

Charter Contract Between the  
New Mexico Public Education Commission  
And  
**SCHOOL OF DREAMS ACADEMY**

This Charter Contract, (the "Contract"), is hereby entered into by and between the New Mexico Public Education Commission, (the "Commission"), and SCHOOL OF DREAMS ACADEMY ("SODA"), (the "School", and, together with the Commission, the "Parties"), a New Mexico Charter School, effective this 01 day of JULY 2019.

WHEREAS, the Commission is created pursuant to Article 12, Section 6 of the New Mexico Constitution, with such powers and duties as are provided by law; and,

WHEREAS, the Commission is authorized pursuant to the Charter Schools Act, § 22-8B-1, *et seq.*, New Mexico Statutes Annotated, 1978, as amended and supplemented, (the "Act"), to, *inter alia*, authorize charter applications that meet the requirements of the Act, and to negotiate and execute, in good faith, charter contracts that meet the requirements of the Act with approved charter schools; and,

WHEREAS, the Commission is further authorized pursuant to the Act, to monitor charter schools' compliance with the requirements of the Act, and with the requirements of the charter and Contract for each approved charter school; and,

WHEREAS, the Commission is further authorized pursuant to the Act to determine whether an approved charter school merits suspension, revocation, or nonrenewal; and,

WHEREAS, the Commission approved the charter renewal application for the School on December 12, 2018, (the "Charter"); and

WHEREAS, pursuant to the Act and the Charter, the Commission and the School wish to enter into this Contract in compliance with the Act, and in order to set out the performance frameworks, as that term is defined in the Act, that define the financial, academic, and operations performance indicators, measures and metrics that will guide the evaluation of the School.

NOW, THEREFORE, for and in consideration of the premises and the mutual promises and covenants herein contained, the Commission and the School agree:

**SECTION 1: DEFINITIONS**

Capitalized terms defined in this Section 1 shall have the meaning specified in this Section 1 wherever used in this Contract, including the foregoing recitals, unless the context clearly requires otherwise. Capitalized terms defined in the foregoing recitals, if not defined in this Section 1, shall have the same meaning as stated when used in this Contract, unless the context clearly requires otherwise.

"Audit Act" means § 12-6-1 through 12-6-14, NMSA 1978, as amended and supplemented.

"Chair" means the chairperson of the Commission, as elected by the members of the Commission, pursuant to the Act, from time to time.

"Charter Representative(s)" means Kathy Chavez and Michael S. Ogas as the person(s) authorized to sign the Contract, and other documents, on behalf of the School, and to legally bind the School to the Contract and other documents as required under the Act.

"Comprehensive Educational Program" means an educational program that meets Department academic standards as identified in this contract.

Adopted May 10, 2019

Initials: 

"Compulsory School Attendance Law" means the compulsory school attendance law set out at § 22-12-1 through 22-12-9, NMSA 1978, as amended and supplemented.

"Corrective Action Plan" means a plan developed by the School and submitted to the Commission to remedy operational, or financial violations or problems.

"Criminal Offender Employment Act" means the criminal offender employment act set out at § 28-2-1, *et seq.*, NMSA 1978, as amended and supplemented.

"Days" means calendar days.

"Department" means the Public Education Department of the State of New Mexico, and its successors.

"Division" means the Charter School Division of the Department, and its successors.

"Effective Date" means the effective date of this Contract, which is July 1, 2019, found on the first page of this Contract.

"Facility" or "Facilities" means the facilities, including without limitation, all buildings classrooms, and other spaces owned or leased by the School, and used by the School, its staff, teachers, and students, for educational and recreational purposes, and other purposes connected with the Mission of the School.

"Governing Body" means the governing body of the School, and any successor thereto.

"Head Administrator" means a Charter Representative, as defined herein, who is also a licensed school administrator.

"Instructional Hours" means mandatory instructional time during which students are engaged in a School-directed program, and for which the School enforces the Compulsory School Attendance Law.

"Mission" means the educational and pedagogical mission of the School, as set out in Section 4.1 herein.

"NMAC" means the New Mexico Administrative Code, as amended and supplemented from time to time.

"NMSA, 1978" means the New Mexico Statutes Annotated, 1978 compilation, as amended and supplemented from time to time.

"Procurement Code" means §13-1-101, *et seq.*, NMSA 1978, as amended and supplemented from time to time.

"Public School Finance Code" means § 22-8-1, *et seq.*, NMSA 1978, as amended and supplemented from time to time.

"School Improvement Plan" means a plan developed by the School and submitted to the Commission to remedy academic performance.

"Secretary" means the Secretary of the Department, and his or her duly appointed successors.

"State" means the State of New Mexico.

"Term" means the term of this Contract, as set forth in Section 3, herein.

## SECTION 2: SCOPE

1. This Charter Contract is entered into between the School and the Commission for the purpose of establishing a charter school to operate at the site(s) listed in Section 4.10. of this Contract.
2. The person authorized to sign and act on behalf of the Commission is the Chair, or such person as the Chair may lawfully designate from time to time.

The person(s) authorized to sign on behalf of the Charter School is/are the Charter Representative(s). The Charter Representative(s) affirm(s) as a condition of this Charter, that he/she is (one of) the above-described representative(s) of the Charter School and has the authority to enter into this Charter on behalf of the Charter School.

- i. The Charter School must maintain one or more Charter Representative(s), including one Charter Representative who is a Head Administrator, and provide contact information to the Commission within 30 days of the change of a Charter Representative(s).
  - ii. The Commission shall direct all communication with regard to the Charter and the Contract to the Charter Representative(s).
  - iii. The Charter Representative(s) shall respond to written communication from the Commission within the timeframe specified in the communication, which shall be no less than three business days absent exigent circumstance.
3. The Charter School is a public entity of the State of New Mexico, subject to all laws and regulations applicable to public entities.

## SECTION 3: TERM

1. The term of this Contract shall be in full force and effect until June 30, 2024. The Contract will not automatically be renewed or extended; the Contract may be renewed by the Commission upon timely application by the School pursuant to the Act, and upon such terms and conditions as the Commission deems appropriate under the Act.

## SECTION 4: REPRESENTATIONS, COVENANTS, AND WARRANTIES

1. **Purpose:** The School shall operate a public school consistent with the terms of the Charter and the Contract, and all applicable laws; shall achieve student outcomes according to the educational standards established by law, this Charter and Contract; and shall be governed and managed in a financially prudent manner.
2. **Mission:** The Charter School shall implement the mission identified below and shall report on the implementation of that mission in the manner described below.
  - i. The Mission of the School of Dreams Academy is to graduate students of the Rio Grande Valley who embrace an education that emphasizes Science, Technology, Engineering, Arts and Mathematics (STEAM) while focusing on developing well-rounded individuals with good character ready for post-secondary success.
  - ii. The Charter School shall report on the implementation of its mission in the following manner:
    - a. Annually during the performance review visit required by the Act, as evaluated through the site visit team's observations and the school's response to any such observations;

- b. Annually through any mission specific goals identified in the School's Performance Framework, Attachment A, incorporated herein by reference; and
  - c. At renewal, in the event that the School applies to the Commission for renewal, through a narrative in the renewal application.
- 3. **Enrollment Cap and Authorized Grade Levels:** The School is authorized to serve no more than 625 students in grades K-12.
  - i. The School may make modifications as to the number of students in any particular grade, and number of students within a class to accommodate staffing decisions that are consistent with the School's programmatic needs; except that, nothing in this Contract shall give the School the authority to combine students from different grade levels into the same classroom unless the school's educational program explicitly provides for mixed grade or age education.
  - ii. The School must annually, prior to beginning the annual enrollment process, establish the number of vacancies by grade level available for student enrollment in that year. That number will govern the enrollment throughout the school year.
  - iii. The School may not exceed the building capacity of the Facility, which will be provided by the effective date of the contract.
- 4. **Partner Organization or Management Company** (Intentionally omitted)
  - i. The School has a legal relationship with \_\_\_\_\_ that is distinct from a relationship with a non-profit foundation described in 4.5 of this contract. The legal agreement governing the relationship between the School and \_\_\_\_\_ is included as Attachment B, incorporated herein by reference.
  - ii. The legal agreement in Attachment B complies with all provisions of New Mexico law and the School is financially independent from \_\_\_\_\_. The School shall not make any changes to the document set out as Attachment B, or to its legal relationship and agreements with \_\_\_\_\_ without the approval of the Commission and the Department, which approval shall not be unreasonably withheld.
  - iii. The Commission, through its designees and the Department, shall be permitted to review the legal agreement and other relevant school documents and records to determine whether the legal relationship between the School and \_\_\_\_\_ complies with all provisions of New Mexico law, and to determine that the School is financially independent from \_\_\_\_\_.
- 5. **Relationship with a Non-Profit Foundation**
  - i. The school has a relationship with School of Dreams Education Foundation ("SODEF"), a non-profit foundation the primary purpose of which is to provide financial support to the school or leases the facility for the charter school
  - ii. The legal agreement or Memorandum of Understanding governing the relationship between the School and the foundation is Attachment C, incorporated herein by reference.
  - iii. The identity of the Board of Directors and Executive Director of foundation with a conflict of interest disclosure from each are provided in Attachment C.

6. **Comprehensive Educational Program of the School:** The School's educational program shall be as described below:

- i. School of Dreams Academy (SODA) serves grades K-12.
- ii. SODA's curriculum foundation is based on Science, Technology, Engineering, the Arts, and Mathematics. Students in all grades will participate in STEAM curriculum offerings and programs.
- iii. SODA is an approved Early College High School. Students in grades 9-12 may take dual credit or concurrent enrollment courses as credited during the academic year.
- iv. All secondary students in grades 7-12 will have a daily advisory class. Students in the advisory class for grades 9-12 may earn 1/2 elective credit annually. A portion of advisory will be comprised of service learning projects, either as a class, individual, or whole school.
- v. All students, at SODA, are required to develop and maintain an Individualized Learning Plan (ILP) that will act as the student's roadmap to success.
  - Elementary student ILPs will be a folder portfolio and will include formal testing results, short cycle assessment results, parent questionnaire/survey, STEAM project information, and student work samples.
  - Secondary student ILPs will align with Next Step Plans and may be electronic or a portfolio, including formal testing results, short cycle assessment results, career inventory survey, College entrance testing results (such as Accuplacer, PSAT, ASVAB, ACT), documentation of service learning projects, and a STEAM portfolio including participation in competitions, contests, and performances while attending SODA.

7. **Governance:**

- i. The School shall be governed by a governing body in the manner set forth in the governing body's bylaws, ~~Attachment D~~, incorporated herein by reference.
- ii. The School's Governing Body shall have at least five members at all times; the number of Governing Body Members shall be specified in the bylaws.
- iii. The School shall notify the Commission of all changes in membership within 30 days of the change.
- iv. The Charter School shall either replace any member who is removed or who resigns, or close the position in conformity with its bylaws, within 45 days of removal, resignation or closure.
- v. No member of the Governing Body shall serve on the governing body of another charter school, unless the School has been granted a discretionary waiver from the Secretary.
- vi. All governing body members shall comply with training requirements established in Section 6.80.5 NMAC, as amended.
- vii. The School shall notify the Chair of the Commission within 15 days of any and all written complaints of inappropriate contact as defined in its school policies with a student or other minor by a member of the Governing Body, and shall notify the Chair of the Commission within 15 days of allegations of, or convictions for, any crime related to the

misappropriation of school funds or theft of school property by a member of the Governing Body.

- viii. The members of the Governing Body have a duty to comply with the provisions of this Contract, all applicable laws, including, without limitation, the Act, all regulations, and reporting requirements.
- ix. The Governing Body is responsible for the policy decisions of the School; is responsible for hiring, overseeing, and terminating the Head Administrator of the School; and is entrusted with oversight of expenditure of public funds in accordance with all applicable laws, regulations and rules, including but without limitation any laws or rules pertaining to conflicts of interest, public school finance, and procurement.
- x. The Governing Body shall, at all times, be qualified to act as a qualified board of finance as demonstrated in Attachment E, which is incorporated by reference.
- xi. In order to initially become qualified as a board of finance, the school shall provide:
  - a. The names, home addresses, personal email addresses, and personal phone numbers of each member of the board;
  - b. A statement signed by every member of the Governing Body stating that the Governing Body agrees to consult with the Department on any matter not covered by the manual of accounting and budgeting before taking any action relating to funds held as a board of finance;
  - c. A signed affidavit from each member of the Governing Body member declaring that the member is not a member of the governing body of any other charter school, unless it has been granted a waiver by the Secretary for that purpose, and that the member was not a governing body member of another charter school that was suspended and was not reinstated, or failed to receive or maintain its board of finance designation; and
  - d. An affidavit or affidavits, signed by the School's licensed business official who will be given the responsibility of keeping the financial records of the School, describing the training completed, professional licensure held and degrees earned by him or her;
  - e. A copy of a certificate of insurance that indicates that the person who will be entrusted with handling the funds of the School is adequately bonded.
- xii. Within 30 days of the change to any member of the Governing Body or the School's licensed business official who will be given the responsibility of keeping the financial records of the charter school, the school shall resubmit all information required in Section 4. Subsection 7.xi (a)-(e) above, revised to reflect the changes in staffing or board membership.
- xiii. If at any time, the School's qualification as a board of finance is revoked by the Department, the Commission shall, at its next regularly scheduled meeting, consider whether to commence revocation proceedings to revoke the School's Charter. If the Commission decides not to revoke the charter, the School shall be required to develop and successfully implement a Corrective Action Plan to address the conditions and causes of the revocation of the School's qualification as a board of finance.

**8. Operation:**



- i. The School shall be nonsectarian in its charter school programs, enrollment policies and employment practices and all other operations. Attachment F, incorporated herein by reference, states the School's enrollment policies and procedures.
- ii. The School shall comply with all federal and state laws relating to the education of children with disabilities.
- iii. The School shall comply with applicable federal, state and local rules, regulations and statutes relating to health, safety, civil rights and insurance.
- iv. The School shall, in accordance with the Compulsory School Attendance Act, maintain records to document daily student attendance and shall make such records available for inspection upon request of the Commission and the Department. The School shall comply with the number of overall instructional hours required by statute, based on the grade levels served, which may be verified through budget reporting.
- v. The School shall maintain student records in accordance with all other New Mexico public records retention requirements.
- vi. The School shall allow the Commission and the Department to visit each school site at any reasonable time.
- vii. The School shall allow the Commission and the Department to conduct financial, program or compliance audits and shall hold open for inspection all records, documents and files relating to any activity or program provided by the School relating to the School. All books, accounts, reports, files and other records relating to this Charter and Contract shall be subject, during normal business hours, to inspection and audit by the State for five years after termination of the Charter and the Contract.
- viii. The School shall notify the Chair of the Commission and the Department within 15 days of any and all written complaints of inappropriate contact as defined in the school's policies, or convictions for inappropriate contact with a student or other minor by any staff member, employee, or contractor and shall notify the Chair of the Commission within 15 days of allegations of, or convictions for, any crime related to the misappropriation of school funds or theft of school property by any staff member, employee or contractor.
- ix. If the School receives federal grant funds that flow through the Department, the School shall timely submit financial and other reports required by the Department for the School's receipt of such funds.
- x. The School shall comply with applicable federal, state and local rules, regulations and statutes relating to public education unless the School is specifically exempted from the provision of law. All members of the Governing Body shall sign a certificate, in the form attached hereto as Attachment G, certifying their compliance with all federal and state laws governing the organizational, programmatic, and financial requirements applicable to charter schools. Within 30 days of any change to the membership of the Governing Body, the School shall provide a signed certification from any new members in the form of Attachment G, which will be incorporated into this Contract.
- xi. The School shall identify the non-discretionary waivers the School is utilizing and the discretionary waivers the School has requested from the Secretary in Attachment H, incorporated herein by reference.
  - a. If the school requests from, and is granted a discretionary waiver by the Secretary at any point during the Term, the School shall file a notification

within 30 days of approval from the Secretary with the Commission to amend the Contract to reflect such waiver.

- b. If the School begins making use of any additional non-discretionary waivers at any point during the charter term, the School shall file a notification within 30 days of first use of the waiver with the Commission to amend the contract to reflect the use of such non-discretionary waiver.
9. **Use of Volunteers:** The School covenants and represents that all volunteers it allows access to its students or the Facility will comply with state regulations regarding the use of volunteers set out in Section 6.50.18 NMAC.
10. **Background Checks:** The School shall comply with the requirements of Section 22-10A-5 NMAC 1978, relating to background checks for all staff, instructors, and volunteers, in whatever capacity, working with its students or at the Facility.
  - i. The School shall develop and implement policies and procedures to require background checks on an applicant who has been offered employment, and for all volunteers, contractors and contractor's employees with unsupervised access to students at the public school. The School shall comply with the Criminal Offender Employment Act.
  - ii. The Head Administrator of the School shall report to the Department any known conviction of a felony or misdemeanor involving moral turpitude of a licensed or certified school employee.
  - iii. The Head Administrator of the School or their respective designees shall investigate all allegations of ethical misconduct about any licensed or certified school employee who resigns, is being discharged or terminated or otherwise leaves employment after an allegation has been made, or incident occurs. If the investigation results in a finding of wrongdoing, the Head Administrator of the School shall report the identity of the licensed or certified school employee and attendant circumstances of the ethical misconduct on a standardized form to the Department and the licensed or certified school employee within thirty days following the separation from employment. No agreement between a departing licensed or certified school employee and the School shall diminish or eliminate the responsibility of investigating and reporting the alleged ethical misconduct, and any such provision or agreement to the contrary is void and unenforceable.
11. **Sites:** The School shall provide educational services, including the delivery of instruction, at the following location(s):

School of Dreams Academy  
906 Juan Perea Road  
Los Lunas, NM 87031

The School shall ensure the Facilities meet the charter school facilities standards in Section 22-8B-4.2(A, C, D) NMSA 1978, and shall ensure that the facilities comply with all applicable federal, state and local health and safety standards and other applicable laws, regulations and rules. The School shall provide the Lease(s) or Lease Purchase Agreement(s) for all facilities, which is attached to this contract as Attachment J incorporated herein by reference,

#### SECTION 5: PERFORMANCE FRAMEWORKS

1. **Performance Framework:** Attachment A, incorporated herein by reference, includes the Charter Performance Review and Accountability System ("Accountability Plan"), which includes Academic Performance Framework, Organizational Performance Framework, and Financial



Performance Framework adopted by the Commission. These documents together set forth the academic and operational performance indicators and performance targets that will guide the Commission's evaluation of the School and the criteria, processes and procedures that the Commission will use for ongoing oversight of operational, financial and academic performance of the School.

**2. Academic Performance Indicators and Evaluation:** The School shall:

- i. Provide a comprehensive educational program that aligns with the state academic standards prescribed by the Department for the grades approved to operate.
- ii. Participate in the State-required assessments as designated by the Department or the U.S. Department of Education.
- iii. Timely report student level data for State-required assessments to the Department and report student level data from school administered assessments, as requested by the Commission or on a bi-annual basis if that data is incorporated into the Academic Performance Framework adopted by the Commission.
- iv. Meet or make substantial progress toward achievement of the Department's standards of excellence.
- v. Meet or make substantial progress toward achievement of the Department's standards of excellence or the performance standards identified in the Academic Performance Framework as adopted and modified periodically by the Commission.
  - i. The Academic Performance Framework adopted by the Commission allows for the inclusion of additional rigorous, valid and reliable mission specific indicators proposed by a charter school to augment external evaluations of its performance, provided that the Commission approves of the quality and rigor of such proposed indicators and the indicators are consistent with the purposes of the Act. Any such indicators will be incorporated into Attachment A.
  - ii. If the School fails to meet its academic performance indicators in any year it must develop, submit, and begin implementing a School Improvement Plan within 60 days of the release of the academic performance information. The School Improvement Plan will be submitted to the Commission, but the Commission will not evaluate the quality of, or approve, the plan. The Commission may evaluate implementation of the plan through its annual site visits and provide feedback to the School regarding fidelity of implementation and effectiveness of the plan in improving School performance.
  - iii. If the School does not meet the performance standards in the Performance Framework, it shall "make substantial progress" toward achievement of those standards as it is defined in the Commission's Accountability Plan included in Attachment A.
  - iv. Failure to meet or make substantial progress toward meeting the performance standards shall be sufficient justification to revoke or non-renew the School's Charter.
- vi. The Commission is not required to allow the school the opportunity to remedy the problem if unsatisfactory review warrants revocation.

**3. Organizational Performance Indicators and Evaluation:** The School shall:

- i. Comply with applicable federal, state and local rules, regulations and statutes relating to public education unless the School is specifically exempted from the provision of law.

- ii. Timely submit all documentation, financial and other reports required by the Department or the Commission in order to evaluate the School's compliance with applicable federal, state and local rules, regulations and statutes relating to public education.
- iii. Provide a written copy to the Commission, within 15 days of receiving a written notice of complaint filed against the School alleging violations of federal, state, or local law, regulation or rule, or a final determination from another state government division or agency, or state or federal court regarding any such complaint against the School.
- iv. Cooperate with the Commission or authorized representative to enable them to conduct annual site visits and all other auditing visits requested or required by the Commission or the Department.
- v. Meet the organizational performance standards identified in the Organizational Performance Framework as adopted and modified periodically by the Commission.
  - a. If the school fails to meet its organizational performance indicators, the School will be provided notice through the procedures in the Commission's Accountability Plan included in Attachment A.
  - b. The school may be required to develop, submit and implement a Corrective Action Plan to address deficiencies in its organizational performance. All Corrective Action Plans must be submitted to the Commission, but the Commission will not evaluate the quality of, or approve, the plan. The Commission may evaluate implementation of the plan through its site visits and provide feedback to the School regarding fidelity of implementation and effectiveness of the plan in improving school performance.
  - c. Failure to meet the organizational performance standards shall be sufficient justification to revoke or non-renew the School's Charter.
- vi. The Commission is not required to allow the school the opportunity to remedy the problem if unsatisfactory review warrants revocation.

**4. Financial Performance Indicators and Evaluation: The School shall:**

- i. Meet generally accepted standards of fiscal management which shall include complying with all applicable provisions of the Public School Finance Code, the Procurement Code, and the Audit Act; paying debts as they fall due or in the usual course of business; complying with all federal requirements related to federally funded programs and awards; refraining from gross incompetence or systematic and egregious mismanagement of the School's finances or financial records; and preparing and fairly presenting its financial statements in accordance with accounting principles generally accepted in the United States of America, which include the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- ii. Timely submit all documentation, financial and other reports required by the Department or the Commission. The School shall further timely submit any Corrective Action Plans or additional financial reporting or documentation that may be required by the Department or the Commission.
- iii. Cooperate with the Commission to enable them, or its authorized representative to conduct all auditing visits requested or required by the Commission or the Department.

- iv. Meet the financial performance standards identified in the Financial Performance Framework as adopted and modified periodically by the Commission, or provide an adequate response to explain why the School does not meet the performance standards and demonstrate the school is a financially viable and stable organization.
- v. Failure to meet generally accepted standards of fiscal management shall be sufficient justification to revoke or non-renew the School's Charter.
- vi. The School shall have a designated licensed business official and certified procurement officer. The School shall identify the current individual designated as the certified procurement officer and contains their CPO certification in Attachment I incorporated herein by reference. The school shall notify the Commission of all changes to the designated licensed business official or certified procurement officer within 30 days.
- vii. The Commission is not required to allow the school the opportunity to remedy the problem if unsatisfactory review warrants revocation.

**5. Chartering Authority's Duties and Liabilities:** The Commission, shall:

- i. Evaluate all applications submitted by this charter school, including properly submitted amendment requests, and act timely on any such applications or requests;
- ii. Monitor the performance and legal compliance of the School, in accordance with the requirements of the Act and the terms of the Charter and Contract;
- iii. Review all relevant information to determine whether the School merits suspension, revocation or nonrenewal. All evaluation and monitoring will be carried out using the processes and criteria established in the Accountability Plan in Attachment A;
- iv. Conduct all its activities in accordance with its chartering policies and practices, which shall be modified from time to time to be consistent with nationally recognized principles and standards for quality charter authorizing in all major areas of authorizing; and
- v. Promptly notify the Governing Body of the School of unsatisfactory fiscal, overall governance or student performance or legal compliance and provide reasonable opportunity for the governing body to remedy the problem; Any such notice shall be provided in accordance with the Accountability Plan as provided in Attachment A.
- vi. The Commission is not required to allow the school the opportunity to remedy the problem if the unsatisfactory review warrants revocation.

**SECTION 6: ADDITIONAL TERMS**

**1. Withheld Two-Percent of Program Cost:** The Charter Schools Division of the Department may withhold and use two percent (2%) of the school-generated program cost for administrative support of the School as provided in Section 22-8B-13 NMSA 1978. These funds are to be utilized in the following manner:

- i. New Mexico Public Education Department: The Department shall utilize the funds for the following purposes:
  - a. Funding the staff to conduct work for the Division, which shall include:

1. Conducting annual site visits and annual evaluations under the Performance Frameworks; receiving, processing, evaluating and making recommendations on new applications, amendment requests, and renewal applications; receiving, processing, and evaluating complaints; making recommendations to revoke charters, as necessary; making recommendations regarding School Improvement and Corrective Action Plans, as necessary; overseeing the closure of charter schools; and making recommendations regarding the development and implementation of authorizing policies and practices to ensure they are consistent with nationally recognized principles and standards for quality charter authorizing in all major areas of authorizing; and
  2. Technical assistance and support work such as providing training for new Governing Board members; providing Governing Body training; maintaining communication with the charter school field to keep them apprised of best practices, opportunities for support from Department, policy changes from the Commission; hosting other training and professional development; and developing other support materials.
- b. Funding a proportional share of the Department staff to conduct work, as determined by the Department, necessary to support the administrative oversight, approval of budget matters, capital outlay, transportation, special education, federal programs, school evaluation and accountability, annual financial audits, and T&E audits.
  - c. Funding any other staff work necessary to provide professional support or data analysis to the Commission.
  - d. The Commission's reasonable request for funding of any project or service to support the work of the Commission shall not be denied by the Department. The Commission's request for funding of project or service shall take budget priority over the Department's budget priorities or allocations.
  - e. The Commission shall request an annual accounting from the Department on how the two percent (2%) was utilized and shall provide the information received to the school.
- ii. New Mexico Public Education Commission: The New Mexico Public Education Commission shall utilize the funds for the following purposes:
    - a. Funding the travel and per diem expenses of Commissioners when conducting the business of the Commission.
    - b. Funding the administrative expenses of the business of the Commission
  - iii. In addition to the above listed items, the Department and the Commission shall have authority to utilize the funds for similar or related costs for administrative support of charter schools and charter school programs.

**2. Amendments to the Charter and Changes to the School:**

- i. This Contract may be amended by mutual agreement, in writing, of the parties. Processes for submitting requests to amend, or notifications of amendments, as amended from time to time, shall be posted on the Commission's website as an Amendment Request or Notification. The School shall not take action or implement

the amendment until approved by the Commission unless the Commission's processes indicate otherwise.

- a. All amendment requests and notifications shall be submitted pursuant to the procedures developed by the Commission.
  - b. The Commission shall consider and vote on all properly submitted amendment requests and notifications within 60 days of receipt of a complete submission.
- ii. If the Parties cannot agree on an amendment to the terms of the contract, either party may appeal to the Department Secretary pursuant to Section 22-8B-9(A) and (C) NMSA 1978.

**3. Insurance:**

- i. The School shall obtain and maintain insurance in accordance with the laws of the State.
- ii. The School will participate in the Public School Insurance Authority.
- iii. **Waiver of Rights:** The School and its insurers providing the required coverage shall waive all rights of recovery against the State and the Commission, or the Department, their agents, officials, assignees and employees.
- iv. The School shall maintain insurance coverage as required by law and provide the types, limits, and deductibles in Attachment K.

**4. Charter Revocation:** The Commission may at any time take action to revoke the Charter and Contract of the School.

- i. **Criteria:** Pursuant to the Act, the Commission may revoke the Charter if the Commission determines that the School:
  - a. Committed a material violation of any of the conditions, standards or procedures set forth in the Contract,
  - b. Failed to meet or make substantial progress toward achievement of the department's standards of excellence or student performance standards identified in the Contract,
  - c. Failed to meet generally accepted standards of fiscal management, or
  - d. Violated any provision of law from which the School was not specifically exempted.
- ii. **Procedures and Timeline:** The Commission shall utilize the following revocation process:
  - a. Notify the school at least 7 days prior to a regularly scheduled meeting that it will be on the agenda for consideration of whether to issue a Notice of Intent to Revoke the Charter.
  - b. Issue a written Notice of Intent to Revoke the Charter within 15 days of voting to issue such a notice. The Notice shall:



1. State the legal basis for the potential revocation, and reasonably identify the evidence that the Commission has to support the existence of the legal basis;
  2. Identify the date, location, and time at which a revocation hearing will be held;
  3. Establish deadlines for the School and the Commission to present written materials and all evidence that will be used during the hearing; and
  4. Identify if the hearing will be conducted by the Commission or by an impartial hearing officer. If a hearing officer is to be used, the Notice shall establish the date on which the Commission will consider whether to accept, reject, or modify the hearing officer's findings of facts, conclusions of law, and recommendations.
- c. After a hearing, upon making a final revocation decision, the Commission shall issue a written decision, through the Chair, within 15 days of voting to revoke the charter stating the findings of fact and conclusions of law that support the revocation.
5. **Charter Renewal Processes:** Within the time period established by the Act, the School's Governing Body may submit a renewal application to the Commission using the Commission's renewal application form as it may be amended from time to time. The application shall include all information required by law and necessary for the Commission to determine whether renewal, non-renewal, or a conditional or short-term renewal is most appropriate.
- i. Criteria: Pursuant to the Act, the Commission may refuse to renew the Charter if the Commission determines that the school:
    - a. Committed a material violation of any of the conditions, standards or procedures set forth in the Contract,
    - b. Failed to meet or make substantial progress toward achievement of the Department's standards of excellence or student performance standards identified in the Contract,
    - c. Failed to meet generally accepted standards of fiscal management, or
    - d. Violated any provision of law from which the School was not specifically exempted.
  - ii. Procedures and Timeline: The Commission shall utilize the following renewal process:
    - a. At least one year prior to the date on which the school will apply for renewal, the Commission's authorized representatives will notify the school of its preliminary renewal profile, as established in the Commission's Accountability Plan which is incorporated herein as Attachment A.
    - b. At least 20 days prior to Commission's meeting at which it will consider the school's renewal application, the Commission's authorized representatives will provide the School with a preliminary application analysis and recommendation. The recommendation shall:



1. State the legal basis for potential non-renewal, and reasonably identify the evidence to support the existence of the legal basis; and
  2. Establish deadlines for the School to present its written materials and all evidence that will be used to respond to the recommendation, which shall be not less than 10 days from the date of the delivery of the recommendation.
  - c. No later than seven (7) days prior to the Commission's meeting at which it will consider the school's renewal application, the Commission's authorized representatives will provide the school with a final application analysis and recommendation.
  - d. Upon making a final non-renewal decision, the Commission, through the Chair, shall issue a written decision within 30 days of voting to non-renew the charter stating the findings of fact and conclusions of that support the revocation.
6. **Applicable Law:** The material and services provided by this School under this Charter shall comply with all applicable federal, state, and local laws and shall conform, in all respects, to the educational standards contained in its application and Charter. This Charter shall be governed and interpreted in accordance with the laws of the State.
- i. In the event of any conflict among the documents and practices defining this relationship, it is agreed that:
    - a. The Contract shall take precedence over policies of either Party and the Charter; and
    - b. If a provision in the Performance Framework conflicts with a provision in the Contract, the Contract shall take precedence over the Performance Framework.
  - ii. This Contract shall not take precedence over any applicable provisions of law, rule or regulation.
  - iii. In the event of a change in law, regulation, rule, procedure or form affecting the School during the term of this Contract, the Parties shall comply with the change in law, rule, regulation or procedure or utilize the new form, provided.
    - a. If an amendment to this Contract is required to comply with a change in the law or rule, then the Parties shall execute such an amendment.
7. **Charter Interpretation:**
- i. **Merger:** This Charter and Contract, including all of the attachments, constitute the entire agreement of the Parties. NMSA, Commission policies, and Department policies, and administrative rules and regulations which may be amended from time to time during the course of the Charter, are incorporated into this Charter, along with any amendments which may occur during the term of the Charter, by this reference.
  - ii. **Waiver:** Either party's failure to insist on strict performance of any term or condition of the Charter shall not constitute a waiver of that term or condition, even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

- iii. **Severability:** The provisions of this Charter are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Charter or Contract.
  - iv. **Assignment:** Neither party may assign or transfer any right or interest in this Charter and Contract unless authorized by law. No assignment, transfer or delegation of any duty of the School shall be made without prior written permission of the Commission.
8. **Indemnification and Acknowledgements:** To the extent permitted by law, the Charter School shall indemnify, defend, save and hold harmless the Commission, the State, its departments, agencies, boards, commissions, universities and its officers, officials, agents and employees ("Indemnitee") from and against any and all claims, actions, liabilities, damages, losses or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) ("Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the School or any of its directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such School to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree that is applicable to the School. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by the School from and against any and all claims. It is agreed that the School will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. This provision shall be subject to annual budget and appropriation by the New Mexico Legislature.
9. **Employees and Contractors:** This Charter is not an employment contract. No officer, employee, agent, or subcontractor of the School is an officer, employee, or agent of the Commission or the Department.
10. **Non-Discrimination:** The School shall comply with all applicable federal and state employment laws, rules and regulations, including the Americans with Disabilities Act. The School shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, sexual orientation, gender identity, spousal affiliation, national origin or disability.
11. **Notices:** Any notice required, or permitted, under the Contract shall be in writing and shall be effective immediately upon personal delivery, upon receipt of electronic mail, or three (3) days after mailing to the following:

**Charter School:**  
Kathy Chavez, Governing Body President  
906 Juan Perea Rd.  
Los Lunas, NM 87031  
kcchavez669@yahoo.com  
(505) 967-6724

Mike Ogas, Head Administrator  
906 Juan Perea Rd.  
Los Lunas, NM 87031  
mogas@sodacharter.com  
(505) 866-7632

**NM Public Education Commission:**  
Patricia E. Gipson, Chair  
300 Don Gaspar Santa Fe, NM 87505  
575-405-9135  
PEC.DistrictSeven@state.nm.us

The Parties may make changes in the address of its contact person by posting the change(s)



on its website.

- 12. Dispute Resolution:** Disputes arising out of the interpretation of this Contract shall be subject to the dispute resolution process set forth in this section. Disputes arising out of interpretations of state or federal statute, regulation, or policies of a federal entity or a different state entity, Charter revocation, or Charter renewal shall not be subject to this dispute resolution process.
- i. **Notice of Dispute:** Either party shall notify the other party in writing that a dispute exists between them within 30 days from the date the dispute arises. The notice of dispute shall identify the Paragraph of this Contract in dispute, reasons alleged for the dispute and copies of any documentation that supports the complaining party's position. If the dispute is not timely presented to the other party, the party receiving late notice may elect not to enter into mediation.
  - ii. **Continuation of Contract Performance:** The School and the Commission agree that the existence and details of a dispute notwithstanding, the Parties shall continue without delay their performance of this Contract, except for any performance that may be directly affected by such dispute.
  - iii. **Time limit for response to the notice and cure of the matter in dispute:** Upon receipt of a Notice of Dispute, the Chair of the Commission or the Charter Representative of the Charter School shall have 15 days to respond in writing.
    - a. The written response may:
      - 1. Propose a course of action to cure the dispute;
      - 2. Propose the parties enter into informal discussions to resolve the matter; or
      - 3. Require the parties select a neutral third party to assist in resolving the dispute.
    - b. If no response is received within 15 days, the Party sending the Notice may invoke the process for selecting a neutral third party to assist in resolving the dispute.
    - c. If the written response proposed a course action or negotiations to resolve the dispute, the party sending the Notice shall respond within 15 days or receiving the response.
    - d. At any point in this informal process, either Party may, in writing, invoke the process for selecting a neutral third party to assist in resolving the dispute.
  - iv. **Selection of a neutral third party to assist in resolving the dispute:**
    - a. If either Party invokes the process for selecting a neutral third party to assist in resolving the dispute, it shall include in the notice the name of a proposed mediator along with his/her qualifications.
    - b. If the other Party does not agree to the proposed mediator, it shall identify an alternate mediator along with his/her qualifications within 5 business days.
    - c. If the other Party does not agree with the alternate designation, it shall give notice within 5 business days.

- d. In the event that the Parties cannot agree on a mediator the Parties shall request that the Secretary appoint a mediator. The appointed mediator shall mediate the dispute.
  - v. **Apportionment of all costs related to the dispute resolution process:** Each Party shall pay one-half of the reasonable fees and expenses of the mediator. All other fees and expenses of each party, including without limitation, the fees and expenses of its counsel, shall be paid by the Party incurring such costs.
  - vi. **Process for Final Resolution of Dispute:** If settlement of the dispute is not reached through mediation or by agreement of the Parties, the Parties shall submit the matter to the Secretary for resolution.
- 13. Non-Availability of Funds:** Every payment obligation of the State under this Charter is conditioned upon the availability of funds continuing to be appropriated or allocated for the payment of such obligations. If funds are not allocated and available for the continuance of this Charter, the Commission may terminate this Charter at the end of the period for which funds are available. No liability shall accrue to the Commission, nor the State, or any of its subdivisions, departments or divisions, in the event this provision is exercised, and neither the Commission nor the State shall be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.
- 14. Release of Funding:** A School may not receive state equalization funding until a current NMCI determination, certificate of occupancy, and occupancy permit for educational use are provided for each site listed in Section 4.10 (and each site subsequently approved by the New Mexico Public Education Commission). A School may not receive state equalization funding until the Commission has determined that the school has satisfied all conditions imposed by the Commission at initial approval and has demonstrated readiness to operate through completion of the Commission's Implementation Year Checklist. Upon request for renewal, the School may not receive state equalization funding until the Commission has determined that the school has satisfied all conditions imposed by the Commission.

**SCHOOL OF DREAMS ACADEMY**

Executed this 2<sup>nd</sup> day of July 2019.

By Michael S. Gas  
Michael S. Gas, Superintendent, Charter Representative for  
 School of Dreams Academy

**NEW MEXICO PUBLIC EDUCATION COMMISSION**

Executed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

By \_\_\_\_\_  
 Patricia E. Gipson, Chair of the New Mexico Public Education Commission.



**New Mexico Public Education Commission  
Charter Performance Review and Accountability System**

**School of Dreams Academy**

## Contents

Introduction .....	3
Performance Review and Accountability System Objectives .....	3
Annual Performance Review Activities .....	4
Performance Framework .....	5
Intervention Ladder .....	7
Charter Renewal .....	10
Appendix A: Performance Frameworks with Mission Goal(s) .....	14
Appendix B: Annual School Reporting Calendar .....	32
Under Development .....	32
Appendix C: Summary of Site Visit Protocol.....	33
Appendix D: Glossary of Terms .....	34

## **Introduction**

Through charter schools, the Public Education Commission ("PEC") as Chartering Authority seeks to provide families with effective, quality educational options.

The PEC is responsible for setting and implementing chartering policies that are consistent with New Mexico charter school law, charter agreements established with schools, and nationally recognized principles and standards for quality charter authorizing. The PEC, through its authorized representative(s), will carry out the data collection and monitoring activities described in the Performance Review and Accountability System.

The New Mexico Charter Schools Act purpose:

The Charter Schools Act ... is enacted to enable individual schools to structure their educational curriculum to encourage the use of different and innovative teaching methods that are based on reliable research and effective practices or have been replicated successfully in schools with diverse characteristics; to allow the development of different and innovative forms of measuring student learning and achievement; to address the needs of all students, including those determined to be at risk; to create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site; to improve student achievement; to provide parents and students with an educational alternative to create new, innovative and more flexible ways of educating children within the public school system; to encourage parental and community involvement in the public school system; to develop and use site-based budgeting; and to hold charter schools accountable for meeting the department's educational standards and fiscal requirements. (§22-8B-3 NMSA 1978 *et seq*).

## **Performance Review and Accountability System Objectives**

PEC seeks to establish a Performance Review and Accountability System that strikes the appropriate balance between charter school autonomy and chartering authority intervention. The Performance Review and Accountability System is an adaptive tool subject to continuous review and improvement so that the students in New Mexico public charter schools are effectively served.

The PEC invites New Mexico's charter schools to be partners in the development and continuous improvement of this Performance Review and Accountability System.

The PEC is committed to providing clear expectations about charter school performance and chartering authority oversight activities. PEC objectives for charter school performance review and accountability include:

- Provide clarity about the process and timeline for collecting performance framework data
- Streamline data collection and decrease the burden on NM charter schools
- Consider overall school academic performance across a range of different indicators, including optional, unique, school-identified measures for evaluating mission-specific goals
- Ensure all data and evidence can be reliably and accurately collected and measures can be reliably and accurately evaluated
- Establish financial metrics that provide clarity about the financial health of charter schools
- Establish clear policies and procedures for how performance frameworks inform PEC actions and decisions, including a range of interventions that PEC will take in response to charter school under performance
- Provide annual performance reports that are publicly available to families and schools

## Annual Performance Review Activities

PEC, through its authorized representative(s), evaluates schools on their ability to achieve academic goals with all students while maintaining financial and organizational health. Annual accountability activities are guided by state and federal compliance requirements as well as clear measures of academic progress that allow for a rigorous, state-aligned, fact-based evaluation of school performance.

### Charter School Data Submissions

- Throughout the year, charter schools are required to submit academic, financial, and organizational data to PEC, various PED departments, and other governmental entities.
- Submissions are required for PEC accountability oversight and for compliance with state and federal funding and reporting requirements.
- See Appendix B for a schedule of reports consistently required by the PEC and PED; other reporting may be required if the school is notified by PED, PEC, or other government entities.

### Annual School Visits

- PEC's authorized representative(s) conduct annual site visits to all schools to collect data for the performance framework evaluation and provide feedback as technical assistance. Site visits may be differentiated based on school performance, including academic, financial, and organizational performance.
- New school visits are conducted within the first 40 days after new school opening to collect data for the performance framework evaluation and to provide early feedback and intervention as technical assistance, if necessary.
- Renewal visits are conducted during the fall of the charter school's renewal year and provide additional insights to inform PEC charter school renewal decisions, especially for schools not meeting performance expectations.
- Visits can include a combination of any of the following: file audits, classroom observations, a facility review, and staff, board, and student and family interviews.
- See Appendix C for a summary of the School Visit Protocols.

### Annual Performance Review

- PEC's authorized representative(s) evaluate all schools against the PEC Performance Framework annually, which is comprised of academic, financial, and organizational performance metrics.
- PEC's authorized representative(s) share initial performance framework feedback and evaluations with charter school boards and administrative leaders for review and feedback.
- PEC, through its authorized representative(s), issues any Notices of Concern or Breach related to annual performance reviews.
- PEC approves and publishes Annual Performance Reports for schools.
- See Appendix A for the current PEC Charter School Performance Framework.

## Performance Framework

The PEC Charter School Performance Framework sets the academic, fiscal, and organizational standards by which PEC-authorized public charter schools will be evaluated, informing the PEC and charter school about the school's performance and sustainability. See Appendix A for the current PEC Charter School Performance Framework.

The Performance Framework consists of three separate, free standing frameworks. Performance under these three separate frameworks does not get rolled up into one overall evaluation. No one document necessarily carries more weight than any other.

**Academic Framework:** The academic framework includes measures that allow the PEC to evaluate the school's academic performance and assess whether the academic program is a success and whether the charter school is implementing its academic program effectively. The framework includes measures to evaluate student proficiency, student academic growth, achievement gaps in both proficiency and growth between student subgroups, and for high schools, post-secondary readiness and graduation rate. The PEC considers increases in student academic achievement for all groups of students as one of the most important factors when determining whether to renew or revoke a school's charter. The framework also includes unique, school-identified measures for evaluating mission-specific goals. These goals must be approved by the PEC to insure quality and rigor of proposed indicators and that the indicators are consistent with the purposes of the Charter Schools Act.

Based on performance across the academic indicators and measures, schools receive an overall academic tier rating that is used by the PEC in annual monitoring and renewal decisions. The academic framework has four rating tiers. Schools in Tier 1 are exceeding PEC performance expectations and are on par with or exceed the highest-performing schools in the state. Schools in Tier 4 are consistently failing to meet academic performance expectations.

**Organizational Framework:** The Organizational Framework primarily lists the responsibilities and duties that charter schools are required to meet through state and federal laws. The organizational framework is the primary focus of the annual school visit process. It was developed pursuant to the New Mexico Charter Schools Act and includes indicators, criteria statements, and metrics related to schools' educational program, financial management, governing body performance, school environment, and employee and student policies, including compliance with all applicable laws, rules, policies, and terms of the charter contract. For each indicator a school receives one of three ratings: "Meets Standard," "Working to Meet Standard" and "Does Not Meet Standard". Indicator ratings are assigned based on evidence that the school is meeting the criteria statement(s).

Based on performance across the organizational indicators and measures, schools receive an overall organizational rating that is used by the PEC in annual monitoring and renewal decisions. The overall rating will be either "Meets Standard" or "Does Not Meet Standard" based on cumulative performance on the organizational indicators. A school will only receive an overall rating of "Does Not Meet Standard" if the school receives "Does Not Meet Standard" ratings for three more indicators.

**Financial Framework:** The financial framework is currently being revised to include more effective measures of financial health. When a new financial framework is developed, school reported financial data will be evaluated on a quarterly basis and the Performance Framework will be populated with the most recent data. This internal school data is not final, but will be

used by the PEC as a preliminary evaluation for progress monitoring improvements in financial health and/or act as a flag for potential financial problems or concerns.

A final performance framework will be populated after final audited end-of-year cash amounts are available from the annual external audit. The final framework will be used to evaluate whether the school is meeting financial performance expectations for purposes of annual evaluations and renewal decisions.

The current financial framework requires schools to annually, in August, submit a completed and signed self-reported questionnaire. The questionnaire includes a series of questions about organizational performance as it relates to financial management practices. Several of the questions in the current financial framework are included in the revised organizational framework as indicators.



## Intervention Ladder

PEC is responsible for holding charter schools accountable for the performance and legal compliance of charter schools under their authority. To meet this obligation, PEC has adopted an intervention ladder to communicate concerns about academic performance, fiscal soundness or legal, contractual, or policy requirements.

In the absence of evidence to the contrary, all schools are considered to be in **Good Standing**. Schools in good standing are expected to participate in routine annual accountability activities and maintain open communication with PEC and its authorized representative(s).

### Notice of Concern

Schools may receive a **Notice of Concern** if the PEC and/or its authorized representative receives a verified complaint of significant concern, or if the annual performance review or site visit identifies significant questions or concerns about academic, financial, or organizational performance; such as a Tier 4 rating on the academic framework or a finding of “not meeting expectations” on an organizational indicator. PEC's authorized representative(s) will communicate with school leaders, parents, and any other necessary stakeholders to verify complaints.



PEC will issue a Notice of Concern at a properly noticed public meeting. PEC's authorized representative(s) shall provide schools notice that they will be appearing on the PEC's agenda for the purposes of issuing a Notice of Concern at least 10 days prior to the meeting. As part of issuing a Notice of Concern, the PEC will establish expected outcomes and deadlines<sup>1</sup> that must be met by the school. The deadline established for correction shall be no less than 10 days including holidays and weekends, unless the matter is an emergency matter<sup>2</sup> in which case the deadline shall be no less than 72 hours.

Upon remedying the concern and complying with the expectations established by the PEC, the school returns to **Good Standing**. If the PEC's expectations and deadlines are not met, the school progresses to the next level of the intervention ladder.

### Notice of Breach

A school can receive a **Notice of Breach** if it fails to correct a Notice of Concern or for certain violations of law that are serious enough to justify a heightened initial response.



PEC will issue a Notice of Breach at a properly noticed public meeting. PEC's authorized representative(s) shall provide schools notice that they will be appearing on the PEC's agenda for the purposes of issuing a Notice of Breach at least 10 days prior to the meeting. As part of issuing a Notice of Breach, the PEC will establish expected outcomes and deadlines<sup>1</sup> that must be met by the school. The deadline established for correction shall be no less than 10 days including holidays and weekends, unless the matter is an emergency matter<sup>2</sup> in which case the deadline shall be no less than 72 hours.

<sup>1</sup> Deadlines will vary depending on the urgency of the matter and the amount of time it takes to reasonably cure the concern.

<sup>2</sup> An “emergency” refers to unforeseen circumstances that, if not addressed immediately by the public body, will likely result in injury or damage to persons or property or substantial financial loss to the public body

Once a Notice of Breach is issued, schools are required to submit a Corrective Action Plan (financial or organizational performance) or an Improvement Plan (academic performance) that details the actions and timeline that the schools will implement to correct the breach. PEC's authorized representatives will monitor the school's implementation of Corrective Action and Improvement Plans, and regularly update PEC on progress. Once the school has met the Notice of Breach requirements, they return to **Good Standing**. Repeated Notices of Concern or Breach may lead to increased oversight, including additional annual site visits or regular phone calls to discuss key performance indicators.

#### **Revocation Review**

Failure to meet the requirements specified in the Notice of Breach, or certain violations of law that are serious enough to justify an initial heightened response, will result in a charter school **Revocation Review**. Schools may also be subject to the Revocation Review if they receive more than one Notice of Breach in the same school year.

PEC will issue a Notice of Revocation Review at a properly noticed public meeting. Unless impractical, PEC's authorized representative(s) shall provide schools notice that they will be appearing on the PEC's agenda for the purposes of issuing a Notice of Revocation Review at least 10 days prior to the meeting. As part of issuing a Notice of Revocation Review, the PEC will establish the actions to be taken by its authorized representative(s) and a deadline for the school to respond to the prospect of revocation. The actions of the PEC's authorized representative may include additional visits to the school, an in-depth audit to assess the school's educational program, and/or financial and organizational health, or other actions appropriate to determine if a revocation hearing is appropriate.

Findings from the revocation review will be presented to the PEC at a properly noticed public meeting, at which will determine whether to issue a Notice of Intent to Revoke, which sends the school into revocation proceedings. In lieu of a Notice of Intent to Revoke, the PEC may decide to grant a Notice of Breach, or a revised Notice of Breach. A revised Notice of Breach will allow a school more time to achieve expected outcomes established in an initial Notice of Breach or adjust the expected outcomes initially established by the PEC.

In extraordinary circumstances, the PEC may forgo the process outlined above and may, with proper statutory notice, consider whether to hold a revocation hearing or hold a revocation hearing.

The table on the following page provides examples regarding triggers and evidence, and actions and consequences; however, the table shall not be considered exclusive.



Intervention Status	Triggers/Evidence	Actions/Consequences
<b>Notice of Concern</b>	<ul style="list-style-type: none"> <li>• Failure to meet performance standards represented in the performance framework.</li> <li>• Receipt of verified complaint of significant concern.</li> <li>• Evidence of not meeting performance expectations through routine monitoring or school visit.</li> <li>• Failure to comply with terms of the charter.</li> </ul>	<ul style="list-style-type: none"> <li>• Appearance before the Public Education Commission at public meeting.</li> <li>• Letter to school leader and governing board detailing areas of concern and specific outcomes and timeline for correcting the performance gap.</li> </ul>
<b>Notice of Breach</b>	<ul style="list-style-type: none"> <li>• Failure to meet objectives identified in a Notice of Concern.</li> <li>• Evidence of material or significant failure to comply with applicable laws.</li> <li>• Actions or operational deficiencies that may endanger the well-being of students and/or staff, or negatively impact the viability of the school.</li> </ul>	<ul style="list-style-type: none"> <li>• Appearance before the Public Education Commission at public meeting.</li> <li>• Letter to school leader and governing board giving notification of breach and outlining additional terms of oversight and monitoring.</li> <li>• School develops, submits, and implements a Corrective Action or Improvement Plan with specific improvements, objectives, timelines, and measures that results in correction of the breach.</li> <li>• PEC, through authorized representative(s), monitors implementation of Corrective Action or Improvement Plan.</li> </ul>
<b>Revocation Review</b>	<ul style="list-style-type: none"> <li>• Failure to successfully meet the terms of the Corrective Action or Improvement Plan.</li> <li>• Repeated failure to meet the material terms of the charter agreement.</li> <li>• Illegal behavior, fraud, misappropriation of funds.</li> <li>• Extended pattern of failure to meet performance expectations set forth in the charter agreement.</li> <li>• Repeated failure to comply with applicable law.</li> </ul>	<ul style="list-style-type: none"> <li>• Appearance before the Public Education Commission at public meeting.</li> <li>• The PEC's authorized representative(s) may conduct additional site visits to the school and/or conduct an in-depth audit to assess the school's educational program, and/or financial and organizational health.</li> <li>• The PEC's authorized representative(s) review and preparation of recommendation to revoke, or not to revoke, the charter.</li> <li>• PEC reviews recommendations and makes decision to commence or not commence revocation proceedings.</li> </ul>

## **Charter Renewal**

As part of renewal consideration, PEC will consider a schools' annual school performance, school visit reports, information contained in the school's renewal application, and other relevant information in their decisions. Renewal decisions are based on the statutory standards in Section 22-8B-12(K) New Mexico Statutes Annotated.

After the final performance evaluation is completed for each year of its contract, a school will receive notice of whether it is on track for a renewal recommendation for 1) expedited renewal, 2) full renewal, 3) renewal with conditions, or 4) non-renewal. When the school has two years remaining on its contract term, the PEC's authorized representative(s) will provide the school with a Preliminary Notification of Renewal Profile. These notices are based on the school's performance profile over the contract term and the renewal performance profiles on page 11 of this Charter Performance Review and Accountability System. The PEC expects that schools will use these notices to both take action to respond to the potential renewal action by improving performance, as necessary, and to prepare and submit a response to the potential renewal action.

After final school performance data is released for the year prior to the school's renewal year, the school will receive a final notice of its renewal profile. Schools that have an Expedited Renewal Profile will have limited submission requirements and a limited site visit.

### **Renewal Decision Criteria**

PEC decisions on charter school renewal will be based on an analysis of the following questions:

1. Is the school an academic success or making progress toward academic success? (Academic Framework)
2. Is the school an effective, viable organization? (Organizational Framework)
3. Is the school fiscally sound? (Financial Framework)

Staff providing support to the PEC will develop renewal recommendations based on the cumulative performance of the charter school over the contract term. The PEC will consider the following sources of evidence for renewal decisions, including any additional factors highlighted in the charter school renewal application.

### **Renewal Evidence Sources**

- Annual performance reports, which constitute a report on the status in relation to meeting the academic performance, financial compliance and governance responsibilities of the charter school, including achieving the goals, objectives, student performance outcomes, state standards of excellence and other terms of the charter contract, including the accountability requirements set forth in the Assessment and Accountability Act;
- School developed reports, for schools not meeting the above standards, on the progress toward meeting the established standards;
- Evidence gathered that confirms or does not confirm the school developed reports identified above;
- A financial statement that discloses the costs of administration, instruction and other spending categories for the charter school that is understandable to the general public, that allows comparison of costs to other schools or comparable organizations and that is in a format required by the department;
- Petitions of support; and
- Facility assurances.

### Renewal Outcomes

Staff providing support to the PEC will recommend one of four renewal outcomes (profiles) for PEC to consider. Although renewal recommendations will be guided by the performance profiles described below, the PEC has ultimate authority to make any renewal decision that is consistent with New Mexico charter school law.

Renewal Decision	Renewal Performance Profile <sup>3</sup>	Renewal Terms
Expedited Renewal <sup>4</sup>	Academic	Five-year term with no additional conditions outside normal charter contract; streamlined renewal application and review process
	Organizational / Financial	
Full Renewal <sup>5</sup>	Academic	Five-year term with no additional conditions outside normal charter contract
	Organizational / Financial	
Renewal with conditions <sup>6</sup>	Academic	Three- or five-year renewal term with defined goals for school improvement on academic, organizational, and/or financial frameworks
	Organizational / Financial	
Non-Renewal <sup>7</sup>	Academic	Recommendation for non-renewal
	Organizational / Financial	

<sup>3</sup> PEC renewal decisions will be guided by performance profiles, but PEC has ultimate authority to make any renewal decision that is consistent with New Mexico charter school law.

<sup>4</sup> When considering schools currently in a contract with a term of less than 5 years, the expedited renewal profile criteria are 1) Maintain Tier 1 academic rating for the contract term, and 2) maintain Meets Expectations for organizational and financial performance for the contract term.

<sup>5</sup> When considering schools currently in a contract with a term of less than 5 years, the full renewal profile criteria are 1) in the academic framework either a) demonstrate a consistently improving Tier rating over the term of the contract or b) maintain at least Tier 2 rating for the contract term, and 2) earn Meets Expectations for organizational and financial performance for the year prior to the renewal year.

<sup>6</sup> When considering schools currently in a contract with a term of less than 5 years, the conditional renewal profile is for schools that do not fall into any other renewal profile.

<sup>7</sup> When considering schools currently in a contract with a term of less than 5 years, the non-renewal profile 1) earned a Tier 4 academic performance rating for the year prior to the renewal year or 2) earn Does Not Meet Expectations for organizational or financial performance for the year prior to the renewal year.

## Renewal Process Steps

Renewal Process Steps	Timing (Final Year of Charter Contract)
Final Notice of Renewal Profile	Summer – After School Performance Data Released
Renewal Application by the School	Options: August 1, September 1, or October 1
Renewal Site Visit	Dependent on submission date: August, September, or October
Additional Requests for Information	As needed
Final Renewal Report	At least 5 days before PEC Vote
PEC Renewal Vote	Dependent on submission date: October, November, or December
New Contract Negotiation	Spring

### Annual Performance Evaluations

After the final performance evaluation is completed for each year of its contract, a school will receive notice of whether it is on track for a renewal recommendation for 1) expedited renewal, 2) full renewal, 3) renewal with conditions, or 4) non-renewal. At least one year prior to the date the school will apply for renewal, the PEC's authorized representative(s) will provide the school with a Preliminary Notification of Renewal Profile. These notices are based on the school's performance profile over the contract term and the renewal performance profiles on page 11 of this Charter Performance Review and Accountability System. The PEC expects that schools will use these notices to both take action to respond to the potential renewal action by improving performance, as necessary, and to prepare and submit a response to the potential renewal action.

After final school performance data is released for the year prior to the school's renewal year, the school will receive a final notice of its renewal profile. Schools that have an Expedited Renewal Profile will have limited submission requirements and a limited site visit.

### Renewal Profile

The first stage of the formal renewal process is the preparation by the PEC's authorized representative(s) of school-specific renewal profiles. The Renewal Profiles are based on the record of the charter school's academic, financial and organizational performance as reported in their ***Annual Performance Reports*** and in alignment with any prior renewal or approval conditions. Renewal Profiles will be provided to the school in the late summer of the final year of the school's charter term. The profiles are based on evidence collected over the contract term and publicly available information. Schools eligible for expedited renewal will be identified during this phase. At this time in the process, all schools will be aware of the performance profile and thus the renewal recommendations from the staff supporting the PEC. The renewal application will provide the school an opportunity to submit and prepare a response to the potential renewal action.

### Renewal Application by the School

The Renewal Application provides schools the opportunity to provide an overview of school progress and a response to the potential renewal action, if performance expectations have not been met during the contract term. It is the goal of the Commission, to the extent possible, to decrease the burden from the preparation of the Renewal Application.

Schools eligible for expedited renewal will not be required to submit some sections of the renewal



application. Annually, the Public Education Commission reviews and, as necessary, revises the renewal application. The current renewal application is available on the PEC website.

#### Renewal Site Visit

The PEC's authorized representatives will conduct at least one Renewal Site Visit during the renewal process. The purpose of the Renewal Site Visit is to test, verify and/or supplement the information provided in the school's Renewal Application. The information obtained through the Renewal Visit will be considered with all other evidence at the time of the renewal decision by the PEC. Appendix C provides more detailed information regarding site visits.

Schools eligible for expedited renewal may be eligible to receive a site visit that utilizes a modified protocol focused on gathering community feedback and verifying any outstanding performance corrections. Site visits will also be used to investigate any significant concerns that may arise during the renewal period.

#### Additional Requests for Information

At any time during the renewal process, the PEC and/or its authorized representatives may request additional information from the school in an effort to fully inform the renewal decision.

#### Final Renewal Report

Staff supporting the PEC will prepare a renewal report once all renewal review activities are completed. The report will be provided to the school at least 5 days before the matter is put to a vote by the PEC so that the school has a final opportunity to prepare and submit a response to the information in the report.

#### PEC Renewal Vote

The PEC reviews and votes on each Renewal at a properly noticed public meeting. The public may offer comments to the PEC during the public participation section of PEC meeting regarding each renewal. After each decision, the PEC issues a written notice to the school detailing the renewal decision.

#### New Contract Negotiation

When renewal is granted by the PEC, the PEC, directly or through its authorized representatives, and the school negotiate a contract for the new term. The contract negotiation will address the school mission, any material terms that limit charter activities (e.g., enrollment cap, grade levels) or material terms that establish explicit program requirements (e.g., STEAM, PBL, vocational education). The contract negotiation shall also include additional rigorous, valid and reliable mission specific indicators, which may not to be duplicative of required state assessments but must measure achievement of the school's specific mission.

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#### **Expedited Renewal**

Schools that have maintained a Tier 1 or 2 rating for previous four years of the charter contract and earned a "met expectations" rating on the organizational and financial frameworks for the previous four years are eligible for an ***expedited renewal process***. The expedited process will include all of the renewal activities described above, but will include a modified renewal application and a condensed renewal site visit as appropriate.

## **Appendix A: Performance Frameworks with Mission Goal(s)**



## ACADEMIC PERFORMANCE FRAMEWORK

The Academic Performance Framework answers the evaluative question: Is the academic program a success? The framework includes indicators and measures that allow the PEC to evaluate the school's academic performance and was developed pursuant to the New Mexico Charter Schools Act. This section includes indicators, measures and metrics for student academic performance; student academic growth; achievement gaps in both proficiency and growth between student subgroups; and graduation rate and post-secondary readiness measures for high schools. (Section 22-8B-9.1.A. (1-3, 6, 7) NMSA 1978).

The Academic Performance Framework includes three indicators, with several required measures, and allows for the inclusion of additional rigorous, valid and reliable indicators proposed by the school to augment external evaluations of school performance.

### Description of Academic Framework Indicators and Measures

Indicator 1: Components from NM System of School Support and Accountability. The PEC considers charter school performance on each of the components of the NM System of School Support and Accountability.		Points	
Measure	Description	Elem	High
1.1 Math and Reading Proficiency	Math and Reading Proficiency is the percentage of students who are proficient on state assessments in math and reading.	30	25
1.2 English Learner Progress Toward English Language Proficiency	English learner progress toward English language proficiency is measured by the WIDA ACCESS assessment given annually to students identified as English learners.	10	5
1.3 Science Proficiency	Science proficiency is the percentage of students who are proficient on state assessments in science.	5	5
1.4 Growth of Highest-Performing Students (Q4)	These growth measures are calculated separately for three student subgroups. The three student subgroups are the lowest-performing students (lowest 25%), the middle-performing students (middle 50%) and the highest-performing students (highest 25%).	5	5
1.5 Growth of Middle performing students (Q2/3)		10	10
1.6 Growth of Lowest-Performing Students (Q1)		25	15
1.7 Graduation Rate	<p>The graduation measure includes 4-year, 5-year, and 6-year cohort graduation rates.</p> <p>Graduation rates are one-year lagged. Meaning, rates that are published in the school report are for the cohort that graduated by August 1 of the prior year. Students are expected to graduate in four years, however rates are calculated for 5- and 6- year graduates. Calculation of 4-year, 5-year, and 6-year cohort graduation rates uses the <i>Shared Accountability</i> method, which gives each school in which the student was enrolled in high school proportional credit for their timely or lack of timely graduation.</p>	N/A	<p>10</p> <p>5 for 4 year, 3 for 5 year, and 2 for 6 year</p>

	For schools that qualify as SAM schools, an auxiliary graduation rate is computed using a senior completer method which includes only 12th grade students who are not members of the 4-year cohort.		
1.8 Growth in 4-year Graduation Rate	Improvement in the 4-year graduation rate is based on the slope of the 4-year graduation rates for the past three years. For schools that have a 4-year graduation rate that is over 90%, all points are awarded for graduation growth.	N/A	5
1.9 Career and College Readiness	<p>College and Career Readiness (CCR) scores are determined by the percentage of the prior year 4-year graduation cohort members (this indicator is also one-year lagged) who show evidence of participating in college or career preparation, along with the proportion of those students meeting a benchmark. This indicator is also calculated using the shared accountability model.</p> <p>High school students are expected to participate in at least one college or career readiness program:</p> <ol style="list-style-type: none"> <li>1) College entrance exams (Accuplacer, ACT, ACT Aspire, Compass, PLAN, PSAT, SAT, or SAT Subject Test);</li> <li>2) Evidence that the student can pass a college-level course (Advanced Placement, Dual Credit, or IB); or</li> <li>3) Eligibility for an industry-recognized certification (Career Technical Education).</li> </ol> <p>Points are given separately for students' participation and for their success in achieving targets.</p> <p>SAM schools are allowed use of additional indicators including ASVAB, WorkKeys, and TABE.</p>	N/A	10
1.10 Chronic Absenteeism	Schools earn points based on the percentage of students who were not chronically absent. A chronically absent student is one who was absent from school for any reason for at least 10 percent of the days enrolled.	5	5
1.11 Educational Climate Survey, Multicultural Initiatives, and Socio-emotional Learning (SEL)	The Educational Climate survey measures the extent to which classroom teachers demonstrate instructional practices known to facilitate student learning. Students answer survey questions on topics such as classroom teaching and expectations of students.	10	5

Indicator 2: Subgroup Performance		Points	
Subgroup measures are based on the school's relative performance (statewide percentile rank) compared to all NM public schools serving the same grades. Points assigned for each subgroup are averaged to calculate overall points for measures 2.1, 2.2, and 2.3.			
Measure	Description	Elem	High
2.1 Subgroup Growth of Highest- Performing Students (Q4)	Students are compared to all students statewide serving the same grade levels, based on the Growth results calculated by NM PED for Q4 students.	25	25

2.2 Subgroup Growth of Middle- Performing Students (Q2/3)	Schools are compared to all students statewide serving the same grade levels, based on the Growth results calculated by NM PED for Q2/3 students.	25	25
2.3 Subgroup Growth of Lowest- Performing Students (Q1)	Schools are compared to all students statewide serving the same grade levels, based on Growth results calculated by NM PED for Q1 students.	25	25
2.4 Subgroup Proficiency	Students are compared to all students statewide serving the same grade levels, based on subgroup proficiency rates for all eligible subgroups.	25	25

Indicator 3: School-Specific Goals The performance framework allows for the inclusion of additional rigorous, valid and reliable indicators (as determined by the PEC) proposed by a charter school to augment external evaluations of its performance. (1978 NMSA§22-8B-9.1(C).)		Points	
Measure	Description	Elem	High
School identified Mission Specific Goals, not to exceed two goals.	<p>Charter schools shall propose mission-specific goals that are specific, measurable and rigorous, School-proposed goals are subject to approval by the PEC and are incorporated into charter contracts. Not more than two goals will be used.</p> <p>The goals must appear on the NM Spotlight Dashboard to be measurable as a SMART goal.</p> <p><i>PEC guidance for setting school goals:</i>            Use a SMART goal format (Specific, Measureable, Achievable, Relevant, and Time-bound)            Include metrics and measures using the following criteria: "Exceeds standards," "Meets standards," "Does not meet standards," and "Falls far below standards."            Set goals that <i>augment external evaluations of school performance</i> and do not duplicate existing framework measures.            Goals must be able to be documented and supported using objective, verifiable evidence of results.            Mission specific goals must be distinct from ESSA indicators 1 and 2            If using additional assessments:            Proficiency and growth targets must be distinct and measured separately.            Assessments need to be rigorous and reliable. The data will need to be reported on the NM Spotlight Dashboard, in a format useable by PED.            Additional assessments must be aligned to school mission.            Reading and math goals are already included within indicators 1 and 2.</p> <p>If two goals are included, the score on this measure will be the average of the two ratings. There are four rating categories:            Exceeds = 100 pts</p>	100	100

	Meets = 75 pts Does not meet = 25 pts Falls far below = 0 pts		
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## Mission Specific Goal for School of Dreams Academy

**Goal:** Each year, 75% of students in grades K-5, enrolled on the 40<sup>th</sup> and 120<sup>th</sup> day, will earn a "Level 3 out of 5 within a Mastery Grading Scale" or higher on a minimum of three (3) STEAM courses. AND 75% of students in grades 6-12, enrolled on the 40<sup>th</sup> and 120<sup>th</sup> day, will earn a "C" or better on a minimum of four (4) STEAM elective courses.

Measure Rating Category	Description of Target for this Performance Level	Points Assigned
<i>Exceeds Standard</i>	Each year, 90-100% of students in grades K-5, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a "Level 3 out of 5 within a Mastery Grading Scale" or higher on a minimum of three (3) STEAM courses. AND 90-100% of students in grades 6-12, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a "C" or better on a minimum of four (4) STEAM elective courses.	100
<i>Meets Standard</i>	Each year, 75-89% of students in grades K-5, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a "Level 3 out of 5 within a Mastery Grading Scale" or higher on a minimum of three (3) STEAM courses. AND 75-89% of students in grades 6-12, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a "C" or better on a minimum of four (4) STEAM elective courses.	75
<i>Does Not Meet Standard</i>	Each year, 65-74% of students in grades K-5, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a "Level 3 out of 5 within a Mastery Grading Scale" or higher on a minimum of three (3) STEAM courses. AND 65-74% of students in grades 6-12, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a "C" or better on a minimum of four (4) STEAM elective courses.	25
<i>Falls Far Below Standard</i>	Each year, Less than 65% of students in grades K-5, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a "Level 3 out of 5 within a Mastery Grading Scale" or higher on a minimum of three (3) STEAM courses. AND Less than 65% of students in grades 6-12, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a "C" or better on a minimum of four (4) STEAM elective courses.	0

## Summary of Indicator Rating System and Assigned Points

*Schools receive up to 100 points for each academic measure. The average weighted points across the framework are used to assign the overall rating (tier).*

Indicators	Description	Assigned Points	Total Weight?	
			Elem	High
Indicator 1: Components from NM System of School Support and Accountability	The PEC considers charter school performance on each of the components of the NM PED ESSA Plan	The school earns points equal to the school's overall index score from the New Mexico System of School Support and Accountability. (1-100 pts)	35%	37.5%
Indicator 2: Subgroup Performance	Subgroup measures are based on the school's relative performance (statewide percentile rank) compared to all NM public schools serving the same grades.	Points assigned for each subgroup are averaged to calculate overall points for measures 2.1, 2.2, 2.3, and 2.4. (1-100 points)	30%	25%
Indicator 3 Mission Specific Goals	Charter schools shall include <b>mission-specific goals</b> that are Specific, Measurable, Achievable, Relevant and Time-bound.	Points are assigned based on the average of the ratings (if there are two goals) for the goals listed in Indicator 3. (0-100 points)	35%	37.5%

Based on performance across the academic indicators and measures, schools receive an overall academic tier rating that is used by the PEC in annual monitoring and renewal decisions.

Tier 1	<ul style="list-style-type: none"> <li>• School is <b>exceeding</b> PEC academic performance framework expectations and is on par with the highest-performing schools in the state.</li> <li>• (Greater than or equal to 80 of the possible total weighted points)</li> </ul>
Tier 2	<ul style="list-style-type: none"> <li>• School is consistently <b>meeting</b> PEC academic performance framework expectations.</li> <li>• (Greater than or equal to 70 and less than 80 of possible total weighted points)</li> </ul>
Tier 3	<ul style="list-style-type: none"> <li>• School is <b>not meeting</b> expectations for one or more of the academic indicators. <b>Possible intervention.</b></li> <li>• (Greater than or equal to 55 and less than 70 of possible total weighted points)</li> </ul>
Tier 4	<ul style="list-style-type: none"> <li>• School is falling far below academic performance expectations. <b>Intervention; possible revocation.</b></li> <li>• (Less than 55 of possible total weighted points)</li> </ul>

## ORGANIZATIONAL PERFORMANCE FRAMEWORK

The Organizational Framework primarily lists the responsibilities and duties that charter schools are required to meet through state and federal laws. It was developed pursuant to the New Mexico Charter Schools Act and includes indicators, criteria statements, and metrics related to schools' educational program, financial management, governing body performance, school environment, and employee and student policies, including compliance with all applicable laws, rules and terms of the charter contract (Section 22-8B-9.1A (4, 5, 9) NMSA 1978).

NACSA Principles & Standards (2012) states that,

"A Quality Authorizer implements an accountability system that effectively streamlines federal, state, and local...compliance requirements while protecting schools' legally entitled autonomy and minimizing schools' administrative and reporting burdens" (p. 16).

The organizational framework is the primary focus of the annual school visit process. The framework is structured into five categories of information. Each category has multiple **indicators** and each indicator includes one or more **criteria statements** that serve as the metric for evaluating organizational performance.

For each indicator a school receives one of three ratings: "Meets Standard," "Working to Meet Standard" and "Does Not Meet Standard" which are defined below. Indicator ratings are assigned based on evidence that the school is meeting the criteria statement(s).

**Meets Standard:**

The school meets the standard if it satisfies each of the criteria statements described for the indicator OR if the authorizer currently has no evidence or information to indicate the school does not meet the criteria statements.

**Working to Meet Standard:**

There is evidence to indicate the school does not, or at some point in the school year did not, satisfy the criteria statements described for the indicator AND within 30 days after receiving a notification of non-compliance, the school submitted evidence to demonstrate immediate correction of any outstanding matters AND submitted a corrective action plan to prevent future occurrences of the same concern.

**Does Not Meet Standard:**

There is evidence to indicate the school does not, or at some point in the school year did not, meet the criteria statements described for the indicator and the school failed to submit evidence of correction and/or a corrective action plan within 30 days of notification OR the school failed to implement the corrective action plan OR the non-compliance is repeated from the prior evaluation.

Schools receive an overall organizational performance rating of either "Meets Standard" or "Does Not Meet Standard". If a school receives "Does Not Meet Standard" ratings for three more indicators, the school will receive an overall organizational framework rating of "Does Not Meet Standard". Fewer than three such ratings will result in an overall rating of "Meets Standard." In addition, if a school receives a "Does Not Meet Standard", on any indicator, CSD and PEC may conduct a closer review the following year on that indicator, and/or the PEC may require the school to submit a corrective action plan in order to specify actions and a timeline to correct the performance deficiency.



Topics and Indicators	Criteria Statements <sup>6</sup>	Component of Site Visit Evaluation?
<b>1. EDUCATIONAL PROGRAM REQUIREMENTS</b>		
1.a. Is the school implementing the material terms of the approved charter application as defined in the Charter Contract?	<ul style="list-style-type: none"> <li>School's mission is being implemented. <i>Article VIII. Section 8.01.(a)(ii)</i></li> <li>The school has documentation/evidence that it is implementing its educational programs. <i>Article VIII. Section 8.01.(a)(iii)</i></li> <li>The school has documentation that demonstrates that it is implementing its parent, teacher and student-focused terms. <i>Article VIII. Section 8.01.(a)(iv), (v), (vi)</i></li> <li>The school stays within its enrollment cap at all times and serves only the approved grade levels. <i>Article VIII. Section 8.01.(a)(i) and (vii)</i></li> </ul>	YES
1.b. Does the school comply with state and contractual assessment requirements?	<ul style="list-style-type: none"> <li>The school administers all required state assessments, including but not limited to: <i>NMSA 22-2C-4(E)</i> <ul style="list-style-type: none"> <li>Grade level math and reading assessments</li> <li>Subject based end of course exams</li> <li>Early childhood assessments</li> <li>English Learner screening and progress monitoring assessments</li> <li>National performance assessments, when selected, and</li> <li>Language assessments for bi-lingual programs.</li> </ul> </li> <li>The school administers all required contractual assessments (specified in contract/performance framework that are still applicable).</li> <li>The school ensures assessment accommodations are properly administered to all eligible students.</li> <li>The school complies with assessment training requirements: <i>NMAC 6.10.7.8 and 9</i> <ul style="list-style-type: none"> <li>Has an identified District Test Coordinator (DTC)</li> <li>DTC attends all required trainings, and</li> <li>DTC annually provides training for all district personnel involved in test administration, preparation, and security.</li> </ul> </li> </ul>	NO

<sup>6</sup> Criteria statements noted in blue will be evaluated during the site visit. Criteria statements in green will be evaluated using information from PED bureaus, or otherwise available. Criteria statements in red will be evaluated using complaints. Criteria statements in black require the school to report data.

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
1.c. Is the school protecting the rights of students with special needs? (Note: These provisions include only students with disabilities.)	<ul style="list-style-type: none"> <li>The school is in 100% compliance with the Special Education Bureau identified indicators. (34 CFR § 300.600 (a)(2) and Subsection F of 6.31.2.9 NMAC.)</li> <li>The school has <b>not</b> been the subject of a due process hearing that resulted in a finding of noncompliance during the current school year.</li> <li>The school has <b>not</b> been cited for noncompliance with applicable federal and state special education rules and regulations as the result of a state-level parental complaint during the current school year.</li> <li>The school is in compliance with all terms of any corrective action plan that resulted from a state-level complaint.</li> <li>The school has received no OCR complaints determined to be valid and demonstrate a students' rights were violated. (NMSA 22-8B-4)</li> </ul>	NO
1.d. Is the school protecting the rights of English Learner students?	<ul style="list-style-type: none"> <li>The school has no complaints that have been evaluated and found to be valid complaints that indicate an EL student's or families' rights have been violated. (NMSA 22-8B-4 (A))</li> <li>The school does not have a major discrepancy (&gt;5%) between ELs identified and assessed as monitored by the Language and Culture Bureau, or is able to provide appropriate documentation and explanation for such a discrepancy.</li> <li>All EL students must be provided services as evidenced by STARS data reporting for services coded as 1062 (ESL) or 1063 (ELA/ELD), or must be coded as a parent refusal and have documentation to support the refusal as monitored by the Language and Culture Bureau.</li> <li>The school has received no OCR complaints determined to be valid that demonstrate a students' rights were violated. (NMSA 22-8B-4)</li> </ul>	NO
1.e. Does the school comply with federal and state grant program requirements?	<ul style="list-style-type: none"> <li>Annually the school meets program requirements for all PED and federal grant programs it implements. (e.g., Perkins, K-3 plus, truancy coaches, 4RFuture, Title funding, etc.)</li> <li>The school is responsive to findings of non-compliance in accordance with deadlines.</li> </ul>	NO

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
1.f. Does the school implement an Educational Plan for Student Success (NMDASH)?	<ul style="list-style-type: none"> <li>The school has an active core team engaged in the DASH process.</li> <li>The school is implementing their annual and 90-day plans, as evaluated through reviewing evidence and school/adult actions during the site visit.</li> </ul> <p><i>Only applicable for schools rated as Tier 3 or Tier 4 on the Academic Performance Framework evaluation or meeting criteria to be identified as TSI, CSI, or MRI or schools that are required to implement an NMDASH plan by a PEC Corrective Action Plan.</i></p>	YES
<b>2. FINANCIAL MANAGEMENT AND OVERSIGHT</b>		
2.a. Is the school meeting financial reporting and compliance requirements?	<ul style="list-style-type: none"> <li>The school submits all budget request documents and budget approval documents to the PED according to PED's established deadlines. (NMSA 22-8-6.1 and 10.)</li> <li>The school submits quarterly (or monthly) reports according to PED's established deadlines and without frequent, repeated errors. All required reports are posted to the school's website. (NMSA 22-8-6.1 and 10)</li> <li>The school submits an Audit CAP to the PED Audit Bureau within 30 days of the release of the audit. The school responds to all requests by the PED Audit Bureau regarding the CAP in accordance with deadlines.</li> <li>The school, if subject to a T&amp;E audit, has no more than a .06 difference in reported and audited T&amp;E.</li> </ul>	NO
2.b. Is the school following Generally Accepted Accounting Principles?	<ul style="list-style-type: none"> <li>The school received an unmodified audit opinion for the last audit.</li> <li>The school's last audit opinion is devoid of significant findings, material weaknesses, significant internal control weaknesses, or findings related to waste, fraud, or abuse.</li> </ul>	NO
2.c. Is the school responsive to audit findings?	<ul style="list-style-type: none"> <li>The school's last audit is devoid of any multi-year repeat findings.</li> <li>School implements Audit CAP as submitted, as evaluated through reviewing evidence and school/adult actions during the site visit.</li> </ul>	YES
2.d. Is the school managing grant funds responsibly?	<ul style="list-style-type: none"> <li>The school submits, at a minimum, RfRs to the PED on a monthly basis.</li> <li>The school expends at least 99% of grant funds for all accounts without reversion and submits expenditures that are allowable with at least 90% aligned to the specific categories in the grant application budget</li> </ul>	NO

Topics and Indicators	Criteria Statements <sup>a</sup>	Component of Site Visit Evaluation?
2.e. Is the school adequately staffed to ensure proper fiscal management?	<ul style="list-style-type: none"> <li>The school has a licensed business manager at all times during the school year; and demonstrates stability in this position (no more than 1 change within a year).</li> <li>The school has a certified State Procurement Officer and all changes are reported to the State Purchasing Agent in accordance with deadlines. (NMSA 13-1-95.2)</li> <li>The governing council's audit committee and finance subcommittee are properly constituted and meet as required. (NMSA 22-8-12.3)</li> </ul>	NO
2.f. Is the school meeting their obligations timely and with appropriate internal controls?	<ul style="list-style-type: none"> <li>Bills, invoices, or other liabilities are paid in a timely fashion and the accounts payable transaction cycle meets standards for internal controls</li> </ul>	
<b>3. GOVERNANCE AND REPORTING</b>		
3.a. Is the school complying with governance requirements?	<ul style="list-style-type: none"> <li>The governing body meets membership requirements: <i>NMSA 22-8B-4; PEC policy</i> <ul style="list-style-type: none"> <li>Maintains at least 5 members</li> <li>Complies with governance change policy</li> <li>Notifies PEC of board membership changes within 30 days, with complete documentation, and</li> <li>Fills all vacancies within 45 days, or 75 days, if extension is requested by school.</li> </ul> </li> <li>All members of the governing body complete all training requirements in accordance with established deadlines. (NMAC 6.80.5.8 and 9)</li> <li>The school's governing council independently oversees the school's finances according to law</li> <li>Governing council policies and procedures, minutes or other documents ensure that required financial reports are being presented to the governing council on a monthly basis</li> <li>The governing council demonstrates in board meetings that it is analyzing the financial position of the school</li> <li>The charter school maintains a Board of Finance or has the capabilities to have a Board of Finance, and maintained the Board of Finance during the contract term</li> <li>The governing body has not received any OMA complaints (by the AG's office) that were evaluated and found to be verified complaints of OMA violations. (NMSA 10-15-1 and 3)</li> </ul>	NO

Topics and Indicators	Criteria Statements <sup>a</sup>	Component of Site Visit Evaluation?
3.b. Is the school complying with nepotism and conflict of interest requirements?	<ul style="list-style-type: none"> <li>The school is free of nepotism concerns regarding the governing board and demonstrates compliance with nepotism statute and the school's own nepotism policy, as verified through file reviews on the site visit or when otherwise necessary.</li> <li>The school is free of conflict of interest concerns and demonstrates compliance with conflict of interest statute and the school's own conflict of interest policy, as verified through site visit file reviews or when otherwise necessary.</li> </ul>	YES
3.c. Is the school meeting reporting requirements?	<ul style="list-style-type: none"> <li>The school complies with reporting deadlines from the PED, PEC, and other state agencies.</li> </ul>	NO
<b>4. STUDENTS AND EMPLOYEES</b>		
4.a. Is the school protecting the rights of all students?	<ul style="list-style-type: none"> <li>The school has received no complaints determined to be valid that demonstrate the school's lottery, admission, and enrollment practices are unfair, discriminatory, or legally non-compliant and a review of lottery, admission, and enrollment policies demonstrates compliance with legal requirements. (<i>Contract Section 8.03 (a)-(e)</i>)</li> <li>The school has received no complaints determined to be valid that demonstrate the school's discipline hearings and practices are not conducted in accordance with law and due process. (<i>NMAC 6.11.2. 1, et seq.</i>)</li> <li>The school has received no complaints determined to be valid that demonstrate the school fails to respect students' privacy, civil rights, and constitutional rights, including the First Amendment protections and the Establishment Clause restrictions prohibiting schools from engaging in religious instruction.</li> <li>The school has received no complaints determined to be valid that demonstrate the school fails to comply with the requirements of the McKinney Vento Act and protects the rights of students in the foster care system.</li> <li>The PED has no information to indicate that the school does not have a board-approved complaint policy and dispute resolution process per 6.10.3D NMAC</li> </ul>	NO
4.b. Does the school meet attendance, retention, and recurrent enrollment goals for students?	<ul style="list-style-type: none"> <li>The school meets the 95% average daily attendance goal, or is able to demonstrate successful efforts to improve attendance among student body.</li> <li>The school maintains at least 80% retention of enrolled students from date of enrollment until the end of the school year, or students who leave prior to the end of the year are classified as graduates, completers, or have earned their GEDs.</li> <li>The school retains at least 70% of students eligible to reenroll between school years.</li> </ul>	YES

Topics and Indicators	Criteria Statements <sup>9</sup>	Component of Site Visit Evaluation?
4.c. Is the school meeting teacher and other staff credentialing requirements?	<ul style="list-style-type: none"> <li>• All employees of the school are appropriately licensed as required by law. (<i>NMSA 22-10A-3</i>)               <ul style="list-style-type: none"> <li>- All employees hold licensure or have submitted a licensure application within 30 days of beginning employment with the school</li> <li>- The school employs a licensed administrator at all times</li> <li>- The school does not have any licensure discrepancies that are repeated from the one reporting period to any subsequent reporting period.</li> <li>- Discrepancies from the first reporting period are cleared by submitting all required licensure waivers within first 40 days of school year, or from the beginning of employment.</li> </ul> </li> <li>• School meets the requirements of all licensure waiver plans and alternative licensure plan requirements. (<i>NMSA 22-10A-14</i>)</li> <li>• The school has not employed, with pay, any teacher without licensure beyond 90 days. (<i>NMSA 22-10A-3</i>)</li> <li>• The school accurately reports all staff to the PED, as verified through site visit reviews.</li> </ul>	YES
4.d. Is the school respecting employee rights?	<ul style="list-style-type: none"> <li>• The school completes and submits all NMTEACH evaluations and observations annually in accordance with deadlines.               <ul style="list-style-type: none"> <li>- Teacher attendance data is submitted in accordance with deadlines.</li> <li>- Teacher observations are completed by a NMTEACH certified administrator in accordance with deadlines.</li> <li>- Accuroster data is verified in accordance with deadlines to ensure appropriate student data is reported.</li> </ul> </li> <li>• Teachers are provided comprehensive NMTEACH report and reports are maintained in personnel files. Signed NMTEACH reports (all pages) are available in staff files from the prior year.</li> <li>• The school maintains teacher contracts in all staff files. (<i>NMSA 22-10A-21</i>)</li> <li>• The school complies with the minimum teacher salaries. (<i>NMSA 22-10A-7, 10, 11</i>)</li> <li>• The school does not have any verified complaints regarding violations of teacher rights under the school personnel act, FMLA, ADA, etc. (<i>NMSA 22-10A-1 et seq.</i>)</li> <li>• The school does not have any verified complaints regarding lack of adequate mentorship for novice teachers.</li> </ul>	YES



Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
4.e. Is the school completing required background checks and reporting ethical violations?	<ul style="list-style-type: none"> <li>The school maintains legally compliant background checks in all staff files including evidence of background checks for substitutes, all contracted service providers, and anyone with unsupervised access to students. (<i>NMSA 22-10A-5</i>)</li> <li>The school reports incidents of violations of teacher/licensed staff ethical rules or criminal convictions to the PED pursuant to the School Personnel Act. (<i>NMAC 6.60.8.8 and NMSA 22-10A-5</i>)</li> </ul>	YES
<b>5. SCHOOL ENVIRONMENT</b>		
5.a. Is the school complying with facilities requirements?	<ul style="list-style-type: none"> <li>The school meets PSFA occupancy, NMCI and ownership requirements. (<i>NMSA 22-8B-4.</i>)</li> <li>The school has an e-occupancy certificate.</li> <li>The school has PSFA letter verifying condition index.</li> <li>The school is in a building that is: <ul style="list-style-type: none"> <li>A publicly owned building</li> <li>Is leased to the school by a foundation formed for the purpose of providing a facility to the school, the foundation maintains the building at no cost to the school</li> <li>Is leased by a private owner and there is no acceptable public facility available, the owner maintains the building at no cost to the school.</li> </ul> </li> <li>The school notifies the PEC prior to any change in facilities.</li> <li>There are no verified complaints that demonstrate buildings, grounds or facilities do not provide a safe and orderly environment for public use. (<i>Subsection P of 6.29.1.9 NMAC</i>) <ul style="list-style-type: none"> <li>safe, healthy, orderly, clean and in good repair</li> <li>in compliance with the Americans with Disabilities Act-Part III and state fire marshal regulations, Sections 59A-52-1 through 59A-52-25 NMSA 1978</li> <li>Written records of pesticide applications will be kept for three years at each school site and be available upon request to parents, guardians, students, teachers and staff.</li> </ul> </li> </ul>	YES
5.b. Is the school complying with transportation requirements?	<ul style="list-style-type: none"> <li>If the school owns a school bus or otherwise provides student transportation, the school complies with applicable statutes, regulations, or policies related to providing transportation.</li> </ul>	NO

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
5.c. Is the school complying with health and safety requirements?	<ul style="list-style-type: none"> <li>• The school conducts all required emergency drills and practiced evacuations. (<i>NMSA 22-13-14 and NMAC 6.29.1.9(O)</i>) <ul style="list-style-type: none"> <li>- at least once per week during the first four weeks of the school year, and at least once per month during the remainder of the school year;</li> <li>- two of these drills shall be shelter-in-place drills;</li> <li>- one of these drills shall be an evacuation drill;</li> <li>- nine of these drills shall be fire drills, with one emergency drill required each week during the first four weeks of school;</li> <li>- in locations where a fire department is maintained, a member of the fire department shall be requested to be in attendance during the emergency drills for the purpose of giving instruction and constructive criticism.</li> </ul> </li> <li>• The school submits school wellness and safety plans, and all required revisions, in accordance with deadlines to the PED. (NMAC 6.12.6.8)</li> <li>• The school has evidence that it complies with 24-5-2 NMSA 1978 and provides satisfactory evidence of immunization, is actively in the immunization process, or properly exempted from immunization.</li> <li>• The school demonstrates compliance with all facility corrective requirements from the most recent inspection from any other state entity (e.g., NMPSIA, DOH, PSFA, Fire Marshall, POSHA)..</li> </ul>	YES
5.d. Is the school handling information appropriately?	<ul style="list-style-type: none"> <li>• There are no verified complaints that demonstrate the school has failed to comply with FERPA requirements.</li> <li>• There are no verified complaints that demonstrate the school does not obtains, maintains, and transfers cumulative files as required by law.</li> </ul>	NO



# **FINANCIAL PERFORMANCE FRAMEWORK**

**Under Development**

## **Appendix B: Annual School Reporting Calendar**

Under Development

## **Appendix C: Summary of Site Visit Protocol**

Protocols under development.

The purpose of the school visit is to evaluate whether schools are in compliance with their legal and contractual requirements and to provide technical assistance including evaluative feedback, legal references and citations, and guidance manuals and resources. The goal of this visit is to evaluate compliance in key areas and observe the program of instruction in action, as described in the charter contract and Performance Framework. There are three types of school visits conducted by the PEC's authorized representatives:

1. **New school visits** – Within the first four months of opening, the PEC's authorized representatives visit all new schools.
2. **Annual visits** – All schools are visited annual, generally between November and May. Annual site visits may be differentiated based on school performance, including academic, financial, and organizational performance.
3. **Renewal visits** – In the fall of the renewal year, the PEC's authorized representatives visit schools as part of renewal activities.

Two to four staff members who are the PEC's authorized representatives will participate in site visits. Site visits generally do not last longer than a day, but the time required depends on school performance and availability of necessary data, records, and staff time. Schools will be notified in advance as to the timing of site visits.

## Appendix D: Glossary of Terms

**Annual Notice of Renewal Profile** – is an annual notice that will be sent to the school leader and all members of the school governing body. The notice will identify the renewal profile(s) the school is on track to fall within based on its performance under the current charter term. The PEC expects that schools will use these notices to both take action to respond to the potential renewal action by improving performance, as necessary, and to prepare and submit a response to the potential renewal action.

**Chartering Authority Intervention** – is action taken by the Commission or its authorized representatives to notify a school that it is failing to meet its legal and contractual requirements, to prompt the school to take action to correct its own failure to meet its legal and contractual requirements, and/or to revoke or non-renew a school that has demonstrated the inability or unwillingness to meet its legal and contractual requirements. Intervention may include providing findings of non-compliance during or after a site visit, issuing a Notice of Concern, a Notice of Breach, or a Notice of Revocation Review or Intent to Revoke, monitoring the implementation of an improvement plan or corrective action plan, or not-renewing a charter school.

**Chartering Authority Oversight** – is action taken by the Commission or its authorized representatives to evaluate whether a charter school is meeting its legal and contractual requirements. This may include evaluating submissions from the school, investigating complaints or allegations, conducting site visits or audits, evaluating data about the school's performance, or completing performance evaluations.

**Charter School Autonomy** – is the right of all charter schools to determine the methods by which they achieve their legal and contractual requirements, including all performance standards. Charter School Autonomy reflects the additional flexibilities granted through any non-discretionary or discretionary waivers as defined in statute, regulation, and policy.

**Intervention Ladder** – is the process by which the Public Education Commission will communicate to charter schools its concerns about academic performance, fiscal soundness or legal, contractual, or policy requirements.

**Final Notice of Renewal Profile** – is the notice provided to the school after the final performance profile prior to renewal is released. This notice will identify the renewal recommendation the school will receive and will notify any schools of their eligibility for expedited renewals.

**Legal and Contractual Requirements** – are the obligations a charter school must meet based on state and federal statutes, regulations and policies, and the terms of the charter contract. These requirements include the performance expectations established in the Performance Review and Accountability System, which consists of the PEC's Academic, Organizational and Financial Performance Frameworks, Intervention Ladder, Renewal Process, and Site Visit Protocols.

**Mission-Specific Goals** – are required indicators that are incorporated into the Academic Performance Framework. These goals should be outcome based measures of the school's effectiveness in implementing its mission. Goals are weighted as 35% (elem/middle) or 37.5% (high) of the Academic Performance Framework

**Notice of Breach** – a formal, written notice issued pursuant to a vote of a majority of Commission members at a properly noticed public meeting that a school is not meeting performance expectations or has failed to comply with legal or contractual requirements and, as a result, is in breach of the contract. This notice will often, but not always, be issued after a school has been issued a Notice of Concern and has failed to meet the requirements of the prior notice. In the notice, the Commission will establish expected outcomes and deadlines that must be met by the school. Deadlines will vary depending on the urgency of the matter and the amount of time it takes to reasonably cure the concern. Once a Notice of Breach is issued, schools are required to submit a Corrective Action Plan (financial or organizational performance) or an Improvement Plan (academic performance) that details the actions and timeline that the schools will implement to correct the breach. PEC's authorized representatives will monitor the school's implementation of Corrective Action and Improvement Plans, and regularly update PEC on progress.

**Notice of Concern** – a formal, written notice issued pursuant to a vote of a majority of Commission members at a properly noticed public meeting that a school is not meeting performance expectations or has failed to comply with legal or contractual requirements. In the notice, the Commission will establish expected outcomes and deadlines that must be met by the school. Deadlines will vary depending on the urgency of the matter and the amount of time it takes to reasonably cure the concern.

**Performance Review and Accountability System** – consists of the PEC's Academic, Organizational and Financial Performance Frameworks, Intervention Ladder, Renewal Process, and Site Visit Protocols. It is an adaptive tool subject to continuous review and improvement so that the students in New Mexico public charter schools are effectively served. New Mexico's charter schools are invited to be partners in the development and continuous improvement of this Performance Review and Accountability System.

**Preliminary Notification of Renewal Profile** – is the annual notice provided to the school at least one year prior to the date on which it must apply for renewal. The notice will identify the renewal profile(s) the school is on track to fall within based on its performance under the current charter term and will act as notice to schools that are likely to be eligible for expedited renewal. The PEC expects that schools will use these notices to both take action to respond to the potential renewal action by improving performance, as necessary, and to prepare and submit a response to the potential renewal action.

**Reliability** - is a demonstration that an assessment or other measure is an externally, national- or state-normed metric (e.g. ACT, SAT, ACCESS for ELLs, Spanish IPT).

**Revocation Review** – is the process by which a charter school is considered for revocation of their charter. The revocation review can arise as a result of the school's failure to meet requirements specified in a Notice of Breach, receipt of multiple Notices of Breach in the same school year, or as a result of a violation of law that is significant enough to justify immediate revocation. A Notice of Revocation Review is issued at a properly noticed public meeting and established the actions to be taken by its authorized representative(s) and a deadline for the school to respond to the prospect of revocation.

**Rigor** – is the demonstration that a performance goal is an ambitious but realistic target that has been established using a valid benchmark (e.g. comparison to national/state average, improvement from school historic performance).

**Student Academic Growth** – is the measurement of student level improvement within a school year as compared to their performance peers' improvement in the same year on the state's annual academic

assessments in math and reading.

**Student Proficiency** – is performance at grade level on the state’s annual academic assessments in math and reading. This may also include performance at grade level on other state assessments including Science, and end-of-course assessments.

**Substantial Progress** – is related only to academic performance, is reflected in a school’s “Renewal Performance Profile,” and makes a school eligible for full renewal. This is defined as “consistently improving performance over the last 3 years.” Inconsistent performance over the last three years shall demonstrate that a school is not making “substantial progress.”

**Support** – is making charter schools aware of PED resources and programs available to support their improvement or excellent performance. This may also include sharing information between charter schools about effective or best practices being implemented at effective and successful schools. This shall not include providing recommendations on the method by which the school must/can/should achieve its legal or contractual requirements, as charter schools are granted the autonomy to determine the methods they will utilize to meet their legal or contractual requirements.

**Technical Assistance** – is information provided to make a school aware of, or to help a school understand, its legal or contractual requirements. This can include information about why the school is not currently meeting its legal or contractual requirements. Technical assistance shall not include providing recommendations on the method by which the school must achieve its legal or contractual requirements, as charter schools are granted the autonomy to determine the methods they will utilize to meet their legal or contractual requirements.

## Certification of Board Vote

### Certificate Of Governing Body Vote


This document certifies that on **May 23, 2019**, at **8:11 AM** a meeting of the Governing Body of **School of Dreams Academy** a New Mexico public charter school, was held at **906 Juan Perea Rd.** in **Los Lunas, NM**. The meeting and all votes were conducted in compliance with the New Mexico Open Meetings Act.

A quorum of the Governing Body's members being present and voting, it was voted **Three (3)** in favor and **Zero (0)** opposed to **Approval of the School of Dreams Contract with the NM Public Education Commission (2019-2024)**.

The members voting in favor were: **Kathy Chavez, Kenny Griego, Denise Romero-Vigil.**

The members voting in opposition were: **None**

I, the undersigned, certify that this is a true copy.



Signature of Individual Authorized To Certify the Vote (Secretary or Other Officer)

**Kathy Chavez**

**President**

**5/23/2019**

May 10, 2019

Changes to Charter Contract, adopted by the PEC Commissioners

- A. On Page 1. Adds the word “renewal” to clarify that this is not an initial contract.
- B. Page 2. Clarifies that the effective date is on the first page of the contract, and not the executed date, which on the last page of the contract. This change avoids confusion about when the contract is effective. The contract will be signed first by the governing body president, and at a later date, by the Chair of the PEC. The contract must be signed before the effective date, which is July 1.
- C. Page 5. 7.ii. Deletes “exact”. The contract matches the statutory requirement of “at least 5” governing board members. This allows the governing board to set in its bylaws a specific number, or a range, for its governing board membership.
- D. Page 5. 7.iv. Removes the “shall replace” language to allow a board the flexibility to have a range of members in conformity with its bylaws.
- E. Page 5. 7.vii. Changes criteria to report allegation of inappropriate student contact by a **Governing Board member** to “written complaints of” and allows the school to use the definition of allegation and inappropriate student contact that is in the schools’ handbook and policies. It has the report be provided to the Chair of the Commission to protect privacy concerns and to avoid inference with police investigation.
- F. Page 6. 8.i. Replaces “admission” policy with “enrollment” policy.
- G. Page 7. 8.viii. Changes criteria to report allegation of inappropriate student contact by a **staff member, employee, or contractor** to “written complaints of” and allows the school to use the definition of allegation and inappropriate student contact that is the schools’ handbook and policies. It also has the report be provided to the Chair of the Commission to protect privacy concerns and to avoid inference with police investigation.
- H. Page 8, section 5.1 revises the reference to the Performance Framework with the correct title: “Charter Performance Review and Accountability System.
- I. Page 8. 2.iv. Deletes reference to A-F grading since that is no longer used by PED.
- J. Page 12-13. 3.iv. Adds reference to Attachment for Insurance coverages and limits.
- K. Page 16. Allows either Party to change the address of the person authorized to receive notice on their website.

Proposed Changes to Charter Performance Review and Accountability System,  
for consideration by the PEC Commissioners

- 1. Page 11: Deletes references to A-F Grading since that is no longer used by PED.
- 2. Page 13: Removes reference to specific section on the PEC website.  
Changes “may” to “shall” regarding mission specific goals.
- 3. Page 15: Deletes references to “NM Spotlight Dashboard” and replaces with “NM System of School Support and Accountability System.”
- 4. Page 15: Replaces “ten” with “several” required measures.  
Corrects error of “75%” to “25%” for highest performing students.
- 5. Page 18: Removes “*Or by alternative point assignment agreed to by charter school and PEC.*”
- 6. Adds page for the school’s mission specific goal(s) with the ratings
- 7. Page 19: Changes “NM Spotlight Dashboard” to “NM System of School Support and Accountability”.



8. Page 20: Revises points for the Tier Levels based on the percentages changed.
9. Page 34: In the Glossary, revises weight of mission specific goals to reflect changes from “10%” to “35% for elementary/middle or 37.5% for high schools” of the Academic Performance Framework and removes “unless they are granted additional weight based on reliability and rigor”.
10. Page 35: In the Glossary, Removes “Mission specific goals that are reliable shall be granted an additional five points of weight in the Academic Performance Framework. The additional weight will be taken from all other measures equally.” from the definition of **Reliability**.
11. Page 36: In the Glossary, Removes “Mission specific goals that are reliable shall be granted an additional five points of weight in the Academic Performance Framework. The additional weight will be taken from all other measures equally.” from definition of **Rigor**.

Tier 1	<ul style="list-style-type: none"> <li>School is <b>exceeding</b> PEC academic performance framework expectations and is on par with the highest-performing schools in the state.</li> <li>(Greater than or equal to <u>85-80</u> of the possible total weighted points)</li> </ul>
Tier 2	<ul style="list-style-type: none"> <li>School is consistently <b>meeting</b> PEC academic performance framework expectations.</li> <li>(Greater than or equal to <u>50-70</u> and less than <u>85-80</u> of possible total weighted</li> </ul>
Tier 3	<ul style="list-style-type: none"> <li>School is <b>not meeting</b> expectations for one or more of the academic indicators. <b>Possible intervention.</b></li> <li>(Greater than or equal to <u>16-55</u> and less than <u>50-70</u> of possible total weighted</li> </ul>
Tier 4	<ul style="list-style-type: none"> <li>School is falling far below academic performance expectations. <b>Intervention; possible revocation.</b></li> <li>(Less than <u>16-55</u> of possible total weighted points)</li> </ul>



# **New Mexico Public Education Commission Charter Performance Review and Accountability System**

## **School of Dreams Academy**

## Contents

Introduction .....	3
Performance Review and Accountability System Objectives .....	3
Annual Performance Review Activities .....	4
Performance Framework .....	5
Intervention Ladder .....	7
Charter Renewal .....	10
Appendix A: Performance Frameworks with Mission Goal(s) .....	14
Appendix B: Annual School Reporting Calendar .....	32
Under Development .....	32
Appendix C: Summary of Site Visit Protocol.....	33
Appendix D: Glossary of Terms .....	34

## Introduction

Through charter schools, the Public Education Commission (“PEC”) as Chartering Authority seeks to provide families with effective, quality educational options.

The PEC is responsible for setting and implementing chartering policies that are consistent with New Mexico charter school law, charter agreements established with schools, and nationally recognized principles and standards for quality charter authorizing. The PEC, through its authorized representative(s), will carry out the data collection and monitoring activities described in the Performance Review and Accountability System.

The New Mexico Charter Schools Act purpose:

The Charter Schools Act ... is enacted to enable individual schools to structure their educational curriculum to encourage the use of different and innovative teaching methods that are based on reliable research and effective practices or have been replicated successfully in schools with diverse characteristics; to allow the development of different and innovative forms of measuring student learning and achievement; to address the needs of all students, including those determined to be at risk; to create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site; to improve student achievement; to provide parents and students with an educational alternative to create new, innovative and more flexible ways of educating children within the public school system; to encourage parental and community involvement in the public school system; to develop and use site-based budgeting; and to hold charter schools accountable for meeting the department's educational standards and fiscal requirements. (§22-8B-3 NMSA 1978 *et seq*).

## Performance Review and Accountability System Objectives

PEC seeks to establish a Performance Review and Accountability System that strikes the appropriate balance between charter school autonomy and chartering authority intervention. The Performance Review and Accountability System is an adaptive tool subject to continuous review and improvement so that the students in New Mexico public charter schools are effectively served.

The PEC invites New Mexico’s charter schools to be partners in the development and continuous improvement of this Performance Review and Accountability System.

The PEC is committed to providing clear expectations about charter school performance and chartering authority oversight activities. PEC objectives for charter school performance review and accountability include:

- Provide clarity about the process and timeline for collecting performance framework data
- Streamline data collection and decrease the burden on NM charter schools
- Consider overall school academic performance across a range of different indicators, including optional, unique, school-identified measures for evaluating mission-specific goals
- Ensure all data and evidence can be reliably and accurately collected and measures can be reliably and accurately evaluated
- Establish financial metrics that provide clarity about the financial health of charter schools
- Establish clear policies and procedures for how performance frameworks inform PEC actions and decisions, including a range of interventions that PEC will take in response to charter school under performance
- Provide annual performance reports that are publicly available to families and schools

## Annual Performance Review Activities

PEC, through its authorized representative(s), evaluates schools on their ability to achieve academic goals with all students while maintaining financial and organizational health. Annual accountability activities are guided by state and federal compliance requirements as well as clear measures of academic progress that allow for a rigorous, state-aligned, fact-based evaluation of school performance.

### Charter School Data Submissions

- Throughout the year, charter schools are required to submit academic, financial, and organizational data to PEC, various PED departments, and other governmental entities.
- Submissions are required for PEC accountability oversight and for compliance with state and federal funding and reporting requirements.
- See Appendix B for a schedule of reports consistently required by the PEC and PED; other reporting may be required if the school is notified by PED, PEC, or other government entities.

### Annual School Visits

- PEC's authorized representative(s) conduct annual site visits to all schools to collect data for the performance framework evaluation and provide feedback as technical assistance. Site visits may be differentiated based on school performance, including academic, financial, and organizational performance.
- New school visits are conducted within the first 40 days after new school opening to collect data for the performance framework evaluation and to provide early feedback and intervention as technical assistance, if necessary.
- Renewal visits are conducted during the fall of the charter school's renewal year and provide additional insights to inform PEC charter school renewal decisions, especially for schools not meeting performance expectations.
- Visits can include a combination of any of the following: file audits, classroom observations, a facility review, and staff, board, and student and family interviews.
- See Appendix C for a summary of the School Visit Protocols.

### Annual Performance Review

- PEC's authorized representative(s) evaluate all schools against the PEC Performance Framework annually, which is comprised of academic, financial, and organizational performance metrics.
- PEC's authorized representative(s) share initial performance framework feedback and evaluations with charter school boards and administrative leaders for review and feedback.
- PEC, through its authorized representative(s), issues any Notices of Concern or Breach related to annual performance reviews.
- PEC approves and publishes Annual Performance Reports for schools.
- See Appendix A for the current PEC Charter School Performance Framework.

## Performance Framework

The PEC Charter School Performance Framework sets the academic, fiscal, and organizational standards by which PEC-authorized public charter schools will be evaluated, informing the PEC and charter school about the school's performance and sustainability. See Appendix A for the current PEC Charter School Performance Framework.

The Performance Framework consists of three separate, free standing frameworks. Performance under these three separate frameworks does not get rolled up into one overall evaluation. No one document necessarily carries more weight than any other.

**Academic Framework:** The academic framework includes measures that allow the PEC to evaluate the school's academic performance and assess whether the academic program is a success and whether the charter school is implementing its academic program effectively. The framework includes measures to evaluate student proficiency, student academic growth, achievement gaps in both proficiency and growth between student subgroups, and for high schools, post-secondary readiness and graduation rate. The PEC considers increases in student academic achievement for all groups of students as one of the most important factors when determining whether to renew or revoke a school's charter. The framework also includes unique, school-identified measures for evaluating mission-specific goals. These goals must be approved by the PEC to insure quality and rigor of proposed indicators and that the indicators are consistent with the purposes of the Charter Schools Act.

Based on performance across the academic indicators and measures, schools receive an overall academic tier rating that is used by the PEC in annual monitoring and renewal decisions. The academic framework has four rating tiers. Schools in Tier 1 are exceeding PEC performance expectations and are on par with or exceed the highest-performing schools in the state. Schools in Tier 4 are consistently failing to meet academic performance expectations.

**Organizational Framework:** The Organizational Framework primarily lists the responsibilities and duties that charter schools are required to meet through state and federal laws. The organizational framework is the primary focus of the annual school visit process. It was developed pursuant to the New Mexico Charter Schools Act and includes indicators, criteria statements, and metrics related to schools' educational program, financial management, governing body performance, school environment, and employee and student policies, including compliance with all applicable laws, rules, policies, and terms of the charter contract. For each indicator a school receives one of three ratings: "Meets Standard," "Working to Meet Standard" and "Does Not Meet Standard". Indicator ratings are assigned based on evidence that the school is meeting the criteria statement(s).

Based on performance across the organizational indicators and measures, schools receive an overall organizational rating that is used by the PEC in annual monitoring and renewal decisions. The overall rating will be either "Meets Standard" or "Does Not Meet Standard" based on cumulative performance on the organizational indicators. A school will only receive an overall rating of "Does Not Meet Standard" if the school receives "Does Not Meet Standard" ratings for three more indicators.

**Financial Framework:** The financial framework is currently being revised to include more effective measures of financial health. When a new financial framework is developed, school reported financial data will be evaluated on a quarterly basis and the Performance Framework will be populated with the most recent data. This internal school data is not final, but will be

used by the PEC as a preliminary evaluation for progress monitoring improvements in financial health and/or act as a flag for potential financial problems or concerns.

A final performance framework will be populated after final audited end-of-year cash amounts are available from the annual external audit. The final framework will be used to evaluate whether the school is meeting financial performance expectations for purposes of annual evaluations and renewal decisions.

The current financial framework requires schools to annually, in August, submit a completed and signed self-reported questionnaire. The questionnaire includes a series of questions about organizational performance as it relates to financial management practices. Several of the questions in the current financial framework are included in the revised organizational framework as indicators.

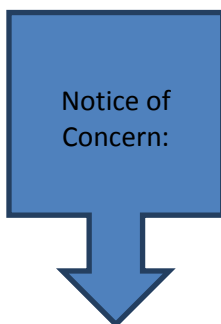
## Intervention Ladder

PEC is responsible for holding charter schools accountable for the performance and legal compliance of charter schools under their authority. To meet this obligation, PEC has adopted an intervention ladder to communicate concerns about academic performance, fiscal soundness or legal, contractual, or policy requirements.

In the absence of evidence to the contrary, all schools are considered to be in **Good Standing**. Schools in good standing are expected to participate in routine annual accountability activities and maintain open communication with PEC and its authorized representative(s).

### Notice of Concern

Schools may receive a **Notice of Concern** if the PEC and/or its authorized representative receives a verified complaint of significant concern, or if the annual performance review or site visit identifies significant questions or concerns about academic, financial, or organizational performance; such as a Tier 4 rating on the academic framework or a finding of “not meeting expectations” on an organizational indicator. PEC’s authorized representative(s) will communicate with school leaders, parents, and any other necessary stakeholders to verify complaints.

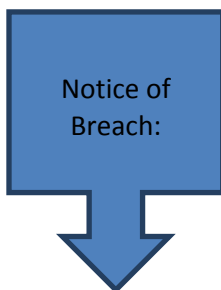


PEC will issue a Notice of Concern at a properly noticed public meeting. PEC's authorized representative(s) shall provide schools notice that they will be appearing on the PEC's agenda for the purposes of issuing a Notice of Concern at least 10 days prior to the meeting. As part of issuing a Notice of Concern, the PEC will establish expected outcomes and deadlines<sup>1</sup> that must be met by the school. The deadline established for correction shall be no less than 10 days including holidays and weekends, unless the matter is an emergency matter<sup>2</sup> in which case the deadline shall be no less than 72 hours.

Upon remedying the concern and complying with the expectations established by the PEC, the school returns to **Good Standing**. If the PEC's expectations and deadlines are not met, the school progresses to the next level of the intervention ladder.

### Notice of Breach

A school can receive a **Notice of Breach** if it fails to correct a Notice of Concern or for certain violations of law that are serious enough to justify a heightened initial response.



PEC will issue a Notice of Breach at a properly noticed public meeting. PEC's authorized representative(s) shall provide schools notice that they will be appearing on the PEC's agenda for the purposes of issuing a Notice of Breach at least 10 days prior to the meeting. As part of issuing a Notice of Breach, the PEC will establish expected outcomes and deadlines<sup>1</sup> that must be met by the school. The deadline established for correction shall be no less than 10 days including holidays and weekends, unless the matter is an emergency matter<sup>2</sup> in which case the deadline shall be no less than 72 hours.

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<sup>1</sup> Deadlines will vary depending on the urgency of the matter and the amount of time it takes to reasonably cure the concern.

<sup>2</sup> An “emergency” refers to unforeseen circumstances that, if not addressed immediately by the public body, will likely result in injury or damage to persons or property or substantial financial loss to the public body



Once a Notice of Breach is issued, schools are required to submit a Corrective Action Plan (financial or organizational performance) or an Improvement Plan (academic performance) that details the actions and timeline that the schools will implement to correct the breach. PEC’s authorized representatives will monitor the school’s implementation of Corrective Action and Improvement Plans, and regularly update PEC on progress. Once the school has met the Notice of Breach requirements, they return to **Good Standing**. Repeated Notices of Concern or Breach may lead to increased oversight, including additional annual site visits or regular phone calls to discuss key performance indicators.

#### **Revocation Review**

Failure to meet the requirements specified in the Notice of Breach, or certain violations of law that are serious enough to justify an initial heightened response, will result in a charter school **Revocation Review**. Schools may also be subject to the Revocation Review if they receive more than one Notice of Breach in the same school year.

PEC will issue a Notice of Revocation Review at a properly noticed public meeting. Unless impractical, PEC's authorized representative(s) shall provide schools notice that they will be appearing on the PEC’s agenda for the purposes of issuing a Notice of Revocation Review at least 10 days prior to the meeting. As part of issuing a Notice of Revocation Review, the PEC will establish the actions to be taken by its authorized representative(s) and a deadline for the school to respond to the prospect of revocation. The actions of the PEC’s authorized representative may include additional visits to the school, an in-depth audit to assess the school’s educational program, and/or financial and organizational health, or other actions appropriate to determine if a revocation hearing is appropriate.

Findings from the revocation review will be presented to the PEC at a properly noticed public meeting, at which will determine whether to issue a Notice of Intent to Revoke, which sends the school into revocation proceedings. In lieu of a Notice of Intent to Revoke, the PEC may decide to grant a Notice of Breach, or a revised Notice of Breach. A revised Notice of Breach will allow a school more time to achieve expected outcomes established in an initial Notice of Breach or adjust the expected outcomes initially established by the PEC.

In extraordinary circumstances, the PEC may forgo the process outlined above and may, with proper statutory notice, consider whether to hold a revocation hearing or hold a revocation hearing.

The table on the following page provides examples regarding triggers and evidence, and actions and consequences; however, the table shall not be considered exclusive.

#### Revocation Review

Intervention Status	Triggers/Evidence	Actions/Consequences
<b>Notice of Concern</b>	<ul style="list-style-type: none"> <li>• Failure to meet performance standards represented in the performance framework.</li> <li>• Receipt of verified complaint of significant concern.</li> <li>• Evidence of not meeting performance expectations through routine monitoring or school visit.</li> <li>• Failure to comply with terms of the charter.</li> </ul>	<ul style="list-style-type: none"> <li>• Appearance before the Public Education Commission at public meeting.</li> <li>• Letter to school leader and governing board detailing areas of concern and specific outcomes and timeline for correcting the performance gap.</li> </ul>
<b>Notice of Breach</b>	<ul style="list-style-type: none"> <li>• Failure to meet objectives identified in a Notice of Concern.</li> <li>• Evidence of material or significant failure to comply with applicable laws.</li> <li>• Actions or operational deficiencies that may endanger the well-being of students and/or staff, or negatively impact the viability of the school.</li> </ul>	<ul style="list-style-type: none"> <li>• Appearance before the Public Education Commission at public meeting.</li> <li>• Letter to school leader and governing board giving notification of breach and outlining additional terms of oversight and monitoring.</li> <li>• School develops, submits, and implements a Corrective Action or Improvement Plan with specific improvements, objectives, timelines, and measures that results in correction of the breach.</li> <li>• PEC, through authorized representative(s), monitors implementation of Corrective Action or Improvement Plan.</li> </ul>
<b>Revocation Review</b>	<ul style="list-style-type: none"> <li>• Failure to successfully meet the terms of the Corrective Action or Improvement Plan.</li> <li>• Repeated failure to meet the material terms of the charter agreement.</li> <li>• Illegal behavior, fraud, misappropriation of funds.</li> <li>• Extended pattern of failure to meet performance expectations set forth in the charter agreement.</li> <li>• Repeated failure to comply with applicable law.</li> </ul>	<ul style="list-style-type: none"> <li>• Appearance before the Public Education Commission at public meeting.</li> <li>• The PEC's authorized representative(s) may conduct additional site visits to the school and/or conduct an in-depth audit to assess the school's educational program, and/or financial and organizational health.</li> <li>• The PEC's authorized representative(s) review and preparation of recommendation to revoke, or not to revoke, the charter.</li> <li>• PEC reviews recommendations and makes decision to commence or not commence revocation proceedings.</li> </ul>

## **Charter Renewal**

As part of renewal consideration, PEC will consider a schools' annual school performance, school visit reports, information contained in the school's renewal application, and other relevant information in their decisions. Renewal decisions are based on the statutory standards in Section 22-8B-12(K) New Mexico Statutes Annotated.

After the final performance evaluation is completed for each year of its contract, a school will receive notice of whether it is on track for a renewal recommendation for 1) expedited renewal, 2) full renewal, 3) renewal with conditions, or 4) non-renewal. When the school has two years remaining on its contract term, the PEC's authorized representative(s) will provide the school with a Preliminary Notification of Renewal Profile. These notices are based on the school's performance profile over the contract term and the renewal performance profiles on page 11 of this Charter Performance Review and Accountability System. The PEC expects that schools will use these notices to both take action to respond to the potential renewal action by improving performance, as necessary, and to prepare and submit a response to the potential renewal action.

After final school performance data is released for the year prior to the school's renewal year, the school will receive a final notice of its renewal profile. Schools that have an Expedited Renewal Profile will have limited submission requirements and a limited site visit.

### **Renewal Decision Criteria**

PEC decisions on charter school renewal will be based on an analysis of the following questions:

1. Is the school an academic success or making progress toward academic success? (Academic Framework)
2. Is the school an effective, viable organization? (Organizational Framework)
3. Is the school fiscally sound? (Financial Framework)

Staff providing support to the PEC will develop renewal recommendations based on the cumulative performance of the charter school over the contract term. The PEC will consider the following sources of evidence for renewal decisions, including any additional factors highlighted in the charter school renewal application.

### **Renewal Evidence Sources**

- Annual performance reports, which constitute a report on the status in relation to meeting the academic performance, financial compliance and governance responsibilities of the charter school, including achieving the goals, objectives, student performance outcomes, state standards of excellence and other terms of the charter contract, including the accountability requirements set forth in the Assessment and Accountability Act;
- School developed reports, for schools not meeting the above standards, on the progress toward meeting the established standards;
- Evidence gathered that confirms or does not confirm the school developed reports identified above;
- A financial statement that discloses the costs of administration, instruction and other spending categories for the charter school that is understandable to the general public, that allows comparison of costs to other schools or comparable organizations and that is in a format required by the department;
- Petitions of support; and
- Facility assurances.

## Renewal Outcomes

Staff providing support to the PEC will recommend one of four renewal outcomes (profiles) for PEC to consider. Although renewal recommendations will be guided by the performance profiles described below, the PEC has ultimate authority to make any renewal decision that is consistent with New Mexico charter school law.

Renewal Decision	Renewal Performance Profile <sup>3</sup>	Renewal Terms
<b>Expedited Renewal<sup>4</sup></b>	<b>Academic</b> <ul style="list-style-type: none"> <li>• Maintain Tier 1 or 2 rating for previous four years of the charter contract</li> </ul>	Five-year term with no additional conditions outside normal charter contract; streamlined renewal application and review process
	<b>Organizational / Financial</b> <ul style="list-style-type: none"> <li>• Meet Expectations for previous four years of the charter contract</li> </ul>	
<b>Full Renewal<sup>5</sup></b>	<b>Academic</b> <ul style="list-style-type: none"> <li>• Earn no Tier 4 ratings within the past three years, and</li> <li>• Either: <ul style="list-style-type: none"> <li>○ Maintain Tier 1 or 2 rating for at least three of past four years, or</li> <li>○ Demonstrate consistently improving Tier rating over the last 3 years</li> </ul> </li> </ul>	Five-year term with no additional conditions outside normal charter contract
	<b>Organizational / Financial</b> <ul style="list-style-type: none"> <li>• Meet Expectations for the last two years, or</li> <li>• Meet Expectations for at least three of past four years</li> </ul>	
<b>Renewal with conditions<sup>6</sup></b>	<b>Academic</b> <ul style="list-style-type: none"> <li>• Earn Tier 4 performance rating for two or more years during the last four years but not in both of the last two years, or</li> <li>• Earn Tier 3 or 4 rating for three of the past four years, or</li> <li>• Earn two or more Tier 3 or 4 ratings and demonstrate declines in Tier rating in any of the last two years</li> </ul>	Three- or five-year renewal term with defined goals for school improvement on academic, organizational, and/or financial frameworks
	<b>Organizational / Financial</b> <ul style="list-style-type: none"> <li>• Earn “did not meet” expectations for two or more years including one of the last two years</li> </ul>	
<b>Non-Renewal<sup>7</sup></b>	<b>Academic</b> <ul style="list-style-type: none"> <li>• Earn Tier 4 performance rating for past two years, or</li> <li>• Earn Tier 4 performance rating for three or more years during the last four years including the most recent</li> </ul>	Recommendation for non-renewal
	<b>Organizational / Financial</b> <ul style="list-style-type: none"> <li>• Earn “did not meet” expectations for three or more years during the last four years including the most recent year</li> </ul>	

<sup>3</sup> PEC renewal decisions will be guided by performance profiles, but PEC has ultimate authority to make any renewal decision that is consistent with New Mexico charter school law.

<sup>4</sup> When considering schools currently in a contract with a term of less than 5 years, the expedited renewal profile criteria are 1) Maintain Tier 1 academic rating for the contract term, and 2) maintain Meets Expectations for organizational and financial performance for the contract term.

<sup>5</sup> When considering schools currently in a contract with a term of less than 5 years, the full renewal profile criteria are 1) in the academic framework either a) demonstrate a consistently improving Tier rating over the term of the contract or b) maintain at least Tier 2 rating for the contract term, and 2) earn Meets Expectations for organizational and financial performance for the year prior to the renewal year.

<sup>6</sup> When considering schools currently in a contract with a term of less than 5 years, the conditional renewal profile is for schools that do not fall into any other renewal profile.

<sup>7</sup> When considering schools currently in a contract with a term of less than 5 years, the non-renewal profile 1) earned a Tier 4 academic performance rating for the year prior to the renewal year or 2) earn Does Not Meet Expectations for organizational or financial performance for the year prior to the renewal year.

## Renewal Process Steps

Renewal Process Steps	Timing (Final Year of Charter Contract)
Final Notice of Renewal Profile	Summer – After School Performance Data Released
Renewal Application by the School	<b>Options:</b> August 1, September 1, or October 1
Renewal Site Visit	<b>Dependent on submission date:</b> August, September, or October
Additional Requests for Information	As needed
Final Renewal Report	<b>At least 5 days before PEC Vote</b>
PEC Renewal Vote	<b>Dependent on submission date:</b> October, November, or December
New Contract Negotiation	Spring

### Annual Performance Evaluations

After the final performance evaluation is completed for each year of its contract, a school will receive notice of whether it is on track for a renewal recommendation for 1) expedited renewal, 2) full renewal, 3) renewal with conditions, or 4) non-renewal. At least one year prior to the date the school will apply for renewal, the PEC's authorized representative(s) will provide the school with a Preliminary Notification of Renewal Profile. These notices are based on the school's performance profile over the contract term and the renewal performance profiles on page 11 of this Charter Performance Review and Accountability System. The PEC expects that schools will use these notices to both take action to respond to the potential renewal action by improving performance, as necessary, and to prepare and submit a response to the potential renewal action.

After final school performance data is released for the year prior to the school's renewal year, the school will receive a final notice of its renewal profile. Schools that have an Expedited Renewal Profile will have limited submission requirements and a limited site visit.

### Renewal Profile

The first stage of the formal renewal process is the preparation by the PEC's authorized representative(s) of school-specific renewal profiles. The Renewal Profiles are based on the record of the charter school's academic, financial and organizational performance as reported in their **Annual Performance Reports** and in alignment with any prior renewal or approval conditions. Renewal Profiles will be provided to the school in the late summer of the final year of the school's charter term. The profiles are based on evidence collected over the contract term and publicly available information. Schools eligible for expedited renewal will be identified during this phase. At this time in the process, all schools will be aware of the performance profile and thus the renewal recommendations from the staff supporting the PEC. The renewal application will provide the school an opportunity to submit and prepare a response to the potential renewal action.

### Renewal Application by the School

The Renewal Application provides schools the opportunity to provide an overview of school progress and a response to the potential renewal action, if performance expectations have not been met during the contract term. It is the goal of the Commission, to the extent possible, to decrease the burden from the preparation of the Renewal Application.

Schools eligible for expedited renewal will not be required to submit some sections of the renewal

application. Annually, the Public Education Commission reviews and, as necessary, revises the renewal application. The current renewal application is available on the PEC website.

#### Renewal Site Visit

The PEC's authorized representatives will conduct at least one Renewal Site Visit during the renewal process. The purpose of the Renewal Site Visit is to test, verify and/or supplement the information provided in the school's Renewal Application. The information obtained through the Renewal Visit will be considered with all other evidence at the time of the renewal decision by the PEC. Appendix C provides more detailed information regarding site visits.

Schools eligible for expedited renewal may be eligible to receive a site visit that utilizes a modified protocol focused on gathering community feedback and verifying any outstanding performance corrections. Site visits will also be used to investigate any significant concerns that may arise during the renewal period.

#### Additional Requests for Information

At any time during the renewal process, the PEC and/or its authorized representatives may request additional information from the school in an effort to fully inform the renewal decision.

#### Final Renewal Report

Staff supporting the PEC will prepare a renewal report once all renewal review activities are completed. The report will be provided to the school at least 5 days before the matter is put to a vote by the PEC so that the school has a final opportunity to prepare and submit a response to the information in the report.

#### PEC Renewal Vote

The PEC reviews and votes on each Renewal at a properly noticed public meeting. The public may offer comments to the PEC during the public participation section of PEC meeting regarding each renewal. After each decision, the PEC issues a written notice to the school detailing the renewal decision.

#### New Contract Negotiation

When renewal is granted by the PEC, the PEC, directly or through its authorized representatives, and the school negotiate a contract for the new term. The contract negotiation will address the school mission, any material terms that limit charter activities (e.g., enrollment cap, grade levels) or material terms that establish explicit program requirements (e.g., STEAM, PBL, vocational education). The contract negotiation shall also include additional rigorous, valid and reliable mission specific indicators, which may not to be duplicative of required state assessments but must measure achievement of the school's specific mission.

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#### **Expedited Renewal**

Schools that have maintained a Tier 1 or 2 rating for previous four years of the charter contract and earned a "met expectations" rating on the organizational and financial frameworks for the previous four years are eligible for an **expedited renewal process**. The expedited process will include all of the renewal activities described above, but will include a modified renewal application and a condensed renewal site visit as appropriate.

## **Appendix A: Performance Frameworks with Mission Goal(s)**

## ACADEMIC PERFORMANCE FRAMEWORK

The Academic Performance Framework answers the evaluative question: Is the academic program a success? The framework includes indicators and measures that allow the PEC to evaluate the school's academic performance and was developed pursuant to the New Mexico Charter Schools Act. This section includes indicators, measures and metrics for student academic performance; student academic growth; achievement gaps in both proficiency and growth between student subgroups; and graduation rate and post-secondary readiness measures for high schools. (Section 22-8B-9.1.A. (1-3, 6, 7) NMSA 1978).

The Academic Performance Framework includes three indicators, with several required measures, and allows for the inclusion of additional rigorous, valid and reliable indicators proposed by the school to augment external evaluations of school performance.

### Description of Academic Framework Indicators and Measures

Indicator 1: Components from NM System of School Support and Accountability. The PEC considers charter school performance on each of the components of the NM System of School Support and Accountability.		Points	
Measure	Description	Elem	High
1.1 Math and Reading Proficiency	Math and Reading Proficiency is the percentage of students who are proficient on state assessments in math and reading.	30	25
1.2 English Learner Progress Toward English Language Proficiency	English learner progress toward English language proficiency is measured by the WIDA ACCESS assessment given annually to students identified as English learners.	10	5
1.3 Science Proficiency	Science proficiency is the percentage of students who are proficient on state assessments in science.	5	5
1.4 Growth of Highest-Performing Students (Q4)	These growth measures are calculated separately for three student subgroups. The three student subgroups are the lowest-performing students (lowest 25%), the middle-performing students (middle 50%) and the highest-performing students (highest 25%).	5	5
1.5 Growth of Middle performing students (Q2/3)		10	10
1.6 Growth of Lowest-Performing Students (Q1)		25	15
1.7 Graduation Rate	<p>The graduation measure includes 4-year, 5-year, and 6-year cohort graduation rates.</p> <p>Graduation rates are one-year lagged. Meaning, rates that are published in the school report are for the cohort that graduated by August 1 of the prior year. Students are expected to graduate in four years, however rates are calculated for 5- and 6- year graduates. Calculation of 4-year, 5-year, and 6-year cohort graduation rates uses the <i>Shared Accountability</i> method, which gives each school in which the student was enrolled in high school proportional credit for their timely or lack of timely graduation.</p>	N/A	<p>10</p> <p>5 for 4 year, 3 for 5 year, and 2 for 6 year</p>



	For schools that qualify as SAM schools, an auxiliary graduation rate is computed using a senior completer method which includes only 12th grade students who are not members of the 4-year cohort.		
1.8 Growth in 4-year Graduation Rate	Improvement in the 4-year graduation rate is based on the slope of the 4-year graduation rates for the past three years. For schools that have a 4-year graduation rate that is over 90%, all points are awarded for graduation growth.	N/A	5
1.9 Career and College Readiness	<p>College and Career Readiness (CCR) scores are determined by the percentage of the prior year 4-year graduation cohort members (this indicator is also one-year lagged) who show evidence of participating in college or career preparation, along with the proportion of those students meeting a benchmark. This indicator is also calculated using the shared accountability model.</p> <p>High school students are expected to participate in at least one college or career readiness program:</p> <ol style="list-style-type: none"> <li>1) College entrance exams (Accuplacer, ACT, ACT Aspire, Compass, PLAN, PSAT, SAT, or SAT Subject Test);</li> <li>2) Evidence that the student can pass a college-level course (Advanced Placement, Dual Credit, or IB); or</li> <li>3) Eligibility for an industry-recognized certification (Career Technical Education).</li> </ol> <p>Points are given separately for students' participation and for their success in achieving targets.</p> <p>SAM schools are allowed use of additional indicators including ASVAB, WorkKeys, and TABE.</p>	N/A	10
1.10 Chronic Absenteeism	Schools earn points based on the percentage of students who were not chronically absent. A chronically absent student is one who was absent from school for any reason for at least 10 percent of the days enrolled.	5	5
1.11 Educational Climate Survey, Multicultural Initiatives, and Socio-emotional Learning (SEL)	The Educational Climate survey measures the extent to which classroom teachers demonstrate instructional practices known to facilitate student learning. Students answer survey questions on topics such as classroom teaching and expectations of students.	10	5

Indicator 2: Subgroup Performance		Points	
Subgroup measures are based on the school's relative performance (statewide percentile rank) compared to all NM public schools serving the same grades. Points assigned for each subgroup are averaged to calculate overall points for measures 2.1, 2.2, and 2.3.			
Measure	Description	Elem	High
2.1 Subgroup Growth of Highest- Performing Students (Q4)	Students are compared to all students statewide serving the same grade levels, based on the Growth results calculated by NM PED for Q4 students.	25	25

2.2 Subgroup Growth of Middle- Performing Students (Q2/3)	Schools are compared to all students statewide serving the same grade levels, based on the Growth results calculated by NM PED for Q2/3 students.	25	25
2.3 Subgroup Growth of Lowest- Performing Students (Q1)	Schools are compared to all students statewide serving the same grade levels, based on Growth results calculated by NM PED for Q1 students.	25	25
2.4 Subgroup Proficiency	Students are compared to all students statewide serving the same grade levels, based on subgroup proficiency rates for all eligible subgroups.	25	25

Indicator 3: School-Specific Goals The performance framework allows for the inclusion of additional rigorous, valid and reliable indicators (as determined by the PEC) proposed by a charter school to augment external evaluations of its performance. (1978 NMSA§22-8B-9.1(C).)		Points	
Measure	Description	Elem	High
School identified Mission Specific Goals, not to exceed two goals.	<p>Charter schools shall propose mission-specific goals that are specific, measurable and rigorous, School-proposed goals are subject to approval by the PEC and are incorporated into charter contracts. Not more than two goals will be used.</p> <p>The goals must appear on the NM Spotlight Dashboard to be measurable as a SMART goal.</p> <p><i>PEC guidance for setting school goals:</i>            Use a SMART goal format (Specific, Measureable, Achievable, Relevant, and Time-bound)            Include metrics and measures using the following criteria:            “Exceeds standards,” “Meets standards,” “Does not meet standards,” and “Falls far below standards.”            Set goals that <i>augment external evaluations of school performance</i> and do not duplicate existing framework measures.            Goals must be able to be documented and supported using objective, verifiable evidence of results.            Mission specific goals must be distinct from ESSA indicators 1 and 2            If using additional assessments:            Proficiency and growth targets must be distinct and measured separately.            Assessments need to be rigorous and reliable. The data will need to be reported on the NM Spotlight Dashboard, in a format useable by PED.            Additional assessments must be aligned to school mission.            Reading and math goals are already included within indicators 1 and 2.</p> <p>If two goals are included, the score on this measure will be the average of the two ratings. There are four rating categories:            Exceeds = 100 pts</p>	100	100

	Meets = 75 pts Does not meet = 25 pts Falls far below = 0 pts		
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## Mission Specific Goal for School of Dreams Academy

**Goal:** Each year, 75% of students in grades K-5, enrolled on the 40<sup>th</sup> and 120<sup>th</sup> day, will earn a “Level 3 out of 5 within a Mastery Grading Scale” or higher on a minimum of three (3) STEAM courses. AND 75% of students in grades 6-12, enrolled on the 40<sup>th</sup> and 120<sup>th</sup> day, will earn a “C” or better on a minimum of four (4) STEAM elective courses.

Measure Rating Category	Description of Target for this Performance Level	Points Assigned
<i>Exceeds Standard</i>	Each year, 90-100% of students in grades K-5, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a “Level 3 out of 5 within a Mastery Grading Scale” or higher on a minimum of three (3) STEAM courses. AND 90-100% of students in grades 6-12, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a “C” or better on a minimum of four (4) STEAM elective courses.	100
<i>Meets Standard</i>	Each year, 75-89% of students in grades K-5, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a “Level 3 out of 5 within a Mastery Grading Scale” or higher on a minimum of three (3) STEAM courses. AND 75-89% of students in grades 6-12, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a “C” or better on a minimum of four (4) STEAM elective courses.	75
<i>Does Not Meet Standard</i>	Each year, 65-74% of students in grades K-5, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a “Level 3 out of 5 within a Mastery Grading Scale” or higher on a minimum of three (3) STEAM courses. AND 65-74% of students in grades 6-12, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a “C” or better on a minimum of four (4) STEAM elective courses.	25
<i>Falls Far Below Standard</i>	Each year, Less than 65% of students in grades K-5, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a “Level 3 out of 5 within a Mastery Grading Scale” or higher on a minimum of three (3) STEAM courses. AND Less than 65% of students in grades 6-12, enrolled on the 40 <sup>th</sup> and 120 <sup>th</sup> day, will earn a “C” or better on a minimum of four (4) STEAM elective courses.	0

## Summary of Indicator Rating System and Assigned Points

*Schools receive up to 100 points for each academic measure. The average weighted points across the framework are used to assign the overall rating (tier).*

Indicators	Description	Assigned Points	Total Weight?	
			Elem	High
Indicator 1: Components from NM System of School Support and Accountability	The PEC considers charter school performance on each of the components of the NM PED ESSA Plan	The school earns points equal to the school's overall index score from the New Mexico System of School Support and Accountability. (1-100 pts)	35%	37.5%
Indicator 2: Subgroup Performance	Subgroup measures are based on the school's relative performance (statewide percentile rank) compared to all NM public schools serving the same grades.	Points assigned for each subgroup are averaged to calculate overall points for measures 2.1, 2.2, 2.3, and 2.4. (1-100 points)	30%	25%
Indicator 3 Mission Specific Goals	Charter schools shall include <b>mission-specific goals</b> that are Specific, Measurable, Achievable, Relevant and Time-bound.	Points are assigned based on the average of the ratings (if there are two goals) for the goals listed in Indicator 3. (0-100 points)	35%	37.5%

*Based on performance across the academic indicators and measures, schools receive an overall academic tier rating that is used by the PEC in annual monitoring and renewal decisions.*

Tier 1	<ul style="list-style-type: none"><li>• School is <b>exceeding</b> PEC academic performance framework expectations and is on par with the highest-performing schools in the state.</li><li>• (Greater than or equal to 80 of the possible total weighted points)</li></ul>
Tier 2	<ul style="list-style-type: none"><li>• School is consistently <b>meeting</b> PEC academic performance framework expectations.</li><li>• (Greater than or equal to 70 and less than 80 of possible total weighted points)</li></ul>
Tier 3	<ul style="list-style-type: none"><li>• School is <b>not meeting</b> expectations for one or more of the academic indicators. <b>Possible intervention.</b></li><li>• (Greater than or equal to 55 and less than 70 of possible total weighted points)</li></ul>
Tier 4	<ul style="list-style-type: none"><li>• School is falling far below academic performance expectations. <b>Intervention; possible revocation.</b></li><li>• (Less than 55 of possible total weighted points)</li></ul>

## ORGANIZATIONAL PERFORMANCE FRAMEWORK

The Organizational Framework primarily lists the responsibilities and duties that charter schools are required to meet through state and federal laws. It was developed pursuant to the New Mexico Charter Schools Act and includes indicators, criteria statements, and metrics related to schools' educational program, financial management, governing body performance, school environment, and employee and student policies, including compliance with all applicable laws, rules and terms of the charter contract (Section 22-8B-9.1A (4, 5, 9) NMSA 1978).

NACSA Principles & Standards (2012) states that,

"A Quality Authorizer implements an accountability system that effectively streamlines federal, state, and local...compliance requirements while protecting schools' legally entitled autonomy and minimizing schools' administrative and reporting burdens" (p. 16).

The organizational framework is the primary focus of the annual school visit process. The framework is structured into five categories of information. Each category has multiple **indicators** and each indicator includes one or more **criteria statements** that serve as the metric for evaluating organizational performance.

For each indicator a school receives one of three ratings: "Meets Standard," "Working to Meet Standard" and "Does Not Meet Standard" which are defined below. Indicator ratings are assigned based on evidence that the school is meeting the criteria statement(s).

### **Meets Standard:**

The school meets the standard if it satisfies each of the criteria statements described for the indicator OR if the authorizer currently has no evidence or information to indicate the school does not meet the criteria statements.

### **Working to Meet Standard:**

There is evidence to indicate the school does not, or at some point in the school year did not, satisfy the criteria statements described for the indicator AND within 30 days after receiving a notification of non-compliance, the school submitted evidence to demonstrate immediate correction of any outstanding matters AND submitted a corrective action plan to prevent future occurrences of the same concern.

### **Does Not Meet Standard:**

There is evidence to indicate the school does not, or at some point in the school year did not, meet the criteria statements described for the indicator and the school failed to submit evidence of correction and/or a corrective action plan within 30 days of notification OR the school failed to implement the corrective action plan OR the non-compliance is repeated from the prior evaluation.

Schools receive an overall organizational performance rating of either "Meets Standard" or "Does Not Meet Standard". If a school receives "Does Not Meet Standard" ratings for three more indicators, the school will receive an overall organizational framework rating of "Does Not Meet Standard". Fewer than three such ratings will result in an overall rating of "Meets Standard." In addition, if a school receives a "Does Not Meet Standard", on any indicator, CSD and PEC may conduct a closer review the following year on that indicator, and/or the PEC may require the school to submit a corrective action plan in order to specify actions and a timeline to correct the performance deficiency.

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
<b>1. EDUCATIONAL PROGRAM REQUIREMENTS</b>		
1.a. Is the school implementing the material terms of the approved charter application as defined in the Charter Contract?	<ul style="list-style-type: none"> <li>School's mission is being implemented. <i>Article VIII. Section 8.01.(a)(ii)</i></li> <li>The school has documentation/evidence that it is implementing its educational programs. <i>Article VIII. Section 8.01.(a)(iii)</i></li> <li>The school has documentation that demonstrates that it is implementing its parent, teacher and student-focused terms. <i>Article VIII. Section 8.01.(a)(iv), (v), (vi)</i></li> <li>The school stays within its enrollment cap at all times and serves only the approved grade levels. <i>Article VIII. Section 8.01.(a)(i) and (vii)</i></li> </ul>	YES
1.b. Does the school comply with state and contractual assessment requirements?	<ul style="list-style-type: none"> <li>The school administers all required state assessments, including but not limited to: <i>NMSA 22-2C-4(E)</i> <ul style="list-style-type: none"> <li>Grade level math and reading assessments</li> <li>Subject based end of course exams</li> <li>Early childhood assessments</li> <li>English Learner screening and progress monitoring assessments</li> <li>National performance assessments, when selected, and</li> <li>Language assessments for bi-lingual programs.</li> </ul> </li> <li>The school administers all required contractual assessments (specified in contract/performance framework that are still applicable).</li> <li>The school ensures assessment accommodations are properly administered to all eligible students.</li> <li>The school complies with assessment training requirements: <i>NMAC 6.10.7.8 and 9</i> <ul style="list-style-type: none"> <li>Has an identified District Test Coordinator (DTC)</li> <li>DTC attends all required trainings, and</li> <li>DTC annually provides training for all district personnel involved in test administration, preparation, and security.</li> </ul> </li> </ul>	NO

<sup>8</sup> Criteria statements noted in blue will be evaluated during the site visit. Criteria statements in green will be evaluated using information from PED bureaus, or otherwise available. Criteria statements in red will be evaluated using complaints. Criteria statements in black require the school to report data.



Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
1.c. Is the school protecting the rights of students with special needs? <i>(Note: These provisions include only students with disabilities.)</i>	<ul style="list-style-type: none"> <li>The school is in 100% compliance with the Special Education Bureau identified indicators. (<i>34 CFR § 300.600 (a)(2) and Subsection F of 6.31.2.9 NMAC.</i>)</li> <li>The school has <b>not</b> been the subject of a due process hearing that resulted in a finding of noncompliance during the current school year.</li> <li>The school has <b>not</b> been cited for noncompliance with applicable federal and state special education rules and regulations as the result of a state-level parental complaint during the current school year.</li> <li>The school is in compliance with all terms of any corrective action plan that resulted from a state-level complaint.</li> <li>The school has received no OCR complaints determined to be valid and demonstrate a students' rights were violated. (<i>NMSA 22-8B-4</i>)</li> </ul>	NO
1.d. Is the school protecting the rights of English Learner students?	<ul style="list-style-type: none"> <li>The school has no complaints that have been evaluated and found to be valid complaints that indicate an EL student's or families' rights have been violated. (<i>NMSA 22-8B-4 (A)</i>)</li> <li>The school does not have a major discrepancy (&gt;5%) between ELs identified and assessed as monitored by the Language and Culture Bureau, or is able to provide appropriate documentation and explanation for such a discrepancy.</li> <li>All EL students must be provided services as evidenced by STARS data reporting for services coded as 1062 (ESL) or 1063 (ELA/ELD), or must be coded as a parent refusal and have documentation to support the refusal as monitored by the Language and Culture Bureau.</li> <li>The school has received no OCR complaints determined to be valid that demonstrate a students' rights were violated. (<i>NMSA 22-8B-4</i>)</li> </ul>	NO
1.e. Does the school comply with federal and state grant program requirements?	<ul style="list-style-type: none"> <li>Annually the school meets program requirements for all PED and federal grant programs it implements. (e.g., Perkins, K-3 plus, truancy coaches, 4RFuture, Title funding, etc.)</li> <li>The school is responsive to findings of non-compliance in accordance with deadlines.</li> </ul>	NO

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
1.f. Does the school implement an Educational Plan for Student Success (NMDASH)?	<ul style="list-style-type: none"> <li>The school has an active core team engaged in the DASH process.</li> <li>The school is implementing their annual and 90-day plans, as evaluated through reviewing evidence and school/adult actions during the site visit.</li> </ul> <p><i>Only applicable for schools rated as Tier 3 or Tier 4 on the Academic Performance Framework evaluation or meeting criteria to be identified as TSI, CSI, or MRI or schools that are required to implement an NMDASH plan by a PEC Corrective Action Plan.</i></p>	YES
<b>2. FINANCIAL MANAGEMENT AND OVERSIGHT</b>		
2.a. Is the school meeting financial reporting and compliance requirements?	<ul style="list-style-type: none"> <li>The school submits all budget request documents and budget approval documents to the PED according to PED's established deadlines. (NMSA 22-8-6.1 and 10.)</li> <li>The school submits quarterly (or monthly) reports according to PEDs established deadlines and without frequent, repeated errors. All required reports are posted to the school's website. (NMSA 22-8-6.1 and 10)</li> <li>The school submits an Audit CAP to the PED Audit Bureau within 30 days of the release of the audit. The school responds to all requests by the PED Audit Bureau regarding the CAP in accordance with deadlines.</li> <li>The school, if subject to a T&amp;E audit, has no more than a .06 difference in reported and audited T&amp;E.</li> </ul>	NO
2.b. Is the school following Generally Accepted Accounting Principles?	<ul style="list-style-type: none"> <li>The school received an unmodified audit opinion for the last audit.</li> <li>The school's last audit opinion is devoid of significant findings, material weaknesses, significant internal control weaknesses, or findings related to waste, fraud, or abuse.</li> </ul>	NO
2.c. Is the school responsive to audit findings?	<ul style="list-style-type: none"> <li>The school's last audit is devoid of any multi-year repeat findings.</li> <li>School implements Audit CAP as submitted, as evaluated through reviewing evidence and school/adult actions during the site visit.</li> </ul>	YES
2.d. Is the school managing grant funds responsibly?	<ul style="list-style-type: none"> <li>The school submits, at a minimum, RfRs to the PED on a monthly basis.</li> <li>The school expends at least 99% of grant funds for all accounts without reversion and submits expenditures that are allowable with at least 90% aligned to the specific categories in the grant application budget</li> </ul>	NO

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
2.e. Is the school adequately staffed to ensure proper fiscal management?	<ul style="list-style-type: none"> <li>The school has a licensed business manager at all times during the school year; and demonstrates stability in this position (no more than 1 change within a year).</li> <li>The school has a certified State Procurement Officer and all changes are reported to the State Purchasing Agent in accordance with deadlines. (NMSA 13-1-95.2)</li> <li>The governing council's audit committee and finance subcommittee are properly constituted and meet as required. (NMSA 22-8-12.3)</li> </ul>	NO
2.f. Is the school meeting their obligations timely and with appropriate internal controls?	<ul style="list-style-type: none"> <li>Bills, invoices, or other liabilities are paid in a timely fashion and the accounts payable transaction cycle meets standards for internal controls</li> </ul>	
<b>3. GOVERNANCE AND REPORTING</b>		
3.a. Is the school complying with governance requirements?	<ul style="list-style-type: none"> <li>The governing body meets membership requirements: NMSA 22-8B-4; PEC policy <ul style="list-style-type: none"> <li>Maintains at least 5 members</li> <li>Complies with governance change policy</li> <li>Notifies PEC of board membership changes within 30 days, with complete documentation, and</li> <li>Fills all vacancies within 45 days, or 75 days, if extension is requested by school.</li> </ul> </li> <li>All members of the governing body complete all training requirements in accordance with established deadlines. (NMAC 6.80.5.8 and 9)</li> <li>The school's governing council independently oversees the school's finances according to law</li> <li>Governing council policies and procedures, minutes or other documents ensure that required financial reports are being presented to the governing council on a monthly basis</li> <li>The governing council demonstrates in board meetings that it is analyzing the financial position of the school</li> <li>The charter school maintains a Board of Finance or has the capabilities to have a Board of Finance, and maintained the Board of Finance during the contract term</li> <li>The governing body has not received any OMA complaints (by the AG's office) that were evaluated and found to be verified complaints of OMA violations. (NMSA 10-15-1 and 3)</li> </ul>	NO

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
3.b. Is the school complying with nepotism and conflict of interest requirements?	<ul style="list-style-type: none"> <li>The school is free of nepotism concerns regarding the governing board and demonstrates compliance with nepotism statute and the school's own nepotism policy, as verified through file reviews on the site visit or when otherwise necessary.</li> <li>The school is free of conflict of interest concerns and demonstrates compliance with conflict of interest statute and the school's own conflict of interest policy, as verified through site visit file reviews or when otherwise necessary.</li> </ul>	YES
3.c. Is the school meeting reporting requirements?	<ul style="list-style-type: none"> <li>The school complies with reporting deadlines from the PED, PEC, and other state agencies.</li> </ul>	NO
<b>4. STUDENTS AND EMPLOYEES</b>		
4.a. Is the school protecting the rights of all students?	<ul style="list-style-type: none"> <li>The school has received no complaints determined to be valid that demonstrate the school's lottery, admission, and enrollment practices are unfair, discriminatory, or legally non-compliant and a review of lottery, admission, and enrollment policies demonstrates compliance with legal requirements. (<i>Contract Section 8.03 (a)-(e)</i>)</li> <li>The school has received no complaints determined to be valid that demonstrate the school's discipline hearings and practices are not conducted in accordance with law and due process. (<i>NMAC 6.11.2. 1, et seq.</i>)</li> <li>The school has received no complaints determined to be valid that demonstrate the school fails to respect students' privacy, civil rights, and constitutional rights, including the First Amendment protections and the Establishment Clause restrictions prohibiting schools from engaging in religious instruction.</li> <li>The school has received no complaints determined to be valid that demonstrate the school fails to comply with the requirements of the McKinney Vento Act and protects the rights of students in the foster care system.</li> <li>The PED has no information to indicate that the school does not have a board-approved complaint policy and dispute resolution process per 6.10.3D NMAC</li> </ul>	NO
4.b. Does the school meet attendance, retention, and recurrent enrollment goals for students?	<ul style="list-style-type: none"> <li>The school meets the 95% average daily attendance goal, or is able to demonstrate successful efforts to improve attendance among student body.</li> <li>The school maintains at least 80% retention of enrolled students from date of enrollment until the end of the school year, or students who leave prior to the end of the year are classified as graduates, completers, or have earned their GEDs.</li> <li>The school retains at least 70% of students eligible to reenroll between school years.</li> </ul>	YES

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
4.c. Is the school meeting teacher and other staff credentialing requirements?	<ul style="list-style-type: none"> <li>• All employees of the school are appropriately licensed as required by law. (<i>NMSA 22-10A-3</i>) <ul style="list-style-type: none"> <li>- All employees hold licensure or have submitted a licensure application within 30 days of beginning employment with the school</li> <li>- The school employs a licensed administrator at all times</li> <li>- The school does not have any licensure discrepancies that are repeated from the one reporting period to any subsequent reporting period.</li> <li>- Discrepancies from the first reporting period are cleared by submitting all required licensure waivers within first 40 days of school year, or from the beginning of employment.</li> </ul> </li> <li>• School meets the requirements of all licensure waiver plans and alternative licensure plan requirements. (<i>NMSA 22-10A-14</i>)</li> <li>• The school has not employed, with pay, any teacher without licensure beyond 90 days. (<i>NMSA 22-10A-3</i>)</li> <li>• The school accurately reports all staff to the PED, as verified through site visit reviews.</li> </ul>	YES
4.d. Is the school respecting employee rights?	<ul style="list-style-type: none"> <li>• The school completes and submits all NMTEACH evaluations and observations annually in accordance with deadlines. <ul style="list-style-type: none"> <li>- Teacher attendance data is submitted in accordance with deadlines.</li> <li>- Teacher observations are completed by a NMTEACH certified administrator in accordance with deadlines.</li> <li>- Accuroster data is verified in accordance with deadlines to ensure appropriate student data is reported.</li> </ul> </li> <li>• Teachers are provided comprehensive NMTEACH report and reports are maintained in personnel files. Signed NMTEACH reports (all pages) are available in staff files from the prior year.</li> <li>• The school maintains teacher contracts in all staff files. (<i>NMSA 22-10A-21</i>)</li> <li>• The school complies with the minimum teacher salaries. (<i>NMSA 22-10A-7, 10, 11</i>)</li> <li>• The school does not have any verified complaints regarding violations of teacher rights under the school personnel act, FMLA, ADA, etc. (<i>NMSA 22-10A-1 et seq.</i>)</li> <li>• The school does not have any verified complaints regarding lack of adequate mentorship for novice teachers.</li> </ul>	YES

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
4.e. Is the school completing required background checks and reporting ethical violations?	<ul style="list-style-type: none"> <li>The school maintains legally compliant background checks in all staff files including evidence of background checks for substitutes, all contracted service providers, and anyone with unsupervised access to students. (<i>NMSA 22-10A-5</i>)</li> <li>The school reports incidents of violations of teacher/licensed staff ethical rules or criminal convictions to the PED pursuant to the School Personnel Act. (<i>NMAC 6.60.8.8 and NMSA 22-10A-5</i>)</li> </ul>	YES
<b>5. SCHOOL ENVIRONMENT</b>		
5.a. Is the school complying with facilities requirements?	<ul style="list-style-type: none"> <li>The school meets PSFA occupancy, NMCI and ownership requirements. (<i>NMSA 22-8B-4.</i>)</li> <li>The school has an e-occupancy certificate.</li> <li>The school has PSFA letter verifying condition index.</li> <li>The school is in a building that is: <ul style="list-style-type: none"> <li>A publicly owned building</li> <li>Is leased to the school by a foundation formed for the purpose of providing a facility to the school, the foundation maintains the building at no cost to the school</li> <li>Is leased by a private owner and there is no acceptable public facility available, the owner maintains the building at no cost to the school.</li> </ul> </li> <li>The school notifies the PEC prior to any change in facilities.</li> <li>There are no verified complaints that demonstrate buildings, grounds or facilities do not provide a safe and orderly environment for public use. (<i>Subsection P of 6.29.1.9 NMAC</i>) <ul style="list-style-type: none"> <li>safe, healthy, orderly, clean and in good repair</li> <li>in compliance with the Americans with Disabilities Act-Part III and state fire marshal regulations, Sections 59A-52-1 through 59A-52-25 NMSA 1978</li> <li>Written records of pesticide applications will be kept for three years at each school site and be available upon request to parents, guardians, students, teachers and staff.</li> </ul> </li> </ul>	YES
5.b. Is the school complying with transportation requirements?	<ul style="list-style-type: none"> <li>If the school owns a school bus or otherwise provides student transportation, the school complies with applicable statutes, regulations, or policies related to providing transportation.</li> </ul>	NO

Topics and Indicators	Criteria Statements <sup>8</sup>	Component of Site Visit Evaluation?
5.c. Is the school complying with health and safety requirements?	<ul style="list-style-type: none"> <li>• The school conducts all required emergency drills and practiced evacuations. (<i>NMSA 22-13-14 and NMAC6.29.1.9(O)</i>) <ul style="list-style-type: none"> <li>- at least once per week during the first four weeks of the school year, and at least once per month during the remainder of the school year;</li> <li>- two of these drills shall be shelter-in-place drills;</li> <li>- one of these drills shall be an evacuation drill;</li> <li>- nine of these drills shall be fire drills, with one emergency drill required each week during the first four weeks of school;</li> <li>- in locations where a fire department is maintained, a member of the fire department shall be requested to be in attendance during the emergency drills for the purpose of giving instruction and constructive criticism.</li> </ul> </li> <li>• The school submits school wellness and safety plans, and all required revisions, in accordance with deadlines to the PED. (NMAC 6.12.6.8)</li> <li>• The school has evidence that it complies with 24-5-2 NMSA 1978 and provides satisfactory evidence of immunization, is actively in the immunization process, or properly exempted from immunization.</li> <li>• The school demonstrates compliance with all facility corrective requirements from the most recent inspection from any other state entity (e.g., NMPSIA, DOH, PSFA, Fire Marshall, POSHA)..</li> </ul>	YES
5.d. Is the school handling information appropriately?	<ul style="list-style-type: none"> <li>• There are no verified complaints that demonstrate the school has failed to comply with FERPA requirements.</li> <li>• There are no verified complaints that demonstrate the school does not obtains, maintains, and transfers cumulative files as required by law.</li> </ul>	NO

# **FINANCIAL PERFORMANCE FRAMEWORK**

**Under Development**



## **Appendix B: Annual School Reporting Calendar**

Under Development

## **Appendix C: Summary of Site Visit Protocol**

Protocols under development.

The purpose of the school visit is to evaluate whether schools are in compliance with their legal and contractual requirements and to provide technical assistance including evaluative feedback, legal references and citations, and guidance manuals and resources. The goal of this visit is to evaluate compliance in key areas and observe the program of instruction in action, as described in the charter contract and Performance Framework. There are three types of school visits conducted by the PEC's authorized representatives:

- 1.** New school visits – Within the first four months of opening, the PEC's authorized representatives visit all new schools.
- 2.** Annual visits – All schools are visited annual, generally between November and May. Annual site visits may be differentiated based on school performance, including academic, financial, and organizational performance.
- 3.** Renewal visits – In the fall of the renewal year, the PEC's authorized representatives visit schools as part of renewal activities.

Two to four staff members who are the PEC's authorized representatives will participate in site visits. Site visits generally do not last longer than a day, but the time required depends on school performance and availability of necessary data, records, and staff time. Schools will be notified in advance as to the timing of site visits.

## Appendix D: Glossary of Terms

**Annual Notice of Renewal Profile** – is an annual notice that will be sent to the school leader and all members of the school governing body. The notice will identify the renewal profile(s) the school is on track to fall within based on its performance under the current charter term. The PEC expects that schools will use these notices to both take action to respond to the potential renewal action by improving performance, as necessary, and to prepare and submit a response to the potential renewal action.

**Chartering Authority Intervention** – is action taken by the Commission or its authorized representatives to notify a school that it is failing to meet its legal and contractual requirements, to prompt the school to take action to correct its own failure to meet its legal and contractual requirements, and/or to revoke or non-renew a school that has demonstrated the inability or unwillingness to meet its legal and contractual requirements. Intervention may include providing findings of non-compliance during or after a site visit, issuing a Notice of Concern, a Notice of Breach, or a Notice of Revocation Review or Intent to Revoke, monitoring the implementation of an improvement plan or corrective action plan, or not-renewing a charter school.

**Chartering Authority Oversight** – is action taken by the Commission or its authorized representatives to evaluate whether a charter school is meeting its legal and contractual requirements. This may include evaluating submissions from the school, investigating complaints or allegations, conducting site visits or audits, evaluating data about the school's performance, or completing performance evaluations.

**Charter School Autonomy** – is the right of all charter schools to determine the methods by which they achieve their legal and contractual requirements, including all performance standards. Charter School Autonomy reflects the additional flexibilities granted through any non-discretionary or discretionary waivers as defined in statute, regulation, and policy.

**Intervention Ladder** – is the process by which the Public Education Commission will communicate to charter schools its concerns about academic performance, fiscal soundness or legal, contractual, or policy requirements.

**Final Notice of Renewal Profile** – is the notice provided to the school after the final performance profile prior to renewal is released. This notice will identify the renewal recommendation the school will receive and will notify any schools of their eligibility for expedited renewals.

**Legal and Contractual Requirements** – are the obligations a charter school must meet based on state and federal statutes, regulations and policies, and the terms of the charter contract. These requirements include the performance expectations established in the Performance Review and Accountability System, which consists of the PEC's Academic, Organizational and Financial Performance Frameworks, Intervention Ladder, Renewal Process, and Site Visit Protocols.

**Mission-Specific Goals** – are required indicators that are incorporated into the Academic Performance Framework. These goals should be outcome based measures of the school's effectiveness in implementing its mission. Goals are weighted as 35% (elem/middle) or 37.5% (high) of the Academic Performance Framework

**Notice of Breach** – a formal, written notice issued pursuant to a vote of a majority of Commission members at a properly noticed public meeting that a school is not meeting performance expectations or has failed to comply with legal or contractual requirements and, as a result, is in breach of the contract. This notice will often, but not always, be issued after a school has been issued a Notice of Concern and has failed to meet the requirements of the prior notice. In the notice, the Commission will establish expected outcomes and deadlines that must be met by the school. Deadlines will vary depending on the urgency of the matter and the amount of time it takes to reasonably cure the concern. Once a Notice of Breach is issued, schools are required to submit a Corrective Action Plan (financial or organizational performance) or an Improvement Plan (academic performance) that details the actions and timeline that the schools will implement to correct the breach. PEC’s authorized representatives will monitor the school’s implementation of Corrective Action and Improvement Plans, and regularly update PEC on progress.

**Notice of Concern** – a formal, written notice issued pursuant to a vote of a majority of Commission members at a properly noticed public meeting that a school is not meeting performance expectations or has failed to comply with legal or contractual requirements. In the notice, the Commission will establish expected outcomes and deadlines that must be met by the school. Deadlines will vary depending on the urgency of the matter and the amount of time it takes to reasonably cure the concern.

**Performance Review and Accountability System** – consists of the PEC’s Academic, Organizational and Financial Performance Frameworks, Intervention Ladder, Renewal Process, and Site Visit Protocols. It is an adaptive tool subject to continuous review and improvement so that the students in New Mexico public charter schools are effectively served. New Mexico’s charter schools are invited to be partners in the development and continuous improvement of this Performance Review and Accountability System.

**Preliminary Notification of Renewal Profile** – is the annual notice provided to the school at least one year prior to the date on which it must apply for renewal. The notice will identify the renewal profile(s) the school is on track to fall within based on its performance under the current charter term and will act as notice to schools that are likely to be eligible for expedited renewal. The PEC expects that schools will use these notices to both take action to respond to the potential renewal action by improving performance, as necessary, and to prepare and submit a response to the potential renewal action.

**Reliability** - is a demonstration that an assessment or other measure is an externally, national- or state-normed metric (e.g. ACT, SAT, ACCESS for ELLs, Spanish IPT).

**Revocation Review** – is the process by which a charter school is considered for revocation of their charter. The revocation review can arise as a result of the school’s failure to meet requirements specified in a Notice of Breach, receipt of multiple Notices of Breach in the same school year, or as a result of a violation of law that is significant enough to justify immediate revocation. A Notice of Revocation Review is issued at a properly noticed public meeting and established the actions to be taken by its authorized representative(s) and a deadline for the school to respond to the prospect of revocation.

**Rigor** – is the demonstration that a performance goal is an ambitious but realistic target that has been established using a valid benchmark (e.g. comparison to national/state average, improvement from school historic performance).

**Student Academic Growth** – is the measurement of student level improvement within a school year as compared to their performance peers’ improvement in the same year on the state’s annual academic

assessments in math and reading.

**Student Proficiency** – is performance at grade level on the state’s annual academic assessments in math and reading. This may also include performance at grade level on other state assessments including Science, and end-of-course assessments.

**Substantial Progress** – is related only to academic performance, is reflected in a school’s “Renewal Performance Profile,” and makes a school eligible for full renewal. This is defined as “consistently improving performance over the last 3 years.” Inconsistent performance over the last three years shall demonstrate that a school is not making “substantial progress.”

**Support** – is making charter schools aware of PED resources and programs available to support their improvement or excellent performance. This may also include sharing information between charter schools about effective or best practices being implemented at effective and successful schools. This shall not include providing recommendations on the method by which the school must/can/should achieve its legal or contractual requirements, as charter schools are granted the autonomy to determine the methods they will utilize to meet their legal or contractual requirements.

**Technical Assistance** – is information provided to make a school aware of, or to help a school understand, its legal or contractual requirements. This can include information about why the school is not currently meeting its legal or contractual requirements. Technical assistance shall not include providing recommendations on the method by which the school must achieve its legal or contractual requirements, as charter schools are granted the autonomy to determine the methods they will utilize to meet their legal or contractual requirements.



May 21, 2012

TO WHOM IT MAY CONCERN:

This letter is to confirm that the three founding members of the School of Dreams Education Foundation are employees of the School of Dreams Academy Charter School. The school is in full support of the creation of this foundation.

The School of Dreams Academy Charter School hereby appoints the initial Board members to the School of Dreams Education Foundation:

Michael Ogas, President  
Eric Brown, Secretary  
Kerra Maya Howe, Treasurer

Sincerely,

A handwritten signature in dark ink that reads "Michael S. Ogas". The signature is fluid and cursive, with the first name "Michael" being the most prominent part.

Michael S. Ogas  
Principal, School of Dreams Academy Charter School  
President, School of Dreams Education Foundation

## Introduction

The School of Dreams Education Foundation is a New Mexico nonprofit corporation that was created to support the public, state-chartered School of Dreams Academy Charter School (website: [www.sodacharter.org](http://www.sodacharter.org)). Since The School of Dreams Education Foundation is newly formed, it has no past activities prior to April 23, 2012.

The School of Dreams Education Foundation will have the capacity to receive charitable contributions for the sole benefit of The School of Dreams Academy Charter School. The School of Dreams Education Foundation will only have charitable functions and the sole beneficiary of all the foundation's grants, loans, services, scholarships and goods will be The School of Dreams Academy Charter School.

## Activities and Vision of The School of Dreams Charter School (The Supported Organization)

The School of Dreams Academy Charter School is chartered by the state of New Mexico in accordance with New Mexico Statutes Section 22-8B-1, et. seq., and authorized by the New Mexico Public Education Commission. The School of Dreams Academy Charter School is a public high school located in Los Lunas, New Mexico. The mission of The School of Dreams Academy is to prepare students of Valencia County to become confident, self-sustaining individuals with an enthusiasm for continual learning, as well as a passion for life. Students will be afforded the opportunity to excel in the core subject areas through a rigorous curriculum with emphasis on the arts, technology, character development, and community service learning, giving them the skills necessary for success in post-secondary education and career choices. Each student will come to school daily, knowing that they are cared for and that the school supports them and their families in pursuit of their goals.

## Present Activities of The School of Dreams Education Foundation (The Applicant, Supporting Organization)

Other than incorporation activities, The School of Dreams Education Foundation's present activities include research of potential fundraising activities and prospect research of potential foundation and government grant sources.

## The Vision of The School of Dreams Education Foundation

The purpose of The School of Dreams Education Foundation is, as described under IRC 509(a)(3), to support a public organization, The School of Dreams Academy Charter School. The School of Dreams Education Foundation is specifically formed for the purpose of providing support, in the form of goods, services, funds, and debt-assumption, to The School of Dreams Charter School. Various forms of fundraising will be utilized and it is anticipated that methods will include mail, email, personal, and phone solicitations. The School of Dreams Education Foundation will primarily seek foundation, state, and federal grant funds as appropriate. The School of Dreams Education Foundation may also seek web-based contributions.

The School of Dreams Academy Charter School will control The School of Dreams Education Foundation through appointing the initial Board of Directors of The School of Dreams Education Foundation and the perpetual ability to nominate a majority of the Board of Directors of The School of

Dreams Education Foundation. All foundation activities are conducted by the foundation's Board of Directors and the organization's volunteers in Los Lunas, New Mexico. No hired fundraisers will be used. The school envisions having at least two annual fundraisers to raise funds for the school: most likely, those fundraisers will be a student jog-a-thon and a summer golf tournament. The foundation will continually identify activities and funders that might benefit the public school students of The School of Dreams Academy Charter School. The organization will allocate 100% of its time towards continual fundraising. There are no alternative names under which the foundation operates. Thus, the vision of The School of Dreams Education Foundation is directly aligned, and dictated by, The School of Dreams Academy Charter School.

Future activities will include soliciting donations through direct mail, email, personal, foundation grant, government grant and phone solicitations. We will accept donations on our website and will receive donations from other organizations' websites. The foundation will also conduct research of potential fundraising activities and implement activities the board finds appropriate. In addition, the foundation will conduct prospect research of potential foundation and government grant sources and apply for funding the board seems appropriate.



45-5261490

**ATTACHMENT 4**

*Form 1023, Part V Item 1a*

*List of Directors*

45-5261490

<u>Name and Title</u>	<u>Mailing Address</u>	<u>Compensation</u>
Michael S. Ogas President	225 Wittwer Court Los Lunas, NM 87031	\$-0-
Kerra Maya Howe Treasurer	177 Mallett Drive Belen, NM 87002	\$-0-
Eric Brown Secretary	1607 Montara Drive Los Lunas, NM 87031	\$-0-

None of the above Directors are employees of The School of Dreams Education Foundation and none receive any compensation.

45-5261490

ATTACHMENT 5

*Form 1023, Part V Item 5a*

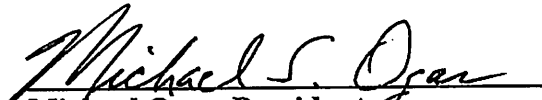
*Conflict of Interest Policy*

# School of Dreams Education Foundation Conflict of Interest Policy


## ANNUAL STATEMENT 2012

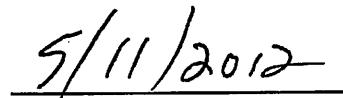
As a director and /or officer of School of Dreams Academy Education Foundation with governing board delegated powers, I affirm that I:

- a. Have received a copy of the conflict of interest policy,
- b. Have read and understand the policy,
- c. Have agreed to comply with the policy, and
- d. Understand the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

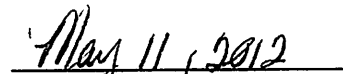
  
Michael Ogas, President

  
Date

  
Eric Brown, Secretary

  
Date

  
Kerra Maya Howe, Treasurer

  
Date

45-5261490

**ATTACHMENT 6**

***Form 1023, Part VI Item 1b, 2***

***Goods, Services, or Funds to Only One Organization***

The purpose of THE SCHOOL OF DREAMS EDUCATION FOUNDATION is, as described under IRC 509(a)(3), to support a public organization. THE SCHOOL OF DREAMS EDUCATION FOUNDATION is specifically formed for the purpose of provided support, in the form of goods, services, funds, and grants to THE SCHOOL OF DREAMS ACADEMY CHARTER SCHOOL. THE SCHOOL OF DREAMS ACADEMY CHARTER SCHOOL is the sole beneficiary of THE SCHOOL OF DREAMS EDUCATION FOUNDATION.

THE SCHOOL OF DREAMS ACADEMY CHARTER SCHOOL is a free, open enrollment public school founded by parents, teachers and civic leaders. Charter schools, just like all other public schools, are not permitted to discriminate on the basis of gender, race, ethnicity, religion or disability. THE SCHOOL OF DREAMS ACADEMY CHARTER SCHOOL enrolls any and all students who wish to attend, using a lottery to select students if the school is oversubscribed.

45-5261490

**ATTACHMENT 7**

***Form 1023, Part VIII Item 4a, 4b, 4d***

***Fundraising***

**Item 4a**

Various forms of fundraising will be utilized and it is anticipated that methods will include mail, email, personal, and phone solicitations. THE SCHOOL OF DREAMS EDUCATION FOUNDATION will primarily seek foundation, state, and federal grant funds as appropriate. THE SCHOOL OF DREAMS EDUCATION FOUNDATION may also seek web-based contributions.

**Item 4b**

THE SCHOOL OF DREAMS EDUCATION FOUNDATION may utilize a written contract with an individual to raise funds in the future. Any such contracts would be a fixed fee amount.

**Item 4d**

Fundraising will only occur in the state of New Mexico except that THE SCHOOL OF DREAMS EDUCATION FOUNDATION may apply for federal grants or private foundation grants from foundations based in other states.



45-5261490

**ATTACHMENT 8**

*Form 1023, Part VIII Item 5*

*Affiliation with Governmental Unit*

45-5261490

As described in the background narrative in Attachment 3, THE SCHOOL OF DREAMS EDUCATION FOUNDATION is aligned, and designed to support, THE SCHOOL OF DREAMS ACADEMY CHARTER SCHOOL, a public charter school registered and chartered by the State of New Mexico. The School of Dreams Charter Contract with the State of New Mexico is attached.

**SCHOOL OF DREAMS ACADEMY  
(SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

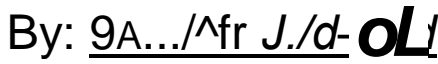
**BYLAWS OF THE GOVERNING COUNCIL**

**CERTIFICATE OF ADOPTION**

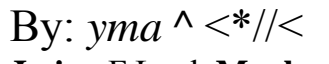
The undersigned officers hereby certify that these Bylaws were duly adopted by the School of Dreams Academy Governing Council on December 2, 2008.

By:   
DoroThy Y. Griego, Member

Teresa A. Ogas, Member 

By:   
Kenneth S. Griego, Member

  
Pomeroy, Member

By:   
Janice F. Leach, Member

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

changes, the Governing Council shall present its final recommended policies or revisions. The public comment process shall apply to all policies proposed by the Governing Council after the date these Bylaws are adopted by the Governing Council.

### **22. SIGNATORY AUTHORITY**

Unless otherwise revised by a Governing Council resolution, all contracts entered into by the Charter School shall be signed by the Governing Council Chairperson and/or the Principal with the consent of a quorum of the Governing Council members. The Governing Council members shall from time to time establish the dollar limits of checks and contracts requiring the signatures of more than one authorized person. The Governing Council may by a majority vote, delegate authority to sign contracts within a certain dollar amount as described by resolution, to the Principal.

### **23. INSURANCE, BORROWING AUTHORITY, FUND DEPOSITS, MISCELLANEOUS**

- A. Insurance. — CHARTER SCHOOL shall purchase and maintain insurance for all past or present employees, volunteers, and Governing Council members for their activities while acting on behalf of the school or in the service of the school.
- B. Authority to Borrow. Encumber Assets. No Governing Council member, officer, agent or employee of the Charter School shall have any power or authority to borrow money on the school's behalf, to pledge its credit or to mortgage or pledge its real or personal property.
- C. Deposit of Funds. All funds of the School of Dreams Academy Charter School shall be deposited to the credit of School of Dreams Academy Charter School in such banks, trust companies or other depositories as the Governing Council may approve or designate, and all such funds shall be withdrawn only in the manner or manners authorized by New Mexico Public School Finance Act, or other applicable law or regulation.

### **24. DISSOLUTION**

If deemed advisable by the Governing Council that School of Dreams Academy Charter School should be dissolved, the Charter School in collaboration with the Public Education Commission and the New Mexico Public Education Department shall devise an appropriate plan for closing the school and transferring assets as required by applicable statutes and regulations.

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

later than 10 days after each meeting of the Governing Council. Minutes shall be approved at the next regularly scheduled meeting of the Governing Council.

### **19. PARLIAMENTARY AUTHORITY/QUORUM**

Roberts' Rules of Order, newly revised, will govern the Governing Council, except when in conflict with applicable laws or regulations, which then prevail. Although most items are handled by appropriate motion procedures, consensus action is also used. Unless otherwise specified by Governing Council policy, procedure or resolution, a quorum shall consist of a simple majority of Governing Council members in office and any action may be taken upon the approval of a majority of those members present, provided a quorum is present.

### **20. ALTERNATIVE DISPUTE RESOLUTION PROGRAMS**

The Governing Council recognizes the existence and effectiveness of alternative dispute resolution programs. Use of alternative dispute resolution programs can result in the early, fair, efficient, cost effective, and informal resolution of disputes. Appropriate use of alternative dispute resolution methods by the Charter School is hereby determined to be in the best interest of School of Dreams Academy Charter School. The Governing Council shall publish a thorough and concise set of dispute resolution policies and provide them in the appropriate School policy publications as they apply

### **21. POLICY ADOPTION**

Adoption of new policies or the revision or repeal of existing policies is solely the responsibility of the Governing Council. Proposals regarding policies may only originate with a Governing Council member, Governing Council advisors, or committees formed by the Governing Council for the purpose of investigating and developing policy. Staff members, students, civic groups, parents or other interested citizens may request that a Governing Council member or the Principal sponsor a proposed policy.

The Governing Council will adhere to the following described procedure in considering and adopting policy proposals to ensure that such proposals are thoroughly examined before final action. After review, the Governing council will make such proposed policies available for public comment by staff members, students, civic groups, parents or other interested citizens, for a period of at least seven (7) days. Notice of such proposed policies shall be included in School of Dreams Academy Charter School newsletter and/or posted in a prominent location at the school. Upon request, the Principal shall make copies of the proposed policies available to interested parties. Comments on the proposed policies must be submitted in writing to the Principal by the deadline specified by the Governing Council. Following such public comment period, the Governing Council shall consider any comments received and determine whether changes to the initial draft policies should be implemented. After such consideration by the Governing Council, and adoption of any recommended

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

constituted so as to include a broad spectrum of experience and perspectives, and every Governing Council member shall be afforded the opportunity to express his or her opinion, in a professional manner, about matters before the Governing Council. Governing Council members shall refrain from non-constructive or personality-based comments that do not advance the school's mission. Because the Governing Council makes decisions as a deliberative body, it is expected that, except in extraordinary circumstances, Governing Council members will voice their opinions to other Governing Council members about Governing Council matters in the context of Governing Council and/or committee meetings, rather than in private communications among Governing Council members.

Governing Council members shall be expected to keep confidential any deliberations or discussions that take place in the closed session meetings. It is expected that Governing Council members will raise concerns or share information about closed session meetings within the context of Governing Council and/or other committee meetings with other members of the Governing Council and appropriate staff members only. Until such decisions are ready for public comment, such information will not be shared with the School of Dreams Academy Charter School community at large.

### **16. ADDRESSING THE GOVERNING COUNCIL**

An individual may speak at a Governing Council meeting on any item(s) that appears on the adopted agenda after being recognized by the Chairperson, or in his or her absence, the acting chair, of the Governing Council. All presentations should be brief and each individual speaking on an agenda item will be limited to three (3) minutes, unless otherwise instructed by the Chairperson.

Complaints about individual employees will not be heard at Governing Council meetings or at community meetings, but should be raised pursuant to the general complaint policy adopted by the Governing Council.

### **17. GOVERNING COUNCIL MINUTES**

A record of all actions of the Governing Council will be set forth in the official minutes of the Governing Council. The minutes and recordings will be kept on file pursuant to New Mexico record retention requirements at a minimum. The Governing Council will maintain a separate handbook of its minutes and resolutions passed by the Governing Council.

### **18. GOVERNING COUNCIL MINUTES AND RECORDS**

The Principal, or administrative staff to whom the Principal shall delegate such responsibility, shall take the minutes of all Governing Council meetings, and provide a written copy thereof for approval at the next Governing Council meeting. The Principal shall also supervise the handbook of resolutions passed by the Governing Council and the indexed record of action. A draft copy of the minutes shall be made available for public review by no

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

### **12. GOVERNING COUNCIL ORGANIZATIONAL MEETING**

The Governing Council will hold its annual organizational meeting at which officers shall be elected, during the first regular Governing Council meeting in October 2008, unless no incumbent officers remain on the Governing Council at the time a new Governing Council takes office. In this instance, the Governing Council will hold its annual organizational meeting during the first regular Governing Council meeting after the approval of the charter. The offices of the Governing Council to be elected include at least a President and Secretary. Responsibilities of these offices shall be those ordinarily incumbent thereon.

### **13. REGULAR GOVERNING COUNCIL MEETINGS**

Regular meetings of the Governing Council will be scheduled for the first Tuesday of each calendar month. The date and time of regular meeting may be changed by action of the Governing Council, provided notice of the change has been properly published as required by the Open Meetings Act. Governing Council meetings will be held at a location determined by the Governing Council. A special Governing Council meeting may be called by the Governing Council President, or by a quorum of Governing Council members. Advance notice of a special meeting will be given to all Governing Council members in accordance with the Open Meetings Act (NMSA 1978, Section 10-15-1).

The Governing Council shall consider at least once annually what constitutes reasonable notice for all regular, special and emergency meetings as contemplated by the New Mexico Open Meetings Act and, thereafter, pass an appropriate resolution adopting policies and procedures for complying with the Act. The Resolution shall be posted for public information.

Additional notification of meetings shall be made available to School of Dreams Academy administration, staff, parents, and posted on the charter school's website for community access in accordance with the New Mexico Open Meetings Act.

### **14. GOVERNING COUNCIL AGENDA**

The Chairperson or Chairperson's designee sets Governing Council agendas. A request to have an item placed on the agenda must be submitted to the Chairperson at least 24 hours prior to the required time the agenda must be posted. The Chairperson shall have the discretion to add agenda items up to the time the agenda must be posted. A request to have an item placed on the agenda must be made in writing and include all documents and materials the person anticipates presenting. The Chairperson or designee shall provide a copy of the agenda and all documentation to be considered by the Governing Council at the meeting to each Governing Council member at least 24 hours prior to the meeting.

### **15. GOVERNING COUNCIL AND COMMITTEE DELIBERATIONS**

All Governing Council members shall work collaboratively with each other, with the sole goal of achieving the school's educational mission. The Governing Council has been

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

student. Nothing in this section shall prohibit the continued employment of a person employed on or before the adoption date of these Bylaws.

### **10. MISUSE OF POSITION**

No Governing Council member of the charter school will use his/her position to attempt to influence the decision of any employee of to grant special treatment to (a) the child or ward of such Governing Council member, (b) any relative of such Governing Council member, or (c) any "Related Entity". For purposes of these Bylaws, a "Related Entity" is a business enterprise, nonprofit organization or other entity with respect to which such Governing Council member, or a relative of such Governing Council member (i) has a direct or indirect financial interest; (ii) is an officer or director; or (iii) is otherwise in a position to control the management or decision-making of such entity. Every Governing Council member and every employee who is a parent or ward of a the student shall inform his or her child that he or she is required to follow all rules, policies and procedures applicable to students, that he or she is not entitled to special treatment by virtue of the relationship with a Governing Council member or employee, and that any attempt to seek such special treatment may result in disciplinary action.

### **11. GOVERNING COUNCIL COMMITTEES**

The Governing Council may establish standing committees, which may consist of Governing Council members and non-Governing Council members. Committee assignments and chairmanships will be determined by action of the entire Governing Council, provided that at least one Governing Council member shall serve on each committee. Standing committees of the Governing Council shall include a finance committee; nominating committee, the time and place of all Committee meetings shall be announced to the Governing Council. All Governing Council members may attend any committee meeting if the meetings are properly noticed pursuant to the Open Meetings Act. In addition, the Principal is empowered to establish committees within the school that report to the Principal or, if necessary, report to the Governing Council. The function of committees will be fact-finding, deliberative, and advisory, rather than legislative or administrative. Committee recommendations that require school-wide policy changes must be submitted to the Governing Council. The responsibility of each committee shall be reflected in a memorandum approved by the Governing Council and filed with these policies.

The Governing Council may appoint ad hoc advisory committees when and as determined to be necessary or advisable by the Governing Council. Ultimate authority to make decisions will continue to reside with the Governing Council.

All committees shall keep written minutes of their meetings, and shall periodically present written reports to the Governing Council containing committee recommendations. Committees shall comply with the Open Meetings Act, when applicable. At no time shall a Governing Council Committee act or vote on behalf of the Governing Council without prior written approval to do so.



# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

(iv) the benefits to the Charter School outweigh any appearance of a conflict of interest.

### **D. Violation of Conflict of Interest Policy.**

Upon discovery of a possible infraction of the established conflict of interest policies, the discovering party is required to immediately notify the Governing Council Chairperson, Principal, and all Governing Council Members. A Special Governing Council Meeting must be immediately scheduled to consider the matter. In the event the Governing Council decides that a school employee, Governing Council member, or volunteer has violated the conflict of interest rules or otherwise abused or attempted to abuse his or her position at the charter school, the shall review and recommend appropriate action.

### **E. Transactions with Interested Governing Council Members.**

School of Dreams Academy Charter School shall not enter into any financial transaction with any Governing Council member, any relative of a Governing Council member, or any other person or entity in which the Governing Council member or relative of the Governing Council member has a direct or indirect financial interest unless during a public meeting: (a) the nature of the direct or indirect financial interest is fully disclosed to the Governing Council; and (b) the transaction is expressly approved by a majority of the Governing Council members present at such meeting who have no direct or indirect personal financial interest in the transaction, provided a quorum of the full Governing Council is present at such meeting. A written contract or other written memorandum shall evidence all such interested transactions approved by the Governing Council, and be reflected in Governing Council Minutes. Each Governing Council member shall be responsible for disclosing to the Governing Council the existence of any such direct or indirect interest. Failure to make such disclosure shall be grounds for voiding the transaction, at the discretion of the Governing Council.

Nothing in this procedure shall prevent the charter school from paying compensation to a Governing Council member for reasonable expenses incurred. All such compensation shall be paid in compliance with the New Mexico Per Diem and Mileage Act.

## **9. NEPOTISM**

The Governing Council will not initially employ or approve the initial employment in any capacity of a person who is a Governing Council member (unless the offer of employment is contingent upon such member's resignation from the Governing Council), the spouse, father, father-in-law, mother, mother-in-law, son, son-in-law, daughter, or daughter-in-law, or sibling of any Governing Council member. The Governing Council may waive the nepotism policy for family members of a head administrator. The Governing Council shall carefully consider the potential impact on the integrity, efficiency, discipline and public perception of the charter school in the employment of any person who is the parent of a

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

conflict of interest. The following situations have the potential for being an actual conflict of interest and must be avoided unless the Governing Council member has brought the issue before the Governing Council for consideration and the Governing Council voted to approve it in an open meeting:

1. Hiring a Governing Council member's relative as an employee, whether full-time or part-time.
2. Acquiring, leasing, selling any property, facilities, materials, or contract services (e.g., financial, legal, public relations, computer) by School of Dreams Academy Charter School under circumstances in which there is direct or indirect compensation to a Governing Council member or his/her relative or a Related Entity of the member.
3. Using confidential information acquired by virtue of their associations with the charter school for their individual or another's private gain.
4. Requesting or receiving and accepting a gift or loan for themselves or another that tends to influence them or appear to influence them in the discharge of their duties as Governing Council members.
5. Influencing or having the appearance of influencing business with suppliers to the Charter School, which results in the financial benefit to a Governing Council member, his or her relatives or a Related Entity.

### **C. Deliberations and Voting on Conflict Issues:**

In order to avoid conflicts of interest and the appearance of impropriety Governing Council members shall not participate in open meeting or Closed Session deliberations or votes relating to the discipline of (i) himself or herself; (ii) any relative of the Governing Council member; or (C) any transaction between the charter school and any Related Entity of the Governing Council member. "Closed Session" shall mean any portion of a Governing Council meeting that is properly closed to the public in accordance with the provisions of the state Open Meetings Act.

The Principal shall not authorize (by approval of a Purchase Order or otherwise) or enter into any proposed transaction on behalf of the charter school described in

Paragraph B unless and until the transaction has first been evaluated and approved by the Governing Council. The Governing Council may, but shall not

be obligated to, approve a proposed transaction (including the hiring of a Governing Council member's relative or any Related Entity, if the Governing Council concludes, after review of all pertinent data, that:

- (i) The transaction is financially no less favorable to the Charter School than would be available in an arm's length transaction between unrelated parties;
- (ii) no Governing Council member will be in a position to influence decisions relating to the employment, supervision, compensation or discipline of a relative;
- (iii) no Governing Council member will be in a position to influence decisions relating to any transaction between the charter school and any Related Entity; and

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

As used in this section, "regular meeting" means a meeting of the members of the Governing Council about which notice has been published. No office of a member of the Governing Council shall be declared vacant under this section for any absence or other event that occurred prior to the date of adoption of these Bylaws.

### **8. CONFLICT OF INTEREST POLICY**

#### **A. General Principles**

All Governing Council members have a duty of loyalty and a duty of care towards School of Dreams Academy. It is the responsibility of all Governing Council members to conduct themselves in accordance with the highest standards of integrity, honesty, and fair dealing to preclude conflict between the interest of School of Dreams Academy and the personal interests of the Governing Council member.

#### **B. Likewise, it is the responsibility of School of Dreams Academy Charter School to conduct all its business and operations impartially in accordance with all laws and in conformity with the highest ethical and professional standards. All hiring and other transactions imposing financial and/or legal obligations on School of Dreams Academy shall be made with the best interests of School of Dreams Academy as the foremost consideration.**

School of Dreams Academy Charter School also recognizes that the ultimate success of the school depends upon the active participation, cooperation and collaboration of parents, volunteers, employees, Governing Council members and students. Sometimes the best interests of the school may involve the creation of relationships that might create an appearance of impropriety or potential for abuse of position, if not carefully evaluated by disinterested parties. The Governing Council therefore has established this policy to guide Governing Council members in their actions or relationships, so that they will avoid the appearance of having their judgment or the performance of their duties compromised.

#### **B. Conflict of Interest Definition**

A conflict of interest occurs whenever a Governing Council member permits the prospect of direct or indirect personal gain (or gain to a relative or Related Entity) to influence improperly his or her judgment or actions in the conduct of business related to School of Dreams Academy Charter School. It is not practical to specify every action that might be considered to raise a conflict of interest. Consequently, Governing Council members should immediately disclose to the Governing Council any circumstance that may give rise to the appearance of a

# **SCHOOL OF DREAMS ACADEMY**

## **(SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

### **BYLAWS OF THE GOVERNING COUNCIL**

#### **K. Vacancies.**

A vacancy on the Governing Council caused by a member's resignation, removal by vote of the Governing Council, a recall, death, refusal to serve, or incapacity, will be filled by majority vote of the remaining Governing Council members, unless the Governing Council elects to convene a Nominating Committee to fill the vacancy. In the event the Governing Council elects to convene a Nominating Committee, Elective Positions may be subject to election as provided above.

#### **L. Attendance**

Governing Council members are expected to regularly attend Governing Council meetings. If a Governing Council member anticipates that he or she will not be able to attend a meeting, the Governing Council member shall notify the Chairperson or designee of the Governing Council of his or her impending absence in advance of the meeting. If a Governing Council member, as a result of an emergency or illness, is unable to notify the Chairperson or designee of the Governing Council in advance that he or she will be unable to attend a meeting, the Governing Council member shall notify the Governing Council Chairperson or designee in a timely manner following the meeting of the reason for his or her absence.

#### **M. Removal from Governing Council**

A Governing Council member may be removed by a majority vote of the remaining Governing Council members for the following reasons:

1. If a member of the Governing Council misses two consecutive regular meetings or two out of six consecutive regular meetings, the office of such member may be declared vacant by a vote of a majority of the remaining members of the Governing Council.
2. If a member of the Governing Council knowingly violates any policy or procedure adopted by the Governing Council, the office of such member may be declared vacant by a vote of a majority of the remaining members of the Council.
3. If a member uses his or her position to gain from the school, financially or otherwise.

#### **N. Filling Vacancy Upon Removal.**

Any vacancy of an office on the Governing Council created pursuant to this section shall be filled in the same manner as other vacancies on the Governing Council are filled. Any member of the Governing Council who has his or her office declared vacant or vacated pursuant to this section shall not be eligible for appointment or election to the Governing Council until the term for which he or she was originally elected or appointed has expired.

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

Governing Council shall vote to approve or disapprove, as a whole, any candidates for any open position(s). If approved, all such candidates shall be seated as members of the Governing Council for the relevant terms. If the Governing Council as a whole disapproves such candidates, the Governing Council shall reconvene the Nominating Committee to develop a new slate of candidates for the uncontested positions and hold another election. Those members whose position is expired shall serve until their positions are filled. If there is more than one candidate for any Elective Position, then the Governing Council shall interview and appoint members to the Governing Council. The term of the "appointed seat" shall be for one year or until filled during a regularly scheduled election. If the seat is subsequently filled by an election, the position shall only be for the duration of the term for that position.

### **H. Restrictions on Governing Council Members.**

In no event shall any of the voting members of the Governing Council be employees of the charter school, which shall for this purpose include persons receiving compensation as an independent contractor, or spouses of another Governing Council member.

### **I. Automatic Removal of Certain Governing Council Members.**

(1) Termination of a School of Dreams Academy Governing Council Member. A Governing Council member who occupies a Governing Council position by virtue of his or her employment relationship to School of Dreams Academy (e.g., administrator, faculty or adjunct faculty member, parent/guardian of a School of Dreams Academy student, etc.), will be deemed to have automatically resigned from his or her position on the Governing Council upon termination or severance of his/her relationship with the school. (2) Termination of Independent Contractor Status. Any candidate for Governing Council membership, who may be otherwise qualified except for his/her status as an independent contractor to School of Dreams Academy must choose either to withdraw his/her candidacy or terminate his/her contractor status.

### **J. Recall of Elective Governing Council Members.**

If at any time the Governing Council shall receive a recall petition with respect to any member serving in an Elective Position, signed by at least seventy-five percent the school community, the Governing Council shall arrange for a recall election to be held within thirty (30) days thereafter. Constituents eligible to vote for such position shall vote by ballot in such recall election, and such member shall be recalled and removed from office if more than fifty percent (65) of the votes cast in such election are cast for removal.

# SCHOOL OF DREAMS ACADEMY (SODA)

**Academics, Arts, Character Education, Service Learning, Technology**

## BYLAWS OF THE GOVERNING COUNCIL

otherwise changed. However, in no event shall the number of voting Council members be less than five (5).

Omit

Three additional positions shall exist as *ex officio members of the* Governing Council to serve as advisory to the Council but shall have no vote. The three ex-officio member of the Governing Council shall be the Principal (this position will be an inherent responsibility of employment of the Principal), and two representatives from Youth Development, Inc. (a New Mexico Non-Profit Organization).

### B. Qualifications.

The candidates for positions on the Governing Council shall be considered based upon professional skills and areas of expertise, including but not limited to legal, financial, real estate, education, business, workforce development. Potential members must also demonstrate collaborative and problem-solving skills and attitudes, an ability and willingness to devote substantial time and energy to serving on the Council (including the requirement that each Council member shall chair and regularly participate in the activities of at least one Council or school committee), and a willingness and ability to devote their time and energy to acting in the best interests of School of Dreams Academy Charter School as a whole, rather than the interests of any particular interest group. As much as possible, Governing Council members shall reflect the ethnic diversity that makes up the state of New Mexico.

### C. Staggered Terms.

Terms and Council seats shall be staggered so that the Governing Council will not lose more than 60% of its members at any one election. During the first year, the Governing Council will establish the staggered terms in an open meeting. Each position will be elected for a 3-year term. Governing Council members may run subsequent terms.

### D. Nominating and Recruitment Committee.

The Governing Council shall appoint a standing Nominating Committee. The Nominating Committee shall solicit applications, recruit potential candidates, and screen applicants and recruits for each of the positions on the Governing Council to be filled.

### E. Nominating Petitions.

Any person, who desires to be considered for one of the Elective Positions on the Governing Council, shall submit a letter of interest to the Governing Council. At a Governing Council meeting to be decided by the Governing Council, the

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

reasonable, the Governing Council shall not be involved in the day-to-day operations of the school;

- o. The Governing Council will have primary responsibility for the development and review of all major policies; be a resource for problem resolution escalated to the General Council by the Principal/Chief Advisor to the Governing Council according to policies, procedures and appropriate protocol; and review recommendations submitted by the Principal and other Governing Council Advisors. Examples would include, but not be limited to, curriculum, budget development, and final approval of contracts;
- p. Promote a cooperative relationship with its charter authorizer; to function in accordance with the New Mexico Charter School Act and resolve any dispute, which may arise between the School and its charter authorizer and the Public Education Department to the mutual benefit of the operation of the Charter School and its authorizer.
- q. Such other powers and authorities as provided for by law.

## **5. REPRESENTATIONS BY INDIVIDUAL MEMBERS**

The Governing Council will not be bound by any statement or action on the part of any individual Governing Council member, unless the Governing Council, by majority vote in a properly convened meeting, delegates authority to that individual member to speak for or represent the entire Council. Unless acting pursuant to said express-delegated authority from the Council, no Council member shall undertake any individual action to implement any plan or action of the Governing Council. In the event a Governing Council member is assisting the Principal to implement school policies, programs or other directives of the Principal, the Governing Council member shall be considered a volunteer and have no special authority beyond that of a volunteer.

## **6. AMENDING GOVERNING COUNCIL BYLAWS**

Any section or subsection of the Governing Council Bylaws may be altered, suspended or revoked only by a 2/3 (two-thirds) of a quorum vote of the Governing Council unless specifically addressed otherwise by section or subsection.

## **7. COUNCIL MEMBERSHIP**

### **A. Positions on Council.**

The Governing Council shall have no fewer than 5 (five), but no more than nine (9) voting members. The Council shall determine, prior to February 1 of each election cycle, whether the make-up of the Council shall be increased or

# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

The Governing Council or ("Council") has a responsibility to ensure that School of Dreams Academy Charter School operates in accordance with all applicable laws and regulations, and meets its commitments to its authorizes the PED, the community it serves, as reflected in its approved charter.

### **4. GOVERNING COUNCIL POWERS AND RESPONSIBILITIES.**

The primary powers and duties of the Governing Council are to:

- a. Develop educational and operational policies for School of Dreams Academy Charter School.
- b. Recruit, oversee and evaluate the Principal annually;
- c. Review, approve and monitor implementation of the annual School of Dreams Academy Charter School budget;
- d. Acquire, lease and dispose of property, both real and personal to the extent permissible by laws applicable to public schools;
- e. Initiate lawsuits or take all necessary steps to protect and safeguard the reputation and interests of School of Dreams Academy Charter School;
- f. Authorize the repair and maintenance of all property belonging to the Charter School over the amount of \$10,000;
- g. Enter into contracts consistent with the School of Dreams Academy Charter School-approved budget for any service or activity that is required to perform in order to carry out the educational program described in the approved charter and as otherwise in accordance with the New Mexico Charter School Act as amended;
- h. Adopt rules and policies pertaining to the administration of all powers or duties of the Governing Council and the Charter School;
- i. Accept or reject any charitable gift, grant, devise or bequest. Each particular gift, grant, devise or bequest accepted shall be considered an asset of the Charter School;
- j. Approve amendments to the Charter prior to presentation to the authorizer for approval;
- k. Make application to the Public School Capital Outlay Council for capital outlay funds.
- l. Acquire and dispose of property;
- m. Amend procedures provided for in the Bylaws from time to time consistent with the mission of the Charter School;
- n. Delegate to the Principal the authority to implement the Charter School's policies and procedures, facilities plans, budget and such other directives and policies adopted by the Governing Council from time to time. To the extent



# **SCHOOL OF DREAMS ACADEMY (SODA)**

**Academics, Arts, Character Education, Service Learning, Technology**

## **BYLAWS OF THE GOVERNING COUNCIL**

### **1. MISSION STATEMENT**

Together with parents and the community, School of Dreams Academy Charter School is committed to creating a professional learning community that empowers students to learn the interconnection between the mission of the school and the school community.

### **2. EQUAL OPPORTUNITY**

School of Dreams Academy Charter School affirms its commitment to providing equal treatment of all of its students, parents and employees. Neither the Charter School nor the Governing Council shall discriminate against any student, parent or employee on the basis of race, age, religion, color, national origin, ancestry, sex, physical or mental handicap, serious medical condition or sexual orientation or gender identity with respect to his/her rights, privileges, programs, activities, and/or in the administration of its educational programs and athletics/extracurricular activities.

### **3. GOVERNING LAWS AND POLICIES**

School of Dreams Academy Charter School must comply with all applicable federal, state, and local laws and regulations as well as the terms and conditions of its charter. Governing Council members will, as part of their Governing Council orientation program, familiarize themselves with the following key provisions of New Mexico laws:

- Charter School Act (NMSA 1978 §§ 22-8B-1 et seq.)
- School Personnel Act (NMSA. 1978 §§ 22-10A-1 et seq.);
- Procurement Code (NMSA 1978 §§ 13-1-1 et. seq.);
- Open Meetings Act (NMSA 1978, Sections 10-15-1 et seq.);
- Public School Finance Act (NMSA 1978 §§22-8-1 et seq.); and applicable rules and regulations issued by the New Mexico Public Education Department ("PED") (contained in Title 6 of the New Mexico Administrative Code).
- In addition, to the extent the Governing Council has not specifically requested and been granted a waiver from a particular New Mexico Public Education Department ("PED") those policies which have not been waived, shall apply.



## BYLAWS


### OF

### School of Dreams Education Foundation

#### ARTICLE I

##### CORPORATE OFFICES

Section 1. Name. The name of this organization is School of Dreams Education Foundation. (the "Corporation").



Section 2. Offices. The principal office of the Corporation shall be 1800 Main Street N.E., Los Lunas, NM 87031, or an address to be designated by the Board of Directors. The principal office may be at the residence of any Officer of the Corporation. The Corporation may also maintain offices at such other places as the Board of Directors may from time to time determine.


#### ARTICLE II

##### MEMBERS & MEETINGS OF MEMBERS

Section 1. Membership. The Corporation shall initially have no members. The Board of Directors may, upon unanimous consent, agree to allow members and open the Corporation to general membership.

#### ARTICLE III

##### BOARD OF DIRECTORS



Section 1. Management. The affairs and the property of the Corporation shall be managed by the Board of Directors (hereinafter sometimes referred to as the Board). The Directors shall act only as a Board and individual Directors shall have no power as such.

## Section 2. Number and Election.

- (a) The Board of Directors of the Corporation shall consist of no less than three (3) and no more than fifteen (15) Directors, as determined by the Board of Directors. The business and property of the Corporation shall be managed and controlled by the Board of Directors. The Directors and Officers shall serve until the expiration of their one (1) year term of office or until the election of their respective successors, or as provided for in these Bylaws for filling vacancies. The Directors, other than the initial Board of Directors, shall be elected annually at the annual meeting of the Directors and shall be chosen by a majority vote of the Directors. Only individuals nominated by the Nominating Committee are eligible to be voted a Director or an Officer of the Board of Directors. An individual may serve as a Director or Officer of the Board of Directors for unlimited consecutive terms.
- (b) The initial Board of Directors shall be appointed by the governing council, or Principal, of School of Dreams. At all times, the majority of the Directors on the Board of Directors shall be Directors nominated by the governing council, or Principal, of School of Dreams. No Director shall be a disqualified person as defined in IRC section 4946. A person who is a foundation manager and also a substantial contributor to the supporting organization is a disqualified person. To ensure that no disqualified persons become Directors, Directors must not be substantial contributors, in the event that a Director becomes a substantial contributor, that Director must resign or they shall be removed by the Board.
- (c) The Directors shall be elected annually by the Directors at their annual meeting, except for the initial Board, which will elect Directors at the first organizational meeting. Each

Director shall be elected by a majority of votes of the Directors and shall serve for a term of one (1) year. A Director may serve unlimited consecutive terms. Each person elected a Director shall continue in office until the annual meeting at which his or her term expires and until his or her successor shall have been duly elected and qualified, or until his or her earlier death, resignation or removal in accordance with the Bylaws.

Section 3. Annual Meetings. The annual meetings of the Board of Directors shall be held on the first Monday of September of each year, or as soon thereafter as may be convenient. The President of the Board of Directors shall serve as the Chair of all meetings; however, the President may delegate the Chair duties to another board member for the duration of the annual meeting, as determined at the beginning of each annual meeting. The annual meeting shall be for the purpose of electing Officers and Directors of the Corporation and for transacting such business as may come before the meeting. At each annual meeting, the Board of Directors shall elect the Officers of the Board of Directors, and such other Board positions as created by a majority vote of the Board.

Section 4. Regular Meetings. The Board of Directors shall meet at the times and places to be determined by the Board of Directors, to make management decisions. Unless a schedule of regular meetings of the Board of Directors for each fiscal year is otherwise set by the Board of Directors at an annual meeting, regular meetings of Board of Directors shall be held on a quarterly basis. The President of the Board of Directors shall serve as the Chair of all meetings; however, the President may delegate the Chair duties to another board member for the duration of any regular meeting, as determined at the beginning of each regular meeting.

Section 5. Special Meetings. Special meetings of the Board shall be called at any time by the Secretary upon the request of the President or no less than one-half (1/2) of the Directors.

Section 6. Notice of Meetings. Notice of every meeting of the board, whether an annual meeting or a regular meeting shall be given to each Director at least seven (7) days, but not more than forty-five (45) days, before the day on which the meeting is to be held. Notice of annual and regular meetings may be given by personal service of notice, mail, electronic mail, or telephone. Annual and regular meetings of the Board shall be general meetings and open for the transaction of any business within the powers of the Board without special notice of such business except in any case where special notice is required by law, by the Articles of Incorporation, or by the Bylaws. Notice of special meetings shall be given to each Director at least 24 hours in advance of the special meeting by personal service of notice, mail, electronic mail, or telephone. Notice of special meetings shall state the purpose or purposes for which the meeting is called, and the notice of any meeting shall state the time and the location where it is to be held. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transacting of business because the meeting is not legally called or convened.

Section 7. Location of Meetings; Meetings by Telephone Conference Call. Meetings may be held at any location in New Mexico, or outside New Mexico, at the Board's discretion. All meetings may be held by telephone conference call or other similar telecommunications equipment by means of which all persons participating in the meeting can hear each other at the same time. Meetings may also be held with some Directors present, in person, and other directors present via telephonic conference call. All meetings utilizing telephonic conference call shall use such conference telephone, or other equipment, which allows all Directors participating to simultaneously hear each other during the meeting. A Director participating in a

meeting by such means shall be deemed to be present in person at the meeting, and any votes therein shall be deemed to carry the same force and validity as an in person vote.

Section 8. Quorum and Voting. A majority of the directors shall constitute a quorum for the transaction of business, and all actions of the Board, except as otherwise provided in the Articles of Incorporation or these Bylaws, shall be taken by a majority vote.

Section 9. Vacancies. Any vacancy on the Board shall be filled for the unexpired portion of the term by a majority vote of the remaining directors at any special meeting of the Board called for that purpose.

Section 10. Removal of Directors. Any Director may be removed from office, with or without cause; by the affirmative vote of a majority of the Directors present at any regular or annual meeting; or, at any special meeting called for that purpose and stating the name of the Director sought to be removed, so long as a quorum is present. There shall be a separate vote or agreement for each Director sought to be removed and, if removal is effected at a meeting, any vacancies created thereby shall be filled at the same meeting. Any Director sought to be removed shall be entitled to at least seven (7) days' notice in writing by mail of the meeting of the Board at which such proposed removal is to be voted upon, and such Director shall be entitled to appear before and be heard by the Board at such meeting. Any Director who is removed shall not be eligible for re-election until the next annual meeting. At all times, the majority of the Board must be nominated by the governing council, or Principal, of School of Dreams; if removal of a Board member results in a Board which is not comprised of a majority of Directors nominated by the governing council, or Principal, of School of Dreams, then a Director nominated by the governing council, or Principal, of School of Dreams must be added to the Board to maintain the majority.

Section 11. Chair. At all meetings of the Board of Directors, the President shall serve as Chair or may delegate the duties of Chair to another Director. In the event of the President's absence at any meeting, and where the President has not delegated the Chair duties, then the Secretary, or in their absence, a Chair chosen by the Directors present, shall preside. The duties of the Chair are to call meetings to order and to promote adherence to the provisions included in the Bylaws, and where the Bylaws are silent, to consult and apply Robert's Rules of Parliamentary Procedure, 10<sup>th</sup> edition or the most current edition.

Section 12. Nominations. At least thirty (30) days prior to the annual meeting of the Board of Directors, the Corporation shall request that the governing council, or Principal, of School of Dreams to provide the Nominating Committee with the names of individuals to be nominated to be on the Board of Directors of the Corporation. At least fifteen (15) days prior to the annual meeting of the Board, the Nominating Committee, after obtaining the consent of each candidate, may serve on the Board of Directors, by mail, facsimile, electronic mail or hand delivery, a list of candidates for each of the other Director positions to be filled. The slate of candidates for the positions to be filled shall include all the nominees nominated by the governing council, or Principal, of the School of Dreams Academy .

Section 13. No Meeting Required. Any action which is required or permitted to be taken at a meeting of the Directors, or a committee, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Directors. The consent shall have the same effect as a unanimous vote. Such action shall be effective as of the date specified in the consent. Removal of Directors or Officers may not occur without a meeting.

Section 14. Meetings by Conference Telephone. Any one or more members of the Board of Directors may participate in a regular or special meeting through the use of any means of

conference telephone or similar communications equipment by which all Directors participating in the meeting may simultaneously hear each other during the meeting. A Director participating in a meeting by such means shall be deemed to be present in person at the meeting.

Section 15. Compensation. Directors shall not receive any compensation for their services. The Board may authorize reimbursement for expenses incurred by Directors in connection the performance of their duties; provided, however, that nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity or receiving compensation for such services.

Section 16. Indemnification. Any person made a party to any action, suit or proceeding by reason of the fact that he or she is or was the Director, Officer or employee of the Corporation, or of any corporation or other entity for which he or she served as a director or Officer at the request of the Corporation, shall be indemnified by the Corporation against the reasonable expenses, costs and attorney fees actually and reasonably incurred by him or her in connection with the defense of such action, suit or proceeding, civil or criminal, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for willful misconduct or recklessness in the performance of his or her duties. Such indemnification shall include any amounts paid to satisfy a judgment or to compromise or settle a claim. Advance indemnification shall be allowed of a Director, Officer or employee of the Corporation for reasonable expenses to be incurred in connection with a defense of an action, suit or proceeding provided that the Director, Officer or employee shall reimburse the Corporation if it is subsequently determined that the Director, Officer or employee is not entitled to indemnification. The foregoing right of indemnification



shall be deemed exclusive of any other rights to which any such Director, Officer or employee may be entitled as a matter of law.

## ARTICLE IV

### OFFICERS

#### Section 1. Number, Qualifications, Election and Term of Office.

a) The Officers of the Corporation shall consist of a President, Treasurer, Secretary, and such other Officers with such powers and duties not inconsistent with these Bylaws as may be appointed and determined by the Board of Directors. All Directors must be members of the Board of Directors. The same person may hold up to two offices; however the President may not simultaneously hold the positions of Treasurer or Secretary; nor may the Treasurer simultaneously hold the position of Secretary.

b) Each Officer shall hold office for one (1) year, except as may be previously determined in a notice of his or her election, which determination shall be made by the Board of Directors or by a nominating committee at the time of nomination, and shall serve until his or her successor shall have been elected.

Section 2. Vacancies. A vacancy in any office not otherwise provided for shall be filled for the unexpired portion of the term by the Board at any regular or special meeting.

Section 3. President. The President shall be the chief executive Officer of the Corporation, shall have general charge of the business, affairs and property of the Corporation in its general operations, shall guide the growth of the organization and shall do and perform such other duties as may be assigned to him or her by the Board. The President shall be an ex-officio member of all committees.

Section 4. Secretary. The Secretary shall:

- a). Record all the proceedings of the meetings of members and the Board;
- b). Cause all notices to be duly given in accordance with the provisions of the Bylaws; and
- c). In general, perform all duties incident to the office of the Secretary.

Section 5. Treasurer. The Treasurer shall:

- a). Have charge of and supervise over and be responsible for the funds, securities, receipts and disbursements of the Corporation;
- b). Keep, or cause to be kept, all the books of account of all the business and transactions of the Corporation;
- c). Render to the President or the Board whenever requested, a statement of the financial condition of the Corporation and of all his or her transactions as Treasurer, and render a full financial report, based on the books and accounts audited annually at the annual meeting of the Board; and
- d). In general, perform all duties incident to the office of the Treasurer.

## **ARTICLE V**

### **COMMITTEES AND ADVISORY BOARD**

Section 1. General Appointment Committees. The Board of Directors may appoint committees and delegate to those committee any and all duties allowed by the laws of the State of New Mexico. All committees must consist of at least two directors.

Section 2. Nominating Committee. The Board shall appoint a Nominating Committee consisting of not less than two Directors, and its number may be changed from time to time by

the Board. The Nominating Committee shall maintain a list of all candidates nominated by the governing council, or Principal, of School of Dreams along with any additional candidates that the Nominating Committee deems qualified to be nominated for any Board positions. The Nominating Committee must ensure compliance with the requirement that the majority of the Board is nominated by the governing council, or Principal, of School of Dreams.

Section 3. Advisory Board. The Board of Directors may appoint from persons interested in the work of the Corporation an Advisory Board consisting of as many individuals as in their judgment will serve to benefit the Corporation, and the number may be increased or diminished from time to time, as the Board of Directors shall direct. These Advisory Board members will be appointed each year by the Board of Directors and may serve an unlimited number of consecutive terms. Each year the Board of Directors shall appoint a Chair of the Advisory Board from among the Advisory Board Members to serve for a term of one year. The Board of Advisors from time to time shall consider and make recommendations concerning such questions as may be submitted to them by the chair, and the Board of Advisors, or any of its members so selected, shall be privileged to be present, and participate in the discussions arising at the meetings of the Board of Directors to which they are invited by the Directors.

## ARTICLE VI

### MISCELLANEOUS PROVISIONS

Section 1. Books and Records. The Corporation shall keep at its offices correct and complete books and records of the account, the activities and transactions of the Corporation, the minutes of the proceedings of the Board of Directors and any committee of the Corporation, the current list of Directors and Officers of the Corporation and their business addresses. Any of the

books, minutes and records of the Corporation may be in written form or any other form capable of being converted into written form in a reasonable time.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be January 1<sup>st</sup> through December 31<sup>th</sup> or such other period as may be fixed by the Board of Directors.

Section 3. Execution of Contracts. The President, acting with the Secretary or any assistant Secretary, may enter into any contract or execute any contract or other instrument in the name and on behalf of the Corporation, unless the Board shall otherwise determine. The Board may authorize any Director, employee or agent, in the name of and on behalf of the Corporation, to enter into any contract or execute and deliver any instrument, and such authority may be generally confined to specific instances. Unless so authorized by these Bylaws of the Board, no Director, employee, or agent shall have any power to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable peculiarly for any purpose of in any amount.

Section 4. Loans. The Board of Directors must, by unanimous vote, authorize any loans or indebtedness contracted on behalf of the Corporation.

Section 5. Commercial Paper. All checks, drafts, and other orders for the payment of money out of the funds of the Corporation, and all notes or evidence of indebtedness of the Corporation, shall be executed on behalf of the Corporation by such Directors, employees, or agents, as the Board may, by resolution, from time to time determine.

Section 6. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may from time to time select or as may be selected by any Officer or employee of the Corporation to whom such power may from time to time be delegated by the

Board; and for the purpose of such deposit, any Officer, or any employee to whom such power may be delegated by the Board, may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

Section 7. Notices. Except as may be otherwise required by law, any notice required to be given under these bylaws shall be in writing and signed by the President or the Secretary; and any notice so required shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid envelope, addressed to the person entitled thereto at his or her last post office address appearing on the records of the Corporation or by transmitting such notice via electronic mail, and such notice shall be deemed to have been given on the day of such mailing or transmission, as the case may be. Any notices required to be given under these Bylaws may be waived by the person entitled thereto in writing (including facsimile or electronic mail), whether before or after the meeting or other matter in respect of which such notice is to be given, and in such event such notice need not be given to such person.

Section 8. Seal. If the Board may adopt a seal, it shall be circular in form and shall have inscribed around the border thereof the name of the Corporation and in the center the words "Corporate Seal-State of New Mexico-2011." If authorized, the seal shall be kept in the custody of the Secretary. If and when so directed by the Board, a duplicate of the seal may be kept and used by such other Officer or employee of the Corporation as may be designated.

## **ARTICLE VII**

### **AMENDMENTS**

The Bylaws may be amended by the Board of Directors at any regular or special meeting. Any director shall be entitled to seven (7) days notice, by mail, of the proposed amendment and

of the meeting time and place at which such amendment is to be voted upon. Such notice must include a copy of the proposed amendment.

## ARTICLE VIII

### ADOPTION

The foregoing Bylaws have been duly adopted by the Board of Directors of the Corporation on May 11, 2012.

### SCHOOL OF DREAMS EDUCATION FOUNDATION

Michael S. Ojan 5/11/12  
President / Date

Kenna M. Above 5/11/12  
Treasurer / Date

Eiff 5/11/12  
Secretary / Date

## ARTICLE VII

### Board of Directors

The initial Board of Directors, who shall hold office until their successors take office, is:

Name

Address

Michael S. Ogas

225 Wittwer Court  
Los Lunas, NM 87031

Kerra Maya Howe

177 Mallette Drive  
Belen, NM 87002

Eric Brown

1607 Montara Drive  
Los Lunas, NM 87031

## ARTICLE VIII

### Incorporator

The name and address of the sole incorporator of the Corporation is:


Name

Address

Michael S. Ogas

225 Wittwer Court  
Los Lunas, NM 87031

DATED: 4/16/2012

  
\_\_\_\_\_  
Signature of Incorporator

RECEIVED  
NMPRC  
Corporation Bureau  
APR 23 2012

## **SCHOOL OF DREAMS ACADEMY ENROLLMENT POLICY**

1. The SCHOOL OF DREAMS ACADEMY's admission process shall not discriminate against anyone regarding race, gender, national origin, color, ability level or age.
2. The SCHOOL OF DREAMS ACADEMY shall admit students on the basis of a lottery if more students apply than can be accommodated.
3. The SCHOOL OF DREAMS ACADEMY's admission processes shall be in compliance with Section 22-8B-4.1 NMSA 1978.
4. The SCHOOL OF DREAMS ACADEMY shall be a nonsectarian, non-religious, and non-home-based public school.
5. Except as otherwise provided in the Public School Code, the SCHOOL OF DREAMS ACADEMY shall not charge tuition or have admission requirements.

The School of Dreams Academy shall demonstrate compliance with applicable laws, rules, and regulations relating to the rights of students, including policies related to admissions, lottery, recruitment and enrollment; adherence to due process protections; and development and adherence to student discipline policies.

The School shall also comply with the following additional terms and conditions:

### **(a) Non-discrimination.**

The School is subject to all federal and state laws and constitutional provisions prohibiting discrimination on the basis of disability, physical or mental handicap, serious medical condition, race, creed, color, sex, gender identity, sexual orientation, spousal affiliation, national origin, religion, ancestry or need for special education services. The School shall be a nonsectarian, nonreligious and non-home-based public school<sup>i</sup>.

Student recruitment and enrollment decisions shall be made in a nondiscriminatory manner and without regard to race, color, creed, national origin, sex, marital status, religion, ancestry, disability, or need for special education services<sup>ii</sup>.

### **(b) Enrollment and admission processes and procedure.**

The School must establish and post enrollment and admissions process and procedures which comply with applicable law. The School may not charge tuition or



have other admissions requirements, except as otherwise provided in the Public School Code<sup>iii</sup>.

**(c) Lottery.**

Unless otherwise exempted in the Public School Code, if more students apply than can be admitted based on the School's enrollment cap, admission decisions will be made by a lottery process<sup>iv</sup>. The School shall adopt in advance the enrollment procedure for vacancies that occur during the school year that complies with applicable law.

**(d) Continuing Enrollment.**

Students who enroll in the School shall remain enrolled in the School through the highest grade served by the School, unless there is a voluntary withdrawal, mandatory withdrawal pursuant to the New Mexico Public School Finance Act, expulsion, graduation, court-ordered placement, IEP team placement, or other applicable laws.

**(e) Suspension or Expulsion.**

A student who is long-term suspended or expelled from the School shall be deemed to be suspended or expelled from the school district in which the student resides<sup>v</sup>. A student who is suspended from a school district may also be considered suspended or expelled from the School located within the geographic boundary of that district. The School shall develop its own enrollment policies for enrolling students who have been suspended or expelled from another charter school or a school district.

If there are enough space at a given grade level, all applicants will be admitted. If there are more applicants than spaces available, admissions will be determined through a lottery. Applications (initial inquiry) are available on the School of Dreams Website ([www.sodacharter.net](http://www.sodacharter.net)) or at the school's main office located at 906 Juan Perea Rd., Los Lunas NM 87031.

The names of any students not admitted during the final enrollment window will be kept on a waiting list. Parents will be notified as to their child's position on the waiting list. As spaces open up families will be contacted in the order of the waiting list.

Student names will be categorized in a database based on the grade level they will be entering for the upcoming school year. If there are more spaces than student applications, all students will be accepted. If there are more applicants than spaces all the student's names, for that grade level, will be entered into a lottery. On the day of the lottery, student names for a given grade will be put into a hopper and pulled out one by one. The first name pulled will be assigned number one, the second name number two, etc.

After all grade levels are filled siblings of admitted students we'll also be admitted even if this means over-enrolling their grade levels. The purpose of this policy is to allow families to keep their children together at the same school. Verification of sibling relationship is required. A sibling is defined as a brother or sister born to parents, a half or step sibling, or a foster child or student under legal guardianship of parent(s) of a child who has one a space through the lottery.

School of Dreams Academy  
906 Juan Pere Rd.  
Los Luans, NM 87031  
Phone: 505.866.7632  
Fax: 505.966.0780

Approved March 31, 2009

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<sup>i</sup> Section 22-8B-4(K) NMSA 1978.

<sup>ii</sup> Section 22-8B-4(J) NMSA 1978.

<sup>iii</sup> Section 22-8B-4 (K) NMSA 1978.

<sup>iv</sup> Section 22-8B-4.1 NMSA 1978.

<sup>v</sup> Section 22-8B-5(G) NMSA 1978 (2006).



# CERTIFICATE OF ASSURANCES

My name is Kathy Chavez and I reside in Valencia County. I am a member of the governing body for School of Dreams Academy a charter school which is located at 400 Juan Perea  
Des Plaines nm, I certify that the CHARTER SCHOOL complies with all applicable federal and state laws governing the organizational programmatic, and financial requirements applicable to charter schools, including:

1. The CHARTER SCHOOL'S admission processes are in compliance with Sections 22-2-4(A)-(D) and 22-8B-4.1 NMSA 1978.
2. The CHARTER SCHOOL'S admission process do not discriminate against anyone regarding race, color, age, religion, national origin, ancestry, sex, sexual orientation, gender identity, spousal affiliation, physical or mental disability, or serious medical condition.
3. The CHARTER SCHOOL is a nonsectarian and non-religious public school.
4. Except as otherwise provided in Section 22-12-5(C) NMSA 1978 the Public School Code, the CHARTER SCHOOL does not charge tuition or have admission requirements.
5. The CHARTER SCHOOL complies with all state and federal health and safety requirements applicable to public schools, complies with Sections 22-8B-4.2(A), (C), and (D) NMSA 1978, and must produce an E-Occupancy certificate for all school facilities.
6. The governing body does not and will not contract with a for-profit entity for the management of the CHARTER SCHOOL.
7. The CHARTER SCHOOL complies with all applicable state and federal laws and rules related to identifying and providing special education services.
8. The CHARTER SCHOOL complies with provisions regarding public property identified in the Public School Code, the New Mexico Procurement Code, and the New Mexico Prohibited Sales Act, the Internal Revenue Code, and other applicable federal and state regulations.
9. The CHARTER SCHOOL ensures that criminal background checks are conducted on all employees and applicable reporting is completed in accordance with Section 22-10A-5 NMSA 1978.
10. The CHARTER SCHOOL ensures that it complies with state regulations regarding the use of volunteers set out in Section 6. 50.18 NMAC.
11. The CHARTER SCHOOL complies with the Age Discrimination Act of 1975, Title VI and Title VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Individuals with Disability Education Act.
12. The CHARTER SCHOOL provides equitable access to and participation in its federally assisted program for students, teachers, and other program beneficiaries with special needs.
13. Meetings of the CHARTER SCHOOL Governing Body comply with the New Mexico Open Meetings Act, Sections 10-15-1 et seq., NMSA 1978 and the Inspection of Public Records Act, Section 14-2-1 et seq., NMSA 1978.

14. The CHARTER SCHOOL complies with all requirements of The Family Educational Rights and Privacy Act (FERPA) 20 U.S.C. § 1232g; 34 CFR Part 99.
15. The CHARTER SCHOOL has and will adopt all policies and procedures required by the Public School Code, the New Mexico Administrative Code, and the Public Education Commission.
16. The Governing Body or head administrator of the CHARTER SCHOOL recognizes and works with employee labor representatives, if any.
17. The CHARTER SCHOOL has and will develop personnel policies that comply with all applicable federal and state labor laws, regulations and rules implementing them.
18. The CHARTER SCHOOL had and will develop a curriculum that is aligned to the New Mexico State Standards found in Title 6 Chapter 29 of the New Mexico Administrative Code, as amended.

Kathy Chavez  
Printed Name

[Signature]  
Signature

5-9-19  
Date

# CERTIFICATE OF ASSURANCES

My name is Denise Romero Vigil and I reside in Valencia County. I am a member of the governing body for School of Dreams a charter school which is located at \_\_\_\_\_, I certify that the CHARTER SCHOOL complies with all applicable federal and state laws governing the organizational programmatic, and financial requirements applicable to charter schools, including:

1. The CHARTER SCHOOL'S admission processes are in compliance with Sections 22-2-4(A)-(D) and 22-8B-4.1 NMSA 1978.
2. The CHARTER SCHOOL'S admission process do not discriminate against anyone regarding race, color, age, religion, national origin, ancestry, sex, sexual orientation, gender identity, spousal affiliation, physical or mental disability, or serious medical condition.
3. The CHARTER SCHOOL is a nonsectarian and non-religious public school.
4. Except as otherwise provided in Section 22-12-5(C) NMSA 1978 the Public School Code, the CHARTER SCHOOL does not charge tuition or have admission requirements.
5. The CHARTER SCHOOL complies with all state and federal health and safety requirements applicable to public schools, complies with Sections 22-8B-4.2(A), (C), and (D) NMSA 1978, and must produce an E-Occupancy certificate for all school facilities.
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8. The CHARTER SCHOOL complies with provisions regarding public property identified in the Public School Code, the New Mexico Procurement Code, and the New Mexico Prohibited Sales Act, the Internal Revenue Code, and other applicable federal and state regulations.
9. The CHARTER SCHOOL ensures that criminal background checks are conducted on all employees and applicable reporting is completed in accordance with Section 22-10A-5 NMSA 1978.
10. The CHARTER SCHOOL ensures that it complies with state regulations regarding the use of volunteers set out in Section 6. 50.18 NMAC.
11. The CHARTER SCHOOL complies with the Age Discrimination Act of 1975, Title VI and Title VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Individuals with Disability Education Act.
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16. The Governing Body or head administrator of the CHARTER SCHOOL recognizes and works with employee labor representatives, if any.
17. The CHARTER SCHOOL has and will develop personnel policies that comply with all applicable federal and state labor laws, regulations and rules implementing them.
18. The CHARTER SCHOOL had and will develop a curriculum that is aligned to the New Mexico State Standards found in Title 6 Chapter 29 of the New Mexico Administrative Code, as amended.

Denise Romero Ujeda  
Printed Name

Denise Romero Ujeda  
Signature

5/9/19  
Date

### CERTIFICATE OF ASSURANCES

My name is Kenneth S. Griego and I reside in Belen, New Mexico. I am a member of the governing body for School of Dreams Academy a charter school which is located at Los Lunas, NM. I certify that the CHARTER SCHOOL complies with all applicable federal and state laws governing the organizational programmatic, and financial requirements applicable to charter schools, including:

1. The CHARTER SCHOOL'S admission processes are in compliance with Sections 22-2-4(A)-(D) and 22-8B-4.1 NMSA 1978.
2. The CHARTER SCHOOL'S admission process do not discriminate against anyone regarding race, color, age, religion, national origin, ancestry, sex, sexual orientation, gender identity, spousal affiliation, physical or mental disability, or serious medical condition.
3. The CHARTER SCHOOL is a nonsectarian and non-religious public school.
4. Except as otherwise provided in Section 22-12-5(C) NMSA 1978 the Public School Code, the CHARTER SCHOOL does not charge tuition or have admission requirements.
5. The CHARTER SCHOOL complies with all state and federal health and safety requirements applicable to public schools, complies with Sections 22-8B-4.2(A), (C), and (D) NMSA 1978, and must produce an E-Occupancy certificate for all school facilities.
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8. The CHARTER SCHOOL complies with provisions regarding public property identified in the Public School Code, the New Mexico Procurement Code, and the New Mexico Prohibited Sales Act, the Internal Revenue Code, and other applicable federal and state regulations.
9. The CHARTER SCHOOL ensures that criminal background checks are conducted on all employees and applicable reporting is completed in accordance with Section 22-10A-5 NMSA 1978.
10. The CHARTER SCHOOL ensures that it complies with state regulations regarding the use of volunteers set out in Section 6. 50.18 NMAC.
11. The CHARTER SCHOOL complies with the Age Discrimination Act of 1975, Title VI and Title VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Individuals with Disability Education Act.
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14. The CHARTER SCHOOL complies with all requirements of The Family Educational Rights and Privacy Act (FERPA) 20 U.S.C. § 1232g; 34 CFR Part 99.
15. The CHARTER SCHOOL has and will adopt all policies and procedures required by the Public School Code, the New Mexico Administrative Code, and the Public Education Commission.
16. The Governing Body or head administrator of the CHARTER SCHOOL recognizes and works with employee labor representatives, if any.
17. The CHARTER SCHOOL has and will develop personnel policies that comply with all applicable federal and state labor laws, regulations and rules implementing them.
18. The CHARTER SCHOOL had and will develop a curriculum that is aligned to the New Mexico State Standards found in Title 6 Chapter 29 of the New Mexico Administrative Code, as amended.

Kenneth S. Griego  
Printed Name

Kenneth S. Griego  
Signature

May 10, 2019  
Date



# CERTIFICATE OF ASSURANCES

My name is David D. Schneider and I reside in 16 Alderete Rd, Paria NM  
am a member of the governing body for School of Dreams Academy a charter school  
which is located at Los Lunas, NM. I certify that the CHARTER SCHOOL complies with all  
applicable federal and state laws governing the organizational programmatic, and financial  
requirements applicable to charter schools, including:

1. The CHARTER SCHOOL'S admission processes are in compliance with Sections 22-2-4(A)-(D) and 22-8B-4.1 NMSA 1978.
2. The CHARTER SCHOOL'S admission process do not discriminate against anyone regarding race, color, age, religion, national origin, ancestry, sex, sexual orientation, gender identity, spousal affiliation, physical or mental disability, or serious medical condition.
3. The CHARTER SCHOOL is a nonsectarian and non-religious public school.
4. Except as otherwise provided in Section 22-12-5(C) NMSA 1978 the Public School Code, the CHARTER SCHOOL does not charge tuition or have admission requirements.
5. The CHARTER SCHOOL complies with all state and federal health and safety requirements applicable to public schools, complies with Sections 22-8B-4.2(A), (C), and (D) NMSA 1978, and must produce an E-Occupancy certificate for all school facilities.
6. The governing body does not and will not contract with a for-profit entity for the management of the CHARTER SCHOOL.
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8. The CHARTER SCHOOL complies with provisions regarding public property identified in the Public School Code, the New Mexico Procurement Code, and the New Mexico Prohibited Sales Act, the Internal Revenue Code, and other applicable federal and state regulations.
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11. The CHARTER SCHOOL complies with the Age Discrimination Act of 1975, Title VI and Title VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Individuals with Disability Education Act.
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14. The CHARTER SCHOOL complies with all requirements of The Family Educational Rights and Privacy Act (FERPA) 20 U.S.C. § 1232g; 34 CFR Part 99.
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16. The Governing Body or head administrator of the CHARTER SCHOOL recognizes and works with employee labor representatives, if any.
17. The CHARTER SCHOOL has and will develop personnel policies that comply with all applicable federal and state labor laws, regulations and rules implementing them.
18. The CHARTER SCHOOL had and will develop a curriculum that is aligned to the New Mexico State Standards found in Title 6 Chapter 29 of the New Mexico Administrative Code, as amended.

David D. Schneider

Printed Name

[Signature]

Signature

May 10, 2019

Date

### CERTIFICATE OF ASSURANCES

My name is Catherine Smith and I reside in Chugwater Pueblo, N.M. I am a member of the governing body for School of Dreams Academy a charter school which is located at Los Lunas, N.M. I certify that the CHARTER SCHOOL complies with all applicable federal and state laws governing the organizational programmatic, and financial requirements applicable to charter schools, including:

1. The CHARTER SCHOOL'S admission processes are in compliance with Sections 22-2-4(A)-(D) and 22-8B-4.1 NMSA 1978.
2. The CHARTER SCHOOL'S admission process do not discriminate against anyone regarding race, color, age, religion, national origin, ancestry, sex, sexual orientation, gender identity, spousal affiliation, physical or mental disability, or serious medical condition.
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4. Except as otherwise provided in Section 22-12-5(C) NMSA 1978 the Public School Code, the CHARTER SCHOOL does not charge tuition or have admission requirements.
5. The CHARTER SCHOOL complies with all state and federal health and safety requirements applicable to public schools, complies with Sections 22-8B-4.2(A), (C), and (D) NMSA 1978, and must produce an E-Occupancy certificate for all school facilities.
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8. The CHARTER SCHOOL complies with provisions regarding public property identified in the Public School Code, the New Mexico Procurement Code, and the New Mexico Prohibited Sales Act, the Internal Revenue Code, and other applicable federal and state regulations.
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10. The CHARTER SCHOOL ensures that it complies with state regulations regarding the use of volunteers set out in Section 6. 50.18 NMAC.
11. The CHARTER SCHOOL complies with the Age Discrimination Act of 1975, Title VI and Title VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Individuals with Disability Education Act.
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14. The CHARTER SCHOOL complies with all requirements of The Family Educational Rights and Privacy Act (FERPA) 20 U.S.C. § 1232g; 34 CFR Part 99.
15. The CHARTER SCHOOL has and will adopt all policies and procedures required by the Public School Code, the New Mexico Administrative Code, and the Public Education Commission.
16. The Governing Body or head administrator of the CHARTER SCHOOL recognizes and works with employee labor representatives, if any.
17. The CHARTER SCHOOL has and will develop personnel policies that comply with all applicable federal and state labor laws, regulations and rules implementing them.
18. The CHARTER SCHOOL had and will develop a curriculum that is aligned to the New Mexico State Standards found in Title 6 Chapter 29 of the New Mexico Administrative Code, as amended.

Catherine Smith

Printed Name

Catherine Smith

Signature

May 10, 19

Date

# Waiver Notification Form

School Name: School of Dreams Academy Date: 6/5/2019

## Instructions:

- (1) Identify all non-discretionary waivers that will be utilized and discretionary waivers that will be requested.
- (2) Specifically identify statutes or state rules for which a waiver is requested.
- (3) Describe how the school's practice and how it varies from statutory requirements.

Non-Discretionary Waivers			
NMSA 1978 § 22-8B-5(C) Waiver	Utilized	Specific provision of relevant statute to which waiver is applied.	Description the school's practice and how it varies from statutory requirements.
Individual class load	<input checked="" type="checkbox"/>	Statute and Description not required per Chairwoman Gipson	
Teaching load	<input checked="" type="checkbox"/>		
Length of school day	<input checked="" type="checkbox"/>		
Staffing pattern	<input checked="" type="checkbox"/>		
Subject areas	<input checked="" type="checkbox"/>		
Purchase of instructional materials	<input checked="" type="checkbox"/>		
Evaluation standards for school personnel	<input checked="" type="checkbox"/>		
School principal duties	<input checked="" type="checkbox"/>		
Drivers education	<input checked="" type="checkbox"/>		
Discretionary Waivers			
Statute for which Waiver Requested under NMSA 1978 § 22-2-2.1	Specific provision of relevant statute for which waiver is sought.	Description of how the school's practice will vary from statutory requirements.	
Click here to enter text.		Click here to enter text.	
Click here to enter text.		Click here to enter text.	



NEW MEXICO  
GENERAL SERVICES DEPARTMENT

*Priscilla Cabral*

*Who has satisfactorily pursued the certification training program and  
passed the required examination*

*in accordance with the requirements established pursuant to*

NMSA 13-1-95.2

*is hereby awarded on this 22nd day of February, 2017*

*Chief Procurement Officer Certification*

Certificate No. CPO-2017-00000-01372



*Lawrence O. Maxwell*

Lawrence O. Maxwell

State Purchasing Agent

**LEASE AGREEMENT**

**By and Between**

**VILLAGE OF LOS LUNAS , NEW MEXICO,  
A New Mexico municipal corporation,**

**and**

**THE SCHOOL OF DREAMS ACADEMY,  
A New Mexico public charter school**

**DATED AS OF Oct 1, 2016**

## **LEASE AGREEMENT**

This Lease Agreement (this "Lease") is entered into by and between Village of Los Lunas, a New Mexico municipal corporation (the "Village"), as lessor, and School of Dreams Academy, a New Mexico public charter school, (the "School"), as lessee, effective as of \_\_\_\_\_.

### **RECITALS**

**THE PARTIES HERETO** enter into this Lease on the basis of the following facts, understandings, and intentions:

A. On \_\_\_\_\_ the Village entered into Purchase and Sale Agreements for certain real property in Valencia County, New Mexico and more particularly described on Exhibit A (the "Property").

B. The Property has been designated as a blighted area by the Village pursuant to the Metropolitan Redevelopment Code, §3-60A-1, et. seq ("Code"), and the Village is acquiring the Property and entering into this Lease in accordance with the Code and in furtherance of the Metropolitan Redevelopment plan adopted by the Village on December 17, 2015.

C. The School and their successors and assigns, from the date of the execution of this Lease, and for the next twenty (20) years thereafter, shall be obligated to devote the Property only to the uses specified in the metropolitan redevelopment plan adopted by the Village on December 17, 2015.

D. The Village will close on the purchase of the Property simultaneously with entering into this Lease.

D. As of the date hereof, the Property is vacant. Under the terms of this Lease, the Village shall cause the Property to be improved in accordance with the specifications attached as Exhibit "B" hereto (collectively, the "Improvements"). As of the date of execution of this Lease, the Village has secured the necessary funds to complete the Improvements to the Property. After completion of the Improvements, the school facility leased to the School pursuant to this Lease will meet educational occupancy and adequacy requirements according to New Mexico school building requirements, and will meet or exceed the weighted New Mexico Condition Index for public schools established by the New Mexico Public School Facilities Authority ("PSFA").

E. The School is public charter school authorized by the New Mexico Public Education Department and duly organized and validly existing pursuant to the New Mexico Charter Schools Act, §§ 22-8B-1 through 22-8B-15, NMSA 1978, (the "Act"), and the School is authorized by Section 22-8B-4D of the Act to contract with any third party for the use of a school building and grounds.

F. The Village is a municipal corporation organized, existing, and in good standing under the laws of the State of New Mexico (the "State"); is duly qualified to do business in the



State; and is authorized under its articles of incorporation, bylaws, action of its board of directors, and applicable law, to own and manage its properties, to conduct its affairs in the State, to lease the Property to the School, and to otherwise act in the manner contemplated herein.

G. The School desires to lease the Land and the Improvements (collectively, the "Property") from the Village, and the Village desires to lease the Property to the School.

H. The School desires to have and the Village agrees to extend to the School a right to enter a Lease-Purchase Agreement pursuant to the Public Schools Lease Purchase Act, NMSA 1978 §§22-26A-1, *et seq.*, and substantially in the form attached hereto as Exhibit C, pursuant to Section 32 herein.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Demise.** The Village hereby leases the Property to the School, and the School hereby leases the Property from the Village. The Village shall not interfere with the quiet use and enjoyment of the Property by the School during the Initial Term (and any Extended Terms) of this Lease so long the School is not in default under the terms of this Lease. Provided, however, that notwithstanding the foregoing, the School shall not take possession of the Property, nor shall the School be required to pay any Base Rent or Additional Rent under this Lease Agreement, until all Improvements described in Exhibit B hereto are substantially complete, which date shall in no event be later than August 1, 2016.

2. **Need.** The School hereby declares its current need for the Property and further determines and declares its expectation that the Property will (so long as they are subject to the terms hereof) adequately serve the needs for which they are being leased throughout the stated term of this Lease. The School hereby agrees and determines that the Base Rent (defined below) during the Initial Term (and any Extended Terms) of this Lease represents not more than the fair market value of the use of the Property during such year. In making such declarations and determinations, the School has given consideration to the uses and purposes for which the Property will be employed by the School, the benefit to the School by reason of the Property, and the use and occupancy of the Property pursuant to the terms and provisions of this Lease.

3. **Initial Term.** The Initial Term of this Lease shall be for a period commencing on the date of this Lease and ending no later than June 30, 2017 ("Initial Term"), unless sooner terminated pursuant to any provision of this Lease or in the event the School and Village enter into a Lease-Purchase Agreement. This Lease is contingent upon sufficient appropriations being made by the State of New Mexico for performance of this Lease. If sufficient appropriations and authorization are not made by the State of New Mexico, this Lease may terminate prior to the end of the term. During the Initial Term, School shall have no obligation to pay any Base Rent or Additional Rent under this Lease until the Improvements have been certified as substantially complete and School begins its use of the Property.

4. **Extended Terms.** The School shall be entitled to extend the term of this Lease beyond the Initial Term for nineteen (19) additional terms (each an "Extended Term"), with the first extended term commencing on July 1, 2017 and ending on the next following June 30th, and each subsequent additional term being one (1) year in duration, provided that this Lease has not been previously terminated and that the School is not in default under the terms of this Lease at the time of each extension. The School shall give written notice of the intent to extend at least thirty (30) days prior to the expiration of the then-current term. The School is under no obligation to extend the term of this Lease at any time, and the School shall have no further right to extend the term of this Lease beyond the expiration of the extensions provided for above. Further, any Extended Term is contingent upon sufficient appropriations being made by the State of New Mexico to the School for performance of this Lease. If sufficient appropriations and authorization are not made by the State of New Mexico to the School, this Lease may terminate prior to the end of the then current term.

5. **Use.** The Property, for the next twenty (20) years shall be used and occupied only for educational and related purposes or those purposes established in the Metropolitan Redevelopment Plan adopted by the Village on December 17, 2015, and for no other purposes. No portion of the Property shall be used primarily for pervasively sectarian purposes. The School will comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, gender, national origin, or religious belief and will respect, permit, and not interfere with the religious beliefs of persons working for the School.

6. **Rental Commencement Date; Base Rent.** The School shall not be obligated to pay any Base Rent until the Rental Commencement Date. The Rental Commencement Date shall be August 1, 2016, 2016; provided that all Improvements described in Exhibit B hereto are substantially complete unless the Lease is earlier terminated or not renewed. From and after the Rental Commencement Date during all Extended Terms of this Lease, the School shall pay Base Rent directly to the Village or to a person designated by the Village as the Village's representative for rent collection purposes, on the fifteenth (15<sup>th</sup>) day of each month of an Extended Term from any and all legally available sources of revenue, including per pupil operating revenues payable to the School. The Base Rent for this Lease and any Extended Term shall be in the monthly amount of \$22,118.28 per month. The Village and the School agree that the Base Rent does not include payments for repairs, maintenance, operating expenses and the like, which are otherwise obligations of the School under Sections 7 and 16 of this Lease.

7. **Absolute Net Lease.** The School shall pay as Additional Rent during any Extended Terms of this Lease as herein provided all expenses of operation of the Property. Commencing with the Rental Commencement Date, this Lease is intended to be and shall be construed consistently with it being an absolute net lease with the School paying all expenses related to the Property, including without limitation, (i) the cost of insurance premiums for insurance deemed necessary or desirable in Lessor's reasonable discretion; (ii) the cost of taxes, utility charges, maintenance, upkeep, and repair costs; and (iii) all other costs associated with operation, repair and maintenance of the School Site (collectively, "Operating Expenses"). Portions of Operating Expenses may be, at the Village's option, be paid by the School directly to

the third parties who are owed certain amounts included in additional rent (e.g. insurance companies, taxing authorities, utility companies).

8. Nature of Payment. The School and the Village acknowledge and agree that the Base Rent and Additional Rent hereunder shall constitute currently appropriated expenditures of the School and may be paid from any legally available funds. No payments of Base Rent or Additional Rent shall be due under this Lease until the School occupies the Improvements. The School's obligations under this Lease shall not constitute a mandatory charge or requirement for payment of any amounts in excess of amounts appropriated for any Fiscal Year beyond the Fiscal Year for which such appropriation has been made. No provision of this Lease shall be construed or interpreted as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the School within the meaning of any constitutional or statutory limitation or requirement. No provision of this Lease shall be construed or interpreted as creating a delegation either of governmental powers or as a donation by or a lending of the credit of the School within the meaning of any constitutional or statutory limitation or requirement. This Lease does not directly or indirectly obligate the School to make any payments beyond those appropriated for any Fiscal Year for which such payments have been appropriated.

9. Manner of Payment. The Base Rent and any Additional Rent shall be paid, commencing on the Rental Commencement Date and continuing on the fifteenth (15<sup>th</sup>) day of every month of the Term or any Extended Term thereafter by lawful money of the United States of America in the manner reasonably directed by the Village. The obligation of the School to pay the Base Rent and Additional Rent required under this Lease shall not be abated through accident or unforeseen circumstances. The School shall, during the Initial Term (and any Extended Terms) of this Lease, make all payments of Base Rent and Additional Rent when due and shall not withhold any Base Rent or Additional Rent nor shall the School assert any right of set-off or counter-claim against its obligation to make such payments required hereunder; provided, however, that the making of such payments shall not constitute a waiver by the School of any rights, claims, or defenses which the School may assert. No action or inaction on the part of the Village shall affect the School's obligation to pay Base Rent and Additional Rent of this Lease.

10. Budgeting. In any Fiscal Year that this Lease shall be in effect, such officer of the School responsible for the preparation of the annual budget shall include in the budget proposal for the ensuing Fiscal Year an amount equal to one-hundred percent (100%) of the Base Rent and one-hundred five percent (105%) of the estimated Additional Rent hereunder for such ensuing Fiscal Year, provided that the decision whether to extend the term of this Lease and whether to appropriate such amounts shall remain solely within the discretion of the School.

11. Representations, Covenants, and Warranties of the School. The School represents, covenants, and warrants as follows:

(a) The School is and will use its best efforts to remain a charter school duly organized and validly existing under the Act. The School is authorized: (i) to lease the Property from the Village pursuant to this Lease; (ii) to lease the Improvements from the

Village pursuant to this Lease, and (iii) to execute, deliver, and perform its obligations under this Lease.

(b) The execution, delivery, and performance of this Lease has been duly authorized by the School and this Lease is enforceable against the School in accordance with its terms.

(c) Nothing in this Lease shall be construed as diminishing, unlawfully delegating, or otherwise restricting any legal authority of the School.

(d) The execution, delivery, and performance of this Lease are in the best interests of the School and serve a public purpose.

(e) None of the execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions of this Lease, or the consummation of the transactions contemplated by this Lease, conflicts with or results in a breach of the terms, conditions, or provisions of any material restriction or any agreement or instrument to which the School is now a party or by which the School is bound, or constitutes a default under any of the foregoing or, except as specifically provided in this Lease, results in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the School.

(f) To the knowledge of the School, there is no litigation or proceeding currently pending or threatened against the School or any other person affecting the right of the School to execute and deliver this Lease, the ability of the School to make the payments required hereunder, or the ability of the School otherwise to comply with its obligations under this Lease.

(g) The Property will be operated in accordance with all Requirements of Law. As used herein, "Requirements of Law" means any material federal, state, or local statute, ordinance, rule, or regulation, any judicial or administrative order (whether or not on consent), request or judgment, any applicable common-law doctrine, any provision or condition of any permit required to be obtained or maintained, or any other binding determination of any governmental authority relating to the ownership or operation of property, including any of relating to environmental, health, or safety matters.

(h) The Property is necessary and essential to the School's operations.

12. Representations, Covenants, and Warranties of the Village. The Village represents, covenants, and warrants as follows:

(a) The Village is a municipal corporation duly organized, existing, and in good standing under the laws of the State, is duly qualified to do business in the State, is possessed of full power to purchase, own, hold, and lease (as owner and landlord) real and personal property, has all necessary power to lease the Property to the School pursuant to this Lease, and to execute, deliver, and perform its obligations under this

Lease and has duly authorized the execution, delivery, and performance of its obligations under this Lease.

(b) The Village shall at all times maintain its corporate existence and will use its best efforts to maintain, preserve, and renew its tax exempt status and all the rights and powers provided to it under its articles of incorporation, bylaws, action of its board of directors, and applicable law.

(c) This Lease is enforceable against the Village in accordance with its respective terms, subject only to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and equitable principles, whether considered at law or in equity.

(d) The Improvements will be constructed to educational occupancy standards, will meet all applicable state adequacy standards, and at the time of completion, the Property will meet or exceed the statewide condition index for public schools maintained by the New Mexico Public Schools Facilities Authority ("PSFA"). The Property will be leased by the Village in accordance with all Requirements of Law.

(e) The execution and delivery of this Lease, or the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions, and provisions of any restriction or any agreement or instrument to which the Village is now a party or by which the Village is bound or constitutes a default under any of the foregoing.

(f) Except as specifically provided in this Lease, the Village will not assign the Lease, its rights to payments from the School or its duties and obligations hereunder or thereunder to any other person, firm, or corporation so as to impair or violate the representations, covenants, and warranties contained herein.

(g) To the knowledge of the Village, there is no litigation or proceeding pending or threatened against the Village or any other person affecting the right of the Village to execute and deliver this Lease, or the ability of the Village otherwise to comply with its obligations under this Lease.

(h) To the knowledge of the Village: (i) the Property has at all times been operated in substantial compliance with all Requirements of Law; (ii) all permits required by Requirements of Law in respect of the Property have been obtained and are in full force and effect and the School is in substantial compliance with the material terms and conditions of such permits; (iii) there is no pending litigation, investigation, administrative or other proceeding of any kind before or by any governmental authority or other person or entity relating to, or alleging, any violation of any Requirements of Law in connection with the Property and there are no grounds on which any such litigation, investigation or proceedings might be commenced; (iv) the Property is not subject to any judgment, injunction, writ, order, or agreement respecting any

Requirements of Law; (v) there is no hazardous substance (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.*, any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.*, any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in, or under the Property or the Improvements in violation of any Requirements of Law; (vi) there has been no disposal of any of the items referred to in clause (v) on, from, into, or out of the Property or the Improvements in violation of any Requirements of Law; and (vii) there has been no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing, or dispersing of any of the items referred to in clause (v) into the indoor or outdoor environment from, into, or out of the Property or the Improvements including the movement of any such items through or in the air, soil, surface water, ground water from, into, or out of the Property or the Improvements or the abandonment or discard of barrels, containers, or other open or closed receptacles containing any such items from, into, or out of the Property or the Improvements in violation of any Requirements of Law.

13. Title to the Property. Any improvements permanently affixed to the Property shall become part of the Property. The School shall have no right, title, or ownership interest in the Property or any permanent additions and modifications thereto or replacements thereof by virtue of this Lease.

14. Liens and Encumbrances. The School shall not permit any mechanic's or other lien to remain against the Property; provided that if the School shall first notify the Village of the intention of the School so to do, the School may in good faith contest any mechanic's or other lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Village shall notify the School that, in the opinion of independent counsel, whose reasonable fees shall be paid by the School, but only to the extent that amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs, by nonpayment of any such items the Village's interest in the Property or title to the Improvements will be materially endangered, or the Property or any part thereof will be subject to loss or forfeiture, in which event the School shall promptly pay and cause to be satisfied and discharged all such unpaid items; provided, however, that such payment shall not constitute a waiver by the School of the right to continue to contest such items. The Village will cooperate fully with the School in any such contest, upon the request and at the expense of the School, to the extent that Additional Rent which has been specifically appropriated by the School is available for the payment of such expenses. The School shall not directly or indirectly create, incur, or assume any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Property.

15. Compliance with Law. The School shall at all times operate the Property, or cause the Property to be used and operated, such that (a) the Property at all times shall be

operated in substantial compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the Property shall be obtained and maintained in full force and effect and the School shall substantially comply with the material terms and conditions of such permits; (c) there shall be no hazardous substance, pollutant or contaminant (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.*, any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.*, any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in or under the Property in violation of any Requirements of Law; (d) there shall be no disposal of any of the items referred to in clause (c) on, from, into or out of the Property or on, from, into or out of the Improvements in violation of any Requirements of Law; and (e) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing, or dispersing of any of the items referred to in clause (c) into the indoor or outdoor environment from, into, or out of the Property including the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Property or the abandonment or discard of barrels, containers, or other open or closed receptacles containing any such items from, into or out of the Property in violation of any Requirements of Law.

16. Maintenance. The parties acknowledge that during the Initial Term of this Lease, the Village will commence and complete the construction of the Improvements as set forth in Exhibit B, and, until August 1, 2016 or such time as School takes occupancy, the Village agrees that it will maintain, preserve, and keep the Property or cause the Property to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order, and condition, subject to normal wear and tear, and that the Village will from time to time make or cause to be made all necessary and proper repairs, where applicable, until the Improvements are certified for School's occupancy. Thereafter, and for any Extended Term, the School agrees to maintain, preserve, and keep the Property or cause the Property to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order, and condition, subject to normal wear and tear, and that the School will from time to time make or cause to be made all necessary and proper repairs. Except as expressly set forth in this Section 16, the Village shall not have any responsibility for the making of any additions, modifications, or replacements to the Property or the Improvements after August 1, 2016 or after such time as School takes occupancy and during any Extended Term of this Lease.

17. Modifications. During any Extended Term of this Lease, with the Village's prior written consent, the School may remodel or make substitutions, additions, modifications, or improvements to the Property or the Improvements, at its own cost and expense, and the same (if permanently affixed) shall be part of the Property, or the Improvements, as the case may be, subject to, and shall be included under the terms of this Lease; provided, however, that (i) such remodeling, substitutions, additions, modifications, and improvements shall not in any way damage the Improvements; and (ii) the Improvements, as remodeled, improved, or altered, upon completion of such remodeling, or such making of substitutions, additions, modifications, and

improvements, shall be of a value not less than the value of the Improvements immediately prior to such remodeling or such making of substitutions, additions, modifications, and improvements.

18. Equipment. The School may, from time to time in its sole discretion and at its own expense, install equipment and personal property on the Improvements. All such equipment and personal property shall remain the sole property of the School in which the Village shall not have any interest; provided, however, that any such equipment and personal property which becomes permanently affixed to the Property shall become part of the Improvements, subject to this Lease and shall be included under the terms of this Lease.

19. Initial Term -Taxes and Assessments. During the Initial Term up to August 1, 2016, if the Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments, or charges lawfully made by any governmental body, the Village shall pay the amount of all such taxes, assessments, and governmental charges then due as of August 1, 2016. With respect to special assessments or other governmental charges that may be lawfully paid in installments over a period of years, the Village shall be obligated to provide only for such installments as are required to be paid up to August 1, 2016 during the Initial Term. The Village shall not allow any liens for taxes, assessments, or governmental charges to exist with respect to the Property or Improvements or any portion thereof.

20. Extended Term – Taxes and Assessments. Beginning on August 1, 2016, and for any Extended Term, if the Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments, or charges lawfully made by any governmental body, the School shall pay the amount of all such taxes, assessments, and governmental charges then due, but only to the extent that amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs. With respect to special assessments or other governmental charges that may be lawfully paid in installments over a period of years, the School shall be obligated to provide only for such installments as are required to be paid during Extended Terms of this Lease. The School shall not allow any liens for taxes, assessments, or governmental charges to exist with respect to the Property or Improvements or any portion thereof (including any taxes levied thereon which, if not paid, will become a charge on the rentals and receipts from the Property or any portion thereof, or any interest therein, including the interest the Village) or the rentals and revenues derived therefrom or hereunder. If the School shall first notify the Village of the intention of the School to do so, the School may, at the expense and in the name of the School, in good faith contest any such tax, assessment, and other charges and, in the event of any such contest, may permit the tax, assessment, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Village shall notify the School that, in the opinion of independent counsel, whose reasonable fees shall be paid by the School, but only to the extent that amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs, by nonpayment of any such items the Property or the Improvements or any portion thereof will be subject to loss or forfeiture, or the Village will be subject to liability, in which event such tax, assessment, or other charges shall, to the extent that amounts for Additional Rent which have been specifically appropriated by the School are available for the payment thereof, be paid promptly or secured by posting a bond with the Village in form satisfactory to the Village



(provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, or other charges).

21. Utilities. During the Initial Term of the Lease until School's occupancy, the Village shall pay for all gas, water, steam, electricity, heat, power, utility, and other charges incurred in the maintenance and upkeep of the Property. After the School's occupancy and for any Extended Term, the School shall pay, as the same respectively become due, all gas, water, steam, electricity, heat, power, utility, and other charges incurred in the maintenance and upkeep of the Property and the Improvements, and the School shall place all such utilities in its name.

22. Insurance -- Initial Term. During the Initial term, the Village shall, at its own expense, obtain and maintain or cause its contractor to obtain and maintain the following policies of insurance. The insurance policies required by this Section shall meet the following conditions: (i) any insurance policy may have a deductible clause in an amount not to exceed \$20,000; (ii) each insurance policy shall be so written or endorsed as to make losses, if any, payable to the Village and the School, as their respective interests may appear; (iii) each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the Village or the School without first giving written notice thereof to the Village and the School at least thirty (30) days in advance of such cancellation or modification; (iv) each insurance policy, or each certificate evidencing such policy, shall be deposited with the School upon request; (v) full payment of insurance proceeds under any insurance policy up to the dollar limit required by this Section in connection with damage to the Property or the Improvements shall, under no circumstance, be contingent on the degree of damage sustained at other property owned or leased by the School; and (vi) to the extent the Village can control the terms of each insurance policy, each insurance policy shall explicitly waive any coinsurance penalty. The Village may, in its discretion, provide any of the insurance required by this Section under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks.

(a) Casualty and property damage insurance with respect to the Property and the Improvements in an amount equal to the full replacement value of the Property and the Improvements.

(b) Commercial general liability insurance against claims arising in, on, or about the Improvements, including in, on, or about the sidewalks, parking lots, or premises adjacent to the Improvements, providing coverage limits not less than the coverage limits customarily carried by owners or operators of facilities of similar size and character within the State.

(c) Fidelity insurance or bonds on those of its officers and employees who handle funds of the Village, both in such amounts and to such extent as are customarily carried by organizations similar to the Village and operating properties similar in size and character to the Improvements.

(d) Such other forms of insurance as the Village, is required by law to provide with respect to the Improvements, including any legally required worker's compensation insurance and disability benefits insurance.

**23. Insurance - Extended Terms.** After School's occupancy and for any Extended Term of the Lease, the School shall, at its own expense, obtain and maintain the following policies of insurance. The insurance policies required by this Section shall meet the following conditions, to the extent allowed by state law or the School's required insurer, the New Mexico Public Schools Insurance Authority ("NMPSIA"): (i) any insurance policy may have a deductible clause in an amount not to exceed \$20,000; (ii) each insurance policy shall be so written or endorsed as to make losses, if any, payable to the School and the Village, as their respective interests may appear; (iii) each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the School and the Village without first giving written notice thereof to the School and the Village at least thirty (30) days in advance of such cancellation or modification; (iv) each insurance policy, or each certificate evidencing such policy, shall be deposited with the Village upon request; (v) full payment of insurance proceeds under any insurance policy up to the dollar limit required by this Section in connection with damage to the Property or the Improvements shall, under no circumstance, be contingent on the degree of damage sustained at other property owned or leased by the School; and (vi) to the extent the School can control the terms of each insurance policy, each insurance policy shall explicitly waive any coinsurance penalty. The School may, in its discretion, provide any of the insurance required by this Section under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks. The School agrees to pay the premiums for any insurance required by the Village, as part of the Additional Rent.

(a) Casualty and property damage insurance with respect to the Property and the Improvements in an amount equal to the full replacement value of the Property and the Improvements.

(b) Commercial general liability and automobile liability insurance against claims arising in, on, or about the Improvements, including in, on, or about the sidewalks, parking lots, or premises adjacent to the Improvements, providing coverage limits not less than the coverage limits allowed by NMPSIA or customarily carried on public school facilities of similar size and character within the State.

(c) Fidelity insurance or bonds on those of its officers and employees who handle funds of the School, both in such amounts and to such extent as are customarily carried by organizations similar to the School and operating properties similar in size and character to the Improvements.

(d) Rental value insurance covering all risks as to which insurance is required pursuant to Subsection (a) above, in an amount equal to not less than the amounts required to be paid as Base Rent and Additional Rent for a period of not less than twelve (12) months.

(e) Such other forms of insurance as the School is required by law to provide with respect to the Improvements, including any legally required worker's compensation insurance and disability benefits insurance.

**24. Damage, Destruction, or Condemnation; Use of Net Proceeds.**

(a) *Damage, Destruction, or Condemnation.* If, during the term (and any extended terms) of this Lease, (i) the Property or any portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty; (ii) title to, or the temporary or permanent use of, the Property or any portion thereof or the estate of the School, the County, or the Village in the Property or any portion thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority; (iii) breach of warranty or any material defect with respect to the Property shall become apparent; or (iv) title to or the use of all or any portion of the Property shall be lost by reason of defect in the title thereto, then, the School shall be obligated, subject to the provisions of Subsection (c) hereof, to continue to pay the amounts specified in Subsection (b) hereof and, to the extent of amounts specifically appropriated by the School, to pay Base Rent and Additional Rent. As used herein, "Net Proceeds" means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

(b) *Repair and Replacement.* To the extent not contrary to applicable law, subject to the provisions of Subsection (c) hereof, the School (and, to the extent such Net Proceeds are within their control, the Village) shall cause such Net Proceeds to be deposited in a separate trust fund held by the Village. Except as set forth in Subsection (c) hereof, all Net Proceeds of any insurance, performance bonds, or condemnation awards owed to either the School or the Village shall be applied to the prompt repair, restoration, modification, improvement, or replacement of the Land or the Improvements, as the case may be, by the School upon receipt of requisitions acceptable to the Village setting forth: (i) the requisition number; (ii) the name and address of the person, firm, or corporation to whom payment is due or has been made; (iii) the amount to be paid or reimbursed; and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Village shall cooperate with the School in the administration of such fund and shall not unreasonably withhold its approval of requisitions under this Section. Any repair, restoration, modification, improvement, or replacement paid for in whole or in part out of Net Proceeds shall be the property of the Village, subject to this Lease, and shall be included as part of the Property or the Improvements under this Lease.

(c) *Insufficiency of Net Proceeds for Property.* If there occurs an event described in Subsection (a) hereof, and if any Net Proceeds received as a consequence of such event shall be insufficient to pay in full the cost of any repair, restoration,

modification, improvement, or replacement of the Property required under Subsection (b) hereof, the School shall elect one of the following options:

(i) The School may, to the extent permitted by law, in accordance with Subsection (b) hereof, repair, restore, modify, or improve the Property or replace the Property (or portion thereof) with property of a value equal to or in excess of the Property, and pay as Additional Rent any cost in excess of the amount of the Net Proceeds, to the extent the amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs, and the School agrees that, if by reason of any such insufficiency of the Net Proceeds, the School shall make any Additional Rental payments pursuant to the provisions of this paragraph, the School shall not be entitled to any reimbursement therefor from the Village, nor shall the School be entitled to any diminution of the Base Rent and Additional Rent.

(ii) If, by June 30<sup>th</sup> of the Fiscal Year in which an event described in Subsection (a) hereof occurs (or June 30<sup>th</sup> of any subsequent Fiscal Year in which the insufficiency of Net Proceeds to repair, restore, modify, improve, or replace the Property become apparent), the School has not appropriated amounts sufficient to proceed under clause (i) of this Subsection, the Village may then pursue remedies as provided in Section 24 ("Remedies on Default").

(d) *Insufficiency of Net Proceeds for Improvements.* If there occurs an event described in Subsection (a) hereof, and if any Net Proceeds received as a consequence of such event shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement, or replacement of the Improvements required under Subsection (b) hereof, the School shall elect one of the following options:

(i) The School may, to the extent permitted by law, in accordance with Subsection (b) hereof, repair, restore, modify, or improve the Improvements or replace the Improvements (or portion thereof) with property of a value equal to or in excess of the Improvements, and pay as Additional Rent any cost in excess of the amount of the Net Proceeds, to the extent the amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs, and the School agrees that, if by reason of any such insufficiency of the Net Proceeds, the School shall make any Additional Rental payments pursuant to the provisions of this paragraph, the School shall not be entitled to any reimbursement therefor from the Village, nor shall the School be entitled to any diminution of the Base Rent and Additional Rent.

(ii) If, by June 30<sup>th</sup> of the Fiscal Year in which an event described in Subsection (a) hereof occurs (or June 30<sup>th</sup> of any subsequent Fiscal Year in which the insufficiency of Net Proceeds to repair, restore, modify, improve, or replace the Improvements become apparent), the School has not appropriated amounts sufficient to proceed under clause (i) of this Subsection, the Village may then pursue remedies as provided in Section 24 ("Remedies on Default").

(e) **Cooperation.** The parties to this Lease shall cooperate fully with the other in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Subsection (a) hereof, in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Property or the Improvements or any portion thereof, and in the prosecution of any action relating to defaults or breaches of warranty under any contract relating to the Property or the Improvements. In no event shall either party voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to defaults or breaches of warranty under any contract relating to the Property or the Improvements or any portion thereof without the written consent of the other party. Each party shall be responsible for their respective fees and expenses incurred under this section.

25. **Events of Default.** Any one of the following shall constitute an "Event of Default" under this Lease: (i) failure by the School to pay any specifically appropriated Base Rent during the Initial Term (and any Extended Terms) of this Lease on, before, or within five (5) days of the applicable due date or to pay Additional Rent which become due during the Initial Term (and any Extended Terms) of this Lease, up to the amount specifically appropriated for the payment of Additional Rent in accordance with the provisions hereof; (ii) failure by the School to observe and perform any covenant, condition, or agreement on its part to be observed or performed, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied shall be given to the School by the Village, unless the party giving such notice shall agree in writing, prior to the expiration of the thirty-day period, to an extension of no more than sixty (60) days; provided, however, that if the failure stated in the notice cannot be corrected within the original thirty-day period, the party giving such notice shall not withhold their consent to an extension of up to sixty (60) days if corrective action shall be instituted by the School within such time period and diligently pursued until the default is corrected; or (iii) failure by the School to maintain its charter under the Act. The foregoing provisions of this Section are subject to the following limitations: (i) the School shall be obligated to pay the Base Rent and Additional Rent only during the Initial Term (and any Extended Terms) of this Lease, except as otherwise expressly provided in this Lease; and (ii) if, by reason of Force Majeure, the School shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the School contained herein and until the termination or end of the Initial Term (and any Extended Terms) of this Lease, the School shall not be deemed in default during the continuance of such inability. The School agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the School from carrying out its agreement; provided that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the School. As used herein, "Force Majeure" includes the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other causes not within the control of the School or the Village.

26. Remedies on Default. Subject to the provisions of Section 44 herein, whenever any Event of Default shall have happened and be continuing, the Village may, without any further demand or notice, take one or any combination of the following remedial steps:

(a) Terminate the Initial Term (and any Extended Terms) of this Lease and give notice to the School to vacate the Property within one-hundred twenty days (120) days from the date of such notice.

(b) Lease all or any portion of the Property or the Improvements.

(c) Recover from the School: (i) to the extent the recovery thereof is permitted by law, the fair rental value of the use of the Property during any period beyond the thirtieth (30<sup>th</sup>) day following the occurrence of the Event of Default; and (ii) Base Rent and Additional Rent, to the extent amounts for such Additional Rent have been specifically appropriated in accordance with the provisions of hereof, which would otherwise have been payable by the School hereunder during the remainder, after the School vacates the Property, of the Fiscal Year in which such Event of Default occurs.

(d) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Property under this Lease.

27. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Village is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Village to exercise any remedy it shall not be necessary to give any notice, other than such notice as may be required in this Lease.

28. Further Assurances and Corrective Instruments. The Village and the School agree that so long as this Lease is in full force and effect and no Event of Default shall have occurred, the Village and the School shall have full power to carry out the acts and agreements provided herein and they will, so far as it may be authorized by law, from time to time, execute, acknowledge, and deliver or cause to be executed, acknowledged, and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property or the Improvements hereby leased or intended so to be, or for otherwise carrying out the intention of or facilitating the performance of this Lease.

29. Compliance with Requirements of Law. During the Initial Term (and any Extended Terms) of this Lease, the School and the Village shall observe and comply promptly with all current and future Requirements of Law applicable to the Property (including those set forth in Section 22-8B-4D of the Act) and the Improvements or any portion thereof and all current and future requirements of all insurance companies writing policies covering the Property or any portion thereof.

30. **Binding Effect.** This Lease shall inure to the benefit of and shall be binding upon the Village and the School and their respective successors and permitted assigns.

31. **No Individual Liability.** All covenants, stipulations, promises, agreements, and obligations of the School or the Village, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the School or the Village, as the case may be, and not of any member, director, officer, employee, or other agent of the School or the Village in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement, or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, or other agent of the School or the Village or any natural person executing this Lease or any related document or instrument.

32. **Conversion to Lease-Purchase Agreement.** At the discretion and option of the School, the parties agree that this Lease shall be superseded by a Lease with Option to Purchase Agreement, provided approval of the Lease-Purchase Agreement has been approved by the necessary regulatory authorities in the Public Schools Lease Purchase Act, NMSA 1978 §§22-26A-1 et seq., and, as applicable, the Local Government Division of the Department of Finance and Administration. The Lease Purchase Agreement between the School and the Village shall be substantially in the form and upon the terms attached as Exhibit "C" hereto.

33. **Waiver.** No term of this Lease shall be deemed waived unless such waiver is in writing signed by the party making the waiver. No delay or omission by either party in exercising or enforcing any right or power hereof shall impair such right or power or be construed to be a waiver thereof. No custom or practice that may evolve between the parties shall be construed to lessen the right of a party to require the performance of the other party in strict accordance with the terms of this Lease. A waiver by one party of a failure of the other party to fully comply with any of the terms of this Lease shall not be construed to be a waiver of any subsequent failure to comply or any other failure to comply.

34. **Assignment and Subleasing.** This Lease may not be assigned by the School for any reason, whether by operation of law or pursuant to any contract. However, the Property may be leased, as a whole or in part, by the School, with the consent of the Village, which consent will not be unreasonably withheld; subject, however, to the provisions of Section 5 herein and further subject to each of the following conditions: (i) this Lease, and the obligations of the School hereunder, shall, at all times during the Initial Term (and any Extended Terms) of this Lease, remain direct obligations of the School; (ii) no additional lease shall change the use of the Property; and (iii) a copy of the lease agreement is provided to the Village.

35. **Amendments, Changes, and Modifications.** This Lease shall not be altered, changed, or amended other than by a written instrument executed by the parties.

36. **Notices.** All notices and communications required or permitted under this Lease (including change of address and facsimile or telephone number set forth below) shall be in writing and shall be deemed given to, and received by, the receiving party: (i) when

hand-delivered to the street address of the receiving party set forth below; (ii) when sent by facsimile transmission to the facsimile number of the receiving party set forth below with a receipt showing delivery; (iii) when sent by electronic mail to the email address set forth below with a receipt showing delivery; (iv) one (1) day after deposit with a national overnight courier addressed to the receiving party at the street address set forth below; or (v) three (3) days after deposit in the U. S. mail, certified mail, return receipt requested, postage prepaid, addressed to the receiving party at the mailing address set forth below.

**The Village:** Mr. Gregory D. Martin, Village Administrator  
Village of Los Lunas  
660 Main Street SW  
Los Lunas, NM 87031

**With a copy to:** Mr. Laurence P. Guggino, Jr.  
Griego and Guggino  
PO Box 2430  
Los Lunas, NM 87031

**The School:**

**With a copy to** Matthews Fox PC  
1925 Aspen Drive, Suite 301A  
Santa Fe, New Mexico 87505  
Attn: Susan B. Fox  
Facsimile No.: (505) 474-3727  
sfox@matthewsfox.com

37. Calculation of Time. Any time period herein calculated by reference to "days" means calendar days, *i.e.*, including Saturdays, Sundays, and holidays as observed by the State of New Mexico; provided, however, that if the last day for a given act falls on a Saturday, Sunday, or such observed holiday, the day for such act shall be first day following such Saturday, Sunday, or observed holiday that is not a Saturday, Sunday, or such observed holiday.

38. Interpretation. The captions and paragraph headings of this Lease are not necessarily descriptive, or intended or represented to be descriptive, of all the terms thereunder, and shall not be deemed to limit, define, or enlarge the terms of this Lease. Whenever used herein, unless otherwise indicated by the context, the singular shall include the plural, the plural shall include the singular, the use of any gender shall include all genders, and the use of the words "include" and "including" shall be construed as if the phrases "without limitation" or "but not [be] limited to" were annexed thereafter. The parties were, or had ample opportunity to be, represented by counsel, and as such this Lease shall not be interpreted for or against either party based on authorship.



39. Incorporation. Each and all of the recitals set forth at the beginning of this instrument, and any exhibits referenced herein and attached hereto, are incorporated herein by this reference.

40. Applicable Law. Each party shall perform its obligations hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect. This Lease shall be governed by the laws of the State of New Mexico (without giving effect to the State of New Mexico's choice of law provisions). All legal proceedings arising from unresolved disputes under this Lease shall be brought in Albuquerque before the Thirteenth Judicial District Court of the State of New Mexico.

41. Severability. In the event that any provision of this Lease, other than the requirement of the School to pay Base Rent and Additional Rent, the requirement of the Village to provide quiet enjoyment of the Property, and the requirement that the obligations of the School to pay Base Rent and Additional Rent under this Lease are conditioned upon the prior specific appropriation by the School of amounts for such purposes in accordance with the requirements of State law, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

42. Approval of Department of Finance. This Lease shall not be effective until/unless approval of its terms has been obtained from the Local Government Division of the Department of Finance and Administration, if and as required by §3-54-2 NMSA 1978.

43. Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

44. Acceptance of Rent. Receipt or acceptance of Rent by Village and payment of any Rent by School shall not be deemed to be a waiver of any default under the covenants, agreements, terms, provisions and conditions of this Lease, or of any right which Village or School, as the case may be, may be entitled to exercise under this Lease. Failure to insist upon the strict performance of any of the provisions of this Lease or to exercise any right, remedy or election herein contained or permitted by law shall not constitute or be construed as a waiver or relinquishment for the future of such provision, right, remedy or election, but the same shall continue and remain in full force and effect. The waiver by either party of any breach of this Lease shall not be deemed a waiver of any future breach.

45. Consent of Village. Consent of the Village to any act or matter must be in writing and shall apply only with respect to the particular act or matter to which such consent is given and shall not relieve School from the obligation wherever required under this Lease to obtain the consent of the Village to any other act or matter. If School requests Village's consent or approval and Village fails or refuses to give such consent or approval, School shall not be entitled to any damages for any withholding by Village of its consent or approval, it being intended that School's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases where Village has expressly agreed in writing not to unreasonably withhold or delay its consent or where as a matter of law Village may not

unreasonably withhold its consent.

**46. Village and School not Partners.** Village and School acknowledge that they are not partners or joint venturers and that, except with respect to casualty insurance proceeds and condemnation awards herein, they do not stand in a fiduciary relationship to one another.

**47. Invalidity of Term or Provision.** If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by Law.

IN WITNESS WHEREOF, the parties have entered into this Lease effective as of the date first written above.

**THE SCHOOL**

The School of Dreams Academy,  
a New Mexico public charter school

By: Kathy Chavez  
Name: Kathy Chavez  
Title: Chair

**THE VILLAGE**

Village of Los Lunas,  
a New Mexico municipal corporation

By: Charles Griego  
Name: Charles Griego  
Title: Mayor

**EXHIBIT A**  
**Legal Description**

**EXHIBIT B**

**PLANS AND SPECIFICATIONS FOR IMPROVEMENTS**

**[see attached]**

**"EXHIBIT B"**  
**SODA Portable Village Improvements**

CSI#	DESCRIPTION OF SERVICES	SUPPLIER	TOTAL
<b>SITE WORK</b>			
	DEMOLITION - Clearing and grubbing of trees and shrubbery, Demolition of existing asphalt and concrete pads and driveways, Demolition and disposal of existing utility systems.	JAYNES	\$ 10,000
022010	EARTHWORK - Grading of site per engineering	JAYNES	\$ 60,000
154000	WATER - New water service and lateral connections; ave 50' x 30 portables	JAYNES	\$ 21,750
154000	SEWER - New sewer service and lateral connections; ave 50' x 30 portables.	JAYNES	\$ 40,500
154000	GAS - New gas service and lateral connections; ave 50' x 30 portables	JAYNES	\$ 40,500
154000	WATER TAPS - 18 each	JAYNES	\$ 9,000
154000	SEWER TAPS - 18 each	JAYNES	\$ 15,300
025500	SPECIAL SYSTEMS - Main + Distribution	JAYNES	\$ 22,450
	ELECTRICAL - 3 PNM Transformers, 9" underground conduit feed (1200'), 3" conduit comm/data (600'), conductor (100 Amp feed @ 1000 ft), data/comm infrastructure, panel board (p@200Amp +42 breakers), trenching and backfill	JAYNES	\$ 194,100
154000	PATCH STREET ASPHALT & CURBS - for area within the new portable village school site	JAYNES	\$ 4,410
025500	SITE LIGHTING - 6 pole lights	JAYNES	\$ 15,100
026010	CRACK SEAL - Street crack seal for the area within the new portable village school site	JAYNES	\$ 2,700
026010	SEAL COAT - Street seal coat for the area within the new portable village school site	JAYNES	\$ 4,750
026010	PARKING LOT - Crusher fine parking lot	JAYNES	\$ 27,183
026010	DUMPSTER ENCLOSURE	JAYNES	\$ 7,500
026060	STRIPING AND SIGNAGE	JAYNES	\$ 5,000
027000	FENCING AND GATES - Fencing and security gates; approx 1000'	JAYNES	\$ 35,000
033010	SIDEWALKS - 4' wide x 1000'	JAYNES	\$ 16,000
	<b>SUBTOTAL SITE WORK</b>		<b>\$ 581,243</b>
<b>PORTABLE VILLAGE CONSTRUCTION</b>			
033000	BLDG CONCRETE - Installation of concrete pads for portable buildings; up to 30 portables	JAYNES	\$ 93,600
	<b>SUBTOTAL CONSTRUCTION</b>		<b>\$ 93,600</b>
<b>ENGINEERING AND DESIGN</b>			
017123	FIELD ENGINEERING - Engineering of Site and proposed improvements	Molzen Corbin	\$ 83,645
017124	ADDITIONAL SERVICES - As quoted by Molzen Corbin	Molzen Corbin	\$ 98,670
013316	SITE DESIGN - Design of portable school campus for SODA	Greer Stafford	\$ 64,978
	<b>SUBTOTAL ENGINEERING AND DESIGN</b>		<b>\$ 247,294</b>
<b>SUBTOTAL COST OF PORTABLE VILLAGE IMPROVEMENTS</b>			<b>\$ 872,137</b>
<b>OTHER COSTS</b>			
N/A	CONSTRUCTION GENERAL CONDITIONS	JAYNES	\$ 30,000
N/A	CONSTRUCTION CONTINGENCY - 10% of Site Work and Construction Subtotals	JAYNES	\$ 62,484
N/A	CONSTRUCTION OVERHEAD - 3% of work performed by Jaynes Incl. Contingency	JAYNES	\$ 21,520
N/A	CONSTRUCTION PROFIT - 6% of work performed by Jaynes Incl. Overhead	JAYNES	\$ 44,331
N/A	G/L BUILDERS INSURANCE	JAYNES	\$ 11,477
N/A	PAYMENT AND PERFORMANCE BOND	JAYNES	\$ 6,892
N/A	RAILWAY LAND COMPANY DEVELOPMENT FEE	RLC	\$ 104,884
N/A	LOS LUNAS GRT (8.9125%) - Transportation figures include GRT	TAXES	\$ 93,410
	<b>SUBTOTAL OTHER COSTS</b>		<b>\$ 374,998</b>

**TOTAL COST OF PORTABLE VILLAGE IMPROVEMENTS** **\$ 1,247,134**

**EXCLUSIONS**

The following items are not included: IT & Security wiring and devices; Backflow Preventers; Utility Company fees; Water / Sewer / Gas Main Lines (all assumed to be in streets), Permit fees, transportation costs, wood ramps, rehabilitation of portables



### FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement amends the Lease Agreement by and between The School of Dreams Academy ("School") and the Village of Los Lunas, New Mexico ("Village"), dated as of March 24, 2016 ("Lease"). The Lease between the parties is hereby amended as follows:

1. Paragraphs 12 and 16 of the Lease provide that the Village would make certain Improvements to the Property, set forth in Exhibit B to the Lease. The Village has made the Improvements and incurred additional costs in making the Improvements in the amount of \$928,704. The adjusted rent amounts set forth in this First Amendment represent the additional costs incurred by the Village in making the Improvements pursuant to the Lease amortized over any further Extended Terms of the Lease provided all options are exercised.
2. In consideration of the Improvements made by the Village and such other consideration as reflected in the Lease, the parties agree to amend paragraph 6 of the Lease to increase School's monthly payment of Base Rent by \$2,063.79 for a monthly total of \$24,182.07, commencing October 1, 2017 and ending June 30, 2018; beginning on July 1, 2018, and for the duration of any further Extended Term(s) of the Lease, the School's monthly payment of Base Rent shall increase to \$26,331.85. All other provisions of paragraph 6 of the Lease remain unchanged.
3. Base Rent amounts over the remaining available Extended Term(s) are shown on Exhibit D attached hereto and made a part of the Lease.
4. All other provisions of the Lease remain unchanged.

**The parties agree to the foregoing First Amendment to Lease Agreement as of the date of their respective signatures below.**

THE VILLAGE:

Village of Los Lunas, A New Mexico Municipal Corporation

By: \_\_\_\_\_

Mayor

Date: \_\_\_\_\_

THE SCHOOL

The School of Dreams Academy,  
A New Mexico Public Charter School

By: \_\_\_\_\_

Authorized Governing Council Representative

Date: \_\_\_\_\_

**LEASE AGREEMENT**

**By and Between**

**SCHOOL OF DREAMS EDUCATION FOUNDATION, INC.,  
A non-profit corporation,**

**and**

**THE SCHOOL OF DREAMS ACADEMY,  
A New Mexico public charter school**

**DATED AS OF Aug 22, 2016**



## **LEASE AGREEMENT**

This Lease Agreement (this "Lease") is entered into by and between the School of Dreams Education Foundation, Inc., a New Mexico nonprofit corporation (the "Foundation"), as lessor, and The School of Dreams Academy, a New Mexico public charter school, (the "School"), as lessee, effective as of \_\_\_\_\_, 2016.

### ***RECITALS***

THE PARTIES HERETO enter into this Lease on the basis of the following facts, understandings, and intentions:

A. On \_\_\_\_\_, 2016 the School entered into a lease for 20 acres +/-, as described on Exhibit A ("Land") in the Village of Los Lunas, NM ("Village") from the Village, pursuant to which the Village purchased the Land and made certain improvements for the purpose of placing portable school buildings on the Land for School's use as part of its School facilities, and is leasing the improved Land to School (the "Land Lease"). The School has placed or shall place approximately \_\_\_\_\_ publicly-owned portable school buildings ("Portables") on the Land for use by the School as part of its School facility.

B. The Portables require certain improvements in order to be suitable for the School's uses. The Foundation intends to construct certain improvements on and in the Portables to meet educational occupancy and applicable state adequacy standards and to make them ready for use as a school (collectively, the "Portable Building Improvements") for School of Dreams Academy, as described in Exhibit B. The Foundation was created to support the School, and for the purpose of providing the School with school facilities pursuant to NMSA 1978 §22-8B-4.2 and, as of the date of execution of this Lease, has secured the necessary funds to complete the Portable Building Improvements to the Property. After completion of the Portable Building Improvements, the Portables will meet educational occupancy and adequacy requirements according to New Mexico school building requirements, and shall meet or exceed the weighted average condition index for public school, as determined by the New Mexico Public School Facilities Authority ("PSFA") or will meet or exceed the condition index within 18 months of the School's occupancy of the Property and Improvements.

C. The School is a public charter school authorized by the New Mexico Public Education Department and duly organized and validly existing pursuant to the New Mexico Charter Schools Act, §§ 22-8B-1 through 22-8B-15, NMSA 1978, (the "Act"), and the School is authorized by Section 22-8B-4D of the Act to contract with any third party for the use of a school building and grounds.

D. The Foundation is a nonprofit corporation organized, existing, and in good standing under the laws of the State of New Mexico (the "State"); is duly qualified to do business in the State; and is authorized under its articles of incorporation, bylaws, action of its board of directors, and applicable law, to own and manage its properties, to conduct its affairs in the State, to lease the Portable Building Improvements to the School, and to otherwise act in the manner contemplated herein.

E. The School desires to lease the Portable Building Improvements from the Foundation, and the Foundation desires to lease the Portable Building Improvements to the School.

### ***AGREEMENT***

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Demise. The Foundation hereby leases the Portable Building Improvements to the School, and the School hereby leases the Portable Building Improvements from the Foundation. The Foundation shall not interfere with the quiet use and enjoyment of the Land and the Portable Building Improvements by the School during the Initial Term (and any Extended Terms) of this Lease so long the School is not in default under the terms of this Lease. Provided, however, that notwithstanding the foregoing, the School shall not take possession of the Land or the Portable Building Improvements, nor shall the School be required to pay any Base Rent or Additional Rent under this Lease Agreement, until all Portable Building Improvements described in Exhibit B hereto are substantially complete, which date shall in no event be later than September 7,, 2016.

2. Need. The School hereby declares its current need for the Portable Building Improvements and further determines and declares its expectation that the Portable Building Improvements will (so long as they are subject to the terms hereof) adequately serve the needs for which they are being leased throughout the stated term of this Lease. The School hereby agrees and determines that the Base Rent (defined below) during the Initial Term (and any Extended Terms) of this Lease represents not more than the fair market value of the use of the Portable Building Improvements during such year. In making such declarations and determinations, the School has given consideration to the uses and purposes for which the Portable Building Improvements will be employed by the School, the benefit to the School by reason of the Property and the Improvements, and the use and occupancy of the Property and the Improvements pursuant to the terms and provisions of this Lease.

3. Initial Term. The Initial Term of this Lease shall be for a period commencing on the date of this Lease and ending no later than June 30, 2017 ("Initial Term"), unless sooner terminated pursuant to any provision of this Lease or in the event the School and Foundation enter into a Lease Purchase Agreement. This Lease is contingent upon sufficient appropriations being made by the State of New Mexico for performance of this Lease. If sufficient appropriations and authorization are not made by the State of New Mexico to allow the School to meet its obligations under this Lease, this Lease may terminate prior to the end of the Initial Term. During the Initial Term, School shall have no obligation to pay any Base Rent or Additional Rent under this Lease until the Portable Building Improvements have been certified as substantially complete and School begins its use of the Property.

4. Extended Term. The Lease shall be extended for ten additional one-year terms (each an "Extended Term" and collectively, "Extended Terms"), commencing on July 1 of each

successive year ending on June 30 of the following year until June 30, 2027, provided that this Lease has not been previously terminated and that the School is not in default under the terms of this Lease at the time of extension. The Extended Term is contingent upon sufficient appropriations being made by the State of New Mexico to the School for performance of this Lease. If sufficient appropriations and authorization are not made by the State of New Mexico to the School, this Lease may terminate prior to the end of the then current fiscal year.

5. Use. The Portable Building Improvements shall be used and occupied only for educational and related purposes, and for no other purpose.

6. Rental Commencement Date; Base Rent. The School shall not be obligated to pay any Base Rent until the Rental Commencement Date. The Rental Commencement Date shall be September 7, 2016; provided that all Portable Building Improvements described in Exhibit B hereto are substantially complete unless the Lease is earlier terminated or not renewed. From and after the Rental Commencement Date during all Extended Terms of this Lease, the School shall pay Base Rent directly to the Foundation or to a person designated by the Foundation as the Foundation's representative for rent collection purposes, on the 15<sup>th</sup> day of each month of an Extended Term from any and all legally available sources of revenue, including per pupil operating revenues payable to the School. The Base Rent of this Lease shall be in the amounts set forth in Exhibit C attached hereto, which from time to time may be amended or supplemented.

7. Additional Rent. The School shall pay as Additional Rent during any the Initial Term and each of the Extended Terms of this Lease all amounts required to be paid by the School hereunder, other than Base Rent (collectively, "Additional Rent"). In the event the Lease term is extended for the next ensuing Fiscal Year, the School's obligation under this Lease to pay Additional Rent during such Fiscal Year shall be limited to the amount so appropriated for Additional Rent and any amounts subsequently appropriated by supplemental appropriation for payment of Additional Rent during such Fiscal Year. Additional Rental obligations in excess of the amounts so appropriated shall in no event be due or owing from the School. As used herein, "Fiscal Year" means the School's fiscal year, which begins on July 1<sup>st</sup> of any year and ends on June 30<sup>th</sup> of the following year.

8. Nature of Payment. The School and the Foundation acknowledge and agree that the Base Rent and Additional Rent hereunder shall constitute currently appropriated expenditures of the School and may be paid from any legally available funds. No payments of Base Rent or Additional Rent shall be due under this Lease until the School occupies the Portables. The School's obligations under this Lease shall not constitute a mandatory charge or requirement for payment of any amounts in excess of amounts appropriated for any Fiscal Year beyond the Fiscal Year for which such appropriation has been made. No provision of this Lease shall be construed or interpreted as creating a debt or multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the School within the meaning of any constitutional or statutory limitation or requirement. No provision of this Lease shall be construed or interpreted as creating a delegation either of governmental powers or as a donation by or a lending of the credit of the School within the meaning of any constitutional or statutory limitation or

requirement. This Lease does not directly or indirectly obligate the School to make any payments beyond those appropriated for any Fiscal Year for which such payments have been appropriated.

9. Manner of Payment. The Base Rent and any Additional Rent shall be paid, commencing on the Rental Commencement Date and continuing on the 15<sup>th</sup> day of every month of an Extended Term thereafter by lawful money of the United States of America in the manner reasonably directed by the Foundation. The obligation of the School to pay the Base Rent and Additional Rent required under this Lease shall not be abated through accident or unforeseen circumstances. The School shall, during the Initial Term (and any Extended Terms) of this Lease, make all payments of Base Rent and Additional Rent when due and shall not withhold any Base Rent or Additional Rent nor shall the School assert any right of set-off or counter-claim against its obligation to make such payments required hereunder; provided, however, that the making of such payments shall not constitute a waiver by the School of any rights, claims, or defenses which the School may assert. No action or inaction on the part of the Foundation shall affect the School's obligation to pay Base Rent and Additional Rent of this Lease.

10. Budgeting. In any Fiscal Year that this Lease shall be in effect, such officer of the School responsible for the preparation of the annual budget shall include in the budget proposal for the ensuing Fiscal Year an amount equal to one-hundred percent (100%) of the Base Rent and estimated Additional Rent hereunder for such ensuing Fiscal Year, provided that the decision whether to extend the term of this Lease and whether to appropriate such amounts shall remain solely within the discretion of the School.

11. Representations, Covenants, and Warranties of the School. The School represents, covenants, and warrants as follows:

(a) The School is and will use its best efforts to remain a charter school duly organized and validly existing under the Act. The School is authorized: (i) to lease the Portable Building Improvements from the Foundation pursuant to this Lease; and (ii) to execute, deliver, and perform its obligations under this Lease.

(b) The execution, delivery, and performance of this Lease has been duly authorized by the School and this Lease is enforceable against the School in accordance with its terms.

(c) Nothing in this Lease shall be construed as diminishing, unlawfully delegating, or otherwise restricting any legal authority of the School. Nothing in this Lease shall be construed to require the School to operate the Portable Building Improvements other than as lessee.

(d) The execution, delivery, and performance of this Lease are in the best interests of the School and serve a public purpose.

(e) None of the execution and delivery of this Lease, the fulfillment of or compliance with the terms and conditions of this Lease, or the consummation of the

transactions contemplated by this Lease, conflicts with or results in a breach of the terms, conditions, or provisions of any material restriction or any agreement or instrument to which the School is now a party or by which the School is bound, or constitutes a default under any of the foregoing or, except as specifically provided in this Lease, results in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the School.

(f) To the knowledge of the School, there is no litigation or proceeding currently pending or threatened against the School or any other person affecting the right of the School to execute and deliver this Lease, the ability of the School to make the payments required hereunder, or the ability of the School otherwise to comply with its obligations under this Lease.

(g) The Portable Building Improvements will be operated in accordance with all Requirements of Law. As used herein, "Requirements of Law" means any material federal, state, or local statute, ordinance, rule, or regulation, any judicial or administrative order (whether or not on consent), request or judgment, any applicable common-law doctrine, any provision or condition of any permit required to be obtained or maintained, or any other binding determination of any governmental authority relating to the ownership or operation of property, including any of relating to environmental, health, or safety matters.

(h) The Portable Building Improvements are necessary and essential to the School's operations.

**12. Representations, Covenants, and Warranties of the Foundation. The Foundation represents, covenants, and warrants as follows:**

(a) The Foundation is a nonprofit corporation duly organized, existing, and in good standing under the laws of the State, is duly qualified to do business in the State, is possessed of full power to purchase, own, hold, and lease (as owner, lessee, and sublessor) real and personal property, has all necessary power to make and lease the Portable Building Improvements to the School pursuant to this Lease, and to execute, deliver, and perform its obligations under this Lease and has duly authorized the execution, delivery, and performance of its obligations under this Lease.

(b) The Foundation shall at all times maintain its corporate existence and will use its best efforts to maintain, preserve, and renew its tax exempt status and all the rights and powers provided to it under its articles of incorporation, bylaws, action of its board of directors, and applicable law.

(c) This Lease is enforceable against the Foundation in accordance with its respective terms, subject only to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and equitable principles, whether considered at law or in equity.

(d) The Portable Building Improvements will be constructed to educational occupancy standards, will meet all applicable state adequacy standards, and at the time of completion, the Portable Building Improvements will meet or exceed the statewide weighted average condition index for public schools maintained by the New Mexico Public Schools Facilities Authority ("PSFA") or will meet or exceed the condition index within 18 months of the School's occupancy of the Property and Improvements. The Portable Building Improvements will be leased by the Foundation in accordance with all Requirements of Law.

(e) The execution and delivery of this Lease, or the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions, and provisions of any restriction or any agreement or instrument to which the Foundation is now a party or by which the Foundation is bound or constitutes a default under any of the foregoing.

(f) Except as specifically provided in this Lease, the Foundation will not assign the Lease, its rights to payments from the School or its duties and obligations hereunder or thereunder to any other person, firm, or corporation so as to impair or violate the representations, covenants, and warranties contained herein.

(g) To the knowledge of the Foundation, there is no litigation or proceeding pending or threatened against the Foundation or any other person affecting the right of the Foundation to execute and deliver this Lease, or the ability of the Foundation otherwise to comply with its obligations under this Lease.

(h) To the knowledge of the Foundation: (i) all permits required by Requirements of Law in respect of the Portable Building Improvements have been obtained and are in full force and effect and the School is in substantial compliance with the material terms and conditions of such permits; (iii) there is no pending litigation, investigation, administrative or other proceeding of any kind before or by any governmental authority or other person or entity relating to, or alleging, any violation of any Requirements of Law in connection with the Portable Building Improvements and there are no grounds on which any such litigation, investigation or proceedings might be commenced; (iv) the Portable Building Improvements are not subject to any judgment, injunction, writ, order, or agreement respecting any Requirements of Law; (v) there has been and shall be no hazardous substance (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.*, any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.*, any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in, or under the Land or the Portable Building Improvements by Foundation in violation of any Requirements of Law; (vi) there has

been no disposal of any of the items referred to in clause (v) on, from, into, or out of the Land or the Portable Building Improvements in violation of any Requirements of Law; and (vii) there has been and shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing, or dispersing of any of the items referred to in clause (v) into the indoor or outdoor environment from, into, or out of the Land or the Portable Building Improvements including the movement of any such items through or in the air, soil, surface water, ground water from, into, or out of the Property or the Improvements or the abandonment or discard of barrels, containers, or other open or closed receptacles containing any such items from, into, or out of the Property or the Improvements in violation of any Requirements of Law, by the Foundation.

13. Title to the Property. Any improvements permanently affixed to the Portables or the Land by the Foundation shall become part of the Portables or the Land, as the case may be.

14. Liens and Encumbrances. The School shall not permit any mechanic's or other lien to remain against the Portable Building Improvements; provided that if the School shall first notify the Foundation of the intention of the School so to do, the School may in good faith contest any mechanic's or other lien filed or established against the Portable Building Improvements, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Foundation shall notify the School that, in the opinion of independent counsel, whose reasonable fees shall be paid by the School, but only to the extent that amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs, by nonpayment of any such items the Foundation's leasehold interest in the Portable Building Improvements will be materially endangered, or the Portable Building Improvements or any part thereof will be subject to loss or forfeiture, in which event the School shall promptly pay and cause to be satisfied and discharged all such unpaid items; provided, however, that such payment shall not constitute a waiver by the School of the right to continue to contest such items. The Foundation will cooperate fully with the School in any such contest, upon the request and at the expense of the School, to the extent that Additional Rents which have been specifically appropriated by the School are available for the payment of such expenses. The School shall directly or indirectly create, incur, or assume any mortgage, pledge, lien, charge, encumbrance, or claim on or with respect to the Portable Building Improvements.

15. Compliance with Law. The School shall at all times operate the Portable Building Improvements, or cause the Portable Building Improvements to be used and operated, such that (a) the Portable Building Improvements at all times shall be operated in substantial compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the Portable Building Improvements shall be obtained and maintained in full force and effect and the School shall substantially comply with the material terms and conditions of such permits; (c) there shall be no hazardous substance, pollutant or contaminant (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.*, any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42

U.S.C. § 6901, *et seq.*, any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in or under the Portable Building Improvements in violation of any Requirements of Law; (d) there shall be no disposal of any of the items referred to in clause (c) on, from, into or out of the Portable Building Improvements or on, from, into or out of the Portable Building Improvements in violation of any Requirements of Law; and (e) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, or dispersing of any of the items referred to in clause (c) into the indoor or outdoor environment from, into, or out of the Portable Building Improvements including the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Portable Building Improvements or the abandonment or discard of barrels, containers, or other open or closed receptacles containing any such items from, into or out of the Portable Building Improvements in violation of any Requirements of Law.

16. **Maintenance.** The School agrees to maintain, preserve, and keep the Portable Building Improvements or cause the Portable Building Improvements to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order, and condition, subject to normal wear and tear, and that the School will from time to time make or cause to be made all necessary and proper repairs except to the extent as required to be maintained by the Foundation. The Foundation shall be required to keep the Portable Building Improvements to compliance with all applicable statewide adequacy standards, at no additional cost to the School or the State of New Mexico, during any Term of this Lease.

17. **Modifications.** During any Term of this Lease, with the Foundation's prior written consent, the School may remodel or make substitutions, additions, modifications, or improvements to the Portable Building Improvements, at its own cost and expense, and the same (if permanently affixed) shall be part of the Portables or the Land (as the case may be) subject to, and shall be included under the terms of this Lease; provided, however, that (i) such remodeling, substitutions, additions, modifications, and improvements shall not in any way damage the Portable Building Improvements; and (ii) the Portable Building Improvements, as remodeled, improved, or altered, upon completion of such remodeling, or such making of substitutions, additions, modifications, and improvements, shall be of a value not less than the value of the Portable Building Improvements immediately prior to such remodeling or such making of substitutions, additions, modifications, and improvements.

18. **Equipment.** The School may, from time to time in its sole discretion and at its own expense, install equipment and personal property on the Portable Building Improvements. All such equipment and personal property shall remain the sole property of the School in which the Foundation shall not have any interest; provided, however, that any such equipment and personal property which becomes permanently affixed to the Portable Building Improvements shall become part of the Portable Building Improvements, subject to this Lease and shall be included under the terms of this Lease.

19. **Taxes and Assessments.** The Foundation shall not allow any liens for taxes, assessments, or governmental charges to exist with respect to the Land, the Portables, or the



Portable Building Improvements or any portion thereof. If the Portable Building Improvements or any portion thereof shall, for any reason, be deemed subject to taxation, assessments, or charges lawfully made by any governmental body, the School shall pay the amount of all such taxes, assessments, and governmental charges then due, but only to the extent that amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs. If the School shall first notify the Foundation of the intention of the School to do so, the School may, at the expense and in the name of the School, in good faith contest any such tax, assessment, and other charges and, in the event of any such contest, may permit the tax, assessment, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Foundation shall notify the School that, in the opinion of independent counsel, whose reasonable fees shall be paid by the School, but only to the extent that amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs, by nonpayment of any such items the Portable Building Improvements or any portion thereof will be subject to loss or forfeiture, or the Foundation will be subject to liability, in which event such tax, assessment, or other charges shall, to the extent that amounts for Additional Rent which have been specifically appropriated by the School are available for the payment thereof, be paid promptly or secured by posting a bond with the Foundation in form satisfactory to the Foundation (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, or other charges).

20. Utilities. During the Term of the Lease, the School shall pay for all gas, water, steam, electricity, heat, power, utility, and other charges incurred in the maintenance and upkeep of the Portable Building Improvements.

21. Insurance. For any Term of the Lease, the School shall, at its own expense, obtain and maintain the following policies of insurance. The insurance policies required by this Section shall meet the following conditions, to the extent allowed by state law or the School's required insurer, the New Mexico Public Schools Insurance Authority ("NMPSIA"): (i) any insurance policy may have a deductible clause in an amount not to exceed \$20,000; (ii) each insurance policy shall be so written or endorsed as to make losses, if any, payable to the School and the Foundation, as their respective interests may appear; (iii) each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the School and the Foundation without first giving written notice thereof to the School and the Foundation at least thirty (30) days in advance of such cancellation or modification; (iv) each insurance policy, or each certificate evidencing such policy, shall be deposited with the Foundation upon request; (v) full payment of insurance proceeds under any insurance policy up to the dollar limit required by this Section in connection with damage to the Portable Building Improvements shall, under no circumstance, be contingent on the degree of damage sustained at other property owned or leased by the School; and (vi) to the extent the School can control the terms of each insurance policy, each insurance policy shall explicitly waive any coinsurance penalty. The School may, in its discretion, provide any of the insurance required by this Section under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks. The School agrees to pay the premiums for any insurance required by the Foundation, as part of the Additional Rent.

(a) Casualty and property damage insurance with respect to the Portable Building Improvements in an amount equal to the full replacement value of the Portable Building Improvements.

(b) Commercial general liability and automobile liability insurance against claims arising in, on, or about the Portable Building Improvements, including in, on, or about the sidewalks, parking lots, or premises adjacent to the Portable Building Improvements, providing coverage limits not less than the coverage limits allowed by NMPSIA or customarily carried on public school facilities of similar size and character within the State.

(c) Fidelity insurance or bonds on those of its officers and employees who handle funds of the School, both in such amounts and to such extent as are customarily carried by organizations similar to the School and operating properties similar in size and character to the Improvements.

(d) Rental value insurance covering all risks as to which insurance is required pursuant to Subsection (a) above, in an amount equal to not less than the amounts required to be paid as Base Rent and Additional Rent for a period of not less than twelve (12) months.

(e) Such other forms of insurance as the School is required by law to provide with respect to the Improvements, including any legally required worker's compensation insurance and disability benefits insurance.

**22. Damage, Destruction, or Condemnation; Use of Net Proceeds.**

(a) *Damage, Destruction, or Condemnation.* If, during the term (and any extended terms) of this Lease, (i) the Portable Building Improvements, or any portion thereof, shall be destroyed (in whole or in part), or damaged by fire or other casualty; (ii) title to, or the temporary or permanent use of, the Portable Building Improvements, or any portion thereof or the estate of the School, the Village, , or the Foundation in the Portable Building Improvements or any portion thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm, or corporation acting under governmental authority; (iii) breach of warranty or any material defect with respect to the Portable Building Improvements shall become apparent; or (iv) title to or the use of all or any portion of the Portable Building Improvements shall be lost by reason of defect in the title thereto, then, the School shall be obligated, subject to the provisions of Subsection (c) hereof, to continue to pay the amounts specified in Subsection (b) hereof and, to the extent of amounts specifically appropriated by the School, to pay Base Rent and Additional Rent. As used herein, "Net Proceeds" means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

(b) *Repair and Replacement.* To the extent not contrary to applicable law, subject to the provisions of Subsection (c) hereof, the School (and, to the extent such Net Proceeds are within their control, the Foundation) shall cause such Net Proceeds to be deposited in a separate trust fund held by the Foundation. Except as set forth in Subsection (c) hereof, all Net Proceeds of any insurance, performance bonds, or condemnation awards owed to either the School or the Foundation shall be applied to the prompt repair, restoration, modification, improvement, or replacement of the Portable Building Improvements, as the case may be, by the School upon receipt of requisitions acceptable to the Foundation setting forth: (i) the requisition number; (ii) the name and address of the person, firm, or corporation to whom payment is due or has been made; (iii) the amount to be paid or reimbursed; and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the separate trust fund and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Foundation shall cooperate with the School in the administration of such fund and shall not unreasonably withhold its approval of requisitions under this Section. Any repair, restoration, modification, improvement, or replacement paid for in whole or in part out of Net Proceeds shall be the property of the Foundation, subject to this Lease, and shall be included as part of the Portable Building Improvements under this Lease.

(c) *Insufficiency of Net Proceeds for Property.* If there occurs an event described in Subsection (a) hereof, and if any Net Proceeds received as a consequence of such event shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement, or replacement of the Portable Building Improvements required under Subsection (b) hereof, the School shall elect one of the following options:

(i) The School may, to the extent permitted by law, in accordance with Subsection (b) hereof, repair, restore, modify, or improve the Portable Building Improvements or replace them (or portion thereof) with property of a value equal to or in excess of the Portable Building Improvements, and pay as Additional Rent any cost in excess of the amount of the Net Proceeds, to the extent the amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs, and the School agrees that, if by reason of any such insufficiency of the Net Proceeds, the School shall make any Additional Rental payments pursuant to the provisions of this paragraph, the School shall not be entitled to any reimbursement therefor from the Foundation, nor shall the School be entitled to any diminution of the Base Rent and Additional Rent.

(ii) If, by June 30<sup>th</sup> of the Fiscal Year in which an event described in Subsection (a) hereof occurs (or June 30<sup>th</sup> of any subsequent Fiscal Year in which the insufficiency of Net Proceeds to repair, restore, modify, improve, or replace the Portable Building Improvements become apparent), the School has not appropriated amounts sufficient to proceed under clause (i) of this Subsection, the Foundation may then pursue remedies as provided in Section 24 ("Remedies on Default").

(d) ***Insufficiency of Net Proceeds for Improvements.*** If there occurs an event described in Subsection (a) hereof, and if any Net Proceeds received as a consequence of such event shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement, or replacement of the Improvements required under Subsection (b) hereof, the School shall elect one of the following options:

(i) The School may, to the extent permitted by law, in accordance with Subsection (b) hereof, repair, restore, modify, or improve the Improvements or replace the Improvements (or portion thereof) with property of a value equal to or in excess of the Improvements, and pay as Additional Rent any cost in excess of the amount of the Net Proceeds, to the extent the amounts for Additional Rent which have been specifically appropriated by the School are available for the payment of such costs, and the School agrees that, if by reason of any such insufficiency of the Net Proceeds, the School shall make any Additional Rental payments pursuant to the provisions of this paragraph, the School shall not be entitled to any reimbursement therefor from the Foundation, nor shall the School be entitled to any diminution of the Base Rent and Additional Rent.

(ii) If, by June 30<sup>th</sup> of the Fiscal Year in which an event described in Subsection (a) hereof occurs (or June 30<sup>th</sup> of any subsequent Fiscal Year in which the insufficiency of Net Proceeds to repair, restore, modify, improve, or replace the Improvements become apparent), the School has not appropriated amounts sufficient to proceed under clause (i) of this Subsection, the Foundation may then pursue remedies as provided in Section 24 ("Remedies on Default").

(e) ***Cooperation.*** The parties to this Lease shall cooperate fully with the other in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Subsection (a) hereof, in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Portable Building Improvements or any portion thereof, and in the prosecution of any action relating to defaults or breaches of warranty under any contract relating to the Portable Building Improvements. In no event shall either party voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to defaults or breaches of warranty under any contract relating to the Portable Building Improvements or any portion thereof without the written consent of the other party. Each party shall be responsible for their respective fees and expenses incurred under this section.

23. **Events of Default.** Any one of the following shall constitute an "Event of Default" under this Lease: (i) failure by the School to pay any specifically appropriated Base Rent during the Initial Term (and any Extended Terms) of this Lease on, before, or within five (5) days of the applicable due date or to pay Additional Rent which become due during the Initial Term (and any Extended Terms) of this Lease, up to the amount specifically appropriated for the payment of Additional Rent in accordance with the provisions hereof; (ii) failure by the School

to observe and perform any covenant, condition, or agreement on its part to be observed or performed, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied shall be given to the School by the Foundation, unless the party giving such notice shall agree in writing, prior to the expiration of the thirty-day period, to an extension of no more than sixty (60) days; provided, however, that if the failure stated in the notice cannot be corrected within the original thirty-day period, the party giving such notice shall not withhold their consent to an extension of up to sixty (60) days if corrective action shall be instituted by the School within such time period and diligently pursued until the default is corrected; or (iii) failure by the School to maintain its charter under the Act. The foregoing provisions of this Section are subject to the following limitations: (i) the School shall be obligated to pay the Base Rent and Additional Rent only during the Initial Term (and any Extended Terms) of this Lease, except as otherwise expressly provided in this Lease; and (ii) if, by reason of Force Majeure, the School shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations on the part of the School contained herein and until the termination or end of the Initial Term (and any Extended Terms) of this Lease, the School shall not be deemed in default during the continuance of such inability. The School agrees, however, to remedy, as promptly as legally and reasonably possible, the cause or causes preventing the School from carrying out its agreement; provided that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the School. As used herein, "Force Majeure" includes the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other causes not within the control of the School or the Foundation.

24. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Foundation may, without any further demand or notice, take one or any combination of the following remedial steps:

(a) Terminate the Initial Term (and any Extended Terms) of this Lease and give notice to the School to vacate the Property and the Improvements within one-hundred twenty days (120) days from the date of such notice.

(b) Recover from the School: (i) to the extent the recovery thereof is permitted by law, the fair rental value of the use of the Portable Building Improvements during any period beyond the thirtieth (30<sup>th</sup>) day following the occurrence of the Event of Default; and (ii) Base Rent and Additional Rent, to the extent amounts for such Additional Rent have been specifically appropriated in accordance with the provisions of hereof, which would otherwise have been payable by the School hereunder during the remainder, after the School vacates the Property, of the Fiscal Year in which such Event of Default occurs.

(c) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Portable Building Improvements under this Lease.

25. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Foundation is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Foundation to exercise any remedy it shall not be necessary to give any notice, other than such notice as may be required in this Lease.

26. Further Assurances and Corrective Instruments. The Foundation and the School agree that so long as this Lease is in full force and effect and no Event of Default shall have occurred, the Foundation and the School shall have full power to carry out the acts and agreements provided herein and they will, so far as it may be authorized by law, from time to time, execute, acknowledge, and deliver or cause to be executed, acknowledged, and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Portable Building Improvements hereby leased or intended so to be, or for otherwise carrying out the intention of or facilitating the performance of this Lease.

27. Compliance with Requirements of Law. During the Initial Term (and any Extended Terms) of this Lease, the School and the Foundation shall observe and comply promptly with all current and future Requirements of Law applicable to the Portable Building Improvements (including those set forth in Section 22-8B-4D of the Act) or any portion thereof and all current and future requirements of all insurance companies writing policies covering the Portable Building Improvements or any portion thereof.

28. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Foundation and the School and their respective successors and permitted assigns.

29. No Individual Liability. All covenants, stipulations, promises, agreements, and obligations of the School or the Foundation, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the School or the Foundation, as the case may be, and not of any member, director, officer, employee, or other agent of the School or the Foundation in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement, or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, or other agent of the School or the Foundation or any natural person executing this Lease or any related document or instrument.

30. Waiver. No term of this Lease shall be deemed waived unless such waiver is in writing signed by the party making the waiver. No delay or omission by either party in exercising or enforcing any right or power hereof shall impair such right or power or be

construed to be a waiver thereof. No custom or practice that may evolve between the parties shall be construed to lessen the right of a party to require the performance of the other party in strict accordance with the terms of this Lease. A waiver by one party of a failure of the other party to fully comply with any of the terms of this Lease shall not be construed to be a waiver of any subsequent failure to comply or any other failure to comply.

31. Assignment and Subleasing. This Lease may not be assigned or subleased by the School for any reason, whether by operation of law or pursuant to any contract, without the written permission of the Foundation.

32. Amendments, Changes, and Modifications. This Lease shall not be altered, changed, or amended other than by a written instrument executed by the parties.

33. Notices. All notices and communications required or permitted under this Lease (including change of address and facsimile or telephone number set forth below) shall be in writing and shall be deemed given to, and received by, the receiving party: (i) when hand-delivered to the street address of the receiving party set forth below; (ii) when sent by facsimile transmission to the facsimile number of the receiving party set forth below; (iii) one (1) day after deposit with a national overnight courier addressed to the receiving party at the street address set forth below; or (iv) five (5) days after deposit in the U. S. mail, certified mail, return receipt requested, postage prepaid, addressed to the receiving party at the mailing address set forth below.

The Foundation: School of Dreams Education Foundation, Inc.

\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
Facsimile No.: (505) \_\_\_\_\_

With a copy to: Modrall, Sperling, Roehl, Harris & Sisk, P.A.  
P.O. Box 2168  
Albuquerque, New Mexico 87103  
or  
500 Fourth Street N.W. Suite 1000  
Albuquerque, New Mexico 87102  
Attn: Margaret Lewis Meister

The School: The School of Dreams Academy  
c/o Principal \_\_\_\_\_  
\_\_\_\_\_  
Telephone No: (505) \_\_\_\_\_  
Facsimile: (505) \_\_\_\_\_

With a copy to: Matthews Fox, P.C.  
1925 Aspen Drive, Suite 301A  
Santa Fe, New Mexico 87505  
Attn: Susan B. Fox

34. **Calculation of Time.** Any time period herein calculated by reference to "days" means calendar days, *i.e.*, including Saturdays, Sundays, and holidays as observed by the State of New Mexico; provided, however, that if the last day for a given act falls on a Saturday, Sunday, or such observed holiday, the day for such act shall be first day following such Saturday, Sunday, or observed holiday that is not a Saturday, Sunday, or such observed holiday.

35. **Interpretation.** The captions and paragraph headings of this Lease are not necessarily descriptive, or intended or represented to be descriptive, of all the terms thereunder, and shall not be deemed to limit, define, or enlarge the terms of this Lease. Whenever used herein, unless otherwise indicated by the context, the singular shall include the plural, the plural shall include the singular, the use of any gender shall include all genders, and the use of the words "include" and "including" shall be construed as if the phrases "without limitation" or "but not [be] limited to" were annexed thereafter. The parties were, or had ample opportunity to be, represented by counsel, and as such this Lease shall not be interpreted for or against either party based on authorship.

36. **Incorporation.** Each and all of the recitals set forth at the beginning of this instrument, and any exhibits referenced herein and attached hereto, are incorporated herein by this reference.

37. **Applicable Law.** Each party shall perform its obligations hereunder in accordance with all applicable laws, rules, and regulations now or hereafter in effect. This Lease shall be governed by the laws of the State of New Mexico (without giving effect to the State of New Mexico's choice of law provisions). All legal proceedings arising from unresolved disputes under this Lease shall be brought in Valencia County before the Thirteenth Judicial District Court of the State of New Mexico.

38. **Severability.** In the event that any provision of this Lease, other than the requirement of the School to pay Base Rent and Additional Rent, the requirement of the Foundation to provide quiet enjoyment of the Property, and the requirement that the obligations of the School to pay Base Rent and Additional Rent under this Lease are conditioned upon the prior specific appropriation by the School of amounts for such purposes in accordance with the requirements of State law, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

39. **Counterparts.** This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.




40. **Lease Deposit.** School shall deposit with Foundation the sum of \_\_\_\_\_ dollars and no/cents (\$\_\_\_\_,000) ("Lease Deposit") to be held by the Foundation during the Initial Term as consideration for the Foundation's undertaking the acquisition and development of the Portable Building Improvements on behalf of the School and shall be utilized by the Foundation for the benefit of the School; Lease Deposit amounts shall be held by the Foundation as security for the performance and observance of all of the terms, obligations, conditions, and covenants to be performed or observed by the School under the Original Lease and, immediately upon the failure for any reason by School to so perform or comply, Foundation shall, without notice, have the right, but not the obligation, in its sole discretion, to use or apply any portion of the Security Deposit as Foundation shall deem appropriate, in its sole discretion, to cure or otherwise correct such failure. Foundation shall have no obligation to segregate or escrow the Security Deposit. Provided School shall not then be in default in the observance or performance of any term, obligation, condition, or covenant to be observed or performed hereunder by School, Foundation shall return to School such portion, if any, of the Security Deposit as shall not have been theretofore used or applied as provided herein or apply balance to the purchase price negotiated for the Lease Purchase Agreement contemplated between the parties to this Lease.

*[Signatures on following page.]*

IN WITNESS WHEREOF, the parties have entered into this Lease effective as of the date first written above.

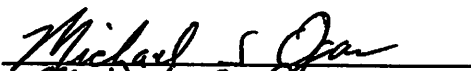
**THE SCHOOL**

**The School of Dreams Academy,  
a New Mexico public charter school**

By:   
Name: Kathy Chavez  
Title: President

**THE FOUNDATION**

**School of Dreams Education Foundation, Inc.  
a New Mexico nonprofit corporation**

By:   
Name: Michael S Gas  
Title: President

**Exhibit A**  
**Description of Land**

**Exhibit B**  
**Portable Building Improvements**

**EXHIBIT C**

**Base Rent**

**Exhibit "A"**  
**Description of Land**

The property is an approximate 20.5-acre vacant mobile home park located on the south side of Juan Perea Road, south of Courthouse Road, Los Lunas, New Mexico 87031.

**LEGAL:**

Monte Vista Mobile Home Park, comprising a portion of Village Plaza Addition, comprising Tracts 3-B, 3-A, 3-E-1, 3-E-2, 3-E-3, and the major portion of Tract 3-E-4, Middle Rio Grande Conservancy District Property Maps 73 and 75, within projected Sections 28 and 33, T7N, R2E, N.M.P.M.

**Exhibit "B"**  
**Portable Building Improvements**

[See portable building improvements reports for north and south campuses from  
Jaynes Construction attached]

## **Exhibit "C"**

### **Base Rent**

A Base Rent of Sixteen Thousand Four Hundred Twenty Dollars (\$16,420.00), as described on page 4, § 6, Rental Commencement Date; shall be paid monthly by the School to the Foundation.





## 2018/2019 BUDGET NOTICE

### Estimated Premium Contribution by Member

This is not an invoice. All premiums may be subject to change. Invoices will be issued NMPSIA.

**Member ID: 270**

**Member Name: School of Dreams Charter School - SODA**

**Estimated 2018/2019 Premium: \$99,392**

**2017/2018 Final Premium: \$104,021**

**% of Change: -4%**

***Reported Exposures is the basis to establish your premium***

Coverage	Exposure Basis	Reported Exposures
Workers' Compensation	Payroll	\$2,038,168
General Liability	Average Daily Attendance	517
Property	Building or Contents Value	\$6,084,842
Vehicles	# of Licensed Road Vehicles	5
Buses	# of Buses	3

***Allocated Rate based on reported exposures***

Coverage	Rating	Allocated Rate
Workers' Compensation	Per \$100 if Payroll	\$1.58
General Liability	Average Daily Attendance	\$67.79
Property	Per \$100 of Building Value	\$0.39
Contents	Per \$100 of Contents Value	\$0.39
Vehicles	Per Vehicle	\$736.85
Buses	Per Bus	\$1,616

***Estimated Annual Contribution for each type of insurance:***

Coverage	Premium
Workers' Compensation	\$32,208
General Liability	\$35,049
Property	\$23,603
Vehicles	\$3,684
Buses	\$4,848

**TOTAL \$99,392**