

Brad Clark

From: Chris Brewster <cbrewster@santafesouth.org>
Sent: Friday, June 19, 2020 2:49 PM
To: Brad Clark
Cc: Matt Wilson; Kate Sultuska; Michael Brooks; Brooks Levonitis; Lashley, Kent M.
Subject: Re: [EXTERNAL] Letter to State Board of Education re SCS

Mr. Clark,

Thank you for your response and I will answer some of your questions from the perspective of Santa Fe South. I have cc'd Michael Brooks, our Board Chair, to ensure he is aware of this conversation as well and is invited to contribute his thoughts or corrections as he sees fit. I have also included Travis Hurst and Trent Lashley with Rose State so that they are aware of where we are in this process. Finally, Brooks Levonitis, our CFO/Assistant Supt is copied here as well. I am committed to full transparency with all involved parties.

As this is very much a work in progress and continues to unfold rapidly, there are several items which are in process and cannot be completed until related work is accomplished. For example, it is proposed that SFS will assume the lease with KLS II, the entity which now owns the school property, but we cannot enter into this lease until we are officially the developer of SCS. We cannot be the developer of SCS until the current contract is terminated, Rose State officially extends SFS a contract for the operation of SCS, and until both the SCS Board and SFS Board officially agree to the transition. All insurance coverage, etc. will not be assumed by SFS until we are officially the developer of SCS.

Since we became aware of SCS's financial challenges, we have been interested in providing solutions that would allow this school to survive. It has been the intent of SFS to assist SCS in restarting its school, establishing itself firmly in instruction and support systems, and getting its financials back in order. In a time period currently discussed as 3 years, we have proposed that SCS will once more become independent unless the school would choose to become a permanent part of the SFS School district. We are truly working to understand what the most efficient and effective method is to help SCS maintain its existence to not only continue to serve its students, but expand its work to those who would benefit from such a specifically designed curriculum.

In order for SCS to remain viable, all financial obligations have to be dealt with. These include outstanding contributions to TRS which have not been made on behalf of employees for the 2019-20 school year, leases on property, and other expenses. We are currently calculating what this will end up being, but it appears to be less than \$200,000. Once we fully see what obligations and liabilities remain, we will discuss options. The SFS Development corporation is poised to possibly provide these funds in the form of a loan, which is to be paid back through fundraising efforts or other revenue from SCS over the course of the next three years. SFS Dev Corp exists to support the SFS community.

In contrast to current contract termination/transfer, it is also possible that the OKBOE would like to remain the authorizer of SCS, and/or that this is preferable to involved parties. If this is the case, and would create a smoother path forward, SFS Dev Corp would be willing to consider the same loan to SCS in its current contract with OKBOE. We would also be willing to provide assistance, in the form of a consulting agreement, to reestablish the same systems and financial foundation as previously mentioned. We would be equally committed to assisting SCS if we are not the developer of record. In fact, as far as SFS is concerned, this will create far less of a challenge to assist SCS than having to move everything over in such a short period in order to open in a few weeks.

All real and personal property generated or acquired by SCS with state or federal funds will remain in use by SCS. No materials, equipment, furnishings or other instructional items will leave the site where SCS is operating. We intend to ensure no co-mingling of funds, either those raised privately for SCS, or those generated through state and federal funds.

I would be happy to discuss this further in person or over the phone. Please feel free to reach out at any time, including evenings or weekends.

Respectfully,

Chris Brewster

On Thu, Jun 18, 2020 at 6:15 PM Brad Clark <Brad.Clark@sde.ok.gov> wrote:

Good afternoon, sir.

Thank you for reaching out and inquiring of the best manner and process for sending the contents of the e-mail provided. Though responding directly to you, I am copying the School's leader, Mr. Wilson on this email as most of the information and requests below are for the School itself as it currently operates under the State Board's sponsorship and he can likely obtain and send the requested information most expediently. I do, however, understand you submitted the request and presumably did so through the work and development that you all have engaged in with Rose State. As an initial matter, you all should feel free to send the letter to the State Board of Education, c/o Terrie Cheadle, as she is the Secretary to the State Board.

In looking at the terms of the State Board's sponsorship contract with Sovereign, the option for Sovereign to terminate provides:

"Should the School Board [Sovereign governing board] choose to terminate this Contract before the end of the contract term, it may do so in consultation with the SBE at the close of any school year and upon written notice to the SBE given at least ninety (90) days before the end of the school year." I have attached a copy of this contract for your review. Notwithstanding that the required notice was not timely provided, which is necessary and critical for the winding up of the operations and affairs of the charter school under the State Board's sponsorship and ensuring action steps are in place for, among other things, students to attend during the upcoming school year, perhaps the School and the State Board can discuss and work to get through that requirement.

First, though, I am confident that based on the conversation last month that there has to be a presentation, understanding and agreement on the financial situation of Sovereign before there should be or will be a release or termination of the sponsorship. This is primarily a matter that comes with the proper oversight and duties of the State Board, as a sponsor of the School and as the entity charged in the State with the oversight of the operations and finances of public schools. With this in mind, I respectfully request copies of the most recent

financials (general ledgers, balance sheets, etc.) of Sovereign, as well as any audit(s) that has been conducted by or on behalf of the School, and identify when those were presented to the governing board. Given that we are just one week away from the State Board meeting, that these documents should be and likely are readily available at the School and that the request to the State Board is to finalize this by June 30, 2020, I respectfully request that these be provided very quickly, such as no later than Monday, June 22nd..

We should also be giving consideration to the requirement in administrative code that the school have a final audit that complies with the annual audit requirements of the School Audit Law and an itemized statement detailing the disposition of all charter school real and personal property. By rule, this information is to be provided no later than ninety (90) days from the date of termination or expiration of the contract or the last date classes are held by the charter school, whichever occurs first. With the audit requirement, financial presentation to the State Board and winding up of the affairs, I believe all are encompassed within the requirements of the Contract, including those in Article 17(a)(V).

Finally, can you please provide us with copies of transactional documents and agreements between Sovereign and Santa Fe South, including but not limited to any changes in leasehold for the school property, assumption of debts and liabilities, and what is being proposed relating to real and personal property. These latter items are expressly covered in the attached Contract and rather than speculate, I thought I might inquire of how that is proposed to be handled within the language of the Contract, specifically that in Article 17(a)(VI).

If you have thoughts or other options that can be provided, please let me know as this is the list of documents that we envision are available and relate to the proposal.

Thank you again for your work and reaching out, and please do not hesitate to contact me if you have any questions or want to further discuss this matter.

Brad Clark

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From: Chris Brewster <cbrewster@santafesouth.org>
Date: Monday, June 15, 2020 at 10:56 AM
To: Brad Clark <Brad.Clark@sde.ok.gov>
Cc: Brooks Levonitis <blevonitis@santafesouth.org>, Michael Brooks <michael.b@brooksjimenez.com>, Kate Sultuska <kate.sultuska@sovereignschools.org>, Matt Wilson <matt.wilson@sovereignschools.org>, Brent Bushey <brent.bushey@opsrc.net>
Subject: [EXTERNAL] Letter to State Board of Education re SCS

Brad,

I have asked Kate Sultuska, current SCS Board Chair, to compose a letter to the Board formally requesting release from the charter contract. As you are aware, Rose State Community College has accepted the SFS application for operation of the SFS Sovereign Community School. We will be reporting this to our Board this evening and will be negotiating our contract with Rose later this week. The content of her letter is below. Please let me know if this will work for your or if this should be modified. Once you give any feedback, I will ask that she send it to the OK Board of Education, through your office, unless you would direct us to address it in a different manner. We would also be happy to send it directly to Superintendent Hofmeister if you would prefer.

June 12, 2020

*State Board of Education
Oliver Hodge Building
2500 Lincoln Blvd
Oklahoma City, OK 73105*

Dear State Board of Education Members :

We would like to thank you for the support, encouragement, and thoughtful questions provided to us at last month's State Board meeting. We have been considering your questions

regarding the future of Sovereign Community School's authorization as we move forward in our partnership with Santa Fe South. After considering our options, we believe it is best that Sovereign Community School terminate its contract with the State Board of Education, effective June 30, 2020. At that date, SCS will become a school site under Santa Fe South Schools. Thank you for your time and consideration.

Niyaawe,

*Kate Sultuska, President of Sovereign Community School Board of Directors
Matt Wilson, Superintendent*

We will be establishing SFS SCS as a separate school, with all funds kept separate from regular SFS Schools funds. We anticipate a separate audit, accounting, etc. We had to do this previously when we operated one contract with the University of Oklahoma for our first elementary school and simultaneously with OKCPS for our middle and high school. It is a bit onerous, but will be the best way to keep things clean and clear. SFS will bill SFS SCS for administrative services (finance, sped, facilities, ELL, supt, etc.) and we will code all associated costs within OCAS to allow for easy review of revenue and expenditures.

As we look to roll forward, what information will you need to coordinate the OKSDE with Rose/SFS to ensure state aid, federal program dollars, etc. are lined up correctly? We would be happy to have a team meet virtually or in person to walk through these details.

I am striving to be completely transparent in all transactions and plans for SFS SCS. Please feel free to share this information with anyone you think appropriate and do not hesitate to call or write with any questions or advice.

Thanks for your guidance and support as we work to keep this great little school open. It is making a significant impact in the lives of those it serves and will continue to grow in this impact in the years to come.

Respectfully,

Chris

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Chris Brewster

Superintendent

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