

December 13, 2018

Dear Children's Kiva Montessori Board Members:

In accordance with Sections 30(a) and 31(b) of the Charter School Contract dated July 1, 2018 (Charter Contract) between Montezuma Cortez School District RE-1 (District) and Kiva Montessori Charter School (Kiva), this letter serves as notice that Kiva is in material breach of the Contract and that the Board will consider revocation of Kiva's charter if Kiva fails to cure such breach.

As you know, over the last few months, the District has expressed significant concerns regarding Kiva's academic performance and financial/operational viability. To date and in accordance with Section 30(b) of the Charter Contract, the District has issued six notices of concern and requests to remedy to Kiva as follows:

- Notice of concern: Enrollment, financial health, governance and leadership. Sent September 28, 2018;
- Notice of concern: Financial health and sustainability. Sent October 4, 2018;
- Notice of concern: Student health and safety. Sent October 9, 2018.
- Notice of concern: Financial health and sustainability. Sent October 23, 2018.
- Notice of concern: Facilities and impact on educational programming. Sent November 12, 2018.
- Notice of concern: Special education staffing and services. Sent December 13, 2018.

Kiva has failed to remedy the deficiencies identified in each notice of concern. As a result, Kiva is in material breach of the Charter Contract. Specifically, Kiva has:

1. Failed to meet and maintain minimum enrollment targets agreed to in the contract;
2. Failed to meet generally accepted standards of fiscal management; and
3. Failure to meet or make adequate progress toward Colorado Academic Standards.

The specific areas of breach are outlined below:

1. Failure to meet and maintain the minimum enrollment targets agreed upon in the contract
  - a. The contract states that the school's minimum enrollment shall not fall below 95 full time equivalent (K students are counted as a .5FTE and students in grades 1-8 are counted as a 1FTE). The enrollment as of December 12<sup>th</sup>, 2018 as reported by the school and by the student information system (SIS) was 77.5FTE (21 K students and 67 students in grades 1<sup>st</sup>-8<sup>th</sup>). This constitutes a breach of contract (Section 13) and may demonstrate a lack of sustainable community support and lack of financial viability for the school.
2. Failure to meet generally accepted standards of fiscal management
  - a. The audit submitted by the school for FY 18 showed a negative unassigned fund balance of -\$31,391;
  - b. The school's revised budgets submitted to the district are based on a minimum enrollment of 98FTE which is in alignment with the agreed upon contract minimums (95FTE). Enrollment in October, November and December of 2018 has continued to decline, falling significantly (over 20%) from October count. This threatens the ongoing financial viability of the school.

3. Failure to meet or make adequate progress toward Colorado Academic Standards
  - a. The school is accredited as Priority Improvement which places the school on the State Accountability clock;
  - b. The school's math achievement is significantly below state and district performance. Specifically, only 6% of students scored at or above grade level in math on CMAS (the district average is 18% and the state average is 36%)
  - c. The school's language arts achievement is significantly below state and district performance. Specifically, only 20% of students scored at or above grade level in language arts on CMAS (the district average is 26% and the state average is 45%).

If Kiva desires to discuss this decision to issue breach, then in accordance with Section 30(a)(ii) of the Charter Contract, I am available to meet with Kiva's designee to discuss this letter further on or before December 21, 2018.

The district board received a letter on December 10, 2018 from the Kiva Board outlining some attempts to address the issues that had been previously communicated in the district notices of concern. The district superintendent, staff, and key board members also attended two parent meetings at Kiva and hosted two public information and comment sessions with Kiva parents. In light of the additional information received from the Kiva community, the district has decided to extend the minimum timeline set forth in the charter contract for curing a breach of contract from 30 days to 60 days to honor the Kiva community and the Kiva Board's request for more time.

However, the district board and Superintendent remain deeply concerned about the stability of the school in the short-term and the sustainability of the school long-term. Pursuant to Section 31(b) of the contract, to address the concerns detailed in this notice of breach, Kiva Montessori must provide the following to the district by February 13, 2019.

#### **Facilities Stabilization and Sustainability**

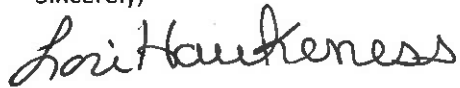
- **Stabilization of Facilities**
  - Submit a certificate of occupancy for Mildred facilities to the district by February 12, 2019 (letter from Kiva board indicated that asbestos cleaning will be completed by Feb 5, 2019).
- **Sustainability of Facilities**
  - Submit a revised lease showing terms for next 2 years showing financial impact of lease under any new terms of mortgage restructuring (if terms of lease are proposed to change per letter from Kiva board dated 12.10.18).
  - Submit a proposed long-term facilities financial plan from the building corporation (documents associated to restructure of the long-term debt) including amount of debt restructured, monthly payments for the life of the loan, and proposed impact on terms of the lease with Kiva beyond the next 2 years.

### **Enrollment Stabilization and Sustainability**

- **Demonstrate stabilization of current enrollment this year**
  - Demonstrate a loss of no more than 5% of currently enrolled students (as of December 12, 2018 SIS the school has 77.5FTE enrolled) FTE enrollment
- **Demonstrate sustainability of enrollment for next year**
  - Demonstrate committed enrollment of 98FTE for 2019-20 by February 12, 2019. To demonstrate this, Kiva needs to provide signed statements of enrollment commitment from families using district-provided form for at least 98FTE students for 2019-20. 98FTE is necessary to ensure sustainability based on district contract minimum enrollment terms and school-submitted break-even budget.

Failure to address these serious concerns within the sixty-day period as outlined above may result in a district board vote regarding revocation of Children's Kiva Montessori's charter. We recognize how hard each of you is working to support the Children's Kiva Montessori and the contributions that the Kiva Montessori has made to our district and community. Therefore, we are saddened to write this letter of breach. However, as a district we are committed to ensuring all our schools are academically, financially, and operationally sound and operating in the best interest of our students and these serious concerns must be addressed.

Sincerely,



Lori Haukeness, Superintendent

REQUEST FOR OPEN ENROLLMENT

Date: \_\_\_\_\_ School Year: \_\_\_\_\_  
 Student's Name: \_\_\_\_\_ Grade Level: \_\_\_\_\_  
 Parent(s)/Guardian Name: \_\_\_\_\_  
 Address: \_\_\_\_\_ City: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Home Phone: \_\_\_\_\_ Work Phone: \_\_\_\_\_  
 Home School: \_\_\_\_\_  
 School Requested: \_\_\_\_\_

As the parent/guardian of the above-named student, I understand:

- Enrollment is contingent upon a student's providing his own transportation
- An open enrollment will be valid throughout the grades served by the school
- Approval of this request is for the above-named student. It does not insure approval of siblings.
- This open enrollment approval is contingent upon the above-named student attending ~~within the first five(5) school days~~ of the \_\_\_\_\_ year,

Parent Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I have received the above request and: \_\_\_\_\_ approve  
 \_\_\_\_\_ deny for the following reason:

\_\_\_\_\_  
 \_\_\_\_\_

Administrator Signature: \_\_\_\_\_ Date: \_\_\_\_\_