year based on numerous factors related to its academic, financial and operational performance.

CHARTER RENEWAL PROPOSAL: Asian Human Services submitted a renewal proposal on October 5, 2007, to continue the operation of Passages Charter School. The Charter School shall be located at 1447 W. Montrose Avenue and shall serve grades Pre-K-5 with a maximum student enrollment of ~~230~~ 300 students. The school has proposed relocating to a new facility at 1643 West Bryn Mawr Avenue prior to the start of the 2008-2009 school year and has indicated to the Board that it currently is negotiating the terms of a five year lease for that facility with the Archdiocese of Chicago.

In June 2008, Asian Human Services entered into a lease agreement with the Archdiocese of Chicago for the facility located at 1643 W. Bryn Mawr Avenue. Passages Charter School will be located at this address beginning with the 2008 – 2009 school year.

Asian Human Services also entered into a five-year Educational Management Agreement with American Quality Schools to provide comprehensive school management services at Passages Charter School

beginning with the 2008 – 2009 school year.

Asian Human Services is authorized to operate a pre-kindergarten program in the same building with the charter school. The children enrolled in the pre-kindergarten will not be included in the enrollment of the charter school and the pre-kindergarten program will not be governed by the charter school agreement. To the extent the Board provides funding for the pre-kindergarten program, that program will be subject to a separate agreement with and separate funding authorized by the Office of Early Childhood Education. A material breach of any contract between the Board and Asian Human Services for operation of a pre-kindergarten program or the charter school may be treated as a breach of the other contract.

CHARTER EVALUATION: After receiving the charter renewal proposal, the Office of New Schools conducted a comprehensive evaluation of Passages' performance and operations. This evaluation included a review of the proposal, facilities surveys, financial analysis, and academic site visit of the school in which teaching and learning, leadership and governance, and the learning community—were assessed. Additional information was also collected in response to an organizational leadership change and questions raised about governance and finances. Public hearings were conducted on February 6, 2008 and May 13, 2008 to receive public comment on the application to renew the Charter School Agreement. In addition, the Office of New Schools evaluated the school's student performance. From 2003-2004 to 2006-2007, Passages received 13 out of 21 high ratings and 8 out of 21 middle ratings on their absolute student indicators found in the framework put forth by the district for assessing charter school pupil performance. Since 2003-2004, the charter schools attendance rate has been above 95%. From 2003-2004 to 2006-2007, the percentage of students meeting/exceeding state standards on the ISAT Composite has increased by 23.4 percentage points (62.5% of students meeting/exceeding state standards to 85.9%). The charter school also met Adequate Yearly Progress targets for three consecutive years (2004-05 to 2006-07). Looking across all of the school performance indicators, Passages Charter School can be categorized as "Meeting Standards" for achieving pupil performance standards using the framework put forth by the district for assessing charter school pupil performance.

RENEWAL TERM: The Charter School Agreement with Asian Human Services (the charter holder of Passages Charter School) is being extended for a two (2) year term commencing July 1, 2008 and ending June 30, 2010, provided that additional terms and conditions are included in the agreement. The renewal agreement will incorporate specific conditions to be fulfilled by the charter holder and the specific timeframes in which they must be fulfilled. Failure to satisfactorily comply with these obligations and/or their corresponding deadlines will be considered a material breach of contract. The additional terms and conditions, as detailed in the letter of conditions submitted to Asian Human Services on May 15, 2008, include, but are not limited to the following: (1) the selection of a governance structure, as outlined in the letter of conditions, designed to ensure greater transparency to the operations of the school; (2) the re-constitution of a board education committee; (3) the implementation of more transparent financial accounting structures; (4) the implementation of a formal evaluation process for school leaders, teachers, and staff; and (5) the development of a plan to resolve any outstanding facility and ADA issues identified by CPS. These conditions and deadlines were formally communicated to the school prior to the date of this Board meeting. Failure to fulfill these conditions and obligations or meet any of the deadlines specifically outlined in the letter of conditions will constitute a material breach, which is ground for the termination and revocation of the Charter Agreement. To the extent Asian Human Services obtains a five year lease for the site at 1643 West Bryn Mawr, as discussed in more detail in the following paragraph, all conditions and references to facility and ADA issues identified by CPS shall apply to the new facility.

In the alternative, the Charter School Agreement with Asian Human Services will be extended for a five (5) year term commencing July 1, 2008 and ending June 30, 2013, provided that all of the terms and conditions outlined above are included in the agreement, and provided that the following conditions are met on or before June 30, 2008: 1) Asian Human Services will deliver to the Board a fully authorized and executed five (5) year school management agreement with ~~Victory Schools, Inc.~~ American Quality Schools; 2) Asian Human Services will deliver to the Board a fully authorized and executed five year lease for the property located at 1643 West Bryn Mawr Avenue; and, 3) Asian Human Services will deliver to the Board a transition plan for the 2008-2009 school year for the proposed site at 1643 West Bryn Mawr Avenue that complies with the Americans with Disabilities Act. In the event any of these conditions are not met by June 30, 2008, the renewal shall be for (2) years. These conditions are amended to extend the compliance date from June 30, 2008 to July 16, 2008 and to approve the selection of American Quality Schools as the education management organization rather than Victory Schools, Inc.

The Office of New Schools is directed to hold any public meetings required under the Charter Schools Act on or before July 11, 2008 regarding the relocation of the school to 1643 West Bryn Mawr so that the Board may consider the request for relocation at the regular Board meeting on July 23, 2008. This direction is amended to reflect that the hearing was held on July 16, 2008.

AUTHORIZATION: Authorize the General Counsel to include relevant terms and conditions, including any indemnities to be provided to the charter school, in the written Charter School Agreement, which shall reflect resolution of any and all outstanding issues between the Board and the governing body of the charter school including, but not limited to: site location, enrollment, funding, educational program, financial controls and practices, academic accountability and evaluations. Authorize the President and Secretary to execute the Charter School Agreement. Authorize the Executive Officer of the Office of New Schools to issue a letter notifying the Illinois State Board of Education of the action (s) approved hereunder and to submit the approved proposal and signed Charter School Agreement to the Illinois State Board of Education for certification.

LSC REVIEW: Approval of Local School Councils is not applicable to this report.

FINANCIAL: The financial implications will be addressed during the development of the 2008-2009 fiscal year budget. Since the School Code of Illinois prohibits the incurring of any liability unless an appropriation has been previously made, expenditures beyond FY09 are deemed to be contingent liabilities only, subject to appropriation in subsequent fiscal year budgets. The cost of this enrollment will be approximately ~~\$1,496,945.00~~ \$1,999,200.00 in 2008-2009.

GENERAL CONDITIONS:

Inspector General - Each Party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the Provisions of 105 ILCS 5/34-21.3, which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their terms of office.

Indebtedness - The Board's indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics - The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

Approved:



Barbara Eason-Watkins
Chief Education Officer

Respectfully Submitted:



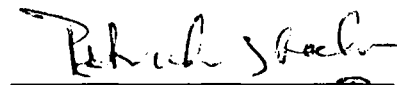
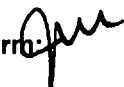
Arne Duncan
Chief Executive Officer

Within Appropriation:



Pedro Martinez
Chief Financial Officer

Approved as to Legal Form:



Patrick J. Rocks
General Counsel